



**EXTRAORDINARY MEETING OF COUNCIL  
BUSINESS PAPER**

**11 SEPTEMBER 2018**

**Extraordinary Meeting of Council**

**EXTRAORDINARY MEETING  
OF COUNCIL**

# EXTRAORDINARY MEETING OF COUNCIL

---

11 September 2018

## TABLE OF CONTENTS

Report 1 - Annual Financial Statements 2017/18.....	3
---	---

# EXTRAORDINARY MEETING OF COUNCIL

---

11 September 2018



## REPORT TO EXTRAORDINARY COUNCIL MEETING

<b>Department:</b>	<b>Finance</b>
<b>Submitted by:</b>	Chief Financial Officer
<b>Reference/ Subject:</b>	Report 1 - Annual Financial Statements 2017/18

---

### LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

<b>Objective:</b>	Council is operated efficiently and effectively.
<b>Strategy:</b>	Finances are managed in accordance with regulatory requirements.
<b>Action:</b>	Complete and lodge audited financial statements in-line with regulatory requirements.

---

### SUMMARY:

The purpose of this report is to present the Unaudited Financial Statements of Council for the 2018 financial year.

Attached to this report are Council's Financial Statements for the financial year ending 30 June 2018.

### OFFICER'S RECOMMENDATION:

**That Council approves the financial reports for referral to the Audit Office. That the Mayor, Deputy Mayor, the General Manager and the Responsible Accounting Officer sign the Statement by Councillors and Management.**

### BACKGROUND:

Council is responsible for the preparation of the financial statements. It is therefore prudent that they should be approved by Council before they are referred for audit.

### REPORT:

Section 413(1) of the Local Government Act, 1993, requires Council to prepare financial reports for each year, and must refer them for audit as soon as practicable after the end of the year. The Council's financial report must include a statement in the approved form by the council as to its opinion on the general purpose financial report. This is the reason that the statement must be signed before it is referred for audit.

Once the audit has been completed, the Auditor's Reports required under Section 417 of the Local Government Act 1993 will be included in the attached Financial Reports.

Once finalised, the Audited Financial Statements will be sent to the Office of Local Government and the Australian Bureau of Statistics.

# EXTRAORDINARY MEETING OF COUNCIL

---

11 September 2018

## COUNCIL IMPLICATIONS:

**1. Community Engagement/ Communication**

**2. Policy and Regulation**

- Local Government Act 1993;
- Local Government Regulations (General) 2005;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Australian Accounting Standards.

**3. Financial (LTFP)**

Statements cover financial position and performance for the prior financial year.

**4. Asset Management (AMS)**

N/A

**5. Workforce (WMS)**

N/A

**6. Legal and Risk Management**

Nil

**7. Performance Measures**

N/A

**8. Project Management**

N/A

Prepared by staff member:	Simon Paul
Approved/Reviewed by Manager:	Simon Paul
Department:	Finance
Attachments	Audited 2017/18 Financial Statements

# Uralla Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

---

*“...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 year ended 30 June 2018

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

---

### Overview

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

32 Salisbury Street  
Uralla NSW 2358

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

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

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

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

## Uralla Shire Council

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

#### Understanding Council's financial statements

---

##### Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

##### What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

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

##### 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 and ownership of the financial statements.

##### About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

##### 1. The Income Statement

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

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

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "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 five primary financial statements.

##### About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

##### Who uses the financial statements?

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

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

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

## Uralla Shire Council

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

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 23 October 2018.**

---

Cr M Pearce  
**Mayor**  
23 October 2018

---

Cr I Strutt  
**Councillor**  
23 October 2018

---

Mr Andrew Hopkins  
**General Manager**  
23 October 2018

---

Mr Simon Paul  
**Responsible Accounting Officer**  
23 October 2018



## Uralla Shire Council

## Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Income from continuing operations</b>				
<i>Revenue:</i>				
6,265	Rates and annual charges	3a	6,159	5,938
4,641	User charges and fees	3b	4,856	4,890
249	Interest and investment revenue	3c	398	331
761	Other revenues	3d	586	756
7,485	Grants and contributions provided for operating purposes	3e,f	7,706	8,808
593	Grants and contributions provided for capital purposes	3e,f	952	16
<b>19,994</b>	<b>Total income from continuing operations</b>		<b>20,657</b>	<b>20,739</b>
<b>Expenses from continuing operations</b>				
9,470	Employee benefits and on-costs	4a	9,424	8,975
163	Borrowing costs	4b	167	190
4,035	Materials and contracts	4c	3,892	3,699
3,932	Depreciation and amortisation	4d	4,270	3,958
–	Impairment of investments	4d	–	(6)
1,632	Other expenses	4e	1,623	1,508
–	Net losses from the disposal of assets	5	84	518
<b>19,232</b>	<b>Total expenses from continuing operations</b>		<b>19,460</b>	<b>18,842</b>
<b>762</b>	<b>Operating result from continuing operations</b>		<b>1,197</b>	<b>1,897</b>
<b>762</b>	<b>Net operating result for the year</b>		<b>1,197</b>	<b>1,897</b>
762	Net operating result attributable to Council		1,197	1,897
169	Net operating result for the year before grants and contributions provided for capital purposes		245	1,881

## Uralla Shire Council

Statement of Comprehensive Income  
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Net operating result for the year</b> (as per Income Statement)		<b>1,197</b>	<b>1,897</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	(2,819)	2,306
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(2,819)</b>	<b>2,306</b>
<b>Total other comprehensive income for the year</b>		<b>(2,819)</b>	<b>2,306</b>
<b>Total comprehensive income for the year</b>		<b>(1,622)</b>	<b>4,203</b>
Total comprehensive income attributable to Council		(1,622)	4,203

## Uralla Shire Council

Statement of Financial Position  
as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	5,243	4,782
Investments	6b	9,750	9,650
Receivables	7	1,421	936
Inventories	8	213	178
Other	8	54	75
<b>Total current assets</b>		<b>16,681</b>	<b>15,621</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	9	231,289	232,423
<b>Total non-current assets</b>		<b>231,289</b>	<b>232,423</b>
<b>TOTAL ASSETS</b>		<b>247,970</b>	<b>248,044</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	3,891	3,515
Income received in advance	10	475	393
Borrowings	10	221	213
Provisions	11	2,351	2,386
<b>Total current liabilities</b>		<b>6,938</b>	<b>6,507</b>
<b>Non-current liabilities</b>			
Borrowings	10	2,423	2,633
Provisions	11	2,241	914
<b>Total non-current liabilities</b>		<b>4,664</b>	<b>3,547</b>
<b>TOTAL LIABILITIES</b>		<b>11,602</b>	<b>10,054</b>
<b>Net assets</b>		<b>236,368</b>	<b>237,990</b>
<b>EQUITY</b>			
Accumulated surplus	12	72,262	71,065
Revaluation reserves	12	164,106	166,925
<b>Total equity</b>		<b>236,368</b>	<b>237,990</b>

## Uralla Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018			2017		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
<b>Opening balance</b>		71,065	166,925	<b>237,990</b>	69,168	164,619	<b>233,787</b>
Net operating result for the year prior to correction of errors and changes in accounting policies		<b>1,197</b>	–	<b>1,197</b>	1,897	–	<b>1,897</b>
<b>Net operating result for the year</b>		<b>1,197</b>	–	<b>1,197</b>	<b>1,897</b>	–	<b>1,897</b>
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9a	–	(2,819)	<b>(2,819)</b>	–	2,306	<b>2,306</b>
<b>Other comprehensive income</b>		–	<b>(2,819)</b>	<b>(2,819)</b>	–	<b>2,306</b>	<b>2,306</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>1,197</b>	<b>(2,819)</b>	<b>(1,622)</b>	<b>1,897</b>	<b>2,306</b>	<b>4,203</b>
<b>Equity – balance at end of the reporting period</b>		<b>72,262</b>	<b>164,106</b>	<b>236,368</b>	<b>71,065</b>	<b>166,925</b>	<b>237,990</b>

## Uralla Shire Council

Statement of Cash Flows  
for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
6,265	Rates and annual charges		6,087	5,897
7,015	User charges and fees		4,995	5,274
249	Investment and interest revenue received		366	277
5,704	Grants and contributions		8,796	8,815
761	Other		1,325	1,544
<b>Payments:</b>				
(9,469)	Employee benefits and on-costs		(9,467)	(8,919)
(3,990)	Materials and contracts		(4,347)	(4,261)
(163)	Borrowing costs		(147)	(156)
(1,678)	Other		(1,911)	(1,559)
<b>4,694</b>	<b>Net cash provided (or used in) operating activities</b>	13b	<b>5,697</b>	<b>6,912</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
800	Sale of investment securities		20,350	15,800
186	Sale of infrastructure, property, plant and equipment		351	185
<b>Payments:</b>				
–	Purchase of investment securities		(20,450)	(18,294)
(5,986)	Purchase of infrastructure, property, plant and equipment		(4,943)	(3,261)
<b>(5,000)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(4,692)</b>	<b>(5,570)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
1,000	Proceeds from borrowings and advances		–	–
–	Proceeds from retirement home contributions		1,058	1,777
<b>Payments:</b>				
(214)	Repayment of borrowings and advances		(202)	(201)
–	Repayment of retirement home contributions		(1,400)	(1,336)
(1,000)	Other financing activity payments		–	–
<b>(214)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(544)</b>	<b>240</b>
<b>(520)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>461</b>	<b>1,582</b>
5,975	Plus: <b>cash and cash equivalents – beginning of year</b>	13a	4,782	3,200
<b>5,455</b>	<b>Cash and cash equivalents – end of the year</b>	13a	<b>5,243</b>	<b>4,782</b>
Additional Information:				
plus:	<b>Investments on hand – end of year</b>	6b	9,750	9,650
	<b>Total cash, cash equivalents and investments</b>		<b>14,993</b>	<b>14,432</b>

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Basis of preparation	10
2(a)	Council functions/activities – financial information	13
2(b)	Council functions/activities – component descriptions	14
3	Income from continuing operations	15
4	Expenses from continuing operations	20
5	Gains or losses from the disposal of assets	25
6(a)	Cash and cash equivalent assets	25
6(b)	Investments	26
6(c)	Restricted cash, cash equivalents and investments – details	27
7	Receivables	28
8	Inventories and other assets	30
9(a)	Infrastructure, property, plant and equipment	31
10	Payables and borrowings	34
11	Provisions	37
12	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	40
13	Statement of cash flows – additional information	41
14	Commitments for expenditure	42
15	Contingencies and other liabilities/assets not recognised	43
16	Financial risk management	47
17	Material budget variations	51
18	Fair value measurement	53
19	Related party transactions	64
20	Statement of developer contributions	65
21	Financial result and financial position by fund	67
22(a)	Statement of performance measures – consolidated results	69
22(b)	Statement of performance measures – by fund	70
	<b>Additional council disclosures (unaudited)</b>	
22(c)	Statement of performance measures – consolidated results (graphs)	72
23	Council information and contact details	74

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 23 October 2018.

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

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

#### Basis of preparation

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

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

Full dollars have been used in Note 19 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 17 – Material budget variations

and are clearly marked.

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

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

#### (b) Historical cost convention

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

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

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk

## Uralla Shire Council

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

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

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (ii) estimated tip remediation provisions – refer Note 11,
- (iii) employee benefit provisions – refer Note 11.

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

- (iv) Impairment of receivables

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

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

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

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

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

- General purpose operations
- Water service
- Sewerage service
- McMaugh Garden Aged Care Centre

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

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

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

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

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

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



## Uralla Shire Council

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

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

---

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

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

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

DRAFT

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Our Society	6,943	6,841	7,453	7,524	(510)	(683)	299	40	13,062	13,557
Our Economy	4,097	3,513	6,322	6,128	(2,225)	(2,615)	2,312	2,022	194,105	193,075
Our Environment	3,899	3,501	3,915	3,588	(16)	(87)	199	82	33,308	35,080
Our Leadership	5,718	6,884	1,770	1,602	3,948	5,282	1,709	2,676	7,495	6,332
<b>Total functions and activities</b>	<b>20,657</b>	<b>20,739</b>	<b>19,460</b>	<b>18,842</b>	<b>1,197</b>	<b>1,897</b>	<b>4,519</b>	<b>4,820</b>	<b>247,970</b>	<b>248,044</b>

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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

##### **Our Society**

Includes public libraries; sporting grounds and venues; swimming pools; parks; gardens; other sporting, recreational and cultural services; public cemeteries; public conveniences; other community amenities, aged person facilities, services for disabled persons, migrants and Indigenous persons; youth services. Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

##### **Our Economy**

Includes community centres and halls, including public halls and performing arts venues; building control; quarries and pits; urban local, urban regional, sealed and unsealed roads, bridges, footpaths and parking areas; street cleaning; tourism and area promotion; industrial development promotion; real estate development; street lighting and town planning;

##### **Our Environment**

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

##### **Our Leadership**

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance. Also includes all administrative costs such as finance, human resources, information technology, governance and customer support. Also includes camping areas and caravan parks.

## Uralla Shire Council

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

## Note 3. Income from continuing operations

\$ '000	2018	2017
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	1,482	1,474
Farmland	2,013	1,970
Business	101	107
<b>Total ordinary rates</b>	<b>3,596</b>	<b>3,551</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	529	505
Stormwater management services	29	29
Water supply services	388	390
Sewerage services	710	584
Waste management services (non-domestic)	40	41
Environmental	867	838
<b>Total annual charges</b>	<b>2,563</b>	<b>2,387</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>6,159</b>	<b>5,938</b>
Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.		
<b>Accounting policy for rates and annual charges</b>		
Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.		
Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.		
<b>(b) User charges and fees</b>		
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)		
Water supply services	604	534
Sewerage services	5	6
Waste management services (non-domestic)	154	170
<b>Total specific user charges</b>	<b>763</b>	<b>710</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Inspection services	37	22
Private works – section 67	75	176
Registration fees	10	8
Section 149 certificates (EPA Act)	21	22
Section 603 certificates	12	11
Town planning	85	81
<b>Total fees and charges – statutory/regulatory</b>	<b>240</b>	<b>320</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(b) User charges and fees (continued)</b>		
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Aged care	951	726
Bundarra neighbour aid	–	4
Caravan park	6	14
Cemeteries	25	21
Community centres	2	16
Kamillaroi aged and disability services – contract service fees	110	387
Lease rentals	–	5
Scrap metal sales	60	31
Sundry sales	83	72
Swimming centres	21	20
Tablelands community support options – client contributions	254	597
Tablelands community support options – contract service fees	2,267	1,877
Tablelands community transport	10	20
Waste disposal tipping fees	56	62
Water and sewer connection fees	8	8
<b>Total fees and charges – other</b>	<b>3,853</b>	<b>3,860</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>4,856</b>	<b>4,890</b>
<b>Accounting policy for user charges and fees</b>		
User charges and fees are recognised as revenue when the service has been provided.		
<b>(c) Interest and investment revenue (including losses)</b>		
<b>Interest</b>		
– Overdue rates and annual charges (incl. special purpose rates)	50	27
– Cash and investments	348	304
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>398</b>	<b>331</b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	37	16
General Council cash and investments	227	188
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	14	14
Water fund operations	66	64
Sewerage fund operations	54	49
<b>Total interest and investment revenue recognised</b>	<b>398</b>	<b>331</b>
<b>Accounting policy for interest and investment revenue</b>		
Interest income is recognised using the effective interest rate at the date that interest is earned.		

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	Notes	2018	2017
<b>(d) Other revenues</b>			
Rental income – other council properties		140	143
Fines		6	3
Legal fees recovery – rates and charges (extra charges)		10	2
Commissions and agency fees		9	6
Diesel rebate		85	87
Donations received		4	25
Insurance claim recoveries		93	73
Other reimbursements		80	88
Other sundry income		36	36
Prior year creditor reversal		–	82
Prior year purchases adjustment		–	70
Recycling income (non-domestic)		57	82
Sales – general		46	34
Staff FBT contributions		20	25
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>586</u></b>	<b><u>756</u></b>

#### Accounting policy for other revenue

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

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

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

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

## Uralla Shire Council

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

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

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	1,558	2,602	–	–
Financial assistance – local roads component	910	906	–	–
<b>Other</b>				
Pensioners' rates subsidies – general component	62	73	–	–
<b>Total general purpose</b>	<b>2,530</b>	<b>3,581</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	19	16	–	–
– Sewerage	17	12	–	–
– Domestic waste management	22	13	–	–
Sewerage services	–	–	98	–
Community centres	1	–	–	–
Employment and training programs	13	3	–	–
Heritage and cultural	–	9	–	–
Library	40	41	–	–
Recreation and culture	–	–	258	–
Street lighting	14	14	–	–
Transport (roads to recovery)	864	1,115	–	–
Transport (other roads and bridges funding)	–	–	568	16
Innovation Fund	75	–	–	–
<b>Total specific purpose</b>	<b>1,065</b>	<b>1,223</b>	<b>924</b>	<b>16</b>
<b>Total grants</b>	<b>3,595</b>	<b>4,804</b>	<b>924</b>	<b>16</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	3,345	4,624	–	–
– State funding	250	180	924	16
	<b>3,595</b>	<b>4,804</b>	<b>924</b>	<b>16</b>
<b>(f) Contributions</b>				
<b>Developer contributions:</b>				
<b>(s7.4 &amp; s7.11 – EP&amp;A Act, s64 of the LGA):</b>				
<b>Cash contributions</b>				
S 7.11 – contributions towards amenities/services	90	7	–	–
<b>Total developer contributions – cash</b>	<b>90</b>	<b>7</b>	<b>–</b>	<b>–</b>
<b>Total developer contributions</b>	<b>90</b>	<b>7</b>	<b>–</b>	<b>–</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(f) Contributions (continued)</b>				
<b>Other contributions:</b>				
<b>Cash contributions</b>				
McMaugh gardens aged care – subsidies	2,203	2,284	–	–
RMS contributions (regional roads, block grant)	1,287	1,126	28	–
Tablelands community transport – subsidies	531	587	–	–
<b>Total other contributions – cash</b>	<b>4,021</b>	<b>3,997</b>	<b>28</b>	<b>–</b>
<b>Total other contributions</b>	<b>4,021</b>	<b>3,997</b>	<b>28</b>	<b>–</b>
<b>Total contributions</b>	<b>4,111</b>	<b>4,004</b>	<b>28</b>	<b>–</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>7,706</b>	<b>8,808</b>	<b>952</b>	<b>16</b>

**Accounting policy for contributions**

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

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

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

**(g) Unspent grants and contributions****Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:**

	2018	2017
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	1,586	909
Add: operating grants recognised in the current period but not yet spent	863	702
Less: operating grants recognised in a previous reporting period now spent	(935)	(25)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>1,514</b>	<b>1,586</b>
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	292	166
Add: capital grants recognised in the current period but not yet spent	–	128
Less: capital grants recognised in a previous reporting period now spent	(162)	(2)
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>130</b>	<b>292</b>
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	512	491
Add: contributions recognised in the current period but not yet spent	104	21
<b>Unexpended and held as restricted assets (contributions)</b>	<b>616</b>	<b>512</b>



## Uralla Shire Council

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

## Note 4. Expenses from continuing operations

\$ '000	2018	2017
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	7,540	7,224
Travel expenses	26	95
Employee leave entitlements (ELE)	1,371	1,171
Superannuation – defined contribution plans	852	797
Superannuation – defined benefit plans	84	77
Workers' compensation insurance	324	276
Fringe benefit tax (FBT)	2	48
Training costs (other than salaries and wages)	77	38
Other	11	44
<b>Total employee costs</b>	<b>10,287</b>	<b>9,770</b>
Less: capitalised costs	(863)	(795)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>9,424</b>	<b>8,975</b>
Number of 'full-time equivalent' employees (FTE) at year end	136	120
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	140	126

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

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

**Retirement benefit obligations**

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

**Superannuation plans**

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 16 for more information.

**(b) Borrowing costs****(i) Interest bearing liability costs**

Interest on loans	142	165
<b>Total interest bearing liability costs expensed</b>	<b>142</b>	<b>165</b>

**(ii) Other borrowing costs**

Discount adjustments relating to movements in provisions (other than ELE)		
– Remediation liabilities	25	25
<b>Total other borrowing costs</b>	<b>25</b>	<b>25</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>167</b>	<b>190</b>

**Accounting policy for borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

## Uralla Shire Council

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

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

\$ '000	2018	2017
<b>(c) Materials and contracts</b>		
Raw materials and consumables	6,479	5,486
Contractor and consultancy costs	2,891	1,903
Auditors remuneration <sup>(2)</sup>	55	47
Legal expenses:		
– Legal expenses: debt recovery	10	9
– Legal expenses: other	19	34
Operating leases:		
– Operating lease rentals: minimum lease payments <sup>(1)</sup>	53	53
<b>Total materials and contracts</b>	<b>9,507</b>	<b>7,532</b>
Less: capitalised costs	(5,615)	(3,833)
<b>TOTAL MATERIALS AND CONTRACTS</b>	<b>3,892</b>	<b>3,699</b>
<b>Operating leases</b>		
Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.		
<b>1. Operating lease payments are attributable to:</b>		
Other	53	53
	<b>53</b>	<b>53</b>
<b>2. Auditor remuneration</b>		
During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council – NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	53	38
<b>Remuneration for audit and other assurance services</b>	<b>53</b>	<b>38</b>
<b>Total Auditor-General remuneration</b>	<b>53</b>	<b>38</b>
<b>Non NSW Auditor-General audit firms:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	–	9
Other audit and assurance services	2	–
<b>Remuneration for audit and other assurance services</b>	<b>2</b>	<b>9</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>2</b>	<b>9</b>
<b>Total Auditor remuneration</b>	<b>55</b>	<b>47</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	Notes	2018	2017
<b>(d) Depreciation, amortisation and impairment</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		556	532
Office equipment		73	91
Furniture and fittings		55	76
<b>Infrastructure:</b>			
– Buildings – non-specialised		409	370
– Other structures		44	29
– Sealed roads structure		1,428	1,376
– Unsealed roads		554	550
– Bridges		320	323
– Footpaths		45	43
– Stormwater drainage		24	23
– Water supply network		453	246
– Sewerage network		223	203
– Swimming pools		15	14
– Other open space/recreational assets		28	39
<b>Other assets:</b>			
– Other		4	4
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	9 & 11	39	39
<b>Total depreciation and amortisation costs</b>		<u>4,270</u>	<u>3,958</u>
<b>Impairment of investments</b>			
– Investments other than available for sale		–	(6)
<b>Total investment impairment costs / (reversals)</b>		–	<b>(6)</b>
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</b>			
		<u>4,270</u>	<u>3,952</u>

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

---

##### **Accounting policy for depreciation, amortisation and impairment expenses**

###### **Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets.

###### **Impairment of non-financial assets**

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

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

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

###### **Impairment of financial assets**

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(e) Other expenses</b>		
Advertising	18	29
Bad and doubtful debts	–	59
Bank charges	27	24
Computer software charges	2	5
Contributions/levies to other levels of government	6	–
Councillor expenses – mayoral fee	19	19
Councillor expenses – councillors' fees	101	89
Councillors' expenses (incl. mayor) – other (excluding fees above)	8	10
Donations, contributions and assistance to other organisations (Section 356)	466	344
Electricity and heating	209	180
Insurance	316	311
Internet and other communication	8	25
Licences	41	46
Motor vehicle registration fees	46	14
Other fees and charges	19	5
Postage	36	32
Printing and stationery	37	57
Street lighting	57	47
Subscriptions and publications	74	79
Sundry expenses	3	3
Telephone and communications	127	128
Valuation fees	2	–
Volunteer reimbursements	1	2
<b>Total other expenses</b>	<b>1,623</b>	<b>1,508</b>
<b>TOTAL OTHER EXPENSES</b>	<b>1,623</b>	<b>1,508</b>

**Accounting policy for other expenses**

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	Notes	2018	2017
<b>Property</b> (excl. investment property)	9		
Proceeds from disposal – property		–	7
Less: carrying amount of property assets sold/written off		–	(5)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>2</b>
<b>Plant and equipment</b>	9		
Proceeds from disposal – plant and equipment		470	178
Less: carrying amount of plant and equipment assets sold/written off		(527)	(185)
<b>Net gain/(loss) on disposal</b>		<b>(57)</b>	<b>(7)</b>
<b>Infrastructure</b>	9		
Less: carrying amount of infrastructure assets sold/written off		(27)	(513)
<b>Net gain/(loss) on disposal</b>		<b>(27)</b>	<b>(513)</b>
<b>Financial assets</b> <sup>(1)</sup>	6		
Proceeds from disposal/redemptions/maturities – financial assets		20,350	15,800
Less: carrying amount of financial assets sold/redeemed/matured		(20,350)	(15,800)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(84)</b>	<b>(518)</b>

**Accounting policy for disposal of assets**

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

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

<b>Cash and cash equivalents</b>		
Cash on hand and at bank	97	100
Cash-equivalent assets		
– Deposits at call	5,146	4,682
<b>Total cash and cash equivalents</b>	<b>5,243</b>	<b>4,782</b>

**Accounting policy for cash and cash equivalents**

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

## Uralla Shire Council

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

#### Note 6(b). Investments

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Investments</b>				
a. 'Held to maturity'	9,750	–	9,650	–
<b>Total investments</b>	<b>9,750</b>	<b>–</b>	<b>9,650</b>	<b>–</b>
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u></b>	<b><u>14,993</u></b>	<b><u>–</u></b>	<b><u>14,432</u></b>	<b><u>–</u></b>
<b>Held to maturity investments</b>				
Long term deposits	9,750	–	9,650	–
<b>Total</b>	<b>9,750</b>	<b>–</b>	<b>9,650</b>	<b>–</b>

#### Accounting policy for investments

##### Classification

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

##### (a) Held to maturity investments

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

##### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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

##### Impairment of available for sale investments

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	14,993	–	14,432	–
<b>attributable to:</b>				
External restrictions (refer below)	9,050	–	9,098	–
Internal restrictions (refer below)	4,844	–	3,165	–
Unrestricted	1,099	–	2,169	–
	<b>14,993</b>	<b>–</b>	<b>14,432</b>	<b>–</b>
<b>\$ '000</b>			<b>2018</b>	<b>2017</b>
<b>Details of restrictions</b>				
<b>External restrictions – included in liabilities</b>				
Specific purpose unexpended loans – general			603	619
McMaugh gardens resident bonds			1,870	2,089
<b>External restrictions – included in liabilities</b>			<b>2,473</b>	<b>2,708</b>
<b>External restrictions – other</b>				
Developer contributions – general			616	512
Specific purpose unexpended grants			1,644	1,878
Water supplies			2,275	2,170
Sewerage services			2,042	1,830
<b>External restrictions – other</b>			<b>6,577</b>	<b>6,390</b>
<b>Total external restrictions</b>			<b>9,050</b>	<b>9,098</b>
<b>Internal restrictions</b>				
Plant and vehicle replacement			1,517	833
Employees leave entitlement			970	1,014
Carry over works			569	998
Strategic development			440	320
FAGS Received in advance			1,251	–
Tip Remediation			97	–
<b>Total internal restrictions</b>			<b>4,844</b>	<b>3,165</b>
<b>TOTAL RESTRICTIONS</b>			<b>13,894</b>	<b>12,263</b>



## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Purpose</b>				
Rates and annual charges	305	–	233	–
Interest and extra charges	44	–	36	–
User charges and fees	408	–	380	–
Private works	10	–	52	–
Capital debtors (being sale of assets)				
– Other asset sales	119	–	–	–
Accrued revenues				
– Interest on investments	150	–	126	–
– Other income accruals	102	–	8	–
Amounts due from other councils	47	–	50	–
Government grants and subsidies	20	–	79	–
Net GST receivable	159	–	25	–
Resident contributions	105	–	–	–
Other debtors	21	–	16	–
<b>Total</b>	<b>1,490</b>	<b>–</b>	<b>1,005</b>	<b>–</b>
<b>Less: provision for impairment</b>				
Other debtors	(69)	–	(69)	–
<b>Total provision for impairment – receivables</b>	<b>(69)</b>	<b>–</b>	<b>(69)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>1,421</b>	<b>–</b>	<b>936</b>	<b>–</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	35	–	29	–
– Other	339	–	233	–
<b>Sewerage services</b>				
– Rates and availability charges	58	–	39	–
– Other	7	–	5	–
<b>Other</b>				
– Unexpended grants	–	–	58	–
<b>Total external restrictions</b>	<b>439</b>	<b>–</b>	<b>364</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>982</b>	<b>–</b>	<b>572</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>1,421</b>	<b>–</b>	<b>936</b>	<b>–</b>
<b>Movement in provision for impairment of receivables</b>				
Balance at the beginning of the year			2018	2017
			69	10
+ new provisions recognised during the year			–	60
– amounts provided for but recovered during the year			–	(1)
<b>Balance at the end of the year</b>			<b>69</b>	<b>69</b>

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 7. Receivables (continued)

---

##### Accounting policy for receivables

###### Recognition and measurement

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

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

###### Impairment

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

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

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(a) Inventories</b>				
<b>Inventories at cost</b>				
Stores and materials	213	–	178	–
<b>Total inventories at cost</b>	<b>213</b>	<b>–</b>	<b>178</b>	<b>–</b>
<b>TOTAL INVENTORIES</b>	<b>213</b>	<b>–</b>	<b>178</b>	<b>–</b>
<b>(b) Other assets</b>				
Prepayments	54	–	75	–
<b>TOTAL OTHER ASSETS</b>	<b>54</b>	<b>–</b>	<b>75</b>	<b>–</b>

**Externally restricted assets**

There are no restrictions applicable to the above assets.

**Accounting policy****Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Inventory held for distribution**

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

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

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

## Uralla Shire Council

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

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

Asset class	as at 30/6/2017			Asset movements during the reporting period							as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	393	–	393	1,574	–	–	–	–	–	–	1,967	–	1,967
Plant and equipment	7,345	3,256	4,089	707	43	(527)	(556)	–	–	–	7,079	3,323	3,756
Office equipment	561	450	111	52	–	–	(73)	–	–	–	613	523	90
Furniture and fittings	1,153	616	537	28	17	–	(55)	(183)	–	–	1,003	659	344
<b>Land:</b>													
– Operational land	1,736	–	1,736	–	36	–	–	–	–	49	1,821	–	1,821
– Community land	3,532	–	3,532	–	–	–	–	–	–	401	3,933	–	3,933
Land improvements – non-depreciable	17	–	17	–	–	–	–	–	–	–	17	–	17
<b>Infrastructure:</b>													
– Buildings – non-specialised	24,026	7,295	16,731	70	289	–	(409)	619	(3,722)	–	25,668	12,090	13,578
– Other structures	1,308	770	538	–	–	–	(44)	–	–	–	1,308	814	494
– Sealed roads structure	100,471	26,278	74,193	1,278	140	(27)	(1,428)	–	–	–	101,914	27,758	74,156
– Unsealed roads	17,423	11,817	5,606	195	–	–	(554)	–	–	–	17,559	12,312	5,247
– Bridges	31,916	11,098	20,818	16	–	–	(320)	1	–	–	31,933	11,418	20,515
– Footpaths	1,791	269	1,522	–	96	–	(45)	1	–	–	1,888	314	1,574
– Bulk earthworks (non-depreciable)	76,786	–	76,786	648	–	–	–	(2)	–	–	77,432	–	77,432
– Stormwater drainage	2,479	565	1,914	–	–	–	(24)	–	–	–	2,479	589	1,890
– Water supply network	27,543	13,629	13,914	15	–	–	(453)	–	–	284	28,137	14,377	13,760
– Sewerage network	13,881	5,232	8,649	6	–	–	(223)	(400)	–	169	13,682	5,481	8,201
– Swimming pools	750	580	170	–	–	–	(15)	–	–	–	750	595	155
– Other open space/recreational assets	791	339	452	18	63	–	(28)	(37)	–	–	668	200	468
<b>Other assets:</b>													
– Heritage collections	90	–	90	–	–	–	–	–	–	–	90	–	90
– Other	84	26	58	–	–	–	(4)	–	–	–	84	30	54
<b>Reinstatement, rehabilitation and restoration assets (refer Note 11):</b>													
– Tip assets	787	220	567	1,218	–	–	(39)	1	–	–	2,006	259	1,747
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>314,863</b>	<b>82,440</b>	<b>232,423</b>	<b>5,825</b>	<b>684</b>	<b>(554)</b>	<b>(4,270)</b>	<b>–</b>	<b>(3,722)</b>	<b>903</b>	<b>322,031</b>	<b>90,742</b>	<b>231,289</b>

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
		<b>Stormwater assets</b>	
<b>Water and sewer assets</b>		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 80
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 115		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
		<b>Other infrastructure assets</b>	
<b>Transportation assets</b>		Bulk earthworks	20
Sealed roads: surface	20	Swimming pools	50
Sealed roads: structure	50	Unsealed roads	20
Unsealed roads	20	Other open space/recreational assets	20
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	40		

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

---

##### **Accounting policy for infrastructure, property, plant and equipment (continued)**

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

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

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

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

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

##### **Crown reserves**

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

##### **Rural Fire Service assets**

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

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

## Uralla Shire Council

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

## Note 10. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	114	–	334	–
Goods and services – capital expenditure	348	–	–	–
Accrued expenses:				
– Borrowings	14	–	19	–
– Salaries and wages	167	–	229	–
– Other expenditure accruals	751	–	593	–
ATO – net GST payable	–	–	(10)	–
Retirement home contributions	2,000	–	2,350	–
TCS Funding	397	–	–	–
TCT Funding	100	–	–	–
<b>Total payables</b>	<b>3,891</b>	<b>–</b>	<b>3,515</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	475	–	393	–
<b>Total income received in advance</b>	<b>475</b>	<b>–</b>	<b>393</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	221	2,423	213	2,633
<b>Total borrowings</b>	<b>221</b>	<b>2,423</b>	<b>213</b>	<b>2,633</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>4,587</b>	<b>2,423</b>	<b>4,121</b>	<b>2,633</b>
<b>(a) Payables and borrowings relating to restricted assets</b>				
	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Other	1,870	–	2,089	–
McMaugh garden (interest bearing liabilities)	5	49	5	54
Payables and borrowings relating to externally restricted assets	1,875	49	2,094	54
<b>Total payables and borrowings relating to restricted assets</b>	<b>1,875</b>	<b>49</b>	<b>2,094</b>	<b>54</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>2,712</b>	<b>2,374</b>	<b>2,027</b>	<b>2,579</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>4,587</b>	<b>2,423</b>	<b>4,121</b>	<b>2,633</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 16.

## Uralla Shire Council

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

## Note 10. Payables and borrowings (continued)

\$ '000	2018	2017				
<b>(b) Current payables and borrowings not anticipated to be settled within the next twelve months</b>						
The following payables and borrowings, even though classified as current, are not expected to be settled in the next 12 months.						
Retirement home contributions	785	1,187				
	<u>785</u>	<u>1,187</u>				
<b>(c) Changes in liabilities arising from financing activities</b>						
Class of borrowings	2017 Opening balance as at 1/7/17	Cash flows	Non-cash changes Acquisition	Fair value changes	Other non-cash movements	2018 Closing balance as at 30/6/18
Loans – secured	2,846	(202)	–	–	–	2,644
<b>TOTAL</b>	<b>2,846</b>	<b>(202)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,644</b>
<b>(d) Financing arrangements</b>						
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>						
Bank overdraft facilities <sup>(1)</sup>					100	100
Credit cards/purchase cards					35	35
<b>Total financing arrangements</b>					<b>135</b>	<b>135</b>
<b>Drawn facilities as at balance date:</b>						
– Credit cards/purchase cards					10	7
<b>Total drawn financing arrangements</b>					<b>10</b>	<b>7</b>
<b>Undrawn facilities as at balance date:</b>						
– Bank overdraft facilities					100	100
– Credit cards/purchase cards					25	28
<b>Total undrawn financing arrangements</b>					<b>125</b>	<b>128</b>

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



## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 10. Payables and borrowings (continued)

---

##### Accounting policy for payables and borrowings

###### Payables

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

###### Borrowings

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

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

###### Finance leases

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

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

## Uralla Shire Council

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

## Note 11. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Provisions</b>				
<b>Employee benefits:</b>				
Annual leave	739	–	708	–
Sick leave	71	–	74	–
Long service leave	1,492	116	1,549	32
Other leave	49	–	55	–
<b>Sub-total – aggregate employee benefits</b>	<b>2,351</b>	<b>116</b>	<b>2,386</b>	<b>32</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	2,125	–	882
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>2,125</b>	<b>–</b>	<b>882</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>2,351</u></b>	<b><u>2,241</u></b>	<b><u>2,386</u></b>	<b><u>914</u></b>

**(a) Provisions relating to restricted assets**

There are no restricted assets (external or internal) applicable to the above provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(b) Current provisions not anticipated to be settled within the next twelve months</b>				
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.				
Provisions – employees benefits			1,525	1,443
			<b>1,525</b>	<b>1,443</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 11. Provisions (continued)

\$ '000

## (c) Description of and movements in provisions

2018	ELE provisions					Other employee benefits	Total
	Annual leave	Sick leave	Long service leave	ELE on-costs			
At beginning of year	708	74	1,581	–	55	2,418	
Additional provisions	518	(3)	144	–	81	740	
Amounts used (payments)	(487)	–	(117)	–	(87)	(691)	
<b>Total ELE provisions at end of year</b>	<b>739</b>	<b>71</b>	<b>1,608</b>	<b>–</b>	<b>49</b>	<b>2,467</b>	

2017	ELE provisions					Other employee benefits	Total
	Annual leave	Sick leave	Long service leave	ELE on-costs			
At beginning of year	670	75	1,595	–	49	2,389	
Additional provisions	439	(1)	54	–	78	570	
Amounts used (payments)	(401)	–	(68)	–	(72)	(541)	
<b>Total ELE provisions at end of year</b>	<b>708</b>	<b>74</b>	<b>1,581</b>	<b>–</b>	<b>55</b>	<b>2,418</b>	

2018	Other provisions	
	Asset remediation	Total
At beginning of year	882	882
<b>Changes to provision:</b>		
Revised costs	1,218	1,218
Unwinding of discount	25	25
<b>Total other provisions at end of year</b>	<b>2,125</b>	<b>2,125</b>

2017	Other provisions	
	Asset remediation	Total
At beginning of year	857	857
<b>Changes to provision:</b>		
Unwinding of discount	25	25
<b>Total other provisions at end of year</b>	<b>882</b>	<b>882</b>

## Nature and purpose of non-employee benefit provisions

## Asset remediation

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Provisions (continued)

##### **Accounting policy for provisions**

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

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

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

##### **Employee benefits**

###### **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

###### **Other long-term employee benefit obligations**

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

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

###### **Restoration**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Provisions (continued)

##### Accounting policy for provisions (continued)

###### **Rehabilitation**

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

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

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

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

#### Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

##### (a) Nature and purpose of reserves

###### **Infrastructure, property, plant and equipment revaluation reserve**

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 13. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	5,243	4,782
Less bank overdraft	10	–	–
<b>Balance as per the Statement of Cash Flows</b>		<b>5,243</b>	<b>4,782</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>1,197</b>	<b>1,897</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		4,270	3,958
Net losses/(gains) on disposal of assets		84	518
Impairment losses recognition/(prior period reversals) – financial investments		–	(6)
Unwinding of discount rates on reinstatement provisions		25	25
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(366)	394
Increase/(decrease) in provision for doubtful debts		–	59
Decrease/(increase) in inventories		(35)	(3)
Decrease/(increase) in other assets		21	(23)
Increase/(decrease) in payables		(220)	(61)
Increase/(decrease) in accrued interest payable		(5)	9
Increase/(decrease) in other accrued expenses payable		96	(254)
Increase/(decrease) in other liabilities		581	370
Increase/(decrease) in employee leave entitlements		49	29
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>5,697</b>	<b>6,912</b>

## Uralla Shire Council

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

## Note 14. Commitments for expenditure

\$ '000	2018	2017
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Plant and equipment	96	–
Bridges	–	741
Land	–	30
Bundarra Sewer Scheme	540	182
Pioneer Park Project	15	–
<b>Total commitments</b>	<b>651</b>	<b>953</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	651	953
<b>Total payable</b>	<b>651</b>	<b>953</b>
<b>Sources for funding of capital commitments:</b>		
Future grants and contributions	540	–
Unexpended grants	–	741
Externally restricted reserves	15	212
Internally restricted reserves	96	–
<b>Total sources of funding</b>	<b>651</b>	<b>953</b>
<b>(b) Operating lease commitments (non-cancellable)</b>		
<b>a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:</b>		
Within the next year	10	49
Later than one year and not later than 5 years	22	4
<b>Total non-cancellable operating lease commitments</b>	<b>32</b>	<b>53</b>
<b>b. Non-cancellable operating leases include the following assets:</b>		
The operating lease in place is for business premises in Tamworth. The lease agreement does not impose any financial restrictions on Council regarding future debt.		
A further operating lease relates to rental of a photocopier.		
<b>Conditions relating to operating leases:</b>		
– All operating lease agreements are secured only against the leased asset.		
– No lease agreements impose any financial restrictions on Council regarding future debt etc.		

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. Contingencies and other liabilities/assets not recognised

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

##### **LIABILITIES NOT RECOGNISED:**

##### **1. Guarantees**

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

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

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

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

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

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

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 is required to pay standard employer contributions and additional lump sum contributions to the Fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rate is 1.9 times employee contributions.

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities at 30 June 2016. Council's share of the deficit is 0.16%. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2017.

The adequacy of contributions is assessed at each triennial investigation and monitored annually between triennials.



## Uralla Shire Council

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

#### Note 15. Contingencies and other liabilities/assets not recognised (continued)

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

##### 1. Guarantees

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

Each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up. There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer. The plan is a defined benefit plan.

The expected contributions to the Fund by Council for the next annual reporting period is \$148,704. The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

		Coverage
Assets	\$1,817.8 million	
Vested Benefits	\$1,778.0 million	102.2%

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% p.a.
Salary inflation	3.5% p.a.
Increase in CPI	2.5% p.a.

Council's additional lump sum contributions per annum as a percentage of the total additional lump sum contributions for all Pooled Employers provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

##### (ii) Statewide Limited

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

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

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. Contingencies and other liabilities/assets not recognised (continued)

---

##### 1. Guarantees (continued)

###### (iii) StateCover Limited

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

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

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

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

###### (iv) Other guarantees

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

##### 2. Other liabilities

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

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

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

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. Contingencies and other liabilities/assets not recognised (continued)

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

##### (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.

Council's 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.

##### (iii) 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 2018 were not available. The net assets of the Central Northern Regional Library at 30 June 2017 were \$1,264,370 with a Surplus from Ordinary Activities of \$59,280 for the 2016/2017 year.

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

##### (iv) RURAL FIRE FIGHTING ASSETS

Council has title to, and is the registered owner of vehicles including 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 (Note 10a Accounting policy for infrastructure, property, plant and equipment).

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

## Uralla Shire Council

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

#### Note 16. Financial risk management

---

\$ '000

---

##### Risk management

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

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

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

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

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

Fair value is determined as follows:

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio.

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

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether 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.

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2018</b>				
Possible impact of a 1% movement in interest rates	140	140	(140)	(140)
<b>2017</b>				
Possible impact of a 1% movement in interest rates	113	113	(113)	(113)

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 16. Financial risk management (continued)

\$ '000

**(b) Credit risk**

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

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

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

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

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

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

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

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

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

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	78%	81%	74%	66%
Overdue	22%	19%	26%	34%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**(ii) Ageing of receivables – value****Rates and annual charges**

	2018	2017
Current	236	174
< 1 year overdue	5	15
1 – 2 years overdue	5	27
2 – 5 years overdue	59	17
	<b>305</b>	<b>233</b>

**Other receivables**

Current	929	520
> 91 days overdue	256	252
	<b>1,185</b>	<b>772</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 16. Financial risk management (continued)

\$ '000

## (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
<b>2018</b>							
Trade/other payables	0.00%	2,000	1,891	-	-	3,891	3,891
Loans and advances	4.92%	-	352	1,305	1,465	3,122	2,644
<b>Total financial liabilities</b>		<b>2,000</b>	<b>2,243</b>	<b>1,305</b>	<b>1,465</b>	<b>7,013</b>	<b>6,535</b>
<b>2017</b>							
Trade/other payables	0.00%	2,350	1,165	-	-	3,515	3,515
Loans and advances	4.97%	-	352	1,341	1,986	3,679	2,846
<b>Total financial liabilities</b>		<b>2,350</b>	<b>1,517</b>	<b>1,341</b>	<b>1,986</b>	<b>7,194</b>	<b>6,361</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 17. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 26 June 2018 and is not required to be audited.

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

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

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

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

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

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
<b>REVENUES</b>					
Rates and annual charges	6,265	6,159	(106)	(2%)	<b>U</b>
User charges and fees	4,641	4,856	215	5%	<b>F</b>
Interest and investment revenue	249	398	149	60%	<b>F</b>
Budget variations arose due to higher cash reserves being held throughout the year.					
Other revenues	761	586	(175)	(23%)	<b>U</b>
The major variation to budget relates to reduced income from private works.					
Operating grants and contributions	7,485	7,706	221	3%	<b>F</b>
Capital grants and contributions	593	952	359	61%	<b>F</b>
The major variations in capital grants relate to the receipt of unbudgeted grants for the Pioneer Park upgrade and the receipt of the final instalment of RDAF funding together with a shortfall in grants for the Bundarra Sewer project which is only a timing issue.					



## Uralla Shire Council

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

## Note 17. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
<b>EXPENSES</b>					
Employee benefits and on-costs	9,470	9,424	46	0%	F
Borrowing costs	163	167	(4)	(2%)	U
Materials and contracts	4,035	3,892	143	4%	F
Depreciation and amortisation	3,932	4,270	(338)	(9%)	U
The major variation in budgeted depreciation arose due to the finalisation of revaluations of water and sewer assets in June 2017. As this was after the preparation of the 2017-18 budget had been completed, it was not possible to include the adjusted depreciation amounts in the original budget.					
Other expenses	1,632	1,623	9	1%	F
Net losses from disposal of assets	-	84	(84)	0%	U
The major variation to budget relates to the disposal of plant and equipment below carrying value which was not included in the original budget.					
<b>Budget variations relating to Council's Cash Flow Statement include:</b>					
Cash flows from operating activities	4,694	5,697	1,003	21.4%	F
The major variations in operating activity cash flows relate to increased inflows from capital grants, interest income, section 94 contributions and McMaugh Gardens resident fees.					
Cash flows from investing activities	(5,000)	(4,692)	308	(6.2%)	F
Cash flows from financing activities	(214)	(544)	(330)	154.2%	U
The major variation here relates to the repayment of retirement home contributions in excess of new contributions received.					

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

2018	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	30/06/18	–	–	3,756	3,756
Office equipment	30/06/18	–	–	90	90
Furniture and fittings	30/06/18	–	–	344	344
Operational land	30/06/18	–	–	1,821	1,821
Community land	30/06/18	–	–	3,933	3,933
Land improvements – non-depreciable	30/06/14	–	–	17	17
Buildings – non-specialised	30/06/18	–	–	13,578	13,578
Other structures	30/06/14	–	–	494	494
Sealed road structure	30/06/15	–	–	74,156	74,156
Unsealed roads	30/06/15	–	–	5,247	5,247
Bridges	30/06/15	–	–	20,515	20,515
Footpaths	30/06/15	–	–	1,574	1,574
Bulk earthworks	30/06/15	–	–	77,432	77,432
Stormwater drainage	30/06/15	–	–	1,890	1,890
Water supply network	30/06/18	–	–	13,760	13,760
Sewerage network	30/06/18	–	–	8,201	8,201
Heritage collection	30/06/14	–	–	90	90
Other assets	30/06/14	–	–	54	54
Tip assets	30/06/14	–	–	1,747	1,747
Other open space / recreational assets	30/06/14	–	–	468	468
Swimming pools	30/06/14	–	–	155	155
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>229,322</b>	<b>229,322</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Fair value measurement (continued)

\$ '000

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

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	30/06/17	—	—	4,089	4,089
Office equipment	30/06/17	—	—	111	111
Furniture and fittings	30/06/17	—	—	537	537
Operational land	30/06/16	—	—	1,736	1,736
Community land	30/06/16	—	—	3,532	3,532
Land improvements – non-depreciable	30/06/14	—	—	17	17
Buildings – non-specialised	30/06/14	—	—	16,731	16,731
Other structures	30/06/14	—	—	604	604
Sealed road structure	30/06/15	—	—	74,193	74,193
Unsealed roads	30/06/15	—	—	5,606	5,606
Bridges	30/06/15	—	—	20,818	20,818
Footpaths	30/06/15	—	—	1,522	1,522
Bulk earthworks	30/06/15	—	—	76,786	76,786
Stormwater drainage	30/06/15	—	—	1,914	1,914
Water supply network	30/06/17	—	—	13,914	13,914
Sewerage network	30/06/17	—	—	8,649	8,649
Heritage collection	30/06/14	—	—	90	90
Other assets	30/06/14	—	—	58	58
Tip assets	30/06/14	—	—	567	567
Other open space / recreational assets	30/06/14	—	—	386	386
Swimming pools	30/06/14	—	—	170	170
<b>Total infrastructure, property, plant and equipment</b>		<b>—</b>	<b>—</b>	<b>232,030</b>	<b>232,030</b>

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

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Fair value measurement (continued)

---

\$ '000

---

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

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

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

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

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 2018 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 AssetVal in March 2018).

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 year ended 30 June 2018

#### Note 18. 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
- Asset Condition
- Asset Condition

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. This land was revalued in 2018.

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 of management for it.

###### Buildings - Non Specialised

Council buildings includes Libraries, Public Amenities, Sporting Club, Kiosks and Amenities, Depot Building and Workshops, McMaugh's 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 - AssetVAL in March 2018 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 AssetVal in March 2018). 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 year ended 30 June 2018

#### Note 18. 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 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 year ended 30 June 2018

#### Note 18. 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 2017. 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 year ended 30 June 2018

#### Note 18. 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. Other infrastructure assets were revalued during 2016 including the swimming pool which has now been recognised separately in note 9a. 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 12 for details of Uralla Landfill asset.

Values are estimates of rehabilitation costs, and these included capping of landfill, revegetation, safety fencing and other associated restoration works. The forecast increase in cost of remediation of landfill have been based on independent assessment.

Unobservable Level 3 inputs include:

- Unit rates
- Useful Life
- Asset Condition - dimensions and specifications
- Future Economic Benefit

###### Infrastructure- Bridges

Council has 50 bridges/major culverts on local roads and 30 bridges/major culverts on regional roads. Of these, two bridges were replaced in 2017/18 with some additional work to be finalised in 2018/19.

All Council bridges are inspected by Council's qualified inspectors on a biannual program.

Council has engaged an independent company to assess HML capacity on selected bridges in 2018-19.

The replacement costs have been upgraded utilising unit costs from the replacement of Abington and Emu Crossing bridges.

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.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful Life and Residual Value

The cost approach is used to value the Bridges. There has been no change in valuation technique from previous years.



## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Fair value measurement (continued)

---

\$ '000

---

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

###### 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.

###### 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 2017. Physical inspections were carried out with photographic evidence collected to support condition ratings. 100% of above ground infrastructure was inspected. Council identifies 10 critical mains sections each year for inspection; selection is based on the log of overflows, leakages or complaints. Data limitations therefore exist due to lack of records of historical maintenance and inspection and sampling of inspections. All asset components are assigned a residual value, useful life and remaining useful life, and were conditioned rated at time of revaluation, with the condition rating determining the useful life.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful Life

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 year ended 30 June 2018

## Note 18. 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 and other infrastructure	Total
<b>Opening balance – 1/7/16</b>	1,741	3,532	17	17,792	23,082
Purchases (GBV)	–	–	–	367	367
Disposals (WDV)	(5)	–	–	–	(5)
Depreciation and impairment	–	–	–	(438)	(438)
<b>Closing balance – 30/6/17</b>	<b>1,736</b>	<b>3,532</b>	<b>17</b>	<b>17,721</b>	<b>23,006</b>
Transfers from/(to) another asset class	–	–	–	582	582
Purchases (GBV)	36	–	–	440	476
Depreciation and impairment	–	–	–	(481)	(481)
FV gains – other comprehensive income	49	401	–	(3,722)	(3,272)
<b>Closing balance – 30/6/18</b>	<b>1,821</b>	<b>3,933</b>	<b>17</b>	<b>14,540</b>	<b>20,311</b>
<sup>1</sup> FV gains recognised in the Income Statement relating to assets still on hand at year end total:					
YE 17/18	49	401	–	(3,722)	(3,272)
	Sealed roads	Unsealed roads	Bridges	Footpaths	Total
<b>Opening balance – 1/7/16</b>	74,568	5,987	21,142	1,506	103,203
Purchases (GBV)	1,433	220	21	59	1,733
Disposals (WDV)	(432)	(51)	(22)	–	(505)
Depreciation and impairment	(1,376)	(550)	(323)	(43)	(2,292)
<b>Closing balance – 30/6/17</b>	<b>74,193</b>	<b>5,606</b>	<b>20,818</b>	<b>1,522</b>	<b>102,139</b>
Transfers from/(to) another asset class	–	–	1	1	2
Purchases (GBV)	1,418	195	16	96	1,725
Disposals (WDV)	(27)	–	–	–	(27)
Depreciation and impairment	(1,428)	(554)	(320)	(45)	(2,347)
<b>Closing balance – 30/6/18</b>	<b>74,156</b>	<b>5,247</b>	<b>20,515</b>	<b>1,574</b>	<b>101,492</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Fair value measurement (continued)

\$ '000

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

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

	Bulk earthworks non-depreciable	Stormwater Drainage	Water Supply Network	Sewerage Network	Total
<b>Opening balance – 1/7/16</b>	75,897	1,937	14,461	6,201	98,496
Purchases (GBV)	897	–	4	40	941
Disposals (WDV)	(8)	–	–	–	(8)
Depreciation and impairment	–	(23)	(246)	(203)	(472)
FV gains – other comprehensive income	–	–	(305)	2,611	2,306
<b>Closing balance – 30/6/17</b>	<b>76,786</b>	<b>1,914</b>	<b>13,914</b>	<b>8,649</b>	<b>101,263</b>
Transfers from/(to) another asset class	(2)	–	–	(400)	(402)
Purchases (GBV)	648	–	15	6	669
Depreciation and impairment	–	(24)	(453)	(223)	(700)
FV gains – other comprehensive income	–	–	284	169	453
<b>Closing balance – 30/6/18</b>	<b>77,432</b>	<b>1,890</b>	<b>13,760</b>	<b>8,201</b>	<b>101,283</b>
<sup>1</sup> FV gains recognised in the Income Statement relating to assets still on hand at year end total:					
YE 17/18	–	–	283	169	452
		Other assets	Tip assets	Plant and equipment	Total
<b>Opening balance – 1/7/16</b>		303	606	4,736	5,645
Purchases (GBV)		33	–	886	919
Disposals (WDV)		–	–	(352)	(352)
Depreciation and impairment		(18)	(39)	(533)	(590)
<b>Closing balance – 30/6/17</b>		<b>318</b>	<b>567</b>	<b>4,737</b>	<b>5,622</b>
Transfers from/(to) another asset class		–	1	(183)	(182)
Purchases (GBV)		–	1,218	847	2,065
Disposals (WDV)		–	–	(527)	(527)
Depreciation and impairment		(19)	(39)	(684)	(742)
<b>Closing balance – 30/6/18</b>		<b>299</b>	<b>1,747</b>	<b>4,190</b>	<b>6,236</b>

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Fair value measurement (continued)

---

\$ '000

---

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

##### b. 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 year ended 30 June 2018

#### Note 19. Related party transactions

---

\$ '000

---

##### a. Key management personnel

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

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

<b>Compensation:</b>	<b>2018</b>	<b>2017</b>
Short-term benefits	729	728
Post-employment benefits	80	81
<b>Total</b>	<b>809</b>	<b>809</b>

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

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

A close family member of a key management personnel was previously employed through an arm's length process. They are paid in accordance with the Award for the job they perform. The council employs 156 staff of which only 1 is a close family member of key management personnel.

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Statement of developer contributions

\$ '000

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

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

## SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	379	81	–	11	–	–	471	–
Traffic facilities	16	2	–	–	–	–	18	–
Community facilities	71	3	–	2	–	–	76	–
Other	47	4	–	1	–	–	52	–
<b>S7.11 contributions – under a plan</b>	<b>512</b>	<b>90</b>	<b>–</b>	<b>14</b>	<b>–</b>	<b>–</b>	<b>616</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>512</b>	<b>90</b>	<b>–</b>	<b>14</b>	<b>–</b>	<b>–</b>	<b>616</b>	<b>–</b>
<b>Total contributions</b>	<b>512</b>	<b>90</b>	<b>–</b>	<b>14</b>	<b>–</b>	<b>–</b>	<b>616</b>	<b>–</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Statement of developer contributions (continued)

\$ '000

## S7.11 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	75	9		2			86	
Traffic facilities	16	2					18	
Community facilities	71	3		2			76	
Other	42	4		1			47	
<b>Total</b>	<b>203</b>	<b>18</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>226</b>	<b>-</b>

## CONTRIBUTION PLAN - RURAL

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

## CONTRIBUTION PLAN - DCP ROAD MAINTENANCE ROYALTIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	304	72		9			385	
<b>Total</b>	<b>304</b>	<b>72</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>385</b>	<b>-</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

Income Statement by fund			
\$ '000	2018	2018	2018
<b>Continuing operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>			
Rates and annual charges	388	708	5,063
User charges and fees	604	9	4,243
Interest and investment revenue	66	54	278
Other revenues	7	–	579
Grants and contributions provided for operating purposes	18	16	7,672
Grants and contributions provided for capital purposes	–	98	854
<b>Total income from continuing operations</b>	<b>1,083</b>	<b>885</b>	<b>18,689</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	457	290	8,677
Borrowing costs	–	–	167
Materials and contracts	349	193	3,350
Depreciation and amortisation	485	235	3,550
Other expenses	–	4	1,619
Net losses from the disposal of assets	–	–	84
<b>Total expenses from continuing operations</b>	<b>1,291</b>	<b>722</b>	<b>17,447</b>
<b>Operating result from continuing operations</b>	<b>(208)</b>	<b>163</b>	<b>1,242</b>
<b>Net operating result attributable to each council fund</b>	<b>(208)</b>	<b>163</b>	<b>1,242</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(208)</b>	<b>65</b>	<b>388</b>

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

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



## Uralla Shire Council

## Notes to the Financial Statements

as at 30 June 2018

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

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>			
Cash and cash equivalents	2,275	2,042	926
Investments	–	–	9,750
Receivables	374	65	982
Inventories	–	–	213
Other	–	–	54
<b>Total current assets</b>	<b>2,649</b>	<b>2,107</b>	<b>11,925</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	14,614	8,924	207,751
<b>Total non-current assets</b>	<b>14,614</b>	<b>8,924</b>	<b>207,751</b>
<b>TOTAL ASSETS</b>	<b>17,263</b>	<b>11,031</b>	<b>219,676</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	–	–	3,891
Income received in advance	–	–	475
Borrowings	–	–	221
Provisions	–	–	2,351
<b>Total current liabilities</b>	<b>–</b>	<b>–</b>	<b>6,938</b>
<b>Non-current liabilities</b>			
Borrowings	–	–	2,423
Provisions	–	–	2,241
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>4,664</b>
<b>TOTAL LIABILITIES</b>	<b>–</b>	<b>–</b>	<b>11,602</b>
<b>Net assets</b>	<b>17,263</b>	<b>11,031</b>	<b>208,074</b>
<b>EQUITY</b>			
Accumulated surplus	8,641	5,499	58,122
Revaluation reserves	8,622	5,532	149,952
<b>Total equity</b>	<b>17,263</b>	<b>11,031</b>	<b>208,074</b>

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

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
<b>Local government industry indicators – consolidated</b>					
<b>1. Operating performance ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>329</u>	<b>1.67%</b>	11.57%	-1.45%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<u>19,705</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>14,733</u>	<b>71.32%</b>	71.30%	68.24%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>	<u>20,657</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>(2)</sup>	<u>7,192</u>	<b>2.03x</b>	2.07x	1.48x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<u>3,538</u>				
<b>4. Debt service cover ratio</b>					
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>4,766</u>	<b>12.92x</b>	16.74x	10.28x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>369</u>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<u>349</u>	<b>5.38%</b>	4.33%	4.20%	< 10% regional & rural
Rates, annual and extra charges collectible	<u>6,488</u>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>14,993</u>	<b>10.30 mths</b>	10.5 mths	6.9 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>1,456</u>				

## Notes

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

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

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

<sup>(3)</sup> Refer to Notes 10 and 11.

<sup>(4)</sup> Refer to Note 10(b) and 11(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22(b). Statement of performance measures – by fund

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Local government industry indicators – by fund</b>							
<b>1. Operating performance ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<b>2.65%</b>	12.80%	<b>-19.21%</b>	0.89%	<b>8.26%</b>	-7.80%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<b>69.01%</b>	68.95%	<b>98.34%</b>	98.41%	<b>87.12%</b>	98.17%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions <sup>(2)</sup>	<b>2.03x</b>	2.07x	<b>No liabilities</b>	No liabilities	<b>No liabilities</b>	No liabilities	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3,4)</sup>							

## Notes

(1) - (4) Refer to Notes at Note 23a above.

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
<b>4. Debt service cover ratio</b>							
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation							
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>11.35x</b>	15.62x	<b>0.00x</b>	0.00x	<b>0.00x</b>	0.00x	> 2x
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>4.75%</b>	3.83%	<b>9.02%</b>	7.44%	<b>8.19%</b>	6.69%	< 10% Regional & Rural
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits							
Payments from cash flow of operating and financing activities	<b>7.92 months</b>	8.23 months	<b>33.70 months</b>	36.07 months	<b>49.91 months</b>	43.92 months	> 3 months

## Notes

(1) Refer to Notes at Note 23a above.

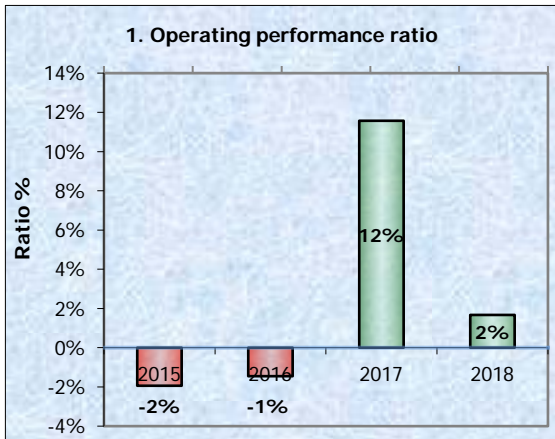
(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**END OF AUDITED FINANCIAL STATEMENTS**

Uralla Shire Council

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

Note 22(c). Statement of performance measures – consolidated results (graphs)



**Purpose of operating performance ratio**

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

**Commentary on 2017/18 result**

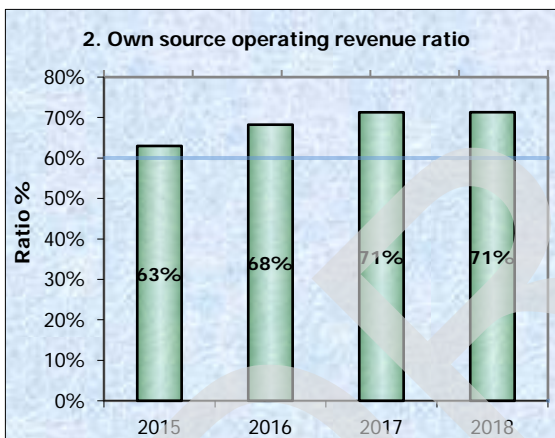
**2017/18 ratio 1.67%**

Council has achieved another positive operating performance as a result of increased operating revenue. The performance in 2017 is artificially inflated by the advance payment of the financial assistance grant.

Benchmark: Minimum  $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves 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 and contributions.

**Commentary on 2017/18 result**

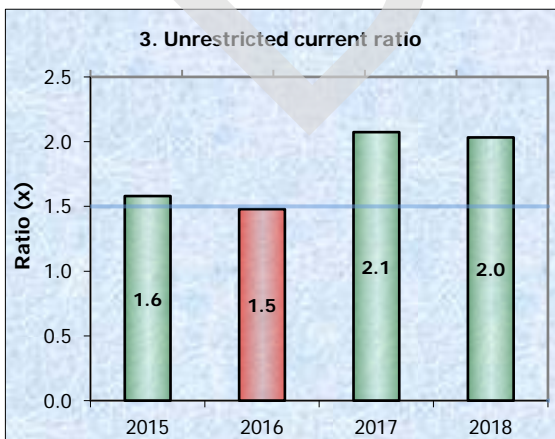
**2017/18 ratio 71.32%**

Council has maintained a ratio above the benchmark for the past five years reflecting less reliance on other government grants for continuing operations.

Benchmark: Minimum  $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves 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 2017/18 result**

**2017/18 ratio 2.03x**

This result reflects Council's ability to pay debts from reserves not restricted for other purposes. Council needs to continue to build these reserves to provide future fiscal flexibility.

Benchmark: Minimum  $\geq 1.50$

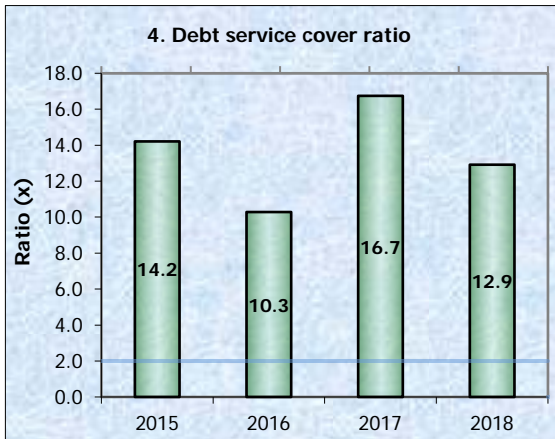
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
 Ratio is outside benchmark

Uralla Shire Council

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

Note 22(c). Statement of performance measures – consolidated results (graphs)



**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 2017/18 result**

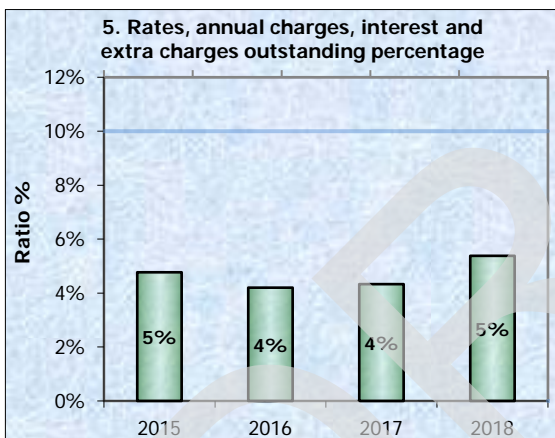
**2017/18 ratio 12.92x**

The high ratios here reflect Council's decision to fund asset replacement, renewal and expansion without the need to borrow for these activities.

Benchmark: Minimum  $\geq 2.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of rates and 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 2017/18 result**

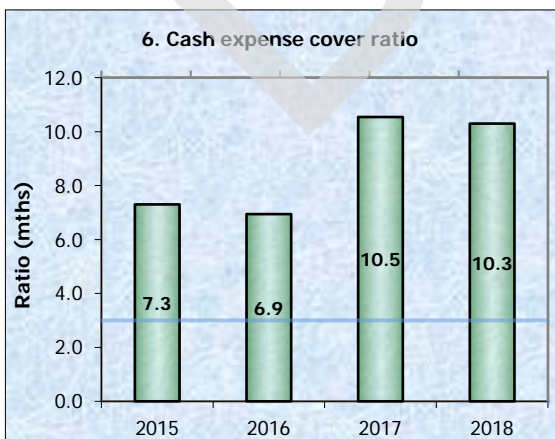
**2017/18 ratio 5.38%**

Close monitoring of outstanding rates has ensured Council remains within the boundaries of the benchmarking limits. The slight increase this year was a reflection of the late issue of water user charges in June instead of May.

Benchmark: Maximum  $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result**

**2017/18 ratio 10.30 mths**

Council continues to maintain a strong position on cash held.

Benchmark: Minimum  $\geq 3.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
 Ratio is outside benchmark

## Uralla Shire Council

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

#### Note 23. Council information and contact details

---

**Principal place of business:**

32 Salisbury Street  
Uralla NSW 2358

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

PO Box 106  
Uralla NSW 2358

**Opening hours:**

Monday - Friday 8.30am to 4.30pm

**Telephone:** 02 6778 6300

**Facsimile:** 02 6778 6349

**Internet:** <http://www.uralla.nsw.gov.au/>

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

**Officers****GENERAL MANAGER**

Mr Andrew Hopkins

**Elected members****MAYOR**

Cr M Pearce

**RESPONSIBLE ACCOUNTING OFFICER**

Mr Simon Paul

**AUDITORS**

Audit Office of NSW  
Level 15, 1 Margaret Street  
Sydney NSW 2000

**Other information**

**ABN:** 55 868 272 018

# Uralla Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

---

*“...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 year ended 30 June 2018

Contents	Page
<b>1. Statement by Councillors and Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	4
Income Statement – Other Business Activities	5
Statement of Financial Position – Water Supply Business Activity	6
Statement of Financial Position – Sewerage Business Activity	7
Statement of Financial Position – Other Business Activities	8
<b>3. Notes to the Special Purpose Financial Statements</b>	9
<b>4. Auditor’s Report</b>	

---

### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
  - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
  - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
  - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

## Uralla Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

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

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

**Signed in accordance with a resolution of Council made on 23 October 2018.**

---

Cr M Pearce  
Mayor

---

Cr I Strutt  
Councillor

---

Mr Andrew Hopkins  
General Manager

---

Mr Simon Paul  
Responsible Accounting Officer

## Uralla Shire Council

Income Statement of Council's Water Supply Business Activity  
for the year ended 30 June 2018

\$ '000	2018	2017
<b>Income from continuing operations</b>		
Access charges	388	390
User charges	604	536
Interest	66	64
Grants and contributions provided for non-capital purposes	18	16
Other income	7	2
<b>Total income from continuing operations</b>	<b>1,083</b>	<b>1,008</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	457	430
Materials and contracts	349	288
Depreciation, amortisation and impairment	485	277
Other expenses	-	4
<b>Total expenses from continuing operations</b>	<b>1,291</b>	<b>999</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(208)</b>	<b>9</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(208)</b>	<b>9</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(208)</b>	<b>9</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	-	(3)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(208)</b>	<b>6</b>
Plus opening retained profits	8,849	8,840
Plus adjustments for amounts unpaid:		
- Corporate taxation equivalent	-	3
<b>Closing retained profits</b>	<b>8,641</b>	<b>8,849</b>
<b>Return on capital %</b>	<b>-1.4%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>592</b>	<b>420</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(208)	6
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>6</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>3</b>

## Uralla Shire Council

Income Statement of Council's Sewerage Business Activity  
for the year ended 30 June 2018

\$ '000	2018	2017
<b>Income from continuing operations</b>		
Access charges	708	583
User charges	9	10
Interest	54	49
Grants and contributions provided for non-capital purposes	16	12
<b>Total income from continuing operations</b>	<b>787</b>	<b>654</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	290	278
Materials and contracts	193	213
Depreciation, amortisation and impairment	235	206
Other expenses	4	8
<b>Total expenses from continuing operations</b>	<b>722</b>	<b>705</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>65</b>	<b>(51)</b>
Grants and contributions provided for capital purposes	98	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>163</b>	<b>(51)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>163</b>	<b>(51)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(20)	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>144</b>	<b>(51)</b>
Plus opening retained profits	5,336	5,387
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	20	–
<b>Closing retained profits</b>	<b>5,499</b>	<b>5,336</b>
<b>Return on capital %</b>	<b>0.7%</b>	<b>-0.6%</b>
<b>Subsidy from Council</b>	<b>170</b>	<b>265</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	144	(51)
Less: capital grants and contributions (excluding developer contributions)	(98)	–
<b>Surplus for dividend calculation purposes</b>	<b>46</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>23</b>	<b>–</b>

## Uralla Shire Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

	Private Works		McMaugh Gardens	
	Category 2		Category 2	
\$ '000	2018	2017	2018	2017
<b>Income from continuing operations</b>				
User charges	75	178	930	714
Fees	–	–	8	12
Interest	–	–	57	58
Grants and contributions provided for non-capital purposes	–	–	2,203	2,284
Profit from the sale of assets	–	–	4	–
Other income	–	–	4	22
<b>Total income from continuing operations</b>	<b>75</b>	<b>178</b>	<b>3,206</b>	<b>3,090</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	12	11	2,105	2,062
Borrowing costs	–	–	11	10
Materials and contracts	27	28	743	821
Depreciation, amortisation and impairment	–	–	169	165
Other expenses	–	–	52	61
<b>Total expenses from continuing operations</b>	<b>39</b>	<b>39</b>	<b>3,080</b>	<b>3,119</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>36</b>	<b>139</b>	<b>126</b>	<b>(29)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>36</b>	<b>139</b>	<b>126</b>	<b>(29)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>36</b>	<b>139</b>	<b>126</b>	<b>(29)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(11)	(42)	(38)	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>25</b>	<b>97</b>	<b>88</b>	<b>(29)</b>
Plus opening retained profits	–	–	2,900	2,929
Plus adjustments for amounts unpaid:				
– Corporate taxation equivalent	11	42	38	–
Less:				
– Dividend paid	(36)	(139)	–	–
<b>Closing retained profits</b>	<b>–</b>	<b>–</b>	<b>3,026</b>	<b>2,900</b>
Return on capital %	n/a	n/a	3.2%	-0.4%
Subsidy from Council	–	–	–	136

## Uralla Shire Council

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

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,275	2,170
Receivables	374	262
<b>Total current assets</b>	<b>2,649</b>	<b>2,432</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	14,614	18,040
<b>Total non-current assets</b>	<b>14,614</b>	<b>18,040</b>
<b>TOTAL ASSETS</b>	<b>17,263</b>	<b>20,472</b>
<b>LIABILITIES</b>		
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>17,263</b>	<b>20,472</b>
<b>EQUITY</b>		
Accumulated surplus	8,641	8,850
Revaluation reserves	8,622	11,622
<b>TOTAL EQUITY</b>	<b>17,263</b>	<b>20,472</b>

## Uralla Shire Council

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

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,042	1,830
Receivables	65	44
<b>Total current Assets</b>	<b>2,107</b>	<b>1,874</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	8,924	8,996
<b>Total non-current assets</b>	<b>8,924</b>	<b>8,996</b>
<b>TOTAL ASSETS</b>	<b>11,031</b>	<b>10,870</b>
<b>LIABILITIES</b>		
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>11,031</b>	<b>10,870</b>
<b>EQUITY</b>		
Accumulated surplus	5,499	5,336
Revaluation reserves	5,532	5,534
<b>TOTAL EQUITY</b>	<b>11,031</b>	<b>10,870</b>

## Uralla Shire Council

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

as at 30 June 2018

\$ '000	Private Works		McMaugh Gardens	
	Category 2		Category 2	
	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	–	–	1,870	2,089
Receivables	–	–	105	–
<b>Total Current Assets</b>	<b>–</b>	<b>–</b>	<b>1,975</b>	<b>2,089</b>
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment	–	–	4,300	4,910
<b>Total non-current assets</b>	<b>–</b>	<b>–</b>	<b>4,300</b>	<b>4,910</b>
<b>TOTAL ASSETS</b>	<b>–</b>	<b>–</b>	<b>6,275</b>	<b>6,999</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	–	–	2,005	2,354
<b>Total current liabilities</b>	<b>–</b>	<b>–</b>	<b>2,005</b>	<b>2,354</b>
<b>Non-current liabilities</b>				
Payables	–	–	49	54
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>49</b>	<b>54</b>
<b>TOTAL LIABILITIES</b>	<b>–</b>	<b>–</b>	<b>2,054</b>	<b>2,408</b>
<b>NET ASSETS</b>	<b>–</b>	<b>–</b>	<b>4,221</b>	<b>4,591</b>
<b>EQUITY</b>				
Accumulated surplus	–	–	3,026	2,900
Revaluation reserves	–	–	1,195	1,691
<b>TOTAL EQUITY</b>	<b>–</b>	<b>–</b>	<b>4,221</b>	<b>4,591</b>



## Uralla Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

#### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2	Water Supply Business Best-Practice Management disclosure requirements	14
3	Sewerage Business Best-Practice Management disclosure requirements	16

DRAFT

## Uralla Shire Council

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

#### Note 1. Significant accounting policies

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

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

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

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

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

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

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### Declared business activities

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

##### Category 1

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

##### (a) 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.

## Uralla Shire Council

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

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

##### 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 thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

##### (i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

##### Notional rate applied (%)

Corporate income tax rate – 30%

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

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

In accordance with Crown Lands and Water (CLAW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

Achievement of substantial compliance to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

## Uralla Shire Council

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

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

##### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

##### Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

##### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

##### (ii) Subsidies

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

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

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

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

##### (iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

## Uralla Shire Council

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

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

$$\frac{\text{Operating result before capital income + interest expense}}{\text{Written down value of I,PP\&E as at 30 June}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.63% at 30 June 2018.

#### (iv) Dividends

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

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

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

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

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

**END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS**

## Uralla Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 2. Water supply business  
best-practice management disclosure requirements

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

2018

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

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

(i)	Calculated tax equivalents	-
(ii)	Number of assessments multiplied by \$3/assessment	4,497
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for tax equivalents	4,338

**2. Dividend from surplus**

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	44,970
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	(98,800)

2018 Surplus	(208,000)	2017 Surplus	6,300	2016 Surplus	102,900
		2017 Dividend	-	2016 Dividend	-

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

**3. Required outcomes for 6 criteria**

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

(i)	Completion of strategic business plan (including financial plan)	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 year ended 30 June 2018Note 2. Water supply business  
best-practice management disclosure requirements (continued)

---

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018


---

## National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	1,017
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)]	%	60.89%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	13,760
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	806
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	15
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 and equipment (w33b)]	%	-1.88%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

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

## Uralla Shire Council

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

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

2018

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

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

(i) Calculated tax equivalents	-
(ii) Number of assessments multiplied by \$3/assessment	4,056
(iii) Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for tax equivalents	3,402

**2. Dividend from surplus**

(i) 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	22,750
(ii) Number of assessments x (\$30 less tax equivalent charges per assessment)	40,560
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	30,200

2018 Surplus	45,500	2017 Surplus	(51,000)	2016 Surplus	35,700
		2017 Dividend	-	2016 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	22,750
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi) Are the overhead reallocation charges to the sewer business fair and reasonable? <sup>a</sup>	YES

**3. Required outcomes for 4 criteria**

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

(i) Completion of strategic business plan (including financial plan)	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 and 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 year ended 30 June 2018Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

---

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018


---

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

<b>NWI F2</b>	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	733
<b>NWI F10</b>	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	8,201
<b>NWI F12</b>	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	487
<b>NWI F15</b>	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	6
<b>NWI F18</b>	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	0.13%
<b>NWI F27</b>	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	98

---

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

<b>NWI F3</b>	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	1,750
<b>NWI F8</b>	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.94%
<b>NWI F16</b>	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	21
<b>NWI F19</b>	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	-1.13%
<b>NWI F20</b>	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
<b>NWI F21</b>	Dividend payout ratio (water and 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 year ended 30 June 2018Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

---

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018


---

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

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-15.26%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest  Earnings before interest and tax (EBIT): <span style="border: 1px solid black; padding: 2px;">(263)</span> 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: <span style="border: 1px solid black; padding: 2px;">(120)</span> Interest expense (w4a + s4a) – interest income (w9 + s10)		-
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(151)
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	34

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

# Uralla Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2018

---

*“...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 year ended 30 June 2018

### Contents

Page

#### Special Schedules <sup>1</sup>

<b>Special Schedule 1</b>	Net Cost of Services	2
<b>Special Schedule 2</b>	Permissible income for general rates	4
<b>Special Schedule 2</b>	Independent Auditors Report	5
<b>Special Schedule 3</b>	Water Supply Operations – incl. Income Statement	6
<b>Special Schedule 4</b>	Water Supply – Statement of Financial Position	9
<b>Special Schedule 5</b>	Sewerage Service Operations – incl. Income Statement	10
<b>Special Schedule 6</b>	Sewerage Service – Statement of Financial Position	13
<b>Notes to Special Schedules 3 and 5</b>		14
<b>Special Schedule 7</b>	Report on Infrastructure Assets	15

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

#### Background

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

## Uralla Shire Council

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

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>880</b>	<b>89</b>	<b>–</b>	<b>(791)</b>
<b>Administration</b>	<b>967</b>	<b>167</b>	<b>–</b>	<b>(800)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	224	6	–	(218)
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	168	50	–	(118)
Other	–	–	–	–
<b>Total public order and safety</b>	<b>392</b>	<b>56</b>	<b>–</b>	<b>(336)</b>
<b>Health</b>	<b>58</b>	<b>33</b>	<b>–</b>	<b>(25)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	81	–	–	(81)
Other environmental protection	200	236	–	36
Solid waste management	1,526	1,613	–	87
Street cleaning	50	–	–	(50)
Drainage	68	29	–	(39)
Stormwater management	–	–	–	–
<b>Total environment</b>	<b>1,925</b>	<b>1,878</b>	<b>–</b>	<b>(47)</b>
<b>Community services and education</b>				
Administration and education	(156)	–	–	156
Social protection (welfare)	–	–	–	–
Aged persons and disabled	6,159	6,475	–	316
Children's services	25	1	–	(24)
<b>Total community services and education</b>	<b>6,028</b>	<b>6,476</b>	<b>–</b>	<b>448</b>
<b>Housing and community amenities</b>				
Public cemeteries	53	25	–	(28)
Public conveniences	79	–	–	(79)
Street lighting	57	14	–	(43)
Town planning	264	137	–	(127)
Other community amenities	36	2	–	(34)
<b>Total housing and community amenities</b>	<b>489</b>	<b>178</b>	<b>–</b>	<b>(311)</b>
<b>Water supplies</b>	<b>1,291</b>	<b>1,083</b>	<b>–</b>	<b>(208)</b>
<b>Sewerage services</b>	<b>722</b>	<b>787</b>	<b>98</b>	<b>163</b>

## Uralla Shire Council

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

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	332	43	–	(289)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	87	44	–	(43)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	39	2	–	(37)
Sporting grounds and venues	96	–	–	(96)
Swimming pools	141	34	–	(107)
Parks and gardens (lakes)	200	2	258	60
Other sport and recreation	–	3	–	3
<b>Total recreation and culture</b>	<b>895</b>	<b>128</b>	<b>258</b>	<b>(509)</b>
<b>Fuel and energy</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Agriculture</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Mining, manufacturing and construction</b>				
Building control	46	–	–	(46)
Other mining, manufacturing and construction	10	–	–	(10)
<b>Total mining, manufacturing and const.</b>	<b>56</b>	<b>–</b>	<b>–</b>	<b>(56)</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	380	–	4	(376)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	935	825	–	(110)
Sealed rural roads (SRR) – regional	1,247	1,248	334	335
Unsealed rural roads (URR) – local	1,826	–	–	(1,826)
Unsealed rural roads (URR) – regional	54	55	–	1
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	436	144	230	(62)
Bridges on URR – local	–	–	–	–
Bridges on regional roads	75	–	–	(75)
Parking areas	7	–	–	(7)
Footpaths	153	–	–	(153)
Aerodromes	–	–	–	–
Other transport and communication	115	1	28	(86)
<b>Total transport and communication</b>	<b>5,228</b>	<b>2,273</b>	<b>596</b>	<b>(2,359)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	53	45	–	(8)
Other economic affairs	476	122	–	(354)
<b>Total economic affairs</b>	<b>529</b>	<b>167</b>	<b>–</b>	<b>(362)</b>
<b>Totals – functions</b>	<b>19,460</b>	<b>13,315</b>	<b>952</b>	<b>(5,193)</b>
<b>General purpose revenues <sup>(1)</sup></b>	<b>–</b>	<b>6,390</b>	<b>–</b>	<b>6,390</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>19,460</b>	<b>19,705</b>	<b>952</b>	<b>1,197</b>

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

## Uralla Shire Council

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

\$'000		Calculation 2018/19	Calculation 2017/18
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	3,725	3,662
Plus or minus adjustments <sup>(2)</sup>	b	8	9
<b>Notional general income</b>	c = (a + b)	<b>3,733</b>	<b>3,671</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
Or rate peg percentage	e	2.30%	1.50%
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	86	55
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>3,819</b>	<b>3,726</b>
Plus (or minus) last year's carry forward total	l	3	10
Less valuation objections claimed in the previous year	m	–	–
<b>Sub-total</b>	n = (l + m)	<b>3</b>	<b>10</b>
<b>Total permissible income</b>	o = k + n	<b>3,822</b>	<b>3,736</b>
Less notional general income yield	p	3,821	3,725
<b>Catch-up or (excess) result</b>	q = o – p	<b>1</b>	<b>11</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	1	–
Less unused catch-up <sup>(5)</sup>	s	–	(8)
<b>Carry forward to next year</b>	t = q + r – s	<b>2</b>	<b>3</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 2 in the financial data return (FDR) to administer this process.

## Uralla Shire Council

### Special Schedule 2 – Independent Auditors Report for the year ended 30 June 2019

---

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

Insert here signed Independent Auditors Report

DRAFT



## Uralla Shire Council

## Special Schedule 3 – Water Supply Income Statement

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

\$'000	2018	2017
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	165	184
b. Engineering and supervision	185	107
<b>2. Operation and maintenance expenses</b>		
– <b>dams and weirs</b>		
a. Operation expenses	2	2
b. Maintenance expenses	35	57
– <b>Mains</b>		
c. Operation expenses	–	–
d. Maintenance expenses	118	108
– <b>Reservoirs</b>		
e. Operation expenses	–	–
f. Maintenance expenses	3	2
– <b>Pumping stations</b>		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	4	2
i. Maintenance expenses	10	2
– <b>Treatment</b>		
j. Operation expenses (excluding chemical costs)	–	–
k. Chemical costs	103	102
l. Maintenance expenses	181	155
– <b>Other</b>		
m. Operation expenses	–	–
n. Maintenance expenses	–	–
o. Purchase of water	–	–
<b>3. Depreciation expenses</b>		
a. System assets	370	195
b. Plant and equipment	115	83
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>1,291</b>	<b>999</b>

## Uralla Shire Council

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

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

\$'000	2018	2017
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	388	390
b. Usage charges	604	536
<b>7. Non-residential charges</b>		
a. Access (including rates)	–	–
b. Usage charges	–	–
<b>8. Extra charges</b>	–	–
<b>9. Interest income</b>	66	64
<b>10. Other income</b>	7	2
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>11. Grants</b>		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	18	16
c. Other grants	–	–
<b>12. Contributions</b>		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
<b>13. Total income</b>	<b>1,083</b>	<b>1,008</b>
<b>14. Gain (or loss) on disposal of assets</b>	–	–
<b>15. Operating result</b>	<b>(208)</b>	<b>9</b>
<b>15a. Operating result (less grants for acquisition of assets)</b>	<b>(208)</b>	<b>9</b>

## Uralla Shire Council

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

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

\$'000	2018	2017
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of fixed assets</b>		
a. New assets for improved standards	9	–
b. New assets for growth	6	4
c. Renewals	–	–
d. Plant and equipment	–	–
<b>17. Repayment of debt</b>	–	–
<b>18. Totals</b>	<u>15</u>	<u>4</u>
<b>Non-operating funds employed</b>		
<b>19. Proceeds from disposal of assets</b>	–	–
<b>20. Borrowing utilised</b>	–	–
<b>21. Totals</b>	<u>–</u>	<u>–</u>
<b>C Rates and charges</b>		
<b>22. Number of assessments</b>		
a. Residential (occupied)	1,260	1,235
b. Residential (unoccupied, ie. vacant lot)	45	12
c. Non-residential (occupied)	194	195
d. Non-residential (unoccupied, ie. vacant lot)	–	4
<b>23. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>24. Total amount of pensioner rebates (actual dollars)</b>	\$ 18,459	\$ 15,772

## Uralla Shire Council

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

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

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>25. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,275	–	2,275
<b>26. Receivables</b>			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	35	–	35
c. User charges	339	–	339
d. Other	–	–	–
<b>27. Inventories</b>	–	–	–
<b>28. Property, plant and equipment</b>			
a. System assets	–	13,766	13,766
b. Plant and equipment	–	848	848
<b>29. Other assets</b>	–	–	–
<b>30. Total assets</b>	<u>2,649</u>	<u>14,614</u>	<u>17,263</u>
<b>LIABILITIES</b>			
<b>31. Bank overdraft</b>	–	–	–
<b>32. Creditors</b>	–	–	–
<b>33. Borrowings</b>	–	–	–
<b>34. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>35. Total liabilities</b>	<u>–</u>	<u>–</u>	<u>–</u>
<b>36. NET ASSETS COMMITTED</b>	<u>2,649</u>	<u>14,614</u>	<u>17,263</u>
<b>EQUITY</b>			
<b>37. Accumulated surplus</b>			8,641
<b>38. Asset revaluation reserve</b>			8,622
<b>39. Other reserves</b>			–
<b>40. TOTAL EQUITY</b>			<u>17,263</u>
<b>Note to system assets:</b>			
<b>41. Current replacement cost</b> of system assets			28,137
<b>42. Accumulated current cost</b> depreciation of system assets			(14,377)
<b>43. Written down current cost</b> of system assets			<u>13,760</u>

## Uralla Shire Council

## Special Schedule 5 – Sewerage Service Income Statement

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

\$'000	2018	2017
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	94	107
b. Engineering and supervision	50	29
<b>2. Operation and maintenance expenses</b>		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	42	34
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	–
d. Energy costs	–	–
e. Maintenance expenses	30	16
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	–	–
g. Chemical costs	51	54
h. Energy costs	–	–
i. Effluent management	–	–
j. Biosolids management	90	122
k. Maintenance expenses	70	87
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	60	51
<b>3. Depreciation expenses</b>		
a. System assets	233	203
b. Plant and equipment	2	2
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>722</b>	<b>705</b>

## Uralla Shire Council

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

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

\$'000	2018	2017
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	708	583
<b>7. Non-residential charges</b>		
a. Access (including rates)	–	–
b. Usage charges	9	10
<b>8. Trade waste charges</b>		
a. Annual fees	–	–
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
<b>9. Extra charges</b>	–	–
<b>10. Interest income</b>	54	49
<b>11. Other income</b>	–	–
<b>11a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>12. Grants</b>		
a. Grants for acquisition of assets	98	–
b. Grants for pensioner rebates	16	12
c. Other grants	–	–
<b>13. Contributions</b>		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
<b>14. Total income</b>	<u>885</u>	<u>654</u>
<b>15. Gain (or loss) on disposal of assets</b>	–	–
<b>16. Operating result</b>	<u>163</u>	<u>(51)</u>
<b>16a. Operating result (less grants for acquisition of assets)</b>	65	(51)

## Uralla Shire Council

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

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

\$'000	2018	2017
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	6	40
c. Renewals	–	–
d. Plant and equipment	–	–
<b>18. Repayment of debt</b>	–	–
<b>19. Totals</b>	<u>6</u>	<u>40</u>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	–	–
<b>21. Borrowing utilised</b>	–	–
<b>22. Totals</b>	<u>–</u>	<u>–</u>
<b>C Rates and charges</b>		
<b>23. Number of assessments</b>		
a. Residential (occupied)	1,177	961
b. Residential (unoccupied, ie. vacant lot)	45	62
c. Non-residential (occupied)	130	109
d. Non-residential (unoccupied, ie. vacant lot)	–	2
<b>24. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>25. Total amount of pensioner rebates (actual dollars)</b>	\$ 16,764	\$ 11,853

## Uralla Shire Council

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

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

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>26. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,042	-	2,042
<b>27. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and availability charges	58	-	58
c. User charges	7	-	7
d. Other	-	-	-
<b>28. Inventories</b>	-	-	-
<b>29. Property, plant and equipment</b>			
a. System assets	-	8,357	8,357
b. Plant and equipment	-	567	567
<b>30. Other assets</b>	-	-	-
<b>31. Total assets</b>	<u>2,107</u>	<u>8,924</u>	<u>11,031</u>
<b>LIABILITIES</b>			
<b>32. Bank overdraft</b>	-	-	-
<b>33. Creditors</b>	-	-	-
<b>34. Borrowings</b>	-	-	-
<b>35. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>36. Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>37. NET ASSETS COMMITTED</b>	<u>2,107</u>	<u>8,924</u>	<u>11,031</u>
<b>EQUITY</b>			
<b>38. Accumulated surplus</b>			5,499
<b>39. Asset revaluation reserve</b>			5,532
<b>40. Other reserves</b>			-
<b>41. TOTAL EQUITY</b>			<u>11,031</u>
<b>Note to system assets:</b>			
<b>42. Current replacement cost</b> of system assets			13,682
<b>43. Accumulated current cost</b> depreciation of system assets			(5,481)
<b>44. Written down current cost</b> of system assets			<u>8,201</u>



## Uralla Shire Council

### Notes to Special Schedules 3 and 5 for the year ended 30 June 2018

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

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

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

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

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

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

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

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

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

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

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

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

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

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

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

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

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

#### Notes:

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

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

## Uralla Shire Council

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

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Buildings – non-specialised	–	–	1,097	983	13,578	25,660	0%	17%	77%	6%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>1,097</b>	<b>983</b>	<b>13,578</b>	<b>25,660</b>	<b>0.0%</b>	<b>17.0%</b>	<b>77.0%</b>	<b>6.0%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	–	–	–	–	494	1,098	40%	38%	22%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>494</b>	<b>1,098</b>	<b>40.0%</b>	<b>38.0%</b>	<b>22.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed roads	842	1,483	1,020	890	74,156	101,906	40%	15%	31%	12%	2%
	Unsealed roads	–	–	1,055	1,106	5,247	17,565	10%	4%	55%	31%	0%
	Bridges	–	–	65	118	20,515	31,932	31%	61%	8%	0%	0%
	Footpaths	–	–	61	59	1,574	1,889	34%	53%	12%	1%	0%
	Bulk earthworks	–	–	–	–	77,432	77,434	100%	0%	0%	0%	0%
	<b>Sub-total</b>	<b>842</b>	<b>1,483</b>	<b>2,201</b>	<b>2,173</b>	<b>178,924</b>	<b>230,726</b>	<b>56.6%</b>	<b>15.8%</b>	<b>19.1%</b>	<b>7.7%</b>	<b>0.9%</b>
<b>Water supply network</b>	Water supply network	69	138	456	472	13,760	28,137	6%	58%	24%	11%	1%
	<b>Sub-total</b>	<b>69</b>	<b>138</b>	<b>456</b>	<b>472</b>	<b>13,760</b>	<b>28,137</b>	<b>6.0%</b>	<b>58.0%</b>	<b>24.0%</b>	<b>11.0%</b>	<b>1.0%</b>
<b>Sewerage network</b>	Sewerage network	–	–	271	283	8,201	13,681	25%	62%	1%	12%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>271</b>	<b>283</b>	<b>8,201</b>	<b>13,681</b>	<b>25.0%</b>	<b>62.0%</b>	<b>1.0%</b>	<b>12.0%</b>	<b>0.0%</b>

## Uralla Shire Council

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

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	–	–	24	38	1,890	2,480	78%	13%	3%	6%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>24</b>	<b>38</b>	<b>1,890</b>	<b>2,480</b>	<b>78.0%</b>	<b>13.0%</b>	<b>3.0%</b>	<b>6.0%</b>	<b>0.0%</b>
Open space/recreational assets	Swimming pools	–	–	26	28	155	750	13%	0%	87%	0%	0%
	Other	–	–	49	63	468	877	1%	61%	38%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>75</b>	<b>92</b>	<b>623</b>	<b>1,627</b>	<b>6.5%</b>	<b>32.9%</b>	<b>60.6%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>TOTAL – ALL ASSETS</b>		<b>911</b>	<b>1,621</b>	<b>4,124</b>	<b>4,041</b>	<b>217,470</b>	<b>303,409</b>	<b>45.5%</b>	<b>22.1%</b>	<b>23.7%</b>	<b>7.9%</b>	<b>0.8%</b>

## Notes:

a Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Uralla Shire Council

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

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
<b>Infrastructure asset performance indicators * consolidated</b>					
<b>1. Buildings and infrastructure renewals ratio <sup>(1)</sup></b>					
Asset renewals <sup>(2)</sup>	<u>2,246</u>	<b>63.39%</b>	84.42%	96.36%	>= 100%
Depreciation, amortisation and impairment	<u>3,543</u>				
<b>2. Infrastructure backlog ratio <sup>(1)</sup></b>					
Estimated cost to bring assets to a satisfactory standard	<u>911</u>	<b>0.42%</b>	0.88%	1.50%	< 2.00%
Net carrying amount of infrastructure assets	<u>217,470</u>				
<b>3. Asset maintenance ratio</b>					
Actual asset maintenance	<u>4,041</u>	<b>97.99%</b>	96.19%	132.26%	> 100%
Required asset maintenance	<u>4,124</u>				
<b>4. Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<u>1,621</u>	<b>0.53%</b>	0.32%	0.00%	
Gross replacement cost	<u>303,409</u>				

## Notes

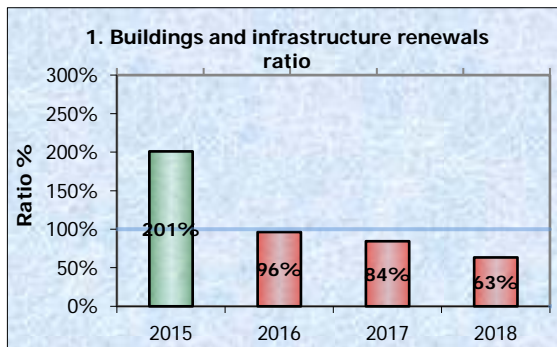
\* All asset performance indicators are calculated using the asset classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

# Uralla Shire Council

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



**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.

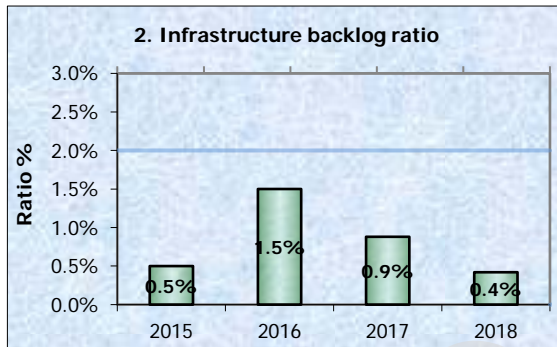
**Commentary on 2017/18 result**

**2017/18 Ratio 63.39%**

Council continues to average over 100% renewals in the four year period shown here. If the significant work in progress added this year had been included then the ratio would have been approximately 108%.

Benchmark: — Minimum  $\geq 100.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves 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.

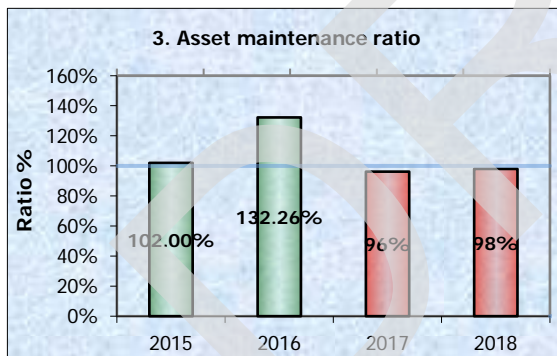
**Commentary on 2017/18 result**

**2017/18 Ratio 0.42%**

Based on available information, this ratio shows that Council continues to manage infrastructure in a responsible manner.

Benchmark: — Maximum  $< 2.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of asset maintenance ratio**

Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.

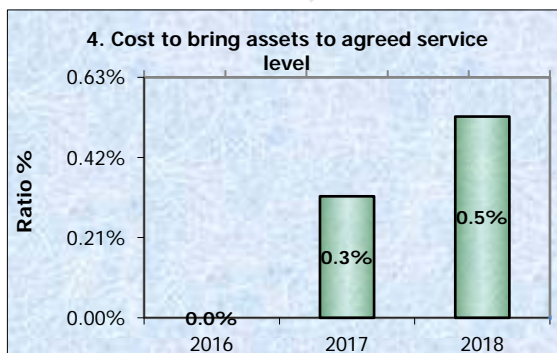
**Commentary on 2017/18 result**

**2017/18 Ratio 97.99%**

This ratio only measures actual maintenance against budgeted maintenance. Whilst the ratio may appear adequate, a better ratio would be actual maintenance against required maintenance.

Benchmark: — Minimum  $> 100.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of agreed service level ratio**

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

**Commentary on 2017/18 result**

**2017/18 Ratio 0.53%**

As noted above, this ratio shows the Council continues to manage infrastructure in a responsible manner.

## Uralla Shire Council

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

	General indicators <sup>(1)</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Infrastructure asset performance indicators by fund</b>							
<b>1. Buildings and infrastructure renewals ratio <sup>(2)</sup></b>							
Asset renewals <sup>(3)</sup>	<b>77.61%</b>	96.53%	<b>3.31%</b>	1.63%	<b>2.69%</b>	19.70%	>= 100%
Depreciation, amortisation and impairment							
<b>2. Infrastructure backlog ratio <sup>(2)</sup></b>							
Estimated cost to bring assets to a satisfactory standard	<b>0.43%</b>	0.94%	<b>0.50%</b>	0.98%	<b>0.00%</b>	0.00%	< 2.00%
Net carrying amount of infrastructure assets							
<b>3. Asset maintenance ratio</b>							
Actual asset maintenance	<b>96.75%</b>	91.60%	<b>103.52%</b>	109.69%	<b>104.28%</b>	133.76%	> 100%
Required asset maintenance							
<b>4. Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>0.57%</b>	0.33%	<b>0.49%</b>	0.37%	<b>0.00%</b>	0.00%	
Gross replacement cost							

## Notes

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

(2) Excludes Work In Progress (WIP)

# EXTRAORDINARY MEETING OF COUNCIL

---

11 September 2018

END OF BUSINESS PAPER