

# Uralla

URALLA SHIRE COUNCIL



Annual Report

2013 – 2014

## Contents

Contents .....	2
<b>  Section 1 - Our Council .....</b>	<b>4</b>
Message from the Mayor .....	4
Our Shire .....	5
Our Councillors .....	5
Our Structure .....	6
<b>  Section 2 – Reporting our Achievements .....</b>	<b>7</b>
Community Strategic Plan .....	7
The Annual Report.....	7
GOVERNANCE .....	8
SAFETY AND WELLBEING .....	11
QUALITY OF LIFE .....	13
YOUTH DEVELOPMENT.....	15
ECONOMIC OPPORTUNITIES AND TOURISM.....	16
SOCIAL INCLUSION .....	19
ARTS AND CULTURE.....	21
LIVEABILITY.....	22
HERITAGE .....	27
SERVICES.....	29
<b>  Section 3 – Additional Statutory Reporting .....</b>	<b>35</b>
Mayoral And Councillor Fees And Expenses.....	35
Major Contractors .....	35
Legal Proceedings.....	36
Private Works .....	36
External Bodies That Exercise Council Functions Of Activities .....	36
Contributions/Donations.....	37
Equal Employment Opportunity.....	37
General Manager’s Contract .....	38
Senior Staff Member Remuneration .....	38
Stormwater Management Services .....	38
Rates And Charges Written Off .....	38
Compliance With Companion Animals Act And Regulation .....	39
Public Interest and Disclosure .....	40

Code of Conduct Reporting .....	40
Financial Management .....	41
<b>  Section 4 – Attachments.....</b>	<b>42</b>
A Financial Statements 2013 – 2014.....	42
B GIPA Report .....	42

## Message from the Mayor

The 2013/14 financial year has been another productive period for Uralla Shire Council with a number of key priorities able to be achieved. These priorities have been delivered amidst a backdrop of ongoing analysis and discussions about the future composition and direction of the NSW Local Government sector and its long-term sustainability.

The ability to renew and replace our infrastructure as and when it falls due is a primary objective of our Council. During the past year this is illustrated by the replacement of the narrow timber Torryburn Bridge over the Gwydir River with a new concrete two lane structure; the bitumen resealing of 26.7km of roads and streets throughout the Shire; and the sealing of a 2km section of Bergen Road in Kentucky.

The Uralla Shire Council has long been committed to environmental management and Council as a major contributor and organiser of such has been able to make considerable progress in this area in the past year. This is highlighted by the appointment of a bush regeneration team focussed on improving the health and integrity of ecosystems under the care of our Council. Additionally, we completed the transfer of the Kingstown Landfill site from an unmanned, unfenced and open landfill site to a new fully compliant transfer station and, in conjunction with Keep NSW Beautiful, delivered the EnviroMentors program to over 250 students from across four schools in the Shire.

Council also implemented a number of new and innovative initiatives in the past 12 months including the establishment of the Uralla History Hub which is housed in the Uralla Library and now affords our community a centre for local studies and family history research. Additionally, Council rolled-out all new e-planning services late in the year, which amongst other benefits has contributed to a considerable reduction in the mean time of development determinations.

During this past financial year Council was a proud major partner of a number of major community events, headlined by the Uralla Lanterns Festival, The Thunderbolts Festival, Seasons of the New England, Youth Week festivities and the Rotary Art Show. The events contribute considerably to the social fabric of our community as well as adding to our local economy.



As you will see exemplified throughout this report Council has made positive progress over the past year in the delivery of services, projects and renewing the infrastructure required by our community.

I look forward to the upcoming year and I am confident that it will again be a year in which Council will deliver a substantial number of initiatives and many exciting and long-awaited projects will be completed.

Cr Michael Pearce  
Mayor, Uralla Shire Council

## Our Shire

The Uralla Shire is a Local Government Area spanning more than 3,000 square kilometres in the beautiful New England region, between the capital cities of Brisbane and Sydney.

Its 6,300 residents enjoy an enviable country lifestyle, with vibrant shopping precincts, access to large regional centres and a rich heritage and local environment.

The Uralla Shire Council provides the essential services and support which help to strengthen the Shire's economy, attract visitors and new residents, preserve the environment, support social and physical wellbeing and maintain a strong community spirit.

**" The Uralla Shire Council is committed to creating a unique environment which offers an excellent quality of life and economic opportunities for its people. "**

**Uralla Shire Council Vision**

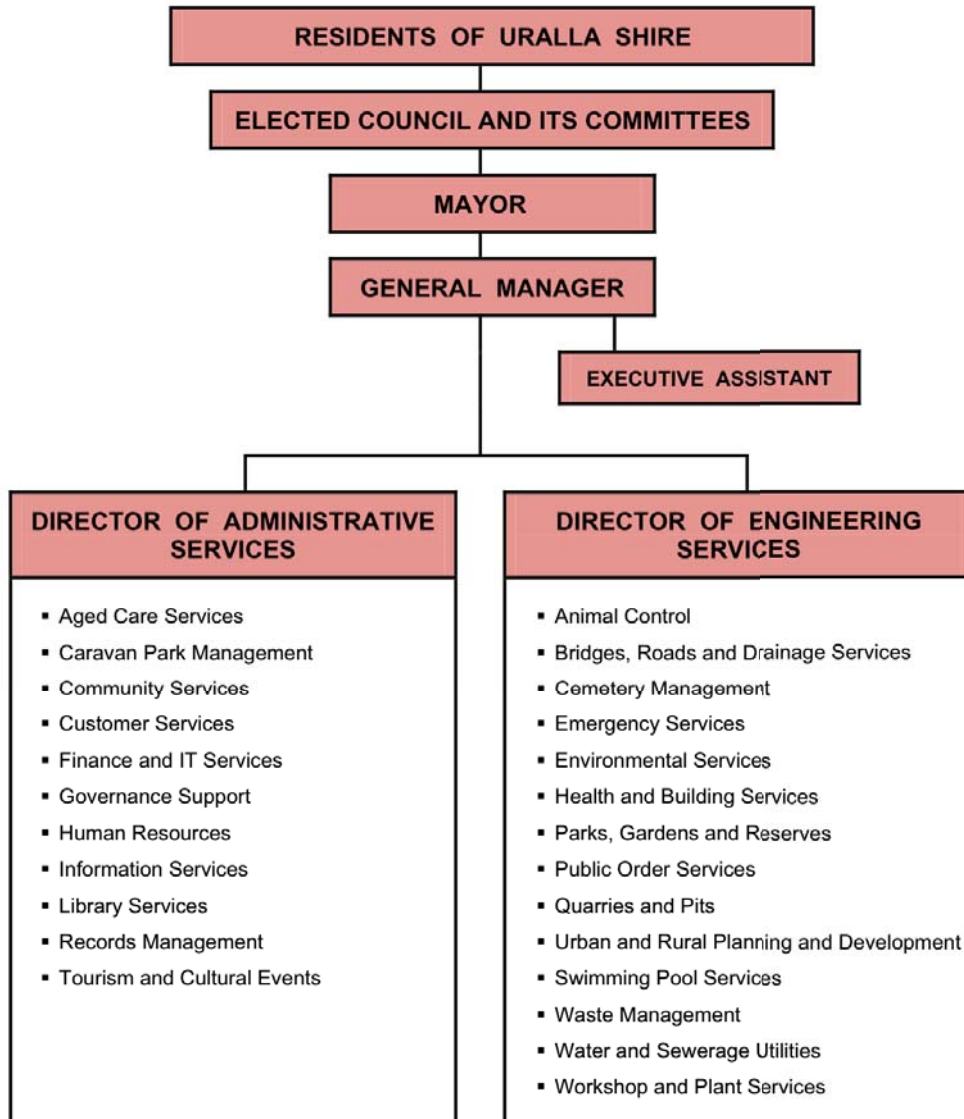
## Our Councillors



**Back Row :** Cr Isabel Strutt, Cr Kevin Ward, Cr Bob Crouch, Cr Leanne Cooper, Cr Mark Dusting, Cr Fred Geldof

**Front Row:** Cr Karen Dusting, Cr Michael Pearce (Mayor), Cr Daphne Field

## Our Structure



## | Section 2 – Reporting our Achievements

### Community Strategic Plan

The New South Wales Government requires all Councils to consult with their local communities and develop a Community Strategic Plan as part of the Integrated Planning and Reporting Guidelines – a five-step process of reporting which also includes a Resourcing Strategy, a four-year Delivery Plan, an annual Operational Plan and an Annual Report.

The Community Strategic Plan outlines the community's aspirations for a ten-year period (2013-2023). It provides the foundations for which the Uralla Shire Council builds its delivery and operational strategies. The Community Strategic Plan is divided into three key areas:

#### PEOPLE

Governance  
Safety and Wellbeing  
Quality of Life  
Youth Development  
Economic Opportunities  
Social Inclusion  
Arts and Culture

#### PLACE

Liveability  
Heritage

#### INFRASTRUCTURE

Services

### The Annual Report

This Annual Report allows Council to report to the community and other key stakeholders on its achievements over the past year and performance when measured against the strategies outlined in the Delivery Program 2012/2013 – 2015/2016.

The Delivery Program is guided by the priorities and outcomes identified through the extensive community consultation process undertaken to build the Community Strategic Plan, which was developed in 2011 and revised in 2013.

Also included in the Annual Report is information required to be provided by legislation under the *Local Government Act 1993* and the Local Government (General) Regulation 2005. This information can be found in Section 3 – Additional Statutory Reporting. Also included is a presentation of Council's audited Annual Financial Statements 2013/2014 and Annual General Information Public Access (GIPA) Report which provides details on Council's activities in relation to the provision and release of information during the reporting period.

A snapshot of Council's performance in relation to the delivery and implementation of strategies is provided under each of the key areas of the Community Strategic Plan. A summary of all achievements measured against the Delivery Program is as follows:

#### Summary of Progress – Delivery Plan

Achieved	Ongoing	Not Achieved	Deferred	Total
196	12	11	7	226

## GOVERNANCE

The Council takes pride in its role as the community's caretaker and provider of essential services and supports.

It aspires to a cohesive, thriving community which is governed by a strong, transparent and sustainable local Council.

To achieve this vision, the Council must be adequately staffed, operated efficiently and openly, and must have the necessary resources including plant and equipment.

In all undertakings, the Uralla Shire Council endeavours to listen to, and act on behalf, of its community.

### Community Strategic Plan

#### GOALS:

- Uralla is visionary, compassionate and inclusive, and promotes the needs of the community.
- Council is operated efficiently and effectively

## Progress of the Delivery Plan

### Governance

**Strategic Objective:** To provide appropriate opportunity for residents to attend Council Meetings, to advertise its proposals openly, to ensure convenient access to its management plans and associated reports and to encourage the democratic process.

Strategies	Status
<ul style="list-style-type: none"> <li>• Mayor and Councillors are freely available to the Community and strongly advocate their views to State and Federal Representatives.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Meetings held monthly on the fourth Monday of the month other than when the Monday is a public holiday.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Council to examine a proposal to commence the meeting mid afternoon to suit residents.</li> </ul>	Deferred
<ul style="list-style-type: none"> <li>• Reports for Business Paper close 10 working days prior to ordinary meeting.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Preparation of the minutes given top priority following meeting and put onto the website shortly after the meeting.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Staff to prepare a monthly Newsletter distributed to all postal addresses in the Shire.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Council to meet work related e-mail expenses and connect Councillors to an ISP where relevant.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Regular public Forums to discuss activities, levels of service and performance measures.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Utilise the Strategic Tasks for Council's Checklist prepared by the Division of Local Government.</li> </ul>	Ongoing



### Corporate Support

**Strategic Objective:** To provide the optimum level of staff and equipment to enable Council to operate as a corporate body in an efficient and cost effective manner so that Council is properly funded and professionally managed in accordance with appropriate Acts and Regulations for the good of all residents of the Shire.

Strategies	Status
<ul style="list-style-type: none"> <li>Consult widely in the preparation of Council's Operational Plan by utilising press releases, advertising in Newsletter, and making available at the public library and other convenient access points.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Outsource IT service.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Council to set rate levels each year with a base rate equal to the cost of Governance and Public Order and Safety.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Council to set the rates and charges levels each year and Council will live within its means.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Continually develop the Council's management accounting format.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Invest surplus funds principally in term deposits with a spread of risk.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Analyse Annual Financial Statements to assess effectiveness of a moratorium on loan raising.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Strict and constant Debtor Control.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Ensure that, as far as possible, all general rates are paid within the prescribed period by instituting a sound follow-up system.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Maintain staff expertise and communications skills, through rates training and seminars.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Develop a Training Plan through the Consultative Committee and allocate funds in Budget.</li> </ul>	Deferred
<ul style="list-style-type: none"> <li>Have Council staff provide items of concern to the WHS Committee through a workplace issues register.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Ensure that a sound stock control system is being maintained with a spot check conducted by nominated staff.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Ensure an adequate skill level is maintained by the supervising storemen.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Have an effective Consultative Committee.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Have an effective Work Health and Safety (WHS) Committee.</li> </ul>	Achieved

### Plant Services

**Strategic Objective:** To own and operate a modern plant fleet, of appropriate size and composition, effectively and efficiently, in order to carry out the provision of services for the benefit of the Shire's residents.

Strategies	Status
<ul style="list-style-type: none"> <li>Maintain a Service Register of all major equipment and ensure that staff and skill levels are maintained to achieve full servicing.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Send staff to appropriate training courses which are to be included in Council's Training Plan.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Keep staff records of all licences needed and held.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Small plant and tools maintained.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Start and finish crews on the job when working at sites more than 30km from the depot.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Review work practices to take advantage of good weather conditions.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Rates set by staff using historical records.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Replacement purchases and sales by tender or quotation.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Maintain a Plant Utilisation and Service Register for data.</li> </ul>	Achieved

### Summary of Progress

<i>Achieved</i>	<i>Ongoing</i>	<i>Not Achieved</i>	<i>Deferred</i>	<i>Total</i>
31	1	0	2	34

## SAFETY AND WELLBEING

The Uralla Shire Council wants all residents to feel safe and to live healthy lives.

To protect our residents' safety, the Council controls animals and abandoned articles, works closely with the Rural Fire Service to manage fires, and resources a responsive emergency service plan.

Along with promoting general good health and wellbeing, the Council ensures that food service outlets maintain high standards.

### Community Strategic Plan

#### GOALS:

- All Shire residents feel safe.
- A healthy community is encouraged and promoted.

## Progress of the Delivery Plan

### Fire Protection

**Strategic Objective:** To provide effective, cost-efficient fire protection for the residents of Uralla Shire.

Strategies	Status
<ul style="list-style-type: none"> <li>• Annual Service Level Agreements (SLA) between the Rural Fire Service and Council for service delivery.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Participate in an agreement through the New England Zone and RFS, sharing of costs of the Zone Operation with the costs of RFS paid to Armidale Dumaresq Council (ADC) and ADC being the host council accounting for all other payments and obtaining re-imbursements so that the cost to Council is for the 11.7% of the cost of RFS.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Liaison with the Zone Commander of the NSW Fire Brigade.</li> </ul>	Achieved

### Animal and Abandoned Articles Control

**Strategic Objective:** To ensure the residents of Uralla Council are protected from animal nuisance and that safety and amenity is enhanced by removal of stock and abandoned articles from public areas

Strategies	Status
<ul style="list-style-type: none"> <li>• Provide adequate numbers of authorised impounding staff, and provide an education program for owners.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Have the care and maintenance of companion animal items regularly in the Council's Newsletter to inform and instruct animal owners of their community responsibility to others as well as their pets.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Utilise the Regional Animal Shelter, ADC and local rangers.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Service provided by Council staff and plant.</li> </ul>	Achieved

### Emergency Services

**Strategic Objective:** To provide a management structure for the efficient operation and coordination of Emergency Services, welfare support and rehabilitation in the event of an emergency occurring. To aid in the protection of the community through cooperation with local policing authority.

Strategies	Status
<ul style="list-style-type: none"> <li>Ensure currency of the New England Area Local Emergency Plan in conjunction with the SES Namoi headquarters.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Provide a purpose built headquarters.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>The appointment of SES Co-ordinator and appropriate accommodation of the service.</li> </ul>	Achieved

### Inspection Services

**Strategic Objective:** To assist in the maintenance and improvement of the general overall health of all residents of, and visitors to, the Shire of Uralla.

Strategies	Status
<ul style="list-style-type: none"> <li>Through outsourced contractor, have food inspections conducted in accordance with Council's agreement with the NSW Food Authority to ensure food handlers comply with the Food Act</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Inspections are carried out following any complaint or request.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Orders are issued or served, where necessary.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Set fees and charges in Annual Budget</li> </ul>	Achieved

### Summary of Progress

<i>Achieved</i>	<i>Ongoing</i>	<i>Not Achieved</i>	<i>Deferred</i>	<i>Total</i>
13	1	0	0	14

## QUALITY OF LIFE

The Council operates and supports a comprehensive suite of aged and disability services including day centres, transport, case management (both mainstream and Indigenous), residential care and aged housing.

The Council's team of aged care and disability specialists implement the systems and services necessary to improve and maintain quality of life for our residents.

### Community Strategic Plan

#### GOAL:

- The quality of life of the Shire's aged and disabled people is enhanced.

### Achievements:

- McMaugh Gardens has undergone a refurbishment of several areas of the facility replacing all curtains with heavy drapes providing more effective insulation and resident comfort. Additional care chairs for non-mobile residents and adjustable armchairs covered in modern waterproof fabrics have been purchased. Refurbishment of the library and renovations in the garden and courtyard areas have provided residents with comfortable and peaceful areas in which to meet, read or just relax.
- The McMaugh Gardens facility was visited unannounced by representatives from the Australian Aged Care Quality Agency who were happy with the quality of care provided to residents.
- Tablelands Community Transport purchased a wheel-chair accessible bus to enhance its services to aged and disabled clients.
- The Uralla Shire Council continues to run six Aboriginal Elders Day Centre services that support Elders to remain independent and living in the community. A range of programs are offered on a weekly basis including craft, outings, games and participation in various events including NAIDOC week services, working with communities and healthy active ageing programs.
- Progress was made towards the changing landscape for Aged and Disability services as we move to a model of consumer choice and control.

### Progress of the Delivery Plan

#### Aged and Disabled Services [Aged Units]

**Strategic Objective:** To support the providers of services aimed at enhancing the quality of life of the Shire's aged and disabled people particularly where these services result in those people continuing to live in the Shire or the region.

Strategies	Status
<b>Hill Street Units</b>	
• Rent the four Hill Street Units.	Achieved
• Carry out major maintenance to maintain the attractiveness and viability of the units.	Deferred
• Review funding sources and survey potential residents.	Deferred

<b>Residential Care</b>	
• Operate the Centre with the assistance of an Advisory Committee of Council, with Council delegation under Section 355 of the Local Government Act.	Achieved
• Council representatives and DAS attend Committee meetings as necessary.	Achieved
• Council administration staff to provide service (at a fee) and DAS to advise Centre Manager as necessary.	Achieved
• Centre Management and staff well trained and motivated.	Achieved
• Management agreement operating at cost to Council of debt service of the original \$400,000 loan and building ownership costs.	Achieved
<b>Community Support Programs – Tablelands Community Support Options, Kamilaroi Ageing and Disability Services</b>	
• Operate the programs through employed staff and contracted service delivery at a standard that meets the accreditation requirements.	Achieved
• Council staff and resources to operate accounts on a fee-for-service basis and rental for accommodation with the DAS advising the Project Manager on financial matters.	Achieved
<b>Tablelands Community Transport</b>	
• Operate the programs with the assistance of an Advisory Committee with delegation under Section 355 of the Local Government Act.	Achieved
• Council staff and resources to operate accounts on a fee-for-service basis and rental for accommodation with the DAS advising the Project Manager on financial matters.	Achieved
<b>Community Centre</b>	
• Set rents and fees annually in the Revenue Policy to cover operating costs, less Community Service Obligations (CSO).	Achieved
• Maintain the building to a set maintenance schedule.	Achieved
• Advertise the facilities to the Community through the Newsletter and other media.	Achieved
<b>Bundarra Neighbour Aid</b>	
• Operate the programs through the Tablelands Community Support Options Management and Staff.	Achieved
• Council staff and resources to operate accounts on a fee-for-service basis and rental for accommodation with the DAS advising the Project Manager on financial matters.	Achieved

## Summary of Progress

<i>Achieved</i>	<i>Ongoing</i>	<i>Not Achieved</i>	<i>Deferred</i>	<i>Total</i>
15	0	0	2	17

## YOUTH DEVELOPMENT

Our Council recognises the importance of raising educated, happy and community-minded young residents.

The Council works with young people in the Shire to identify and establish programs and events aimed at youth development. It also provides the funding, personnel and infrastructure to support youth groups and activities.

### Community Strategic Plan

#### GOAL:

- Young people are supported in educational, sporting, recreational and employment endeavours.

### Achievements:

- Youth Week 2014 was once again well attended by the youth of Uralla. A range of activities were provided for youth of all ages commencing with a family fun day in Alma Park, followed by an evening bus trip to Armidale for older teenagers and finishing with a free movie evening supported by the local Lions Club.
- The Uralla Neighbourhood Centre engaged a small team of Uralla Youth, Youth Council representatives, and Community Youth representatives to ensure the community, and in particular young people, were closely involved with the organisation and direction of Youth Week.
- Uralla Neighbourhood Centre attended the Youth Expo in Armidale. This was an opportunity to interact with local youth who attended and discuss their ideas, concerns and issues that affect them within their communities.

### Progress of the Delivery Plan

#### PA4.1 Youth Services and Education

**Strategic Objective:** To support the providers of services aimed at enhancing the quality of life for the Shire's youth, particularly where these services result in people continuing to live in the Shire or moving to the Shire.

Strategies	Status
• Use council's Plant and works personnel to move Life Education van.	Ongoing
• Financial assistance to private clubs and other organisations that provide services for youth.	Achieved
• Provide programs identified by youth.	Achieved
• Maintenance of the outside of the Uralla Pre-School building.	Not Achieved
• Match funding to grant funds for Uralla Neighbourhood Centre to run Youth Week	Achieved

### Summary of Progress

Achieved	Ongoing	Not Achieved	Deferred	Total
3	1	1	0	5

## ECONOMIC OPPORTUNITIES AND TOURISM

Innovative and resilient local businesses and outstanding tourism attractions and facilities drive much of the economic success of our Shire.

With its close proximity to major regional centres, the Uralla Shire relies on the goodwill of our residents and visitors to shop locally and support our towns.

The Council works closely with business owners, tourism operators and volunteers to expand the economic opportunities of the Shire and provide the services and events necessary to promote future growth.

### Community Strategic Plan

#### GOAL:

- Commercial and tourism opportunities are promoted and supported to attract visitors and permanent residents to the Shire and ensure its economic strength and viability.

### Achievements:

- A New England High Country 'Winter Moments' Tourism Marketing Campaign ran over the months of June to August with over 3,000 screenings of seven television commercials featuring Armidale, Glen Innes, Guyra, Inverell, Tenterfield, Uralla and Walcha. The commercials were aired throughout the regions of South East Queensland, NSW Far and Mid North Coasts, Newcastle, and the New England North West.
- The Uralla Visitor Information Centre was a finalist in the 2014 Armidale Chamber Business Awards following a nomination in the category of Excellence in Customer Service. The nominator mentioned in particular how the VIC provides an excellent visitor experience and that staff are friendly, helpful, and go 'above and beyond' to make visitors feel welcome.
- The Uralla Visitor Information Centre was able to support the development of a major new event in Uralla. Country Living Seasons of New England is a biannual event promoting local producers and artisans. Staff and volunteers successfully manned a trial pop-up VIC at its inaugural staging. Due to this success, a pop-up VIC was also erected at the 2014 Thunderbolts Festival.

### Progress of the Delivery Plan

#### Camping and Caravan Areas

**Strategic Objective:** To provide an alternate service to the independent traveller with Caravan Parks and Camping Grounds adjacent to the award winning Alma Park in Uralla and in Bundarra.

Strategies	Status
<ul style="list-style-type: none"> <li>Work carried out by the Caravan Park lessees, supported by Council.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Encourage the lessee to provide incentives to stay at the caravan park.</li> </ul>	Not Achieved
<ul style="list-style-type: none"> <li>Through the Manager of the Commercial Hotel working with the managers of the Bundarra Caravan Park (The Bundarra Economic Development, Tourism and Caravan Park Committee), the caravan park be maintained by Council workforce during week days and the Commercial Hotel on weekends.</li> </ul>	Achieved



### Tourism Development and Visitor Information Centre

**Strategic Objective:** To promote tourism services; which are efficient, cost effective and readily available so that the whole Shire Community may benefit financially.

Strategies	Status
<ul style="list-style-type: none"> <li>Staffing the VIC with Council employees and volunteers to provide tourism services seven days a week.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Continually review and update the Council's general and tourism websites.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Make financial contribution to regional projects and campaigns when considered appropriate.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Host visits and receptions for visitors.</li> </ul>	Achieved

### Economic, Social and Community Development

**Strategic Objective:** To promote social community and economic development services; which are efficient, cost effective and readily available so that the whole Shire community may benefit financially.

Strategies	Status
<ul style="list-style-type: none"> <li>New developers and businesses to be assisted by Council's Mayor and General Manager supported by the Planning Manager.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>USDAC to be a committee of Councillors and a Section 355 Committee.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>An attractive, interactive website maintained by the Community Development Officer.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Have a Community Development Officer responsible for the co-ordination of Community groups, activities and functions.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Seek available funding for events and activities in the Community.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Provide support to the Uralla Community Garden.</li> </ul>	Achieved

### Private Works

**Strategic Objective:** To carry out private works to assist local residents but without adversely affecting local private contractors.

Strategies	Status
<ul style="list-style-type: none"> <li>Utilise Council day labour and plant, when available and when requested.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Advertise availability of the service through the Council Newsletter.</li> </ul>	Achieved

### Television Re-transmission Tower

**Strategic Objective:** To have digital television available within and near Uralla.

Strategies	Status
<ul style="list-style-type: none"> <li>Provide a digital TV retransmission facility in Uralla, consisting of tower and building, for use by Broadcasters.</li> </ul>	Achieved

**Other Business****Strategic Objective:** To ensure a profit is returned on commercial ventures of an entrepreneurial nature.

Strategies	Status
<ul style="list-style-type: none"> <li>Courthouse building rooms leased to appropriate organisations servicing the Community.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Café portion of the VIC leased at commercial rates.</li> </ul>	Achieved

## Summary of Progress

<i>Achieved</i>	<i>Ongoing</i>	<i>Not Achieved</i>	<i>Deferred</i>	<i>Total</i>
16	1	1	0	18

## SOCIAL INCLUSION

All Uralla Shire residents are entitled to receive equal access to services and support, and should have their dignity and basic needs upheld.

The Council values each residents' right to access education, employment, health and social opportunities and services without prejudice. It recognises that through the provision of these basic rights, each resident is more likely to engage with their community and contribute to the future of the Shire.

### Community Strategic Plan

#### GOAL:

- Uralla is a socially inclusive environment where residents of all ages and abilities have opportunities to progress their skills, living standards and health.

### Achievements:

- With the assistance of a \$30,024 grant from State Library NSW, Council has established the Uralla History Hub in the library which provides a centre for local studies and family history research. The centre enables researchers interested in tracing their family roots or learning more about the development of the Uralla District to access resources that will assist with their research. The facility was officially launched by Member for Northern Tablelands, Mr Adam Marshall on Saturday, 5 July 2014.

### Progress of the Delivery Plan

#### Public Libraries

**Strategic Objective:** To provide a library service to assist and support the community's cultural, educational and recreational needs.

Strategies	Status
• Continue with the opening hours of 30h/week over a seven day week.	Achieved
• Utilise the contract with the Central Northern Regional Library (CNRL) managed by Tamworth Regional Council to provide back office services at the most economical rate.	Achieved
• Negotiate the extension of the current contract when it expires on 30 June 2014.	Achieved
• Update the six Public Access Computers and provide a free wireless connection within the Uralla Library.	Achieved
• Publicise access for member borrowers to use Armidale and Inverell Libraries.	Not Achieved
• Target youth as readers and users of IT equipment.	Achieved
• Librarian to use CNRL to increase stock replacement rate, weed out unpopular material, and increase the number of popular categories of stock.	Achieved

**Public Halls**

**Strategic Objective:** To maintain the School of Arts Hall at Bundarra and the Uralla Memorial Hall as the centres of focus for the local community so that provision is made for recreational, educational, cultural and sporting activities.

Strategies	Status
• Delegate to a Management Committee for Bundarra.	Achieved
• Lease Uralla Hall to Uralla Neighbourhood Centre.	Achieved
• Annual inspections of both buildings by MBHS for major renovation requirements.	Achieved
• Advertise the availability of the halls for hire and use at every possible occasion.	Ongoing
• Halls to be provided at a CSO contribution of 50% including depreciation.	Achieved

### Summary of Progress

---

<i>Achieved</i>	<i>Ongoing</i>	<i>Not Achieved</i>	<i>Deferred</i>	<i>Total</i>
10	1	1	0	12

## ARTS AND CULTURE

The Uralla Shire has a thriving Arts movement, and the Community is renowned for its arts and crafts, particularly pottery, wool crafts, theatre and fine arts.

In recent years, the Council has worked with community groups to install statement sculptures and other cultural landmarks throughout the Shire.

The Council also provides financial, communication and personnel support for the many local cultural and artistic events, exhibits and performances.

### Community Strategic Plan

#### GOAL:

- Cultural activities are recognised and supported.

### Achievements:

Council is proud to have sponsored several events throughout the year including:

- Thunderbolts Festival which is held annually on the last weekend in October. Highlights of the 2013 Festival included a rodeo hosted by the Rodeo Association, Fireworks and the Billycart Derby.
- Rotary Art show.
- Lantern Parade held in March each year coinciding with Earth Hour. The annual event involves people – young and old – from throughout the Uralla community in planning, constructing, and performing in this candle-lit spectacle.

### Progress of the Delivery Plan

#### Other Recreation and Culture

**Strategic Objective:** To continue to develop arts, cultural and historical activities to the benefit of the Shire's residents and to make the Uralla Shire welcoming to visitors.

Strategies	Status
• Council, in collaboration with Uralla Arts Council, to develop a multifaceted and comprehensive cultural plan.	Not Achieved
• Fund the employment of the Regional Arts Development Officer (RADO).	Achieved
• Provide regular inspections, insurance and maintenance for an annual fee to the Society.	Not Achieved
• Financial contribution to Uralla Events Committee (Council's Section 355 Committee).	Achieved
• Construct major artistic entry statements to entries in Uralla as well as locality statements for Bundarra, Invergowrie, Kingstown and Kentucky.	Ongoing
• Continue collaboration with Uralla Arts Council in the development of The Glen as a sculpture park.	Ongoing
• Erect generic welcoming signs at the town limits and welcoming and information banners on 20 banner poles.	Achieved

### Summary of Progress

Achieved	Ongoing	Not Achieved	Deferred	Total
3	2	2	0	7

## LIVEABILITY

Our Uralla Shire residents enjoy an enviable rural lifestyle.

To maintain the beauty and functionality of our environment, the Council implements essential services including planning and development, rubbish removal, street cleaning and stormwater drainage.

The Council plays a key role in helping to preserve, protect and promote the environment, and engages the Uralla community to take responsibility for their natural resources.

The Council also provides many of the recreation, leisure and tourism facilities that make the Shire a great place to live, work, visit and play.

### Community Strategic Plan

#### GOALS:

- Uralla's natural beauty and distinct natural environment is protected for future generations.
- Community engagement and tourism are encouraged through the provision of recreation, leisure, and tourism facilities.

### Achievements:

- Appointment of the Bush Regeneration Team. Uralla Shire Council formally appointed a part time Bush Regenerator in September 2013. The Uralla Shire Council Bush Regeneration Team is focused on improving the health and integrity of ecosystems under the care and management of Uralla Shire Council. The Team undertakes weeding, planting, monitoring and evaluation activities; applies for grants, works with members of the public, and hosts community events.
- Aside from the resources provided by Council, significant funding support was secured from Crown Lands and Local Lands Services to implement works as outlined in the Mt Mutton, Bundarra Nature Park and Racecourse Lagoon management plans. In addition, a significant amount of work was undertaken on high conservation value roadsides around the Shire. These works will continue into the 2014 – 2015 Financial Year. During the year Council continued to develop projects and support the work of Southern New England Landcare.
- Council continues to support community events and engagement: financial sponsorship and in-kind support for Frog Dreaming; monthly working bees on Mt Mutton; support for Arding Landcare group; Spotlight events; weed and pest management advice for residents and landholders were some of the extension and community support activities the Bush Regeneration Team and Environmental Management Coordinator undertook during the year.
- Council has completed the transfer of the Kingstown Landfill site from an unmanned, unfenced and open landfill site to a new transfer station. The site has now been fenced with new signage erected and a waste drop off area constructed. The facility is open two days per week with Council staff on hand to assist residents and offer advice about recycling. The facility now complies with environmental standards under the Protection of Environment Operations Act 1997.
- Council is proud to be a supporter of the Primary Schools Waste Education program delivered by Keep NSW Beautiful "EnviroMentors". In 2014, EnviroMentors visited four schools in the Shire with approximately 252 students participating in the programme. The modules undertaken as part of the program were "Close the Loop" which covers recycling and how recycled produce is reused, and "Schoolyard Harvest" which looks at how waste material can be used to produce food, such as composting, worm farming and reusing items in and around the garden.

- Council has continued its involvement with the Drum Muster Programme and has now completed the new Drum Muster compound at Uralla Landfill. The Chemical Cleanout Program was again very successful with 2.2 tonne of material collected – including 500kg of paint and 450kg of household batteries.
- Council has rebranded its public waste education using “Recycle Right” from Zero Waste, South Australia. Council is using a range of waste education material developed by Zero Waste to educate and inform the public about Council’s waste management services that are available and encourage recycling.
- E-Planning Services implemented, with the Uralla Shire Council being one of two Councils state wide to achieve correct data specification compliance.
- Reduction in the net mean time of development determinations from 31 days to 8 days. Council exceeded performance measures set at 25 days.
- A successful implementation of Application Tracking Online, fully funded by NSW Office of Planning and Environment.
- Weed control in water catchment areas: The Uralla Bush Regeneration Team completed 18,928m<sup>2</sup> weed control works on Mt Mutton, Racecourse Lagoon, Uralla and Rocky Creeks and around Bundarra. These works targeted Coolatai grass, African Lovegrass, cotoneaster, privet, and blackberry. Works included extensive spraying and manual weeding.

## Progress of the Delivery Plan

### Urban and Rural Planning and Development Assessment

**Strategic Objective:** To manage and control development and service provision within the Shire to ensure that it is balanced and environmentally sensitive, that the overall aesthetic value of the Shire is maintained and that services are provided to match the needs of the Shire’s residents. To ensure that Council consciously adopts a fully sustainable development focus.

Strategies	Status
<ul style="list-style-type: none"> <li>• Continue to work with the public on development proposals and major developments.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Utilise trained staff and have the Council’s Development Determination Advisory Unit meet as required to deal with applications in an efficient manner.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Actively encourage the utilisation of Complying Development.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Delegations of authority to planning staff, where appropriate.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Review Council’s policies involving local approval processes.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Seek grants for and compile the following studies:            Community Based Heritage Study            Planning Proposal – Heritage            Biodiversity Study            Bridging Planning document            Goldmining Precinct study            Contamination Study            Village precinct investigation</li> </ul>	Not Achieved
<ul style="list-style-type: none"> <li>• Keep procedures current with relevant legislation to enable Council to consider all planning proposals.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• Applications involving changes to the LEP referred to Council as changes are advised by the Department of Planning.</li> </ul>	Achieved

### Garbage Collection and Disposal Services

**Strategic Objective:** To provide an efficient, cost-effective and environmentally responsible waste collection, recycling and/or disposal service, for all ratepayers of the Uralla Shire.

Strategies	Status
<ul style="list-style-type: none"> <li>Change Community attitudes from waste disposal to resource recovery, with recycling levels at State Best percentages.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Ensure efficient and effective kerbside waste collection and recycling services in Uralla, Bundarra, Invergowrie and adjacent rural service areas.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Operate the landfills and transfer stations site as a service-focused community resource that is financially, socially, and environmentally viable.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Monitor operations at landfill sites, man the Uralla and Bundarra landfill sites and provide a transfer station at Kingstown.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Operate landfills and transfer stations in accordance with the law and adherence to the POEO Act.</li> </ul>	Achieved

### Street Cleaning

**Strategic Objective:** To sweep and rinse gutters and empty street garbage bins to provide a clean and pleasant streetscape in Uralla and Bundarra towns.

Strategies	Status
<ul style="list-style-type: none"> <li>In Uralla,               <ol style="list-style-type: none"> <li>sweep gutters on Monday, Wednesday and Friday.</li> <li>empty bins daily in the CBD that is: Bridge Street, from the Coachwood and Cedar Hotel to the Tourist Information Centre, and in Hill Street from the Post Office to Bridge Street.</li> <li>provide 25 hours per week of cleaning of the CBD, footpath, blisters and gutters.</li> </ol> </li> </ul>	Achieved
<ul style="list-style-type: none"> <li>In Bundarra,               <ol style="list-style-type: none"> <li>empty street bins on Mondays.</li> </ol> </li> </ul>	Achieved
<ul style="list-style-type: none"> <li>In Invergowrie,               <ol style="list-style-type: none"> <li>to slash public areas around Fire Shed at least twice a year.</li> </ol> </li> </ul>	Achieved

### Urban Stormwater Drainage

**Strategic Objective:** To plan, design, construct and manage new and additional stormwater drainage systems and catchment areas, to collect, transport and discharge stormwater runoff effectively, efficiently and economically to reduce flooding, soil erosion, pollution and improve water quality.

Strategies	Status
<ul style="list-style-type: none"> <li>Continue current level of routine maintenance of existing storm water drainage system (5.6km).</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Maintain the retention basins.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Encourage the use of rain water tanks in urban as well as rural areas.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Remove environmental weeds and replant with appropriate vegetation in defined areas.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Monitor the effectiveness of gross pollution traps.</li> </ul>	Achieved



### Environmental Management

**Strategic Objective:** To implement programs aimed at protecting and enhancing the environment of the Shire to ensure the health and wellbeing of its residents.

Strategies	Status
<ul style="list-style-type: none"> <li>Protect and appropriately manage significant natural features, assets waterways and landscapes on Council managed lands.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Support and partner with the community and other agencies to conserve, protect and rehabilitate natural features, assets, waterways and landscapes (ecological and agro-ecological) across the Shire.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Prepare and implement a sustainability framework for Council.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Support continued improvement in sustainable resource use, along with other sustainable lifestyle practices, across our community.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Use the State of Environment reporting process to form future environmental goals/targets and make appropriate future planning decisions within Council.</li> </ul>	Achieved

### Noxious Plant Control

**Strategic Objective:** To contribute to the overall control of noxious weeds in the Council area to protect the natural environment

Strategies	Status
<ul style="list-style-type: none"> <li>Pay a contribution to New England Weeds Authority at the previous year's level plus rate pegging increase.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Work with the New England Weeds Authority in ensuring that Council staff are trained in weed identification.</li> </ul>	Achieved

### Other Conveniences

**Strategic Objective:** To provide community amenities for the general convenience of residents of and visitors to the Shire.

Strategies	Status
<ul style="list-style-type: none"> <li>Have public toilets no more than 40 kilometres apart at Uralla (8), Bundarra (3), Invergowrie, Balala, Kingstown and Kentucky.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Have the public toilets, including details of disabled access toilets, listed on the National Public Toilet Map <a href="http://www.toiletmap.gov.au/">http://www.toiletmap.gov.au/</a>.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Use Council day labour to clean and maintain facilities with at least one service weekday and once on weekends.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Random inspection of public toilets by Council's Works Ganger.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Have Council provide funding for the renting of the street store from a donation by Governance.</li> </ul>	Achieved

**Swimming Pool**

**Strategic Objective:** To provide economical recreational and sporting water facilities for present and future residents of the Shire.

Strategies	Status
<ul style="list-style-type: none"> <li>Manage the pool by Council day labour and to be open for 7 days per week during the pool season.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Pool to operate 7-day weeks for a pool season of between 21 and 24 weeks, depending upon the weather.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Sale of books of multiples of 10 tickets at discounts per Revenue Policy.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>The Community acknowledges that each pool user is subsidised at on average approximately \$9.00 per attendance, however to increase pool entry fees to the maximum level is more than the market will bear without discouraging attendance.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Water tests to be carried out regularly and appropriate action taken to correct anomalies with chlorine levels and pH to be checked at least three times daily, bacteriological tests to be taken at least weekly and full chemical analysis every six weeks.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Council to consider improvement recommendations from the pool users/Swimming Club and using any opportunistic grants obtained by Council staff.</li> </ul>	Deferred
<ul style="list-style-type: none"> <li>Research and review the request from Bundarra residents for a swimming pool in Bundarra.</li> </ul>	Deferred

**Sporting Grounds and Facilities**

**Strategic Objective:** To provide suitable active sporting facilities for the present and future residents of Uralla and the Shire.

Strategies	Status
<ul style="list-style-type: none"> <li>Maintain the active sporting grounds by Council day labour.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Apply for Sport and Recreation grants and match funds from Council.</li> </ul>	Achieved

**Parks, Gardens and Reserves**

**Strategic Objective:** To maintain and improve parks, gardens and reserves and, over time, upgrade facilities for the benefit of all present and future users.

Strategies	Status
<ul style="list-style-type: none"> <li>Maintain the passive recreation grounds by Council day labour and Landcare groups.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Increase Council's budget allocations to maintain the works and improvements in parks and creeklands.</li> </ul>	Achieved

**Summary of Progress**

Achieved	Ongoing	Not Achieved	Deferred	Total
40	1	1	2	44

## HERITAGE

Uralla Shire has a fascinating and proud heritage.

Historical buildings, sights and stories remain some of the Shire's greatest assets, bringing large groups of tourists to the town and connecting residents through celebrations and events.

A dedicated group of community volunteers work tirelessly to ensure that the heritage of the town is preserved and communicated. Council is proud to support their efforts.

### Community Strategic Plan

#### GOALS:

- The overall aesthetic value and heritage of the Shire is protected.

### Achievements:

- Council's Heritage Advisor developed The Uralla Heritage Study 2014-2017, which identifies the strategies that Council will employ to guide heritage management over the next three years. The strategy was endorsed and adopted by Council in October 2013.
- Council continues to participate in the Local Heritage Fund programme providing assistance to successful applicants to fund important restoration and maintenance projects for buildings of significant historical value to the Shire.

### Progress of the Delivery Plan

#### Heritage

**Strategic Objective:** To promote the retention, restoration and sympathetic renovation of Uralla Shire built heritage and maintain, restore and renovate the natural heritage of the Uralla Shire Council area.

Strategies	Status
• Continue to engage a Heritage Advisor.	Achieved
• Set up a Heritage Fund for funding of projects with matching grants from the NSW Heritage Office.	Achieved
• Council to implement the recommendations of the Heritage Strategy.	Deferred

#### Public Cemeteries

**Strategic Objective:** To provide cemetery facilities for the public, which are attractive, efficient, cost-effective and are sympathetically maintained whilst preserving the history of our area.

Strategies	Status
• Have an Advisory Cemetery Committee with interested persons and open communication to the Committee members by the public.	Not achieved
• Record all details on a permanent register that is freely available to interested parties.	Achieved
• Have a computer monitor available in the reception area for access to cemetery records.	Achieved

<ul style="list-style-type: none"> <li>Ensure that regular inspections are carried out on all cemeteries and undertake repairs to any damage (especially fencing).</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Set fees and charges to recover no less than 60% operating costs, providing a Community Service Obligation (CSO) of 40%.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Seek heritage funding for the planned restoration of the old cemetery in Uralla recommended by the Cemetery Committee and approved by Council.</li> </ul>	Not achieved

### Summary of Progress

---

<i>Achieved</i>	<i>Ongoing</i>	<i>Not Achieved</i>	<i>Deferred</i>	<i>Total</i>
6	0	2	1	9

## SERVICES

Infrastructure is the roads, footpaths, bridges, buildings, parking facilities and built structures within our community. Maintaining, updating and implementing infrastructure is a key priority of Council and is critical to operating our households, businesses, schools and industries efficiently and effectively.

The water and liquid waste disposal services operated by Council ensure the health and wellbeing of our community, and provide a high standard of quality of life.

### Community Strategic Plan

#### GOALS:

- Uralla Shire has safe and effective transport systems.
- Liquid waste is disposed of using best practice.
- Residents enjoy high quality, safe water.

### Achievements:

- A new concrete deck and girders were installed over the Gwydir River at Torryburn providing a two-lane bridge to replace the previous narrow timber unit. The concrete construction will significantly reduce the ongoing high cost of timber bridge maintenance. Council continues to source funding for the replacement of its three remaining timber bridges.
- Council received Roads to Recovery Funding of \$707,000 in 2013/2014. This funding has allowed Council to undertake two major capital construction projects in Kentucky and Arding. Council has constructed and bitumen-sealed a two kilometre section of Bergen Road in Kentucky resulting in improved road safety for users of the road between the New England Highway and Wollun. Arding Road pavement rehabilitation works over approximately .05kms were also completed.
- A new shared cycleway was constructed in King Street from Queen Street to the pedestrian refuge in Bridge Street.
- The footpath on the western side of Bendemeer Street in Bundarra has been replaced with concrete.
- Council continues to achieve its targets in maintaining the Shire's road networks with 8.5km of regional roads resealed, 13.9km of local roads resealed, and 4.3km of urban streets resealed.
- Kerb and gutter has been constructed in Munro Avenue and Hill Street, Uralla.
- Bitumen sealing works were undertaken on Coopers Lane between Gostwyck Road and Mihi Street in Uralla; and Kareela Road from Kendall Road to the Satin Vale subdivision.
- Extensive maintenance works on the Abington Bridge on Thunderbolts Way resulted in the replacement of failing timber girders and sections of the timber deck.
- Council commenced pavement widening and strengthening on Thunderbolts Way west from Rowbottoms Road.
- Council has received funding from the Federal government to replace the Emu Crossing Bridge which is currently a single lane low level structure. The structure will be replaced with a high level two lane bridge on a greatly improved alignment resulting in a safer, flood-free road way. The tender for construction of the bridge was awarded to Civilbuild Pty Ltd.

## Progress of the Delivery Plan

### Mining, Manufacturing and Construction

#### Quarries and Pits

**Strategic Objective:** To access road making material principally from suppliers and to manage, operate and control its own gravel pits and quarries, in an economical and environmentally appropriate manner.

Strategies	Status
<ul style="list-style-type: none"> <li>Council predominantly utilises material purchased from suppliers or won from privately owned pits within the Shire for royalties.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Council extracts material from a number of small pits and two large pits utilising Council day labour and plant. For these pits a rehabilitation fund, including for sealed roads repairs, is established based upon extraction totals.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Section 94 contributions are claimed for the use of Council roads by pit operators for material from gravel and road material pits within the Shire transported on Council roads to destinations outside the Shire.</li> </ul>	Achieved

### Transport and Communications

#### Urban Roads

**Strategic Objective:** To manage, maintain and develop the system of urban roads in the Shire effectively and efficiently.

Strategies	Status
<ul style="list-style-type: none"> <li>Plan the future sealing of the remaining (400 metres) unsealed roads in Uralla and Bundarra.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Grade lanes to a program that utilises Council's day labour and grading crews as works supervisor within the accepted intervention levels.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Reseal roads to an asset management program and as determined by the Works Planning Advisory Unit within the accepted intervention levels.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Construct Kerb and Guttering to a program as determined by the Works Planning Advisory Unit with a property owner per metre contribution set annually in the Revenue Policy.</li> </ul>	Achieved

#### Sealed Rural Roads

**Strategic Objective:** To manage, maintain and develop the system of sealed rural roads effectively and efficiently.

Strategies	Status
<b>A. Local Roads - [304km]</b> <ul style="list-style-type: none"> <li>Reseal roads to an asset management program and as determined by the Works Planning Advisory Unit within the accepted intervention levels.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Mow shoulders of rural sealed roads to a works program that utilises Council's day labour and plant within the accepted intervention levels.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Grade shoulders of rural sealed roads to a works program that utilises Council's day labour and plant within the accepted intervention levels.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Plan the priorities for the future sealing of the unsealed rural roads that meet the criteria of traffic volumes (AADT) in excess of 150 vehicles per day to determine a priority listing for such work based on:                             <ul style="list-style-type: none"> <li>* AADT</li> <li>* Accident history</li> </ul> </li> </ul>	Achieved

<ul style="list-style-type: none"> <li>Using funding from Roads to Recovery and Council Resources, construct sealed roads to a program from the priority listing.</li> </ul>	Achieved
<b>B Regional Roads [129.7 km]</b> <ul style="list-style-type: none"> <li>Utilising the Block Grant provided by the RTA, reseal roads to an asset management program and as determined by the Works Planning Advisory Unit within the accepted intervention levels.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Mow shoulders of rural sealed roads to a works program that utilises Council's day labour and plant within the accepted intervention levels.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Grade shoulders of regional sealed roads to a works program that utilises Council's day labour and plant within the accepted intervention levels.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Using RMS funding, matched with funds from Council Resources, construct or reconstruct sealed roads to a program, as determined by the Works Progress Advisory Committee, that utilises Council's day labour and plant.</li> </ul>	Achieved

### Unsealed Rural Roads

**Strategic Objective:** To manage, maintain and develop the system of unsealed rural roads effectively and efficiently and only plan to seal them when economically justified

Strategies	Status
<b>A - Local Roads [515.7km]</b> <ul style="list-style-type: none"> <li>Grade all roads on average of once per year and the busier collector roads at least twice per year, thereby grading 315km once per year and 200km twice per year being a total grading length of 712 km per annum utilising Council's two maintenance grading crews assisted by its one construction grader plus local contractors.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Use a grading combination of Grader, Roller and Water Cart in a ripping, watering, grading and rolling regime.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>When re-sheeting, the grading combination will be supplemented with trucks and loaders.</li> </ul>	Achieved
<b>B. Regional Roads [11.5 km]</b> <ul style="list-style-type: none"> <li>Grade the Barraba to Bundarra section of the regional roads three times per year with the Bundarra based grader and crew, with funding from the RMS Block Grant.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Use a grading combination of Grader, Roller and Water Cart in a ripping, watering, grading and rolling regime.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>When re-sheeting, the grading combination will be supplemented with trucks and loaders.</li> </ul>	Achieved

### PA10.4 Bridges

**Strategic Objective:** To manage, maintain and develop the system of bridges effectively and efficiently for:

(A) Local Roads: 5 timber, 2 steel and 28 concrete and steel bridges and major (>6 metres) culverts.

(B) Regional Roads: 1 timber, 1 steel and 25 concrete and steel bridges and major (>6 metres) culverts.

Strategies	Status
<b>A. Bridges on Local Roads</b> <ul style="list-style-type: none"> <li>Continue the program of test boring timber bridges and replacing unserviceable components as necessary.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Repaint all steel elements of bridges on average of once every ten years.</li> </ul>	Not achieved
<ul style="list-style-type: none"> <li>Use funds from Council Resources to replace the timber bridges with concrete and steel bridges to a program, as determined by the Works Progress Advisory Unit, which utilises Council's day labour and plant together with outside</li> </ul>	Achieved

contractors. (2013/2014 - complete Torryburn low Level)	
<b>B. Bridges on Regional Roads</b>	Achieved
<ul style="list-style-type: none"> <li>Continue the program of test boring of Abington Bridge and replace unserviceable components as necessary.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Repaint all steel elements of bridges on average of once every ten years</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Review the condition of the permanent steel and concrete and steel bridges and major culverts in accordance with Council's Asset Management Practices.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Continue to ascertain from the RTA the status of the Timber Bridge Replacement Partnership funding (or similar funding) and the priority for the replacement of the Abington Bridge.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Use the funding of \$3,500,000 announced by the Minister for Transport and with further submissions for Federal funding replace the low level Emu Crossing on Thunderbolts Way with a high level concrete and steel bridge.</li> </ul>	Achieved

### Footpaths

**Strategic Objective:** To manage, maintain and develop the system of footpaths in the urban centres in the Shire efficiently and effectively

Strategies	Status
<ul style="list-style-type: none"> <li>Maintain existing paved surfaces at their current levels, without trip hazards.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Slash the unpaved footpaths in Uralla, Bundarra, Kingstown and Kentucky regularly (at least three times a year).</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Construct 600 metres of new concrete path per annum.</li> </ul>	Not achieved (480m completed)

### Parking Areas

**Strategic Objective:** To maintain the off-street car park in Bridge Street, Uralla to the community's satisfaction and to encourage increased usage.

Strategies	Status
<ul style="list-style-type: none"> <li>Maintain, with the assistance of volunteers, the gardens in the centre of the carpark.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Utilise Council's day labour and plant to maintain the carpark surface and garden.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Directional signage direct visitors to the rear carpark.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Include items in Council's Newsletter to remind residents of the availability of the carpark.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Regular surveys of the numbers of vehicles using the carpark to ascertain the growth or otherwise of usage of the carpark.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Notification of infringements to the NSW Police.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Investigate the availability of long vehicle parking for visiting caravan/mobile homes near the CBD.</li> </ul>	Achieved



**Miscellaneous**

**Strategic Objective:** To protect the road system from damage, enhance and beautify it, to provide safe road conditions and to provide suitable signposting.

Strategies	Status
<ul style="list-style-type: none"> <li>Utilise funds provided by the Street lighting subsidy, developer contributions and Council resources to have the electricity supplier carry out the required works.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Enquire of Council's unmetered street light provider of the availability of LED or alternative lighting for more sustainable electricity use.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Pay the electricity supplier a monthly charge for the agreed provision of an unmetered supply, at a contract rate.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Supplied by contract and erected by Council day labour with funds from the RMS Block Grant and Council.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Inspection of overweight vehicles achieved through membership of Mid-North Weight of Loads Group.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Using funds from Council Resources, replace damaged and dead trees, as required.</li> </ul>	Achieved

**Water Services**

**Uralla and Bundarra Water Supply**

**Strategic Objective:** To provide safe, cost effective and affordable water supply facilities complying with statutory requirements, for the benefit of both present and future residents of the town of Uralla and the village of Bundarra.

Strategies	Status
<ul style="list-style-type: none"> <li>Operate the Treatment Plant effectively and regularly test raw and treated water.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Maintain staff skill levels to effectively carry out their duties.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Have a joint fund for Uralla and Bundarra reduce the impact of the access charge to the smaller Bundarra catchment.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>User pays principles under best practice pricing to control consumption, with the user water charge raising 52% of the total user and access charge.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Budget for the expenditure to meet the estimated costs of implementation of \$172,000 over the five years to 2014/2015.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Progressively replace old mains on a planned basis to the programmed Asset Management Plan.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Monitor and maintain the condition of reservoirs.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Reserve as restricted assets for the benefit of the Uralla Users the sum of \$479,658.06 to be used for the Uralla water distribution system enhancement.</li> </ul>	Achieved

**Rural Water Supplies**

**Strategic Objective:** To control water storage capacity on rural residential blocks, provide advice on water storage and quality to rural residents and to provide a water quality testing service

Strategies	Status
<ul style="list-style-type: none"> <li>Encourage and advise rural residents on the quantities of water needed to be provided.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Council officers to provide a water testing service for rural residents on a fee for service basis.</li> </ul>	Not Achieved

## Sewerage Services

### Uralla Sewerage

**Strategic Objective:** To provide safe, cost-effective and affordable sewerage facilities complying with statutory requirements, for the benefit of both present and future residents of the village of Uralla, without creating significant pollution problems in the disposal of the wastewater.

Strategies	Status
<ul style="list-style-type: none"> <li>Operate the plant effectively and regularly testing for effluent quality.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Constant monitoring of noise levels.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Have the hours extended during daylight saving days and aeration method modified to improve aeration and reduce noise.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Operate a “black box” flow recorder in the pipe network to monitor flows and rainfall.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Upgrade the sewer pipe system to cater for growth and increased flows and extend sewer mains in accordance with the long term plan.</li> </ul>	Achieved

### Bundarra Sewerage

**Strategic Objective:** To introduce a safe, cost-effective and affordable sewerage facilities complying with statutory requirements, for the benefit of both present and future residents of the village of Bundarra, without creating significant pollution problems in the disposal of wastewater.

Strategies	Status
<ul style="list-style-type: none"> <li>Council, on behalf of the community, continue to pursue the full funding eligibility of such works for both Federal and State Government Funding by using the DPWS Report No SR 103 dated November 1989 in submissions and delegations to DEUAS, State and Federal Politicians.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Seek and take all opportunities for funding.</li> </ul>	Ongoing

### Rural Waste Water

**Strategic Objective:** To ensure that the health of rural residents and the quality of groundwater and surface waters is not threatened by wastewater disposal in areas where sewerage is not available.

Strategies	Status
<ul style="list-style-type: none"> <li>Ensure that aerated waste treatment systems are serviced quarterly by certified technicians.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Ensure that anaerobic systems are operating in accordance with the National Plumbing and Drainage Code.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Carry-out the necessary registration and inspection of Sewage Treatment Devices.</li> </ul>	Achieved

## Summary of Progress

Achieved	Ongoing	Not Achieved	Deferred	Total
59	4	3	0	66

## | Section 3 – Additional Statutory Reporting

### Mayoral And Councillor Fees And Expenses

---

#### Clause 217 (1) (a1) of the Local Government (General) Regulations 2005

The Council is constituted of nine Councillors and Council and has adopted a Policy, last reviewed in August 2013, regarding the payment of expenses and the provision of facilities for Councillors. All fees and expenses are paid in accordance with that Policy.

The Mayoral allowance for 2013/2014 was set at \$16,000. An equipped office with telephone is provided for the Mayor adjacent to the Council Chambers. Councillors, including the Mayor, are paid an annual meeting fee of \$10,200, which is paid in equal monthly instalments regardless of whether or not meetings have been attended. Council subsidises the connection of Councillors to the internet and pays for expenses associated therewith. Stationary and secretarial support is available for the carrying out of authorised Council business.

In addition to the above fees, Council pays for all accommodation, meals and travelling costs for Councillors attending seminars and conferences outside the Council area, and reimburses Councillors for travelling expenses to attend Council meetings. The following expenses were paid during the reporting year:

➤	Mayoral allowance	\$16,000.00
➤	Councillor's fees	\$91,800.00
➤	Expenses associated with Delegations, Conferences	\$10,260.00
➤	Food at Council and Committee meetings	\$2,428.00
➤	Mayor's mobile phone	\$480.00
	<b>Total</b>	<b><u>\$120,488.00</u></b>

### Major Contractors

---

#### Clause 217 (1) (a2) of the Local Government (General) Regulations 2005

Work carried out by Contractors during the reporting period either under contracts entered into in previous years, or for significant amounts, for services were:

➤	Boral Construction - Supply and spray bitumen	\$679,067.00
➤	Campbell's Fuel - Petroleum, distillate and oil	\$617,996.00
➤	Home Care Service - Domestic Assistance to Community Options clients	\$546,514.00
➤	Hitachi Construction Machinery - New Plant & Parts	\$455,966.00
➤	Statecover Mutual - Workers Compensation Insurance	\$414,695.00
➤	Statewide Mutual - Property, Public Liability and Prof. Indemnity	\$277,401.00
➤	Downer EDI - Bitumen supplies	\$194,996.00
➤	Precast Systems Pty Ltd - Bridge Decks & Pits	\$155,216.00
➤	Inverell Aggregate Supplies - Aggregate Supplies	\$148,526.00
➤	Hamo's Sand and Gravel - Supply of road-making materials	\$105,641.00
➤	Allcom Network – Professional Services + Hardware	\$101,745.00
➤	Highland Quarries Guyra – Aggregate Supplies	\$94,685.00
➤	Apsley Motors – New Plant & Parts	\$91,872.00
➤	Happy Housekeepers – KADS Cleaning	\$90,363.00

## Legal Proceedings

---

### Clause 217 (1) (a3) of the Local Government (General) Regulations 2005

Council has taken legal advice in respect to the losses incurred with the Global Financial Crisis and its effect upon financial instruments purchased on Council's behalf, under an alleged Individual Managed Portfolio by Lehman Brothers Australia (formerly Grange Securities) and has signed up with IMF in a class action against Lehman Brothers Australia for losses of \$566,989.31 at 30 June 2008, since that date Council has written the value of the investment to Nil.

Legal costs were incurred as a result of assistance requested in the following areas:

✦	Legal support against Minister's Proposal	00.00
✦	Legal action – investment recovery	00.00
✦	Legal action – debt recovery	<u>\$18,086.87</u>
	Total	<u>\$18,086.87</u>

## Private Works

---

### Clause 217 (1) (a4) of the Local Government (General) Regulations 2005

Council makes the following charges for work carried out on private land.

Plant	Council adopts a standard schedule of hire charges for the use of plant on private land. The charge is on the basis of wet hire and is market competitive.
Additional Labour	Direct cost plus 25% for overheads.
Materials	Actual cost plus 12.5%.

The rates are reviewed annually during the preparation of the Annual Budget and advertised with the Schedule of Fees and Charges attached to the Operational Plan. Council has not carried out any work on private property during the 2013/2014 year except where proper private works orders have been raised and works charged.

## External Bodies That Exercise Council Functions Of Activities

---

### Clause 217 (1) (a6) of the Local Government (General) Regulations 2005

During the reporting period the following bodies acted under delegation:

- Australia Day Celebration Management Committee
- Bundarra School of Arts Hall, Caravan Park and Rural Transaction Centre Management Committee
- Thunderbolt Festival Committee

## Contributions/Donations

---

### Clause 217 (1) (a5) of the Local Government (General) Regulations 2005

Contributions totalling \$20,801.36 made to schools and local community groups under Section 356 of the Local Government Act 1993 as follows:

<b>Presentation Nights:</b>	
Uralla Central School	\$200.00
Bundarra Central School	\$200.00
St Josephs School	\$100.00
Rocky River School	\$100.00
Kingstown School	\$100.00
Kentucky School	\$100.00
Thunderbolt Festival Management Committee	\$12,000.00
Uralla Neighbourhood Centre –Youth Week Activities	\$2,236.36
Uralla Rotary Art Show – hall hire cost	\$2,100.00
Public Halls - Insurance	\$1,000.00
McNeils Equipment Hire - Helium Gas & Balloons Bundarra Show	\$165.00
Uralla Events Management Committee – Uralla Arts Lantern Parade 2014	\$2,500.00
Total	<u>\$20,801.36</u>

The Uralla Shire Council provides local community groups with the use of a small shop, “The Uralla Community Store”, located in the main street from which to run fund-raising activities such as the sale of raffle tickets, produce, handicrafts and cake stalls. Applications are called for annually with one week per year being allocated to each group.

## Equal Employment Opportunity

---

### Clause 217 (1) (a9) of the Local Government (General) Regulations 2005

Council is an Equal Employment Opportunity (EEO) employer.

Uralla Shire Council is committed to ensuring that the talents and resources of employees are fully utilised and that no employee or job applicant receives less favourable treatment on the grounds of race (including colour, nationality and ethnic or national origin), sex, marital status, pregnancy, physical and intellectual impairment, homosexuality, transgender or age by conditions or requirements which cannot be shown to be relevant to performance.

Council is committed to promoting equal employment opportunity as governed by Anti-Discrimination law, EEO principles and the Protected Disclosures Act 1994 for all its employees. In addition, Council has developed its own EEO Policy that promotes the appointment of staff on merit, and implements Selection Panels and Selection Criteria that are fair, balanced and non-discriminatory.

Job advertisements are accompanied by a standard EEO statement, and Council conducts a thorough induction process to ensure staff are aware of policies and procedures relating to EEO, and know their relevant grievance officers or Contact Officer.

Council regularly reviews its Training Plan to identify skill gaps, to train and employ appropriate staff, and to promote career progression.

## General Manager's Contract

---

### Clause 217 (1) (b) of the Local Government (General) Regulations 2005

The remuneration package of the General Manager at the end of the reporting period was \$185,000 compared to \$176,349 for the previous period.

## Senior Staff Member Remuneration

---

### Clause 217 (1) (c) of the Local Government (General) Regulations 2005

The only staff member designated as a Senior Staff Member in accordance with the meaning of the Local Government Act 1993 is the General Manager.

## Stormwater Management Services

---

### Clause 217 (1) (e) of the Local Government (General) Regulations 2005

Council raised \$29,200 through the Stormwater Annual Charge in 2013/2014. These funds are utilised to continue the implementation of strategies outlined in Council's Delivery Plan. During the 2013/2014 year, Council invested only minimal expenditure on stormwater maintenance due to the ongoing dry weather.

Construction projects parallel to the New England Highway south of Rowan Avenue and on Rowan Avenue west of the highway were deferred to early 2014/2015.

## Rates And Charges Written Off

---

### Regulation 132 of the Local Government (General) Regulations 2005

Pension Rebates granted during the 2013/2014 financial year:

General	\$113,311.03
Water	\$30,202.37
Sewer	\$23,552.37
Domestic Waste Management	\$22,674.99
<b>Total</b>	<b>\$189,740.76</b>

Note: Council receives a subsidy equivalent to 55% of the amount of Pension Rebates.

## Compliance With Companion Animals Act And Regulation

---

### Clause 217 (1) (f) of the Local Government (General) Regulations 2005 Companion Animals Act 1998

<b>Animal Control Services</b>	<b>Number</b>
Total dogs seized by Ranger	34
Total dogs seized by other persons	7
Dogs returned to owner (not impounded)	84
Dogs uncontrolled in public areas	12
Dogs impounded	34
Dogs released to owners	20
Dogs sold	7
Dogs released to organisations to re-home	2
Dogs euthanized - unable to re-home (unsuitable)	8
Total euthanized	12
Total going out from Pound Facility	41
Penalty infringement notices issued – companion animals	20
Penalty infringement notices issued – livestock	Nil
Reportable dog attacks	16
Dangerous dog declarations	Nil
Notice of intentions to declare dogs dangerous	10
Off-Leash areas in the Shire	2
<b>Expenses 2013/14</b>	
Companion Animal and Livestock Impounding – staff salaries	\$22,100.00
Companion Animal and Livestock Impounding – vehicle operating costs	\$1,560.00
Companion Animal and Livestock Impounding –Telephone expenses	\$1,040.00
Dog feed expenses	\$44.00
Livestock feed expenses	\$50.00
Capital works improvements to Pound Facility	Nil
<b>Revenue 2013/14</b>	
Companion Animal Registration Fee Reimbursement	\$5,228.00
Animal Infringements and Fines	\$5,473.00

## Public Interest and Disclosure

---

### Public Interest Disclosure Act 1994

Annual Report on Public Interest Disclosures 1 July 2013 to 30 June 2014:

	1 July 2013 – 30 June 2014
Number of public officials who made PIDs	0
Number of PIDs received	0
Of PIDs received, number primarily about:	0
Corrupt conduct	0
Maladministration	0
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contravention	0
Number of PIDs finalised	0

Uralla Shire Council has an Internal Reporting Policy which is available for viewing on Council's website.

Staff are informed and updated on Council policies including the Internal Reporting Policy at staff meetings with hard copies of policies available at each work location. Information is provided to new employees in the Employee Induction Manual.

### Code of Conduct Reporting

---

Sections 12.1 and 12.2 of the Model Code of Conduct, requires a report be provided to Council and the Office of Local Government on the following range of complaints statistics within three months of the end of September each year:

- a. the total number of code of conduct complaints made about councillors and the general manager under the code of conduct in the year to September,
- b. the number of code of conduct complaints referred to a conduct reviewer,
- c. the number of code of conduct complaints finalised by a conduct reviewer at the preliminary assessment stage and the outcome of those complaints,
- d. the number of code of conduct complaints investigated by a conduct reviewer,
- e. the number of code of conduct complaints investigated by a conduct review committee,
- f. without identifying particular matters, the outcome of code of conduct complaints investigated by a conduct reviewer or conduct review committee under these procedures,
- g. the number of matter reviewed by the Division and, without identifying particular matters, the outcome of the reviews, and
- h. the total cost of dealing with code of conduct complaints made about councillors and the general manager in the year to September, including staff costs.

During the reporting period from 1 September 2013 to 31 August 2014, no Code of Conduct Complaints were received.



## Financial Management

Council's audited Annual Financial Statements for 2013/14 including the General Purpose Financial Statements, Special Purpose Financial Statements and the Special Schedules, are attached to the Annual Report. Included in the statements are comments from Council's Auditors - Forsyths. A summary of Council's financial performance in 2013/2014 and financial position at the end of the reporting period is outlined below:

	2014	2013
	\$'000	\$'000
<b>Income Statement</b>		
Total Income from Continuing Operations	18,526	16,546
Total Expenses from Continuing Operations	17,919	16,533
<b>Operating Result from Continuing Operations</b>	<b>607</b>	<b>14</b>
<b>Net Operating Result for the year</b>	<b>607</b>	<b>14</b>
Net Operating Result before Grants & Contributions provided for Capital Purposes	(981)	(238)
<b>Statement of Financial Position</b>		
Total Current Assets	9,493	9,666
Total Current Liabilities	(6,137)	(5,886)
Total Non Current Assets	294,408	292,844
Total Non Current Liabilities	(2,126)	(2,584)
<b>Total Equity</b>	<b>295,638</b>	<b>294,040</b>
<b>Other Financial Information</b>		
Unrestricted Current Ratio	1.19 : 1	2.30 : 1
Operating Performance Ratio (%)	-6.3%	-1.9%
Building and Infrastructure Renewals Ratio	96.5%	87.0%
Debt Service Cover Ratio (x)	9.5	12.2
Rates & Annual Charges Outstanding Ratio (%)	5.5%	5.8%

## | Section 4 – Attachments

### **A Financial Statements 2013 – 2014**

---

### **B GIPA Report**

---

# Uralla Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

---

*“...committed to creating a unique environment  
which offers an excellent quality of life and  
economic opportunities for its people”*



# Uralla Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2014

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors &amp; Management</b>	3
<b>3. Primary Financial Statements:</b>	
- Income Statement	4
- Statement of Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	84
- On the Conduct of the Audit (Sect 417 [3])	86

---

### Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Uralla Shire Council.

(ii) Uralla 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 (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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 31 October 2014. Council has the power to amend and reissue these financial statements.

---

## Uralla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

## Understanding Council's Financial Statements

---

### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

### What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### 2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

#### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

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

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

#### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

### About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

### Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

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

Uralla Shire Council

General Purpose Financial Statements  
for the financial year ended 30 June 2014

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

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

- The Local Government Act 1993 (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
- accords with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 22 September 2014.**



Cr Michael Pearce  
**MAYOR**



Cr Bob Crouch  
**COUNCILLOR**



Mr Damien Connor  
**GENERAL MANAGER**



Mrs Rosemary Strobel  
**RESPONSIBLE ACCOUNTING OFFICER**

## Uralla Shire Council

## Income Statement

for the financial year ended 30 June 2014

Budget <sup>1</sup> 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
5,340	Rates & Annual Charges	3a	5,155	4,911
1,825	User Charges & Fees	3b	5,252	4,724
494	Interest & Investment Revenue	3c	299	622
666	Other Revenues	3d	722	625
7,165	Grants & Contributions provided for Operating Purposes	3e,f	5,433 <sup>2</sup>	5,345
1,739	Grants & Contributions provided for Capital Purposes	3e,f	1,588	252
<i>Other Income:</i>				
-	Net gains from the disposal of assets	5	77	67
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>17,229</b>	<b>Total Income from Continuing Operations</b>		<b>18,526</b>	<b>16,546</b>
<b>Expenses from Continuing Operations</b>				
8,121	Employee Benefits & On-Costs	4a	8,198	7,038
103	Borrowing Costs	4b	145	167
3,021	Materials & Contracts	4c	4,908	4,578
3,751	Depreciation & Amortisation	4d	3,309	3,486
-	Impairment	4d	-	-
1,498	Other Expenses	4e	1,359	1,264
<b>16,493</b>	<b>Total Expenses from Continuing Operations</b>		<b>17,919</b>	<b>16,533</b>
<b>736</b>	<b>Operating Result from Continuing Operations</b>		<b>607</b>	<b>14</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>736</b>	<b>Net Operating Result for the Year</b>		<b>607</b>	<b>14</b>
736	Net Operating Result attributable to Council		607	14
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(1,003)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(981)</b>	<b>(238)</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

## Uralla Shire Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>607</b>	<b>14</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)	991	(384)
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>991</b>	<b>(384)</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>991</b>	<b>(384)</b>
<b>Total Comprehensive Income for the Year</b>		<b>1,598</b>	<b>(370)</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>1,598</b>	<b>(370)</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>



## Uralla Shire Council

## Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	5,830	6,631
Investments	6b	1,000	1,500
Receivables	7	2,349	1,240
Inventories	8	197	191
Other	8	117	104
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>9,493</b>	<b>9,666</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	294,408	292,844
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Non-current assets classified as "held for sale"	22	-	-
<b>Total Non-Current Assets</b>		<b>294,408</b>	<b>292,844</b>
<b>TOTAL ASSETS</b>		<b>303,901</b>	<b>302,510</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	3,465	3,860
Borrowings	10	112	108
Provisions	10	2,560	1,918
<b>Total Current Liabilities</b>		<b>6,137</b>	<b>5,886</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	1,237	1,348
Provisions	10	889	1,236
<b>Total Non-Current Liabilities</b>		<b>2,126</b>	<b>2,584</b>
<b>TOTAL LIABILITIES</b>		<b>8,263</b>	<b>8,470</b>
<b>Net Assets</b>		<b>295,638</b>	<b>294,040</b>
<b>EQUITY</b>			
Retained Earnings	20	64,448	63,841
Revaluation Reserves	20	231,190	230,199
<b>Council Equity Interest</b>		<b>295,638</b>	<b>294,040</b>
<b>Non-controlling Interests</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>295,638</b>	<b>294,040</b>

## Uralla Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		63,841	230,199	294,040	-	294,040
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>63,841</b>	<b>230,199</b>	<b>294,040</b>	<b>-</b>	<b>294,040</b>
<b>c. Net Operating Result for the Year</b>		<b>607</b>	<b>-</b>	<b>607</b>	<b>-</b>	<b>607</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	991	991	-	991
<b>Other Comprehensive Income</b>		<b>-</b>	<b>991</b>	<b>991</b>	<b>-</b>	<b>991</b>
<b>Total Comprehensive Income</b> (c&d)		<b>607</b>	<b>991</b>	<b>1,598</b>	<b>-</b>	<b>1,598</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>64,448</b>	<b>231,190</b>	<b>295,638</b>	<b>-</b>	<b>295,638</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		66,825	239,146	305,971	-	305,971
a. Correction of Prior Period Errors	20 (c)	(2,998)	(8,563)	(11,561)	-	(11,561)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		<b>63,827</b>	<b>230,583</b>	<b>294,410</b>	<b>-</b>	<b>294,410</b>
<b>c. Net Operating Result for the Year</b>		<b>14</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>14</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	(384)	(384)	-	(384)
<b>Other Comprehensive Income</b>		<b>-</b>	<b>(384)</b>	<b>(384)</b>	<b>-</b>	<b>(384)</b>
<b>Total Comprehensive Income</b> (c&d)		<b>14</b>	<b>(384)</b>	<b>(370)</b>	<b>-</b>	<b>(370)</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>63,841</b>	<b>230,199</b>	<b>294,040</b>	<b>-</b>	<b>294,040</b>

## Uralla Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
5,174	Rates & Annual Charges		5,170	4,952
6,748	User Charges & Fees		4,113	4,782
557	Investment & Interest Revenue Received		260	657
4,392	Grants & Contributions		7,037	5,867
543	Other		366	1,627
<b>Payments:</b>				
(7,480)	Employee Benefits & On-Costs		(7,680)	(6,851)
(4,433)	Materials & Contracts		(4,975)	(5,226)
(103)	Borrowing Costs		(100)	(115)
	Bonds, Deposits & Retention amounts refunded		(53)	-
(1,245)	Other		(1,946)	(1,387)
<b>4,152</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>2,192</b>	<b>4,306</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		1,300	6,300
333	Sale of Infrastructure, Property, Plant & Equipment		276	335
<b>Payments:</b>				
(300)	Purchase of Investment Securities		(800)	(1,500)
(4,180)	Purchase of Infrastructure, Property, Plant & Equipment		(4,081)	(3,867)
<b>(4,147)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(3,305)</b>	<b>1,268</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
600	Proceeds from Retirement Home Contributions		680	268
<b>Payments:</b>				
(100)	Repayment of Borrowings & Advances		(107)	(108)
(500)	Repayment of Retirement Home Contributions		(260)	(174)
<b>-</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>312</b>	<b>(14)</b>
<b>5</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(801)</b>	<b>5,560</b>
6,631	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	6,631	1,072
<b>6,636</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>5,830</b>	<b>6,632</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	1,000	1,500
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>6,830</b>	<b>8,132</b>

Please refer to Note 11 for additional cash flow information

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	27
2(b)	Council Functions / Activities - Component Descriptions	28
3	Income from Continuing Operations	29
4	Expenses from Continuing Operations	34
5	Gains or Losses from the Disposal of Assets	36
6(a)	Cash & Cash Equivalent Assets	37
6(b)	Investments	37
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	38
7	Receivables	39
8	Inventories & Other Assets	40
9(a)	Infrastructure, Property, Plant & Equipment	41
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	42
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	42
10(a)	Payables, Borrowings & Provisions	43
10(b)	Description of (and movements in) Provisions	44
11	Statement of Cash Flows - Additional Information	45
12	Commitments for Expenditure	46
13	Statement of Performance Measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	47
	13a (ii) Local Government Industry Graphs (Consolidated)	48
	13b Local Government Industry Indicators (by Fund)	50
14	Investment Properties	51
15	Financial Risk Management	51
16	Material Budget Variations	55
17	Statement of Developer Contributions	57
18	Contingencies and Other Liabilities/Assets not recognised	59
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	64
20	Equity - Retained Earnings and Revaluation Reserves	64
21	Financial Result & Financial Position by Fund	66
22	"Held for Sale" Non Current Assets & Disposal Groups	68
23	Events occurring after the Reporting Date	68
24	Discontinued Operations	68
25	Intangible Assets	68
26	Reinstatement, Rehabilitation & Restoration Liabilities	69
27	Fair Value Measurement	70
	<b>Additional Council Disclosures</b>	
28	Council Information & Contact Details	83

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

##### (a) Basis of preparation

###### (i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting June 2014.

For the purpose of preparing these financial statements, Uralla Shire Council has been deemed to be a not-for-profit entity.

###### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

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

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value; however it provides detailed guidance on how to measure fair value in accordance with the accounting standards. It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology. The level of disclosures regarding fair value has increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits. Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

###### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

###### (v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.
- (ii) Estimated fair values of investment properties
- (iii) Estimated fair values of infrastructure, property, plant and equipment.
- (iv) Estimated landfill remediation provisions.
- (v) The valuation of Collateralised Debt Obligations (CDOs). Uralla Shire Council has determined that the balance of its holding of CDOs, having sold those instruments of value and received the principal of others on maturity, is to be Nil value at 30 June 2014 and recorded only as contingent assets in the unlikely recovery on maturity in June 2015.

The accrual basis of accounting has also been applied in their preparation.

#### **(vi) Changes in Accounting Policies**

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

#### **(vii) Critical Accounting Estimates**

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs). Accordingly this 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 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 are set out below:

- (i) Estimation of depreciation costs including useful lives and residual values

#### **Critical judgements in applying 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.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.
- (iii) Provision for restoration and environmental clean-up costs of Landfills – Council has used significant judgement about the timing and effect of intention to undertake progressive remediation work on the legacy areas of the Uralla landfill.

#### **(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 it and specific criteria have been met for each of the Council's activities as described below.

Council bases any 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:

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

##### **Rates, Annual Charges, Grants and Contributions**

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted 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.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

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 undischarged at balance 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.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

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

A detailed Note relating to developer contributions can be found at Note 17.

##### **User Charges, Fees and Other Income**

User charges, fees and other income are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

##### **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.

##### **Interest and Rents**

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

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

##### **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**

These financial statements incorporate **(i)** the assets and liabilities of Uralla Shire Council and any entities (or operations) that it **controls** (as at 30 June 2014) and **(ii)** all the related operating results (for the financial year ended the 30th June 2014).

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

##### (i) The Consolidated Fund

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

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- (a) *Uralla Shire Council General Purpose Operations.*
- (b) *Uralla and Bundarra Joint Water Fund.*
- (c) *Uralla Local Sewer Sewerage Fund.*
- (d) *McMaugh Garden Aged Care Centre Fund*

##### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (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 statements. Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

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) Joint Ventures

The Uralla Shire Council is not involved in any joint ventures, jointly controlled entities or jointly controlled operations, at this time. However, when such activities are entered into; the proportional interests in the assets, liabilities and expenses for the joint venture activity, the equity share for jointly controlled entities, or the share of income and expenditures as well as assets controlled and liabilities incurred by Council for jointly controlled operations; would be incorporated in the financial statements under the appropriate headings.

##### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

##### (v) County Councils

The Uralla Shire Council is a member of the New England Noxious Weeds County Council, a body established under the Local Government Act to control weeds in the New England Region.

Council along with its other member councils, Armidale Dumaresq, Guyra Shire and Walcha Shire Councils; neither controls nor significantly influences the County Council. Accordingly, the New England Noxious Weeds County Council has not been consolidated or otherwise included in the financial statements.

The governing body of each County Council is responsible for managing its own affairs. Council is of the opinion that it neither controls nor significantly influences the above County Councils and accordingly these entities have not been consolidated or otherwise included within these financial statements.



## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

### (d) Leases

#### Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

#### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Uralla Shire Council did not enter into any Finance or Operating Lease arrangement in the financial years ending 30 June 2013 or 30 June 2014.

### (e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) 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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

### (f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**

- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and 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 include financial assets that are “held for trading”.

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

#### (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 arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council’s management has the positive intention and ability to hold to maturity.

In contrast to the “Loans & Receivables” classification, these investments are generally quoted in an active market.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

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

Investments must be 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.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

##### Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

##### General Accounting & Measurement of Financial Instruments:

###### (i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs.

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

###### (ii) Subsequent Measurement

**Available-for-sale financial assets** and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

### Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. 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 group may measure impairment on the basis of an instrument's fair value using an observable market price.

### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council investments are conservative with a very low risk profile.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise 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 arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. Future cash flow will result from favourable legal proceedings.

### (g) Fair value estimation

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 balance sheet 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 balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

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.

##### (h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are 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.

##### (i) Inventories

##### Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

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 the basis of weighted average costs.

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.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

##### (j) Infrastructure, Property, Plant and Equipment (I,PP&E)

##### Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

Operational Land	External Valuation
Community Land	Internal Valuation
Buildings Non Specialised	External Valuation
Buildings specialised (large)	External Valuation
Buildings (other)	External and Internal Valuation
Water / Sewer Networks	Internal Valuation
Sealed Road Surface, footpaths Kerb and Guttering and Street Furniture	Internal Valuation
Unsealed Roads	Internal Valuation
Bulk Earthworks	Internal Valuation
Bridges	Internal Valuation
Stormwater Drainage	Internal Valuation
Artwork	External Valuation
Other Structures and other assets	Approximated by depreciated historical cost

##### Initial Recognition

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and assets are depreciated from the first full year of use.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction. These transactions generally arise through subdivisions and property development, where public open space, road infrastructure and other facilities become public property under the Development Approval.

##### Subsequent costs

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.

##### Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.

- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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 assets, 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 revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

##### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

<b>Land</b>	
- council land	No threshold
- open space	No threshold
- land under roads (purchases after 30/6/08)	No threshold

##### Plant and Equipment

Office Furniture	\$250
Office Equipment	\$250
Other Plant and Equipment	\$300

##### Buildings and Land Improvements

Park Furniture and Equipment	\$1,000
Building	
- construction/extensions	\$2,000
- renovations	\$2,000
Other Structures	\$2,000

##### Water and Sewer Asset

Reticulation extensions	\$2,000
Other	\$2,000

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

##### Stormwater Assets

Drains and Culverts	\$2,000
Other	\$2,000

##### Transport Assets

Road construction and reconstruction	No threshold
Reseal/Re-sheet and major repairs:	No threshold
Bridge construction and reconstruction	No threshold

##### Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

##### Plant and Equipment

- Office Equipment	5 to 20 years
- Office furniture	5 to 20 years
- Computer Equipment	4 years
- Motor Cars - Sedans	5 years
- Trucks and utilities	5 to 10 years
- Dozers, Graders, Rollers	10 years
- Other plant and equipment	10 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	90 years
- Culverts	80 years

##### Transportation Assets

- Sealed Roads : Surface	25 to 50 years
- Sealed Roads : Structure	70 to 80 years
- Unsealed Roads - Formation	5 to 36 years
- Bridge : Concrete	120 years
- Bridge : Other	40 years
- Concrete Road Pavements	60 years
- Kerb, Gutter and Paths	40 years

##### Water and Sewer Assets

- Dams and reservoirs	100 years
- Water and Sewer Treatment Plants	70 to 100 years
- Water Mains	80 to 100 years
- Sewer Mains	70 to 100 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes: Other	25 to 75 years
- Meters and Water Plant	10 years
- Pumps and telemetry	15 to 20 years

##### Other Infrastructure Assets

- Bulk earthworks	Infinite
-------------------	----------

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

##### Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

##### (k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

##### (l) Land under roads

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

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

##### **(m) Intangible Assets**

Council has not classified any assets as Intangible.

##### **(n) Crown Reserves**

Crown reserves, and improvements thereon, 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 cost incurred by Council and revenues relating to the reserves are recognised with Council's Income Statement. Representations from both State and Local Government are being sought to develop a consistent accounting treatment for Crown reserves across both tiers of Government.

##### **(o) Rural Fire Service assets**

There is an anomaly in respect to the accounting for Rural Fire Service assets as under Section 119 of the Rural Fire Services Act 1997, "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" however these assets are under the management of the Regional Rural Fire Service to enable that Service to provide the bushfire protection defences as set out in their Service Level Agreement with Council. Actual control of the asset is not with Council.

Until such time as discussions on the ownership and accounting of Rural Fire Service assets have been concluded and the legislation changed; Council will recognise Rural Fire Service assets; including land, buildings, plant, vehicles and some equipment, as a

Council asset. Council currently has title to, and is the registered owner of 25 rural fire appliances and associated rural fire fighting equipment. In accordance with normal Rural Fire Service funding arrangement Council continues to contribute to the costs of maintenance of this equipment.

##### **(p) Investment property**

Uralla Shire Council does not hold any investment property. Investment property is usually comprised of land and/or buildings that are principally held for long-term rental yields, capital gains or both that are not occupied by Council.

##### **(q) Provisions for close down, restoration and for environmental clean up costs – including Landfills and Quarries**

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the 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. 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, Restoration and Remediation costs are a normal consequence of a landfill operation, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. However it is Council's intention to undertake remediation works on legacy areas on a progressive but not systematic basis over the life of the operation.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation 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.

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 balance sheet 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 balance sheet 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 unwind 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 and 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.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

Uralla Shire Council operates only one small gravel pit and no quarries. Council acquires its gravel and other road making material from private quarries. As a consequence there is no provision for the close down and restoration and for environmental clean up costs for gravel pits.

#### **(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Uralla Shire Council does not have any discontinued operations or non-current assets held for sale.

#### **(s) Impairment of Assets**

All Council's I,PP&E is subject to an annual assessment of impairment. Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.



## Uralla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

##### (t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

Accounts for goods and services are unsecured and are paid on a weekly basis within 21 days of recognition.

##### (u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

##### (v) 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. All other borrowing costs are expensed.

##### (w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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.

##### (x) Employee benefits

###### (i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

##### (ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

##### (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 balance sheet, 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 which 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 can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2014.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2014 was \$223,227.

The amount of additional contributions included in the total employer contribution advised above is \$92,801.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$371,204 as at 30 June 2014.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

##### 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.

##### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2014.

##### (y) Self insurance

Council does not self insure.

##### (z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

##### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

##### (aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax. Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

##### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST. The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

##### **(ab) New accounting standards and interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

##### **Applicable to Local Government with implications:**

- **AASB 9 Financial Instruments, associated standards,**
- **AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9,**
- **AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and**
- **AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)**

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are

designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

##### **Applicable to Local Government but no implications for Council;**

**AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)**

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

##### **Applicable to Local Government but not relevant to Council at this stage;**

- **AASB 10 Consolidated Financial Statements,**
- **AASB 11 Joint Arrangements,**
- **AASB 12 Disclosure of Interests in Other Entities, revised**
- **AASB 127 Separate Financial Statements,**
- **AASB 128 Investments in Associates and Joint Ventures and**
- **AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective for 30 June 2015 Financial Statements for not-for-profit entities)**

This suite of new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

all entities. It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

#### **Not applicable to Local Government per se;**

None

There are no other standards that are "not yet effective" and expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

#### **(ac) Rounding of amounts**

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

#### **(ad) 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.

#### **(ae) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

## Uralla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## 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 & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	2	2	1	586	510	545	(584)	(508)	(544)	1	13	721	845
Administration	443	697	412	413	736	37	30	(39)	375	-	4	12,071	12,343
Public Order & Safety	8	49	36	202	283	189	(194)	(234)	(153)	-	-	797	827
Health	3	115	2	70	213	71	(68)	(98)	(69)	-	-	-	-
Environment	1,367	1,878	1,273	1,500	1,981	1,766	(133)	(103)	(494)	475	30	25	27
Community Services & Education	5,469	5,853	5,614	5,428	5,743	5,230	41	110	384	109	76	7,237	7,290
Housing & Community Amenities	173	185	370	506	485	591	(334)	(300)	(221)	6	162	4,196	3,824
Water Supplies	855	930	901	821	894	927	34	36	(26)	17	19	18,337	18,115
Sewerage Services	553	561	625	506	629	558	47	(68)	66	13	13	6,607	6,637
Recreation & Culture	124	106	176	1,013	794	848	(889)	(688)	(671)	35	128	5,148	5,185
Mining, Manufacturing & Construction		-	-	12	1	1	(12)	(1)	(1)	-	-	7	8
Transport & Communication	2,881	2,276	2,236	5,121	5,277	5,325	(2,240)	(3,001)	(3,089)	1,389	238	247,970	246,610
Economic Affairs	64	91	95	315	373	445	(251)	(282)	(350)	-	-	786	801
<b>Total Functions &amp; Activities</b>	<b>11,941</b>	<b>12,743</b>	<b>11,742</b>	<b>16,493</b>	<b>17,919</b>	<b>16,533</b>	<b>(4,552)</b>	<b>(5,176)</b>	<b>(4,791)</b>	<b>2,045</b>	<b>683</b>	<b>303,901</b>	<b>302,510</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	5,288	5,783	4,806	-	-	-	5,288	5,783	4,806	2,307	2,120	-	-
<b>Operating Result from Continuing Operations</b>	<b>17,229</b>	<b>18,526</b>	<b>16,548</b>	<b>16,493</b>	<b>17,919</b>	<b>16,533</b>	<b>736</b>	<b>607</b>	<b>14</b>	<b>4,352</b>	<b>2,803</b>	<b>303,901</b>	<b>302,510</b>

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### 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**

Costs relating to the 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, area representation and public disclosure and compliance.

##### **ADMINISTRATION**

Administration costs including Finance, IT, Human Resource Management, records and overall engineering management; less costs allocated to other functions.

##### **PUBLIC ORDER & SAFETY**

Fire protection, animal control, enforcement of local government regulations, emergency services, other.

##### **HEALTH**

Administration and inspection, food control, health centres, other.

##### **ENVIRONMENT**

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

##### **COMMUNITY SERVICES & EDUCATION**

Administration, Aged Care Centres, Auspiced Aged and Disabled Community (including specifically Aboriginal Care and Services), youth services, other services to families and children, other community services.

##### **HOUSING & COMMUNITY AMENITIES**

Building control, housing, town planning, street lighting, public cemeteries, public conveniences, other community amenities.

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

Public libraries, community centres, public halls, swimming pools, sporting grounds and venues, parks and gardens, other sport and recreation.

##### **MINING, MANUFACTURING & CONSTRUCTION**

Quarries & pits, other.

##### **TRANSPORT & COMMUNICATION**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters and services, RMS works, other.

##### **ECONOMIC AFFAIRS**

Camping and fossicking areas, caravan parks, tourism and area promotion, industrial development promotion, private works, other business undertakings.

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		1,273	1,236
Farmland		1,919	1,864
Business		95	92
<b>Total Ordinary Rates</b>		<b>3,287</b>	<b>3,192</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		352	326
Stormwater Management Services		29	30
Water Supply Services		369	332
Sewerage Services		510	488
Waste Management Services (non-domestic)		25	22
Environmental		583	521
<b>Total Annual Charges</b>		<b>1,868</b>	<b>1,719</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>5,155</b>	<b>4,911</b>

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



## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		516	425
Sewerage Services		13	14
Waste Management Services (non-domestic)		166	155
<b>Total User Charges</b>		<b>695</b>	<b>594</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Inspection Services		116	18
Private Works - Section 67		407	135
Registration Fees		7	-
Section 149 Certificates (EPA Act)		17	14
Section 603 Certificates		8	8
Town Planning		94	72
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>649</b>	<b>247</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aged Care		749	721
Bundarra Neighbour Aid		8	11
Cemeteries		29	26
Community Centres		8	7
Kamillaroi Aged and Disability Services - Contract Service Fees		1,156	1,152
Scrap Metal Sales		63	50
Sponsorships Received		21	25
Sundry Sales		4	14
Swimming Centres		43	23
Tablelands Community Support Options - Client Contributions		78	242
Tablelands Community Support Options - Contract Service Fees		1,726	1,593
Tablelands Community Transport		10	11
Water Connection Fees		11	8
Other		2	-
<b>Total Fees &amp; Charges - Other</b>		<b>3,908</b>	<b>3,883</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>5,252</b>	<b>4,724</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		29	35
- Interest earned on Investments (interest & coupon payment income)		270	587
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>299</b>	<b>622</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		29	35
General Council Cash & Investments		160	363
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		15	-
Water Fund Operations		46	118
Sewerage Fund Operations		49	106
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>299</b>	<b>622</b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		145	132
Fines		3	-
Legal Fees Recovery - Rates & Charges (Extra Charges)		19	15
Commissions & Agency Fees		5	4
Diesel Rebate		72	77
Donations Received		62	14
Insurance Claim Recoveries		47	61
Other Reimbursements		111	96
Other Sundry Income		42	37
Recycling Income (non domestic)		99	109
Sales - General		82	44
Staff FBT Contributions		35	36
<b>TOTAL OTHER REVENUE</b>		<b>722</b>	<b>625</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,336	1,231	-	-
Financial Assistance - Local Roads Component	894	846	-	-
Pensioners' Rates Subsidies - General Component	77	43	-	-
<b>Total General Purpose</b>	<b>2,307</b>	<b>2,120</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	17	17	-	-
- Sewerage	13	13	-	-
Water Supplies	-	2	-	-
Community Care	80	70	5	-
Community Centres	-	24	-	-
Employment & Training Programs	24	12	-	-
Environmental Protection	60	15	-	-
Heritage & Cultural	6	44	-	-
Landfill Mangement	221	12	194	-
Library	29	59	-	-
Street Lighting	6	6	-	-
Town Planning	-	156	-	-
Transport (Roads to Recovery)	-	-	708	252
Transport (Other Roads & Bridges Funding)	-	-	681	-
Youth Service	1	1	-	-
<b>Total Specific Purpose</b>	<b>457</b>	<b>431</b>	<b>1,588</b>	<b>252</b>
<b>Total Grants</b>	<b>2,764</b>	<b>2,551</b>	<b>1,588</b>	<b>252</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	2,337	2,147	907	252
- State Funding	427	404	618	-
- Other Funding	-	-	63	-
	<b>2,764</b>	<b>2,551</b>	<b>1,588</b>	<b>252</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	14	79	-	-
<b>Total Developer Contributions</b>	<b>14</b>	<b>79</b>	<b>-</b>	<b>-</b>
<b>Other Contributions:</b>				
Bundarra Neighbour Aid - Subsidies	62	61	-	-
McMaugh Gardens Aged Care - Subsidies	1,306	1,166	-	-
Roads & Bridges	-	100	-	-
RMS Contributions (Regional Roads, Block Grant)	858	1,074	-	-
Tablelands Community Transport - Subsidies	429	312	-	-
Water Strategy Contribution	-	2	-	-
<b>Total Other Contributions</b>	<b>2,655</b>	<b>2,716</b>	<b>-</b>	<b>-</b>
<b>Total Contributions</b>	<b>2,669</b>	<b>2,795</b>	<b>-</b>	<b>-</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>5,433</b>	<b>5,345</b>	<b>1,588</b>	<b>252</b>

\$ '000	Actual 2014	Actual 2013
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	389	677
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	29	79
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	-	(367)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>29</b>	<b>(288)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>418</b>	<b>389</b>
<b>Comprising:</b>		
- Developer Contributions	418	389
	<b>418</b>	<b>389</b>

## Uralla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		6,114	5,673
Travelling		22	18
Employee Leave Entitlements (ELE)		1,458	1,175
Superannuation - Defined Contribution Plans		535	493
Superannuation - Defined Benefit Plans		223	222
Workers' Compensation Insurance		415	202
Fringe Benefit Tax (FBT)		23	26
Training Costs (other than Salaries & Wages)		57	53
Other		5	6
<b>Total Employee Costs</b>		<b>8,852</b>	<b>7,869</b>
less: Capitalised Costs		(654)	(830)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>8,198</b>	<b>7,038</b>
Number of "Equivalent Full Time" Employees at year end		<b>105</b>	<b>106</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		97	114
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>97</b>	<b>114</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	48	53
<b>Total Other Borrowing Costs</b>		<b>48</b>	<b>53</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>145</b>	<b>167</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		1,055	1,431
Contractor & Consultancy Costs		3,795	3,093
Auditors Remuneration <sup>(1)</sup>		36	37
Legal Expenses:			
- Legal Expenses: Debt Recovery		18	17
- Legal Expenses: Other		4	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>4,908</b>	<b>4,578</b>

**1. Auditor Remuneration**

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

**Audit and Other Assurance Services**

- Audit & review of financial statements: Council's Auditor	36	21
- Audit & review of financial statements: Internal Auditors	-	16

**Total Auditor Remuneration**

<b>36</b>	<b>37</b>
-----------	-----------

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	412	802
Office Equipment		-	-	58	55
Furniture & Fittings		-	-	52	53
Buildings - Non Specialised		-	-	197	183
Other Structures		-	-	70	78
Infrastructure:					
- Sealed Roads Structure		-	-	1,579	1,496
- Unsealed Roads		-	-	319	319
- Bridges		-	-	268	263
- Footpaths		-	-	17	17
- Stormwater Drainage		-	-	30	30
- Water Supply Network		-	-	181	247
- Sewerage Network		-	-	204	179
Other Assets					
- Other		-	-	3	3
Asset Reinstatement Costs	9 & 26	-	-	10	10
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>3,400</b>	<b>3,735</b>
less: Capitalised Costs		-	-	(91)	(249)
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>3,309</b>	<b>3,486</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(e) Other Expenses</b>			
Advertising		56	63
Bank Charges		21	19
Councillor Expenses - Mayoral Fee		16	14
Councillor Expenses - Councillors' Fees		93	91
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		18	18
Donations, Contributions & Assistance to other organisations (Section 356)		349	276
Electricity & Heating		213	239
Insurance		273	249
Internet and Other Communication		34	32
Licences		17	19
Motor Vehicle Registration Fees		52	41
Other Fees and Charges		15	20
Postage		22	17
Street Lighting		48	51
Subscriptions & Publications		60	45
Sundry Expenses		3	(2)
Telephone & Communications		62	63
Volunteer Reimbursements		7	9
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,359</u></b>	<b><u>1,264</u></b>

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		276	335
less: Carrying Amount of P&E Assets Sold / Written Off		(199)	(209)
<b>Net Gain/(Loss) on Disposal</b>		<b><u>77</u></b>	<b><u>126</u></b>
<b>Infrastructure</b>			
less: Carrying Amount of Infrastructure Assets Sold / Written Off		-	(59)
<b>Net Gain/(Loss) on Disposal</b>		<b><u>-</u></b>	<b><u>(59)</u></b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		1,300	6,300
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(1,300)	(6,300)
<b>Net Gain/(Loss) on Disposal</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>77</u></b>	<b><u>67</u></b>

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		3	-	4	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		5,827	-	6,627	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>5,830</b>	<b>-</b>	<b>6,631</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		1,000	-	1,500	-
<b>Total Investments</b>		<b>1,000</b>	<b>-</b>	<b>1,500</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>6,830</b>	<b>-</b>	<b>8,131</b>	<b>-</b>

<sup>1</sup> Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:**

<b>Cash &amp; Cash Equivalents</b>					
a. "At Cost"		5,830	-	6,631	-
<b>Investments</b>					
b. "Held to Maturity"	6(b-ii)	1,000	-	1,500	-
Investments		1,000	-	1,500	-

**Note 6(b-ii)****Reconciliation of Investments classified as "Held to Maturity"**

Balance at the Beginning of the Year		1,500	-	1,500	-
Additions		800	-	6,300	-
Disposals (sales & redemptions)		(1,300)	-	(6,300)	-
<b>Balance at End of Year</b>		<b>1,000</b>	<b>-</b>	<b>1,500</b>	<b>-</b>
<b>Comprising:</b>					
- Long Term Deposits		1,000	-	1,500	-
<b>Total</b>		<b>1,000</b>	<b>-</b>	<b>1,500</b>	<b>-</b>



## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	6,830	-	8,131	-
<b>attributable to:</b>				
External Restrictions (refer below)	3,952	-	3,482	-
Internal Restrictions (refer below)	2,761	-	3,694	-
Unrestricted	117	-	955	-
	<b>6,830</b>	<b>-</b>	<b>8,131</b>	<b>-</b>
<b>2014</b>	<b>Opening</b>	<b>Transfers to</b>	<b>Transfers from</b>	<b>Closing</b>
<b>\$ '000</b>	<b>Balance</b>	<b>Restrictions</b>	<b>Restrictions</b>	<b>Balance</b>
<b>Details of Restrictions</b>				
<b>External Restrictions - Included in Liabilities</b>				
Nil				
<b>External Restrictions - Other</b>				
Developer Contributions - General (D)	389	29	-	418
Water Supplies (G)	837	207	-	1,044
Sewerage Services (G)	1,152	158	-	1,310
McMaugh Gardens Aged Care	1,104	76	-	1,180
<b>External Restrictions - Other</b>	<b>3,482</b>	<b>470</b>	<b>-</b>	<b>3,952</b>
<b>Total External Restrictions</b>	<b>3,482</b>	<b>470</b>	<b>-</b>	<b>3,952</b>
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	728	-	(228)	500
Employees Leave Entitlement	1,000	-	(450)	550
Carry Over Works	691	-	(671)	20
Accommodation Bond Guarantees	1,009	354	-	1,363
Community Services excess income	266	62	-	328
<b>Total Internal Restrictions</b>	<b>3,694</b>	<b>416</b>	<b>(1,349)</b>	<b>2,761</b>
<b>TOTAL RESTRICTIONS</b>	<b>7,176</b>	<b>886</b>	<b>(1,349)</b>	<b>6,713</b>

**D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

**G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		244	-	259	-
Interest & Extra Charges		60	-	50	-
User Charges & Fees		289	-	249	-
Accrued Revenues					
- Interest on Investments		29	-	-	-
- Other Income Accruals		478	-	171	-
Government Grants & Subsidies		-	-	16	-
Net GST Receivable		17	-	-	-
Other Debtors		1,233	-	496	-
<b>Total</b>		<b>2,350</b>	<b>-</b>	<b>1,241</b>	<b>-</b>
<b>less: Provision for Impairment</b>					
Other Debtors		(1)	-	(1)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>2,349</b>	<b>-</b>	<b>1,240</b>	<b>-</b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		32	-	35	-
- Other		305	-	265	10
<b>Sewerage Services</b>					
- Rates & Availability Charges		28	-	29	-
- Other		8	-	7	-
- McMaugh Gardens		567	-	267	-
<b>Total External Restrictions</b>		<b>940</b>	<b>-</b>	<b>603</b>	<b>10</b>
<b>Internally Restricted Receivables</b>					
- Internal Restricted Receivables		-	-	-	(10)
<b>Internally Restricted Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(10)</b>
<b>Unrestricted Receivables</b>		<b>1,409</b>	<b>-</b>	<b>637</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>2,349</b>	<b>-</b>	<b>1,240</b>	<b>-</b>

**Notes on Debtors above:**

- (i) Rates & 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 & charges at 9.00% (2013 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Uralla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		197	-	191	-
<b>Total Inventories</b>		<b>197</b>	<b>-</b>	<b>191</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		117	-	104	-
<b>Total Other Assets</b>		<b>117</b>	<b>-</b>	<b>104</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>314</b>	<b>-</b>	<b>295</b>	<b>-</b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

## Uralla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 9a. Infrastructure, Property, Plant &amp; Equipment

	as at 30/6/2013										as at 30/6/2014											
	At		At		Accumulated		Carrying		Asset Additions		W/DV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At		Accumulated		Carrying		
	Cost	Fair Value	Dep'n	Impairment	Value	Value	Asset Additions	W/DV of Asset Disposals	Dep'n	Impairment						Fair Value	Dep'n	Impairment	Value	Value	Cost	Fair Value
<b>\$ '000</b>	843	-	-	-	843	1,554	-	-	-	668	-	-	-	-	668	-	-	-	-	-	-	-
Capital Work in Progress	-	6,191	2,811	-	3,380	983	(199)	-	-	-	(412)	(1,730)	76	-	-	6,421	2,593	-	-	-	668	-
Plant & Equipment	-	328	165	-	163	51	-	-	-	-	(58)	-	-	-	-	380	222	-	-	-	3,828	-
Office Equipment	-	744	389	-	355	16	-	-	-	-	(52)	-	-	-	-	759	441	-	-	-	158	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	318	-
<b>Land:</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Operational Land	-	1,360	-	-	1,360	-	-	-	-	-	-	-	-	-	-	1,360	-	-	-	-	1,360	-
- Community Land	-	1,631	-	-	1,631	-	-	-	-	-	-	-	-	-	-	1,631	-	-	-	-	1,631	-
Land Improvements - non depreciable	-	17	-	-	17	-	-	-	-	-	-	-	-	-	-	17	-	-	-	-	17	-
Buildings - Non Specialised	-	23,542	6,039	-	17,503	7	-	-	-	-	(197)	20	-	-	-	23,569	6,236	-	-	-	17,333	-
Other Structures	-	1,572	727	-	845	15	-	-	-	-	(70)	32	-	-	-	1,620	797	-	-	-	823	-
<b>Infrastructure:</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Sealed Roads Structure	-	77,780	20,606	-	57,174	1,291	-	-	-	-	(1,579)	933	-	-	-	80,004	22,186	-	-	-	57,818	-
- Unsealed Roads	-	12,917	8,827	-	4,090	-	-	-	-	-	(319)	-	-	-	-	12,917	9,146	-	-	-	3,771	-
- Bridges	-	22,462	3,940	-	18,522	-	-	-	-	-	(268)	404	-	-	-	22,865	4,207	-	-	-	18,658	-
- Footpaths	-	1,033	328	-	705	-	-	-	-	-	(17)	-	-	-	-	1,033	345	-	-	-	688	-
- Bulk Earthworks (non-depreciable)	-	163,439	-	-	163,439	128	-	-	-	-	-	340	-	-	-	163,907	-	-	-	-	163,907	-
- Stormwater Drainage	-	2,561	466	-	2,095	-	-	-	-	-	(30)	-	-	-	-	2,561	496	-	-	-	2,065	-
- Water Supply Network	-	15,307	1,351	-	13,956	47	-	-	-	-	(181)	-	-	-	-	15,784	1,575	-	-	-	14,209	-
- Sewerage Network	-	7,409	1,036	-	6,373	4	-	-	-	-	(204)	-	-	-	-	7,621	1,275	-	-	-	6,346	-
<b>Other Assets:</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Heritage Collections	-	90	-	-	90	-	-	-	-	-	-	-	-	-	-	90	-	-	-	-	90	-
- Other	-	51	12	-	39	-	-	-	-	-	(3)	-	-	-	-	51	15	-	-	-	36	-
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 26):	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Tip Assets	-	456	191	-	265	-	-	-	-	-	(10)	-	-	-	-	786	102	-	-	-	684	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>843</b>	<b>338,890</b>	<b>46,889</b>	<b>-</b>	<b>292,844</b>	<b>4,095</b>	<b>(199)</b>	<b>-</b>	<b>-</b>	<b>(3,400)</b>	<b>-</b>	<b>76</b>	<b>431</b>	<b>-</b>	<b>668</b>	<b>343,376</b>	<b>49,636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>294,408</b>	<b>-</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$2698) and New Assets (\$1397). 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 & Equipment.

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 9b. Externally Restricted Infrastructure, Property, Plant &amp; Equipment

\$ '000	Actual				Actual			
	2014				2013			
Class of Asset	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Land								
- Operational Land	-	202	-	202	-	202	-	202
Buildings	-	4,395	475	3,920	-	4,396	445	3,951
Infrastructure	-	15,784	1,575	14,209	-	15,307	1,350	13,957
Other Assets	-	7	3	4	-	8	3	5
<b>Total Water Supply</b>	-	<b>20,388</b>	<b>2,053</b>	<b>18,336</b>	-	<b>19,913</b>	<b>1,798</b>	<b>18,115</b>
<b>Sewerage Services</b>								
Land								
- Operational Land	-	102	-	102	-	101	-	101
- Improvements non-depreciable	-	6	-	6	-	6	-	6
Buildings	-	104	7	97	-	104	6	98
Other Structures	-	40	23	18	-	40	21	19
Infrastructure	-	7,621	1,275	6,346	-	7,409	1,036	6,373
Other Assets	-	46	7	38	-	46	7	39
<b>Total Sewerage Services</b>	-	<b>7,919</b>	<b>1,312</b>	<b>6,607</b>	-	<b>7,706</b>	<b>1,070</b>	<b>6,636</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	306	115	191	-	306	80	226
Land								
- Operational Land	-	180	-	180	-	182	-	182
Buildings	-	301	67	234	-	284	64	220
Other Structures	-	186	153	34	-	183	144	39
Other Assets	-	28	5	22	-	26	5	21
<b>Total DWM</b>	-	<b>1,001</b>	<b>339</b>	<b>661</b>	-	<b>981</b>	<b>293</b>	<b>688</b>
<b>MaMaugh Gardens Aged Care</b>								
- Plant and Equipment	-	15	12	2	-	10	9	1
- Office Equipment	-	19	12	7	-	17	8	9
- Furniture and Fittings	-	443	299	144	-	432	271	161
- Land (Council owned)	-	65	-	65	-	65	-	65
- Roads, Parking & Footpaths	-	38	5	33	-	38	4	34
- Buildings	-	5,968	1,554	4,413	-	5,968	1,490	4,478
- Other Structures	-	138	29	109	-	130	22	108
<b>Total Other Restrictions</b>	-	<b>6,685</b>	<b>1,912</b>	<b>4,774</b>	-	<b>6,660</b>	<b>1,804</b>	<b>4,856</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>35,993</b>	<b>5,615</b>	<b>30,378</b>	-	<b>35,260</b>	<b>4,965</b>	<b>30,295</b>

## Note 9c. Infrastructure, Property, Plant &amp; Equipment - Current Year Impairments

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

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		518	-	578	-
Payments Received In Advance		-	-	1,099	-
Accrued Expenses:					
- Salaries & Wages		271	-	-	-
- Other Expenditure Accruals		269	-	138	-
ATO - Net GST Payable		(3)	-	1	-
Retirement Home Contributions		2,410	-	2,044	-
<b>Total Payables</b>		<b>3,465</b>	<b>-</b>	<b>3,860</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		112	1,237	108	1,348
<b>Total Borrowings</b>		<b>112</b>	<b>1,237</b>	<b>108</b>	<b>1,348</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		808	-	814	-
Sick Leave		92	-	87	-
Long Service Leave		1,538	55	1,017	447
Other Leave		122	-	-	-
ELE On-Costs		-	4	-	7
<b>Sub Total - Aggregate Employee Benefits</b>		<b>2,560</b>	<b>59</b>	<b>1,918</b>	<b>454</b>
Asset Remediation/Restoration (Future Works) <sup>26</sup>		-	830	-	782
<b>Total Provisions</b>		<b>2,560</b>	<b>889</b>	<b>1,918</b>	<b>1,236</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>6,137</b>	<b>2,126</b>	<b>5,886</b>	<b>2,584</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2014		2013	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
McMaugh Garden (Payables)		2,410	-	2,044	-
McMaugh Garden (Interest Bearing Liabilite		4	67	3	71
Liabilities relating to externally restricted assets		2,414	67	2,047	71
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		2,414	67	2,047	71
<b>Total Liabilities relating to Unrestricted Assets</b>		3,723	2,059	3,839	2,513
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>6,137</b>	<b>2,126</b>	<b>5,886</b>	<b>2,584</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 10a. Payables, Borrowings &amp; Provisions (continued)

\$ '000	Actual 2014	Actual 2013
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,794	1,412
Retirement Home Contributions	2,081	1,685
	<u>3,875</u>	<u>3,097</u>

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

Class of Provision	2013		2014			
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	814	551	(557)	-	-	808
Sick Leave	87	5	-	-	-	92
Long Service Leave	1,464	422	(293)	-	-	1,593
Other Leave	-	122	-	-	-	122
ELE On-Costs	7	(3)	-	-	-	4
Asset Remediation	782	48	-	-	-	830
<b>TOTAL</b>	<b>3,154</b>	<b>1,145</b>	<b>(850)</b>	<b>-</b>	<b>-</b>	<b>3,449</b>

- a. Employees Leave Entitlements & 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 & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	5,830	6,631
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>5,830</b>	<b>6,631</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>607</b>	<b>14</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		3,309	3,486
Net Losses/(Gains) on Disposal of Assets		(77)	(67)
Non Cash Maturity of Accommodation Bonds		-	(34)
Unwinding of Discount Rates on Reinstatement Provisions		48	52
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(1,109)	657
Increase/(Decrease) in Provision for Doubtful Debts		-	(49)
Decrease/(Increase) in Inventories		(6)	(19)
Decrease/(Increase) in Other Assets		(13)	(16)
Increase/(Decrease) in Payables		(61)	68
Increase/(Decrease) in other accrued Expenses Payable		402	(18)
Increase/(Decrease) in Other Liabilities		(1,155)	17
Increase/(Decrease) in Employee Leave Entitlements		247	214
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>2,192</b>	<b>4,305</b>

**(c) Non-Cash Investing & Financing Activities**

Nil

**(d) Financing Arrangements****(i) Unrestricted access was available at balance date to the  
following lines of credit:****Amounts utilised as at Balance Date:**

- Bank Overdraft Facilities	100	100
- Credit Cards / Purchase Cards	57	40
<b>Total Financing Arrangements Utilised</b>	<b>157</b>	<b>140</b>

**(ii) Secured Loan Liabilities**

Loans are secured by a mortgage over future years Rate Revenue only.



## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Plant & Equipment		368	228
<b>Total Commitments</b>		<b>368</b>	<b>228</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		368	228
<b>Total Payable</b>		<b>368</b>	<b>228</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		368	228
<b>Total Sources of Funding</b>		<b>368</b>	<b>228</b>

#### (b) Finance Lease Commitments

Nil

#### (c) Operating Lease Commitments (Non Cancellable)

Nil

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013    2012	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>(1,058)</u>	<b>-6.27%</b>	-1.88%	-8.27%
Total continuing operating revenue <sup>(1)</sup>	<b>16,861</b>			
(excl. Capital Grants & Contributions)				
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(less ALL Grants &amp; Contributions)</u>	<u>11,428</u>	<b>61.94%</b>	66.03%	40.65%
Total continuing operating revenue <sup>(1)</sup>	<b>18,449</b>			
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>4,601</u>	<b>1.19 : 1</b>	2.30	2.40
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>3,871</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>2,396</u>	<b>9.51</b>	12.17	6.83
Principal Repayments (from the Statement of Cash Flows)	<u>252</u>			
+ Borrowing Interest Costs (from the Income Statement)				
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>304</u>	<b>5.52%</b>	5.78%	7.63%
Rates, Annual and Extra Charges Collectible	<u>5,512</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>6,830</u>	<b>5.42</b>	7.04	1.02
Payments from cash flow of operating and financing activities	<u>1,260</u>			

## Notes

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

(2) Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

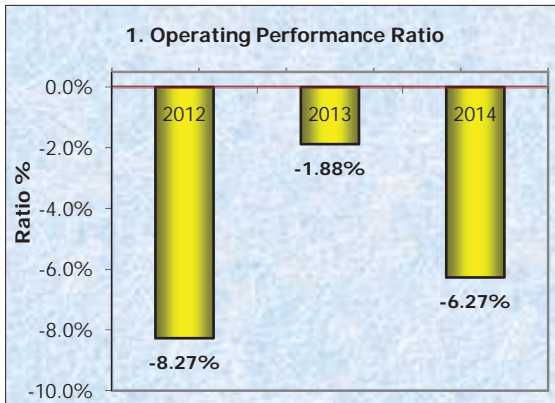
(3) Refer to Note 10(a).

(4) Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

# Uralla Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



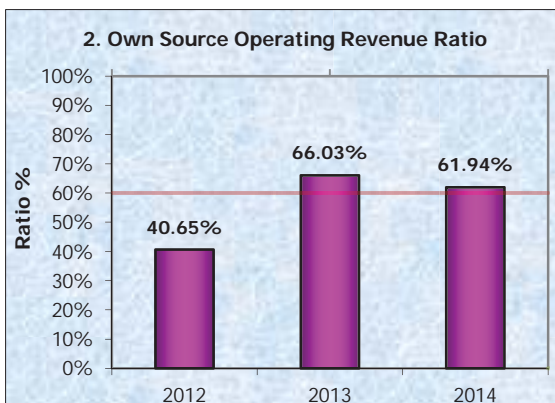
**Purpose of Operating Performance Ratio**

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

Commentary on 2013/14 Result	
<b>2013/14 Ratio</b>	<b>-6.27%</b>
The Tcorp benchmark for this measure is to be better than a deficit of 4%. The current year is 2.27% higher than the benchmark. This increase is attributed to higher expenditure primarily attributed to employee costs and insurance. Though council received higher capital income than last year this ratio excludes it from the calculation.	

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



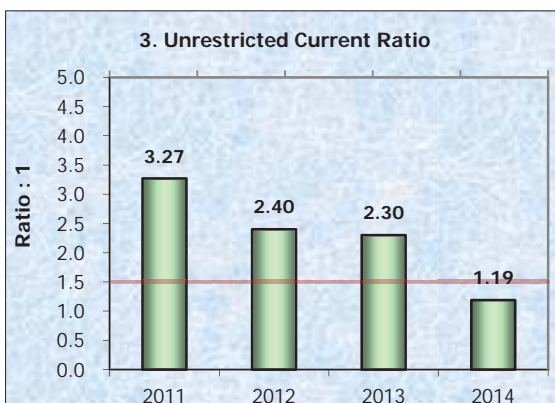
**Purpose of Own Source Operating Revenue Ratio**

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

Commentary on 2013/14 Result	
<b>2013/14 Ratio</b>	<b>61.94%</b>
The Tcorp benchmark for this measure is better than 60%. Council has adopted better accounting treatment of revenue and identification of revenue within the proper categories.	

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



**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 2013/14 Result	
<b>2013/14 Ratio</b>	<b>1.19 : 1</b>
The Tcorp benchmark for this measure is 1.50:1, council in 2014 is slightly lower than expected due to an increase in employee and insurance costs. The ratio for 2012 and 2013 have been adversely affected by the inclusion in current liabilities of two quarters of FAG grants.	

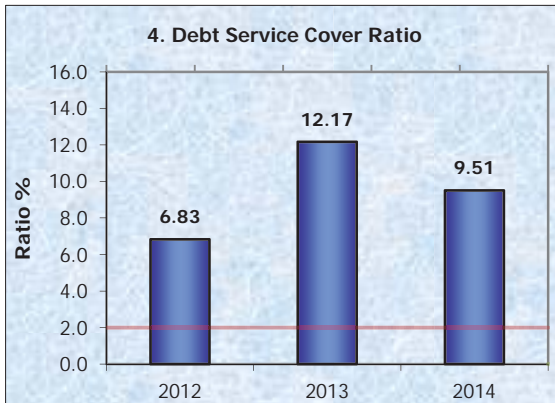
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

# Uralla Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



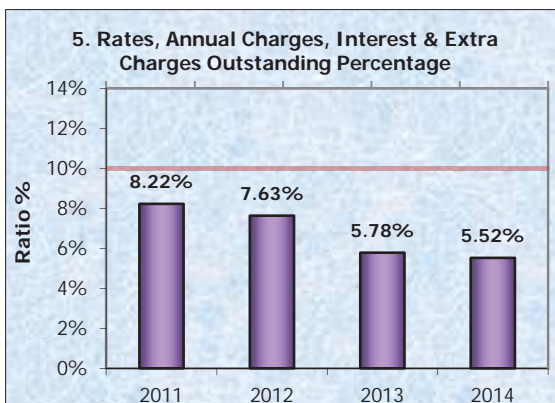
— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

**Purpose of Debt Service Cover Ratio**

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

Commentary on 2013/14 Result	
<b>2013/14 Ratio</b>	<b>9.51</b>
<p>The Tcorp benchmark for this measure is better than 2.0x, which is constantly exceeded by Uralla Shire Council. This is due to Council's decision to fund assets replacement, renewal and expansion from surpluses, grants and non cash depreciation and not incur inter-generational debt</p>	



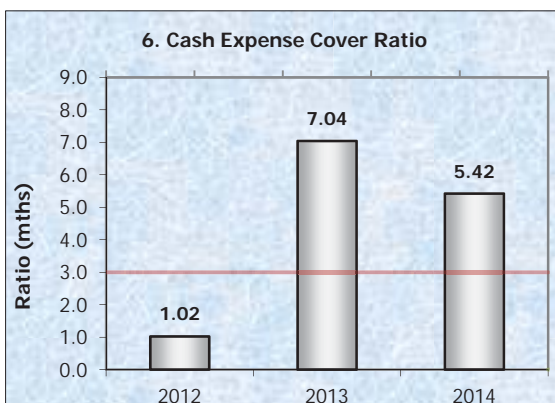
— Maximum 10.00%

Source for Benchmark: Office of Local Gov. - Comparative Information (10/11)

**Purpose of Rates & Annual Charges Outstanding Ratio**

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

Commentary on 2013/14 Result	
<b>2013/14 Ratio</b>	<b>5.52%</b>
<p>The outstanding ratio continues to improve from the high, during the NESAC management of council's finances, of 11.19 in 2009 towards councils historical 2.94% to 4.40% for the period 2001 to 2005. Council has a long term target of outstanding rates of 3%.</p>	



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

**Purpose of Cash Expense Cover Ratio**

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

Commentary on Result	
<b>2013/14 Ratio</b>	<b>5.42</b>
<p>The Tcorp benchmark is more than 3 months. The Uralla Shire Council has achieved this benchmark for the current year by continuing to reclassifying cash equivalents Term Deposits with maturity under 3 months rather than investment. Council maintains a rolling investment in Term Deposit of its surplus funds with even monthly maturities.</p>	

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2014	Sewer 2014	General <sup>5</sup> 2014
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions) - Operating Expenses	<b>7.07%</b>	<b>-7.52%</b>	<b>-7.06%</b>
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions)	prior period: -2.50%	10.95%	-2.39%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue (less ALL Grants & Contributions)	<b>98.44%</b>	<b>97.61%</b>	<b>58.63%</b>
Total continuing operating revenue (inclusive of Capital Grants & Contributions)	prior period: 97.89%	97.92%	62.78%
<b>3. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(2)</sup>	No Liabilities	No Liabilities	<b>1.19 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	prior period: No Liabilities	No Liabilities	2.30
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<b>0.00</b>	<b>0.00</b>	<b>7.75</b>
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	prior period: 0.00	0.00	10.42
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual and Extra Charges Outstanding	<b>8.70%</b>	<b>5.48%</b>	<b>5.27%</b>
Rates, Annual and Extra Charges Collectible	prior period: 10.54%	5.82%	5.43%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents including All Term Deposits	<b>18.34</b>	<b>37.52</b>	<b>3.83</b>
Payments from cash flow of operating and financing activities	prior period: 15.02	37.06	5.75

## 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 &amp; Sewer activities which are listed separately.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 14. Investment Properties

Council has not classified any Land or Buildings as "Investment Properties"

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

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

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 & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	5,830	6,631	5,830	6,631
Investments				
- "Held to Maturity"	1,000	1,500	1,000	1,500
Receivables	2,349	1,240	2,349	1,239
<b>Total Financial Assets</b>	<b>9,179</b>	<b>9,371</b>	<b>9,179</b>	<b>9,370</b>
<b>Financial Liabilities</b>				
Payables	3,465	2,761	3,465	2,761
Loans / Advances	1,349	1,456	1,349	1,456
<b>Total Financial Liabilities</b>	<b>4,814</b>	<b>4,217</b>	<b>4,814</b>	<b>4,217</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market value
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & 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 & liabilities

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & 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 & Investments.

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>2014</b>				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	68	68	(68)	(68)
<b>2013</b>				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	82	82	(82)	(82)

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (b) Receivables

Council's major receivables comprise **(i) Rates & Annual charges** and **(ii) User Charges & 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 & 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:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	67%	85%	58%	100%
Overdue	33%	15%	42%	
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	163	1,790	150	982
Past due by up to 30 days	-	143	-	-
Past due between 31 and 60 days	-	162	-	-
Past due between 61 and 90 days	-	(22)	-	-
Past due by more than 90 days	81	33	109	-
	<b>244</b>	<b>2,106</b>	<b>259</b>	<b>982</b>
<b>(iii) Movement in Provision for Impairment of Receivables</b>			2014	2013
Balance at the beginning of the year			1	50
- provision written off to Debtors this year			-	(49)
<b>Balance at the end of the year</b>			<b>1</b>	<b>1</b>



## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Payables & Borrowings

Payables & 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 & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & 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>2014</b>									
Trade/Other Payables	-	1,455	400	400	400	400	410	3,465	<b>3,465</b>
Loans & Advances	-	118	118	118	118	118	759	1,349	<b>1,349</b>
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,573</b>	<b>518</b>	<b>518</b>	<b>518</b>	<b>518</b>	<b>1,169</b>	<b>4,814</b>	<b>4,814</b>
<b>2013</b>									
Trade/Other Payables	-	766	375	375	375	375	495	2,761	<b>2,761</b>
Loans & Advances	-	118	118	118	118	118	867	1,457	<b>1,456</b>
<b>Total Financial Liabilities</b>	<b>-</b>	<b>884</b>	<b>493</b>	<b>493</b>	<b>493</b>	<b>493</b>	<b>1,362</b>	<b>4,218</b>	<b>4,217</b>

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	3,465	0.0%	2,761	0.0%
Loans & Advances - Fixed Interest Rate	1,349	7.3%	1,456	7.3%
	<u>4,814</u>		<u>4,217</u>	

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 24 June 2013.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act 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	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>5,340</b>	<b>5,155</b>	<b>(185)</b>	(3%)	<b>U</b>
<b>User Charges &amp; Fees</b>	<b>1,825</b>	<b>5,252</b>	<b>3,427</b>	188%	<b>F</b>
The funding of McMaugh Gardens (1.3Mil), Tablelands Community Transport and Bundarra Neighbour Aid Service 500K was included as Operating Grant income in the Original Budget. The funding has been determined to not be grants but Contract Service Fees under the contract with the State and Federal Department.					
<b>Interest &amp; Investment Revenue</b>	<b>494</b>	<b>299</b>	<b>(195)</b>	(40%)	<b>U</b>
Interest rates continue to fall. The average rate on term deposits for 2013-14 was 3.67%. This low rate was not reflected in the 2014 budget.					
<b>Other Revenues</b>	<b>666</b>	<b>722</b>	<b>56</b>	8%	<b>F</b>
<b>Operating Grants &amp; Contributions</b>	<b>7,165</b>	<b>5,433</b>	<b>(1,732)</b>	(24%)	<b>U</b>
As per 'User Charges & Fees', the original budget included funding for McMaugh Gardens, Tablelands Community Transport and Bundarra Neighbour Aid Services which was since determined to be User Charges, not Grant Income.					
<b>Capital Grants &amp; Contributions</b>	<b>1,739</b>	<b>1,588</b>	<b>(151)</b>	(9%)	<b>U</b>
<b>Net Gains from Disposal of Assets</b>	<b>-</b>	<b>77</b>	<b>77</b>	0%	<b>F</b>
Motor vehicles and plant were traded in or sold during the year. Gains or losses on disposal of assets are not included in the original budget					

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	8,121	8,198	(77)	(1%)	<b>U</b>
<b>Borrowing Costs</b>	103	145	(42)	(41%)	<b>U</b>
The unwinding of present value for landfill remediation of \$48,093 was not included in the original budget					
<b>Materials &amp; Contracts</b>	3,021	4,908	(1,887)	(62%)	<b>U</b>
Carry over road and bridge work in excess of \$1Mil plus additional works undertaken utilising contractors					
<b>Depreciation &amp; Amortisation</b>	3,751	3,309	442	12%	<b>F</b>
Residual values were applied to building and plant assets during the year which resulted in a lowering of depreciation costs					
<b>Other Expenses</b>	1,498	1,359	139	9%	<b>F</b>

\$ '000	2014 Budget	2014 Actual	2014 Variance* -----		
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>					
<b>Cash Flows from Operating Activities</b>	4,152	2,192	(1,961)	(47.2%)	<b>U</b>
Variances to cashflow from Operating activities is almost negated by variances below. Cashflow budget process is being refined.					
<b>Cash Flows from Investing Activities</b>	(4,147)	(3,305)	842	(20.3%)	<b>F</b>
Refer above					
<b>Cash Flows from Financing Activities</b>	-	312	312		<b>F</b>
Refer above					

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

**SUMMARY OF CONTRIBUTIONS & LEVIES**

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	282	12	-	11	-	-	305	56	(350)	11	-
Traffic Facilities	14	0	-	0	-	-	15	10	(24)	0	-
Community Facilities	57	1	-	2	-	-	61	21	(80)	2	-
Other	35	1	-	1	-	-	38	26	(58)	6	-
<b>S94 Contributions - under a Plan</b>	<b>389</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>418</b>	<b>113</b>	<b>(512)</b>	<b>20</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>389</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>418</b>				<b>-</b>
<b>Total Contributions</b>	<b>389</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>418</b>	<b>113</b>	<b>(512)</b>	<b>20</b>	<b>-</b>

Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

CONTRIBUTION PLAN - RURAL INVERGOWRIE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	54	3	-	2	-	-	59	56	(113)	2	
Traffic Facilities	14	0	-	0	-	-	15	10	(24)	0	
Community Facilities	57	1	-	2	-	-	61	21	(80)	2	
Other	30	1	-	1	-	-	33	26	(58)	1	
<b>Total</b>	<b>155</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>167</b>	<b>113</b>	<b>(275)</b>	<b>6</b>	<b>-</b>

CONTRIBUTION PLAN - RURAL

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	5	-	-	0	-	-	5	-	-	5	
<b>Total</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>

CONTRIBUTION PLAN - DCP ROAD MAINTENANCE ROYALTIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	229	8	-	9	-	-	246	-	(237)	9	
<b>Total</b>	<b>229</b>	<b>8</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>-</b>	<b>(237)</b>	<b>9</b>	<b>-</b>

## Uralla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & 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 for 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.

##### (i) Defined Benefit Superannuation Contribution Plans (continued)

The Local Government Superannuation Scheme - Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate since 1 July 2009 has been 190% of the member's contribution plus 1.25% of superable salary. Employees also make contributions to the fund.

Assets accumulate in the fund to meet the member's benefit, as defined in the Trust Deed, as they accrue. Favourable or unfavourable variations may arise should the experience of the Scheme differ from the assumptions made by the Scheme's actuary in estimating the Scheme's accrued benefits liability. The Scheme's liability for accrued benefits is determined by reference to expected future salary levels and by application of a market-based risk adjusted discount rate and relevant actuarial assumptions.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2014 was \$223,227. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period to 30 June 2014. However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 a deficit still exists.

Effective from 1 July 2014, employers are required to contribute additional contributions to assist in extinguishing this deficit.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

##### (i) Defined Benefit Superannuation Contribution Plans (continued)

The annual amount of additional contributions payable until the deficit is extinguished is \$92,801. The additional contributions remitted during the year is included in the total employer contributions set out in the beginning of this paragraph.

The share of the deficit that can be broadly attributed to Council as the employer as at 30 June 2014 was estimated to be in the order of \$371,204.

##### (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.

Statewide Mutual's Directors report that the scheme had accumulated surpluses at 30 June 2013 in all funds:

	2013	2012
Fidelity Guarantee Fund	1,434,211	1,660,087
Liability Fund	23,397,659	23,796,508
Property Fund	10,429,576	13,210,215

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

##### (iii) 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 had 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.

As of June 2013 the levy is discontinued subsequent to StateCover's assessment that current capital and future projections are adequate to meet StateCover's regulatory obligations and future liabilities.

Council is of the opinion that there is insufficient certainty of recovery of capital contributed to qualify for recognition of an asset. Capital contributions to date total \$107,828.94 comprising payments:

2004/2005	\$20,396
2005/2006	\$10,225
2006/2007	\$10,596
2007/2008	\$12,010
2008/2009	\$12,868
2009/2010	\$12,565
2010/2011	\$13,335
2011/2012	\$13,763
2012/2013	\$14,080
2013/2014	nil

##### (iv) Other Guarantees

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

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 18. Contingencies & 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) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

###### (iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

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

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

#### ASSETS NOT RECOGNISED:

###### (i) Land Under Roads

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

###### (ii) Infringement Notices/Fines

Fines and Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

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



## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

##### ASSETS NOT RECOGNISED: (continued)

##### (iii) FINANCIAL ASSETS

##### COLLATERALISED DEBT OBLIGATIONS (CDOs)

Council, together with a number of other local government authorities, is a party to a legal action funded by litigation funder IMF (Australia) Ltd, against Lehman Brothers Australia, the vendors / promoters of certain CDOs acquired by Council in previous years.

Council has a claim for losses of \$463,061.55 on Council's holdings during the Global Financial Crisis for the \$1,150,000 face value of Collateralised Debt Obligations held by Council in September 2007.

The basis of the action is breach of fiduciary duty by Lehman Brothers Australia directly leading to the losses incurred by Council.

The funding of the court action is under a funding agreement with the litigation funder, IMF (Australia) Ltd, who will receive 35% of the Resolution Sum less a sum for the notional admitted claim. The notional admitted claim is a calculated amount that Council would have received under the Deed of Corporation Arrangement (DOCA) for the distribution of \$42 million to claimants that was offered by the liquidators of Lehman Brothers Australia and refused in place of taking court action to recover the whole claim. Council's notional admitted claim is \$58,585.09.

With the collapse of Lehman Brothers International, the subsidiary Lehman Brothers Special Financing (LBSF) defaulted and a number of Swap Counterparty Securities were returned to the Trustees, Bank New York Mellon. In the normal course these amounts would have returned to the note-holders; as this was the case for the Federation CDO in October 2008. However, because court cases in the United Kingdom and the United States of America have different outcomes, the Trustees have held the securities for CDOs organised by LBSF until the differences have been resolved.

##### (iii) FINANCIAL ASSETS

##### COLLATERALISED DEBT OBLIGATIONS (CDOs) (continued)

Council had two CDOs affected by the Trustee holding the LBSF Swap Counter Party Securities. One instrument, Global Bank Note-Beryl Finance Limited, with a face value of \$100,000 was sold in late June 2011 for \$59,000 and settled in July 2011. The second CDO is Coolangatta-Zircon Finance Ltd, with a face value of \$250,000 was paid out on 26 February 2013 with an amount of \$247,438.45.

The litigation funder, IMF (Australia) Ltd, has agreed to fund an appeal against the liquidator of Lehman Brothers Asia determination to reject claims for losses on Lehman Brothers International products sold to Australian clients after Lehman Brothers' acquisition of Grange Securities. The Uralla Shire Council's claim is for the aforementioned loss on the Global Bank Note of \$41,000 (\$100,000 - \$59,000).

The outcomes of the court cases in Australia and Hong Kong and other legal actions pending against the Lehman companies and the rating agencies are not known as amount and date of finalisation, therefore the total amount of Council's recovery, if any, cannot be estimated as this time.

There has been no progress on the legal actions in the 2013-2014 financial year.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

##### ASSETS NOT RECOGNISED (continued):

##### (iv) CENTRAL NORTHERN LIBRARIES

The Uralla Shire Council is a member of the Central Northern Libraries Group.

This group operates under the Central Northern Library Regional Library Agreement renewed from 1 July 2010, administered by the Tamworth Regional Council on behalf of the six members.

From 1 July 2012, the Gwydir Shire Council has been admitted as a member of the Central Northern Regional Libraries. The Gwydir Shire Council will not be entitled to share in reserves which existed at 30 June 2012 (Clause 2 of the Variation of Central Northern Regional Library Regional Library Agreement 2012).

Clause 7.1 of the Agreement states  
"Tamworth Regional Council shall own the assets acquired from Central Northern Regional Library's budget subject to the 'reimbursement rights' held by each of the Delegating Councils as provided by this clause."

Clause 7.3 states  
"Upon the termination of this agreement, a proportion of the assets identified in the asset register shall be distributed to the Delegating Councils. The method for determining the asset distribution to each Delegating Council is specified in Schedule 4 of this Agreement."

Schedule 4 determines that the distribution of the net assets shall be apportioned in the ratio of the contributions made in the three preceding years or the current life of the existing agreement.

The net assets of the Central Northern Regional Library at 30 June 2014 balance were not available.

##### (iv) CENTRAL NORTHERN LIBRARIES (continued)

The net assets of the Central Northern Regional Library at 30 June 2013 balance were \$966,030 with a Surplus from Ordinary Activities of \$162,629 for the 2012/2013 year.

The percentage of contribution and share of net assets for the Uralla Shire Council is 7.2%.

##### (v) RURAL FIRE FIGHTING ASSETS

Council has title to, and is the registered owner of 25 vehicles including 6 category 1 and 2 rural fire appliances and associated rural fire fighting equipment.

These assets are under the control of the Rural Fire Services to enable that authority to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have been recognised in these reports as assets (Significant Accounting Policy 6.2 – Note 1).

In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 19. Controlled Entities, Associated Entities &amp; Interests in Joint Ventures

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		63,841	66,825
a. Correction of Prior Period Errors	20 (c)	-	(2,998)
d. Net Operating Result for the Year		607	14
<b>Balance at End of the Reporting Period</b>		<b>64,448</b>	<b>63,841</b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		231,190	230,199
<b>Total</b>		<b>231,190</b>	<b>230,199</b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		230,199	239,146
- Revaluations for the year	9(a)	991	(384)
- Correction of Prior Period Errors	20(c)	-	(8,563)
<b>- Balance at End of Year</b>		<b>231,190</b>	<b>230,199</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>231,190</b>	<b>230,199</b>
<b>(iii) Nature &amp; Purpose of Reserves</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
Council made no correction of errors during the current reporting period.			
<b>Correction of errors as disclosed in last year's financial statements:</b>			
- Error in calculation of ELE provision at 30 June 2012 for prior years			
- Remove roads taken up in revaluation of roads in 2009/2010 financial year when Uralla Shire Council was a member of NESAC. This road is related to Guyra Shire Council, not Uralla. Given the adjustment related to prior 2011/2012, the Revaluation Reserve has been adjusted.			
		-	(8,563)
Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/12 (the closing date for the comparative figures in last year's report).			
As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/12 to reflect the correct value of accumulated depreciation;			
- Under depreciation of Building in prior years			
		-	(3,468)
- Over depreciation of Other Structures in prior years			
		-	285
- Over depreciation of Regional Rural Roads in prior years			
		-	185
This adjustment resulted in a net increase / (decrease) in Council's Accumulated Surplus as at 30/6/12.			
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/12			
		-	(11,561)
(relating to adjustments for the 30/6/12 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/13			
		-	-
(relating to adjustments for the 30/6/13 year end)			
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>-</b>	<b>(11,561)</b>

#### (d) Voluntary Changes in Accounting Policies

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

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 21. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	368	511	4,276
User Charges & Fees	525	13	4,714
Interest & Investment Revenue	46	49	204
Other Revenues	6	-	716
Grants & Contributions provided for Operating Purposes	17	13	5,403
Grants & Contributions provided for Capital Purposes	-	-	1,588
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	77
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>962</b>	<b>586</b>	<b>16,978</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	378	256	7,564
Borrowing Costs	-	-	145
Materials & Contracts	304	162	4,442
Depreciation & Amortisation	212	211	2,886
Other Expenses	-	-	1,359
<b>Total Expenses from Continuing Operations</b>	<b>894</b>	<b>629</b>	<b>16,396</b>
<b>Operating Result from Continuing Operations</b>	<b>68</b>	<b>(43)</b>	<b>582</b>
 <b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	 68	 (43)	 (1,006)

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

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

## Uralla Shire Council

## Notes to the Financial Statements

as at 30 June 2014

## Note 21. Financial Result &amp; Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	1,044	1,310	3,476
Investments	-	-	1,000
Receivables	337	37	1,975
Inventories	-	-	197
Other	-	-	117
<b>Total Current Assets</b>	<b>1,381</b>	<b>1,347</b>	<b>6,765</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	-
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	18,337	6,606	269,465
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>18,337</b>	<b>6,606</b>	<b>269,465</b>
<b>TOTAL ASSETS</b>	<b>19,718</b>	<b>7,953</b>	<b>276,230</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	-	-	3,465
Borrowings	-	-	112
Provisions	-	-	2,560
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>6,137</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	-	-	1,237
Provisions	-	-	889
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>2,126</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>8,263</b>
<b>Net Assets</b>	<b>19,718</b>	<b>7,953</b>	<b>267,967</b>
<b>EQUITY</b>			
Retained Earnings	8,501	5,319	50,628
Revaluation Reserves	11,217	2,634	217,339
<b>Total Equity</b>	<b>19,718</b>	<b>7,953</b>	<b>267,967</b>

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

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

## Uralla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 22. "Held for Sale" Non Current Assets & Disposal Groups

---

\$ '000

---

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

#### Note 23. Events occurring after the Reporting Date

---

Events that occur between the end of the reporting period (ending 30 June 2014) 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 31/10/14.

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 2014.

**(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

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

#### Note 24. Discontinued Operations

---

Council has not classified any of its Operations as "Discontinued".

#### Note 25. Intangible Assets

---

Intangible Assets represent identifiable non-monetary asset 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.

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 26. Reinstatement, Rehabilitation &amp; 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	
		2014	2013
Landfill Remediation	2029	830	782
<b>Balance at End of the Reporting Period</b>		<b>830</b>	<b>782</b>

10(a)

Under AASB 116 - Property, Plant & 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.

In November 2013 Council received an independent assessment of Uralla Landfill (Logicus Environmental Management) as at 30 June 2013. Lifespan estimates of 45 years proved to be incorrect with the study revealing that the landfill will be full by 2029 if the landfill continues to operate in the same way. The lifespan is therefore revised to 17 years. Council is currently reviewing its compaction options to extend life expectancy. The report estimated cover cost provision is \$783,918 at 30 June 2013 under current operating processes.

**Reconciliation of movement in Provision for year:**

Balance at beginning of year	782	730
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	48	52
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>830</b>	<b>782</b>

**Amount of Expected Reimbursements**

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.



## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### 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
- Investment Property
- Financial Assets & 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 & recognised at fair values:**

2014	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>Infrastructure, Property, Plant &amp; Equipment</b>					
Capital Works in Progress	30/6/14	-	-	-	-
Plant & Equipment	30/6/14	-	-	3,828	3,828
Office Equipment	30/6/14	-	-	158	158
Furniture and Fittings	30/6/14	-	-	318	318
Operational Land	30/6/14	-	-	1,360	1,360
Community Land	30/6/14	-	-	1,631	1,631
Land Improvements - non depreciable	30/6/14	-	-	17	17
Buildings- Non Specialised	30/6/14	-	-	17,333	17,333
Other Structures	30/6/14	-	-	823	823
Sealed Road Structure	30/6/14	-	-	57,818	57,818
Unsealed Roads	30/6/14	-	-	3,771	3,771
Bridges	30/6/14	-	-	18,658	18,658
Footpaths	30/6/14	-	-	688	688
Bulk Earthworks	30/6/14	-	-	163,907	163,907
Stormwater Drainage	30/6/14	-	-	2,065	2,065
Water Supply Network	30/6/14	-	-	14,209	14,209
Sewerage Network	30/6/14	-	-	6,346	6,346
Heritage Collection	30/6/14	-	-	90	90
Other Assets	30/6/14	-	-	36	36
Tip Assets	30/6/14	-	-	684	684
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>293,740</b>	<b>293,740</b>

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

##### (2) Transfers between Level 1 & 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.

##### (3) Valuation techniques used to derive Level 3 Fair Values

###### Property, Plant & Equipment, Furniture & Fittings

Councils Plant & Equipment, Furniture and Fittings incorporates:

Major Plant - trucks, tractors, graders, rollers and excavators  
 Fleet Vehicles - cars, vans, utes etc.  
 Minor Plant - chainsaw, brush cutters, mowers, concrete mixers.  
 Furniture and Fittings - desks, chairs, display system.  
 Office Equipment - computers, monitors, projectors, laptops

Plant equipment, office equipment and furniture & fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount reflects the fair value of the asset due to the nature of the items as shown above

The unobservable Level 3 inputs used include:

Pattern of Consumption  
 Useful Life  
 Asset Condition  
 Residual Value  
 Gross Replacement Cost

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

###### Land - Operational Land

Council's "Operational" land by definition has no special restriction other than those that may apply to any parcel of land. Fair value for operational land is obtained from an external valuer every 5 years.

Last valuation was conducted in 2013 using Level 3 Inputs

Generally, fair value is the most advantageous price reasonably obtained by the seller and the most advantageous price reasonably obtained by buyer. This is not necessarily the market selling price of the asset rather, the maximum value that Council would rationally pay to acquire the asset, taking into account quoted market price in an active and liquid market, current market price of similar asset, cost of replacing an asset.

Criteria for this include: Land description and dimensions, planning and other constraints on development and the potential for alternative use (Valued by Martin Burns, Liquid Pacific Pty Ltd 2012/2013).

The unobservable Level 3 inputs used include:

Rates per Square Metre  
 Description of Land

The 'Market Approach' is used to value operational land. There has been no change to the valuation process during the reporting period.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive Level 3 Fair Values (continued)

##### Land Improvements

Land Improvement are repairs to the dam located at The Glen on New England Highway and a small piece of land at the Sewerage Works. Values are determined based on actual cost of construction and maintenance.

Any infrastructure constructed on improved land is separately valued.

Council carries fair value of land reserves using Level 3 Inputs

The unobservable Level 3 inputs used include:

Useful Life	Residual Value
Asset Condition	Gross Replacement Cost

The cost approach is used to value the land improvements. There has been no change to the valuation process during the reporting period.

##### Land - Community Land

Council's "Community" Land (including owned by Council, The Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed or dedication under section 94 of the EPA Act 1979). This gives rise to the restriction in the Act, intended to preserve the qualities of the land. Community land is valued at Valuer General unimproved capital value (UCV) which takes into account highest and best use values.

Community Land:

Cannot be sold

Cannot be leased, licensed, or any other estate granted over the land for more than 21 years

Must have a plan for management of it.

##### Buildings - Non Specialised

Council buildings includes Libraries, Public Amenities, Sporting Club, Kiosks and Amenities, Depot Building and Workshops, McMaughs Aged Care Centre, Community Centre, Visitor Information Centre, Pre School, SES Shelter and others. Council carries fair value buildings using level 3 inputs. Valuations were carried out by external valuers - Liquid Pacific Holdings Pty Ltd in 2013 using the cost approach.

This approach estimates the replacement cost for each building by componentising the building into significant parts with different useful life and taking into account a range of factors.

Buildings are valued by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost. These rates are derived from substantial analysis of construction costs by Council's valuer (Valued by Martin Burns, Liquid Pacific Pty Ltd 2012/2013). Each building is assigned a residual value. Further improvements could be achieved by componentising buildings.

The unobservable Level 3 inputs used include:

Pattern of Consumption	Future Economic Benefit
Useful Life	Residual Value
Asset Condition	Remaining useful life

The cost approach is used to value the Buildings. There has been no change to the valuation process during the reporting period.

## Uralla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

##### (3) Valuation techniques used to derive Level 3 Fair Values (continued)

###### Infrastructure - ROADS

This asset class comprises the Road Carriageway, Bus Shelter, Car Parks, Guardrails, Kerb and Gutter, Suburb Markers, and Traffic Facilities.

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter and would include any paved markers parking places along roadside.

Council's Asset Management System include condition assessment data for a 5 year cycle on sealed roads and routine inspections of unsealed roads. Asset condition carried out by AST in June 2014 for sealed roads. Council has a per square metre rate for rehabilitation of roads.

The current replacement cost for roads asset class has been derived from Australian Institute of Quantity Surveyors, NSW References Rates Manual, Rawlinson's (Australian Construction Handbook), and SMEC report of 2008 AST Assessment and recently completed projects in the region at the time of the valuation and valued by AST Road Assessment in 2014. Roads are componentised into road pavement and road seal assets, with pavements split into sealed and unsealed road pavements. A distinction is also made between road pavements on various soil types. Council has increased significantly the amount of available information on its road network but still lacks some historical information such as rehabilitation dates for components such as road seals and pavements. Other information that is currently being sourced includes traffic volumes, more accurate dimensions and topography information, and better information on soil types.

Council fair values road infrastructure assets using Level 3 inputs at a component level.

The Cost Approach is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council Asset System. The unobservable Level 3 inputs used include:

Pattern of Consumption Useful Life and Residual Value	Asset Condition Gross Replacement Cost	Remaining useful life
--	---	-----------------------

The cost approach is used to value the Roads (Sealed and Unsealed). There has been no change in valuation technique from prior year

###### Infrastructure- Footpaths

A footpath is defined as all footways (including those shared with a cycleway) sealed or non-sealed. Council has specification for dimensions of cycleway and pathways. A full assessment was conducted in 2008 by New England Strategic Alliance of Councils staff. Inspections by Uralla Council staff carried out on a 6 monthly basis to comply with insurance protocols. Current replacement costs are based on recent works in King Street, Uralla and Bendemeer Street, Bundarra.

Councils fair values, footpaths, (non componentised) using Level 3 inputs

Pattern of Consumption Useful Life Asset Condition Future Economic Benefit Remaining useful life
--

The cost approach is used to value the Footpaths. There has been no change to the valuation process during the reporting period.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive Level 3 Fair Values (continued)

##### Infrastructure - Stormwater Drainage

Council's Drainage Assets comprises pits, culverts, open channels, headwalls and various type of water quality devices used to collect, store and remove stormwater. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. Council has adopted useful life of 60 years for its stormwater drainage assets.

Condition assessment for all stormwater drainage was carried out in 2012, additionally physical inspection of one of council's major lines in Plane Avenue, Uralla was carried out in 2014 by the Bridge/Culvert work gang. All systems have been assessed as being satisfactory or better. Council carries fair value drainage assets (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful Life and Residual Value
- Asset Condition
- Gross Replacement Cost
- Remaining useful life

The cost approach is used to value the Stormwater Drainage. There has been no change in valuation technique from prior year

##### Infrastructure-Sewerage Network

Council's Sewerage Network consist of Sewer pipes, pump stations, treatment plant, telemetry system, manholes. Council carries fair values Sewerage Network Assets (non - componentised) using Level 3 inputs.

Current replacement costs for sewer assets have been derived by utilizing Rawlinson Rates and NSW Office of Water Revenue rates, unit costs and lump sums. Council engaged a highly qualified and experienced engineer to undertake a revaluation of its sewer assets in 2012-2013. 100% of above ground infrastructure was inspected. Council identifies 10 critical mains section each year for inspection; selection is based on the log of overflows, leakages or complaints. Data limitations therefore exist based upon sampling of inspections, lack of historical maintenance and complaint data. All asset components were assigned a residual value, useful life and remaining useful life, and were conditioned rated at time of valuation, with the condition rating determining the remaining useful life. A physical inspection of ground level assets was conducted and photographic evidence, including use of video, was collected of manholes and mains to support condition assessments.

The unobservable Level 3 inputs used include:

- Useful Life
- Asset Condition
- Future Economic Benefit
- Remaining useful life

The cost approach is used to value the Sewerage Network. There has been no change to the valuation process during the reporting period.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive Level 3 Fair Values (continued)

##### Other Assets

Council's other assets comprise of Heritage Collections - Thunderbolts Painting and other miscellaneous assets. A valuation of the collection of Thunderbolts paintings was undertaken by A.N.G Art Consulting in August 2011 providing a reasonable estimate of the replacement value of each work based on current market prices for similar works by the same artist. Council carries fair values of other assets using level 3 inputs. The unobservable Level 3 inputs used include:

##### Pattern of Consumption

- Useful Life and Residual Value
- Asset Condition
- Gross Replacement Cost
- Remaining useful life

The cost approach is used to value the Other Assets. There has been no change in valuation technique from prior year

##### Landfills Assets - Reinstatement, Rehabilitation and Restoration Liabilities

See note 26 for details of Uralla Landfill asset.

Values are estimates of rehabilitation costs, and these included capping of landfill, revegetation, safety fencing and other associated restoration works. The forecast increase in cost of remediation of landfill have been based on independent assessment.

Unobservable Level 3 inputs include:

- Unit rates
- Useful Life
- Asset Condition - dimensions and specifications
- Future Economic Benefit

##### Infrastructure- Bridges

Council has 44 bridges/major culverts on local roads and 30 bridges/major culverts on regional roads. Of these, only three bridges are timber:

Local:

Enmore Road - Salisbury Waters Bridge

Gostwyck Road - Munsies Bridge

Regional:

Thunderbolts Way - Abington Creek Bridge

The three timber bridges have been inspected by LGES Pty Ltd in 2012/2013. All identified repair works have been carried out. The biannual inspection will again be carried out in 2014/2015. An annual pest control program is also in place. All Council non-timber bridges are inspected by Council's qualified inspectors on a biannual program next due in 2014/2015. The replacement costs have been upgraded utilising unit costs from the replacement of the superstructure of Torryburn Low Level bridge in 2013/2014, Purlieu Bridge in 2012/2013 and the new construction in progress at Emu Crossing Bridge. No bridges have weight limits in place.

## Uralla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

##### (3) Valuation techniques used to derive Level 3 Fair Values (continued)

###### Infrastructure- Bridges (continued)

Bridges are componentised into bridges and major culverts, and culverts and drainage assets include both pits and pipes. All asset components are assigned residual values at the time of valuation conducted by AST roads assessment in 2014. A table summary including length is outlined below.

	Concrete/Steel	Timber
Regional Roads		
No. Of Bridges		
Overall Deck Area	6770m2	126m2
Local Roads		
No. Of Bridges		
Overall Deck Area	5088m2	449m2

The unobservable Level 3 inputs used include:

Pattern of Consumption Useful Life and Residual Value	Gross Replacement Cost Remaining useful life	Asset Condition
--	---	-----------------

The cost approach is used to value the Bridges. There has been no change in valuation technique from previous years.

###### Infrastructure- Bulk Earthworks

Council Bulk Earthworks consists of cuttings, fill and levelling of earth and rocks. Last valuation conducted by Snowy Mountain Engineering Corporation in 2008. Currently using unit rate based on Condition Assessment.

The unobservable Level 3 inputs used include Unit Rates & Asset Condition.

The cost approach is used to value the Bulk Earthworks. There has been no change in valuation technique from prior years.

###### Infrastructure- Water Supply Network

Council's Water Network consist of Water pipes, pump stations, treatment plant, telemetry system and reservoirs Council carries fair value Water Supply Network Assets (non-componentised) using Level 3 inputs.

Current replacement costs for water assets have been derived by utilizing Rawlinson Rates and NSW Office of Water references rates, unit costs and lump sum. Council engaged an engineer to undertake a revaluation of water assets in 2012-2013. Physical inspections were carried out with photographic evidence collected to support condition ratings. 100% of above ground infrastructure was inspected. Council identifies 10 critical mains sections each year for inspection; selection is based on the log of overflows, leakages or complaints. Data limitations therefore exist due to lack of records of historical maintenance and inspection and sampling of inspections. All asset components are assigned a residual value, useful life and remaining useful life, and were conditioned rated at time of revaluation, with the condition rating determining the useful life.

The unobservable Level 3 inputs used include:

Pattern of Consumption Useful Life	Asset Condition Future Economic Benefit	Remaining useful life
---------------------------------------	--	-----------------------

The cost approach is used to value the Water Network. There has been no change in valuation technique from prior years

## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## 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.

	Operational Land	Community Land	Land Improve- ments	Building Non- Specialised	Total
<b>Opening Balance - 1/7/12</b>	3,102	666	17	16,793	20,578
Transfers from/(to) another asset class	(1,742)	965	-	1,799	1,022
Transfers from/(to) Level 2	-	-	-	-	-
Adoption of AASB 13	-	-	-	-	-
Additions	-	-	-	21	21
Depreciation	-	-	-	(262)	(262)
<b>Closing Balance - 30/6/13</b>	<b>1,360</b>	<b>1,631</b>	<b>17</b>	<b>18,351</b>	<b>21,359</b>
Transfers from/(to) another asset class	-	-	-	52	52
Purchases (GBV)	-	-	-	22	22
Depreciation & Impairment	-	-	-	(267)	(267)
<b>Closing Balance - 30/6/14</b>	<b>1,360</b>	<b>1,631</b>	<b>17</b>	<b>18,158</b>	<b>21,166</b>

	Sealed Roads	Unsealed Roads	Bridges	Footpaths	Total
<b>Opening Balance - 1/7/12</b>	60,677	4,409	18,541	722	84,349
Transfers from/(to) another asset class	(3,498)	-	172	-	(3,326)
WDV of Asset Disposal	-	-	(59)	-	(59)
Adoption of AASB 13	-	-	-	-	-
Additions	1,491	-	131	-	1,622
Depreciation	(1,496)	(319)	(263)	(17)	(2,095)
<b>Closing Balance - 30/6/13</b>	<b>57,174</b>	<b>4,090</b>	<b>18,522</b>	<b>705</b>	<b>80,491</b>
Transfers from/(to) another asset class	933	-	404	-	1,337
Purchases (GBV)	1,291	-	-	-	1,291
Depreciation & Impairment	(1,580)	(319)	(268)	(17)	(2,184)
<b>Closing Balance - 30/6/14</b>	<b>57,818</b>	<b>3,771</b>	<b>18,658</b>	<b>688</b>	<b>80,935</b>



## Uralla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

**(4). Fair value measurements using significant unobservable inputs (Level 3)** (continued)**a. The following tables present the changes in Level 3 Fair Value Asset Classes.** (continued)

	Bulk Earthworks (non depreciable)	Stormwater Drainage	Water Supply Network	Sewerage Network	Total
<b>Opening Balance - 1/7/12</b>	167,643	2,125	17,600	7,601	194,969
Transfers from/(to) another asset class	(4,662)	-	-	-	(4,662)
Revaluations Decrements	-	-	(3,497)	(1,056)	(4,553)
Additions	458	-	101	7	566
Depreciation	-	(30)	(247)	(179)	(456)
<b>Closing Balance - 30/6/13</b>	<b>163,439</b>	<b>2,095</b>	<b>13,957</b>	<b>6,373</b>	<b>185,864</b>
Transfers from/(to) another asset class	340	-	-	-	340
Purchases (GBV)	128	-	47	4	179
Depreciation & Impairment	-	(30)	(181)	(204)	(415)
FV Gains - Other Comprehensive Income	-	-	387	173	560
<b>Closing Balance - 30/6/14</b>	<b>163,907</b>	<b>2,065</b>	<b>14,210</b>	<b>6,346</b>	<b>186,528</b>

	Other Assets	Tip Assets	Plant and Equipment	WIP	Total
<b>Opening Balance - 1/7/12</b>	124	274	3,986	398	4,782
Transfers from/(to) another asset class	-	-	115	(396)	(281)
WDV of Asset Disposal	-	-	(209)	-	(209)
Revaluations Decrements	-	-	(33)	-	(33)
Additions	8	-	947	841	1,796
Depreciation	(3)	(10)	(910)	-	(923)
<b>Closing Balance - 30/6/13</b>	<b>129</b>	<b>264</b>	<b>3,896</b>	<b>843</b>	<b>5,132</b>
Transfers from/(to) another asset class	-	-	-	(1,730)	(1,730)
Purchases (GBV)	-	431	1,050	1,554	3,035
Disposals (WDV)	-	-	(123)	-	(123)
Depreciation & Impairment	(3)	(11)	(521)	-	(535)
<b>Closing Balance - 30/6/14</b>	<b>126</b>	<b>684</b>	<b>4,302</b>	<b>667</b>	<b>5,779</b>

## Uralla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## 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 (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment	3,828	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value	Various, UL 5- 10 years, RV 0-20%	Any changes in the gross replacement value, asset condition or useful life will have impact on fair value.
Office Equipment	158	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value	Various, UL 5- 10 years, RV 0%	Any changes in the gross replacement value, asset condition or useful life will have impact on fair value.
Furniture and Fittings	318	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value		Any changes in the gross replacement value, asset condition or useful life will have impact on fair value.
Operational Land	1,360	Level 3	Price per square metre, local property prices, alternative use	\$80sqm	The rate per square metre changes will increase or decrease the fair value of the Operational land, as will fluctuations in property pricing
Community Land	1,631	Level 3	NSW Valuer Generals Valuations (Unimproved Capital Value)	Per Value General	Any change in the average unimproved capital value will increase or decrease the fair value of the Community Land
Land Improvements	17	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value and Asset Condition	Varies Significantly from asset to asset, 25-100 years, RV 40- 80%, Condition Very Poor to Excellent	Any changes in the gross replacement value, asset condition or useful life will have impact on fair value.

## Uralla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## 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.

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Buildings- Non Specialised	18,156	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value and Asset Condition	Varies Significantly from asset to asset, UL 20- 100 years, RV 0-80% and Condition Very poor to excellent	Any changes in the gross replacement value, asset condition or useful life will have impact on fair value.
Roads	61,589	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value and Asset Condition	Varies Significantly from asset to asset, UL 2-50 years, RV 0- 100% and Condition Very poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of roads
Footpaths	688	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value and Asset Condition	Varies Significantly from asset to asset, UL 20- 50 years, RV 10-40% and Condition Very poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of footpaths.
Stormwater Drainage	2,065	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value and Asset Condition	Varies Significantly from asset to asset, UL 20- 80 years, RV 0- 40% and Condition Very poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of Stormwater Drainage.

## Uralla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## 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.

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Sewerage Network	6,346	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value and Asset Condition	Varies Significantly from asset to asset, UL 20-80 years, RV 0-40% and Condition Very poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of Sewerage Network.
Other Assets	126	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value and Asset Condition	Varies Significantly from types of assets, UL (minor) 0-10 yrs, RV 0-20% and condition based	Changes in deterioration of art work will lead to change in fair value. Condition of minor assets and replacement cost will affect fair value.
Tip Assets	684	Level 3	Discounted Future Cash Flow, Unit Costs and CPI. Changes to regulations	Depending on interest and inflation rates	Any changes in the future estimates and discount rates, unit costs and CPI will have an impact on fair value of Tip. Changes to the EPA and other State regulations will impact the level of restoration required.
Bridges	18,658	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value and Asset Condition	Varies Significantly from asset to asset, UL - Timber 0-30% and Concrete 0-100%. RV- Nil, Asset Condition Satisfactory to Good	Any changes in the gross replacement value, asset condition or useful life will have impact on fair value.
Bulk Earthworks	163,907	Level 3	Asset Condition, Unit Rates	Varies Significantly from complex assets network. Non Depreciable and Infinite Life Span	Changes in the asset condition and unit rate will have an impact on the fair value.

## Uralla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### 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.

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Water Supply Network	14,209	Level 3	Gross Replacement Cost, Remaining Useful Life, Residual Value and Asset Condition	Varies Significantly from asset to asset, UL 20-80 years, RV 0-40% and Condition poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of Water Network.

##### c. The Valuation Process for Level 3 Fair Value Measurements

The valuation techniques prescribed by AASB 13 can be summarised as :

Cost approach - Valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost).

Income approach - Valuation technique that converts future amounts (cash inflow /outflows) to signal the current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

Market approach - Valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

For the purpose of level 3 fair value measurement a Cost Approach was used for most assets except Land - Operational and Community where a market approach is required. The inputs used for this technique are:

Pattern of consumption

Residual Value  
Asset Condition  
Useful Life  
Unit Rates

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

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

## Uralla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 28. Council Information & Contact Details

---

**Principal Place of Business:**

32 Salisbury Street  
Uralla NSW 2358

**Contact Details****Mailing Address:**

PO Box 106  
Uralla NSW 2358

**Opening Hours:**

Monday - Friday 8.30am to 4.30pm

**Telephone:** 02 6778 6300

**Facsimile:** 02 6778 6349

**Internet:** <http://www.uralla.nsw.gov.au/>

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

**Officers****GENERAL MANAGER**

Mr Damien Connor

**RESPONSIBLE ACCOUNTING OFFICER**

Mrs Rosemary Strobel

**PUBLIC OFFICER**

Mrs Jane Michie

**AUDITORS**

Forsyths Chartered Accountants  
PO Box 114  
Armidale NSW 2350

**Elected Members****MAYOR**

Cr Michael Pearce

**COUNCILLORS**

Cr R Crouch  
Cr K Ward  
Cr I Strutt  
Cr F Geldof  
Cr L Cooper  
Cr M Dusting  
Cr D Field  
Cr K Dusting

**Other Information**

**ABN:** 55 868 272 018

**Armidale**

92 Rusden Street  
PO Box 114  
Armidale NSW 2350

**p** +61 2 6773 8400  
**f** +61 2 6772 9957  
**e** armidale@forsyths.com.au

Forsyths Business Services Pty Ltd  
ABN 66 182 781 401

**INDEPENDENT AUDIT REPORT**  
**Report on the general purpose financial statements**

**To Uralla Shire Council**

**SCOPE**

The financial statements comprise the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the Statement by Councillors and Management in the approved form as required by Section 413(2)(C) of the *Local Government Act 1993* for Uralla Shire Council (the Council), for the year ended 30<sup>th</sup> June 2014.

***Councils' responsibility for the financial statements***

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1993* and regulations and the Local Government Code of Accounting Practice and Financial Reporting (Code 21). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's responsibility***

Our responsibility is to express an opinion on the financial statements to the Council based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Audit Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements is free from material misstatement. Our audit responsibility does not extend to the Original Budget figures included in the Income Statement and Cash Flow Statement and the Original Budget disclosures in Notes 2 and 16 and accordingly, we express no opinion on them.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

**Knowledge with integrity**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **INDEPENDENCE**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

## **AUDIT OPINION**

In our opinion, except for the effects on the financial statements of the matters referred to in the section titled Basis for Qualified Auditor's Opinion above:

- (a) the accounting records of the Council have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13 part 3 Division 2; and:
- (b) the financial statements:
  - (i) have been prepared in accordance with the requirements of this Division;
  - (ii) are consistent with the Council's accounting records;
  - (iii) presents fairly, in all material respects, the Council's financial position as at 30<sup>th</sup> June 2014 and the results of its operations for the year then ended; and
  - (iv) are in accordance with applicable Australian Accounting Standards and the Local Government (General) Regulations 2005.
- (c) we have been able to obtain all information relevant to the conduct of our audit; and
- (d) no material deficiencies in the records or the financial statements were detected in the course of the audit.

*Forsyths*

***Forsyths Business Services Pty Ltd***

*P.R. Cornall*

**Paul Cornall**  
Principal

31<sup>st</sup> October 2014  
92 Rusden Street Armidale



31 October 2014

The Mayor  
Uralla Shire Council  
PO Box 106  
URALLA 2358

**Armidale**

92 Rusden Street  
PO Box 114  
Armidale NSW 2350

*p* +61 2 6773 8400

*f* +61 2 6772 9957

email - [armidale@forsyths.com.au](mailto:armidale@forsyths.com.au)

Forsyths Business Services Pty Ltd  
ABN 66 182 781 401

Dear Sir

**AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

We are pleased to report that we have completed the audit of Council's financial statements and records for the year ended 30 June 2014 and have reported on the general purpose financial statements and special purpose financial statements as required by the provisions of Section 417(2) of the *Local Government Act 1993*.

Under Section 417(3) of the *Local Government Act 1993* we are also required to report on the conduct of the audit.

***Council's responsibilities***

The Council is responsible for preparing the financial statements which give a true and fair view of the financial position and performance of the Council, and comply with Accounting Standards in Australia, in accordance with the *Local Government Act 1993*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

***Audit Objectives***

We have conducted an independent audit of the financial statements in order to express an opinion on them to the Council. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement.

Our audit responsibility does not extend to the Original Budget figures included in the Income Statement, Statement of Cash Flows and the Original Budget disclosures in Notes 2 and 16 and accordingly, we express no opinion on them.

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

Page 1



We performed procedures to assess whether in all material respects the financial statements present fairly, in accordance with the *Local Government Act 1993*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial statements. These and other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the Council.

We have issued our unqualified audit opinion on the basis of the foregoing comments.

#### ***Matters Relating to the Electronic Presentation of the Audited Financial Statements***

This auditor's report relates to the financial statements of Uralla Shire Council for the year ended 30 June 2014 included on Council's web site. Council is responsible for the integrity of its web site. We have not been engaged to report on the integrity of the Council's web site. The auditor's report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

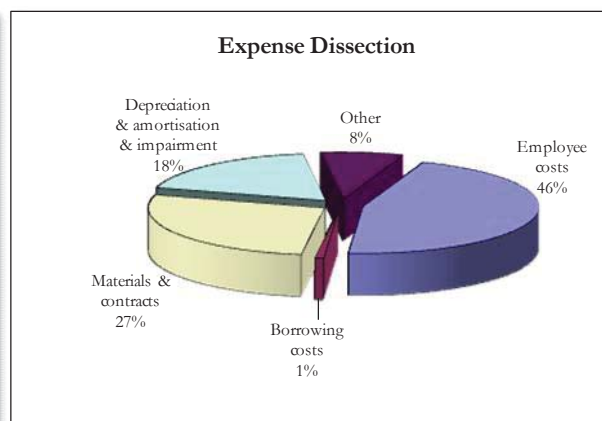
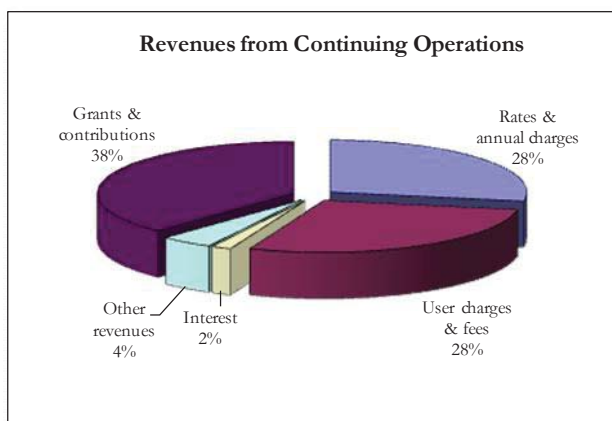


**Additional Reporting Requirements**

In accordance with Section 417(3) of the *Local Government Act 1993* we make the following comments in relation to the results and financial trends.

The Income Statement for the year ended 30 June 2014 discloses the following operating result:

INCOME STATEMENT	Budget	Actual	Actual	Variance	
	2014	2014	2013	Actual	Budget
	\$'000	\$'000	\$'000	%	%
<b>INCOME FROM CONTINUING OPERATIONS</b>					
Rates & annual charges	5,340	5,155	4,911	5.0%	-3.5%
User charges & fees	1,825	5,252	4,724	11.2%	187.8%
Interest	494	299	622	-51.9%	-39.5%
Other revenues from ordinary activities	666	722	625	15.5%	8.4%
Grants & contributions for operating purposes	7,165	5,433	5,346	1.6%	-24.2%
Grants & contributions For capital purposes	1,739	1,588	252	530.2%	-8.7%
Gain from sale of assets	0	77	67	14.9%	0.0%
<b>Total income from continuing operations</b>	<b>17,229</b>	<b>18,526</b>	<b>16,547</b>	<b>12.0%</b>	<b>7.5%</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>					
Employee benefits & oncosts	8,121	8,198	7,038	16.5%	0.9%
Borrowing costs	103	145	167	-13.2%	40.8%
Materials and contracts	3,021	4,908	4,577	7.2%	62.5%
Depreciation & amortisation	3,751	3,309	3,486	-5.1%	-11.8%
Other expenses from ordinary activities	1,498	1,359	1,265	7.4%	-9.3%
<b>Total Expenses from continuing operations</b>	<b>16,494</b>	<b>17,919</b>	<b>16,533</b>	<b>8.4%</b>	<b>8.6%</b>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>735</b>	<b>607</b>	<b>14</b>	<b>-4235.7%</b>	<b>-17.4%</b>
<b>NET OPERATING RESULT BEFORE CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>(1,004)</b>	<b>(981)</b>	<b>(238)</b>	<b>-312.2%</b>	<b>-2.3%</b>



Council has made a surplus of \$0.6m from continuing operations compared to a surplus of \$14,000 in 2013. Excluding capital income of \$1.6m, council achieved a deficit of \$1.0m compared to a deficit of \$0.2m for 2013.



Operating revenue increased by \$2.0m or 12% compared to 2013 mainly as a result of higher capital grants and contributions of \$1.3m due to a capital grant to assist with the construction of the Emu Creek bridge and an increase in roads to recovery funding used for capital purposes. Other major changes in revenue included user charges and fees (increase of \$0.5m) and interest income (decrease of \$0.3m).

User charges and fees increased due to an improvement in private work income. Interest income decreased due to the one off recovery of an investment previously written off during the 2013 financial year.

Expenditure increased by \$1.4m or 8.4% due to higher employee benefits and oncost as a result of an increase in award pay rates, workers compensation insurance due to previous year claims, higher employee provisions for leave entitlements and a reduction in capitalised employee costs.

#### *Comparison of actual to budget performance*

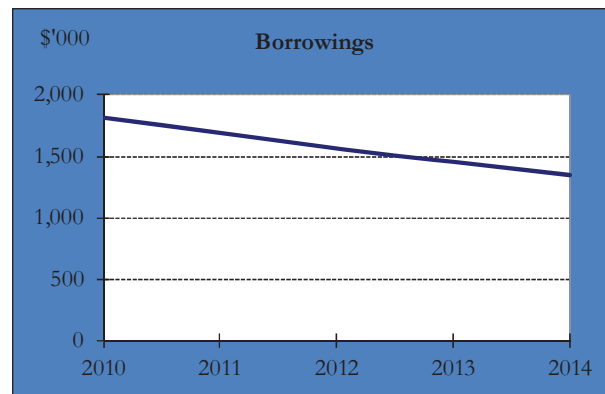
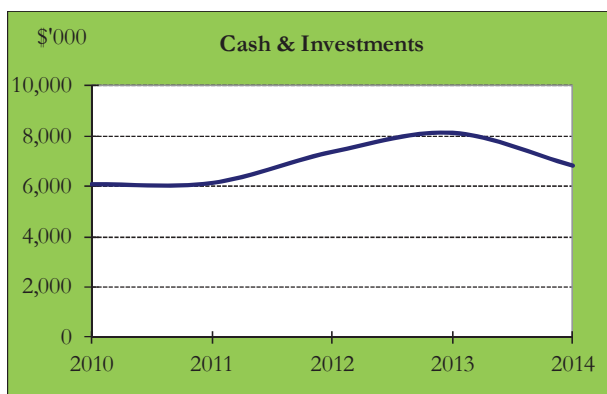
The budget amounts included above are those adopted in the original budget and exclude re-votes from the previous year and variations to the budget during the year. The actual operating surplus for the year of \$0.6m is only slightly lower than the original budget surplus of \$0.7m. The major variances between budget and actual results were:

- The reclassification of McMaugh Gardens Aged Care and Tablelands Community Transport subsidies from operating grants and contributions to user charges and fees. Excluding the reclassification adjustment, the net increase in user charges and fees of \$1.7m is due to higher than anticipated private works, higher water usage due to drier conditions and increased activity in tablelands community support options than that included in the original budget;
- Employee benefits and oncost (higher than budget by \$1.9m) due to completion of carry over works from the prior year and higher use of contractors especially for the Emu Creek bridge replacement.
- Depreciation and amortisation (lower than budget by \$0.4m) due to the introduction of residual values to various assets that reduced the annual depreciation charges.



The following schedule of assets and liabilities has been extracted from the Statement of Financial Position as at 30 June 2014. This schedule discloses the consolidated assets and liabilities of all functions.

SCHEDULE OF ASSETS & LIABILITIES	2014 \$'000	2013 \$'000	Variance %
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5,830	6,631	-12.1%
Investments	1,000	1,500	-33.3%
Receivables	2,349	1,240	89.4%
Inventories	197	191	3.1%
Other	117	104	12.5%
<b>TOTAL CURRENT ASSETS</b>	<b>9,493</b>	<b>9,666</b>	<b>-1.8%</b>
<b>CURRENT LIABILITIES</b>			
Payables	3,465	3,860	-10.2%
Borrowings	112	108	3.7%
Provisions	2,560	1,918	33.5%
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,137</b>	<b>5,886</b>	<b>4.3%</b>
<b>NET CURRENT ASSETS</b>	<b>3,356</b>	<b>3,780</b>	<b>-11.2%</b>
<b>NON-CURRENT ASSETS</b>			
Infrastructure, Property Plant & Equipment	294,408	292,844	0.5%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>294,408</b>	<b>292,844</b>	<b>0.5%</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	889	1,236	-28.1%
Borrowings	1,237	1,348	-8.2%
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,126</b>	<b>2,584</b>	<b>-17.7%</b>
<b>NET ASSETS</b>	<b>295,638</b>	<b>294,040</b>	<b>0.5%</b>



Total cash and investments decreased by \$1.3m mainly as there were no prepaid Financial Assistance Grants (FAG) during the 2014 year.

Borrowings decreased by \$0.1m due to scheduled repayments.



Receivables increased by \$1.1m or 89% due to unpaid Aged Care bonds and capital grants receivable in relation to the Emu Creek bridge.

Infrastructure, Property, Plant and Equipment increased by \$1.6m due to asset additions of \$4.1m (including road and bridge works) and the annual indexation in the value of water and sewer assets of \$1.0m being partially offset by depreciation of \$3.4m and disposal of assets of \$0.2m.

The current portion of employee provisions increased due to staff reaching five years' service with Council and, as per the award, now entitled to receive long service leave on termination. As per accounting standards these provisions are required to be disclosed as current liabilities.

**NET CURRENT ASSETS**

The Net Current Asset position at year end is an important financial indicator as it discloses the working capital available to Council to fund day to day operations, infrastructure replacement and renewal and new community projects. The funding of restrictions should also be considered when evaluating funds available for working capital purposes. The following table provides a reconciliation of unrestricted assets:

	Water \$'000	Sewerage \$'000	McMaugh Gardens	General \$'000	Total \$'000
Current Assets	1,344	1,300	1,747	5,102	9,493
Current Liabilities	-	-	2,414	3,723	6,137
<b>Net Current Assets</b>	1,344	1,300	(667)	1,379	3,356
<b>Add Liabilities &gt; 12 Months</b>	-	-	2,081	1,794	3,875
<b>Total Funds before Restrictions</b>	1,344	1,300	1,414	3,173	7,231
<b>LESS: Restricted Cash &amp; Investments</b> (Included in Revenue)					
Developer Contributions	-	-	-	403	403
	-	-	-	403	403
<b>NET FUNDS AVAILABLE</b>	1,344	1,300	1,414	2,770	6,828
<b>LESS Internal Restrictions</b>	-	-	1,363	1,498	2,861
<b>Net Funds After All Restrictions</b>	1,344	1,300	51	1,272	3,967

INTERNAL RESTRICTIONS	Opening \$'000	Transfer to \$'000	Transfer from \$'000	Closing \$'000
Employee leave entitlements	1,000	-	450	550
Plant replacement	728	-	228	500
Carry-over works	691	-	571	120
Accommodation bond guarantee	1,009	354	-	1,363
Other	266	62	-	328
	3,694	416	1,249	2,861

After excluding the net current assets of McMaugh Gardens Hostel, Water function and Sewerage function, the general function working capital balance is in surplus and sufficient to fund internal restrictions and working capital requirements at 30 June 2014. McMaugh Gardens Aged Care net current assets is in deficit as under accounting standards, accommodation bonds are required to be shown as current liabilities. After adjusting for bonds not expected to be repaid in the coming twelve months, McMaugh Gardens Aged Care is considered to have sufficient cash reserves.



Council has internally restricted \$2.9m in cash for: plant replacements; carry-over projects; accommodation bond requirements, employee entitlements provisions and other minor reserves of \$0.3m.

**Local Government Industry Performance Indicators**

The Code of Accounting Practice requires the mandatory disclosure of certain performance indicators. These financial indicators are useful in assessing performance, financial position and the likely financial burden to be placed on ratepayers.

The key financial indicators disclosed in the Financial Statements are:

RATIO	PURPOSE	2014	2013	2012	Tcorp Benchmark
OPERATING PERFORMANCE RATIO	To assess councils ability to meet operating expenditure within operating reveune.	-6.3%	-1.9%	-8.3%	>-4%
OWN SOURCE OPERATING REVENUE	To assess the degree of reliance on external funding sources.	61.9%	66.0%	40.7%	>60%
UNRESTRICTED CURRENT RATIO	To assess the adequacy of working capital after excluding all restricted assets and liabilities.	1.2	2.3	2.4	>1.5
DEBT SERVICE COVER RATIO	To assess the availability of operating cash to service debt including interest, principle and lease payments.	9.5	12.2	6.8	>2
OUTSTANDING RATES	To assess the impact of uncollected rates and charges on liquidity and the adequacy of recovery efforts.	5.5%	5.8%	7.6%	<10%
CASH EXPENSE COVER RATIO	To assess the number of months council can pay its expenses without additional cash inflow.	5.4	7.0	1.0	>3

*Operating performance*

An operating performance deficit of 6.3% compares to a deficit in 2013 of 1.9% and means that Councils operating revenue, excluding capital grants and contributions are insufficient to cover operating expenditure, especially depreciation of infrastructure assets. This compares to the State average deficit of 5% and Group 10 average deficit of 6.8% for 2013. The decline in this ratio for 2014 is due to lower revenues mainly as a result of higher expenses. The Fit for Future benchmark is that councils should average breakeven or better over a three year period.

*Owned source operating revenue*

A ratio of 61.9% (2013: 66.0%) for the 2014 year highlights that Council has a dependence on grants and contributions and compares to a Group 10 average of 44.0% and a State average of 58.6% for 2013. The TCorp benchmark for sustainability is to have a ratio of greater than 60% and the Fit for Future benchmark is to average greater than 60% over a three year period. Council is currently meeting this benchmark.



### *Unrestricted Ratio*

The unrestricted ratio excludes all current assets and liabilities that are restricted to specific purposes such as water, sewer, domestic waste management functions, the McMaugh Gardens Aged Care facility and specific purpose unexpended grants & contributions and adjusting for employee entitlements not expected to be settled within 12 months. This ratio is before setting aside cash to fund internal restrictions relative to the general function. The ratio of 1.22 as at 30 June 2014 indicates that there is \$1.22 of unrestricted current assets for every \$1.00 of current liabilities. Council's ratio of 1.22 compares to the average of 5.1 for category 10 Councils and the State average of 4.0 for 2013. The ratio is above the TCorp benchmark of greater than 1.5.

The reduction in the ratio for 2014 is due to the reduction in financial assistance grant funding during the 2014 year.

### *Debt service cover ratio*

The debt service cover ratio of 9.51 times indicates that council has \$9.51 before interest and depreciation to pay interest and principal repayments on current borrowings. This compares to the Group 10 average of 26.5 and the State average of 29.2 for 2013. The TCorp benchmark for sustainability is to have a ratio of greater than 2.0.

### *Outstanding rate ratio*

The outstanding rates and charges ratio of 5.5% is similar to the previous year. Council's outstanding rates ratio is lower than the Group 10 average of 9.2%. The TCorp benchmark for rural Council's is to have an outstanding rates ratio of less than 10%. The ratio is an indicator of Council's good debt collection activities.

### *Cash expense ratio*

The ratio indicates that Council can pay 5.42 months of its expenses without additional cash inflows. This compares to the Group 10 average of 6.3 and the State average of 5.4 for 2013. The TCorp benchmark is to have reserves to meet at least 3 months of operating expenditure





**Key performance indicators by fund**

The key financial indicators by fund disclosed in the Financial Statements are:

RATIO	PURPOSE	Water	Sewer	General
OPERATING PERFORMANCE RATIO	To assess councils ability to meet operating expenditure within operating revenue.	3.5% -2.5%	11.0% -16.9%	-6.5% -2.4%
OWN SOURCE OPERATING REVENUE	To assess the degree of reliance on external funding sources.	98.4%	97.4%	58.8%
UNRESTRICTED CURRENT RATIO	To assess the adequacy of working capital after excluding all restricted assets and liabilities.	100.0	100.0	1.2
DEBT SERVICE COVER RATIO	To assess the availability of operating cash to service debt including interest, principle and lease payments.	100.0	100.0	8.1
OUTSTANDING RATES	To assess the impact of uncollected rates and charges on liquidity and the adequacy of recovery efforts.	8.7%	5.5%	5.3%
CASH EXPENSE COVER RATIO	To assess the number of months council can pay its expenses without additional cash inflow.	32.0	36.3	3.6

*Operating performance*

An operating performance ratio by fund shows that the water fund has generally sufficient operating revenue, excluding capital grants and contributions to cover operating expenditure. However, the sewer and general fund have been unable to cover all of its operating expenses, especially depreciation expense. The significant reduction in the sewer fund ratio was due to increased revenue being unable to match the increase in operating costs, especially depreciation of sewer infrastructure (increased due to the revaluation of these assets in the prior year).

*Owned source operating revenue*

The ratios show the Councils reliance on grant and contribution funding within the general fund.

*Unrestricted Ratio*

The unrestricted ratios show that all funds have sufficient working capital. The ratio for water and sewer is shown as 100 as the funds do not have any current liabilities. The ratio for the general fund is lower than industry benchmarks and Council should focus on rebuilding reserves in the 2015 year.

*Debt service cover ratio*

The debt service cover ratio by fund shows that Council may have potential to increase borrowings within all funds. The water and sewer funds ratio is shown at 100 as they do not hold any debt.



*Outstanding rate ratio*

The outstanding rate ratio by fund shows that the outstanding rates are being well managed in all funds.

*Cash expense ratio*

The ratio indicates that all funds have sufficient short term cash reserves.

***Infrastructure Asset Performance Indicators (unaudited)***

With the emphasis on “Fit for the Future” we have included comments on unaudited infrastructure asset performance measures disclosed in the Special Schedule 7 are as follows:

RATIO	PURPOSE	2014	2013	2012	Tcorp Benchmark
BUILDING AND INFRASTRUCTURE RENEWALS RATIO	To assess the proportion spent on infrastructure renewals vs infrastructure deterioration.	96.5%	87.0%	89.5%	>100%
INFRASTRUCTURE BACKLOG RATIO	To assess the infrastructure backlog against the total value of councils infrastructure.	6.0%	8.0%	5.0%	<20%
ASSET MAINTENANCE RATIO	To assess the actual vs required annual maintenance expenditure.	1.0	1.2	1.1	>100%
CAPITAL EXPENDITURE RATIO	To assess the extent to which council is forecasting to expand its asset base with capital expenditure.	1.2	1.1	0.9	>1.1

*Asset Renewal Ratio*

The asset renewals ratio outlines Council’s performance with renewing its infrastructure assets against the level of estimated infrastructure asset deterioration (as represented by depreciation expense). For 2014 Council spent \$0.96 for every \$1 in estimated asset deterioration (2013: \$0.87). The Group 10 2013 ratio was \$0.79 and the State average for the asset renewal ratio was \$0.81 for the 2013 year. The Fit for Future benchmark is to have a three year average of greater than \$1.00.

The current trend in the ratio highlights that Council generally did not use sufficient resources on asset renewals for the past three years compared to the estimated reduction in asset condition over the past three years. It should also be noted that Special Schedule 7, which is an unaudited statement prepared in conjunction with the financial report, discloses that the estimated cost to bring infrastructure assets to a satisfactory standard is \$7.9m.

*Infrastructure backlog ratio*

An infrastructure backlog ratio 6% indicates that the infrastructure backlog represents 6.0% of the value of Councils infrastructure and compares to a Group 10 average of 16.6% and State average of 10.0% for 2013. The TCorp benchmark is a ratio less than 20% and the “fit for future” benchmark is less than 2%.

*Asset maintenance ratio*

The Asset Maintenance ratio of 1.0 indicates that Council has undertaken sufficient maintenance to keep pace with required maintenance requirements as determined by Council's engineers and maintenance staff. This compares positively to the Group 10 average of 0.9 and the State average of 0.7 for 2013. A ratio of greater than 1.0 is considered acceptable by TCorp.

*Capital expenditure ratio*

The capital expenditure ratio of 1.2 indicates that Council has expended \$1.20 on capital expenditure for every dollar of depreciation. The TCorp benchmark is for a Council to have a capital expenditure ratio of greater than 1.1.

The increase in overall cash and investments reflected in the Statement of Financial Position is also evident in the following table extracted from the Statement of Cash Flows.

CASH MOVEMENTS	Actual	Actual	Variance
	2014	2013	
	\$'000	\$'000	%
<b>CASH INFLOWS</b>			
Operating Receipts	16,946	17,885	-5.3%
Proceeds from Assets Sales	276	335	-17.6%
Net receipt of retirement home bonds	680	268	153.7%
Proceeds from investments	1,300	6,300	-79.4%
<b>TOTAL RECEIPTS</b>	<b>19,202</b>	<b>24,788</b>	<b>-22.5%</b>
<b>CASH OUTFLOWS</b>			
Operating Payments	14,754	13,579	8.7%
Purchase of investments	800	1,500	-46.7%
Purchase of Assets	4,081	3,867	5.5%
Repayment of Loans	107	108	-0.9%
Net repayment of retirement home bonds	260	174	49.4%
<b>TOTAL PAYMENTS</b>	<b>20,002</b>	<b>19,228</b>	<b>4.0%</b>
<b>TOTAL CASH MOVEMENT</b>	<b>-800</b>	<b>5,560</b>	<b>-114.4%</b>
Cash and equivalents	5,830	6,631	3.0%
Investments	1,000	1,500	3.0%
<b>Total Cash &amp; Investments on Hand</b>	<b>6,830</b>	<b>8,131</b>	<b>-16.0%</b>

Cash and investments overall decreased by \$1.3m due to the impact of the cessation of the prepaid FAG during the 2014 year.

Cash outflows for Purchase of Assets of \$4.1m included road and bridge construction totalling \$2.5m. This compares to the \$2.2m annual rate of depreciation of these assets. The remaining asset purchases included purchases for plant and equipment of \$1.0m and other minor additions totalling \$0.6m.

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

Council is required to report the financial results of identified Business Units in accordance with National Competition Policy guidelines. The reports are known as Special Purpose Financial Reports and are subject to audit. Council has identified Water, Sewerage, Private Works and McMaugh Gardens Hostel as Category 2 Business Units.



## WATER SUPPLY FUNCTION

The Special Purpose Financial Statements disclose that the Water Supply function recorded an operating surplus (before capital funding) of \$32,000 after allowing for depreciation of \$174,000.

The Net Current Asset position records a surplus of \$1,344,000. This surplus plus the fact that the water supply function has no debt, indicates a satisfactory financial position to meet operational requirements given the size of the function and considering the water infrastructure condition (per unaudited Special Schedule 7) being of “satisfactory” standard.

## SEWERAGE FUNCTION

The Special Purpose Financial Statements disclose that the sewerage function recorded an operating deficit (excluding capital funding) of \$90,000 after allowing for depreciation of \$211,000.

The Net Current Assets position show a surplus of \$1,300,000. Considering the size of the sewerage operations, the fact that it has no debt and the sewerage infrastructure condition (per unaudited Special Schedule 7) being of “satisfactory” standard, the sewerage function is in a strong financial position.

## McMAUGH GARDENS HOSTEL

The Special Purpose Financial Statements disclose that McMaugh Gardens Hostel recorded an operating deficit of \$67,000 for the 2014 year compared to a deficit of \$35,000 in the previous year. This result is after depreciation expense of \$106,000.

The net current asset position is a deficit of \$667,000 after allowing for resident’s bonds amounting to \$2,414,000. The deficit is a result of the accounting standard requirement that accommodation bonds be shown as current liabilities even though the majority of accommodation bonds will not be repaid in the short term. When the estimated timing of bond repayments are taken into account the Hostel has reserves of \$1,414,000.

Given that McMaugh Gardens has no working capital as at the end of June 2014 and had a deficit in operating results for the past three years, it is important that Council continues to focus on improving the facilities financial performance to reduce the impact on Council’s general funds’ financial performance.

## FINANCIAL SUSTAINABILITY

The recent assessments by TCorp, Office of Local Government and the local government reform panel for all NSW councils provides insight into the NSW Government expectations of councils and how they are assessing the viability and structure of local government in the future.

During the prior year all councils have had an external assessment by NSW Treasury Corporation (“TCorp”) of the sector’s financial sustainability. TCorp has defined financial sustainability as follows:

*“A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community”*

Based on TCorps assessment of Council’s financial results from 2009 to 2012, the unaudited Special Schedule 7, ten year financial forecasts and other factors (e.g. Population growth, workforce



demographics and skills, environmental and natural disaster factors) it has assessed Councils financial sustainability as Weak and its outlook as Neutral.

It should be noted that the audit of the financial statements is an audit of Council at a point in time whereas the TCorp report evaluation is for the future sustainability of Council and:

- Did not take into account the financial results for 2013 and 2014;
- It includes unaudited data from Special Schedule 7 as well as the ten year financial forecast; and
- Is based upon future data, which includes assumptions and judgements regarding the future operations of Council, including what revenue and expenses will be incurred in the future, as well as significant judgement with regard to other non-financial information.

Based on our review of the TCorp report, for Council to improve its future financial sustainability it will need to consider the following:

- To complete its asset management plans and improve asset management processes in order to understand future infrastructure replacement and maintenance needs;
- Improve the accuracy and integrity of its ten year plans and special schedules 7 and 8;
- Continue to review its long term financial forecast modelling and assumptions in order to provide an accurate picture of long term financial issues; and
- Further community consultation to identify acceptable service levels including acceptable condition of its infrastructure assets.

During 2013 an audit of Local Government infrastructure across all councils, excluding county councils, in NSW was conducted using a survey of councils' infrastructure management processes and practices, historical financial information and through a number of visits to councils. As a result of the audit councils asset management practices were graded as either Very Strong, Strong, Moderate, Weak, Very Weak or Distressed. Council was assess as Very Weak from this review.

The audit identified the following focus areas for all councils to achieve sustainable infrastructure service levels:

- Skilled People – develop asset management skills and capacity within councils;
- Appropriate Processes – implement appropriate asset management practices focusing on community service level negotiations, risk management and infrastructure vulnerability assessments, and identification of critical infrastructure;
- Reliable data – development of specific asset management measurement parameters, improved reporting of asset management and progress on achieving the delivery program; and
- Adequate resources – adequately fund asset management through the use of debt, local Government Renewal Scheme funding, special rate variations and grant funds.

Subsequently after the release of the report from the local government review panel and local government Acts taskforce, the NSW Government response is outlined in its “fit for the future” blueprint. This will require councils to assess their current financial position and submit a fit for the future proposal by 30 June 2015. Presently there has been no guidelines issued on the form of the response but indicators are they will use the above reports (TCorp and OLG infrastructure management report) along with the local government review panel recommendations.

Should councils be deemed “unfit” then the NSW Government will strongly encourage councils to consider the following options:

- Seek voluntary merger with other councils in order to meet a sustainable “threshold”;
- Develop regional joint organisations with separate governance structures to manage critical elements for a number of councils (e.g. finance and IT, economic development, engineering, etc.);



- Accepting the offer for cheaper finance to build and maintain facilities; and
- Utilising the innovation fund to help smaller councils explore new ways to working with other councils.

## GENERAL

### *Reporting obligations under the Local Government Act*

We report that Council's systems and records have been satisfactorily maintained during the year and the audited financial statements will be submitted to the Division of Local Government within the prescribed time provide for in Division 2 of the *Local Government Act 1993*.

Matters of a technical nature have been documented in a management letter to the General Manager.

We take this opportunity of thanking the General Manager and his staff for their co-operation and assistance during the course of the audit.

Under section 419 of the *Local Government Act 1993*, Council is required to give public notice of a Council meeting for the purpose of presenting the audited financial statements and the auditor's report. A principal of our firm is available to attend this meeting to address any questions in respect of the audit report or the conduct of the audit.

Yours faithfully

**Forsyths Business Services Pty Ltd**

**Paul R Cornall**  
Principal

# Uralla Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

---

*“...committed to creating a unique environment  
which offers an excellent quality of life and  
economic opportunities for its people”*



# Uralla Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2014

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	5
Statement of Financial Position - Water Supply Business Activity	6
Statement of Financial Position - Sewerage Business Activity	7
Statement of Financial Position - Other Business Activities	8
<b>3. Notes to the Special Purpose Financial Statements</b>	9
<b>4. Auditor's Report</b>	18

---

### Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

---



## Uralla Shire Council

### Special Purpose Financial Statements for the financial year ended 30 June 2014

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

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

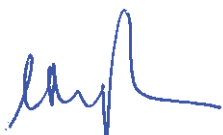
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

**To the best of our knowledge and belief, these Financial Statements:**

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 22 September 2014.**



Cr Michael Pearce  
**MAYOR**



Cr Bob Crouch  
**COUNCILLOR**



Mr Damien Connor  
**GENERAL MANAGER**



Mrs Rosemary Strobel  
**RESPONSIBLE ACCOUNTING OFFICER**

## Uralla Shire Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	368	332
User charges	525	431
Fees	-	-
Interest	46	118
Grants and contributions provided for non capital purposes	17	19
Profit from the sale of assets	-	-
Other income	6	1
<b>Total income from continuing operations</b>	<b>962</b>	<b>901</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	378	408
Borrowing costs	-	-
Materials and contracts	304	262
Depreciation and impairment	212	253
Water purchase charges	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
<b>Total expenses from continuing operations</b>	<b>894</b>	<b>923</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>68</b>	<b>(23)</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>68</b>	<b>(23)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>68</b>	<b>(23)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>68</b>	<b>(23)</b>
plus Opening Retained Profits	8,430	8,457
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(5)	(4)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>8,494</b>	<b>8,430</b>
<b>Return on Capital %</b>	<b>0.4%</b>	<b>-0.1%</b>
<b>Subsidy from Council</b>	<b>585</b>	<b>704</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	68	(23)
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>68</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>34</b>	<b>-</b>

## Uralla Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	511	492
User charges	13	14
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	49	106
Grants and contributions provided for non capital purposes	13	13
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>586</b>	<b>625</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	256	228
Borrowing costs	-	-
Materials and contracts	162	146
Depreciation and impairment	211	182
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
<b>Total expenses from continuing operations</b>	<b>629</b>	<b>556</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(43)</b>	<b>68</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(43)</b>	<b>68</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(43)</b>	<b>68</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(21)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(43)</b>	<b>48</b>
<b>plus Opening Retained Profits</b>	<b>5,362</b>	<b>5,297</b>
<b>plus/less: Prior Period Adjustments</b>	<b>-</b>	<b>-</b>
<b>plus Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	21
<b>less:</b>		
- Tax Equivalent Dividend paid	(3)	(3)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>5,316</b>	<b>5,362</b>
<b>Return on Capital %</b>	<b>-0.7%</b>	<b>1.0%</b>
<b>Subsidy from Council</b>	<b>278</b>	<b>181</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(43)	48
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>48</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>24</b>

## Uralla Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

\$ '000	Private Works		McMaugh Gardens	
	Category 2		Category 2	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	378	97	704	729
Fees	-	-	53	-
Interest	-	-	71	110
Grants and contributions provided for non capital purposes	-	-	1,306	1,180
Profit from the sale of assets	-	-	-	-
Other income	-	-	63	11
<b>Total income from continuing operations</b>	<b>378</b>	<b>97</b>	<b>2,197</b>	<b>2,031</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	71	24	1,586	1,421
Borrowing costs	-	-	5	6
Materials and contracts	135	15	521	512
Depreciation and impairment	-	-	106	83
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	-	30	46	44
<b>Total expenses from continuing operations</b>	<b>206</b>	<b>69</b>	<b>2,264</b>	<b>2,066</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>172</b>	<b>28</b>	<b>(67)</b>	<b>(35)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>172</b>	<b>28</b>	<b>(67)</b>	<b>(35)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>172</b>	<b>28</b>	<b>(67)</b>	<b>(35)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>172</b>	<b>28</b>	<b>(67)</b>	<b>(35)</b>
plus Opening Retained Profits	-	-	2,485	2,520
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(172)	(28)	-	-
<b>Closing Retained Profits</b>	<b>-</b>	<b>-</b>	<b>2,418</b>	<b>2,485</b>
<b>Return on Capital %</b>	<b>n/a</b>	<b>n/a</b>	<b>-1.3%</b>	<b>-0.6%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>	<b>232</b>	<b>201</b>

## Uralla Shire Council

## Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,044	837
Investments	-	-
Receivables	337	300
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>1,381</b>	<b>1,137</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	10
Inventories	-	-
Infrastructure, property, plant and equipment	18,337	18,114
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>18,337</b>	<b>18,124</b>
<b>TOTAL ASSETS</b>	<b>19,718</b>	<b>19,261</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>19,718</b>	<b>19,261</b>
<b>EQUITY</b>		
Retained earnings	8,501	8,431
Revaluation reserves	11,217	10,830
Council equity interest	19,718	19,261
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>19,718</b>	<b>19,261</b>

## Uralla Shire Council

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

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,310	1,152
Investments	-	-
Receivables	37	36
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>1,347</b>	<b>1,188</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	6,606	6,636
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>6,606</b>	<b>6,636</b>
<b>TOTAL ASSETS</b>	<b>7,953</b>	<b>7,824</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>7,953</b>	<b>7,824</b>
<b>EQUITY</b>		
Retained earnings	5,319	5,363
Revaluation reserves	2,634	2,461
Council equity interest	7,953	7,824
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>7,953</b>	<b>7,824</b>

## Uralla Shire Council

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

as at 30 June 2014

\$ '000	Private Works		McMaugh Gardens	
	Category 2		Category 2	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	-	1,180	1,104
Investments	-	-	-	-
Receivables	-	-	567	267
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>	<b>1,747</b>	<b>1,371</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	-	-	4,774	4,557
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>-</b>	<b>-</b>	<b>4,774</b>	<b>4,557</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>6,521</b>	<b>5,928</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	-	-	2,414	2,047
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>2,414</b>	<b>2,047</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	67	71
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>71</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>2,481</b>	<b>2,118</b>
<b>NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>4,040</b>	<b>3,811</b>
<b>EQUITY</b>				
Retained earnings	-	-	2,418	2,485
Revaluation reserves	-	-	1,623	1,325
Council equity interest	-	-	4,041	3,811
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>-</b>	<b>-</b>	<b>4,041</b>	<b>3,811</b>

## Uralla Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2014

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15



## Uralla Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

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

#### Declared Business Activities

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

##### Category 1

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

Nil

##### Category 2

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

#### (a) Uralla Shire Council Combined Water Supplies

Comprising the operations and net assets of the water supply systems servicing the towns of Uralla and Bundarra, each of which were established as separate Special Rate Funds (see Item 4 Below).

#### (b) Uralla Local Sewerage Fund

Comprising the operations and net assets of the sewerage reticulation and treatment system servicing the town of Uralla which was established as a Special Rate Fund (see item 4 below).

#### (c) McMaugh Aged Care Centre

Comprising the operations and net assets of the 36 bed aged care facility "McMaugh Gardens Aged Care Centre" in King Street, Uralla.

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

## Uralla Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

##### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

##### Notional Rate Applied %

###### Corporate Income Tax Rate – 30%

Land Tax – The first **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

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

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water

Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

##### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

##### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

##### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

## Uralla Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

##### (ii) Subsidies

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

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

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

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

##### (iii) Return on Investments (Rate of Return)

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest  
Expense**

**Written Down Value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

##### (iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

## Uralla Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

#### Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

##### 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	4,683
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	

##### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	34,000
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	46,830
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(131,816)

2014 Surplus	68,000	2013 Surplus	(22,534)	2012 Surplus	(177,282)
		2013 Dividend	-	2012 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	

##### 3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	NO
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Uralla Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 2. Water Supply Business  
Best Practice Management disclosure requirements (continued)

---

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014


---

**National Water Initiative (NWI) Financial Performance Indicators**

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	917
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	58.59%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	14,209
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	683
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	-
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	0.12%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

## Uralla Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

**1. Calculation and Payment of Tax-Equivalents**

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	3,093
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	

**2. Dividend from Surplus**

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	30,930
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(80,017)

2014 Surplus	(43,000)	2013 Surplus	47,893	2012 Surplus	(84,910)
		2013 Dividend	-	2012 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	

**3. Required outcomes for 4 Criteria**

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	NO
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Uralla Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

---

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014


---

**National Water Initiative (NWI) Financial Performance Indicators**

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	532
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	6,346
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	419
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	-
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-1.41%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	1

---

**National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)**

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	1,449
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.93%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	-
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-0.28%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Uralla Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-8.51%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		-
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	24
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	28

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



**Armidale**

92 Rusden Street  
PO Box 114  
Armidale NSW 2350

**p** +61 2 6773 8400

**f** +61 2 6772 9957

**e** [armidale@forsyths.com.au](mailto:armidale@forsyths.com.au)

Forsyths Business Services Pty Ltd  
ABN 66 182 781 401

**INDEPENDENT AUDIT REPORT**  
**Report on the special purpose financial statements**

**To Uralla Shire Council**

**SCOPE**

We have audited the special purpose financial statements of Uralla Shire Council for the year ended 30<sup>th</sup> June 2014 comprising the Statement by Councillors and Management, Income Statement of Business Activities, Statement of Financial Position by Business Activities, and Note 1 to the financial statements. The financial statements include the financial results of the business activities of Council and the entities it controlled at the year's end or from time to time during the year.

***Councils' responsibility for the financial statements***

The Council is responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the requirements of the Office of Local Government and Council. The Councils' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council or the Office of Local Government. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

**Knowledge with integrity**

Liability limited by a scheme approved under the Professional Standards Legislation

reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

The special purpose financial statements have been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the report was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **INDEPENDENCE**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

## **AUDIT OPINION**

In our opinion, the special purpose financial statements of the Uralla Shire Council for the year ended 30<sup>th</sup> June 2014 are presented fairly, in all material respects, in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

## **BASIS OF ACCOUNTING**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

*Forsyths*

***Forsyths Business Services Pty Ltd***

*P.R. Cornall*

**Paul Cornall**  
Principal

31<sup>st</sup> October 2014  
92 Rusden Street Armidale

# Uralla Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2014

---

*“...committed to creating a unique environment  
which offers an excellent quality of life and  
economic opportunities for its people”*



# Uralla Shire Council

## Special Schedules

for the financial year ended 30 June 2014

### Contents

Page

#### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	5
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	6
- Special Schedule No. 4	Water Supply - Statement of Financial Position	10
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	11
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	15
- Notes to Special Schedules No. 3 & 5		16
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2014)	17
- Special Schedule No. 8	Financial Projections	23
- Special Schedule No. 9	Permissible Income Calculation	24

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

---

#### Background

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

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>510</b>	<b>2</b>	<b>-</b>	<b>(508)</b>
<b>Administration</b>	<b>736</b>	<b>697</b>	<b>-</b>	<b>(39)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	283	38	-	(245)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	-	11	-	11
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>283</b>	<b>49</b>	<b>-</b>	<b>(234)</b>
<b>Health</b>	<b>213</b>	<b>115</b>	<b>-</b>	<b>(98)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	78	-	-	(78)
Other Environmental Protection	211	301	-	90
Solid Waste Management	1,622	1,354	194	(74)
Street Cleaning	41	-	-	(41)
Drainage	-	-	-	-
Stormwater Management	29	29	-	-
<b>Total Environment</b>	<b>1,981</b>	<b>1,684</b>	<b>194</b>	<b>(103)</b>
<b>Community Services and Education</b>				
Administration & Education	(37)	4	-	41
Social Protection (Welfare)	2,174	2,384	-	210
Aged Persons and Disabled	3,589	3,446	-	(143)
Children's Services	17	19	-	2
<b>Total Community Services &amp; Education</b>	<b>5,743</b>	<b>5,853</b>	<b>-</b>	<b>110</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	45	30	-	(15)
Public Conveniences	56	-	-	(56)
Street Lighting	58	6	-	(52)
Town Planning	326	149	-	(177)
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	<b>485</b>	<b>185</b>	<b>-</b>	<b>(300)</b>
<b>Water Supplies</b>	<b>894</b>	<b>930</b>	<b>-</b>	<b>36</b>
<b>Sewerage Services</b>	<b>629</b>	<b>561</b>	<b>-</b>	<b>(68)</b>

## Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	295	29	-	(266)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	99	32	-	(67)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	26	8	-	(18)
Sporting Grounds and Venues	18	-	-	(18)
Swimming Pools	123	31	-	(92)
Parks & Gardens (Lakes)	231	4	-	(227)
Other Sport and Recreation	2	2	-	-
<b>Total Recreation and Culture</b>	<b>794</b>	<b>106</b>	<b>-</b>	<b>(688)</b>
<b>Fuel &amp; Energy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Agriculture</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Mining, Manufacturing and Construction</b>				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	1	-	-	(1)
<b>Total Mining, Manufacturing and Const.</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	378	(1)	-	(379)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	806	16	708	(82)
Sealed Rural Roads (SRR) - Regional	1,187	737	242	(208)
Unsealed Rural Roads (URR) - Local	1,942	-	-	(1,942)
Unsealed Rural Roads (URR) - Regional	97	40	-	(57)
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	564	47	-	(517)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	12	-	-	(12)
Footpaths	135	-	13	(122)
Aerodromes	-	-	-	-
Other Transport & Communication	156	47	427	318
<b>Total Transport and Communication</b>	<b>5,277</b>	<b>886</b>	<b>1,390</b>	<b>(3,001)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	15	12	-	(3)
Other Economic Affairs	358	75	4	(279)
<b>Total Economic Affairs</b>	<b>373</b>	<b>87</b>	<b>4</b>	<b>(282)</b>
<b>Totals – Functions</b>	<b>17,919</b>	<b>11,155</b>	<b>1,588</b>	<b>(5,176)</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>5,783</b>		<b>5,783</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>17,919</b>	<b>16,938</b>	<b>1,588</b>	<b>607</b>

(1) As reported in the Income Statement

(2) Includes: Rates &amp; Annual Charges (incl. Ex Gratia, excl. Water &amp; Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) &amp; Interest on overdue Rates &amp; Annual Charges

## Uralla Shire Council

## Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year			
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total	
<b>Loans (by Source)</b>												
Commonwealth Government	-	-	-									
Treasury Corporation	-	-	-									
Other State Government	-	-	-									
Public Subscription	-	-	-									
Financial Institutions	108	1,348	1,456	-	107	-	-	97	112	1,237	1,349	
Other	-	-	-									
<b>Total Loans</b>	<b>108</b>	<b>1,348</b>	<b>1,456</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>112</b>	<b>1,237</b>	<b>1,349</b>	
<b>Other Long Term Debt</b>												
Ratepayers Advances	-	-	-									
Government Advances	-	-	-									
Finance Leases	-	-	-									
Deferred Payments	-	-	-									
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Debt</b>	<b>108</b>	<b>1,348</b>	<b>1,456</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>112</b>	<b>1,237</b>	<b>1,349</b>	

Notes: Excludes (i) Internal Loans &amp; (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

# Uralla Shire Council

## Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2014

\$'000

### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General Water Sewer Domestic Waste Management Gas Other	136	9	10
<b>Totals</b>	<b>136</b>	<b>9</b>	<b>10</b>

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
General Fund	Water Fund	04/10/01	30/06/03	12	30/06/15	6.50%	88	11	10
<b>Totals</b>							<b>88</b>	<b>11</b>	<b>10</b>



## Uralla Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	202	194
b. Engineering and Supervision	98	79
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	13	6
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	94	100
<b>- Reservoirs</b>		
e. Operation expenses	-	-
f. Maintenance expenses	2	15
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	2	3
i. Maintenance expenses	5	16
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	124	89
l. Maintenance expenses	143	172
<b>- Other</b>		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	-	-
<b>3. Depreciation expenses</b>		
a. System assets	144	247
b. Plant and equipment	68	6
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>895</b>	<b>927</b>

## Uralla Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	371	332
b. Usage charges	525	431
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	-	-
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	46	118
<b>10. Other income</b>	6	1
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	15	17
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	2
<b>13. Total income</b>	<b>963</b>	<b>901</b>
<b>14. Gain (or loss) on disposal of assets</b>	-	-
<b>15. Operating Result</b>	<b>68</b>	<b>(26)</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	68	(26)

## Uralla Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	77
b. New Assets for Growth	-	24
c. Renewals	-	-
d. Plant and equipment	-	5
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<u>-</u>	<u>106</u>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<u>-</u>	<u>-</u>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	1,395	1,236
b. Residential (unoccupied, ie. vacant lot)	9	3
c. Non-residential (occupied)	157	157
d. Non-residential (unoccupied, ie. vacant lot)		-
<b>25. Number of ETs for which developer charges were received</b>	ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 15,150	\$ 15,932

# Uralla Shire Council

## Special Schedule No. 3 - Water Supply Cross Subsidies for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> NO	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

## Uralla Shire Council

## Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,044	-	1,044
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	32	-	32
c. User Charges	295	-	295
d. Other	-	10	10
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	14,209	14,209
b. Plant and equipment	-	4,128	4,128
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<u>1,371</u>	<u>18,347</u>	<u>19,718</u>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	-	-	-
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>41. NET ASSETS COMMITTED</b>	<u>1,371</u>	<u>18,347</u>	<u>19,718</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			8,501
<b>43. Asset revaluation reserve</b>			11,217
<b>44. TOTAL EQUITY</b>			<u>19,718</u>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			(1,575)
<b>46. Accumulated current cost</b> depreciation of system assets			15,784
<b>47. Written down current cost</b> of system assets			<u>14,209</u>

## Uralla Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	130	125
b. Engineering and Supervision	16	10
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	27	32
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	-
e. Maintenance expenses	12	9
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	22	15
h. Energy costs	-	-
i. Effluent Management	-	-
j. Biosolids Management	76	76
k. Maintenance expenses	56	50
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	80	60
<b>3. Depreciation expenses</b>		
a. System assets	204	179
b. Plant and equipment	2	3
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>625</b>	<b>559</b>

## Uralla Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	506	493
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	9	8
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	4	5
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	49	106
<b>11. Other income</b>	-	-
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	1	-
b. Grants for pensioner rebates	13	13
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<b>582</b>	<b>625</b>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<b>(43)</b>	<b>66</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(44)	66

## Uralla Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	7
c. Renewals	-	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<u>-</u>	<u>7</u>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<u>-</u>	<u>-</u>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	945	943
b. Residential (unoccupied, ie. vacant lot)	49	98
c. Non-residential (occupied)	23	56
d. Non-residential (unoccupied, ie. vacant lot)	14	14
<b>26. Number of ETs for which developer charges were received</b>	ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 11,667	\$ 12,334



# Uralla Shire Council

## Special Schedule No. 5 - Sewerage Cross Subsidies for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<p>a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees &amp; charges*?</p> <p>If Yes, go to 29a. If No, please report if council has removed <b>land value</b> from access charges (ie rates)?</p> <p><b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 &amp; 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> NO	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
<p>** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.</p>			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text"/> -

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

## Uralla Shire Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,310	-	1,310
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	28	-	28
c. User Charges	8	-	8
d. Other	-	-	-
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	6,346	6,346
b. Plant and equipment	-	261	261
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<u>1,346</u>	<u>6,607</u>	<u>7,953</u>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	-	-	-
<b>39. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>42. NET ASSETS COMMITTED</b>	<u>1,346</u>	<u>6,607</u>	<u>7,953</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			5,319
<b>44. Asset revaluation reserve</b>			2,634
<b>45. TOTAL EQUITY</b>			<u>7,953</u>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			(1,275)
<b>47. Accumulated current cost</b> depreciation of system assets			7,621
<b>48. Written down current cost</b> of system assets			<u>6,346</u>

## Uralla Shire Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2014

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

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

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

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

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

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

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

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

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

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

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

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

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

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

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

#### Notes:

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

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



Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2014

		Assets in Condition as a % of WDV <sup>(4), (5)</sup>										
Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Written Down Value (WDV) <sup>(4)</sup>							
						1	2	3	4	5		
<b>Water Supply Network</b>	Dams/Weirs	5	5	4	-	0%	100%					
	Reservoirs	10	7	7	62		100%					0%
	Pumping Station/s	6	3	4	8		60%	40%				0%
	Treatment Plant	10	8	8	37		100%					0%
	Pipelines	130	99	97	51		90%	10%				0%
	<b>sub total</b>		<b>161</b>	<b>122</b>	<b>120</b>	<b>14,209</b>	<b>0.0%</b>	<b>1.1%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>98.9%</b>
<b>Sewerage Network</b>	Pumping Station/s	22	20	20	94		70%	30%				0%
	Treatment Works	50	50	50	13		100%					0%
	Pipelines	85	34	33	1		90%	10%				0%
	<b>sub total</b>	<b>157</b>	<b>104</b>	<b>103</b>	<b>6,346</b>	<b>0.0%</b>	<b>1.3%</b>	<b>0.4%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>98.3%</b>

# Uralla Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Stormwater Drainage	Pipes, Retention	30	15	6	2,065		80%	20%		0%
	<b>sub total</b>	<b>30</b>	<b>15</b>	<b>6</b>	<b>2,065</b>	<b>0.0%</b>	<b>80.0%</b>	<b>20.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Open Space/ Recreational	Swimming Pools	25	30	14	-		60%	40%		
	<b>sub total</b>	<b>25</b>	<b>30</b>	<b>14</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
	<b>TOTAL - ALL ASSETS</b>	<b>7,904</b>	<b>2,501</b>	<b>2,503</b>	<b>121,711</b>	<b>4.6%</b>	<b>36.9%</b>	<b>21.4%</b>	<b>13.7%</b>	<b>23.4%</b>

**Notes:**

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".  
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.  
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard."
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.  
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

**(5). Infrastructure Asset Condition Assessment "Key"**

1
2
3
4
5

- 1 Excellent** No work required (normal maintenance)
- 2 Good** Only minor maintenance work required
- 3 Average** Maintenance work required
- 4 Poor** Renewal required
- 5 Very Poor** Urgent renewal/upgrading required

6
7
8
9
10

- 6 Condition** Description here...
- 7 Condition** Description here...
- 8 Condition** Description here...
- 9 Condition** Description here...
- 10 Condition** Description here...

## Uralla Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Amounts	Indicator	Prior Periods	
	2014	2014	2013	2012
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building and Infrastructure Renewals Ratio</b>				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	<u>2,698</u>	<b>96.54%</b>	86.99%	89.52%
Depreciation, Amortisation & Impairment	<u>2,795</u>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>7,904</u>	<b>0.06</b>	0.08	0.05
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>121,711</u>			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<u>2,503</u>	<b>1.00</b>	1.17	1.09
Required Asset Maintenance	<u>2,501</u>			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<u>3,896</u>	<b>1.18</b>	1.07	0.88
Annual Depreciation	<u>3,309</u>			

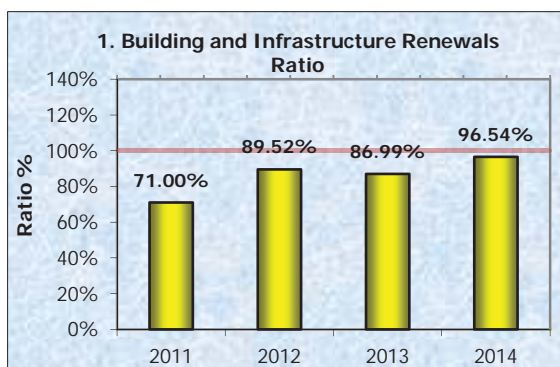
## Notes

<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

<sup>(2)</sup> Written down value

# Uralla Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



**Purpose of Asset Renewals Ratio**

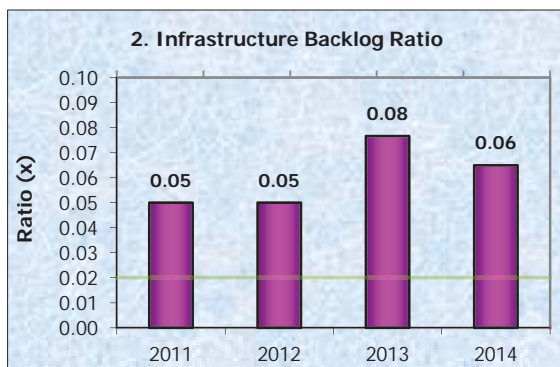
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**Commentary on 2013/14 Result**

**2013/14 Ratio 96.54%**

The benchmark is 100% and this is almost achieved. Council continues to renew its infrastructure at or about 100% of depreciation of those assets; it places greater importance on the maintenance of its infrastructure than renewal. Maintenance is the most prudent and economical means of asset management.

— Minimum 100.00%  
Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



**Purpose of Infrastructure Backlog Ratio**

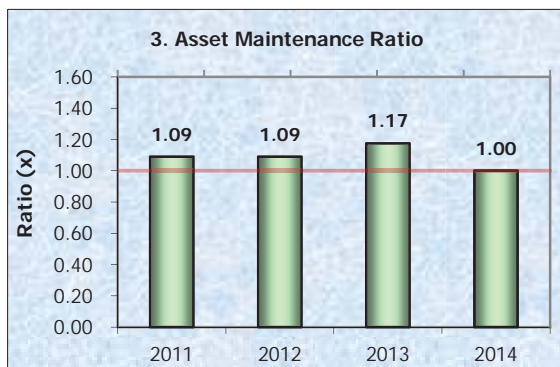
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**Commentary on 2013/14 Result**

**2013/14 Ratio 0.06 x**

The benchmark is less than 0.02. Council believes this benchmark is not achievable or realistic as the annual deterioration of infrastructure is close to 2% of carrying value. The backlog for 2014 includes replacement of Emu Crossing Bridge at \$4,785,000 that will receive confirmed capital funding of \$3,500,000; \$500,000 received in the current year, \$3,000,000 payable in 2014/15.

— Maximum .02  
Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



**Purpose of Asset Maintenance Ratio**

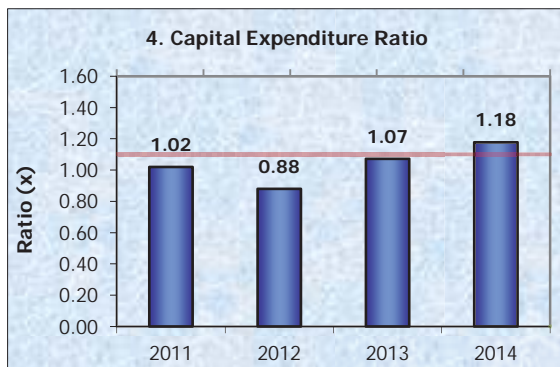
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

**Commentary on 2013/14 Result**

**2013/14 Ratio 1.00 x**

A slight reduction in the ratio for 2013/14 but in line with the benchmark of 1.00. The decrease in this ratio can be explained by the increase in the Capital Expenditure Ratio below, resources having been diverted to capital roads projects.

— Minimum 1.00  
Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



**Purpose of Capital Expenditure Ratio**

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

**Commentary on 2013/14 Result**

**2013/14 Ratio 1.18 x**

Council has exceeded the benchmark of 1.10 in the year, in part due to increased capital road projects.

— Minimum 1.10  
Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



## Uralla Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Water 2014	Sewer 2014	General <sup>(1)</sup> 2014
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building and Infrastructure Renewals Ratio</b>			
<u>Asset Renewals (Building and Infrastructure) <sup>(1)</sup></u>	<b>0.00%</b>	<b>0.00%</b>	<b>111.96%</b>
Depreciation, Amortisation & Impairment			
prior period:	40.76%	4.15%	97.99%
<b>2. Infrastructure Backlog Ratio</b>			
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>			
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	<b>0.01</b>	<b>0.02</b>	<b>0.07</b>
prior period:	0.01	0.02	0.09
<b>3. Asset Maintenance Ratio</b>			
<u>Actual Asset Maintenance</u>			
Required Asset Maintenance	<b>0.98</b>	<b>0.99</b>	<b>1.00</b>
prior period:	0.98	1.02	1.19
<b>4. Capital Expenditure Ratio</b>			
<u>Annual Capital Expenditure</u>			
Annual Depreciation	<b>0.00</b>	<b>0.00</b>	<b>1.35</b>
prior period:	0.42	0.04	1.19

## Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

<sup>(3)</sup> Written down value

## Uralla Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2014

	Actual <sup>(1)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23	Forecast <sup>(3)</sup> 23/24
<b>\$'000</b>											
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	18,526	20,388	18,569	18,491	19,052	19,637	20,242	20,883	21,528	22,196	24,500
Expenses from continuing operations	17,919	16,957	17,424	18,017	18,557	19,172	19,753	20,489	21,096	21,800	23,000
<b>Operating Result from Continuing Operations</b>	<b>607</b>	<b>3,431</b>	<b>1,145</b>	<b>474</b>	<b>495</b>	<b>465</b>	<b>489</b>	<b>394</b>	<b>432</b>	<b>396</b>	<b>1,500</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	1,397	4,183	911	1,366	1,309	73	1,554	1,182	1,347	1,651	1,800
Replacement/Refurbishment of Existing Assets	2,698	2,953	3,987	3,035	3,159	4,810	3,101	3,692	3,681	3,352	3,350
<b>Total Capital Budget</b>	<b>4,095</b>	<b>7,136</b>	<b>4,898</b>	<b>4,401</b>	<b>4,468</b>	<b>4,883</b>	<b>4,655</b>	<b>4,874</b>	<b>5,028</b>	<b>5,003</b>	<b>5,150</b>
<b>Funded by:</b>											
- Loans	-	-	-	-	-	-	-	-	-	-	-
- Asset sales	333	422	365	437	436	747	371	563	550	430	500
- Reserves	(14)	(298)	(301)	(311)	(379)	(382)	(400)	(425)	(448)	(475)	(400)
- Grants/Contributions	1,588	3,141	774	151	156	162	168	173	180	186	190
- Recurrent revenue	99	290	371	323	339	303	321	221	252	210	200
- Other	2,089	3,581	3,689	3,801	3,916	4,053	4,195	4,342	4,494	4,652	4,660
	<b>4,095</b>	<b>7,136</b>	<b>4,898</b>	<b>4,401</b>	<b>4,468</b>	<b>4,883</b>	<b>4,655</b>	<b>4,874</b>	<b>5,028</b>	<b>5,003</b>	<b>5,150</b>

**Notes:**

- (1) From 13/14 Income Statement.
- (2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.
- (3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

## Uralla Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	3,313	3,428
Plus or minus Adjustments <sup>(2)</sup>	b		2
<b>Notional General Income</b>	c	<u>3,313</u>	<u>3,430</u>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f		
less expiring Special variation amount	g		
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	113	79
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<u>3,426</u>	<u>3,509</u>
plus (or minus) last year's Carry Forward Total	l	2	(0)
less Valuation Objections claimed in the previous year	m		(0)
<b>sub-total</b>	n = (l + m)	<u>2</u>	<u>(0)</u>
<b>Total Permissible income</b>	o = k + n	<u>3,427</u>	<u>3,509</u>
less Notional General Income Yield	p	3,428	3,514
<b>Catch-up or (excess) result</b>	q = o - p	<u>(0)</u>	<u>(5)</u>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	0	
less Unused catch-up <sup>(5)</sup>	s		
<b>Carry forward to next year</b>	t = q + r - s	<u>(0)</u>	<u>(5)</u>

**Notes**

- <sup>1</sup> The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- <sup>2</sup> Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- <sup>5</sup> Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

**Armidale**

92 Rusden Street  
PO Box 114  
Armidale NSW 2350

*p* +61 2 6773 8400

*f* +61 2 6772 9957

*e* [armidale@forsyths.com.au](mailto:armidale@forsyths.com.au)

Forsyths Business Services Pty Ltd  
ABN 66 182 781 401

## **URALLA SHIRE COUNCIL INDEPENDENT AUDITORS' REPORT - SPECIAL SCHEDULE No. 9**

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Uralla Shire Council for the year ending 30 June 2015.

### **Responsibility of Council for Special Schedule No. 9**

The Council is responsible for preparation and fair presentation of Special No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant preparation and fair presentation of Special Schedule No. 9 that is free from material mistreatment, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Audit Standard require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 and is free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement on Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitation of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

## **Knowledge with integrity**

Liability limited by a scheme approved under the Professional Standards Legislation

**ARMIDALE | COONABARABRAN | GUNNEDAH | TAMWORTH**

**Uralla Shire Council**

**INDEPENDENT AUDITORS' REPORT - SPECIAL SCHEDULE No. 9**

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of the expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Audit Opinion**

In our opinion Special Schedule No. 9 of Uralla Shire Council for the year ending 30 June 2015 is properly drawn up in all material respects, in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

**Basis of Accounting**

Without modifying our opinion, we advise that the Special Schedule No. 9 has been prepared for distribution to the Office of Local Government for the purposes of confirming the Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the Special Schedule No. 9 may not be suitable for another purpose

*Forsyths*

**FORYSTHS BUSINESS SERVICES PTY LTD**



**Paul Cornall  
Principal**

Dated at Armidale this 31<sup>st</sup> October 2014

# GOVERNMENT INFORMATION PUBLIC ACCESS REPORT



<b>Agency Name</b>	URALLA SHIRE COUNCIL
<b>Principal Department (if applicable)</b>	
<b>Reporting Period</b>	JULY 2013 – JUNE 2014

## BACKGROUND

The Government Information (Public Access) Act 2009 [GIPA Act] became operational on 1 July 2010 and introduced a new “right to information” approach for access to government information.

Council is required to prepare an annual report in accordance with the requirements of section 125 of the GIPA Act and clause 7 of the Government Information (Public Access) Regulation [GIPA Regulation]. In its annual report, Council is required to include information relating to its program of proactive release of information, actions taken to review this program annually, and statistical information on formal access applications in the form required by Schedule 2 of the GIPA Regulation.

The following report covers the period 1 July 2013 to 30 June 2014.

### **Review of proactive release program - Clause 7(a)**

---

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Council’s program for the proactive release of information involves:

- Ongoing training of staff regarding Council’s responsibilities and obligations under the GIPA Act to make information publicly available and to refer customers to Council’s website for freely available documentation and information or to provide such information in hard copy if requested.
- Ensuring that documentation or information listed in Council’s Publication Guide December 2010 as being available on its website, is regularly uploaded, updated and reviewed.
- Encouraging applications for access to information to be made under the informal request provisions of the GIPA Act to reduce possible delays in providing such information and also costs to the applicant.

During the reporting period, Council reviewed this program by:

- Checking Council’s website to ensure that all information and documentation is current and has been uploaded within a reasonable timeframe
- Reviewing informal and formal requests for information to assist in determining whether it would be appropriate and within Council’s resources to proactively publicise such information in future.
- Reviewing Council’s records system for documentation that should be made publicly available.
- Requesting Council’s managers to review their department’s documentation and advise Council on the appropriateness of making such documentation publicly available through the website or hard copy.

### **1. Number of access applications received - Clause 7(b)**

During the reporting period, our agency received a total of three formal access applications (including withdrawn applications but not invalid applications).

### **2. Number of refused applications for Schedule 1 information - Clause 7(c)**

During the reporting period, no formal access applications were refused because the information requested was information referred to in Schedule 1 to the GIPA Act.

## BACKGROUND STATISTICAL INFORMATION ABOUT ACCESS APPLICATIONS – Clause 7(d) and Schedule 2

**Table A: Number of applications by type of applicant and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	1	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	2	0	0	0	0	0	0	0

\*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

**Table B: Number of applications by type of application and outcome**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	2	0	1	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

\*A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).



**Table C: Invalid applications**

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

**Table D: Conclusive presumption of overriding public interest against disclosure:  
matters listed in Schedule 1 of the Act**

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

\*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

**Table E: Other public interest considerations against disclosure:  
matters listed in table to section 14 of the Act**

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**Table F: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	3
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
<b>Total</b>	<b>0</b>

**Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

	<b>Decision varied</b>	<b>Decision upheld</b>	<b>Total</b>
<b>Internal review</b>	0	0	0
<b>Review by Information Commissioner*</b>	0	0	0
<b>Internal review following recommendation under section 93 of Act</b>	0	0	0
<b>Review by ADT</b>	0	0	0
<b>Total</b>	0	0	0

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	<b>Number of applications for review</b>
<b>Applications by access applicants</b>	0
<b>Applications by persons to whom information the subject of access application relates (see section 54 of the Act)</b>	0

**Uralla Shire Council**

32 Salisbury Street, Uralla  
PO Box 106, Uralla NSW 2358

Phone: 02 6778 6300

Fax: 02 6778 6349

[council@uralla.nsw.gov.au](mailto:council@uralla.nsw.gov.au)