

Uralla Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

*“...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 2015

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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 26 October 2015. 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 2015

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 2015.

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 2015

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:

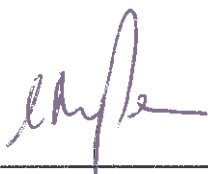
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 26 October 2015.



Cr M Pearce
MAYOR



Cr R Crouch
COUNCILLOR



Mr Damien Connor
GENERAL MANAGER



Mr Simon Paul
RESPONSIBLE ACCOUNTING OFFICER

Uralla Shire Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
5,459	Rates & Annual Charges	3a	5,367	5,155
5,345	User Charges & Fees	3b	4,922	5,252
511	Interest & Investment Revenue	3c	236	299
360	Other Revenues	3d	771	722
5,960	Grants & Contributions provided for Operating Purposes	3e,f	5,835	6,141 ²
3,141	Grants & Contributions provided for Capital Purposes	3e,f	4,152	880
Other Income:				
-	Net gains from the disposal of assets	5	-	77
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	-
<u>20,776</u>	Total Income from Continuing Operations		<u>21,283</u>	<u>18,526</u>
Expenses from Continuing Operations				
7,668	Employee Benefits & On-Costs	4a	7,808	8,198
105	Borrowing Costs	4b	124	145
4,356	Materials & Contracts	4c	4,587	4,908
3,864	Depreciation & Amortisation	4d	3,533	3,309
-	Impairment	4d	-	-
1,510	Other Expenses	4e	1,411	1,359
-	Net Losses from the Disposal of Assets	5	56	-
<u>17,503</u>	Total Expenses from Continuing Operations		<u>17,519</u>	<u>17,919</u>
<u>3,273</u>	Operating Result from Continuing Operations		<u>3,764</u>	<u>607</u>
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<u>3,273</u>	Net Operating Result for the Year		<u>3,764</u>	<u>607</u>
3,273	Net Operating Result attributable to Council		3,764	607
-	Net Operating Result attributable to Non-controlling Interests		-	-
<u>132</u>	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		<u>(388)</u>	<u>(273)</u>

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3 (e)

Uralla Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		3,764	607
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(70,392)	991
Total Items which will not be reclassified subsequently to the Operating Result		(70,392)	991
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		(70,392)	991
Total Comprehensive Income for the Year		(66,628)	1,598
Total Comprehensive Income attributable to Council		(66,628)	1,598
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Uralla Shire Council

Statement of Financial Position
as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	7,175	5,830
Investments	6b	2,405	1,000
Receivables	7	1,335	2,349
Inventories	8	187	197
Other	8	19	117
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		11,121	9,493
Non-Current Assets			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	228,107	294,408
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Total Non-Current Assets		228,107	294,408
TOTAL ASSETS		239,228	303,901
LIABILITIES			
Current Liabilities			
Payables	10	3,874	3,465
Borrowings	10	118	112
Provisions	10	2,387	2,560
Total Current Liabilities		6,379	6,137
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	3,121	1,237
Provisions	10	916	889
Total Non-Current Liabilities		4,037	2,126
TOTAL LIABILITIES		10,416	8,263
Net Assets		228,812	295,638
EQUITY			
Retained Earnings	20	68,014	64,448
Revaluation Reserves	20	160,798	231,190
Council Equity Interest		228,812	295,638
Non-controlling Equity Interests		-	-
Total Equity		228,812	295,638

Uralla Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		64,448	231,190	295,638	-	295,638
a. Correction of Prior Period Errors	20 (c)	(198)	-	(198)	-	(198)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		64,250	231,190	295,440	-	295,440
c. Net Operating Result for the Year		3,764	-	3,764	-	3,764
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(70,392)	(70,392)	-	(70,392)
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	(70,392)	(70,392)	-	(70,392)
Total Comprehensive Income (c&d)		3,764	(70,392)	(66,628)	-	(66,628)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		68,014	160,798	228,812	-	228,812

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (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)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		63,841	230,199	294,040	-	294,040
c. Net Operating Result for the Year		607	-	607	-	607
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	991	991	-	991
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	991	991	-	991
Total Comprehensive Income (c&d)		607	991	1,598	-	1,598
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		64,448	231,190	295,638	-	295,638

Uralla Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
5,545	Rates & Annual Charges		5,398	5,170
5,299	User Charges & Fees		5,181	4,113
511	Investment & Interest Revenue Received		239	260
9,101	Grants & Contributions		10,022	7,037
46	Bonds, Deposits & Retention amounts received		-	-
274	Other		2,550	366
Payments:				
(7,607)	Employee Benefits & On-Costs		(8,275)	(7,680)
(4,688)	Materials & Contracts		(4,283)	(4,975)
(105)	Borrowing Costs		(121)	(100)
(1,239)	Other		(1,973)	(1,999)
7,137	Net Cash provided (or used in) Operating Activities	11b	8,738	2,192
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		1,000	1,300
422	Sale of Infrastructure, Property, Plant & Equipment		241	276
Payments:				
-	Purchase of Investment Securities		(2,405)	(800)
(7,250)	Purchase of Infrastructure, Property, Plant & Equipment		(7,921)	(4,081)
(6,828)	Net Cash provided (or used in) Investing Activities		(9,085)	(3,305)
Cash Flows from Financing Activities				
Receipts:				
-	Proceeds from Borrowings & Advances		2,000	-
-	Proceeds from Retirement Home Contributions		698	680
Payments:				
(125)	Repayment of Borrowings & Advances		(110)	(107)
-	Repayment of Retirement Home Contributions		(896)	(260)
(125)	Net Cash Flow provided (used in) Financing Activities		1,692	312
184	Net Increase/(Decrease) in Cash & Cash Equivalents		1,345	(801)
5,830	plus: Cash & Cash Equivalents - beginning of year	11a	5,830	6,631
6,014	Cash & Cash Equivalents - end of the year	11a	7,175	5,830
Additional Information:				
	plus: Investments on hand - end of year	6b	2,405	1,000
Total Cash, Cash Equivalents & Investments			9,580	6,830
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 2015

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n/a - not applicable

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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.

For the purpose of preparing these financial statements, 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

There were no accounting standards that became mandatory this year which materially impacted on Council's financial statements.

(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 2014.

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:

- (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.

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)].

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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) Estimated fair values and useful lives of infrastructure, property, plant and equipment.
- (ii) Estimated remediation provisions.

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.

(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:

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).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever 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 Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

Detailed information relating to the entities that Council Controls can be found at Note 19 (a).

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.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 Arrangements

Council has no interest in any Joint Arrangements.

(iv) Associates

Council has no interest in any 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 Council/s and accordingly these entities have not been consolidated or otherwise included within these financial statements.

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

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.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

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.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(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

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

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.

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) 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-

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

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.

(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 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. These will be disposed of when most financially advantageous to Council.

(g) 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.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

(h) 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.

(i) 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

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.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

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:

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

Plant and Equipment

Office Furniture	\$1,000
Office Equipment	\$1,000
Other Plant and Equipment	\$1,000

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

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

Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000
Other Infrastructure	> \$10,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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	75 to 125 years
- Culverts	75 to 125 years

Transportation Assets

- Sealed Roads : Surface	15 to 20 years
- Sealed Roads : Structure	60 to 100 years
- Unsealed Roads - Formation	20 to 30 years
- Bridge : Concrete	100 years
- Bridge : Other	80 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
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- Other Open Space/ Recreational Assets	10 to 100 years
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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.

(j) 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).

(k) Land under roads

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

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

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

Uralla Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(l) Intangible Assets

Council has not classified any assets as Intangible.

(m) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

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

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

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(n) Rural Fire Service assets

Under section 119 of the Rural Fires 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"*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(o) Investment property

Uralla Shire Council does not hold any Investment property. Investment property usually comprises land &/or buildings that are principally held for long-

term rental yields, capital gains or both that are not occupied by Council.

(p) Provisions for close down, restoration and for environmental clean up costs – including Tips 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 tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

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

(q) 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.

(r) 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.

(s) Payables

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

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(t) 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

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

(u) Borrowing costs

Borrowing costs are expensed

(v) 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.

(w) 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.

(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.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 on 20 February 2013 and covers the period ended 30 June 2015.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 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 2015 was \$ 211,875.

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

Council's estimated contribution for the 2016 year is \$278,400 as advised by the actuary.

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.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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 30/06/15.

(x) Self insurance

Council does not self insure.

(y) 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.

(z) 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) obligations.

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.

(aa) 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 2015.

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.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

Not applicable to Local Government per se;

None

(ab) Rounding of amounts

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

(ac) 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.

(ad) 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 2015

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	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	1	5	2	591	596	510	(590)	(591)	(508)	-	1	-	721
Administration	120	279	697	87	286	736	33	(7)	(39)	4	-	11,583	12,071
Public Order & Safety	44	36	49	259	226	283	(215)	(190)	(234)	-	-	790	797
Health	16	18	115	211	195	213	(195)	(177)	(98)	-	-	-	-
Environment	1,349	1,445	1,878	1,520	1,922	1,981	(171)	(477)	(103)	15	475	24	25
Community Services & Education	6,138	6,375	5,853	6,038	6,216	5,743	100	159	110	133	109	7,224	7,237
Housing & Community Amenities	294	207	185	549	442	485	(255)	(235)	(300)	13	6	4,212	4,196
Water Supplies	1,024	970	930	842	778	894	182	192	36	17	17	20,314	18,337
Sewerage Services	584	630	561	531	614	629	53	16	(68)	13	13	8,075	6,607
Recreation & Culture	114	229	106	891	831	794	(777)	(602)	(688)	134	35	5,185	5,148
Mining, Manufacturing & Construction	-	-	-	3	1	1	(3)	(1)	(1)	-	-	6	7
Transport & Communication	5,765	5,122	2,276	5,651	5,050	5,277	114	72	(3,001)	3,665	1,389	180,988	247,970
Economic Affairs	66	45	91	330	362	373	(264)	(317)	(282)	-	-	827	786
Total Functions & Activities	15,515	15,361	12,743	17,503	17,519	17,919	(1,988)	(2,158)	(5,176)	3,994	2,045	239,228	303,901
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	5,261	5,922	5,783	-	-	-	5,261	5,922	5,783	2,396	2,307	-	-
Operating Result from Continuing Operations	20,776	21,283	18,526	17,503	17,519	17,919	3,273	3,764	607	6,390	4,352	239,228	303,901

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 2015

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 Services (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 2015

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		1,359	1,273
Farmland		1,939	1,919
Business		99	95
Total Ordinary Rates		3,397	3,287
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		335	352
Stormwater Management Services		29	29
Water Supply Services		389	369
Sewerage Services		542	510
Waste Management Services (non-domestic)		29	25
Environmental		646	583
Total Annual Charges		1,970	1,868
TOTAL RATES & ANNUAL CHARGES		5,367	5,155

Council has used 2011 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 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		514	516
Sewerage Services		5	13
Waste Management Services (non-domestic)		171	166
Total User Charges		690	695
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Inspection Services		15	116
Private Works - Section 67		156	407
Registration Fees		6	7
Section 149 Certificates (EPA Act)		15	17
Section 603 Certificates		9	8
Town Planning		77	94
Total Fees & Charges - Statutory/Regulatory		278	649
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aged Care		689	749
Bundarra Neighbour Aid		8	8
Cemeteries		29	29
Community Centres		-	8
Kamillaroi Aged and Disability Services - Contract Service Fees		1,260	1,156
Scrap Metal Sales		48	63
Sponsorships Received		-	21
Sundry Sales		7	4
Swimming Centres		44	43
Tablelands Community Transport		12	10
Tablelands Community Support Options - Client Contributions		85	78
Tablelands Community Support Options - Contract Service Fees		1,741	1,726
Water & Sewer Connection Fees		31	11
Other		-	2
Total Fees & Charges - Other		3,954	3,908
TOTAL USER CHARGES & FEES		4,922	5,252

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		24	29
- Interest earned on Investments (interest & coupon payment income)		212	270
TOTAL INTEREST & INVESTMENT REVENUE		236	299
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		24	29
General Council Cash & Investments		105	160
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		13	15
Water Fund Operations		49	46
Sewerage Fund Operations		45	49
Total Interest & Investment Revenue Recognised		236	299
(d) Other Revenues			
Rental Income - Other Council Properties		97	145
Fines		2	3
Legal Fees Recovery - Rates & Charges (Extra Charges)		24	19
Commissions & Agency Fees		8	5
Diesel Rebate		86	72
Donations Received		214	62
Insurance Claim Recoveries		38	47
Other Reimbursements		53	111
Other Sundry Income		61	42
Recycling Income (non domestic)		69	99
Sales - General		80	82
Staff FBT Contributions		39	35
TOTAL OTHER REVENUE		771	722

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1,422	1,336	-	-
Financial Assistance - Local Roads Component	911	894	-	-
Pensioners' Rates Subsidies - General Component	63	77	-	-
Total General Purpose	2,396	2,307	-	-
¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.				
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	17	17	-	-
- Sewerage	13	13	-	-
- Domestic Waste Management	15	-	-	-
Community Care	-	80	-	5
Employment & Training Programs	4	24	-	-
Environmental Protection	9	60	-	-
Heritage & Cultural	5	6	-	-
Landfill Management	49	221	-	194
Library	30	29	16	-
Recreation & Culture	30	-	88	-
Street Lighting	13	6	-	-
Town Planning	40	-	-	-
Transport (Roads to Recovery)	320	708	-	-
Transport (Other Roads & Bridges Funding)	-	-	3,345	681
Youth Service	-	1	-	-
Total Specific Purpose	545	1,165	3,449	880
Total Grants	2,941	3,472	3,449	880
Grant Revenue is attributable to:				
- Commonwealth Funding	2,653	3,045	82	199
- State Funding	288	427	3,367	618
- Other Funding	-	-	-	63
	2,941	3,472	3,449	880

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	17	14	-	-
Total Developer Contributions	17	14	-	-
Other Contributions:				
Bundarra Neighbour Aid - Subsidies	61	62	-	-
Kerb & Gutter	-	-	46	-
McMaugh Gardens Aged Care - Subsidies	1,529	1,306	-	-
RMS Contributions (Regional Roads, Block Grant)	709	858	657	-
Tablelands Community Transport - Subsidies	578	429	-	-
Total Other Contributions	2,877	2,655	703	-
Total Contributions	2,894	2,669	703	-
TOTAL GRANTS & CONTRIBUTIONS	5,835	6,141	4,152	880

\$ '000	Actual 2015	Actual 2014
(g) Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	418	389
add: Grants & contributions recognised in the current period but not yet spent:	598	29
less: Grants & contributions recognised in a previous reporting period now spent:	-	-
Net Increase (Decrease) in Restricted Assets during the Period	598	29
Unexpended and held as Restricted Assets	1,016	418
Comprising:		
- Specific Purpose Unexpended Grants	568	0
- Developer Contributions	448	418
	1,016	418

Uralla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		6,742	6,114
Travelling		28	22
Employee Leave Entitlements (ELE)		1,293	1,458
Superannuation - Defined Contribution Plans		626	535
Superannuation - Defined Benefit Plans		229	223
Workers' Compensation Insurance		474	415
Fringe Benefit Tax (FBT)		41	23
Training Costs (other than Salaries & Wages)		78	57
Other		7	5
Total Employee Costs		9,518	8,852
less: Capitalised Costs		(1,710)	(654)
TOTAL EMPLOYEE COSTS EXPENSED		7,808	8,198
Number of "Equivalent Full Time" Employees at year end		114	105
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		121	97
Total Interest Bearing Liability Costs Expensed		121	97
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	3	48
Total Other Borrowing Costs		3	48
TOTAL BORROWING COSTS EXPENSED		124	145
(c) Materials & Contracts			
Raw Materials & Consumables		1,905	1,055
Contractor & Consultancy Costs		2,620	3,795
Auditors Remuneration ⁽¹⁾		37	36
Legal Expenses:			
- Legal Expenses: Debt Recovery		23	18
- Legal Expenses: Other		2	4
TOTAL MATERIALS & CONTRACTS		4,587	4,908

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
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(c) Materials & Contracts (continued)

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):

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor

		37	36
Remuneration for audit and other assurance services		37	36
Total Auditor Remuneration		37	36

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014

(d) Depreciation, Amortisation & Impairment

Plant and Equipment		-	-	461	412
Office Equipment		-	-	56	58
Furniture & Fittings		-	-	48	52
Buildings - Non Specialised		-	-	198	197
Other Structures		-	-	43	44
Infrastructure:					
- Sealed Roads Structure		-	-	1,638	1,579
- Unsealed Roads		-	-	319	319
- Bridges		-	-	271	268
- Footpaths		-	-	17	17
- Stormwater Drainage		-	-	30	30
- Water Supply Network		-	-	184	181
- Sewerage Network		-	-	200	204
- Other Open Space/Recreational Assets		-	-	26	26
Other Assets					
- Other		-	-	3	3
Asset Reinstatement Costs	9 & 26	-	-	39	10
Total Depreciation & Impairment Costs		-	-	3,533	3,400
less: Capitalised Costs		-	-	-	(91)
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	3,533	3,309

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		65	56
Bad & Doubtful Debts		1	-
Bank Charges		22	21
Councillor Expenses - Mayoral Fee		19	16
Councillor Expenses - Councillors' Fees		95	93
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		16	18
Donations, Contributions & Assistance to other organisations (Section 356)		309	349
Electricity & Heating		276	213
Insurance		266	273
Internet and Other Communication		37	34
Licences		11	17
Motor Vehicle Registration Fees		43	52
Other Fees and Charges		4	15
Postage		27	22
Street Lighting		50	48
Subscriptions & Publications		68	60
Sundry Expenses		4	3
Telephone & Communications		88	62
Volunteer Reimbursements		10	7
<u>TOTAL OTHER EXPENSES</u>		<u>1,411</u>	<u>1,359</u>

Note 5. Gains or Losses from the Disposal of Assets

Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		241	276
less: Carrying Amount of P&E Assets Sold / Written Off		(297)	(199)
Net Gain/(Loss) on Disposal		<u>(56)</u>	<u>77</u>
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		1,000	1,300
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(1,000)	(1,300)
Net Gain/(Loss) on Disposal		<u>-</u>	<u>-</u>
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(56)</u>	<u>77</u>

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,451	-	3	-
Cash-Equivalent Assets ¹					
- Deposits at Call		624	-	5,827	-
- Short Term Deposits		5,100	-	-	-
Total Cash & Cash Equivalents		7,175	-	5,830	-
Investments (Note 6b)					
- Long Term Deposits		2,405	-	1,000	-
Total Investments		2,405	-	1,000	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		9,580	-	6,830	-

¹ 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:

Cash & Cash Equivalents

a. "At cost"		7,175	-	5,830	-
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Investments

b. "Held to Maturity"	6(b-ii)	2,405	-	1,000	-
Investments		2,405	-	1,000	-

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

Balance at the Beginning of the Year		1,000	-	1,500	-
Additions		2,405	-	800	-
Disposals (sales & redemptions)		(1,000)	-	(1,300)	-
Balance at End of Year		2,405	-	1,000	-

Comprising:

- Long Term Deposits		2,405	-	1,000	-
Total		2,405	-	1,000	-

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	9,580	-	6,830	-
attributable to:				
External Restrictions (refer below)	5,240	-	3,952	-
Internal Restrictions (refer below)	3,481	-	2,761	-
Unrestricted	859	-	117	-
	9,580	-	6,830	-

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General	(D)	418	30	-	448
Specific Purpose Unexpended Grants	(F)	-	568	-	568
Water Supplies	(G)	1,044	515	-	1,559
Sewerage Services	(G)	1,310	175	-	1,485
McMaugh Gardens Aged Care		1,180	-	-	1,180
External Restrictions - Other		3,952	1,288	-	5,240
Total External Restrictions		3,952	1,288	-	5,240

Internal Restrictions

Plant & Vehicle Replacement		500	-	(124)	376
Employees Leave Entitlement		550	-	(11)	539
Carry Over Works		20	335	(20)	335
McMaugh Gardens		1,363	205	(73)	1,495
Community Services excess income		328	-	(152)	176
Strategic Development		-	560		560
Total Internal Restrictions		2,761	1,100	(380)	3,481
TOTAL RESTRICTIONS		6,713	2,388	(380)	8,721

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

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

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 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		213	-	244	-
Interest & Extra Charges		60	-	60	-
User Charges & Fees		158	-	289	-
Accrued Revenues					
- Interest on Investments		26	-	29	-
- Other Income Accruals		323	-	478	-
Government Grants & Subsidies		53	-	-	-
Amounts due from Other Councils		360	-	-	-
Net GST Receivable		66	-	17	-
Other Debtors		78	-	1,233	-
Total		1,337	-	2,350	-
less: Provision for Impairment					
Other Debtors		(2)	-	(1)	-
Total Provision for Impairment - Receivables		(2)	-	(1)	-
<u>TOTAL NET RECEIVABLES</u>		<u>1,335</u>	<u>-</u>	<u>2,349</u>	<u>-</u>
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		32	-	32	-
- Other		166	-	305	-
Sewerage Services					
- Rates & Availability Charges		31	-	28	-
- Other		5	-	8	-
- McMaugh Gardens		-	-	567	-
Total External Restrictions		234	-	940	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		1,101	-	1,409	-
<u>TOTAL NET RECEIVABLES</u>		<u>1,335</u>	<u>-</u>	<u>2,349</u>	<u>-</u>

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 8.50% (2014 9.00%).
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 2015

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		187	-	197	-
Total Inventories		187	-	197	-
Other Assets					
Prepayments		19	-	117	-
Total Other Assets		19	-	117	-
TOTAL INVENTORIES / OTHER ASSETS		206	-	314	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(a) Inventory Write Downs

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

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

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period						as at 30/6/2015					
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying	
	Cost	Fair Value	Dep'n	Impairment	Value							Cost	Fair Value	Dep'n	Impairment	Value	
Capital Work in Progress	668	-	-	-	668	938	-	-	(503)	-	-	1,103	-	-	-	-	1,103
Plant & Equipment	-	6,421	2,593	-	3,828	1,274	(297)	(461)	4	-	-	-	6,774	2,426	-	-	4,348
Office Equipment	-	380	222	-	158	107	-	(56)	-	-	-	-	487	278	-	-	209
Furniture & Fittings	-	759	441	-	318	66	-	(48)	4	-	-	-	829	489	-	-	340
Land:																	
- Operational Land	-	1,360	-	-	1,360	44	-	-	-	-	-	-	1,404	-	-	-	1,404
- Community Land	-	1,631	-	-	1,631	-	-	-	-	-	-	-	1,631	-	-	-	1,631
Land Improvements - non depreciable	-	17	-	-	17	-	-	-	-	-	-	-	17	-	-	-	17
Buildings - Non Specialised	-	23,569	6,236	-	17,333	198	-	(198)	4	-	-	-	23,771	6,434	-	-	17,337
Other Structures	-	967	523	-	444	60	-	(43)	-	-	-	-	1,027	566	-	-	461
Infrastructure:																	
- Sealed Roads Structure	-	80,004	22,186	-	57,818	1,119	-	(1,638)	72	(19,397)	-	-	61,607	23,633	-	-	37,974
- Unsealed Roads	-	12,917	9,146	-	3,771	665	-	(319)	-	-	1,126	-	16,110	10,867	-	-	5,243
- Bridges	-	22,865	4,207	-	18,658	2,888	-	(271)	330	(827)	-	-	32,281	11,503	-	-	20,778
- Footpaths	-	1,033	345	-	688	23	-	(17)	84	-	674	-	1,637	185	-	-	1,452
- Bulk Earthworks (non-depreciable)	-	163,907	-	-	163,907	459	-	-	-	(52,392)	-	-	111,974	-	-	-	111,974
- Stormwater Drainage	-	2,561	496	-	2,065	7	-	(30)	4	(86)	-	-	2,479	519	-	-	1,960
- Water Supply Network	-	15,784	1,575	-	14,209	30	-	(184)	-	-	405	-	16,052	1,592	-	-	14,460
- Sewerage Network	-	7,621	1,275	-	6,346	43	-	(200)	1	-	105	-	7,780	1,485	-	-	6,295
- Other Open Space/Recreational Assets	-	653	274	-	379	-	-	(26)	-	-	-	-	653	300	-	-	353
Other Assets:																	
- Heritage Collections	-	90	-	-	90	-	-	-	-	-	-	-	90	-	-	-	90
- Other	-	51	15	-	36	-	-	(3)	-	-	-	-	51	18	-	-	33
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																	
- Tip Assets	-	786	102	-	684	-	-	(39)	-	-	-	-	786	141	-	-	645
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	668	343,376	49,636	-	294,408	7,921	(297)	(3,533)	-	(72,702)	2,310	1,103	287,440	60,436	-	-	228,107

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$5,881k) and New Assets (\$106k). 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 2015

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

\$ '000	Actual				Actual			
	2015				2014			
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
Water Supply								
Land								
- Operational Land	-	202	-	202	-	202	-	202
Buildings	-	4,395	505	3,890	-	4,395	475	3,920
Infrastructure	-	16,052	1,592	14,460	-	15,784	1,575	14,209
Other Assets	-	8	3	5	-	7	3	4
Total Water Supply	-	20,657	2,100	18,557	-	20,388	2,053	18,336
Sewerage Services								
Land								
- Operational Land	-	102	-	102	-	102	-	102
- Improvements non-depreciable	-	6	-	6	-	6	-	6
Buildings	-	104	7	97	-	104	7	97
Other Structures	-	40	24	16	-	40	23	18
Infrastructure	-	7,780	1,485	6,295	-	7,621	1,275	6,346
Other Assets	-	46	8	38	-	46	7	38
Total Sewerage Services	-	8,078	1,524	6,554	-	7,919	1,312	6,607
Domestic Waste Management								
Plant & Equipment	-	306	149	157	-	306	115	191
Land								
- Operational Land	-	180	-	180	-	180	-	180
Buildings	-	455	70	385	-	301	67	234
Other Structures	-	225	161	64	-	186	153	34
Other Assets	-	27	5	22	-	28	5	22
Total DWM	-	1,193	385	808	-	1,001	339	661
MaMaugh Gardens Aged Care								
- Plant and Equipment	-	20	14	6	-	15	12	2
- Office Equipment	-	25	14	11	-	19	12	7
- Furniture and Fittings	-	467	323	144	-	443	299	144
- Land (Council owned)	-	65	-	65	-	65	-	65
- Roads, Parking & Footpaths	-	38	5	33	-	38	5	33
- Buildings	-	6,003	1,619	4,384	-	5,968	1,554	4,413
- Other Structures	-	138	38	100	-	138	29	109
Total Other Restrictions	-	6,756	2,013	4,743	-	6,685	1,912	4,774
TOTAL RESTRICTED I,PP&E	-	36,684	6,022	30,662	-	35,993	5,615	30,378

Note 9c. Infrastructure, Property, Plant & 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 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,102	-	518	-
Accrued Expenses:					
- Salaries & Wages		-	-	271	-
- Other Expenditure Accruals		598	-	269	-
ATO - Net GST Payable		(2)	-	(3)	-
Retirement Home Contributions		2,176	-	2,410	-
Total Payables		3,874	-	3,465	-
Borrowings					
Loans - Secured ¹		118	3,121	112	1,237
Total Borrowings		118	3,121	112	1,237
Provisions					
Employee Benefits;					
Annual Leave		743	-	808	-
Sick Leave		86	-	92	-
Long Service Leave		1,422	79	1,538	55
Other Leave		136	-	122	-
ELE On-Costs		-	4	-	4
Sub Total - Aggregate Employee Benefits		2,387	83	2,560	59
Asset Remediation/Restoration (Future Works) ²⁶		-	833	-	830
Total Provisions		2,387	916	2,560	889
Total Payables, Borrowings & Provisions		6,379	4,037	6,137	2,126
(i) Liabilities relating to Restricted Assets					
		2015		2014	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
McMaugh Garden (Payables)		2,180	-	2,410	-
McMaugh Garden (Interest Bearing Liabilities)		4	63	4	67
Liabilities relating to externally restricted assets		2,184	63	2,414	67
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		2,184	63	2,414	67
Total Liabilities relating to Unrestricted Assets		4,195	3,974	3,723	2,059
TOTAL PAYABLES, BORROWINGS & PROVISIONS		6,379	4,037	6,137	2,126

¹ 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 2015

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

\$ '000	Actual 2015	Actual 2014
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,798	1,794
Retirement Home Contributions	1,780	2,081
	<u>3,578</u>	<u>3,875</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2014		2015			
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/15
Annual Leave	808	512	(577)	-	-	743
Sick Leave	92	-	(6)	-	-	86
Long Service Leave	1,593	(33)	(59)	-	-	1,501
Other Leave (enter deta	122	14	-	-	-	136
ELE On-Costs	4	-	-	-	-	4
Asset Remediation	830	3	-	-	-	833
TOTAL	3,449	496	(642)	-	-	3,303

- 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 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	7,175	5,830
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		7,175	5,830
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		3,764	607
Adjust for non cash items:			
Depreciation & Amortisation		3,533	3,309
Net Losses/(Gains) on Disposal of Assets		56	(77)
Unwinding of Discount Rates on Reinstatement Provisions		3	48
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		1,013	(1,109)
Increase/(Decrease) in Provision for Doubtful Debts		1	-
Decrease/(Increase) in Inventories		10	(6)
Decrease/(Increase) in Other Assets		98	(13)
Increase/(Decrease) in Payables		584	(61)
Increase/(Decrease) in other accrued Expenses Payable		58	402
Increase/(Decrease) in Other Liabilities		(233)	(1,155)
Increase/(Decrease) in Employee Leave Entitlements		(149)	247
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		8,738	2,192
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		100	100
Credit Cards / Purchase Cards		46	57
Total Financing Arrangements		146	157
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		18	-
Total Financing Arrangements Utilised		18	-

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(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 2015

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Plant & Equipment		-	368
Total Commitments		-	368
These expenditures are payable as follows:			
Within the next year		-	368
Total Payable		-	368
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		-	368
Total Sources of Funding		-	368

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>(332)</u>	-1.94%	-1.99%	-1.88%
Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions)	17,131			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. ALL Grants & Contributions)</u>	<u>11,296</u>	53.08%	61.94%	66.03%
Total continuing operating revenue ⁽¹⁾	21,283			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>5,647</u>	2.08x	1.19	2.30
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>2,711</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>3,325</u>	14.21x	12.32	12.17
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>234</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>273</u>	4.77%	5.52%	5.78%
Rates, Annual and Extra Charges Collectible	<u>5,719</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>9,580</u>	7.34 mths	5.42	7.04
Payments from cash flow of operating and financing activities	<u>1,305</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

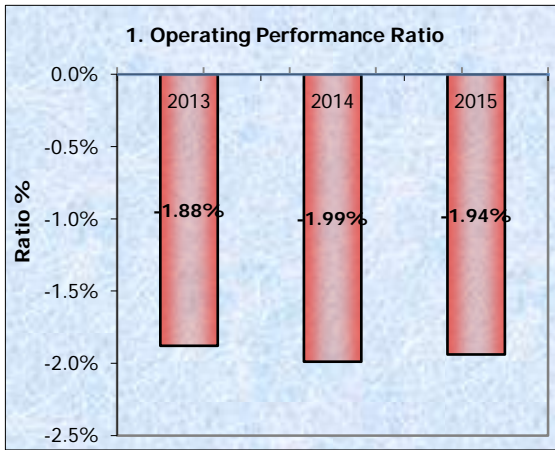
⁽³⁾ Refer to Note 10(a).

⁽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 2015

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 2014/15 Result

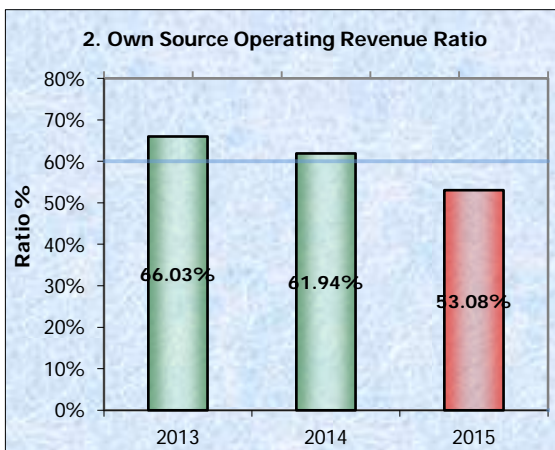
2014/15 Ratio -1.94%

The Tcorp benchmark for this measure is to be better than a deficit of 4%. The current year result of a deficit just under 2% is both better than the Tcorp benchmark and a positive improvement on 2014. This reflects an improvement in operating performance that should continue into 2016. It is the intention of Council to move towards a positive result in this area in the long term.

Benchmark: Minimum $\geq 0.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



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 2014/15 Result

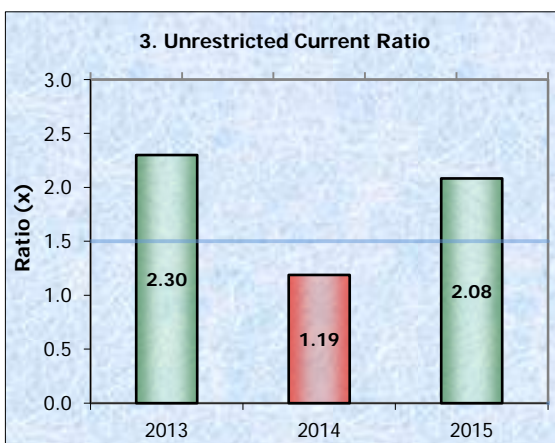
2014/15 Ratio 53.08%

The Tcorp benchmark for this measure is to be above 60%. This year has seen a reduction in this ratio on previous years, mostly associated with a large one-off capital grant for Emu Crossing. This ratio is also skewed by excluding grants relating to operating activities such as McMaugh Gardens, TCSO, KADS and Community Transport which are reliant on grants. This ratio would otherwise be above 60%.

Benchmark: Minimum $\geq 60.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



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 2014/15 Result

2014/15 Ratio 2.08x

The Tcorp benchmark for this ratio is 1.5:1 which council has more than achieved in 2015. This is also an improvement on 2014 and reflects the better financial performance in 2015 by allowing excess funds to be invested in short term deposits.

Benchmark: Minimum ≥ 1.50

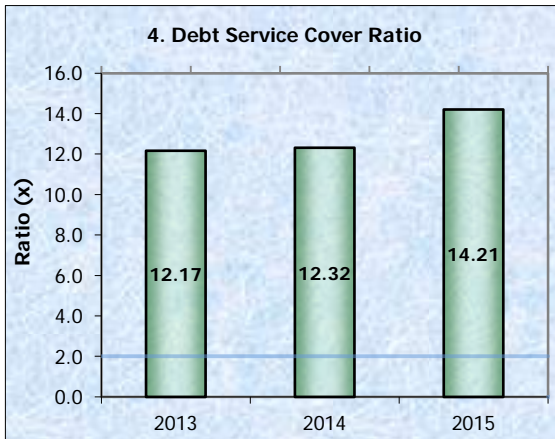
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark

Uralla Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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



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 2014/15 Result

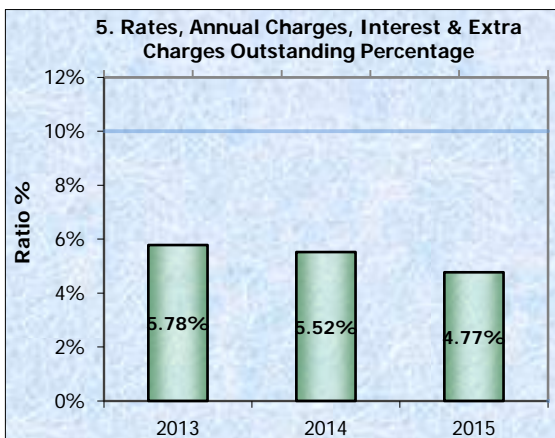
2014/15 Ratio 14.21x

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

Benchmark: Minimum ≥ 2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



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 2014/15 Result

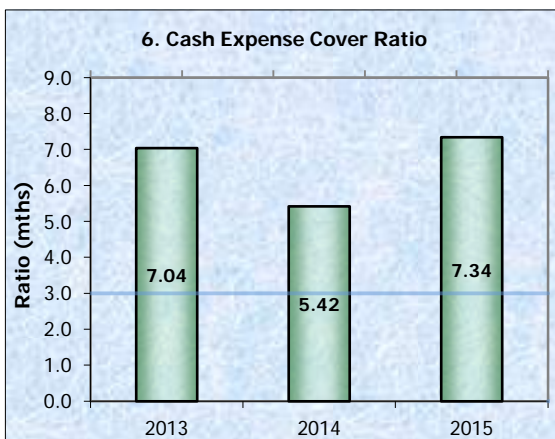
2014/15 Ratio 4.77%

The outstanding ratio continues to improve. Council has a long term target of outstanding rates of 3%.

Benchmark: Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



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 2014/15 Result

2014/15 Ratio 7.34 mths

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.

Benchmark: Minimum ≥ 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Water 2015	Sewer 2015	General ⁵ 2015
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	19.79%	2.54%	-3.48%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: 7.07%	-7.52%	-2.33%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. ALL Grants & Contributions)</u>	98.25%	97.94%	49.41%
Total continuing operating revenue ⁽¹⁾	prior period: 98.44%	97.61%	58.63%
3. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions⁽²⁾</u>	No Liabilities	No Liabilities	2.08x
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	prior period: No Liabilities	No Liabilities	1.19
4. Debt Service Cover Ratio			
<u>Operating Result⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation</u>	0.00	0.00	11.54x
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	prior period: 0.00	0.00	10.56
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual and Extra Charges Outstanding</u>	8.25%	5.72%	4.39%
Rates, Annual and Extra Charges Collectible	prior period: 8.70%	5.48%	5.27%
6. Cash Expense Cover Ratio			
<u>Current Year's Cash and Cash Equivalents + All Term Deposits</u> x12	33.53 mths	43.68 mths	5.34 mths
Payments from cash flow of operating and financing activities	prior period: 18.34	37.52	3.83

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 & Sewer activities which are listed separately.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	7,175	5,830	7,175	5,830
Investments				
- "Held to Maturity"	2,405	1,000	2,405	1,000
Receivables	1,335	2,349	1,335	2,349
Total Financial Assets	10,915	9,179	10,915	9,179
Financial Liabilities				
Payables	3,874	3,465	3,874	3,465
Loans / Advances	3,239	1,349	3,239	1,349
Total Financial Liabilities	7,113	4,814	7,113	4,814

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt 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 2015

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.

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.

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
2015				
Possible impact of a 1% movement in Interest Rates	96	96	(96)	(96)
2014				
Possible impact of a 1% movement in Interest Rates	68	68	(68)	(68)

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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.

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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	77%	74%	67%	85%
Overdue	23%	26%	33%	15%
	100%	100%	100%	100%

		2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(ii) Ageing of Receivables - value					
Rates & Annual Charges	Other Receivables				
Current	Current	164	828	163	1,790
< 1 year overdue	0 - 30 days overdue	13	172	81	143
1 - 2 years overdue	30 - 60 days overdue	36	5	-	162
2 - 5 years overdue	60 - 90 days overdue	-	5	-	(22)
> 5 years overdue	> 90 days overdue	-	114	-	33
		213	1,124	244	2,106

(iii) Movement in Provision for Impairment of Receivables

	2015	2014
Balance at the beginning of the year	1	1
+ new provisions recognised during the year	1	-
Balance at the end of the year	2	1

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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		
2015									
Trade/Other Payables	-	2,099	400	400	400	400	176	3,875	3,874
Loans & Advances	-	118	124	119	126	125	2,627	3,239	3,239
Total Financial Liabilities	-	2,217	524	519	526	525	2,803	7,114	7,113
2014									
Trade/Other Payables	-	1,455	400	400	400	400	410	3,465	3,465
Loans & Advances	-	118	118	118	118	118	759	1,349	1,349
Total Financial Liabilities	-	1,573	518	518	518	518	1,169	4,814	4,814

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:

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	3,874	0.0%	3,465	0.0%
Loans & Advances - Fixed Interest Rate	3,239	5.1%	1,349	7.3%
	<u>7,113</u>		<u>4,814</u>	

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 23 June 2014.

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	2015 Budget	2015 Actual	2015 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	5,459	5,367	(92)	(2%)	U
User Charges & Fees	5,345	4,922	(423)	(8%)	U
Interest & Investment Revenue	511	236	(275)	(54%)	U
Lower interest rates and cash balances over the year contributed to reduced investment returns.					
Other Revenues	360	771	411	114%	F
Council received a one-off donation of \$205,000 that significantly increased other revenues. Other income improvements were spread evenly over the additional increase in other revenues.					
Operating Grants & Contributions	5,960	5,835	(125)	(2%)	U
Capital Grants & Contributions	3,141	4,152	1,011	32%	F
Capital funding for transport and communication has been classified as operating income in the final budget but treated as capital funding in this financial report.					

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	7,668	7,808	(140)	(2%)	U
Borrowing Costs	105	124	(19)	(18%)	U
Interest on new borrowings of \$2 million was not included in the original budget.					
Materials & Contracts	4,356	4,587	(231)	(5%)	U
Depreciation & Amortisation	3,864	3,533	331	9%	F
Other Expenses	1,510	1,411	99	7%	F
Net Losses from Disposal of Assets	-	56	(56)	0%	U
The initial budget did not anticipate the disposal of any assets for a loss.					

Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	7,137	8,738	1,601	22.4%	F
An improved financial result of \$491,000 coupled with receipt of outstanding debtors of \$1,021,000 (McMaugh Gardens deposit and capital funding for Emu Crossing bridge) have resulted in improved cash flows from operating activities.					
Cash Flows from Investing Activities	(6,828)	(9,085)	(2,257)	33.1%	U
Loan funds drawn down during the financial year were used to fund additional capital infrastructure works with the remaining funds placed on deposit for use in 2016.					
Cash Flows from Financing Activities	(125)	1,692	1,817	(1453.6%)	F
The initial budget for 2015 did not include loan funds of \$2 million taken out during this financial year.					

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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	305	17	-	10	-	-	332	73	(405)	(0)	-
Traffic Facilities	15	-	-	-	-	-	15	10	(25)	-	-
Community Facilities	61	-	-	2	-	-	63	21	(84)	-	-
Other	38	-	-	1	-	-	39	26	(65)	-	-
S94 Contributions - under a Plan	418	17	-	13	-	-	448	130	(578)	(0)	-
Total S94 Revenue Under Plans	418	17	-	13	-	-	448				-
Total Contributions	418	17	-	13	-	-	448	130	(578)	(0)	-

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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	59	-	-	2	-	-	61	56	(117)	(0)	-
Traffic Facilities	15	-	-	-	-	-	15	10	(25)	-	-
Community Facilities	61	-	-	2	-	-	63	21	(84)	-	-
Other	33	-	-	1	-	-	34	26	(60)	-	-
Total	167	-	-	5	-	-	172	113	(285)	(0)	-

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	-	-	-	-	-	5	-	(5)	-	-
Total	5	-	-	-	-	-	5	-	(5)	-	-

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	246	17	-	8	-	-	271	17	(288)	-	-
Total	246	17	-	8	-	-	271	17	(288)	-	-

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 it's 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 2015 was \$211,875. 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 2015. However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 a deficit still exists.

Effective from 1 July 2015, 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 2015

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

\$ '000

(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 2015 was estimated to be in the order of \$278,400.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 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.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(iv) Other Guarantees

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

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 2015

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 \$487,499.47 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 distribution amount is \$58,586.12.

In early September 2015 Council received an interim dividend payment of \$53,576.19 (10.99c in the dollar). After various fees associated with the claim had been deducted the net amount received by council was \$12,952.90.

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

(iii) FINANCIAL ASSETS

COLLATERALISED DEBT OBLIGATIONS (CDOs) (continued)

would have been 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 securites for CDOs organised by LBSF until the differences have been resolved.

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 2014-2015 financial year.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 2015 were not available.

(iv) CENTRAL NORTHERN LIBRARIES (continued)

The net assets of the Central Northern Regional Library at 30 June 2014 were \$1,075,606 with a Surplus from Ordinary Activities of \$109,576 for the 2013/2014 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.

Note 19. Interests in Other Entities

Council has no interest in any Controlled Entities, Joint Arrangements or Associates.

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		64,448	63,841
a. Correction of Prior Period Errors	20 (c)	(198)	-
b. Net Operating Result for the Year		3,764	607
Balance at End of the Reporting Period		68,014	64,448
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		160,798	231,190
Total		160,798	231,190
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		231,190	230,199
- Revaluations for the year	9(a)	(70,392)	991
- Balance at End of Year		160,798	231,190
TOTAL VALUE OF RESERVES		160,798	231,190
(iii) Nature & Purpose of Reserves			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			
(c) Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
- Duplication of grant income		(198)	-
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Closing Equity - 30/6/14 (relating to adjustments for the 30/6/14 year end)		(198)	-
Total Prior Period Adjustments - Prior Period Errors		(198)	-
(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 2015

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	388	542	4,437
User Charges & Fees	516	30	4,376
Interest & Investment Revenue	49	45	142
Other Revenues	-	-	771
Grants & Contributions provided for Operating Purposes	17	13	5,805
Grants & Contributions provided for Capital Purposes	-	-	4,152
Other Income			
Net Gains from Disposal of Assets	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	970	630	19,683
Expenses from Continuing Operations			
Employee Benefits & on-costs	313	260	7,235
Borrowing Costs	-	-	124
Materials & Contracts	245	149	4,193
Depreciation & Amortisation	215	202	3,116
Other Expenses	-	-	1,411
Net Losses from the Disposal of Assets	-	-	56
Total Expenses from Continuing Operations	773	611	16,135
Operating Result from Continuing Operations	197	19	3,548
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	197	19	3,548
Net Operating Result attributable to each Council Fund	197	19	3,548
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	197	19	(604)

¹ 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 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	1,559	1,485	4,131
Investments	-	-	2,405
Receivables	198	36	1,101
Inventories	-	-	187
Other	-	-	19
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	1,757	1,521	7,843
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	-
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	18,557	6,554	202,996
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	18,557	6,554	202,996
TOTAL ASSETS	20,314	8,075	210,839
LIABILITIES			
Current Liabilities			
Payables	-	-	3,874
Borrowings	-	-	118
Provisions	-	-	2,387
Total Current Liabilities	-	-	6,379
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	-	3,121
Provisions	-	-	916
Total Non-Current Liabilities	-	-	4,037
TOTAL LIABILITIES	-	-	10,416
Net Assets	20,314	8,075	200,423
EQUITY			
Retained Earnings	8,693	5,336	53,985
Revaluation Reserves	11,621	2,739	146,438
Total Equity	20,314	8,075	200,423

¹ 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 2015

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 2015) 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 30/10/15.

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 2015.

(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 2015 and which are only indicative of conditions that arose after 30 June 2015.

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 2015

Note 26. Reinstatement, Rehabilitation & 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	
		2015	2014
Landfill Remediation	2029	833	830
Balance at End of the Reporting Period	10(a)	833	830

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	830	782
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	3	48
Total - Reinstatement, rehabilitation and restoration provision	833	830

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 2015

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

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:

2015	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	
Recurring Fair Value Measurements					
Infrastructure, Property, Plant & Equipment					
Capital Works in Progress	30/06/15	-	-	1,103	1,103
Plant & Equipment	30/06/15	-	-	4,348	4,348
Office Equipment	30/06/15	-	-	209	209
Furniture and Fittings	30/06/15	-	-	340	340
Operational Land	30/06/14	-	-	1,404	1,404
Community Land	30/06/14	-	-	1,631	1,631
Land Improvements - non depreciable	30/06/14	-	-	17	17
Buildings- Non Specialised	30/06/14	-	-	17,337	17,337
Other Structures	30/06/14	-	-	461	461
Sealed Road Structure	30/06/15	-	-	37,974	37,974
Unsealed Roads	30/06/15	-	-	5,243	5,243
Bridges	30/06/15	-	-	20,778	20,778
Footpaths	30/06/15	-	-	1,452	1,452
Bulk Earthworks	30/06/15	-	-	111,974	111,974
Stormwater Drainage	30/06/15	-	-	1,960	1,960
Water Supply Network	30/06/15	-	-	14,460	14,460
Sewerage Network	30/06/15	-	-	6,295	6,295
Heritage Collection	30/06/14	-	-	90	90
Other Assets	30/06/14	-	-	33	33
Tip Assets	30/06/14	-	-	645	645
Other Open Space / Recreational Assets	30/06/14	-	-	353	353
Total Infrastructure, Property, Plant & Equipment		-	-	228,107	228,107

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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	
Recurring Fair Value Measurements					
Infrastructure, Property, Plant & Equipment					
Capital Works in Progress	30/06/14	-	-	668	668
Plant & Equipment	30/06/14	-	-	3,828	3,828
Office Equipment	30/06/14	-	-	158	158
Furniture and Fittings	30/06/14	-	-	318	318
Operational Land	30/06/14	-	-	1,360	1,360
Community Land	30/06/14	-	-	1,631	1,631
Land Improvements - non depreciable	30/06/14	-	-	17	17
Buildings- Non Specialised	30/06/14	-	-	17,333	17,333
Other Structures	30/06/14	-	-	823	823
Sealed Road Structure	30/06/14	-	-	57,818	57,818
Unsealed Roads	30/06/14	-	-	3,771	3,771
Bridges	30/06/14	-	-	18,658	18,658
Footpaths	30/06/14	-	-	688	688
Bulk Earthworks	30/06/14	-	-	163,907	163,907
Stormwater Drainage	30/06/14	-	-	2,065	2,065
Water Supply Network	30/06/14	-	-	14,209	14,209
Sewerage Network	30/06/14	-	-	6,346	6,346
Heritage Collection	30/06/14	-	-	90	90
Other Assets	30/06/14	-	-	36	36
Tip Assets	30/06/14	-	-	684	684
Total Infrastructure, Property, Plant & Equipment		-	-	294,408	294,408

(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.

Uralla Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Infrastructure, Property, Plant & Equipment

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 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and 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 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and 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. An asset condition assessment was carried out by council staff during 2015.

To determine the unit cost of seals, Council has researched actual costs for a range of sealing works on different road types carried out in 2013/14 and 2014/15. These costs were then averaged on a per square metre basis. The average costs were then indexed by 3% per annum in order to estimate current unit rates. For the costs of both sealed and unsealed pavement works, separate estimates have been prepared from first principles using actual 2015 plant and labour rates and applying appropriate contingency factors. The rates were calculated on a volume basis by taking into account the pavement thickness and then compared to recently completed works as a final check. 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	Asset Condition	Remaining useful life
Useful Life and Residual Value	Gross Replacement Cost	

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 2015 by council staff. These inspections were carried out to comply with insurance protocols and to provide data for the revaluation that occurred this year. Current replacement costs are based on recent works in King and Bridge Streets, 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 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and 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 between 75 and 125 years for its stormwater drainage assets.

Condition assessment for all stormwater drainage was carried out in 2015, additionally physical inspection of one of council's major lines in Plane Avenue, Uralla was carried out in 2015 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 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and 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

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

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 Sept 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 2015/2016. 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 recently completed at Emu Crossing Bridge. No bridges have weight limits in place.

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.

Regional Roads	Concrete/Steel	Timber
No. Of Bridges		
Overall Deck Area	6659m ²	126m ²
Local Roads		
No. Of Bridges		
Overall Deck Area	5088m ²	449m ²

The unobservable Level 3 inputs used include:

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

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 council staff.

Currently using unit rate estimated from first principles using current internal rates.

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.

Uralla Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

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	Asset Condition	Remaining useful life
Useful Life	Future Economic Benefit	

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 2015

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	Buildings & Other Infrastructure	Total
Opening Balance - 1/7/13	1,360	1,631	17	18,351	21,359
Transfers from/(to) another asset class	-	-	-	52	52
Purchases (GBV)	-	-	-	22	22
Depreciation & Impairment	-	-	-	(267)	(267)
Closing Balance - 30/6/14	1,360	1,631	17	18,158	21,166
Purchases (GBV)	44	-	-	259	303
Depreciation & Impairment	-	-	-	(266)	(266)
Closing Balance - 30/6/15	1,404	1,631	17	18,151	21,203
	Sealed Roads	Unsealed Roads	Bridges	Footpaths	Total
Opening Balance - 1/7/13	57,174	4,090	18,522	705	80,491
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)
Closing Balance - 30/6/14	57,818	3,771	18,658	688	80,935
Transfers from/(to) another asset class	72	-	330	84	486
Purchases (GBV)	1,119	665	2,888	23	4,695
Depreciation & Impairment	(1,638)	(319)	(271)	(17)	(2,245)
FV Gains - Other Comprehensive Income	(19,397)	1,126	(827)	674	(18,424)
Closing Balance - 30/6/15	37,974	5,243	20,778	1,452	65,447

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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
Opening Balance - 1/7/13	163,439	2,095	13,957	6,373	185,864
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
Closing Balance - 30/6/14	163,907	2,065	14,210	6,346	186,528
Transfers from/(to) another asset class	-	4	-	1	5
Purchases (GBV)	459	7	30	43	539
Depreciation & Impairment	-	(30)	(185)	(200)	(415)
FV Gains - Other Comprehensive Income	(52,392)	(86)	405	105	(51,968)
Closing Balance - 30/6/15	111,974	1,960	14,460	6,295	134,689

	Other Assets	Tip Assets	Plant and Equipment	WIP	Total
Opening Balance - 1/7/13	129	264	3,896	843	5,132
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)
Closing Balance - 30/6/14	126	684	4,302	667	5,779
Transfers from/(to) another asset class	-	-	8	(503)	(495)
Purchases (GBV)	-	-	1,449	939	2,388
Disposals (WDV)	-	-	(297)	-	(297)
Depreciation & Impairment	(3)	(39)	(565)	-	(607)
Closing Balance - 30/6/15	123	645	4,897	1,103	6,768

b. Transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above)

Nil

Uralla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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 2015

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

Officers**GENERAL MANAGER**

Mr Damien Connor

RESPONSIBLE ACCOUNTING OFFICER

Mr Simon Paul

PUBLIC OFFICER

Mrs Rechelle Leahy

AUDITORS

Forsyths Chartered Accountants
PO Box 114
Armidale NSW 2350

Elected Members**MAYOR**

Cr M Pearce

COUNCILLORS

Cr R Crouch
Cr L Cooper
Cr K Dusting
Cr M Dusting
Cr D Field
Cr F Geldof
Cr I Strutt
Cr K Ward

Other Information

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Armidale

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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 30th June 2015.

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 30th June 2015 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

30th October 2015
92 Rusden Street Armidale

30 October 2015

The Mayor
Uralla Shire Council
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Forsyths Business Services Pty Ltd
ABN 66 182 781 401

Dear Sir

AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

We are pleased to report that we have completed the audit of Council's financial statements and records for the year ended 30 June 2015 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

Knowledge with integrity



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 2015 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.

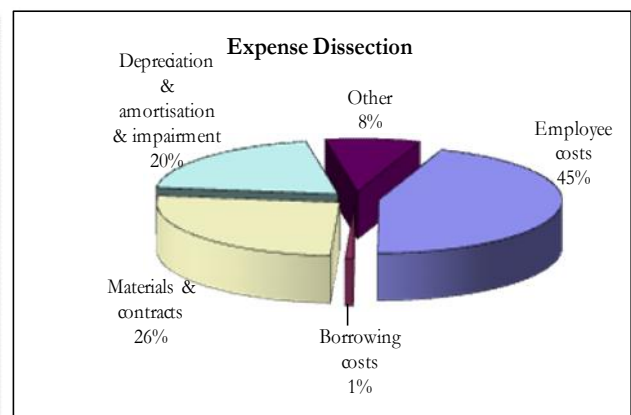
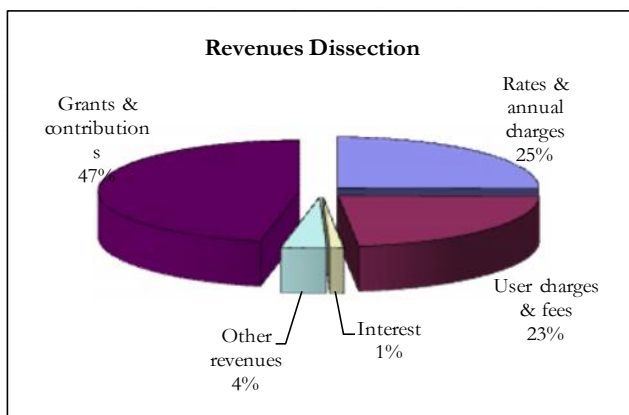


Additional Reporting Requirements

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 2015 discloses the following operating result:

INCOME STATEMENT	Budget	Actual	Actual	Variance	
	2015	2015	2014	Actual	Budget
	\$'000	\$'000	\$'000	%	%
INCOME FROM CONTINUING OPERATIONS					
Rates & annual charges	5,459	5,367	5,155	4.1%	-1.7%
User charges & fees	5,345	4,922	5,252	-6.3%	-7.9%
Interest	511	236	299	-21.1%	-53.8%
Other revenues from ordinary activities	360	771	722	6.8%	114.2%
Grants & contributions for operating purposes	5,960	5,835	6,141	-5.0%	-2.1%
Grants & contributions For capital purposes	3,141	4,152	880	371.8%	32.2%
Gain from sale of assets	0	0	77	0.0%	0.0%
Total income from continuing operations	20,776	21,283	18,526	14.9%	2.4%
EXPENSES FROM CONTINUING OPERATIONS					
Employee benefits & oncosts	7,668	7,808	8,198	-4.8%	1.8%
Borrowing costs	105	124	145	-14.5%	18.1%
Materials and contracts	4,356	4,587	4,908	-6.5%	5.3%
Depreciation & amortisation	3,864	3,533	3,309	6.8%	-8.6%
Other expenses from ordinary activities	1,510	1,411	1,359	3.8%	-6.6%
Loss from disposal of assets	0	56	0	0.0%	0.0%
Total Expenses from continuing operations	17,503	17,519	17,919	-2.2%	0.1%
OPERATING RESULT FROM CONTINUING OPERATIONS	3,273	3,764	607	-520.1%	15.0%
NET OPERATING RESULT BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	132	(388)	(273)	-42.1%	-393.9%



Council has made a surplus of \$3.8m from continuing operations compared to a surplus of \$0.6m in 2014. Excluding capital income of \$4.1m, council achieved a deficit of \$0.4m compared to a deficit of \$0.3m for 2014.



Operating revenue increased by \$2.8m or 15% mainly as a result of increases in rates and annual charges, operating and capital grants and contributions which were partially offset by lower user charges and fees and interest revenue. Rates and annual charges increased due to rate pegging increases and increases in statutory charges including the environmental levy. Operating grants and contributions increased due to higher aged care subsidies from the Department of Health in relation to McMaugh Gardens and higher Tablelands Community Transport subsidies. Capital grants and contributions increased due to grants to assist with the construction of the Emu Creek bridge and an increase in Roads and Maritime Services contributions for regional road renewals. User charges and fees decreased mainly due to lower private work activities as Council's resources were focused on road and bridge maintenance and renewal works. Interest income decreased due to lower interest rates on investments held during the year.

Expenditure decreased by \$0.4m or 2.2% mainly due to reduction in employee benefits and on-costs and materials and contracts costs as a result of an increase in capitalised costs as a result of the increase in infrastructure construction activities.

Comparison of actual to budget performance

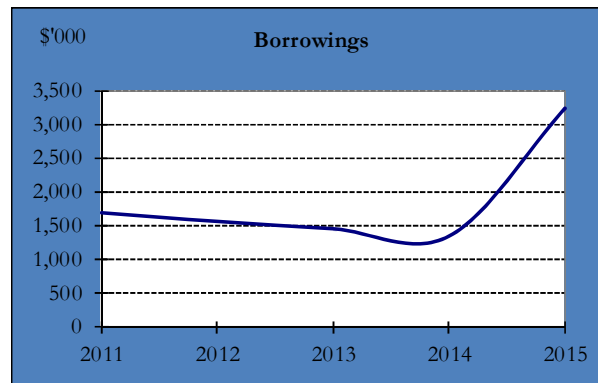
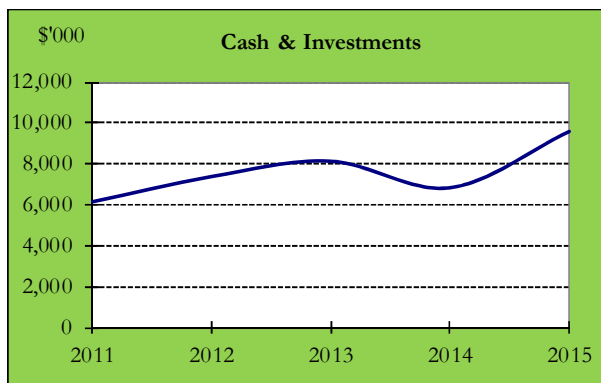
The budget amounts included above are those adopted in the original budget and exclude re-votes from the previous year and variations to the budget during the year. The actual operating surplus for the year of \$3.8m is higher than the original budget surplus of \$3.3m. The major variances between budget and actual results were:

- User charges and fees (unfavourable \$0.4m) – Council generated lower fees and charges especially private works and services fees for Kamillaroi Aged Care and Tablelands Community Support Options services;
- Interest revenue (unfavourable \$0.3m) – There was lower interest rates and cash balances than planned in the budget;
- Other revenue (favourable \$0.4m) – Council obtained a one-off donation in relation to McMaugh Gardens Aged Care and other small revenue increases not included in the budget estimate;
- Capital grants and contributions (favourable \$1.0m) – Council had higher contributions from RMS and grants for road and bridge replacements than included in the original budget; and
- Depreciation and amortisation (favourable \$0.3m) due to changes in useful lives and depreciation methodologies 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 2015. This schedule discloses the consolidated assets and liabilities of all functions.

SCHEDULE OF ASSETS & LIABILITIES	2015 \$'000	2014 \$'000	Variance %
CURRENT ASSETS			
Cash and cash equivalents	7,175	5,830	23.1%
Investments	2,405	1,000	140.5%
Receivables	1,335	2,349	-43.2%
Inventories	187	197	-5.1%
Other	19	117	-83.8%
TOTAL CURRENT ASSETS	11,121	9,493	17.1%
CURRENT LIABILITIES			
Payables	3,874	3,465	11.8%
Borrowings	118	112	5.4%
Provisions	2,387	2,560	-6.8%
TOTAL CURRENT LIABILITIES	6,379	6,137	3.9%
NET CURRENT ASSETS	4,742	3,356	41.3%
NON-CURRENT ASSETS			
Infrastructure, Property Plant & Equipment	228,107	294,408	-22.5%
TOTAL NON-CURRENT ASSETS	228,107	294,408	-22.5%
NON-CURRENT LIABILITIES			
Provisions	916	889	3.0%
Borrowings	3,121	1,237	152.3%
TOTAL NON-CURRENT LIABILITIES	4,037	2,126	89.9%
NET ASSETS	228,812	295,638	-22.6%



Total cash and investments increased by \$2.8m mainly due to positive cash flows from operations and new borrowings for infrastructure works (Emu Crossing bridge and acquisition of industrial land) only partially offset by infrastructure capital works.

Borrowings increased by \$1.9m mainly due to new Local Infrastructure Renewal Scheme (LIRS) borrowings to fund the Emu Crossing bridge and acquisition of industrial land for redevelopment.



Receivables decreased due to unpaid Aged Care bonds and grants debtors for the Emu Creek bridge as at 30 June 2014.

Infrastructure, Property, Plant and Equipment decreased by \$66.3m mainly due to the net decrease in the valuation of roads, bridges, footpaths, drainage and bulk earthworks of \$70.9m (this was mainly due to the revisions in replacement costs and asset condition ratings). Other movements were asset additions of \$7.9m (including road and bridge works), annual indexation in the value of water and sewer assets of \$0.5m, depreciation of \$3.5m and disposal of assets of \$0.3m.

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	1,757	1,521	1,722	6,121	11,121
Current Liabilities	-	-	2,184	4,195	6,379
Net Current Assets	1,757	1,521	(462)	1,926	4,742
Add Liabilities > 12 Months	-	-	1,780	1,798	3,578
Total Funds before Restrictions	1,757	1,521	1,318	3,724	8,320
LESS: Restricted Cash & Investments (Included in Revenue)					
Developer Contributions	-	-	-	448	448
Specific Purpose Grants & Contributions	-	-	-	568	568
	-	-	-	1,016	1,016
NET FUNDS AVAILABLE	1,757	1,521	1,318	2,708	7,304
LESS Internal Restrictions	-	-	1,495	1,986	3,481
Net Funds After All Restrictions	1,757	1,521	(177)	722	3,823

INTERNAL RESTRICTIONS	Opening \$'000	Transfer to \$'000	Transfer from \$'000	Closing \$'000
Employee leave entitlements	550	-	11	539
Plant replacement	500	-	124	376
Carry-over works	20	335	20	335
Community Services excess income	328	-	152	176
Strategic development	-	560	-	560
Accommodation bond guarantee	1,363	205	73	1,495
	2,761	1,100	380	3,481

After excluding the net current assets of the McMaugh Gardens Hostel, Water fund and Sewerage fund the general fund working capital balance is in surplus and sufficient to fund internal restrictions and working capital requirements at 30 June 2015. 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 has insufficient cash reserves after internal restrictions. Council should ensure it focuses on continuing to build McMaugh Gardens financial surpluses to avoid Council's general fund being required to support its aged care operations.

Council has internally restricted \$3.5m in cash for: plant replacements; carry-over projects; accommodation bond requirements, employee entitlements provisions and other minor reserves.

After funding both external and internal restrictions Council retains a positive unrestricted reserve of \$0.5m.

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	2015	2014	2013	2012	Benchmarks
OPERATING PERFORMANCE RATIO	To assess councils ability to meet operating expenditure within operating reveune.	-1.9%	-6.3%	-1.9%	-8.3%	Tcorp >-4% FFF >0%
OWN SOURCE OPERATING REVENUE	To assess the degree of reliance on external funding sources.	53.1%	61.9%	66.0%	40.7%	Tcorp >60% FFF >60%
UNRESTRICTED CURRENT RATIO	To assess the adequacy of working capital after excluding all restricted assets and liabilities.	2.08	1.19	2.30	2.40	Tcorp >1.5
DEBT SERVICE COVER RATIO	To assess the availability of operating cash to service debt including interest, principal and lease payments.	14.2	9.5	12.2	6.8	Tcorp <20% FFF >2% & <20%
OUTSTANDING RATES	To assess the impact of uncollected rates and charges on liquidity and the adequacy of recovery efforts.	4.8%	5.5%	5.8%	7.6%	Tcorp <10%
CASH EXPENSE COVER RATIO	To assess the number of months council can pay its expenses without additional cash inflow.	7.3	5.4	7.0	1.0	Tcorp >3

Operating performance

An operating performance deficit of 1.9% indicates 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 8.8% and Group 10 average deficit of 16.1% for 2014. The improvement in this ratio for 2015 is due to higher revenues (rates and annual charges and operational grants) and lower expenses especially employee



costs and materials and contracts. The Fit for Future benchmark is that councils should average breakeven or better over a three year period.

Own source operating revenue

A ratio of 53.1% for the 2015 year would normally highlight that Council has a dependence on grants and contributions and compares to a Group 10 average of 62.0% and a State average of 70.0% for 2014. 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. However, the 2015 ratio was impacted by the one-off capital grant received for the Emu Creek bridge without which the ratio would have exceeded the 60% 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 2.08 as at 30 June 2015 indicates that there is \$2.08 of unrestricted current assets for every \$1.00 of current liabilities. Council's ratio of 2.08 compares to the average of 4.33 for category 10 Councils and the State average of 3.61 for 2014. The ratio is above the TCorp benchmark of greater than 1.5.

Debt service cover ratio

The debt service cover ratio of 14.2 times indicates that council has \$14.20 before interest and depreciation to pay interest and principal repayments on current borrowings. This compares to the Group 10 average of 17.1 and the State average of 89.1 for 2014. 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 4.8% is similar to the previous year. Council's outstanding rates ratio is lower than the Group 10 average of 7.7 and state average of 6.25% for 2014. 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 7.3 months of its expenses without additional cash inflows. This compares to the Group 10 average of 9.4 and the State average of 9.8 for 2014. 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 reveune.	19.8% 7.1%	2.5% -7.5%	-3.5% -7.1%
OWN SOURCE OPERATING REVENUE	To assess the degree of reliance on external funding sources.	98.3% 98.4%	97.9% 97.6%	49.4% 58.6%
UNRESTRICTED CURRENT RATIO	To assess the adequacy of working capital after excluding all restricted assets and liabilities.	100.0 100.0	100.0 100.0	2.1 1.2
DEBT SERVICE COVER RATIO	To assess the availability of operating cash to service debt including interest, principal and lease payments.	100.0 100.0	100.0 100.0	11.5 7.8
OUTSTANDING RATES	To assess the impact of uncollected rates and charges on liquidity and the adequacy of recovery efforts.	8.3% 8.7%	5.7% 5.5%	4.4% 5.3%
CASH EXPENSE COVER RATIO	To assess the number of months council can pay its expenses without additional cash inflow.	33.5 18.3	43.7 37.5	5.3 3.8

Operating performance

An operating performance ratio by fund shows that the water and sewer fund has generally sufficient operating revenue, excluding capital grants and contributions to cover operating expenditure. However, the general fund has been unable to cover all of its operating expenses, especially depreciation expense. The improvement in the sewer fund ratio was due to increases in revenues for the fund.

Own source operating revenue

The ratios show the Councils reliance on grant and contribution funding within the general fund. However, the ratio in the general fund has been impacted by one-off capital grants for Emu Crossing bridge which would otherwise put the ratio on comparative terms with last year.

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.



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	2015	2014	2013	2012	Benchmarks
BUILDING AND INFRASTRUCTURE RENEWALS RATIO	To assess the proportion spent on infrastructure renewals vs infrastructure deterioration.	201.0%	94.2%	87.0%	89.5%	Tcorp >100% FFF >100%
INFRASTRUCTURE BACKLOG RATIO	To assess the infrastructure backlog against the total value of councils infrastructure.	0.5%	6.5%	8.0%	5.0%	Tcorp <20% FFF <2%
ASSET MAINTENANCE RATIO	To assess the actual vs required annual maintenance expenditure.	102%	100%	117%	109%	Tcorp >100% FFF >100%
CAPITAL EXPENDITURE RATIO	To assess the extent to which council is forecasting to expand its asset base with capital expenditure.	2.2	1.2	1.1	0.9	Tcorp >1.1

Asset Renewal Ratio

The asset renewals ratio indicates Council’s performance with renewing its infrastructure assets against the level of estimated infrastructure asset deterioration (as represented by depreciation expense). For 2015 Council spent \$2.01 for every \$1 in estimated asset deterioration. The Group 10 ratio was \$0.80 and the State average was \$0.87 for the 2014 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 used sufficient resources on asset renewals for the past three years (average for three years was 127.4%) compared to the estimated reduction in asset condition over the past three years. However, 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 \$0.5m.

Infrastructure backlog ratio

An infrastructure backlog ratio 0.5% indicates that the infrastructure backlog represents 0.5% of the value of Councils infrastructure and compares to a Group 10 average of 13.8% and State average of



8.7% for 2014. The TCorp benchmark is a ratio less than 20% and the “fit for future” benchmark is less than 2%. The significant reduction in the infrastructure backlog ratio for 2015 was due to Council reviewing its asset modelling regarding estimating the value of assets below satisfactory condition.

Asset maintenance ratio

The Asset Maintenance ratio of 102% indicates that Council has undertaken sufficient maintenance to keep pace with required maintenance requirements as determine by Council’s engineers and maintenance staff. This compares positively to the Group 10 average of 89% and the State average of 90% for 2014. A ratio of greater than 100% is considered acceptable by TCorp.

Capital expenditure ratio

The capital expenditure ratio of 2.2 indicates that Council has expended \$2.20 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 significant increase in this ratio for 2015 was due to the major capital works to build the new Emu Creek bridge.

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 2015	Actual 2014	Variance
	\$'000	\$'000	%
CASH INFLOWS			
Operating Receipts	23,390	16,946	38.0%
Proceeds from Assets Sales	241	276	-12.7%
Receipt of retirement home bonds	698	680	2.6%
Proceeds from investments	1,000	1,300	-23.1%
Proceeds from Borrowings	2,000	0	0.0%
TOTAL RECEIPTS	27,329	19,202	42.3%
CASH OUTFLOWS			
Operating Payments	14,652	14,754	-0.7%
Purchase of investments	2,405	800	200.6%
Purchase of Assets	7,921	4,081	94.1%
Repayment of Loans	110	107	2.8%
Repayment of retirement home bonds	896	260	244.6%
TOTAL PAYMENTS	25,984	20,002	29.9%
TOTAL CASH MOVEMENT	1,345	(800)	-268.1%
Cash and equivalents	7,175	5,830	3.0%
Investments	2,405	1,000	3.0%
Total Cash & Investments on Hand	9,580	6,830	40.3%

Cash and investments overall increased by \$2.8m mainly due to positive cash flows from operations and new borrowings for infrastructure works (Emu Crossing and acquisition of industrial land for redevelopment) which was used to fund infrastructure capital works.

Cash outflows for Purchase of Assets of \$7.9m included road and bridge construction totalling \$6.2m. This compares to the \$2.2m annual rate of depreciation of these assets. The remaining asset purchases included purchases for plant and equipment of \$1.2m and other minor additions totalling \$0.5m.



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 \$192,000 after allowing for depreciation of \$215,000.

The Net Current Asset position records a surplus of \$1,757,000. This surplus plus the fact that the water supply function has no debt, are indicators of 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) is considered to be of “satisfactory” standard.

SEWERAGE FUNCTION

The Special Purpose Financial Statements disclose that the sewerage function recorded an operating surplus (excluding capital funding) of \$19,000 after allowing for depreciation of \$202,000.

The Net Current Assets position show a surplus of \$1,521,000. Considering the size of the sewerage operations, the fact that it has no debt and the sewerage infrastructure condition (per unaudited Special Schedule 7) is considered to be of “satisfactory” standard, the sewerage function is considered to be in a strong financial position.

McMAUGH GARDENS HOSTEL

The Special Purpose Financial Statements disclose that McMaugh Gardens Hostel recorded an operating surplus of \$182,000 for the 2015 year compared to a deficit of \$67,000 in the previous year. This result is after depreciation expense of \$101,000.

The net current asset position is a deficit of \$458,000 after allowing for resident’s bonds amounting to \$2,180,000. 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 \$1,322,000.

Given that McMaugh Gardens has no working capital as at the end of June 2015, 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.

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 Office 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 2015

*“...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 2015

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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 2015

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 26 October 2015.**


Cr M Pearce
MAYOR



Cr R Crouch
COUNCILLOR



Mr Damien Connor
GENERAL MANAGER



Mr Simon Paul
RESPONSIBLE ACCOUNTING OFFICER

Uralla Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	388	368
User charges	492	525
Fees	24	-
Interest	49	46
Grants and contributions provided for non capital purposes	17	17
Profit from the sale of assets	-	-
Other income	-	6
Total income from continuing operations	970	962
Expenses from continuing operations		
Employee benefits and on-costs	313	378
Borrowing costs	-	-
Materials and contracts	245	304
Depreciation and impairment	215	212
Water purchase charges	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	5	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
Total expenses from continuing operations	778	894
Surplus (deficit) from Continuing Operations before capital amounts	192	68
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	192	68
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	192	68
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(58)	(0)
SURPLUS (DEFICIT) AFTER TAX	134	68
plus Opening Retained Profits	8,494	8,430
plus/less: Prior Period Adjustments	7	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	5	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	58	0
less:		
- Tax Equivalent Dividend paid	(5)	(5)
- Surplus dividend paid	-	-
Closing Retained Profits	8,693	8,494
Return on Capital %	1.0%	0.4%
Subsidy from Council	368	585
Calculation of dividend payable:		
Surplus (deficit) after tax	134	68
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	134	68
Potential Dividend calculated from surplus	67	34

Uralla Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	542	511
User charges	24	13
Liquid Trade Waste charges	-	-
Fees	6	-
Interest	45	49
Grants and contributions provided for non capital purposes	13	13
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	630	586
Expenses from continuing operations		
Employee benefits and on-costs	260	256
Borrowing costs	-	-
Materials and contracts	149	162
Depreciation and impairment	202	211
Loss on sale of assets	-	-
Calculated taxation equivalents	3	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
Total expenses from continuing operations	614	629
Surplus (deficit) from Continuing Operations before capital amounts	16	(43)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	16	(43)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	16	(43)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(5)	-
SURPLUS (DEFICIT) AFTER TAX	11	(43)
plus Opening Retained Profits	5,316	5,362
plus/less: Prior Period Adjustments	4	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	3	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	5	-
less:		
- Tax Equivalent Dividend paid	(3)	(3)
- Surplus dividend paid	-	-
Closing Retained Profits	5,336	5,316
Return on Capital %	0.2%	-0.7%
Subsidy from Council	182	278
Calculation of dividend payable:		
Surplus (deficit) after tax	11	(43)
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	11	-
Potential Dividend calculated from surplus	6	-

Uralla Shire Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

\$ '000	Private Works		McMaugh Gardens	
	Category 2		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	156	378	651	704
Fees	-	-	38	53
Interest	-	-	74	71
Grants and contributions provided for non capital purposes	-	-	1,529	1,306
Profit from the sale of assets	-	-	-	-
Other income	-	-	231	63
Total income from continuing operations	156	378	2,523	2,197
Expenses from continuing operations				
Employee benefits and on-costs	34	71	1,638	1,586
Borrowing costs	-	-	18	5
Materials and contracts	107	135	521	521
Depreciation and impairment	-	-	101	106
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	-	-	63	46
Total expenses from continuing operations	141	206	2,341	2,264
Surplus (deficit) from Continuing Operations before capital amounts	15	172	182	(67)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	15	172	182	(67)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	15	172	182	(67)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(55)	-
SURPLUS (DEFICIT) AFTER TAX	15	172	127	(67)
plus Opening Retained Profits	-	-	2,418	2,485
plus/less: Prior Period Adjustments	-	-	(1)	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	55	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(15)	(172)	-	-
Closing Retained Profits	-	-	2,599	2,418
Return on Capital %	n/a	n/a	4.2%	-1.3%
Subsidy from Council	-	-	-	232

Uralla Shire Council

Statement of Financial Position - Council's Water Supply Business Activity
as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	1,559	1,044
Investments	-	-
Receivables	198	337
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,757	1,381
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	18,557	18,337
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	18,557	18,337
TOTAL ASSETS	20,314	19,718
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	20,314	19,718
EQUITY		
Retained earnings	8,693	8,501
Revaluation reserves	11,621	11,217
Council equity interest	20,314	19,718
Non-controlling equity interest	-	-
TOTAL EQUITY	20,314	19,718

Uralla Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	1,485	1,310
Investments	-	-
Receivables	36	37
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,521	1,347
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	6,554	6,606
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	6,554	6,606
TOTAL ASSETS	8,075	7,953
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	8,075	7,953
EQUITY		
Retained earnings	5,336	5,319
Revaluation reserves	2,739	2,634
Council equity interest	8,075	7,953
Non-controlling equity interest	-	-
TOTAL EQUITY	8,075	7,953

Uralla Shire Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

\$ '000	Private Works		McMaugh Gardens	
	Category 2		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	1,722	1,180
Investments	-	-	-	-
Receivables	-	-	-	567
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	-	-	1,722	1,747
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	-	-	4,743	4,774
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	-	-	4,743	4,774
TOTAL ASSETS	-	-	6,465	6,521
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	-	-	2,180	2,414
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Total Current Liabilities	-	-	2,180	2,414
Non-Current Liabilities				
Payables	-	-	63	67
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	63	67
TOTAL LIABILITIES	-	-	2,243	2,481
NET ASSETS	-	-	4,222	4,040
EQUITY				
Retained earnings	-	-	2,599	2,418
Revaluation reserves	-	-	1,623	1,623
Council equity interest	-	-	4,222	4,041
Non-controlling equity interest	-	-	-	-
TOTAL EQUITY	-	-	4,222	4,041

Uralla Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

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Uralla Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

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)

(a) 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.

Category 2

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

(b) 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).

(c) 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).

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 2015

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 **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, 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 2015

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 3.02% at 30/6/15.

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 2015 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 2015

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	5,000
(ii)	No of assessments multiplied by \$3/assessment	4,938
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	4,938
(iv)	Amounts actually paid for Tax Equivalents	5,000

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	67,200
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	44,442
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	224,534

2015 Surplus	134,400	2014 Surplus	67,600	2013 Surplus	22,534
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	44,442
(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 2015Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	921
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	55.91%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	14,460
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	558
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	30
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	0.80%
NWI F26	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 2015

Note 3. Sewerage Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	3,000
(ii)	No of assessments multiplied by \$3/assessment	3,366
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	3,000
(iv)	Amounts actually paid for Tax Equivalents	3,000

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	5,600
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	30,660
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	16,093

2015 Surplus	11,200	2014 Surplus	(43,000)	2013 Surplus	47,893
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	5,600
(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 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	584
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	6,295
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	408
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	43
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.40%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

NWI F3	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	1,505
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.99%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	73
NWI F19	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)]	%	0.49%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	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 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

NWI F22	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)]	%	-10.72%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 122 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: - 94 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		> 100
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	208
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	30

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

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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 30th June 2015 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

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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 30th June 2015 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

30th October 2015

92 Rusden Street Armidale

Uralla Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

*“...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 2015

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¹ 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.

Uralla Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	596	5	-	(591)
Administration	286	279	-	(7)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	226	28	-	(198)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	-	8	-	8
Other	-	-	-	-
Total Public Order & Safety	226	36	-	(190)
Health	195	18	-	(177)
Environment				
Noxious Plants and Insect/Vermin Control	77	-	-	(77)
Other Environmental Protection	225	212	-	(13)
Solid Waste Management	1,541	1,204	-	(337)
Street Cleaning	44	-	-	(44)
Drainage	-	-	-	-
Stormwater Management	35	29	-	(6)
Total Environment	1,922	1,445	-	(477)
Community Services and Education				
Administration & Education	7	-	-	(7)
Social Protection (Welfare)	2,473	2,496	-	23
Aged Persons and Disabled	3,719	3,873	-	154
Children's Services	17	6	-	(11)
Total Community Services & Education	6,216	6,375	-	159
Housing and Community Amenities				
Public Cemeteries	23	29	-	6
Public Conveniences	65	-	-	(65)
Street Lighting	60	13	-	(47)
Town Planning	294	165	-	(129)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	442	207	-	(235)
Water Supplies	778	970	-	192
Sewerage Services	614	630	-	16

Uralla Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	310	30	16	(264)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	101	17	-	(84)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	17	6	-	(11)
Sporting Grounds and Venues	25	1	82	58
Swimming Pools	125	27	-	(98)
Parks & Gardens (Lakes)	252	13	6	(233)
Other Sport and Recreation	1	31	-	30
Total Recreation and Culture	831	125	104	(602)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	1	-	-	(1)
Total Mining, Manufacturing and Const.	1	-	-	(1)
Transport and Communication				
Urban Roads (UR) - Local	216	-	-	(216)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,202	320	-	(882)
Sealed Rural Roads (SRR) - Regional	1,347	586	1,002	241
Unsealed Rural Roads (URR) - Local	1,379	45	-	(1,334)
Unsealed Rural Roads (URR) - Regional	51	50	-	(1)
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	563	32	3,000	2,469
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	10	-	-	(10)
Footpaths	99	-	-	(99)
Aerodromes	-	-	-	-
Other Transport & Communication	183	41	46	(96)
Total Transport and Communication	5,050	1,074	4,048	72
Economic Affairs				
Camping Areas & Caravan Parks	16	16	-	-
Other Economic Affairs	346	29	-	(317)
Total Economic Affairs	362	45	-	(317)
Totals – Functions	17,519	11,209	4,152	(2,158)
General Purpose Revenues ⁽²⁾		5,922		5,922
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	17,519	17,131	4,152	3,764

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Uralla Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

\$'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
Loans (by Source)											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	112	1,237	1,349	2,000	110	-	-	121	118	3,121	3,239
Other	-	-	-							-	-
Total Loans	112	1,237	1,349	2,000	110	-	-	121	118	3,121	3,239
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	112	1,237	1,349	2,000	110	-	-	121	118	3,121	3,239

Notes: Excludes (i) Internal Loans & (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 2015

\$'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	136	10	-
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
Totals	136	10	-

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	10	-
Totals							88	10	-

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 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	121	202
b. Engineering and Supervision	75	98
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	29	13
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	74	94
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	4	2
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	4	2
i. Maintenance expenses	7	5
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	85	124
l. Maintenance expenses	159	143
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	147	144
b. Plant and equipment	68	68
4. Miscellaneous expenses		
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 Equivalents Dividends (actually paid)	-	-
5. Total expenses	773	895

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 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	388	371
b. Usage charges	492	525
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	-	-
8. Extra charges	-	-
9. Interest income	49	46
10. Other income	24	6
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	17	15
c. Other grants	-	-
12. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	970	963
14. Gain (or loss) on disposal of assets	-	-
15. Operating Result	197	68
15a. Operating Result (less grants for acquisition of assets)	197	68

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 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1	-
c. Renewals	29	-
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	30	-
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	1,405	1,395
b. Residential (unoccupied, ie. vacant lot)	82	9
c. Non-residential (occupied)	139	157
d. Non-residential (unoccupied, ie. vacant lot)	20	
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 16,930	\$ 15,150

Uralla Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
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 land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. 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 from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
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 2014/15 (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.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<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 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,559	-	1,559
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	32	-	32
c. User Charges	166	-	166
d. Other	-	-	-
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	14,460	14,460
b. Plant and equipment	-	4,097	4,097
34. Other assets	-	-	-
35. Total assets	<u>1,757</u>	<u>18,557</u>	<u>20,314</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	-	-	-
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
41. NET ASSETS COMMITTED	<u>1,757</u>	<u>18,557</u>	<u>20,314</u>
EQUITY			
42. Accumulated surplus			8,693
43. Asset revaluation reserve			11,621
44. TOTAL EQUITY			<u>20,314</u>
Note to system assets:			
45. Current replacement cost of system assets			16,052
46. Accumulated current cost depreciation of system assets			(1,592)
47. Written down current cost of system assets			<u>14,460</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 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	94	130
b. Engineering and Supervision	12	16
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	-
b. Maintenance expenses	58	27
- Pumping Stations		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	-
e. Maintenance expenses	13	12
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	30	22
h. Energy costs	-	-
i. Effluent Management	-	-
j. Biosolids Management	71	76
k. Maintenance expenses	53	56
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	77	80
3. Depreciation expenses		
a. System assets	200	204
b. Plant and equipment	2	2
4. Miscellaneous expenses		
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)	-	-
5. Total expenses	610	625

Uralla Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges (including rates)	541	506
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	18	9
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	6	4
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	45	49
11. Other income	6	-
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	1
b. Grants for pensioner rebates	13	13
c. Other grants	-	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	<u>629</u>	<u>582</u>
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	<u>19</u>	<u>(43)</u>
16a. Operating Result (less grants for acquisition of assets)	19	(44)

Uralla Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	43	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	43	-
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	953	945
b. Residential (unoccupied, ie. vacant lot)	59	49
c. Non-residential (occupied)	96	23
d. Non-residential (unoccupied, ie. vacant lot)	14	14
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 12,914	\$ 11,667

Uralla Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies
for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 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.			
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"/>
29. Developer charges			
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 2014/15 (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.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<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 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,485	-	1,485
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	31	-	31
c. User Charges	5	-	5
d. Other	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	6,295	6,295
b. Plant and equipment	-	259	259
35. Other assets	-	-	-
36. Total Assets	<u>1,521</u>	<u>6,554</u>	<u>8,075</u>
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
42. NET ASSETS COMMITTED	<u>1,521</u>	<u>6,554</u>	<u>8,075</u>
EQUITY			
42. Accumulated surplus			5,336
44. Asset revaluation reserve			2,739
45. TOTAL EQUITY			<u>8,075</u>
Note to system assets:			
46. Current replacement cost of system assets			7,780
47. Accumulated current cost depreciation of system assets			(1,485)
48. Written down current cost of system assets			<u>6,295</u>

Uralla Shire Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2015

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

Impairment Losses (item 4d & 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 ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

Notes:

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

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

Uralla Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices / Administration Centres	-	13	9	1,296	0%	100%	0%	0%	0%
	Council Works Depot	-	3	17	710	0%	40%	60%	0%	0%
	Council Public Halls	-	55	21	669	0%	61%	39%	0%	0%
	Libraries	-	6	18	852	0%	100%	0%	0%	0%
	Amenities/Toilets	-	38	48	357	0%	76%	24%	0%	0%
	Aged Accommodation	-	60	67	5,902	1%	99%	0%	0%	0%
	Community Centres	-	11	24	1,204	0%	58%	42%	0%	0%
	Recreation/VIC	-	2	2	582	1%	42%	57%	0%	0%
	Water/Sewer	-	-	-	3,987	0%	98%	2%	0%	0%
	RFS Building	-	2	3	341	0%	100%	0%	0%	0%
	Other	-	-	-	1,437	26%	55%	19%	0%	0%
	sub total	-	190	209	17,337	2.5%	86.1%	11.3%	0.0%	0.0%
Other Structures	Other Structures	-	-	-	461	29%	50%	21%	0%	0%
	sub total	-	-	-	461	29.0%	50.0%	21.0%	0.0%	0.0%
Roads	Sealed Roads Structure	533	1,376	1,428	35,690	7%	26%	49%	17%	1%
	Unsealed Roads	-	941	884	5,243	15%	25%	60%	0%	0%
	Bridges	-	156	130	20,778	42%	53%	5%	0%	0%
	Footpaths	-	76	72	1,452	19%	70%	10%	1%	0%
	Kerb and Gutter	-	34	36	2,284	17%	43%	40%	0%	0%
	sub total	533	2,583	2,550	65,447	19.4%	36.1%	34.7%	9.3%	0.5%

Uralla Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Water Supply Network	Dams/Weirs	-	5	7	1,059	0%	100%	0%	0%	0%
	Reservoirs	-	1	2	3,162	38%	62%	0%	0%	0%
	Pumping Station/s	-	6	4	166	0%	72%	28%	0%	0%
	Treatment	-	128	234	2,787	0%	100%	0%	0%	0%
	Pipelines	-	129	75	7,286	0%	100%	0%	0%	0%
	sub total	-	269	322	14,460	8.3%	91.4%	0.3%	0.0%	0.0%
Sewerage Network	Pumping Station/s	-	18	13	1,731	53%	47%	0%	0%	0%
	Treatment	-	97	100	2,335	0%	43%	57%	0%	0%
	Pipelines	-	46	58	2,229	2%	98%	0%	0%	0%
	sub total	-	161	171	6,295	15.3%	63.6%	21.1%	0.0%	0.0%
Stormwater Drainage	Pipes, Retention	-	7	7	1,960	67%	30%	1%	2%	0%
	sub total	-	7	7	1,960	67.0%	30.0%	1.0%	2.0%	0.0%
Open Space/ Recreational Assets	Other	-	7	14	353	2%	84%	14%	0%	0%
	sub total	-	7	14	353	2.0%	84.0%	14.0%	0.0%	0.0%

Uralla Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000										
Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
	TOTAL - ALL ASSETS	533	3,217	3,273	106,313	15.7%	53.5%	24.7%	5.8%	0.3%

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	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

Uralla Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Amounts 2015	Indicator 2015	Prior Periods	
			2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
<u>(Building, Infrastructure & Other Structures) ⁽¹⁾</u>	<u>5,881</u>	200.99%	94.17%	86.99%
Depreciation, Amortisation & Impairment	2,926			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>533</u>			
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>106,313</u>	0.50%	6.49%	8.00%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>3,273</u>			
Required Asset Maintenance	3,217	1.02	1.00	1.17
4. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>7,624</u>			
Annual Depreciation	3,533	2.16	1.18	1.07

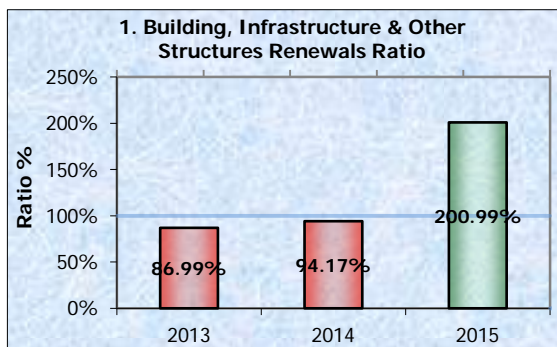
Notes

⁽¹⁾ 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, infrastructure & Other Structure assets only.

⁽²⁾ Written Down Value

Uralla Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2015



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.

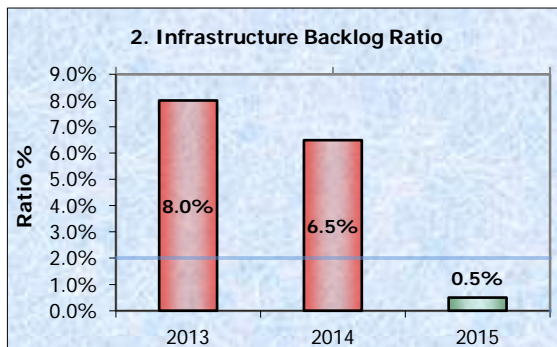
Commentary on 2014/15 Result

2014/15 Ratio 200.99%

This year the renewal includes a one-off replacement of a bridge for \$3 million.

Benchmark: ——— Minimum $\geq 100.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

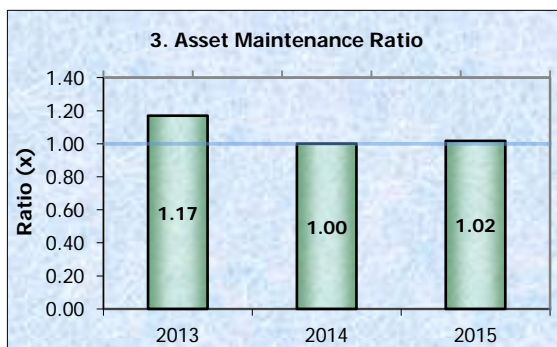
Commentary on 2014/15 Result

2014/15 Ratio 0.50%

Due to revisions of our modelling, council believes it has very little in infrastructure backlog.

Benchmark: ——— Maximum < 0.02
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



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.

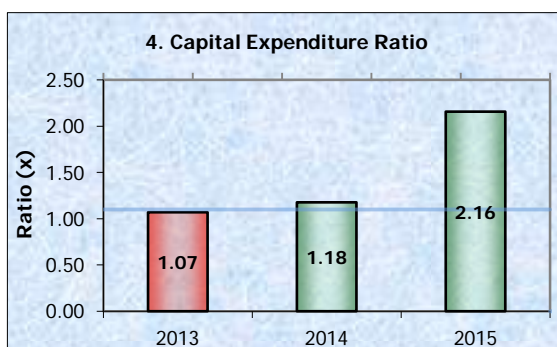
Commentary on 2014/15 Result

2014/15 Ratio 1.02 x

A slight increase in the ratio for 2014/15 to be comparable with the benchmark of 1.00.

Benchmark: ——— Minimum > 1.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



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 2014/15 Result

2014/15 Ratio 2.16 x

Council has exceeded the benchmark of 1.10 in the year due to capital projects such as Emu Crossing.

Benchmark: ——— Minimum > 1.10
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark

Uralla Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Water 2015	Sewer 2015	General ⁽¹⁾ 2015
Infrastructure Asset Performance Indicators By Fund			
1. Building, Infrastructure & Other Structures Renewals Ratio			
Asset Renewals (Building, Infrastructure & Other Structures) ⁽²⁾	15.76%	21.50%	228.52%
Depreciation, Amortisation & Impairment			
prior period:	0.00%	0.00%	108.79%
2. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition			
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	0.00%	0.00%	0.62%
prior period:	1.13%	2.47%	7.50%
3. Asset Maintenance Ratio			
Actual Asset Maintenance			
Required Asset Maintenance	1.20	1.06	1.00
prior period:	0.98	0.99	1.00
4. Capital Expenditure Ratio			
Annual Capital Expenditure			
Annual Depreciation	0.14	0.21	2.42
prior period:	0.00	0.00	1.35

Notes

(1) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

(2) 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, infrastructure & Other Structure assets only.

(3) Written Down Value

Uralla Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	3,428	3,514
Plus or minus Adjustments ⁽²⁾	b	2	-
Notional General Income	c = (a + b)	<u>3,430</u>	<u>3,514</u>
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	-
or plus Rate peg amount	i = c x e	79	84
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	<u>3,509</u>	<u>3,598</u>
plus (or minus) last year's Carry Forward Total	l	-	(5)
less Valuation Objections claimed in the previous year	m	-	-
sub-total	n = (l + m)	<u>-</u>	<u>(5)</u>
Total Permissible income	o = k + n	<u>3,509</u>	<u>3,593</u>
less Notional General Income Yield	p	3,514	3,586
Catch-up or (excess) result	q = o - p	<u>(5)</u>	<u>7</u>
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	1
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	<u>(5)</u>	<u>8</u>

Notes

- 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.
- 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.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- 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.
- 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.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

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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 2016.

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. 23. 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 2016 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

P.R. Cornall

**Paul Cornall
Principal**

Dated at Armidale this 30th October 2015