

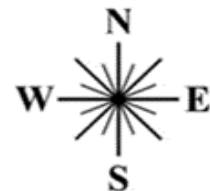


# Central Darling Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2017

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*“Realising quality opportunities for all in the  
Central Darling Shire through Effective Leadership,  
Community Involvement and Facilitation of Services”*



# Central Darling Shire Council

## General Purpose Financial Statements for the year ended 30 June 2017

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Central Darling Shire Council.
- (ii) Central Darling Shire Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

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

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

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 22 November 2017. Council has the power to amend and reissue these financial statements.
-

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

## Understanding Council's Financial Statements

**Refer Word File.**

**This page (inclusion) is VOLUNTARY.**

**If you are an Option 3/4 Council,  
just delete the preference box words  
that you do not want to go with (below)  
& we'll take care of the rest !!**

**NB. If you do nothing, we'll keep it in.**

*For Option 1 or Option 2 Councils,  
if this Note is not required...you will have to  
hide Item 1 in the Table of Contents (TOC), re-number the TOC items  
& change the page numbers in the various sheets.*

**YES – WE'LL USE IT !!**

**NO – we don't want to use it**

## Central Darling Shire Council

### General Purpose Financial Statements for the year ended 30 June 2017

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

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

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- 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, 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 29 November 2017.**

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Greg Wright  
Administrator

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Michael Boyd  
General manager

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Jacob Philp  
Responsible accounting officer

# Central Darling Shire Council

## Income Statement

for the year ended 30 June 2017

Budget <sup>1</sup> 2017	\$ '000	Notes	Actual 2017	Actual 2016
<b>Income from continuing operations</b>				
<i>Revenue:</i>				
1,856	Rates and annual charges	3a	1,878	1,729
6,529	User charges and fees	3b	10,881	4,432
63	Interest and investment revenue	3c	86	85
392	Other revenues	3d	466	461
9,521	Grants and contributions provided for operating purpose:	3e,f	11,826	9,882
1,425	Grants and contributions provided for capital purposes	3e,f	1,494	587
<i>Other income:</i>				
–	Net gains from the disposal of assets	5	–	124
–	Net share of interests in joint ventures and associates using the equity method	19	–	–
<b>19,786</b>	<b>Total income from continuing operations</b>		<b>26,631</b>	<b>17,300</b>
<b>Expenses from continuing operations</b>				
4,175	Employee benefits and on-costs	4a	4,475	4,345
64	Borrowing costs	4b	74	97
10,954	Materials and contracts	4c	11,892	7,307
2,738	Depreciation and amortisation	4d	3,528	3,505
–	Impairment	4d	–	–
1,239	Other expenses	4e	830	781
<b>19,170</b>	<b>Total expenses from continuing operations</b>		<b>20,799</b>	<b>16,035</b>
<b>616</b>	<b>Operating result from continuing operations</b>		<b>5,832</b>	<b>1,265</b>
<b>Discontinued operations</b>				
–	Net profit/(loss) from discontinued operations	24	–	–
<b>616</b>	<b>Net operating result for the year</b>		<b>5,832</b>	<b>1,265</b>
616	Net operating result attributable to Council		5,832	1,265
–	Net operating result attributable to non-controlling interests		–	–
<b>(809)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>4,338</b>	<b>678</b>

<sup>1</sup> Original budget as approved by Council – refer Note 16

## Central Darling Shire Council

### Statement of Comprehensive Income for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
<b>Net operating result for the year</b> (as per Income Statement)		<b>5,832</b>	<b>1,265</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	915	10,840
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>915</b>	<b>10,840</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
<b>Total other comprehensive income for the year</b>		<b>915</b>	<b>10,840</b>
<b>Total comprehensive income for the year</b>		<b>6,747</b>	<b>12,105</b>
<b>Total comprehensive income attributable to Council</b>		<b>6,747</b>	<b>12,105</b>
<b>Total comprehensive income attributable to non-controlling interests</b>		<b>–</b>	<b>–</b>

## Central Darling Shire Council

## Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	2,230	269
Receivables	7	5,011	1,424
Inventories	8	183	176
Other	8	25	20
<b>Total current assets</b>		<b>7,449</b>	<b>1,889</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	9	166,651	165,063
<b>Total non-current assets</b>		<b>166,651</b>	<b>165,063</b>
<b>TOTAL ASSETS</b>		<b>174,100</b>	<b>166,952</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	1,818	1,296
Income received in advance	10	74	83
Borrowings	10	102	102
Provisions	10	1,028	1,083
<b>Total current liabilities</b>		<b>3,022</b>	<b>2,564</b>
<b>Non-current liabilities</b>			
Payables	10	–	–
Borrowings	10	621	786
Provisions	10	786	678
<b>Total non-current liabilities</b>		<b>1,407</b>	<b>1,464</b>
<b>TOTAL LIABILITIES</b>		<b>4,429</b>	<b>4,028</b>
<b>Net assets</b>		<b>169,671</b>	<b>162,924</b>
<b>EQUITY</b>			
Retained earnings	20	109,735	103,903
Revaluation reserves	20	59,936	59,021
Council equity interest		169,671	162,924
Non-controlling equity interests		–	–
<b>Total equity</b>		<b>169,671</b>	<b>162,924</b>

## Central Darling Shire Council

### Statement of Changes in Equity

#### **PLEASE REFER EQUITY STATEMENT TAB**

When numbering pages, go to print preview for this tab, get the page number for the portrait equity statement and set the page number in the landscape equity statement to the same page number.



## Central Darling Shire Council

## Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
1,670	Rates and annual charges		1,692	1,695
6,333	User charges and fees		7,950	4,195
44	Investment and interest revenue received		(64)	36
10,946	Grants and contributions		12,881	11,219
730	Other		1,476	300
<b>Payments:</b>				
(4,050)	Employee benefits and on-costs		(4,542)	(4,389)
(10,633)	Materials and contracts		(12,439)	(7,861)
(64)	Borrowing costs		(39)	(66)
–	Bonds, deposits and retention amounts refunded		–	(42)
(1,202)	Other		(588)	(329)
<u>3,774</u>	<b>Net cash provided (or used in) operating activities</b>	11b	<u>6,327</u>	<u>4,758</u>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Sale of infrastructure, property, plant and equipment		–	350
<b>Payments:</b>				
(3,665)	Purchase of infrastructure, property, plant and equipment		(4,201)	(4,347)
<u>(3,665)</u>	<b>Net cash provided (or used in) investing activities</b>		<u>(4,201)</u>	<u>(3,997)</u>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(98)	Repayment of borrowings and advances		(165)	(99)
<u>(98)</u>	<b>Net cash flow provided (used in) financing activities</b>		<u>(165)</u>	<u>(99)</u>
11	<b>Net increase/(decrease) in cash and cash equivalents</b>		1,961	662
269	Plus: cash and cash equivalents – beginning of year	11a	269	(393)
<u>280</u>	<b>Cash and cash equivalents – end of the year</b>	11a	<u>2,230</u>	<u>269</u>
Additional Information:				
	plus: Investments on hand – end of year	6b	–	–
	<b>Total cash, cash equivalents and investments</b>		<u>2,230</u>	<u>269</u>

**Please refer to Note 11 for information on the following:**

- Non-cash financing and investing activities
- Financing arrangements
- Net cash flow disclosures relating to any discontinued operations

## Central Darling Shire Council

Statement of Changes in Equity  
for the year ended 30 June 2017

\$ '000	Notes	2017					2016						
		Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
<b>Opening balance</b> (as per last year's audited accounts)		103,903	59,021	–	162,924	–	162,924	102,638	48,181	–	150,819	–	150,819
a. Correction of prior period errors	20 (c)	–	–	–	–	–	–	–	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–	–	–	–	–	–	–	–
<b>Revised opening balance</b>		<b>103,903</b>	<b>59,021</b>	<b>–</b>	<b>162,924</b>	<b>–</b>	<b>162,924</b>	<b>102,638</b>	<b>48,181</b>	<b>–</b>	<b>150,819</b>	<b>–</b>	<b>150,819</b>
<b>c. Net operating result for the year</b>		<b>5,832</b>	<b>–</b>	<b>–</b>	<b>5,832</b>	<b>–</b>	<b>5,832</b>	1,265	–	–	1,265	–	1,265
d. Other comprehensive income		–	915	–	915	–	915	–	10,840	–	10,840	–	10,840
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	915	–	915	–	915	–	10,840	–	10,840	–	10,840
<b>Other comprehensive income</b>		<b>–</b>	<b>915</b>	<b>–</b>	<b>915</b>	<b>–</b>	<b>915</b>	<b>–</b>	<b>10,840</b>	<b>–</b>	<b>10,840</b>	<b>–</b>	<b>10,840</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>5,832</b>	<b>915</b>	<b>–</b>	<b>6,747</b>	<b>–</b>	<b>6,747</b>	<b>1,265</b>	<b>10,840</b>	<b>–</b>	<b>12,105</b>	<b>–</b>	<b>12,105</b>
e. Distributions to/(contributions from) non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–
f. Transfers between equity		–	–	–	–	–	–	–	–	–	–	–	–
<b>Equity – balance at end of the reporting period</b>		<b>109,735</b>	<b>59,936</b>	<b>–</b>	<b>169,671</b>	<b>–</b>	<b>169,671</b>	<b>103,903</b>	<b>59,021</b>	<b>–</b>	<b>162,924</b>	<b>–</b>	<b>162,924</b>

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

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## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies

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.

##### (a) 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.

##### (i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 28 has been added.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11] the impact of these amendments was that they had no impact on reporting financial position or performance.

##### (ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

##### (iii) 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 property, plant and equipment and investment property.

##### (iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in

the process of applying the Council's accounting policies.

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

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

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

- (i) Estimated fair values of infrastructure, property, plant and equipment,
- (ii) Estimated tip remediation provisions,
- (iii) Employee entitlements

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

- (i) Impairment of Receivables

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

##### (b) Revenue recognition

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.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### **(i) Rates, annual charges, grants and contributions**

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

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

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value 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 in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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.

##### **(ii) User charges and fees**

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

##### **(iii) Sale of infrastructure, property, plant and equipment**

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

##### **(iv) Interest**

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

##### **(v) Rent**

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

##### **(vi) Dividend income**

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

##### **(vii) Other income**

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

#### **(c) Principles of consolidation**

##### **(i) The Consolidated Fund**

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

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

- General Purpose Operations
- Water Supply
- Sewerage Service

##### **(ii) 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 property 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 property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council have been excluded

## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

##### (iii) County Councils

Council is not a member of any county councils.

##### (iv) Interests in other entities

###### Subsidiaries

Council has no interest in any subsidiaries.

###### Joint arrangements

Council has no interest in any joint arrangements.

##### (d) 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.

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.

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

##### (e) Impairment of 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.

##### (f) 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.

##### (g) Inventories

###### (i) 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.

## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. 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.

##### **(ii) Inventory held for distribution**

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

##### **(iii) 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.

##### **(h) Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and

investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

##### **(i) Investments and other financial assets**

###### **Classification**

Council classifies its financial assets 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.

##### **(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

##### **(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities

## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

greater than 12 months after the reporting date which that are classified as non-current assets.

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

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

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

#### (iii) 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. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, that are classified as current assets.

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

#### **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.

Financial assets 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.

#### **Subsequent measurement**

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

#### **Impairment**

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. Auditor to assess fair value assessment.

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.

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.

#### **(i) Assets carried at amortised cost**

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that



## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

#### Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its

representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations.

#### (j) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

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

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

#### Externally valued:

- Operational land
- Community land

## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

- Buildings – specialised/non-specialised
- Other structures
- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage
- Water and sewerage networks
- Other infrastructure

#### As approximated by depreciated historical cost:

- Plant and equipment
- Land improvements
- Other assets

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

For all other asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

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.

#### Depreciation

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

#### Plant and Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	3 to 5 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

#### Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

#### Buildings

- Buildings: Masonry	50 to 100 years
- Buildings: Other	20 to 40 years

#### Stormwater Drainage

- Drains	80 to 100 years
- Culverts	50 to 80 years

#### Transportation Assets

- Sealed Roads: Surface	12 years
- Sealed Roads: Structure	75 years
- Unsealed roads	50 years
- Bridge: Concrete	100 years
- Bridge: Other	50 years

- Road Pavements	60 years
- Kerb, Gutter and Paths	30 to 70 years

#### Water and Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years

- Reticulation pipes: PVC	70 - 80 years
- Reticulation pipes: Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	25 years
- Other Open Space/ Recreational Assets	25 years
- Other Infrastructure	25 years

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.

##### (l) 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.

##### (m) 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.

##### (n) 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.

##### (o) 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.

##### (p) Employee benefits

###### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating

## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

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.

##### (ii) 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.

##### (iii) 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.

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised

actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, 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.

##### Defined Contribution 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.

##### (q) 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.

##### (r) Self-insurance

Council does not self-insure.

##### (s) Intangible assets

Council has not classified any assets as intangible.

## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### (t) 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.

##### (u) 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 not recognise rural fire service assets including land, buildings, plant and vehicles.

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

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

##### (w) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

Effective for annual reporting periods beginning on or after 13 February 2017

- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle

Effective for annual reporting periods beginning on or after 13 December 2017

- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

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

- AASB 9 Financial Instruments (December 2009)
- AASB 15 Revenue from Contracts with Customers

## Central Darling Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E)
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)AASB 1057 Application of Australian Accounting Standards
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

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

- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

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.

#### **(x) Rounding of amounts**

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

#### **(y) Comparative figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget	Actual	Actual	Original budget	Actual	Actual	Original budget	Actual	Actual	Actual	Actual	Actual	Actual
	2017	2017	2016	2017	2017	2016	2017	2017	2016	2017	2016	2017	2016
Governance	–	–	4	138	125	124	(138)	(125)	(120)	–	–	715	504
Administration	781	958	425	4,700	4,646	2,183	(3,919)	(3,688)	(1,758)	–	–	11,357	10,752
Public order and safety	97	157	136	297	324	308	(200)	(167)	(172)	155	135	1,298	1,302
Health	–	–	12	–	–	–	–	–	12	–	12	–	–
Environment	10	132	440	608	486	315	(598)	(354)	125	10	8	444	450
Community services and education	–	71	10	228	244	16	(228)	(173)	(6)	49	–	283	283
Housing and community amenities	178	16	57	56	92	92	122	(76)	(35)	–	–	3,405	2,904
Water supplies	3,692	2,320	823	1,306	1,432	738	2,386	888	85	1,343	495	27,312	32,872
Sewerage services	1,391	171	142	177	310	137	1,214	(139)	5	–	106	4,463	3,907
Recreation and culture	25	–	3	528	729	547	(503)	(729)	(544)	38	–	11,998	11,553
Transport and communication	7,191	14,173	9,145	10,815	11,930	11,543	(3,624)	2,243	(2,398)	1,762	2,391	112,825	100,689
Economic affairs	292	274	573	317	481	32	(25)	(207)	541	–	–	–	1,736
<b>Total functions and activities</b>	<b>13,657</b>	<b>18,272</b>	<b>11,770</b>	<b>19,170</b>	<b>20,799</b>	<b>16,035</b>	<b>(5,513)</b>	<b>(2,527)</b>	<b>(4,265)</b>	<b>3,357</b>	<b>3,147</b>	<b>174,100</b>	<b>166,952</b>
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	–	–	–	–	–	–	–	–	–	–	–	–
General purpose income <sup>1</sup>	6,129	8,359	5,530	–	–	–	6,129	8,359	5,530	7,528	4,715	–	–
<b>Operating result from continuing operations</b>	<b>19,786</b>	<b>26,631</b>	<b>17,300</b>	<b>19,170</b>	<b>20,799</b>	<b>16,035</b>	<b>616</b>	<b>5,832</b>	<b>1,265</b>	<b>10,885</b>	<b>7,862</b>	<b>174,100</b>	<b>166,952</b>

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### 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 AND SAFETY**

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

##### **HEALTH**

Includes immunisation, food control, health centres etc.

##### **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 AND 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 AND 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**

##### **SEWERAGE SERVICES**

##### **RECREATION AND 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.

##### **TRANSPORT AND 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; and other business undertakings.



## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Rates and annual charges</b>			
<b>Ordinary rates</b>			
Residential		304	298
Farmland		440	428
Business		41	41
<b>Total ordinary rates</b>		<b>785</b>	<b>767</b>
<b>Special rates</b>			
Other		-	4
<b>Total special rates</b>		<b>-</b>	<b>4</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		461	433
Water supply services		471	391
Sewerage services		161	134
<b>Total annual charges</b>		<b>1,093</b>	<b>958</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>1,878</b>	<b>1,729</b>

Council has used 2014 year valuations provided by the NSW Valuer General in calculating its rates.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
<b>(b) User charges and fees</b>			
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)			
Water supply services		440	400
Sewerage services		5	8
<b>Total user charges</b>		<b>445</b>	<b>408</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Planning and building regulation		12	50
Private works – section 67		541	438
<b>Total fees and charges – statutory/regulatory</b>		<b>553</b>	<b>488</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Caravan park		23	10
Cemeteries		5	8
Leaseback fees – Council vehicles		3	3
Rent and hire of Council property		19	3
RMS (formerly RTA) charges (state roads not controlled by Council)		9,801	3,505
Swimming centres		4	1
Waste disposal tipping fees		7	4
Other		21	2
<b>Total fees and charges – other</b>		<b>9,883</b>	<b>3,536</b>
<b>TOTAL USER CHARGES AND FEES</b>		<b>10,881</b>	<b>4,432</b>

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
<b>(c) Interest and investment revenue (including losses)</b>			
<b>Interest</b>			
– Interest on overdue rates and annual charges (incl. special purpose rates)		83	75
– Interest earned on investments (interest and coupon payment income)		3	10
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>		<b><u>86</u></b>	<b><u>85</u></b>
<b>Interest revenue is attributable to:</b>			
<b>Unrestricted investments/financial assets:</b>			
Overdue rates and annual charges (general fund)		46	48
<b>Restricted investments/funds – external:</b>			
Water fund operations		35	33
Sewerage fund operations		5	4
<b><u>Total interest and investment revenue recognised</u></b>		<b><u>86</u></b>	<b><u>85</u></b>
<b>(d) Other revenues</b>			
Rental income – other council properties		70	70
Commissions and agency fees		197	220
Insurance claim recoveries		28	26
Miscellaneous sales		–	1
Sales – general		54	52
Other		117	92
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>466</u></b>	<b><u>461</u></b>

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

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

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Financial assistance – general component	5,265	2,951	–	–
Financial assistance – local roads component	2,244	1,727	–	–
Pensioners' rates subsidies – general component	19	37	–	–
<b>Total general purpose</b>	<b>7,528</b>	<b>4,715</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Airport	–	–	120	91
Bushfire and emergency services	155	135	–	–
Community care	71	251	–	–
Environmental protection	10	45	–	–
Heritage and cultural	41	16	–	–
Transport (roads to recovery)	1,585	2,007	–	–
Youth	1	–	–	1
Water and sewer	–	106	1,374	495
<b>Total specific purpose</b>	<b>1,863</b>	<b>2,560</b>	<b>1,494</b>	<b>587</b>
<b>Total grants</b>	<b>9,391</b>	<b>7,275</b>	<b>1,494</b>	<b>587</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	1,585	2,007	–	–
– State funding	7,806	5,268	1,494	587
	<b>9,391</b>	<b>7,275</b>	<b>1,494</b>	<b>587</b>

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

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

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
<b>(f) Contributions</b>				
<b>Developer contributions:</b>				
<b>(s93 &amp; s94 – EP&amp;A Act, s64 of the LGA):</b>				
Nil				
<b>Other contributions:</b>				
RMS contributions (regional roads, block grant)	2,435	2,607	–	–
<b>Total other contributions</b>	<b>2,435</b>	<b>2,607</b>	<b>–</b>	<b>–</b>
Total contributions	2,435	2,607	–	–
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>11,826</b>	<b>9,882</b>	<b>1,494</b>	<b>587</b>

\$ '000	Actual 2017	Actual 2016
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**(g) Unspent grants and contributions****Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the close of the previous reporting period	35	269
<b>Add:</b> grants and contributions recognised in the current period but not yet spent:	<b>521</b>	<b>35</b>
<b>Less:</b> grants and contributions recognised in a previous reporting period now spent:	<b>(35)</b>	<b>(269)</b>
<b>Net increase (decrease) in restricted assets during the period</b>	<b>486</b>	<b>(234)</b>
<b>Unexpended and held as restricted assets</b>	<b>521</b>	<b>35</b>
<b>Comprising:</b>		
– Specific purpose unexpended grants	521	35
	<b>521</b>	<b>35</b>

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Employee benefits and on-costs</b>			
Salaries and wages		3,790	3,659
Employee leave entitlements (ELE)		412	419
Superannuation		241	272
Workers' compensation insurance		77	77
Fringe benefit tax (FBT)		60	49
Training costs (other than salaries and wages)		128	36
<b>Total employee costs</b>		<b>4,708</b>	<b>4,512</b>
Less: capitalised costs		(233)	(167)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>4,475</u></b>	<b><u>4,345</u></b>
Number of 'full-time equivalent' employees (FTE) at year end		42	47
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on loans		39	67
<b>Total interest bearing liability costs expensed</b>		<b>39</b>	<b>67</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)		–	–
– Remediation liabilities	26	35	30
<b>Total other borrowing costs</b>		<b>35</b>	<b>30</b>
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>		<b><u>74</u></b>	<b><u>97</u></b>
<b>(c) Materials and contracts</b>			
Raw materials and consumables		11,442	6,891
Contractor and consultancy costs		–	–
– Contractor costs		88	93
Auditors remuneration <sup>(1)</sup>		52	34
Legal expenses:			
– Legal expenses: debt recovery		–	1
– Legal expenses: other		1	7
Operating leases:			
– Operating lease rentals: minimum lease payments <sup>(2)</sup>		309	281
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>		<b><u>11,892</u></b>	<b><u>7,307</u></b>

(continued on the next page...)

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
<b>(c) Materials and contracts (continued)</b>			
<b>1. Auditor remuneration</b>			
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
<b>(i) Audit and other assurance services</b>			
– Audit and review of financial statements: Auditor-General		52	–
<b>Total Auditor-General remuneration</b>		<b>52</b>	<b>–</b>
b. During the year, the following fees were incurred for services provided by the other Council's Auditors:			
<b>(i) Audit and other assurance services</b>			
– Audit and review of financial statements: Council's Auditor		–	34
<b>Remuneration for audit and other assurance services</b>		<b>–</b>	<b>34</b>
<b>Total remuneration of other Council's Auditors</b>		<b>–</b>	<b>34</b>
<b>Total Auditor remuneration</b>		<b>52</b>	<b>34</b>
<b>2. Operating lease payments are attributable to:</b>			
Computers		18	18
Motor vehicles		263	263
Other		28	–
		<b>309</b>	<b>281</b>
<b>(d) Depreciation, amortisation and impairment</b>			
Plant and equipment		186	293
Infrastructure:			
– Buildings – non-specialised		756	756
– Other structures		275	266
– Roads		1,547	1,435
– Stormwater drainage		16	16
– Water supply network		627	619
– Sewerage network		78	77
Asset reinstatement costs	9 & 26	43	43
<b>Total gross depreciation and amortisation costs</b>		<b>3,528</b>	<b>3,505</b>
Less: capitalised costs		–	–
<b>Total depreciation and amortisation costs</b>		<b>3,528</b>	<b>3,505</b>
<b>Impairment</b>			
Nil			
<b>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</b>		<b>3,528</b>	<b>3,505</b>

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
<b>(e) Other expenses</b>			
Advertising		9	10
Bad and doubtful debts		(96)	1
Bank Charges		5	–
Donations, contributions and assistance to other organisations (Section 356)		94	49
Electricity and heating		199	127
Insurance		309	400
Printing and stationery		37	33
Street lighting		46	28
Subscriptions and publications		103	31
Telephone and communications		108	86
Valuation fees		16	16
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>830</u></b>	<b><u>781</u></b>

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

<b>Plant and equipment</b>			
Proceeds from disposal – plant and equipment		–	346
Less: carrying amount of plant and equipment assets sold/written off		–	(226)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>120</b>
<b>Infrastructure</b>			
Proceeds from disposal – infrastructure		–	4
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>4</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>–</u></b>	<b><u>124</u></b>



## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
<b>Cash and cash equivalents (Note 6a)</b>					
Cash on hand and at bank		2,230	–	269	–
<b>Total cash and cash equivalents</b>		<b>2,230</b>	<b>–</b>	<b>269</b>	<b>–</b>
<b>Investments (Note 6b)</b>					
Nil					
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u></b>		<b><u>2,230</u></b>	<b><u>–</u></b>	<b><u>269</u></b>	<b><u>–</u></b>

**Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:**

**Cash and cash equivalents**

a. 'At fair value through the profit and loss'

<b>2,230</b>	<b>–</b>	<b>269</b>	<b>–</b>
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**Investments**

Nil

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

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

\$ '000	2017	2017	2016	2016
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	2,230	–	269	–
<b>attributable to:</b>				
External restrictions (refer below)	1,864	–	269	–
Internal restrictions (refer below)	366	–	–	–
Unrestricted	–	–	–	–
	<b>2,230</b>	<b>–</b>	<b>269</b>	<b>–</b>

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
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## Details of restrictions

## External restrictions – included in liabilities

Nil

## External restrictions – other

Specific purpose unexpended grants (F)	–	521	–	521
Specific purpose unexpended grants-water fund (F)	35	–	(35)	–
Water supplies (G)	–	1,001	–	1,001
Sewerage services (G)	234	108	–	342
<b>External restrictions – other</b>	<b>269</b>	<b>1,630</b>	<b>(35)</b>	<b>1,864</b>
<b>Total external restrictions</b>	<b>269</b>	<b>1,630</b>	<b>(35)</b>	<b>1,864</b>
<b>Internal restrictions</b>				
Financial Assistance Grants	–	366	–	366
<b>Total internal restrictions</b>	<b>–</b>	<b>366</b>	<b>–</b>	<b>366</b>
<b>TOTAL RESTRICTIONS</b>	<b>269</b>	<b>1,996</b>	<b>(35)</b>	<b>2,230</b>

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))

G Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
<b>Purpose</b>					
Rates and annual charges		858	–	702	–
Interest and extra charges		424	–	360	–
User charges and fees		3,770	–	678	–
Government grants and subsidies		439	–	–	–
Net GST receivable		–	–	260	–
<b>Total</b>		<b>5,491</b>	<b>–</b>	<b>2,000</b>	<b>–</b>
<b>Less: provision for impairment</b>					
Rates and annual charges		(270)	–	(300)	–
Interest and extra charges		(110)	–	(196)	–
User charges and fees		(100)	–	(80)	–
<b>Total provision for impairment – receivables</b>		<b>(480)</b>	<b>–</b>	<b>(576)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>		<b>5,011</b>	<b>–</b>	<b>1,424</b>	<b>–</b>
<b>Externally restricted receivables</b>					
<b>Water supply</b>					
– Rates and availability charges		869	–	586	–
<b>Sewerage services</b>					
– Rates and availability charges		105	–	80	–
<b>Total external restrictions</b>		<b>974</b>	<b>–</b>	<b>666</b>	<b>–</b>
<b>Internally restricted receivables</b>					
Nil					
<b>Unrestricted receivables</b>		<b>4,037</b>	<b>–</b>	<b>758</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>		<b>5,011</b>	<b>–</b>	<b>1,424</b>	<b>–</b>

**Notes on debtors above:**

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2016 8.50%).  
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
<b>(a) Inventories</b>					
<b>(i) Inventories at cost</b>					
Stores and materials		183	–	176	–
<b>Total inventories at cost</b>		<b>183</b>	<b>–</b>	<b>176</b>	<b>–</b>
<b>(ii) Inventories at net realisable value (NRV)</b>					
Nil					
<b><u>TOTAL INVENTORIES</u></b>		<b><u>183</u></b>	<b><u>–</u></b>	<b><u>176</u></b>	<b><u>–</u></b>
<b>(b) Other assets</b>					
Prepayments		25	–	20	–
<b><u>TOTAL OTHER ASSETS</u></b>		<b><u>25</u></b>	<b><u>–</u></b>	<b><u>20</u></b>	<b><u>–</u></b>

**Externally restricted assets**

There are no restrictions applicable to the above assets.

**Other disclosures****Inventory write downs**

There were no amounts recognised as an expense relating to the write down of inventory balances held during the year.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

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

Asset class \$ '000	as at 30/6/2016			Asset movements during the reporting period						as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	1,027	–	1,027	4,000	–	(3,609)	–	–	–	1,418	–	1,418
Plant and equipment	2,810	1,935	875	119	(186)	–	–	–	–	2,929	2,121	808
<b>Land:</b>												
– Operational land	187	–	187	–	–	–	81	–	–	268	–	268
– Community land	523	–	523	–	–	–	–	–	–	523	–	523
<b>Infrastructure:</b>												
– Buildings – non-specialised	31,802	21,397	10,405	–	(756)	–	–	–	–	31,802	22,153	9,649
– Other structures	6,937	2,302	4,635	–	(275)	64	–	–	–	7,001	2,577	4,424
– Roads, bridges, footpaths	116,611	23,295	93,316	–	(1,547)	2,855	–	–	–	119,466	24,842	94,624
– Bulk earthworks (non-depreciable)	24,234	–	24,234	–	–	–	–	–	–	24,234	–	24,234
– Stormwater drainage	1,268	284	984	–	(16)	26	–	–	–	1,294	300	994
– Water supply network	45,744	19,856	25,888	–	(627)	664	(81)	(402)	–	43,784	18,342	25,442
– Sewerage network	4,799	2,022	2,777	–	(78)	–	–	(8)	1,325	6,027	2,011	4,016
<b>Reinstatement, rehabilitation and restoration assets</b> (refer Note 26):												
– Tip assets	475	263	212	82	(43)	–	–	–	–	557	306	251
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>236,417</b>	<b>71,354</b>	<b>165,063</b>	<b>4,201</b>	<b>(3,528)</b>	<b>–</b>	<b>–</b>	<b>(410)</b>	<b>1,325</b>	<b>239,303</b>	<b>72,652</b>	<b>166,651</b>

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000 Class of asset	Actual 2017			Actual 2016		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
Land						
– Operational land	81		81	–	–	–
Infrastructure	43,784	18,342	25,442	45,744	19,856	25,888
<b>Total water supply</b>	<b>43,865</b>	<b>18,342</b>	<b>25,523</b>	<b>45,744</b>	<b>19,856</b>	<b>25,888</b>
<b>Sewerage services</b>						
Infrastructure	6,027	2,011	4,016	4,799	2,022	2,777
<b>Total sewerage services</b>	<b>6,027</b>	<b>2,011</b>	<b>4,016</b>	<b>4,799</b>	<b>2,022</b>	<b>2,777</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>49,892</b>	<b>20,353</b>	<b>29,539</b>	<b>50,543</b>	<b>21,878</b>	<b>28,665</b>

## Note 9c. Infrastructure, property, plant and equipment – current year impairments

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Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
<b>Payables</b>					
Accrued expenses:					
– Salaries and wages		58	–	54	–
– Other expenditure accruals		1,758	–	1,242	–
ATO – net GST payable		2	–	–	–
<b>Total payables</b>		<b>1,818</b>	<b>–</b>	<b>1,296</b>	<b>–</b>
<b>Income received in advance</b>					
Payments received in advance		74	–	83	–
<b>Total income received in advance</b>		<b>74</b>	<b>–</b>	<b>83</b>	<b>–</b>
<b>Borrowings</b>					
Loans – secured <sup>1</sup>		102	621	102	786
<b>Total borrowings</b>		<b>102</b>	<b>621</b>	<b>102</b>	<b>786</b>
<b>Provisions</b>					
Employee benefits:					
Annual leave		502	–	543	–
Long service leave		526	27	540	35
Sub-total – aggregate employee benefits		1,028	27	1,083	35
Asset remediation/restoration (future works)	26	–	759	–	643
<b>Total provisions</b>		<b>1,028</b>	<b>786</b>	<b>1,083</b>	<b>678</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>					
		<b>3,022</b>	<b>1,407</b>	<b>2,564</b>	<b>1,464</b>
<b>(i) Liabilities relating to restricted assets</b>					
		2017		2016	
		Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>					
Water		26	–	480	–
Sewer		13	–	–	–
Liabilities relating to externally restricted assets		39	–	480	–
<b>Internally restricted assets</b>					
Nil		–	–	–	–
<b>Total liabilities relating to restricted assets</b>		<b>39</b>	<b>–</b>	<b>480</b>	<b>–</b>
<b>Total liabilities relating to unrestricted assets</b>		<b>2,983</b>	<b>1,407</b>	<b>2,084</b>	<b>1,464</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>		<b>3,022</b>	<b>1,407</b>	<b>2,564</b>	<b>1,464</b>

<sup>1</sup>. Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2017	Actual 2016
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#### (ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	702	734
	<b>702</b>	<b>734</b>

#### Note 10b. Description of and movements in provisions

Class of provision	2016		2017			Closing balance as at 30/6/17
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	543	144	(227)	42	–	502
Long service leave	575	27	(72)	23	–	553
Asset remediation	643	116	–	–	–	759
<b>TOTAL</b>	<b>1,761</b>	<b>287</b>	<b>(299)</b>	<b>65</b>	<b>–</b>	<b>1,814</b>

- a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.



## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	2,230	269
Less bank overdraft	10	–	–
<b>Balance as per the Statement of Cash Flows</b>		<b>2,230</b>	<b>269</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>5,832</b>	<b>1,265</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		3,528	3,505
Net losses/(gains) on disposal of assets		–	(124)
Unwinding of discount rates on reinstatement provisions		35	31
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(3,491)	(423)
Increase/(decrease) in provision for doubtful debts		(96)	–
Decrease/(increase) in inventories		(7)	(6)
Decrease/(increase) in other assets		(5)	–
Increase/(decrease) in other accrued expenses payable		520	790
Increase/(decrease) in other liabilities		(7)	(250)
Increase/(decrease) in employee leave entitlements		(63)	(30)
Increase/(decrease) in other provisions		81	–
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>6,327</b>	<b>4,758</b>
<b>(c) Non-cash investing and financing activities</b>			
Nil			
<b>(d) Financing arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank overdraft facilities <sup>(1)</sup>		2,000	2,000
Credit cards/purchase cards		38	38
<b>Total financing arrangements</b>		<b>2,038</b>	<b>2,038</b>
<b>Amounts utilised as at balance date:</b>			
– Credit cards/purchase cards		7	–
<b>Total financing arrangements utilised</b>		<b>7</b>	<b>–</b>

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

#### **(ii) Secured loan liabilities**

Loans are secured by a mortgage over future years rate revenue only.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Capital commitments (exclusive of GST)</b>			
Nil			
<b>(b) Finance lease commitments</b>			
Nil			
<b>(c) Operating lease commitments (non-cancellable)</b>			
<b>a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:</b>			
Within the next year		309	314
Later than one year and not later than 5 years		–	–
Later than 5 years		–	–
<b>Total non-cancellable operating lease commitments</b>		<b>309</b>	<b>314</b>

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

Office equipment and computers  
 Motor Vehicles (Light fleet)  
 Contingent rentals may be payable depending on the condition of items or usage during the lease term.

**Conditions relating to operating leases:**

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

**(d) Investment property commitments**

Nil

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Prior periods 2016	2015	Benchmark
<b>Local government industry indicators – consolidated</b>					
<b>1. Operating performance ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>4,338</u>	<b>17.26%</b>	3.34%	-1.28%	>0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<u>25,137</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>13,311</u>	<b>49.98%</b>	39.05%	35.18%	>60.00%
Total continuing operating revenue <sup>(1)</sup>	<u>26,631</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>(2)</sup>	<u>4,611</u>	<b>2.02x</b>	0.71x	0.34x	>1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<u>2,281</u>				
<b>4. Debt service cover ratio</b>					
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>7,940</u>	<b>33.22x</b>	21.20x	12.90x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>239</u>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<u>902</u>	<b>35.69%</b>	24.75%	24.82%	< 5% Metro <10% Rural
Rates, annual and extra charges collectible	<u>2,527</u>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>2,230</u>	<b>1.51 mths</b>	0.3 mths	0.0 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>1,481</u>				

## Notes

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

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

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

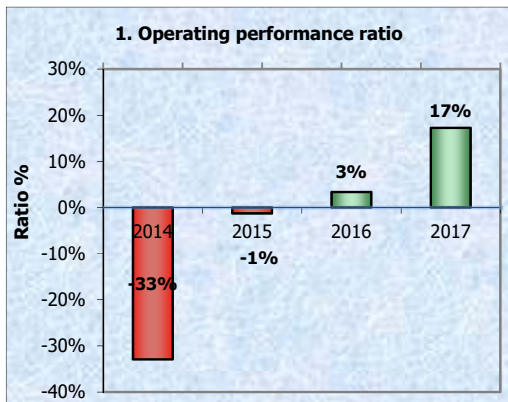
<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

# Central Darling Shire Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum  $\geq 0.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

**Purpose of operating performance ratio**

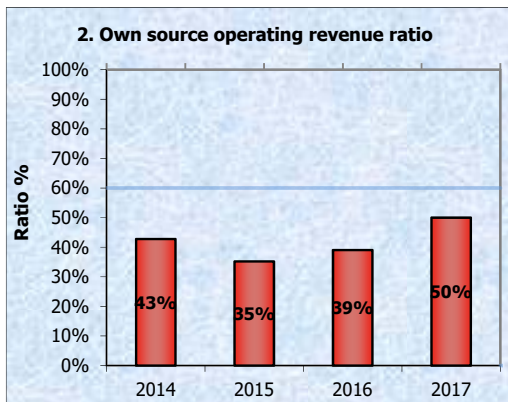
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

**Commentary on 2016/17 result**

**2016/17 ratio 17.26%**

Due to an improvement in operating revenue in proportion to operating expenditure

Ratio achieves benchmark  
 Ratio is outside benchmark



Benchmark: — Minimum  $\geq 60.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

**Purpose of own source operating revenue ratio**

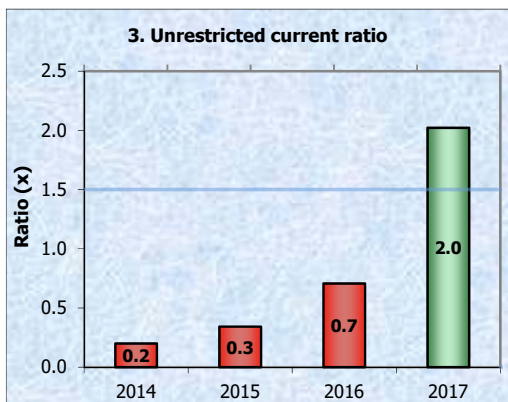
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

**Commentary on 2016/17 result**

**2016/17 ratio 49.98%**

Reflects reliance on grant income and the difficulty in generating own source revenue, due to geographic location and population

Ratio achieves benchmark  
 Ratio is outside benchmark



Benchmark: — Minimum  $\geq 1.50$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

**Purpose of unrestricted current ratio**

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

**Commentary on 2016/17 result**

**2016/17 ratio 2.02x**

Due to federal funding received in advance

Ratio achieves benchmark  
 Ratio is outside benchmark

# Central Darling Shire Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 13a(ii). Local government industry indicators – graphs (consolidated)

<p><b>4. Debt service cover ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>-0.9</td> </tr> <tr> <td>2015</td> <td>12.9</td> </tr> <tr> <td>2016</td> <td>21.2</td> </tr> <tr> <td>2017</td> <td>33.2</td> </tr> </tbody> </table> <p>Benchmark: <span style="color: blue;">—</span> Minimum <math>\geq 2.00</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	Year	Ratio (x)	2014	-0.9	2015	12.9	2016	21.2	2017	33.2	<p><b>Purpose of debt service cover ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2016/17 result</b></p> <p><b>2016/17 ratio 33.22x</b></p> <p>An improvement in cash reserves, in part due to grants received in advance, has improved the organisations ability to cover debt</p>
Year	Ratio (x)											
2014	-0.9											
2015	12.9											
2016	21.2											
2017	33.2											
<p>Benchmark: <span style="color: blue;">—</span> Minimum <math>\geq 2.00</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>		<p><span style="color: green;">■</span> Ratio achieves benchmark <span style="color: red;">■</span> Ratio is outside benchmark</p>										
<p><b>5. Rates, annual charges, interest and extra charges outstanding percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>17.32%</td> </tr> <tr> <td>2015</td> <td>24.82%</td> </tr> <tr> <td>2016</td> <td>24.75%</td> </tr> <tr> <td>2017</td> <td>35.69%</td> </tr> </tbody> </table> <p>Benchmark: <span style="color: blue;">—</span> Maximum <math>&lt; 10.00\%</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #25</p>	Year	Ratio %	2014	17.32%	2015	24.82%	2016	24.75%	2017	35.69%	<p><b>Purpose of rates and annual charges outstanding ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2016/17 result</b></p> <p><b>2016/17 ratio 35.69%</b></p> <p>This ratio reflects the difficulty in collecting outstanding rates within the community</p>
Year	Ratio %											
2014	17.32%											
2015	24.82%											
2016	24.75%											
2017	35.69%											
<p>Benchmark: <span style="color: blue;">—</span> Maximum <math>&lt; 10.00\%</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #25</p>		<p><span style="color: green;">■</span> Ratio is within Benchmark <span style="color: red;">■</span> Ratio is outside Benchmark</p>										
<p><b>6. Cash expense cover ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (mths)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>0.2</td> </tr> <tr> <td>2015</td> <td>0.0</td> </tr> <tr> <td>2016</td> <td>0.3</td> </tr> <tr> <td>2017</td> <td>1.5</td> </tr> </tbody> </table> <p>Benchmark: <span style="color: blue;">—</span> Minimum <math>\geq 3.00</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	Year	Ratio (mths)	2014	0.2	2015	0.0	2016	0.3	2017	1.5	<p><b>Purpose of cash expense cover ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 2016/17 result</b></p> <p><b>2016/17 ratio 1.51 mths</b></p> <p>The improvement in this ratio is mainly due to grants received in advance</p>
Year	Ratio (mths)											
2014	0.2											
2015	0.0											
2016	0.3											
2017	1.5											
<p>Benchmark: <span style="color: blue;">—</span> Minimum <math>\geq 3.00</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>		<p><span style="color: green;">■</span> Ratio achieves benchmark <span style="color: red;">■</span> Ratio is outside benchmark</p>										

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 13b. Statement of performance measurement – indicators (by fund)

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\$ '000

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#### **REFER NOTE 13b BY FUND TAB "Note 13b" - page 1**

When numbering pages, go to print preview for this tab, get the page number for the portrait 13b Note and set the page number in the landscape 13b Note to the same page number.

**REFER NOTE 13b BY FUND TAB "Note 13b" - page 2**

When numbering pages, go to print preview for this tab, get the page number for the portrait 13b Note and set the page number in the landscape 13b Note to the same page number.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

#### Note 15. Financial risk management

##### 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.

The 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	
	2017	2016	2017	2016
<b>Financial assets</b>				
Cash and cash equivalents	2,230	269	2,230	269
Receivables	5,011	1,424	5,011	1,424
<b>Total financial assets</b>	<b>7,241</b>	<b>1,693</b>	<b>7,241</b>	<b>1,693</b>
<b>Financial liabilities</b>				
Payables	1,818	1,296	1,818	1,296
Loans/advances	723	888	723	888
<b>Total financial liabilities</b>	<b>2,541</b>	<b>2,184</b>	<b>2,541</b>	<b>2,184</b>

Fair value is determined as follows:

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

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.



## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 15. 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's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

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 there 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.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2017</b>				
Possible impact of a 1% movement in interest rates	7	7	(7)	(7)
<b>2016</b>				
Possible impact of a 1% movement in interest rates	10	10	(10)	(10)

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 15. 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.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	25%	80%	0%	80%
Overdue	75%	20%	100%	20%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of receivables – value</b>				
<b>Rates and annual charges</b>		<b>Other receivables</b>	<b>Rates and annual charges</b>	<b>Other receivables</b>
Current	217	4,237	–	1,019
1 – 2 years overdue	641	–	702	–
> 5 years overdue	–	396	–	279
	<b>858</b>	<b>4,633</b>	<b>702</b>	<b>1,298</b>
<b>(iii) Movement in provision for impairment of receivables</b>				
			2017	2016
Balance at the beginning of the year			576	576
– previous impairment losses reversed			(96)	–
<b>Balance at the end of the year</b>			<b>480</b>	<b>576</b>

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 15. 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.

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2017</b>									
Trade/other payables	–	1,818	–	–	–	–	–	1,818	1,818
Loans and advances	–	–	165	165	165	165	188	848	723
<b>Total financial liabilities</b>	<b>–</b>	<b>1,818</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>188</b>	<b>2,666</b>	<b>2,541</b>
<b>2016</b>									
Trade/other payables	–	1,296	–	–	–	–	–	1,296	1,296
Loans and advances	–	–	165	165	165	165	353	1,013	888
<b>Total financial liabilities</b>	<b>–</b>	<b>1,296</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>353</b>	<b>2,309</b>	<b>2,184</b>

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 through the diversification of borrowing types, maturities and interest rate structures.

The following interest rates were applicable to Council's borrowings at balance date:

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	1,818	0.00%	1,296	0.00%
Loans and advances – fixed interest rate	723	6.00%	888	6.00%
	<u>2,541</u>		<u>2,184</u>	

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 28 June 2016.

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	2017 Budget	2017 Actual	2017 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates and annual charges</b>	<b>1,856</b>	<b>1,878</b>	<b>22</b>	1%	<b>F</b>
<b>User charges and fees</b>	<b>6,529</b>	<b>10,881</b>	<b>4,352</b>	67%	<b>F</b>
Due to additional ordered works from RMS for roads not factored into original budget.					
<b>Interest and investment revenue</b>	<b>63</b>	<b>86</b>	<b>23</b>	37%	<b>F</b>
Due to investments held during the year in excess of original budget					
<b>Other revenues</b>	<b>392</b>	<b>466</b>	<b>74</b>	19%	<b>F</b>
Due to over-recovery of on-costs charged predominately against creditors					
<b>Operating grants and contributions</b>	<b>9,521</b>	<b>11,826</b>	<b>2,305</b>	24%	<b>F</b>
Financial assistance grants received in advance					
<b>Capital grants and contributions</b>	<b>1,425</b>	<b>1,494</b>	<b>69</b>	5%	<b>F</b>

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----	
<b>EXPENSES</b>				
Employee benefits and on-costs	4,175	4,475	(300)	(7%) <b>U</b>
<b>Borrowing costs</b>	<b>64</b>	<b>74</b>	<b>(10)</b>	<b>(16%) <b>U</b></b>
The original budget did not include the movement in the Landfill Remediation Provision in this category.				
<b>Materials and contracts</b>	<b>10,954</b>	<b>11,892</b>	<b>(938)</b>	<b>(9%) <b>U</b></b>
Due to additional expenditure incurred regarding undertaking additional RMS works.				
<b>Depreciation and amortisation</b>	<b>2,738</b>	<b>3,528</b>	<b>(790)</b>	<b>(29%) <b>U</b></b>
Under-estimation of depreciation				
<b>Other expenses</b>	<b>1,239</b>	<b>830</b>	<b>409</b>	<b>33% <b>F</b></b>
Over-estimation of budgeted expenditure in insurances, light, power & heating, and executive expenses.				

**Budget variations relating to Council's Cash Flow Statement include:**

<b>Cash flows from operating activities</b>	<b>3,774</b>	<b>6,327</b>	<b>2,553</b>	<b>67.6% <b>F</b></b>
Due to a better operating result than expected, driven by additional RMS works not in original budget.				
<b>Cash flows from investing activities</b>	<b>(3,665)</b>	<b>(4,201)</b>	<b>(536)</b>	<b>14.6% <b>U</b></b>
Mainly due to works not included in original budget and some works carried over from the previous year.				
<b>Cash flows from financing activities</b>	<b>(98)</b>	<b>(165)</b>	<b>(67)</b>	<b>68.4% <b>U</b></b>

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
<b>Local government industry indicators – by fund</b>							
<b>1. Operating performance ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<b>20.38%</b>	7.03%	<b>-45.17%</b>	-65.09%	<b>-76.61%</b>	-0.79%	>0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<b>50.52%</b>	36.09%	<b>40.70%</b>	62.41%	<b>100.00%</b>	100.00%	>60.00%
Total continuing operating revenue <sup>(1)</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions <sup>(2)</sup>	<b>2.02x</b>	0.71x	<b>71.92x</b>	2.95x	<b>34.38x</b>	No liabilities	>1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>							

#### Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

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

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 13b. Statement of performance measurement – indicators (by fund) (continued)

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
<b>Local government industry indicators – by fund (continued)</b>							
<b>4. Debt service cover ratio</b>							
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<b>32.60x</b>	20.39x	<b>0.00x</b>	0.00x	<b>0.00x</b>	0.00x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>-3.80%</b>	-5.71%	<b>184.50%</b>	148.35%	<b>65.22%</b>	56.34%	< 5% Metro <10% Rural
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>0.60</b>	-0.91	<b>0.00</b>	0.00	<b>0.00</b>	0.00	> 3 months
Payments from cash flow of operating and financing activities	<b>months</b>	months	<b>months</b>	months	<b>months</b>	months	

## Notes

(1) Refer to Notes at Note 13a(i) above.

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

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 17. Statement of Developer Contributions

\$ '000

Council currently has no S94 Developer Contribution Plans or S94 Funds on hand from prior years.

#### Note 18. Contingencies and other assets/liabilities not recognised

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

##### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The schemes most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other guarantees

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



## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

##### **LIABILITIES NOT RECOGNISED (continued):**

##### **2. Other liabilities**

##### **(i) Third party claims**

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

##### **(ii) Potential land acquisitions due to planning**

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

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

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

##### **ASSETS NOT RECOGNISED:**

##### **(i) Land under roads**

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

#### Note 19. Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Retained earnings</b>			
<b>Movements in retained earnings were as follows:</b>			
Balance at beginning of year (from previous years audited accounts)		103,903	102,638
a. Net operating result for the year		5,832	1,265
<b>Balance at end of the reporting period</b>		<b>109,735</b>	<b>103,903</b>
<b>(b) Revaluation reserves</b>			
<b>(i) Reserves are represented by:</b>			
– Infrastructure, property, plant and equipment revaluation reserve		59,936	59,021
<b>Total</b>		<b>59,936</b>	<b>59,021</b>
<b>(ii) Reconciliation of movements in reserves:</b>			
<b>Infrastructure, property, plant and equipment revaluation reserve</b>			
– Opening balance		59,021	48,181
– Revaluations for the year	9(a)	915	10,840
<b>– Balance at end of year</b>		<b>59,936</b>	<b>59,021</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>59,936</b>	<b>59,021</b>

#### (iii) 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.

#### (c) Correction of error/s relating to a previous reporting period

Council made no correction of errors during the current reporting period.

#### (d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 21. Financial result and financial position by fund

Income Statement by fund \$ '000	Actual 2017	Actual 2017	Actual 2017
<b>Continuing operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>			
Rates and annual charges	471	161	1,246
User charges and fees	437	5	10,439
Interest and investment revenue	35	5	46
Other revenues	–	–	466
Grants and contributions provided for operating purposes	–	–	11,826
Grants and contributions provided for capital purposes	1,374	–	120
<b>Other income</b>			
Net gains from disposal of assets	–	–	–
Share of interests in joint ventures and associates using the equity method	–	–	–
<b>Total income from continuing operations</b>	<b>2,317</b>	<b>171</b>	<b>24,143</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	–	–	4,475
Borrowing costs	–	–	74
Materials and contracts	742	224	10,926
Depreciation and amortisation	627	78	2,823
Impairment	–	–	–
Other expenses	–	–	830
<b>Total expenses from continuing operations</b>	<b>1,369</b>	<b>302</b>	<b>19,128</b>
<b>Operating result from continuing operations</b>	<b>948</b>	<b>(131)</b>	<b>5,015</b>
<b>Discontinued operations</b>			
Net profit/(loss) from discontinued operations	–	–	–
<b>Net operating result for the year</b>	<b>948</b>	<b>(131)</b>	<b>5,015</b>
<b>Net operating result attributable to each council fund</b>	<b>948</b>	<b>(131)</b>	<b>5,015</b>
<b>Net operating result attributable to non-controlling interests</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(426)</b>	<b>(131)</b>	<b>4,895</b>

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

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

## Central Darling Shire Council

## Notes to the Financial Statements

as at 30 June 2017

## Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund		Actual	Actual	Actual
\$ '000		2017	2017	2017
<b>ASSETS</b>		<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>				
Cash and cash equivalents		1,001	342	887
Investments		–	–	–
Receivables		869	105	4,037
Inventories		–	–	183
Other		–	–	25
<b>Total current assets</b>		<b>1,870</b>	<b>447</b>	<b>5,132</b>
<b>Non-current assets</b>				
Investments		–	–	–
Receivables		–	–	–
Inventories		–	–	–
Infrastructure, property, plant and equipment		25,523	4,016	137,112
Investments accounted for using the equity method		–	–	–
Investment property		–	–	–
Intangible assets		–	–	–
<b>Total non-current assets</b>		<b>25,523</b>	<b>4,016</b>	<b>137,112</b>
<b>TOTAL ASSETS</b>		<b>27,393</b>	<b>4,463</b>	<b>142,244</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables		26	13	1,779
Income received in advance		–	–	74
Borrowings		–	–	102
Provisions		–	–	1,028
<b>Total current liabilities</b>		<b>26</b>	<b>13</b>	<b>2,983</b>
<b>Non-current liabilities</b>				
Payables		–	–	–
Borrowings		–	–	621
Provisions		–	–	786
<b>Total non-current liabilities</b>		<b>–</b>	<b>–</b>	<b>1,407</b>
<b>TOTAL LIABILITIES</b>		<b>26</b>	<b>13</b>	<b>4,390</b>
<b>Net assets</b>		<b>27,367</b>	<b>4,450</b>	<b>137,854</b>
<b>EQUITY</b>				
Retained earnings		11,547	1,689	96,499
Revaluation reserves		15,820	2,761	41,355
<b>Total equity</b>		<b>27,367</b>	<b>4,450</b>	<b>137,854</b>

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

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

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 22. 'Held for sale' non-current assets and disposal groups

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\$ '000

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Council did not classify any non-current assets or disposal groups as 'held for sale'.

#### Note 23. Events occurring after the reporting date

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Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 22/11/17.

Events that occur after the reporting period represent one of two types:

**(i) Events that provide evidence of conditions that existed at the reporting period**

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

**(ii) Events that provide evidence of conditions that arose after the reporting period**

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

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

#### Note 24. Discontinued operations

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Council has not classified any of its operations as 'discontinued'.

#### Note 25. Intangible assets

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Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/operation	Estimated year of restoration	NPV of provision	
		2017	2016
Tip		759	643
Balance at end of the reporting period	10(a)	<u>759</u>	<u>643</u>

Under AASB 116 – Property, Plant and Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

#### Reconciliation of movement in provision for year:

Balance at beginning of year	643	612
Amounts capitalised to new or existing assets:		
Effect of a change in other calculation estimates used	81	–
Amortisation of discount (expensed to borrowing costs)	35	31
<b>Total – reinstatement, rehabilitation and restoration provision</b>	<u><b>759</b></u>	<u><b>643</b></u>

#### Amount of expected reimbursements

Of the above provisions for reinstatement, rehabilitation and restoration works, those applicable to garbage services and waste management are able to be funded through future charges incorporated within Council's annual domestic waste management charge.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 26. Reinstatement, rehabilitation and restoration liabilities (continued)

\$ '000

##### Provisions for close down and restoration and for 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

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.

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.

###### **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.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 27. 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
- Financial assets and liabilities

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:

2017	Fair value measurement hierarchy			Total	
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs		
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Receivables	dd/mm/yy	5,011	–	–	5,011
Cash on hand and at bank	dd/mm/yy	2,230	–	–	2,230
<b>Total financial assets</b>		<b>7,241</b>	<b>–</b>	<b>–</b>	<b>7,241</b>
<b>Financial liabilities</b>					
Payables	dd/mm/yy	1,818	–	–	1,818
Loans/advances	dd/mm/yy	723	–	–	723
<b>Total financial liabilities</b>		<b>2,541</b>	<b>–</b>	<b>–</b>	<b>2,541</b>
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	dd/mm/yy	–	808	–	808
Operational land	dd/mm/yy	–	268	–	268
Community land	dd/mm/yy	–	523	–	523
Buildings	dd/mm/yy	–	9,649	–	9,649
Other structures	dd/mm/yy	–	–	4,424	4,424
Roads, bridges and footpaths	dd/mm/yy	–	–	94,624	94,624
Bulk earthworks	dd/mm/yy	–	–	24,234	24,234
Stormwater drainage	dd/mm/yy	–	–	994	994
Water supply network	dd/mm/yy	–	–	25,442	25,442
Sewerage network	dd/mm/yy	–	–	4,016	4,016
Tip assets	dd/mm/yy	–	–	251	251
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>11,248</b>	<b>153,985</b>	<b>165,233</b>



## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 27. Fair value measurement (continued)

\$ '000

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

2016	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Investments					
Receivables	30/06/16	1,424	–	–	1,424
Cash on hand and at bank	30/06/16	269	–	–	269
<b>Total financial assets</b>		<b>1,693</b>	<b>–</b>	<b>–</b>	<b>1,693</b>
<b>Financial liabilities</b>					
Payables	30/06/16	1,379	–	–	1,379
Loans/advances	30/06/16	888	–	–	888
<b>Total financial liabilities</b>		<b>2,267</b>	<b>–</b>	<b>–</b>	<b>2,267</b>
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	30/06/16	–	875	–	875
Operational land	30/06/16	–	187	–	187
Community land	30/06/16	–	523	–	523
Buildings	30/06/16	–	10,405	–	10,405
Other structures	30/06/16	–	–	4,635	4,635
Roads, bridges and footpaths	30/06/16	–	–	93,316	93,316
Bulk earthworks	30/06/16	–	–	24,234	24,234
Stormwater drainage	30/06/16	–	–	984	984
Water supply network	30/06/16	–	–	25,888	25,888
Sewerage network	30/06/16	–	–	2,777	2,777
Tip assets	dd/mm/yy	–	–	212	212
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>11,990</b>	<b>152,046</b>	<b>164,036</b>

## (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.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

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

#### Infrastructure, property, plant and equipment (IPP&E)

##### Stormwater drainage

The Stormwater Drainage asset class consists of Council's pits and Culverts. APV Valuers completed the valuation of these assets using replacement cost approach.

Replacement costs (unit rates) and useful lives for Stormwater Drainage assets were determined through professional judgement on behalf of APV, which incorporated standard unit rates applied to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life, pattern of consumption, and residual 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. Valuation techniques remained the same for this reporting period.

##### Other structure

Council's other structure assets comprise of fences, flagpoles, monuments and the like.

Replacement costs (unit rate) and useful lives of Council's other structure assets were determined using technical knowledge from council staff (engineers and asset management) and external valuers. Other significant inputs considered in the valuation of these assets are condition rating, remaining useful life, pattern of consumption, dimensions, components and residual 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. Valuation techniques remained the same for this reporting period.

##### Buildings

Council engaged AssetVal Pty Ltd to value all buildings and shelters in 2013. The valuation methodology adopted was based on current replacement cost of the asset.

The valuation aspects are generally, but not limited to the location, size, condition, style and utility of the asset. Replacement cost, asset condition, remaining useful life and building components are some of the inputs used in fair value determination. Since most of these inputs require judgement and are unobservable, the asset class has been classified as Level 3. Valuation techniques remained the same for this reporting period.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

##### Infrastructure, property, plant and equipment (IPP&E) (continued)

##### Roads, bridges, footpaths and bulk earthworks

Council's roads & Bridges are componentised into the pavement, surface and formation and further separated into segments for inspection and valuation.

The valuation of assets was completed by APV Valuers in June 2015.

The current replacement cost approach was adopted to value Council's assets. The replacement costs (based on unit rates), useful lives and conditions were determined by technical information provided by Council's asset planners and professional judgement on behalf of APV.

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, residual 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. Valuation techniques remained the same for this reporting period.

##### Plant and equipment

This asset category includes:

Motor vehicles, trucks, mowers, buses, earthmoving equipment

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

##### Tip remediation

Council operates a landfilling operation as well as a range of waste services, including recycled and reclaimed products. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site.

Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

##### Water supply network

This asset category includes:

Dams & Weirs, Mains, Reservoirs and treatment plants.

The valuation of assets was completed by Brearly & Hansen Valuers in June 2017.

The current replacement cost approach was adopted to value Council's assets. The replacement costs (based on unit rates), useful lives and conditions were determined by technical information provided by Council's asset planners and professional judgement on behalf of APV.

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, residual value. Valuation techniques remained the same for this reporting period.

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

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\$ '000

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#### (3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

##### Infrastructure, property, plant and equipment (IPP&E) (continued)

###### Sewerage network

This asset category includes:

Mains, Pumping stations and sewerage ponds.

The valuation of assets was completed by Brearly & Hansen Valuers in June 2017.

The current replacement cost approach was adopted to value Council's assets. The replacement costs (based on unit rates), useful lives and conditions were determined by technical information provided by Council's asset planners and professional judgement on behalf of APV.

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, residual value. Valuation techniques remained the same for this reporting period.

###### Community land

Assets within the "Community Land" class are:

- Council owned land, and
- Care Control Management land [Crown] of which Council derives current and future economic benefits arising from the use of the land asset.

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer General.

Currently all Council assets in this asset class are based on UCV, however, should Council have an asset in future for which an UCV is not provided, the replacement cost will be used. Replacement cost will be based on average unit rates for similar properties, land use, dimensions, land size and shape, which are not considered observable based on market evidence, therefore, placing the whole asset class in Level 3. Valuation techniques remained the same for this reporting period.

###### Operational land

Council's operational land includes all of Council's land classified as operational land under Local Government Act 1993.

Council's operational land is valued using a modelled market based valuation process.

Currently all Council assets in this asset class are based on a modelled market based valuation process, however, should Council have an asset in future for which this valuation process is not available, the replacement cost will be used. Replacement cost will be based on average unit rates for similar properties, land use, dimensions, land size and shape, which are not considered observable based on market evidence, therefore, placing the whole asset class in Level 3. Valuation techniques remained the same for this reporting period.

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## Central Darling Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 27. 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.

		Other structures	Roads bridges footpaths	Bulk earthworks	Total
<b>Opening balance – 1/7/15</b>		4,466	81,771	24,234	110,471
Depreciation and impairment		(266)	(1,435)	–	(1,701)
Other movement (WIP transfers)		435	2,902	–	3,337
Other movement (Revaluation)		–	10,078	–	10,078
<b>Closing balance – 30/6/16</b>		<b>4,635</b>	<b>93,316</b>	<b>24,234</b>	<b>122,185</b>
Depreciation and impairment		(275)	(1,547)	–	(1,822)
Other movement (WIP Transfers)		64	2,855	–	2,919
<b>Closing balance – 30/6/17</b>		<b>4,424</b>	<b>94,624</b>	<b>24,234</b>	<b>123,282</b>

	Stormwater drainage	Water supply network	Sewerage network	Tip assets	Total
<b>Opening balance – 1/7/15</b>	981	25,664	2,783	256	29,684
Depreciation and impairment	(16)	(619)	(77)	(43)	(755)
Other movement (WIP transfers)	–	171	–	–	171
Other movement (Revaluation)	19	672	71	–	762
<b>Closing balance – 30/6/16</b>	<b>984</b>	<b>25,888</b>	<b>2,777</b>	<b>213</b>	<b>29,862</b>
Depreciation and impairment	(16)	(627)	(78)	(43)	(764)
Transfer	–	(81)	–	–	(81)
Other movement (WIP transfers)	26	664	–	81	771
Other movement (Revaluation)	–	(402)	1,317	–	915
<b>Closing balance – 30/6/17</b>	<b>994</b>	<b>25,442</b>	<b>4,016</b>	<b>251</b>	<b>30,703</b>

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

\$ '000

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

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

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

Class	Fair value (30/6/17) \$'000	Valuation technique/s	Unobservable inputs
<b>I,PP&amp;E</b>			
Other structures	4,424	Current replacement cost	Replacement cost Asset condition rating Remaining useful life Residual value
Roads, bridges, footpaths and bulk earthworks	118,858	Current replacement cost	Replacement cost Asset condition rating Remaining useful life Residual value
Stormwater drainage	994	Current replacement cost	Replacement cost Asset condition rating Remaining useful life Residual value
Tip remediation	251	Discounted future value of remediation	Remediation rate
Water supply network	25,442	Current replacement cost	Replacement cost Asset condition rating Remaining useful life
Sewerage network	4,016	Current replacement cost	Replacement cost Asset condition rating Remaining useful life

#### (5). Highest and best use

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

## Central Darling Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 28. Related party disclosures

\$

##### a. Key management personnel

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

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

<b>Compensation:</b>	<b>Actual 2017</b>
Short-term benefits	660,000
<b>Total</b>	<b>660,000</b>

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

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

There are no transactions with KMP's and their related parties

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##### c. Other related party transactions

Nil

# Central Darling Shire Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 29. Council information and contact details

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**Principal place of business:**

21 Reid Street  
Wilcannia NSW 2836

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

PO BOX 165  
Wilcannia NSW 2836

**Opening hours:**

9.00 a.m to 5.00 p.m

**Telephone:** 08 8083 8900

**Facsimile:** 08 8091 5994

**Internet:** [www.centraldarling.nsw.gov.au](http://www.centraldarling.nsw.gov.au)

**Email:** [council@centraldarling.nsw.gov.au](mailto:council@centraldarling.nsw.gov.au)

**Officers****GENERAL MANAGER**

Michael Boyd

**ADMINISTRATOR**

Greg Wright

**RESPONSIBLE ACCOUNTING OFFICER**

Jacob Philp

**AUDITORS**

Audit Office of NSW  
GPO Box 12  
SYDNEY NSW 2001

**Other information**

**ABN:** 65 061 502 439