

Uralla Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2024



Uralla Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Uralla Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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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

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

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

Uralla Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present 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 2024.

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 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 2024

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

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* 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 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 24 September 2024.



Robert Bell

Mayor

24 September 2024



Tom O'Connor *C.A.*

Deputy Mayor

24 September 2024



Toni Averay

Acting General Manager

24 September 2024



Mustaq Ahammed

Responsible Accounting Officer

24 September 2024

Uralla Shire Council

Income Statement

for the year ended 30 June 2024

| Original unaudited budget 2024 | \$ '000 | Notes | Actual 2024 | Actual 2023 |
|--|--|-------|----------------|----------------|
| Income from continuing operations | | | | |
| 7,946 | Rates and annual charges | B2-1 | 8,015 | 7,523 |
| 6,081 | User charges and fees | B2-2 | 5,484 | 5,542 |
| 781 | Other revenues | B2-3 | 724 | 590 |
| 9,263 | Grants and contributions provided for operating purposes | B2-4 | 14,119 | 11,846 |
| 5,753 | Grants and contributions provided for capital purposes | B2-4 | 3,557 | 5,213 |
| 744 | Interest and investment income | B2-5 | 1,296 | 699 |
| 30,568 | Total income from continuing operations | | 33,195 | 31,413 |
| Expenses from continuing operations | | | | |
| 11,938 | Employee benefits and on-costs | B3-1 | 12,249 | 10,772 |
| 7,276 | Materials and services | B3-2 | 7,402 | 8,865 |
| 45 | Borrowing costs | B3-3 | 283 | 218 |
| 6,367 | Depreciation, amortisation and impairment of non-financial assets | B3-4 | 6,509 | 6,057 |
| 516 | Other expenses | B3-5 | 595 | 560 |
| – | Net loss from the disposal of assets | B4-1 | 1,903 | 857 |
| 26,142 | Total expenses from continuing operations | | 28,941 | 27,329 |
| 4,426 | Operating result from continuing operations | | 4,254 | 4,084 |
| 4,426 | Net operating result for the year attributable to Council | | 4,254 | 4,084 |
| (1,327) | Net operating result for the year before grants and contributions provided for capital purposes | | 697 | (1,129) |

The above Income Statement should be read in conjunction with the accompanying notes.

Uralla Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2024

| \$ '000 | Notes | 2024 | 2023 |
|--|-------|----------------|-------------|
| Net operating result for the year – from Income Statement | | 4,254 | 4,084 |
| Other comprehensive income: | | | |
| Amounts which will not be reclassified subsequently to the operating result | | | |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | C1-7 | 14,460 | 24,469 |
| Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment | C1-7 | (1,694) | – |
| Total items which will not be reclassified subsequently to the operating result | | 12,766 | 24,469 |
| Total other comprehensive income for the year | | 12,766 | 24,469 |
| Total comprehensive income for the year attributable to Council | | 17,020 | 28,553 |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Uralla Shire Council

Statement of Financial Position

as at 30 June 2024

| \$ '000 | Notes | 2024 | 2023 |
|--|-------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | C1-1 | 6,201 | 3,543 |
| Investments | C1-2 | 21,250 | 20,765 |
| Receivables | C1-4 | 3,439 | 3,571 |
| Inventories | C1-5 | 114 | 324 |
| Contract assets and contract cost assets | C1-6 | 2,861 | 2,363 |
| Other | C1-8 | 168 | 72 |
| Total current assets | | 34,033 | 30,638 |
| Non-current assets | | | |
| Infrastructure, property, plant and equipment (IPPE) | C1-7 | 305,196 | 292,824 |
| Right of use assets | C2-1 | 128 | 150 |
| Total non-current assets | | 305,324 | 292,974 |
| Total assets | | 339,357 | 323,612 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | C3-1 | 6,401 | 6,674 |
| Contract liabilities | C3-2 | 3,924 | 4,768 |
| Lease liabilities | C2-1 | 20 | 19 |
| Borrowings | C3-3 | 169 | 187 |
| Employee benefit provisions | C3-4 | 2,452 | 2,554 |
| Total current liabilities | | 12,966 | 14,202 |
| Non-current liabilities | | | |
| Lease liabilities | C2-1 | 122 | 141 |
| Borrowings | C3-3 | 1,154 | 1,320 |
| Employee benefit provisions | C3-4 | 76 | 105 |
| Provisions | C3-5 | 4,728 | 4,553 |
| Total non-current liabilities | | 6,080 | 6,119 |
| Total liabilities | | 19,046 | 20,321 |
| Net assets | | 320,311 | 303,291 |
| EQUITY | | | |
| Accumulated surplus | C4-1 | 93,441 | 89,187 |
| IPPE revaluation reserve | C4-1 | 226,870 | 214,104 |
| Council equity interest | | 320,311 | 303,291 |
| Total equity | | 320,311 | 303,291 |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Uralla Shire Council

Statement of Changes in Equity

for the year ended 30 June 2024

| \$ '000 | Notes | 2024 | | | 2023 | | |
|---|-------|---------------------|--------------------------|--------------|---------------------|--------------------------|--------------|
| | | Accumulated surplus | IPPE revaluation reserve | Total equity | Accumulated surplus | IPPE revaluation reserve | Total equity |
| Opening balance at 1 July | | 89,187 | 214,104 | 303,291 | 85,103 | 189,635 | 274,738 |
| Net operating result for the year | | 4,254 | – | 4,254 | 4,084 | – | 4,084 |
| Net operating result for the period | | 4,254 | – | 4,254 | 4,084 | – | 4,084 |
| Other comprehensive income | | | | | | | |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | C1-7 | – | 14,460 | 14,460 | – | 24,469 | 24,469 |
| – Impairment (loss) reversal relating to IPP&E | C1-7 | – | (1,694) | (1,694) | – | – | – |
| Other comprehensive income | | – | 12,766 | 12,766 | – | 24,469 | 24,469 |
| Total comprehensive income | | 4,254 | 12,766 | 17,020 | 4,084 | 24,469 | 28,553 |
| Closing balance at 30 June | | 93,441 | 226,870 | 320,311 | 89,187 | 214,104 | 303,291 |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Uralla Shire Council

Statement of Cash Flows

for the year ended 30 June 2024

| Original unaudited budget 2024 | \$ '000 | Notes | Actual 2024 | Actual 2023 |
|---|---|-------|----------------|----------------|
| Cash flows from operating activities | | | | |
| <i>Receipts:</i> | | | | |
| 7,946 | Rates and annual charges | | 7,736 | 7,354 |
| 6,081 | User charges and fees | | 5,505 | 5,899 |
| 744 | Interest received | | 1,006 | 413 |
| 15,016 | Grants and contributions | | 16,408 | 15,247 |
| – | Bonds, deposits and retentions received | | – | 31 |
| 781 | Other | | 2,555 | 1,371 |
| <i>Payments:</i> | | | | |
| (11,938) | Payments to employees | | (12,299) | (10,738) |
| (6,983) | Payments for materials and services | | (8,568) | (10,104) |
| (45) | Borrowing costs | | (105) | (82) |
| – | Bonds, deposits and retentions refunded | | (2) | – |
| (808) | Other | | (1,145) | 860 |
| 10,794 | Net cash flows from operating activities | G1-1 | 11,091 | 10,251 |
| Cash flows from investing activities | | | | |
| <i>Receipts:</i> | | | | |
| – | Sale of investments | | 20,765 | 17,591 |
| – | Proceeds from sale of IPPE | | 325 | 4 |
| – | Proceeds from retirement home contributions | | 1,750 | 1,585 |
| <i>Payments:</i> | | | | |
| – | Purchase of investments | | (21,950) | (20,974) |
| (10,193) | Payments for IPPE | | (8,071) | (5,636) |
| – | Repayment of retirement home contributions | | (1,050) | (1,655) |
| (10,193) | Net cash flows from investing activities | | (8,231) | (9,085) |
| Cash flows from financing activities | | | | |
| <i>Receipts:</i> | | | | |
| 1,000 | Proceeds from borrowings | | – | – |
| <i>Payments:</i> | | | | |
| (235) | Repayment of borrowings | | (184) | (238) |
| – | Principal component of lease payments | | (18) | (22) |
| 765 | Net cash flows from financing activities | | (202) | (260) |
| 1,366 | Net change in cash and cash equivalents | | 2,658 | 906 |
| 224 | Cash and cash equivalents at beginning of year | | 3,543 | 2,637 |
| 1,590 | Cash and cash equivalents at end of year | C1-1 | 6,201 | 3,543 |
| – | plus: Investments on hand at end of year | C1-2 | 21,250 | 20,765 |
| 1,590 | Total cash, cash equivalents and investments | | 27,451 | 24,308 |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 24 September 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the 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.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993* (Act) and *Local Government (General) Regulation 2021* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- ii. estimated tip remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

A1-1 Basis of preparation (continued)

- McMaugh Gardens Aged Care Centre

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

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

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 that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Volunteer services

Council uses volunteers in a number of its activities including at the Visitor Information Centre, McMaugh Gardens and Tablelands Community Transport. These services are not considered material and have therefore not been recognised in the income statement.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

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

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

The following new standard is effective for the first time at 30 June 2024:

- **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.”

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

A1-1 Basis of preparation (continued)

In applying the new requirements, Council has after taking into account the various specific facts and circumstances applied professional judgement to ensure it discloses only material accounting policies as opposed to significant accounting policies throughout these financial statements.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

| \$ '000 | Income | | Expenses | | Operating result | | Grants and contributions | | Carrying amount of assets | |
|---------------------------------------|---------------|---------------|---------------|---------------|------------------|--------------|--------------------------|---------------|---------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Functions or activities | | | | | | | | | | |
| Our Society | 9,659 | 9,366 | 10,196 | 9,114 | (537) | 252 | 5,677 | 5,214 | 28,817 | 29,024 |
| Our Economy | 9,034 | 7,945 | 10,365 | 10,762 | (1,331) | (2,817) | 8,474 | 7,564 | 244,547 | 233,106 |
| Our Environment | 6,594 | 5,129 | 6,605 | 5,708 | (11) | (579) | 1,097 | 330 | 55,532 | 52,046 |
| Our Leadership | 7,908 | 8,973 | 1,775 | 1,745 | 6,133 | 7,228 | 2,428 | 3,951 | 10,461 | 9,436 |
| Total functions and activities | 33,195 | 31,413 | 28,941 | 27,329 | 4,254 | 4,084 | 17,676 | 17,059 | 339,357 | 323,612 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 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 RFS and emergency services costs, fire protection, emergency services, enforcement of regulations and animal control.

Our Economy

Includes community centres and halls, including public halls; 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; water and sewer services; 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 policymaking 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.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2 Sources of income

B2-1 Rates and annual charges

| \$ '000 | 2024 | 2023 |
|---|--------------|--------------|
| Ordinary rates | | |
| Residential | 1,581 | 1,694 |
| Farmland | 2,693 | 2,425 |
| Business | 98 | 108 |
| Less: pensioner rebates (mandatory) | (85) | (91) |
| Rates levied to ratepayers | 4,287 | 4,136 |
| Pensioner rate subsidies received | 48 | 48 |
| Total ordinary rates | 4,335 | 4,184 |
| Annual charges (pursuant to s496, 496A, 496B, 501 & 611) | | |
| Domestic waste management services | 829 | 732 |
| Stormwater management services | 33 | 33 |
| Water supply services | 655 | 622 |
| Sewerage services | 1,044 | 903 |
| Waste management services (non-domestic) | 86 | 82 |
| Environmental | 1,075 | 1,009 |
| Less: pensioner rebates (mandatory) | (96) | (92) |
| Annual charges levied | 3,626 | 3,289 |
| Pensioner annual charges subsidies received: | | |
| – Water | 16 | 15 |
| – Sewerage | 14 | 14 |
| – Domestic waste management | 24 | 21 |
| Total annual charges | 3,680 | 3,339 |
| Total rates and annual charges | 8,015 | 7,523 |

Council has used 2023 year valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-2 User charges and fees

| \$ '000 | 2024 | 2023 |
|--|--------------|--------------|
| Specific user charges (per s502 - specific 'actual use' charges) | | |
| Water supply services | 909 | 561 |
| Sewerage services | 51 | 49 |
| Waste management services (non-domestic) | 239 | 234 |
| Total specific user charges | 1,199 | 844 |
| Other user charges and fees | | |
| (i) Fees and charges – statutory and regulatory functions (per s608) | | |
| Inspection services | 50 | 59 |
| Private works – section 67 | 4 | 23 |
| Regulatory/ statutory fees | 1 | – |
| Registration fees | 5 | 6 |
| Section 10.7 certificates (EP&A Act) | 19 | 21 |
| Section 603 certificates | 13 | 15 |
| Town planning | 121 | 124 |
| Total fees and charges – statutory/regulatory | 213 | 248 |
| (ii) Fees and charges – other (incl. general user charges (per s608)) | | |
| Aged care | 1,143 | 1,022 |
| Caravan park | 135 | 112 |
| Cemeteries | 58 | 46 |
| Community centres | 7 | 8 |
| Sundry sales | 65 | 48 |
| Swimming centres | 22 | 33 |
| Tourism | 3 | 2 |
| Waste disposal tipping fees | 161 | 121 |
| Water and sewer connection fees | 56 | 24 |
| Kamillaroi aged and disability services – contract service fees | – | 1 |
| Scrap metal sales | 37 | 280 |
| Tablelands community support options – client contributions | 88 | 113 |
| Tablelands community support options – contract service fees | 2,228 | 2,615 |
| Tablelands community transport | 67 | 22 |
| Other | 2 | 3 |
| Total fees and charges – other | 4,072 | 4,450 |
| Total other user charges and fees | 4,285 | 4,698 |
| Total user charges and fees | 5,484 | 5,542 |
| Timing of revenue recognition for user charges and fees | | |
| User charges and fees recognised over time (1) | 3,239 | 4,333 |
| User charges and fees recognised at a point in time (2) | 2,245 | 1,209 |
| Total user charges and fees | 5,484 | 5,542 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-2 User charges and fees (continued)

Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged, the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-3 Other revenues

| \$ '000 | 2024 | 2023 |
|---------------------------------|-------------|-------------|
| Rental income | 112 | 117 |
| Fines | 2 | 8 |
| Commissions and agency fees | 7 | 8 |
| Diesel rebate | 74 | 86 |
| Insurance claims recoveries | 398 | 119 |
| Recycling income (non-domestic) | 28 | 18 |
| Sales – general | 41 | 26 |
| Donations received | 3 | 8 |
| Other reimbursements | 47 | 132 |
| Other sundry income | 7 | 11 |
| Staff FBT contributions | 5 | 51 |
| Other | – | 6 |
| Total other revenue | 724 | 590 |

Timing of revenue recognition for other revenue

| | | |
|---|------------|------------|
| Other revenue recognised over time (1) | – | – |
| Other revenue recognised at a point in time (2) | 724 | 590 |
| Total other revenue | 724 | 590 |

Material accounting policy information for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

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

Other revenue 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 2024

B2-4 Grants and contributions

| \$ '000 | Operating 2024 | Operating 2023 | Capital 2024 | Capital 2023 |
|--|-------------------|-------------------|-----------------|-----------------|
| General purpose grants and non-developer contributions (untied) | | | | |
| General purpose (untied) | | | | |
| Current year allocation | | | | |
| Financial assistance – general component | 147 | 540 | – | – |
| Financial assistance – local roads component | 49 | 284 | – | – |
| Payment in advance - future year allocation | | | | |
| Financial assistance – general component | 1,990 | 2,163 | – | – |
| Financial assistance – local roads component | 1,038 | 1,166 | – | – |
| Amount recognised as income during current year | 3,224 | 4,153 | – | – |
| Special purpose grants and non-developer contributions (tied) | | | | |
| Cash contributions | | | | |
| Transport (other roads and bridges funding) | 2,566 | 2,552 | 2,383 | 3,011 |
| Local Government Recovery Grant | 1,000 | – | – | – |
| Transport for NSW contributions (regional roads, block grant) | 1,178 | 1,058 | 15 | 78 |
| Transport (roads to recovery) | 751 | 149 | – | – |
| Recreation and culture | 125 | 202 | 612 | 1,480 |
| Water supplies | 549 | 268 | 39 | 114 |
| Sewerage services | – | – | – | (32) |
| Library | 92 | 74 | – | – |
| Environmental programs | 60 | – | – | – |
| Bushfire Local Economic Recovery Fund | – | – | 258 | 312 |
| McMaugh gardens aged care – subsidies | 4,028 | 2,786 | – | – |
| Tablelands community transport – subsidies | 438 | 403 | – | – |
| Other specific grants | 28 | 29 | – | – |
| Total special purpose grants and non-developer contributions – cash | 10,815 | 7,521 | 3,307 | 4,963 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-4 Grants and contributions (continued)

| \$ '000 | Operating 2024 | Operating 2023 | Capital 2024 | Capital 2023 |
|--|-------------------|-------------------|-----------------|-----------------|
| Non-cash contributions | | | | |
| Bushfire services | – | – | 250 | 250 |
| Total other contributions – non-cash | – | – | 250 | 250 |
| Total special purpose grants and non-developer contributions (tied) | 10,815 | 7,521 | 3,557 | 5,213 |
| Total grants and non-developer contributions | 14,039 | 11,674 | 3,557 | 5,213 |
| Comprising: | | | | |
| – Commonwealth funding | 8,006 | 7,088 | 48 | 1,398 |
| – State funding | 6,033 | 4,586 | 3,509 | 3,815 |
| | 14,039 | 11,674 | 3,557 | 5,213 |

Developer contributions

| \$ '000 | Notes | Operating 2024 | Operating 2023 | Capital 2024 | Capital 2023 |
|--|-------|-------------------|-------------------|-----------------|-----------------|
| Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA): | G4 | | | | |
| Cash contributions | | | | | |
| S 7.11 – contributions towards amenities/services | | 10 | 46 | – | – |
| S 7.12 – fixed development consent levies | | 70 | 126 | – | – |
| Total developer contributions – cash | | 80 | 172 | – | – |
| Total developer contributions | | 80 | 172 | – | – |
| Total contributions | | 80 | 172 | – | – |
| Total grants and contributions | | 14,119 | 11,846 | 3,557 | 5,213 |
| Timing of revenue recognition for grants and contributions | | | | | |
| Grants and contributions recognised over time (1) | | 5,672 | 4,274 | 627 | 1,555 |
| Grants and contributions recognised at a point in time (2) | | 8,447 | 7,572 | 2,930 | 3,658 |
| Total grants and contributions | | 14,119 | 11,846 | 3,557 | 5,213 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-4 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

| \$ '000 | Operating 2024 | Operating 2023 | Capital 2024 | Capital 2023 |
|---|-------------------|-------------------|-----------------|-----------------|
| Unspent grants and contributions | | | | |
| Unspent funds at 1 July | 760 | 2,808 | 3,472 | 3,089 |
| Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions | 4,131 | 760 | 624 | – |
| Add: Funds received and not recognised as revenue in the current year | 11 | – | – | 1,793 |
| Less: Funds recognised as revenue in previous years that have been spent during the reporting year | (760) | (862) | (60) | (431) |
| Less: Funds received in prior year but revenue recognised and funds spent in current year | – | (1,946) | (2,264) | (979) |
| Unspent funds at 30 June | 4,142 | 760 | 1,772 | 3,472 |
| Contributions | | | | |
| Unspent funds at 1 July | 1,115 | 909 | – | – |
| Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions | 138 | 206 | – | – |
| Less: contributions recognised as revenue in previous years that have been spent during the reporting year | – | – | – | – |
| Unspent contributions at 30 June | 1,253 | 1,115 | – | – |

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include achieving milestones associated with constructing an asset or delivering specific outcomes established in an agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-4 Grants and contributions (continued)

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

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

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

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

| \$ '000 | 2024 | 2023 |
|--|--------------|------------|
| Interest on financial assets measured at amortised cost | | |
| – Overdue rates and annual charges (incl. special purpose rates) | 109 | 56 |
| – Cash and investments | 1,187 | 643 |
| Total interest and investment income (losses) | 1,296 | 699 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B3 Costs of providing services

B3-1 Employee benefits and on-costs

| \$ '000 | 2024 | 2023 |
|--|---------------|---------------|
| Salaries and wages | 9,474 | 8,384 |
| Employee leave entitlements (ELE) | 1,729 | 1,831 |
| Superannuation – defined contribution plans | 1,119 | 974 |
| Superannuation – defined benefit plans | 33 | 29 |
| Workers' compensation insurance | 591 | 563 |
| Fringe benefit tax (FBT) | 5 | 13 |
| Training costs (other than salaries and wages) | 144 | 111 |
| Travel expenses | 18 | 24 |
| Other | 3 | 4 |
| Total employee costs | 13,116 | 11,933 |
| Less: capitalised costs | (867) | (1,161) |
| Total employee costs expensed | 12,249 | 10,772 |
| Number of 'full-time equivalent' employees (FTE) at year end | 124 | 126 |
| Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies) | 139 | 139 |

Material accounting policy information

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.

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, 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 E3-1 for more information.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B3-2 Materials and services

| \$ '000 | Notes | 2024 | 2023 |
|---|-------|----------------|-------------|
| Raw materials and consumables | | 4,488 | 4,897 |
| Contractor costs | | 8,718 | 6,733 |
| Audit Fees | F2-1 | 128 | 87 |
| Councillor and Mayoral fees and associated expenses | F1-2 | 133 | 129 |
| Advertising | | 7 | 6 |
| Bank charges | | 31 | 31 |
| Computer software charges | | 16 | 13 |
| Election expenses | | – | 4 |
| Electricity and heating | | 268 | 255 |
| Insurance | | 414 | 386 |
| Postage | | 29 | 29 |
| Printing and stationery | | 33 | 38 |
| Street lighting | | 35 | 41 |
| Subscriptions and publications | | 55 | 115 |
| Telephone and communications | | 106 | 71 |
| Internet and other communication | | 5 | 6 |
| Licences | | 82 | 103 |
| Motor vehicle registration fees | | 74 | 56 |
| Other fees and charges | | – | 1 |
| Other expenses | | 10 | 3 |
| Volunteer reimbursements | | 2 | 2 |
| Legal expenses: | | | |
| – Legal expenses: other | | 27 | 8 |
| Expenses from short-term leases | | 26 | 6 |
| Total materials and services | | 14,687 | 13,020 |
| Less: capitalised costs | | (7,285) | (4,155) |
| Total materials and services | | 7,402 | 8,865 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B3-3 Borrowing costs

| \$ '000 | Notes | 2024 | 2023 |
|--|-------|-------------|-------------|
| (i) Interest bearing liability costs | | | |
| Interest on leases | | 5 | 6 |
| Interest on loans | | 98 | 80 |
| Total interest bearing liability costs | | 103 | 86 |
| Total interest bearing liability costs expensed | | 103 | 86 |
| (ii) Other borrowing costs | | | |
| Amortisation of discounts | | | |
| – Remediation liabilities | C3-5 | 180 | 132 |
| Total other borrowing costs | | 180 | 132 |
| Total borrowing costs expensed | | 283 | 218 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B3-4 Depreciation, amortisation and impairment of non-financial assets

| \$ '000 | Notes | 2024 | 2023 |
|--|-------|--------------|--------------|
| Depreciation and amortisation | | | |
| Plant and equipment | | 875 | 925 |
| Office equipment | | 30 | 23 |
| Furniture and fittings | | 35 | 38 |
| Infrastructure: | | | |
| | C1-7 | | |
| – Buildings – non-specialised | | 539 | 732 |
| – Other structures | | 250 | 259 |
| – Sealed roads structure | | 1,774 | 1,654 |
| – Unsealed roads | | 836 | 679 |
| – Bridges | | 486 | 444 |
| – Footpaths | | 53 | 50 |
| – Stormwater drainage | | 56 | 49 |
| – Water supply network | | 580 | 443 |
| – Sewerage network | | 444 | 385 |
| Right of use assets | C2-1 | 22 | 27 |
| Other assets: | | | |
| – Other | | 2 | 2 |
| Reinstatement, rehabilitation and restoration assets: | | | |
| – Tip assets | C1-7 | 527 | 347 |
| Total gross depreciation and amortisation costs | | 6,509 | 6,057 |
| Total depreciation and amortisation costs | | 6,509 | 6,057 |
| Impairment / revaluation decrement of IPPE | | | |
| Infrastructure: | | | |
| | C1-7 | | |
| – Sealed roads structure | | 1,577 | – |
| – Unsealed roads | | 117 | – |
| Total gross IPPE impairment / revaluation decrement costs | | 1,694 | – |
| Amounts taken through revaluation reserve | C1-7 | (1,694) | – |
| Total IPPE impairment / revaluation decrement costs charged to Income Statement | | – | – |
| Total depreciation, amortisation and impairment for non-financial assets | | 6,509 | 6,057 |

Material accounting policy information

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.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above 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.

Notes to the Financial Statements

for the year ended 30 June 2024

B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

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).

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.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B3-5 Other expenses

| \$ '000 | Notes | 2024 | 2023 |
|--|-------|-------------|------------|
| Impairment of receivables | | | |
| Other | | <u>57</u> | – |
| Total impairment of receivables | C1-4 | <u>57</u> | – |
| Other | | | |
| Donations, contributions and assistance to other organisations (Section 356) | | <u>538</u> | 560 |
| Total other expenses | | <u>595</u> | <u>560</u> |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B4 Gains or losses

B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

| \$ '000 | Notes | 2024 | 2023 |
|---|-------|----------------|--------------|
| Gain (or loss) on disposal of property (excl. investment property) | | | |
| Less: carrying amount of property assets sold/written off | | (361) | – |
| Gain (or loss) on disposal | | (361) | – |
| Gain (or loss) on disposal of plant and equipment | C1-7 | | |
| Proceeds from disposal – plant and equipment | | 325 | 4 |
| Less: carrying amount of plant and equipment assets sold/written off | | (316) | (33) |
| Gain (or loss) on disposal | | 9 | (29) |
| Gain (or loss) on disposal of infrastructure | C1-7 | | |
| Less: carrying amount of infrastructure assets sold/written off | | (1,551) | (828) |
| Gain (or loss) on disposal | | (1,551) | (828) |
| Gain (or loss) on disposal of investments | C1-2 | | |
| Proceeds from disposal/redemptions/maturities – investments | | 20,765 | 17,591 |
| Less: carrying amount of investments sold/redeemed/matured | | (20,765) | (17,591) |
| Gain (or loss) on disposal | | – | – |
| Net gain (or loss) from disposal of assets | | (1,903) | (857) |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 29 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

| \$ '000 | 2024 Budget | 2024 Actual | 2024 ----- Variance ----- | |
|---|----------------|----------------|------------------------------|-----------------|
| Revenues | | | | |
| Rates and annual charges | 7,946 | 8,015 | 69 | 1% F |
| User charges and fees | 6,081 | 5,484 | (597) | (10)% U |
| Fees are less than budgeted mainly due to the following reasons: | | | | |
| <ul style="list-style-type: none">The variance can be significantly attributed to TCS operations. The shortfall in this area is \$759k due to not being able to provide enough services as estimated in the original Budget for CHSP and Home Care Packages.The "Private Works." Revenue in the original budget was set an unrealistic target of \$110k, which was later reduced to \$5k through QBRS. | | | | |
| Other revenues | 781 | 724 | (57) | (7)% U |
| Operating grants and contributions | 9,263 | 14,119 | 4,856 | 52% F |
| Significant amount of unexpected road repair and other operating grants received in 2024. | | | | |
| Capital grants and contributions | 5,753 | 3,557 | (2,196) | (38)% U |
| Delay of capital projects due to shortage of personal and focusing on urgent operating works | | | | |
| Interest and investment revenue | 744 | 1,296 | 552 | 74% F |
| Due to higher interest rates than expected as well as the increase in cash balance in the hand | | | | |
| Expenses | | | | |
| Employee benefits and on-costs | 11,938 | 12,249 | (311) | (3)% U |
| Materials and services | 7,276 | 7,402 | (126) | (2)% U |
| Borrowing costs | 45 | 283 | (238) | (529)% U |
| Effect of unwinding of discounting of remediation provision. | | | | |
| Depreciation, amortisation and impairment of non-financial assets | 6,367 | 6,509 | (142) | (2)% U |
| Other expenses | 516 | 595 | (79) | (15)% U |
| Due to: | | | | |
| <ul style="list-style-type: none">Correction of previous years' incorrect invoices \$57,000 which was not estimated in the original budget. | | | | |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B5-1 Material budget variations (continued)

| \$ '000 | 2024 Budget | 2024 Actual | 2024 ----- Variance ----- | |
|---|----------------|----------------|------------------------------|--|
| <ul style="list-style-type: none"> Contribution to Rural Fire Service has unexpectedly increased by \$44k (the budget was \$148k but actuals invoice received for \$192k). | | | | |

| | | | | | |
|---|---|-------|---------|---|---|
| Net losses from disposal of assets | - | 1,903 | (1,903) | ∞ | U |
|---|---|-------|---------|---|---|

This is a non-cash effect of write off of non-depreciated components of replaced assets. Hard to budget.

Statement of cash flows

| | | | | | |
|---|----------|---------|-------|--------|---|
| Cash flows from operating activities | 10,794 | 11,091 | 297 | 3% | F |
| In line with increase in operating grants. Unexpected inflow of emergency roads repair grants and other operating grants. | | | | | |
| Cash flows from investing activities | (10,193) | (8,231) | 1,962 | (19)% | F |
| Cash flows from financing activities | 765 | (202) | (967) | (126)% | U |
| Management decided not to proceed with the loan in 2024 due to change in strategy. | | | | | |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

| \$ '000 | 2024 | 2023 |
|---|--------------|--------------|
| Cash assets | | |
| Cash on hand and at bank | 3,109 | 84 |
| Cash equivalent assets | | |
| – Deposits at call | 3,092 | 3,459 |
| Total cash and cash equivalents | 6,201 | 3,543 |
| | | |
| Reconciliation of cash and cash equivalents | | |
| Total cash and cash equivalents per Statement of Financial Position | 6,201 | 3,543 |
| Balance as per the Statement of Cash Flows | 6,201 | 3,543 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-2 Financial investments

| \$ '000 | 2024 Current | 2024 Non-current | 2023 Current | 2023 Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| Debt securities at amortised cost | | | | |
| Term deposits | 21,250 | - | 20,765 | - |
| Total | 21,250 | - | 20,765 | - |
| Total financial investments | 21,250 | - | 20,765 | - |
| Total cash assets, cash equivalents and investments | 27,451 | - | 24,308 | - |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-3 Restricted and allocated cash, cash equivalents and investments

| \$ '000 | 2024 | 2023 |
|--|-----------------|-----------------|
| (a) Externally restricted cash, cash equivalents and investments | | |
| Total cash, cash equivalents and investments | 27,451 | 24,308 |
| Less: Externally restricted cash, cash equivalents and investments | <u>(20,162)</u> | <u>(17,876)</u> |
| Cash, cash equivalents and investments not subject to external restrictions | 7,289 | 6,432 |
| External restrictions | | |
| External restrictions – included in liabilities | | |
| External restrictions included in cash, cash equivalents and investments above comprise: | | |
| Specific purpose unexpended grants – general fund | 1,160 | 1,770 |
| Specific purpose unexpended grants – water fund | – | 23 |
| TCT and TCS payables | 472 | 1,447 |
| TCS and TCT contract liabilities | 2,765 | 2,975 |
| Specific purpose unexpended loans – general | 487 | 487 |
| McMaugh gardens resident bonds | 4,025 | 3,325 |
| Trusts and deposits | 31 | 31 |
| External restrictions – included in liabilities | 8,940 | 10,058 |
| External restrictions – other | | |
| External restrictions included in cash, cash equivalents and investments above comprise: | | |
| Developer contributions – general | 1,252 | 1,115 |
| Specific purpose unexpended grants (recognised as revenue) – general fund | 4,680 | 2,439 |
| Specific purpose unexpended grants (recognised as revenue) – water fund | 74 | – |
| Water fund | 2,776 | 2,336 |
| Sewer fund | 2,121 | 1,616 |
| Stormwater management | 319 | 312 |
| External restrictions – other | 11,222 | 7,818 |
| Total external restrictions | 20,162 | 17,876 |

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

| \$ '000 | 2024 | 2023 |
|---------|------|------|
|---------|------|------|

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions

| | | |
|--|----------------|---------|
| | 7,289 | 6,432 |
| Less: Internally restricted cash, cash equivalents and investments | (5,409) | (5,632) |
| Unrestricted and unallocated cash, cash equivalents and investments | 1,880 | 800 |

Internal allocations

At 30 June, Council has internally allocated funds to the following:

| | | |
|--------------------------------------|--------------|-------|
| Plant and vehicle replacement | 1 | 210 |
| Employees leave entitlement | 1,071 | 800 |
| FAGS received in advance | 3,027 | 3,328 |
| Tip Remediation | 1,265 | 1,265 |
| Waste management consultancy | 8 | 8 |
| Strategic development | 20 | 20 |
| InfoCouncil implementation | - | 1 |
| Donations for TCT Routematch License | 17 | - |
| Total internal allocations | 5,409 | 5,632 |

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

| \$ '000 | 2024 | 2023 |
|---------|------|------|
|---------|------|------|

(c) Unrestricted and unallocated

| | | |
|--|--------------|-----|
| Unrestricted and unallocated cash, cash equivalents and investments | 1,880 | 800 |
|--|--------------|-----|

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-4 Receivables

| \$ '000 | 2024 | | 2023 | |
|---|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Rates and annual charges | 1,271 | – | 989 | – |
| Interest and extra charges | 90 | – | 63 | – |
| User charges and fees | 627 | – | 510 | – |
| Private works | 5 | – | 7 | – |
| Accrued revenues | | | | |
| – Interest on investments | 587 | – | 324 | – |
| – Other income accruals | 132 | – | 253 | – |
| Government grants and subsidies | 472 | – | 796 | – |
| Net GST receivable | 135 | – | 369 | – |
| Resident contributions | 122 | – | 117 | – |
| Other debtors | 71 | – | 207 | – |
| Total | 3,512 | – | 3,635 | – |
| Less: provision for impairment | | | | |
| Other debtors | (73) | – | (64) | – |
| Total provision for impairment – receivables | (73) | – | (64) | – |
| Total net receivables | 3,439 | – | 3,571 | – |

| \$ '000 | 2024 | 2023 |
|--|-----------|-----------|
| Movement in provision for impairment of receivables | | |
| Balance at the beginning of the year | 64 | 64 |
| + new provisions recognised during the year | 9 | – |
| Balance at the end of the year | 73 | 64 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-4 Receivables (continued)

Material accounting policy information

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.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Credit losses are measured at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 5 years past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity.

Where Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

C1-5 Inventories

| \$ '000 | 2024 | 2024 | 2023 | 2023 |
|----------------------------------|------------|-------------|------------|-------------|
| | Current | Non-current | Current | Non-current |
| (i) Inventories at cost | | | | |
| Stores and materials | 114 | – | 324 | – |
| Total inventories at cost | 114 | – | 324 | – |
| Total inventories | 114 | – | 324 | – |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-6 Contract assets and Contract cost assets

| \$ '000 | 2024 Current | 2023 Current |
|---|-----------------|-----------------|
| Contract assets | 2,861 | 2,363 |
| Total contract assets and contract cost assets | 2,861 | 2,363 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-7 Infrastructure, property, plant and equipment

| By aggregated asset class | At 1 July 2023 | | | Asset movements during the reporting period | | | | | | | | | At 30 June 2024 | | |
|--|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|---|---------------|---------------------------|-----------------------------------|--|-----------------------|---|---------------------|
| | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals ¹ | Additions new assets | Carrying value of disposals | Depreciation expense | Impairment loss / revaluation decrements (recognised in equity) | WIP transfers | Adjustments and transfers | RFS contribution (from Note B2-4) | Revaluation increments to equity (ARR) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| \$ '000 | | | | | | | | | | | | | | | |
| Capital work in progress | 3,372 | – | 3,372 | 2,300 | 677 | (685) | – | – | (2,857) | – | – | – | 2,807 | – | 2,807 |
| Plant and equipment | 11,681 | (5,224) | 6,457 | – | 1,160 | (316) | (875) | – | – | – | 250 | – | 12,273 | (5,596) | 6,677 |
| Office equipment | 848 | (753) | 95 | – | – | – | (30) | – | – | – | – | – | 848 | (783) | 65 |
| Furniture and fittings | 1,125 | (915) | 210 | – | – | – | (35) | – | – | – | – | – | 1,123 | (950) | 173 |
| Land: | | | | | | | | | | | | | | | |
| – Operational land | 3,493 | – | 3,493 | – | – | – | – | – | – | – | – | 14 | 3,507 | – | 3,507 |
| – Community land | 4,467 | – | 4,467 | – | – | – | – | – | – | – | – | 18 | 4,485 | – | 4,485 |
| Land improvements – non-depreciable | – | – | – | – | – | – | – | – | 132 | – | – | – | 132 | – | 132 |
| Infrastructure: | | | | | | | | | | | | | | | |
| – Buildings – non-specialised | 34,282 | (14,252) | 20,030 | 404 | – | (361) | (539) | – | 634 | – | – | 1,354 | 36,737 | (15,215) | 21,522 |
| – Other structures | 6,406 | (2,893) | 3,513 | 741 | 688 | – | (250) | – | 665 | – | – | 106 | 8,709 | (3,247) | 5,462 |
| – Sealed roads structure | 140,503 | (41,057) | 99,446 | 1,918 | 66 | (816) | (1,773) | (1,577) | 1,223 | 150 | – | 5,249 | 149,701 | (45,815) | 103,886 |
| – Unsealed roads | 19,954 | (15,405) | 4,549 | 49 | – | (35) | (835) | (117) | 129 | (150) | – | 191 | 20,907 | (17,127) | 3,780 |
| – Bridges | 48,450 | (17,572) | 30,878 | – | – | – | (486) | – | – | – | – | 1,631 | 51,050 | (19,027) | 32,023 |
| – Footpaths | 2,442 | (641) | 1,801 | – | – | – | (53) | – | – | – | – | 94 | 2,573 | (731) | 1,842 |
| – Bulk earthworks (non-depreciable) | 73,965 | – | 73,965 | – | – | – | – | – | – | – | – | 3,969 | 77,934 | – | 77,934 |
| – Stormwater drainage | 4,892 | (1,235) | 3,657 | – | – | – | (56) | – | – | – | – | 183 | 5,140 | (1,356) | 3,784 |
| – Water supply network | 36,468 | (21,639) | 14,829 | 24 | 47 | (11) | (580) | – | 23 | – | – | 722 | 38,387 | (23,333) | 15,054 |
| – Sewerage network | 25,808 | (7,046) | 18,762 | 2 | 1 | (4) | (444) | – | 51 | – | – | 929 | 27,162 | (7,865) | 19,297 |
| – Swimming pools | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| – Other open space/recreational assets | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other assets: | | | | | | | | | | | | | | | |
| – Heritage collections | 90 | – | 90 | – | – | – | – | – | – | – | – | – | 90 | – | 90 |
| – Other | 75 | (28) | 47 | – | – | – | (2) | – | – | – | – | – | 75 | (30) | 45 |
| Reinstatement, rehabilitation and restoration assets (refer Note C3-5): | | | | | | | | | | | | | | | |
| – Tip assets | 4,191 | (1,028) | 3,163 | – | – | – | (527) | – | – | (5) | – | – | 4,186 | (1,555) | 2,631 |
| Total infrastructure, property, plant and equipment | 422,512 | (129,688) | 292,824 | 5,438 | 2,639 | (2,228) | (6,485) | (1,694) | – | (5) | 250 | 14,460 | 447,826 | (142,630) | 305,196 |

(1) 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 2024

C1-7 Infrastructure, property, plant and equipment (continued)

| By aggregated asset class | At 1 July 2022 | | | Asset movements during the reporting period | | | | | | | | At 30 June 2023 | | |
|--|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|---------------|---------------------------|-----------------------------------|--|-----------------------|---|---------------------|
| | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals ¹ | Additions new assets | Carrying value of disposals | Depreciation expense | WIP transfers | Adjustments and transfers | RFS contribution (from Note B2-4) | Revaluation increments to equity (ARR) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| \$ '000 | | | | | | | | | | | | | | |
| Capital work in progress | 3,232 | – | 3,232 | 2,285 | 424 | – | – | (2,324) | (245) | – | – | 3,372 | – | 3,372 |
| Plant and equipment | 10,656 | (4,340) | 6,316 | 53 | 711 | (33) | (925) | 85 | – | 250 | – | 11,681 | (5,224) | 6,457 |
| Office equipment | 780 | (726) | 54 | – | 63 | – | (23) | – | – | – | – | 848 | (753) | 95 |
| Furniture and fittings | 1,121 | (878) | 243 | – | – | – | (38) | – | – | – | – | 1,125 | (915) | 210 |
| Land: | | | | | | | | | | | | | | |
| – Operational land | 1,988 | – | 1,988 | – | – | – | – | – | – | – | 1,506 | 3,493 | – | 3,493 |
| – Community land | 2,346 | – | 2,346 | – | – | – | – | – | 1,826 | – | 298 | 4,467 | – | 4,467 |
| – Crown land | 1,826 | – | 1,826 | – | – | – | – | – | (1,826) | – | – | – | – | – |
| Infrastructure: | | | | | | | | | | | | | | |
| – Buildings – non-specialised | 31,418 | (16,277) | 15,141 | – | 70 | – | (732) | 46 | – | – | 5,506 | 34,282 | (14,252) | 20,030 |
| – Other structures | 2,508 | (1,168) | 1,340 | – | – | – | (259) | – | 2,249 | – | 170 | 6,406 | (2,893) | 3,513 |
| – Bridges | 45,471 | (16,432) | 29,039 | 2 | – | (23) | (444) | 614 | – | – | 1,691 | 48,450 | (17,572) | 30,878 |
| – Footpaths | 2,305 | (558) | 1,747 | – | – | – | (50) | – | – | – | 101 | 2,442 | (641) | 1,801 |
| – Bulk earthworks (non-depreciable) | 69,836 | – | 69,836 | – | – | – | – | – | – | – | 4,130 | 73,965 | – | 73,965 |
| – Stormwater drainage | 4,551 | (1,257) | 3,294 | 211 | – | (45) | (49) | – | – | – | 246 | 4,892 | (1,235) | 3,657 |
| – Water supply network | 30,984 | (17,556) | 13,428 | – | – | – | (443) | – | – | – | 1,844 | 36,468 | (21,639) | 14,829 |
| – Sewerage network | 22,750 | (6,947) | 15,803 | – | – | – | (385) | – | – | – | 3,344 | 25,808 | (7,046) | 18,762 |
| – Sealed roads structure | 131,181 | (38,019) | 93,162 | 1,743 | 37 | (670) | (1,654) | 1,428 | – | – | 5,398 | 140,503 | (41,057) | 99,446 |
| – Swimming pools | 896 | (697) | 199 | – | – | – | – | – | (199) | – | – | – | – | – |
| – Unsealed roads | 18,807 | (14,146) | 4,661 | 271 | – | (90) | (679) | 151 | – | – | 235 | 19,954 | (15,405) | 4,549 |
| – Other open space/recreational assets | 2,684 | (634) | 2,050 | – | – | – | – | – | (2,050) | – | – | – | – | – |
| Other assets: | | | | | | | | | | | | | | |
| – Heritage collections | 90 | – | 90 | – | – | – | – | – | – | – | – | 90 | – | 90 |
| – Other | 83 | (25) | 58 | – | – | – | (2) | – | – | – | – | 75 | (28) | 47 |
| Reinstatement, rehabilitation and restoration assets (refer Note 11): | | | | | | | | | | | | | | |
| – Tip assets | 3,457 | (681) | 2,776 | – | – | – | (347) | – | 731 | – | – | 4,191 | (1,028) | 3,163 |
| Total infrastructure, property, plant and equipment | 388,970 | (120,341) | 268,629 | 4,565 | 1,305 | (861) | (6,030) | – | 486 | 250 | 24,469 | 422,512 | (129,688) | 292,824 |

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

Notes to the Financial Statements

for the year ended 30 June 2024

C1-7 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council 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 Department of Planning, Industry and Environment - Water.

Increases in the carrying amounts arising on revaluation are credited to the 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.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Useful lives of IPPE

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

| | | | |
|--------------------------------|-----------|--------------------------------------|-----------|
| Plant and equipment | Years | Other equipment | Years |
| Office equipment | 5 to 20 | Playground equipment | 5 to 15 |
| Office furniture | 5 to 20 | Benches, seats etc. | 10 to 20 |
| Computer equipment | 4 | Other open space recreational assets | 10 to 100 |
| Vehicles, trucks and utilities | 5 to 10 | | |
| Dozers, graders and rollers | 10 | Buildings | |
| Other plant and equipment | 10 | Buildings: masonry | 8 to 252 |
| Water and sewer assets | | Stormwater assets | |
| Dams and reservoirs | 100 | Drains | 75 to 125 |
| Water & Sewer Treatment Plants | 70 to 100 | Culverts | 75 to 125 |
| Reticulation pipes: PVC | 80 to 133 | Flood control structures | 75 to 125 |
| Reticulation pipes: other | 25 to 75 | | |
| Pumps and telemetry | 15 to 20 | | |
| Meters & Water Plant | 10 | | |
| Water Mains | 80 to 100 | Other infrastructure assets | |
| Sewer Mains | 70 to 100 | Bulk earthworks | Infinite |
| Transportation assets | | Swimming pools | 50 |
| Sealed roads: surface | 15 to 20 | Other open space/recreational assets | 20 |
| Sealed roads: structure | 60 to 100 | Other infrastructure | 20 |
| Unsealed roads | 20 to 30 | | |
| Bridge: concrete | 100 | | |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-7 Infrastructure, property, plant and equipment (continued)

| | |
|----------------------------|----|
| Bridge: other | 80 |
| Concrete road pavements | 60 |
| Kerb, gutter and footpaths | 40 |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

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. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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 firefighting 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 firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

C1-8 Other

Other assets

| \$ '000 | 2024 | 2024 | 2023 | 2023 |
|---------------------------|------------|-------------|-----------|-------------|
| | Current | Non-current | Current | Non-current |
| Prepayments | 168 | – | 72 | – |
| Total other assets | 168 | – | 72 | – |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including infrastructure, office and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Office equipment is leased over periods between two and five years with no residual value and equal monthly instalments.

Crown land is leased for between three and eight years with equal annual payments.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 2 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

| \$ '000 | Plant & Equipment | Crown Land | Total |
|---------------------------|-------------------|------------|------------|
| 2024 | | | |
| Opening balance at 1 July | 32 | 118 | 150 |
| Depreciation charge | (11) | (11) | (22) |
| Balance at 30 June | 21 | 107 | 128 |
| 2023 | | | |
| Opening balance at 1 July | 48 | 130 | 178 |
| Depreciation charge | (16) | (11) | (27) |
| Balance at 30 June | 32 | 118 | 150 |

(b) Lease liabilities

| \$ '000 | 2024 Current | 2024 Non-current | 2023 Current | 2023 Non-current |
|--------------------------------|--------------|------------------|--------------|------------------|
| Lease liabilities | 20 | 122 | 19 | 141 |
| Total lease liabilities | 20 | 122 | 19 | 141 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

| \$ '000 | < 1 year | 1 – 5 years | > 5 years | Total | Total per Statement of Financial Position |
|-------------|----------|-------------|-----------|-------|--|
| 2024 | | | | | |
| Cash flows | 24 | 58 | 98 | 180 | 142 |
| 2023 | | | | | |
| Cash flows | 24 | 77 | 104 | 205 | 160 |

| \$ '000 | 2024 Current | 2024 Non-current | 2023 Current | 2023 Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| Total lease liabilities relating to unrestricted assets | 20 | 122 | 19 | 141 |
| Total lease liabilities | 20 | 122 | 19 | 141 |

(d) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

| \$ '000 | 2024 | 2023 |
|--|-----------|-----------|
| Interest on lease liabilities | 5 | 6 |
| Amortisation of right of use assets | 22 | 27 |
| Expenses relating to short-term leases | 26 | 6 |
| | 53 | 39 |

(e) Statement of Cash Flows

| | | |
|-------------------------------|-----------|-----------|
| Total cash outflow for leases | 24 | 29 |
| | 24 | 29 |

Material accounting policy information

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / Concessionary leases

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C2-1 Council as a lessee (continued)

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3 Liabilities of Council

C3-1 Payables

| \$ '000 | 2024 | 2024 | 2023 | 2023 |
|--|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Goods and services – operating expenditure | 194 | – | 100 | – |
| Accrued expenses: | | | | |
| – Borrowings | 10 | – | 12 | – |
| – Salaries and wages | 521 | – | 381 | – |
| – Other expenditure accruals | 1,436 | – | 2,641 | – |
| Security bonds, deposits and retentions | 31 | – | 33 | – |
| Retirement home contributions | 4,025 | – | 3,325 | – |
| Prepaid rates | 181 | – | 178 | – |
| Other | 3 | – | – | – |
| TCS HCP liability | – | – | 4 | – |
| Total payables | 6,401 | – | 6,674 | – |

Current payables not anticipated to be settled within the next twelve months

| \$ '000 | 2024 | 2023 |
|---|--------------|--------------|
| The following liabilities, even though classified as current, are not expected to be settled in the next 12 months. | | |
| Retirement home contributions | 2,556 | 2,019 |
| Total payables | 2,556 | 2,019 |

Payables

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

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3-2 Contract Liabilities

| \$ '000 | Notes | 2024 Current | 2024 Non-current | 2023 Current | 2023 Non-current |
|---|-------|-----------------|---------------------|-----------------|---------------------|
| Grants and contributions received in advance: | | | | | |
| Unexpended operating grants (received prior to performance obligation being satisfied) ⁱ | (i) | 2,775 | - | 2,975 | - |
| Unexpended capital grants (received prior to performance obligation being satisfied) ⁱⁱ | (ii) | 1,149 | - | 1,793 | - |
| Total grants received in advance | | 3,924 | - | 4,768 | - |
| Total contract liabilities | | 3,924 | - | 4,768 | - |

(i) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing

(ii) Council has received funding to construct assets, being road and water infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3-3 Borrowings

| \$ '000 | 2024 | | 2023 | |
|------------------------------|------------|--------------|------------|--------------|
| | Current | Non-current | Current | Non-current |
| Loans – secured ¹ | 169 | 1,154 | 187 | 1,320 |
| Total borrowings | 169 | 1,154 | 187 | 1,320 |

(1) Loans are secured over the general rating income of Council.
Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

(a) Changes in liabilities arising from financing activities

| \$ '000 | 2023 | | Non-cash movements | | | | 2024 |
|--|-----------------|--------------|--------------------|--------------------|--|-------------------------|-----------------|
| | Opening Balance | Cash flows | Acquisition | Fair value changes | Acquisition due to change in accounting policy | Other non-cash movement | Closing balance |
| Loans – secured | 1,507 | (184) | - | - | - | - | 1,323 |
| Lease liability (Note C2-1b) | 160 | (18) | - | - | - | - | 142 |
| Total liabilities from financing activities | 1,667 | (202) | - | - | - | - | 1,465 |

| \$ '000 | 2022 | | Non-cash movements | | | | 2023 |
|--|-----------------|--------------|--------------------|--------------------|--|-------------------------|-----------------|
| | Opening Balance | Cash flows | Acquisition | Fair value changes | Acquisition due to change in accounting policy | Other non-cash movement | Closing balance |
| Loans – secured | 1,745 | (238) | - | - | - | - | 1,507 |
| Lease liability (Note C2-1b) | 183 | (23) | - | - | - | - | 160 |
| Total liabilities from financing activities | 1,928 | (261) | - | - | - | - | 1,667 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3-3 Borrowings (continued)

(b) Financing arrangements

| \$ '000 | 2024 | 2023 |
|--|------------|------------|
| Total facilities | | |
| Total financing facilities available to Council at the reporting date are: | | |
| Bank overdraft facilities ¹ | 100 | 100 |
| Credit cards/purchase cards | 35 | 35 |
| Master lease facilities | 150 | 150 |
| Total financing arrangements | 285 | 285 |
| Drawn facilities | | |
| Financing facilities drawn down at the reporting date are: | | |
| – Credit cards/purchase cards | 9 | 8 |
| Total drawn financing arrangements | 9 | 8 |
| Undrawn facilities | | |
| Undrawn financing facilities available to Council at the reporting date are: | | |
| – Bank overdraft facilities | 100 | 100 |
| – Credit cards/purchase cards | 26 | 27 |
| – Lease facilities | 150 | 150 |
| Total undrawn financing arrangements | 276 | 277 |

Additional financing arrangements information

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

(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 2024

C3-4 Employee benefit provisions

| \$ '000 | 2024 | 2024 | 2023 | 2023 |
|--|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Annual leave | 770 | – | 740 | – |
| Sick leave | 50 | – | 51 | – |
| Long service leave | 1,632 | 76 | 1,763 | 105 |
| Total employee benefit provisions | 2,452 | 76 | 2,554 | 105 |

Current employee benefit provisions not anticipated to be settled within the next twelve months

| \$ '000 | 2024 | 2023 |
|--|--------------|--------------|
| The following provisions, even though classified as current, are not expected to be settled in the next 12 months. | | |
| Provisions – employees benefits | 1,301 | 1,377 |
| | 1,301 | 1,377 |

Material accounting policy information

Long-term employee benefit obligations

The liability for vested employees 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.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3-5 Provisions

| \$ '000 | 2024 Current | 2024 Non-Current | 2023 Current | 2023 Non-Current |
|--|-----------------|---------------------|-----------------|---------------------|
| Asset remediation/restoration: | | | | |
| Asset remediation/restoration (future works) | – | 4,728 | – | 4,553 |
| Sub-total – asset remediation/restoration | – | 4,728 | – | 4,553 |
| Total provisions | – | 4,728 | – | 4,553 |

Description of and movements in provisions

| \$ '000 | Other provisions | |
|---------------------------------------|----------------------|--------------|
| | Asset remediation | Total |
| 2024 | | |
| At beginning of year | 4,553 | 4,553 |
| Unwinding of discount | 180 | 180 |
| Remeasurement effects | (5) | (5) |
| Total other provisions at end of year | 4,728 | 4,728 |
| 2023 | | |
| At beginning of year | 3,690 | 3,690 |
| Unwinding of discount | 132 | 132 |
| Remeasurement effects | 731 | 731 |
| Total other provisions at end of year | 4,553 | 4,553 |

Notes to the Financial Statements

for the year ended 30 June 2024

C3-5 Provisions (continued)

Nature and purpose of provisions

Asset remediation

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

Material accounting policy information

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 a borrowing cost.

Asset remediation – tips and quarries

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 cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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 infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

The 30 June 2023 tip future remediation cost estimates were based on a range of options provided by an independent consultant. Council decided to follow a conservative approach by adopting the most expensive option of future remediation works until a master plan is finalised.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

| \$ '000 | General 2024 | Water 2024 | Sewer 2024 |
|--|-----------------|---------------|---------------|
| Income from continuing operations | | | |
| Rates and annual charges | 6,366 | 628 | 1,021 |
| User charges and fees | 4,473 | 937 | 74 |
| Interest and investment revenue | 1,003 | 168 | 125 |
| Other revenues | 724 | – | – |
| Grants and contributions provided for operating purposes | 13,542 | 565 | 12 |
| Grants and contributions provided for capital purposes | 3,518 | 39 | – |
| Total income from continuing operations | 29,626 | 2,337 | 1,232 |
| Expenses from continuing operations | | | |
| Employee benefits and on-costs | 11,580 | 459 | 210 |
| Materials and services | 6,158 | 754 | 490 |
| Borrowing costs | 283 | – | – |
| Depreciation, amortisation and impairment of non-financial assets | 5,439 | 604 | 466 |
| Other expenses | 595 | – | – |
| Net losses from the disposal of assets | 1,867 | – | 36 |
| Total expenses from continuing operations | 25,922 | 1,817 | 1,202 |
| Operating result from continuing operations | 3,704 | 520 | 30 |
| Net operating result for the year | 3,704 | 520 | 30 |
| Net operating result attributable to each council fund | 3,704 | 520 | 30 |
| Net operating result for the year before grants and contributions provided for capital purposes | 186 | 481 | 30 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

D1-2 Statement of Financial Position by fund

| \$ '000 | General 2024 | Water 2024 | Sewer 2024 |
|---|-----------------|---------------|---------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6,072 | 129 | – |
| Investments | 16,408 | 2,721 | 2,121 |
| Receivables | 2,530 | 696 | 213 |
| Inventories | 114 | – | – |
| Contract assets and contract cost assets | 2,439 | 422 | – |
| Other | 168 | – | – |
| Total current assets | 27,731 | 3,968 | 2,334 |
| Non-current assets | | | |
| Infrastructure, property, plant and equipment | 267,328 | 17,133 | 20,735 |
| Right of use assets | 128 | – | – |
| Total non-current assets | 267,456 | 17,133 | 20,735 |
| Total assets | 295,187 | 21,101 | 23,069 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 6,401 | – | – |
| Contract liabilities | 3,924 | – | – |
| Lease liabilities | 20 | – | – |
| Borrowings | 169 | – | – |
| Employee benefit provision | 2,452 | – | – |
| Total current liabilities | 12,966 | – | – |
| Non-current liabilities | | | |
| Lease liabilities | 122 | – | – |
| Borrowings | 1,154 | – | – |
| Employee benefit provision | 76 | – | – |
| Provisions | 4,728 | – | – |
| Total non-current liabilities | 6,080 | – | – |
| Total liabilities | 19,046 | – | – |
| Net assets | 276,141 | 21,101 | 23,069 |
| EQUITY | | | |
| Accumulated surplus | 73,584 | 7,865 | 11,992 |
| Revaluation reserves | 202,557 | 13,236 | 11,077 |
| Council equity interest | 276,141 | 21,101 | 23,069 |
| Total equity | 276,141 | 21,101 | 23,069 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

New England Weeds Authority

New England Weeds Authority (NEWA) is the registered trading name of The New England Tablelands Noxious Plants County Council. NEWA is a single purpose Council which is a Local Control Authority for priority and invasive weeds under the NSW Biosecurity Act, 2015. The present area of operation of NEWA is the local government areas of Uralla Shire Council, Armidale Regional Council, Walcha Shire Council, and Glen Innes Severn Council (under a Memorandum of Understanding). These Councils are located in the Northern Tablelands region of New South Wales.

The County Council's governance is in accordance with the Local Government Act 1993 (LGA 1993) with the County Council first proclaimed in 1947.

NEWA is funded by contributions from its four Constituent Councils, grants and private works. Each Constituent Council has delegated its Noxious weeds control function to NEWA and contributes in accordance with NEWA's proclamation. NEWA's governing body consists of five Councillors elected by each of the Constituent Councils.

Council does not have control, joint control or significant influence over decision making or the overall activities of the organisation.

Council notes there is significant uncertainty in the ongoing operation of the New England Weeds Authority. The organisation is currently under administration. Uralla Shire Council is currently awaiting advice on the future direction and format of NEWA's function and any liabilities that exist.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

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 Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **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 – interest rate and price risk

| \$ '000 | 2024 | 2023 |
|---|------|------|
| The impact on results for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. | | |
| Impact of a 1% movement in interest rates | | |
| – Equity / Income Statement | 261 | 226 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; 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 payment.

| \$ '000 | Not yet overdue rates and annual charges | | | Total |
|-----------------------|--|-----------|-----------|-------|
| | Not yet overdue | < 5 years | ≥ 5 years | |
| 2024 | | | | |
| Gross carrying amount | 705 | 566 | – | 1,271 |
| 2023 | | | | |
| Gross carrying amount | 605 | 384 | – | 989 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E1-1 Risks relating to financial instruments held (continued)

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

| \$ '000 | Not yet overdue | Overdue debts | | | | Total |
|------------------------|-----------------|---------------|--------------|--------------|-----------|-----------|
| | | 0 - 30 days | 31 - 60 days | 61 - 90 days | > 91 days | |
| 2024 | | | | | | |
| Gross carrying amount | 4,381 | 19 | 634 | 5 | 63 | 5,102 |
| Expected loss rate (%) | 0.00% | 10.00% | 4.26% | 50.00% | 70.00% | 1.48% |
| ECL provision | – | 2 | 27 | 3 | 41 | 73 |
| 2023 | | | | | | |
| Gross carrying amount | 4,431 | 8 | 546 | – | 24 | 5,009 |
| Expected loss rate (%) | 0.00% | 10.00% | 8.50% | 0.00% | 70.00% | 1.28% |
| ECL provision | – | 1 | 46 | – | 17 | 64 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, 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 by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

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

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

| \$ '000 | Weighted average interest rate | Subject to no maturity | ≤ 1 Year | payable in: | | Total cash outflows | Actual carrying values |
|------------------------------------|---|------------------------------|--------------|----------------|-----------|------------------------|------------------------------|
| | | | | 1 - 5 Years | > 5 Years | | |
| 2024 | | | | | | | |
| Payables | 0.00% | 31 | 6,370 | – | – | 6,401 | 6,401 |
| Borrowings | 7.97% | – | 169 | 1,154 | – | 1,323 | 1,323 |
| Total financial liabilities | | 31 | 6,539 | 1,154 | – | 7,724 | 7,724 |
| 2023 | | | | | | | |
| Payables | 0.00% | 33 | 6,641 | – | – | 6,674 | 6,674 |
| Borrowings | 7.44% | 280 | 823 | 904 | – | 2,007 | 1,507 |
| Total financial liabilities | | 313 | 7,464 | 904 | – | 8,681 | 8,181 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement

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).

| \$ '000 | Notes | Fair value measurement hierarchy | | | | | | | |
|--|-------|----------------------------------|----------|---------------------------------------|--------------|---|----------------|----------------|----------------|
| | | Date of latest valuation | | Level 2 Significant observable inputs | | Level 3 Significant unobservable inputs | | Total | |
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Recurring fair value measurements | | | | | | | | | |
| Infrastructure, property, plant and equipment | | | | | | | | | |
| | C1-7 | | | | | | | | |
| Plant and equipment | | 30/06/19 | 30/06/19 | – | – | 6,677 | 6,457 | 6,677 | 6,457 |
| Office equipment | | 30/06/19 | 30/06/19 | – | – | 65 | 95 | 65 | 95 |
| Furniture and fittings | | 30/06/19 | 30/06/19 | – | – | 173 | 210 | 173 | 210 |
| Operational land | | 30/06/23 | 30/06/23 | 3,507 | 3,493 | – | – | 3,507 | 3,493 |
| Community land | | 30/06/21 | 30/06/21 | – | – | 4,485 | 4,467 | 4,485 | 4,467 |
| Land improvements – non-depreciable | | | | – | – | 132 | – | 132 | – |
| Buildings – non-specialised | | 30/06/23 | 30/06/23 | – | – | 21,522 | 20,030 | 21,522 | 20,030 |
| Other structures | | 30/06/21 | 30/06/21 | – | – | 5,462 | 3,513 | 5,462 | 3,513 |
| Sealed road structure | | 30/06/20 | 30/06/20 | – | – | 103,886 | 99,446 | 103,886 | 99,446 |
| Unsealed roads | | 30/06/20 | 30/06/20 | – | – | 3,780 | 4,549 | 3,780 | 4,549 |
| Bridges | | 30/06/20 | 30/06/20 | – | – | 32,023 | 30,878 | 32,023 | 30,878 |
| Footpaths | | 30/06/20 | 30/06/20 | – | – | 1,842 | 1,801 | 1,842 | 1,801 |
| Bulk earthworks | | 30/06/20 | 30/06/20 | – | – | 77,934 | 73,965 | 77,934 | 73,965 |
| Stormwater drainage | | 30/06/20 | 30/06/20 | – | – | 3,784 | 3,657 | 3,784 | 3,657 |
| Water supply network | | 01/07/22 | 01/07/22 | – | – | 15,054 | 14,829 | 15,054 | 14,829 |
| Sewerage network | | 01/07/22 | 01/07/22 | – | – | 19,297 | 18,762 | 19,297 | 18,762 |
| Heritage collection | | 30/06/14 | 30/06/14 | – | – | 90 | 90 | 90 | 90 |
| Other assets | | 30/06/21 | 30/06/21 | – | – | 45 | 47 | 45 | 47 |
| Total infrastructure, property, plant and equipment | | | | 3,507 | 3,493 | 296,251 | 282,796 | 299,758 | 286,289 |

Valuation techniques

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:

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

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.

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 APV in June 2023).

The 'Market Approach' (observable input level 2) is used to value operational land. There has been no change to the valuation process during the reporting period.

Land Improvements

The cost approach is utilised, with asset values 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 2021.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

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

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 - APV in June 2023 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.

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 Shepherd Asset Management Solutions during 2020.

To determine the unit cost of seals, Council used external professionals, Australis Asset Advisory Group and Vanguard Consulting Group, to provide unit rates and replacement cost for all road asset classes. Roads are componentised into road surface, base, sub-base and earthworks. Surface has been split into sealed and unsealed road components.

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 these component values up to provide an overall road valuation (for each road segment) within the 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 years.

Infrastructure- Footpaths

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

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 undertaken in 2020 by external consultants Australis and Vanguard.

These inspections were carried out to comply with insurance protocols and to provide data for the revaluation that occurred during 2020. Current replacement costs are based on modern equivalent unit rates..

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.

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 2020. All systems have been assessed as being satisfactory or better. A full assessment was undertaken in 2020 by external consultants Australis and Vanguard. 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 years.

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.

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.

Valuation was performed by Australis Asset Advisory Group on 1 July 2022.

The unobservable Level 3 inputs used include:

Useful Life
Asset Condition
Future Economic Benefit
Remaining useful life

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

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

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 2014 providing a reasonable estimate of the replacement value of each work based on current market prices for similar works by the same artist. The remaining 'Other assets' were revalued utilising indexation during 2021 including the swimming pool which is recognised separately in the infrastructure note. 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.

Infrastructure- Bridges

Council has 50 bridges/major culverts on local roads and 33 bridges/major culverts on regional roads. Of these, two bridges were replaced in 2017/18 with some additional work finalised in 2018/19.

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

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

Council used external professionals, Australis Asset Advisory Group and Vanguard Consulting Group, to provide unit rates and replacement cost for all bridges and culverts.

Bridges are componentised into bridges and major culverts, and culverts and drainage assets include both pits and pipes.

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.

Infrastructure- Bulk Earthworks

Council Bulk Earthworks consists of cuttings, fill and levelling of earth and rocks.

Council used external professionals, Australis Asset Advisory Group and Vanguard Consulting Group, to provide unit rates and replacement cost for all earthworks.

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.

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

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

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.

Valuation was performed by Australis Asset Advisory Group on 1 July 2022.

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.

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2024

E3-1 Contingencies

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 is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, 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 (to the extent that they are not borne by members).

Description of the funding arrangements.

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The future service 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 future service employer contribution rates are::

| | |
|------------|---|
| Division B | 1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members* |
| Division C | 2.5% salaries |
| Division D | 1.64 times member contributions |

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions OF \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan

As stated above, each sponsoring employer (Council) 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

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E3-1 Contingencies (continued)

of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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 amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$55,975.39. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023.

The amount of additional contributions included in the total employer contribution advised above is \$20,190.98. Council's expected contribution to the plan for the next annual reporting period is \$43,926.62.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

| Employer reserves only * | \$millions | Asset Coverage |
|--------------------------|------------|----------------|
| Assets | 2,237.5 | |
| Past Service Liabilities | 2,141.9 | 104.5% |
| Vested Benefits | 2,159.8 | 103.6% |

* excluding other accumulation accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.20%

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

| | |
|-------------------|--|
| Investment return | 6.0% per annum |
| Salary inflation | 3.5% per annum |
| Increase in CPI | 3.5% for FY 23/24 2.5% per annum thereafter |

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2024.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E3-1 Contingencies (continued)

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.

(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.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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:

| \$ '000 | 2024 | 2023 |
|--------------------------|-------------|--------------|
| Compensation: | | |
| Short-term benefits | 826 | 1,027 |
| Post-employment benefits | 88 | 95 |
| Total | 914 | 1,122 |

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

F1-2 Councillor and Mayoral fees and associated expenses

| \$ '000 | 2024 | 2023 |
|--|-------------|-------------|
| The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are: | | |
| Mayoral fee | 22 | 21 |
| Councillors' fees | 108 | 105 |
| Other Councillors' expenses (including Mayor) | 3 | 3 |
| Total | 133 | 129 |

F2 Other relationships

F2-1 Audit fees

| \$ '000 | 2024 | 2023 |
|--|-------------|-------------|
| During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms | | |
| Auditors of the Council - NSW Auditor-General: | | |
| (i) Audit and other assurance services | | |
| Audit and review of financial statements | 106 | 83 |
| Remuneration for audit and other assurance services | 106 | 83 |
| Total Auditor-General remuneration | 106 | 83 |
| Non NSW Auditor-General audit firms | | |
| (i) Audit and other assurance services | | |
| Other audit and assurance services | 22 | 4 |
| Remuneration for audit and other assurance services | 22 | 4 |
| Total remuneration of non NSW Auditor-General audit firms | 22 | 4 |
| Total audit fees | 128 | 87 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

| \$ '000 | 2024 | 2023 |
|--|---------------|---------------|
| Net operating result from Income Statement | 4,254 | 4,084 |
| Add / (less) non-cash items: | | |
| Depreciation and amortisation | 6,509 | 6,057 |
| (Gain) / loss on disposal of assets | 1,903 | 857 |
| Non-cash capital grants and contributions | (250) | (250) |
| Unwinding of discount rates on reinstatement provisions | 180 | 132 |
| Movements in operating assets and liabilities and other cash items: | | |
| (Increase) / decrease of receivables | 123 | (18) |
| Increase / (decrease) in provision for impairment of receivables | 9 | – |
| (Increase) / decrease of inventories | 210 | 2 |
| (Increase) / decrease of other current assets | (96) | 22 |
| (Increase) / decrease of contract asset | (498) | (1,392) |
| Increase / (decrease) in payables | 94 | 16 |
| Increase / (decrease) in accrued interest payable | (2) | 4 |
| Increase / (decrease) in other accrued expenses payable | (1,065) | 1,011 |
| Increase / (decrease) in other liabilities | 700 | 519 |
| Increase / (decrease) in contract liabilities | (844) | (815) |
| Increase / (decrease) in employee benefit provision | (131) | 22 |
| Increase / (decrease) in other provisions | (5) | – |
| Net cash flows from operating activities | 11,091 | 10,251 |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G2-1 Commitments

Capital commitments (exclusive of GST)

| \$ '000 | 2024 | 2023 |
|--|--------------|--------------|
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | |
| Property, plant and equipment | | |
| Buildings | 313 | 72 |
| Plant and equipment | 505 | 1,130 |
| Road infrastructure | 1,060 | 1,083 |
| McMaugh Gardens works | – | 16 |
| Other | 280 | 295 |
| Total commitments | 2,158 | 2,596 |
| These expenditures are payable as follows: | | |
| Within the next year | 2,158 | 2,596 |
| Total payable | 2,158 | 2,596 |
| Sources for funding of capital commitments: | | |
| Unrestricted general funds | 219 | 205 |
| Future grants and contributions | 1,434 | 1,261 |
| Internally restricted reserves | 505 | 1,130 |
| Total sources of funding | 2,158 | 2,596 |

G3-1 Events occurring after the reporting date

No matters have arisen subsequent to balance date that would require these financial statements to be amended.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G4 Statement of developer contributions

G4-1 Summary of developer contributions

| \$ '000 | Opening balance at 1 July 2023 | Contributions received during the year | | | Interest and investment income earned | Amounts expended | Internal borrowings | Held as restricted asset at 30 June 2024 | Cumulative balance of internal borrowings (to)/from |
|--|--------------------------------|--|---------------|----------------|---------------------------------------|------------------|---------------------|--|---|
| | | Cash | Non-cash Land | Non-cash Other | | | | | |
| Roads | 753 | 10 | - | - | 38 | - | - | 801 | - |
| Traffic facilities | 21 | - | - | - | 1 | - | - | 22 | - |
| Community facilities | 87 | - | - | - | 4 | - | - | 91 | - |
| Other | 64 | - | - | - | 2 | - | - | 66 | - |
| S7.11 contributions – under a plan | 925 | 10 | - | - | 45 | - | - | 980 | - |
| S7.12 levies – under a plan | 190 | 70 | - | - | 12 | - | - | 272 | - |
| Total S7.11 and S7.12 revenue under plans | 1,115 | 80 | - | - | 57 | - | - | 1,252 | - |
| Total contributions | 1,115 | 80 | - | - | 57 | - | - | 1,252 | - |

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.

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G4-2 Developer contributions by plan

| \$ '000 | Opening balance at 1 July 2023 | Contributions received during the year | | | Interest and investment income earned | Amounts expended | Internal borrowings | Held as restricted asset at 30 June 2024 | Cumulative balance of internal borrowings (to)/from |
|---|--------------------------------|--|---------------|----------------|---------------------------------------|------------------|---------------------|--|---|
| | | Cash | Non-cash Land | Non-cash Other | | | | | |
| CONTRIBUTION PLAN – RURAL INVERGOWRIE | | | | | | | | | |
| Roads | 100 | - | - | - | 5 | - | - | 105 | - |
| Traffic facilities | 21 | - | - | - | 1 | - | - | 22 | - |
| Community facilities | 87 | - | - | - | 4 | - | - | 91 | - |
| Other | 59 | - | - | - | 1 | - | - | 60 | - |
| Total | 267 | - | - | - | 11 | - | - | 278 | - |
| CONTRIBUTION PLAN – RURAL | | | | | | | | | |
| Other | 5 | - | - | - | 1 | - | - | 6 | - |
| Total | 5 | - | - | - | 1 | - | - | 6 | - |
| CONTRIBUTION PLAN – DCP ROAD MAINTENANCE ROYALTIES | | | | | | | | | |
| Roads | 653 | 10 | - | - | 33 | - | - | 696 | - |
| Total | 653 | 10 | - | - | 33 | - | - | 696 | - |

S7.12 Levies – under a plan

S7.12 LEVIES - UNDER A PLAN

| | | | | | | | | | |
|--------------|------------|-----------|----------|----------|-----------|----------|----------|------------|----------|
| Other | 190 | 70 | - | - | 12 | - | - | 272 | - |
| Total | 190 | 70 | - | - | 12 | - | - | 272 | - |

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

| \$ '000 | Amounts 2024 | Indicator 2024 | Indicators 2023 2022 | | Benchmark |
|--|-----------------|-------------------|------------------------------|---------|-----------|
| 1. Operating performance ratio | | | | | |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2} | 2,657 | 8.96% | (1.04)% | (2.17)% | > 0.00% |
| Total continuing operating revenue excluding capital grants and contributions ¹ | 29,638 | | | | |
| 2. Own source operating revenue ratio | | | | | |
| Total continuing operating revenue excluding all grants and contributions ¹ | 15,519 | 46.75% | 45.69% | 57.52% | > 60.00% |
| Total continuing operating revenue ¹ | 33,195 | | | | |
| 3. Unrestricted current ratio | | | | | |
| Current assets less all external restrictions | 12,540 | 2.42x | 3.57x | 3.45x | > 1.50x |
| Current liabilities less specific purpose liabilities | 5,184 | | | | |
| 4. Debt service cover ratio | | | | | |
| Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ | 9,449 | 19.48x | 12.56x | 13.46x | > 2.00x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | 485 | | | | |
| 5. Rates and annual charges outstanding percentage | | | | | |
| Rates and annual charges outstanding | 1,361 | 14.83% | 12.49% | 10.54% | < 10.00% |
| Rates and annual charges collectable | 9,176 | | | | |
| 6. Cash expense cover ratio | | | | | |
| Current year's cash and cash equivalents plus all term deposits | 27,451 | 14.76 | 14.35 | 12.90 | > 3.00 |
| Monthly payments from cash flow of operating and financing activities | 1,860 | months | months | months | months |

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G5-2 Statement of performance measures by fund

| \$ '000 | General Indicators ³ | | Water Indicators | | Sewer Indicators | | Benchmark |
|--|---------------------------------|--------------|---------------------|--------------|---------------------|--------------|---------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| 1. Operating performance ratio ^{3,*} | | | | | | | |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2} | 8.22% | 0.85% | 20.93% | (41.03)% | 2.44% | 4.26% | > 0.00% |
| Total continuing operating revenue excluding capital grants and contributions ¹ | | | | | | | |
| 2. Own source operating revenue ratio | | | | | | | |
| Total continuing operating revenue excluding capital grants and contributions ¹ | 42.42% | 42.03% | 74.15% | 76.83% | 99.03% | 101.84% | > 60.00% |
| Total continuing operating revenue ¹ | | | | | | | |
| 3. Unrestricted current ratio | | | | | | | |
| Current assets less all external restrictions | 2.42x | 2.06x | ∞ | 139.91x | ∞ | ∞ | > 1.50x |
| Current liabilities less specific purpose liabilities | | | | | | | |
| 4. Debt service cover ratio | | | | | | | |
| Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ | 16.22x | 11.70x | ∞ | ∞ | ∞ | ∞ | > 2.00x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | | | | | | | |
| 5. Rates and annual charges outstanding percentage | | | | | | | |
| Rates and annual charges outstanding | 14.81% | 12.46% | 15.11% | 12.88% | 14.78% | 12.37% | < 10.00% |
| Rates and annual charges collectable | | | | | | | |
| 6. Cash expense cover ratio | | | | | | | |
| Current year's cash and cash equivalents plus all term deposits | 13.22 months | 12.97 months | 28.24 months | 29.70 months | 36.31 months | 34.63 months | > 3.00 months |
| Monthly payments from cash flow of operating and financing activities | | | | | | | |

(*) The 2022 ratio is restated due to reclassification of groundwater project grant from capital to operating grants (\$181 thousand).

(1) - (2) Refer to Notes at Note G6-1 above.

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

End of the audited financial statements

Uralla Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

H Additional Council disclosures (unaudited)

H1-1 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:

8:30am - 1:00pm
2:00pm to 4:30pm
Monday to Friday

Telephone: 02 6778 6300

Facsimile: 02 6778 6349

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

Email: council@uralla.nsw.gov.au

Officers

General Manager

Toni Averay

Responsible Accounting Officer

Mustaq Ahammed

Public Officer

Mr Steven Williams

Auditors

Audit Office of NSW
Level 19, Darling Park Tower 2,
201 Sussex Street,
Sydney NSW 2000

Elected members

Mayor

Robert Bell

Councillors

Cr Robert Crouch
Cr Tim Bower
Cr Sarah Burrows
Cr Leanne Doran
Cr Bruce McMullen
Cr Lone Petrov
Cr Tom O'Connor
Cr Tara Toomey

Other information

ABN: 55 868 272 018



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Uralla Shire Council

To the Councillors of Uralla Shire Council

Opinion

I have audited the accompanying financial statements of Uralla Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Furqan Yousuf
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY



Mr Robert Bell
 Mayor
 Uralla Shire Council
 PO Box 106
 URALLA NSW 2380

Contact: Furqan Yousuf
 Phone no: 02 9275 7470
 Our ref: R008-2124742775-327

30 October 2024

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2024
 Uralla Shire Council**

I have audited the general-purpose financial statements (GPFS) of the Uralla Shire Council (the Council) for the year ended 30 June 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

| | 2024 | 2023 | Variance |
|--|-------------|-------------|-----------------|
| | \$m | \$m | % |
| Rates and annual charges revenue | 8.0 | 7.5 | ↑ 6.5 |
| Grants and contributions revenue | 17.7 | 17.1 | ↑ 3.6 |
| Operating result from continuing operations | 4.3 | 4.1 | ↑ 4.2 |
| Net operating result before capital grants and contributions | 0.7 | -1.1 | ↑ 161.7 |

Rates and annual charges revenue (\$8.0 million) increased by \$0.5 million (6.5 per cent) in 2023–24 mainly due to the 3.7 per cent rate peg increase and increase in annual charges for water supply, sewerage and domestic waste management services, in line with Council's adopted revenue policy.

Grants and contributions revenue (\$17.7 million) increased by \$0.6 million (3.6 per cent) in 2023–24. This was mainly due to increases in grant revenue of:

- \$1.2 million in McMaugh gardens aged care subsidies
- \$1.0 million in Local Government Recovery Grant.

The above increases were partially offset by the decrease in grant revenue of:

- \$0.6 million in Transport (other roads and bridges funding)
- \$0.9 million in Recreation and Culture grant funding.

Council's operating result from continuing operations (\$4.3 million including depreciation, amortisation and impairment expense of \$6.5 million) was \$0.17 million higher than the 2022–23 result. This was mainly due to increase in rates and annual charges and grants and contributions, as discussed above.

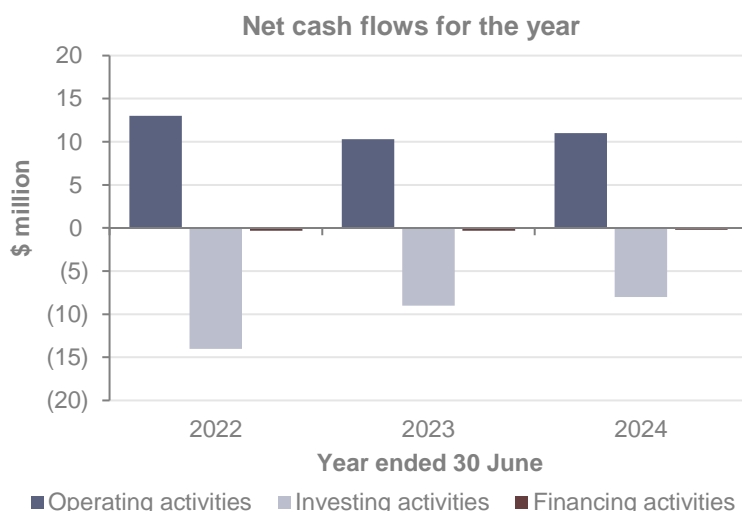
The net operating result before capital grants and contributions (surplus of \$0.7 million) was \$1.8 million higher than the 2022–23 result. This was mainly due to a decrease in revenue from capital grants and contributions of \$1.67 million.

STATEMENT OF CASH FLOWS

Cash from operating activities increased by \$0.8 million, mainly due to an increase in grants and contributions and other income received during the year.

Cash outflows from investing activities decreased by \$0.9 million due to increased proceeds from sale of investments.

Cash outflows from financing activities remained consistent compared to the previous year.



FINANCIAL POSITION

Cash and investments

| Cash and investments | 2024 | 2023 | Commentary |
|--|-------------|-------------|--|
| | \$m | \$m | |
| Total cash, cash equivalents and investments | 27.5 | 24.3 | Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted balances comprise mainly of specific purpose unexpended grants - general fund, TCS and TCT contract liabilities and McMaugh gardens resident bonds. |
| Restricted and allocated cash, cash equivalents and investments: | | | |
| • External restrictions | 20.2 | 17.9 | Internal allocations are determined by council policies or decisions, which are subject to change. |
| • Internal allocations | 5.4 | 5.6 | At 30 June 2024 Council holds \$1.9 million in unrestricted and unallocated cash, cash equivalents and investments (2022-23: \$0.8 million). |

Debt

At 30 June 2024, Council had:

- \$1.3 million in secured loans (\$1.5 million in 2022-23)
- \$100,000 in approved overdraft facility with \$Nil drawn down
- \$35,000 in credit card facility with \$9,000 used
- \$150,000 in master lease facility with \$Nil drawn down.

PERFORMANCE

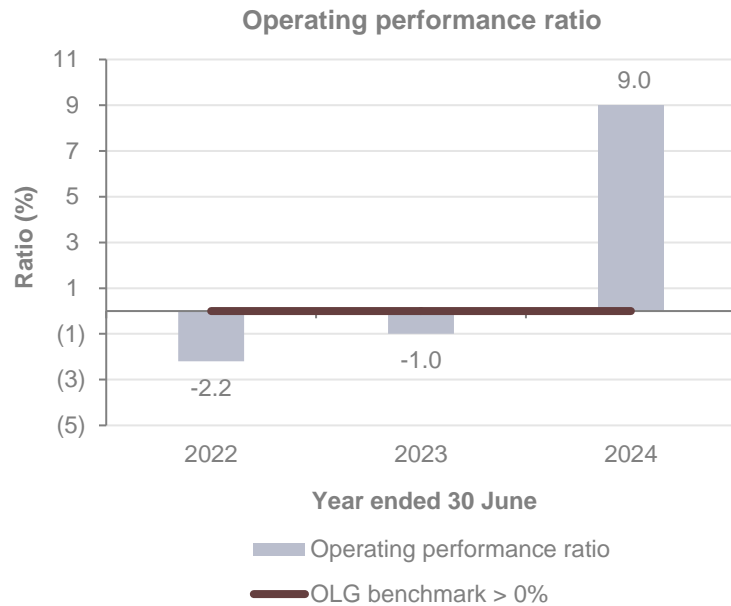
Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure.

Operating performance ratio

Council exceeded the benchmark for the current reporting period.

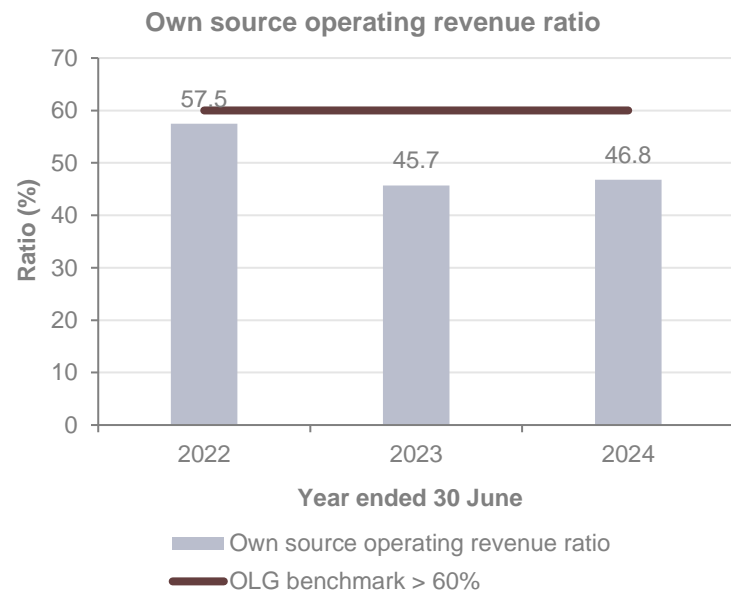
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council did not meet the benchmark for the current reporting period.

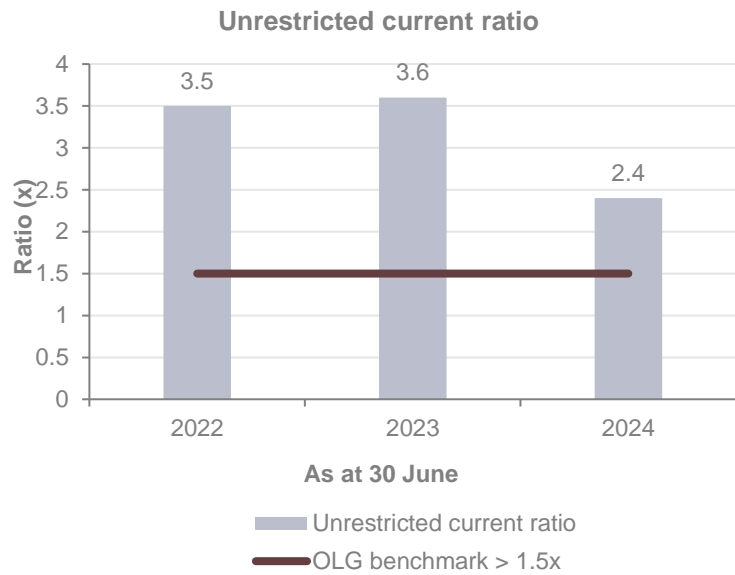
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

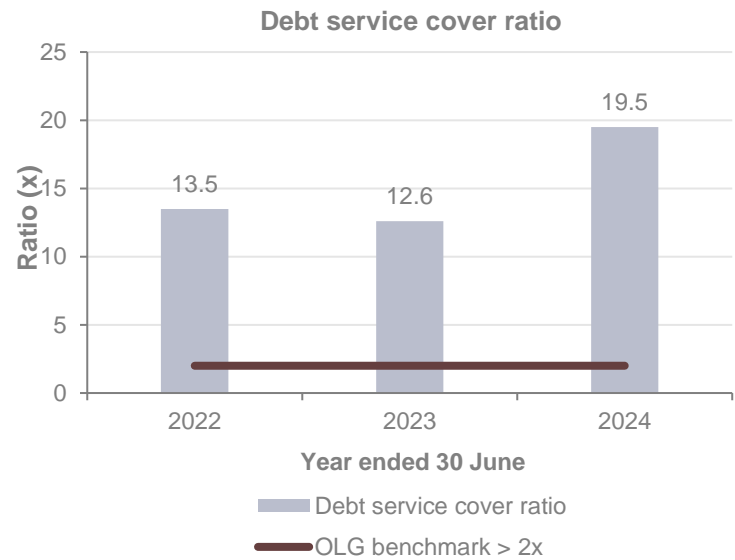
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

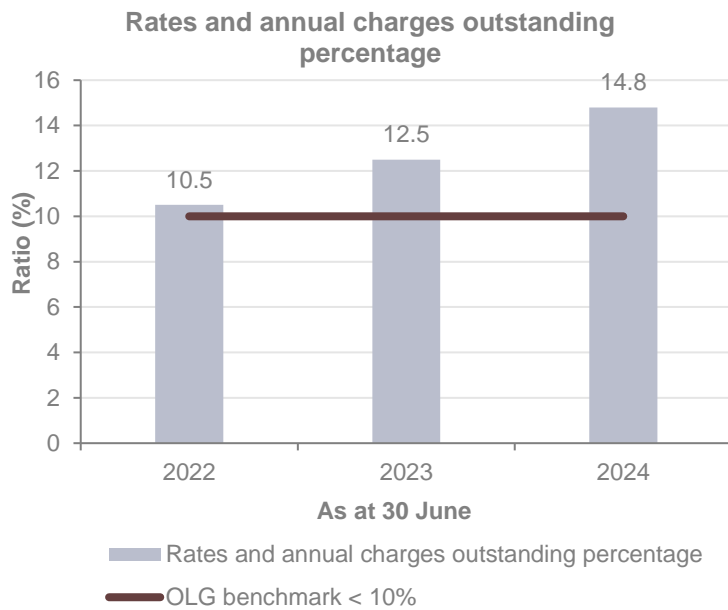
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council did not meet the benchmark for the current reporting period.

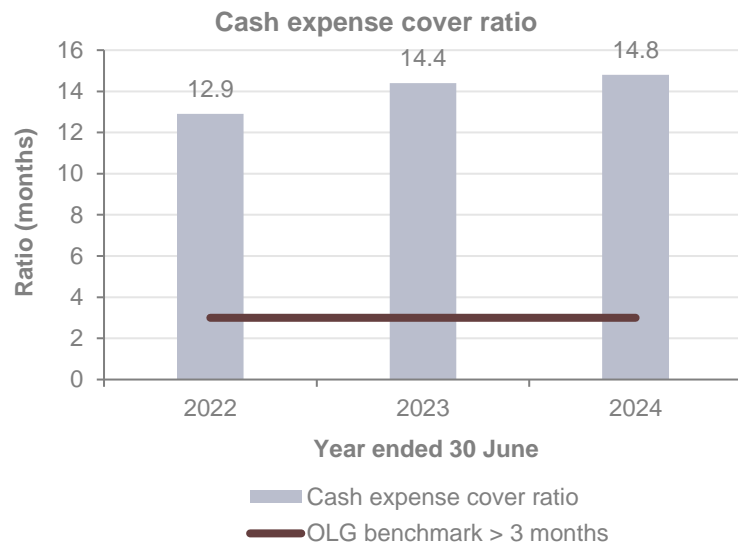
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional councils.



Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



Infrastructure, property, plant and equipment renewals

Council renewed \$5.4 million of infrastructure, property, plant and equipment during the 2023-24 financial year (2022-23 \$4.6 million). This was mainly due to \$2.6 million spent on works performed on sealed road's structure during the year. A further \$1.3 million was spent on new assets, mainly relating to the acquisition of plant and equipment and other structure assets.

Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Furqan Yousuf
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Uralla Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



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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 2024

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 statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year
- accord with Council's accounting and other records
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 24 September 2024.



Robert Bell
Mayor
24 September 2024



Tom O'Connor C.A.
Deputy Mayor
24 September 2024



~~Toni Averey~~ Mick Rigney
Acting General Manager
24 September 2024



Mustaq Ahammed
Responsible Accounting Officer
24 September 2024

Uralla Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2024

| \$ '000 | 2024 | 2023 |
|--|--------------|---------------|
| Income from continuing operations | | |
| Access charges | 628 | 594 |
| User charges | 937 | 565 |
| Interest and investment income | 168 | 91 |
| Grants and contributions provided for operating purposes | 565 | 15 |
| Total income from continuing operations | 2,298 | 1,265 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 459 | 310 |
| Materials and services | 754 | 995 |
| Depreciation, amortisation and impairment | 604 | 479 |
| Total expenses from continuing operations | 1,817 | 1,784 |
| Surplus (deficit) from continuing operations before capital amounts | 481 | (519) |
| Grants and contributions provided for capital purposes | 39 | 362 |
| Surplus (deficit) from continuing operations after capital amounts | 520 | (157) |
| Surplus (deficit) from all operations before tax | 520 | (157) |
| Less: corporate taxation equivalent (25%) [based on result before capital] | (120) | – |
| Surplus (deficit) after tax | 400 | (157) |
| Plus accumulated surplus | 7,345 | 7,502 |
| – Corporate taxation equivalent | 120 | – |
| Closing accumulated surplus | 7,865 | 7,345 |
| Return on capital % | 2.8% | (3.1)% |
| Subsidy from Council | 256 | 1,187 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 400 | (157) |
| Less: capital grants and contributions (excluding developer contributions) | (39) | (362) |
| Surplus for dividend calculation purposes | 361 | – |
| Potential dividend calculated from surplus | 180 | – |

Uralla Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

| \$ '000 | 2024 | 2023 |
|--|---------------|---------------|
| Income from continuing operations | | |
| Access charges | 1,021 | 877 |
| User charges | 74 | 63 |
| Interest and investment income | 125 | 56 |
| Grants and contributions provided for operating purposes | 12 | 14 |
| Total income from continuing operations | 1,232 | 1,010 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 210 | 198 |
| Materials and services | 490 | 362 |
| Depreciation, amortisation and impairment | 466 | 407 |
| Net loss from the disposal of assets | 36 | – |
| Total expenses from continuing operations | 1,202 | 967 |
| Surplus (deficit) from continuing operations before capital amounts | 30 | 43 |
| Grants and contributions provided for capital purposes | – | (32) |
| Surplus (deficit) from continuing operations after capital amounts | 30 | 11 |
| Surplus (deficit) from all operations before tax | 30 | 11 |
| Less: corporate taxation equivalent (25%) [based on result before capital] | (8) | (11) |
| Surplus (deficit) after tax | 22 | – |
| Plus accumulated surplus | 11,962 | 11,951 |
| Plus adjustments for amounts unpaid: | | |
| – Corporate taxation equivalent | 8 | 11 |
| Closing accumulated surplus | 11,992 | 11,962 |
| Return on capital % | 0.1% | 0.2% |
| Subsidy from Council | 862 | 772 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 23 | – |
| Less: capital grants and contributions (excluding developer contributions) | – | 32 |
| Surplus for dividend calculation purposes | 23 | 32 |
| Potential dividend calculated from surplus | 11 | 16 |

Uralla Shire Council

Income Statement of McMaugh Gardens

for the year ended 30 June 2024

| \$ '000 | 2024 Category 2 | 2023 Category 2 |
|--|--------------------|--------------------|
| Income from continuing operations | | |
| User charges | 1,143 | 1,022 |
| Interest and investment income | 181 | 106 |
| Grants and contributions provided for operating purposes | 4,158 | 2,786 |
| Other income | 2 | 14 |
| Total income from continuing operations | 5,484 | 3,928 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 3,309 | 2,518 |
| Borrowing costs | 3 | 6 |
| Materials and services | 1,260 | 1,066 |
| Depreciation, amortisation and impairment | 218 | 233 |
| Net loss from the disposal of assets | 56 | 2 |
| Total expenses from continuing operations | 4,846 | 3,825 |
| Surplus (deficit) from continuing operations before capital amounts | 638 | 103 |
| Grants and contributions provided for capital purposes | – | 228 |
| Surplus (deficit) from continuing operations after capital amounts | 638 | 331 |
| Surplus (deficit) from all operations before tax | 638 | 331 |
| Less: corporate taxation equivalent (25%) [based on result before capital] | (160) | (26) |
| Surplus (deficit) after tax | 478 | 305 |
| Plus accumulated surplus | 3,937 | 3,606 |
| Plus adjustments for amounts unpaid: | | |
| – Corporate taxation equivalent | 160 | 26 |
| Closing accumulated surplus | 4,575 | 3,937 |
| Return on capital % | 10.5% | 1.8% |
| Subsidy from Council | – | 133 |

Uralla Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

| \$ '000 | 2024 | 2023 |
|---|---------------|---------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 129 | 59 |
| Investments | 2,721 | 2,300 |
| Receivables | 696 | 529 |
| Contract assets and contract cost assets | 422 | 330 |
| Total current assets | 3,968 | 3,218 |
| Non-current assets | | |
| Infrastructure, property, plant and equipment | 17,133 | 16,605 |
| Total non-current assets | 17,133 | 16,605 |
| Total assets | 21,101 | 19,823 |
| LIABILITIES | | |
| Current liabilities | | |
| Contract liabilities | - | 23 |
| Total current liabilities | - | 23 |
| Total liabilities | - | 23 |
| Net assets | 21,101 | 19,800 |
| EQUITY | | |
| Accumulated surplus | 7,865 | 7,345 |
| Revaluation reserves | 13,236 | 12,455 |
| Total equity | 21,101 | 19,800 |

Uralla Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

| \$ '000 | 2024 | 2023 |
|---|---------------|---------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | – | 16 |
| Investments | 2,121 | 1,600 |
| Receivables | 213 | 191 |
| Total current assets | 2,334 | 1,807 |
| Non-current assets | | |
| Infrastructure, property, plant and equipment | 20,735 | 20,268 |
| Total non-current assets | 20,735 | 20,268 |
| Total assets | 23,069 | 22,075 |
| Net assets | 23,069 | 22,075 |
| EQUITY | | |
| Accumulated surplus | 11,992 | 11,962 |
| Revaluation reserves | 11,077 | 10,113 |
| Total equity | 23,069 | 22,075 |

Uralla Shire Council

Statement of Financial Position of McMaugh Gardens

as at 30 June 2024

| \$ '000 | 2024 Category 2 | 2023 Category 2 |
|---|--------------------|--------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | – | 8 |
| Investments | 5,843 | 4,200 |
| Receivables | 122 | 117 |
| Total current assets | 5,965 | 4,325 |
| Non-current assets | | |
| Infrastructure, property, plant and equipment | 6,084 | 6,031 |
| Total non-current assets | 6,084 | 6,031 |
| Total assets | 12,049 | 10,356 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | 4,034 | 3,332 |
| Total current liabilities | 4,034 | 3,332 |
| Non-current liabilities | | |
| Payables | 9 | 18 |
| Total non-current liabilities | 9 | 18 |
| Total liabilities | 4,043 | 3,350 |
| Net assets | 8,006 | 7,006 |
| EQUITY | | |
| Accumulated surplus | 4,575 | 3,937 |
| Revaluation reserves | 3,431 | 3,069 |
| Total equity | 8,006 | 7,006 |

Uralla Shire Council

Material accounting policy information

for the year ended 30 June 2024

Note – Material accounting policy information

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 (Act)*, the *Local Government (General) Regulation 2021 (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, fair value 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, and returns 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 Gardens Aged Care Centre

Comprising the operations and net assets of the 36 bed aged care facility "McMaugh Gardens Aged Care Centre" in King Street, Uralla.

Category 2

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

(b) Uralla Shire Council Combined Water Supplies

Comprising the operations and net assets of the water supply systems servicing the towns of Uralla and Bundarra, each of which were established as separate Special Rate Funds.

(c) Uralla Shire Council Combined Sewerage Fund

Comprising the operations and net assets of the sewerage reticulation and treatment system servicing the town of Uralla and the treatment system that is to be constructed in Bundarra and which was established as a Special Rate Fund.

Uralla Shire Council

Material accounting policy information

for the year ended 30 June 2024

Note – Material accounting policy information (continued)

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 – **25%** (LY 25%)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with DCCEEW's regulatory and assurance framework, 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 regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to DCCEEW's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (LY 25%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied is 25% of the equivalent company tax rate prevalent at reporting date.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all 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.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

Uralla Shire Council

Material accounting policy information

for the year ended 30 June 2024

Note – Material accounting policy information (continued)

(ii) 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'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

(iii) 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 Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Uralla Shire Council

To the Councillors of Uralla Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Uralla Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- water supply
- sewerage
- McMaugh Gardens

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the Material accounting policy information note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Material accounting policy information note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Furqan Yousuf
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Uralla Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Uralla Shire Council

Special Schedules

for the year ended 30 June 2024

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Uralla Shire Council

Permissible income for general rates

| \$ '000 | Notes | Calculation 2023/24 | Calculation 2024/25 |
|---|-----------------|------------------------|------------------------|
| Notional general income calculation ¹ | | | |
| Last year notional general income yield | a | 4,226 | 4,376 |
| Plus or minus adjustments ² | b | 15 | 4 |
| Notional general income | c = a + b | 4,241 | 4,380 |
| Permissible income calculation | | | |
| Percentage increase | d | 3.70% | 4.50% |
| Plus percentage increase amount ³ | f = d x (c + e) | 157 | 197 |
| Sub-total | g = (c + e + f) | 4,398 | 4,577 |
| Plus (or minus) last year's carry forward total | h | (16) | 6 |
| Sub-total | j = (h + i) | (16) | 6 |
| Total permissible income | k = g + j | 4,382 | 4,583 |
| Less notional general income yield | l | 4,376 | 4,572 |
| Catch-up or (excess) result | m = k - l | 6 | 11 |
| Plus income lost due to valuation objections claimed ⁴ | n | - | 2 |
| Carry forward to next year ⁶ | p = m + n + o | 6 | 13 |

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 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (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.
- (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 Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Uralla Shire Council

To the Councillors of Uralla Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Uralla Shire Council (the Council) for the year ending 30 June 2025.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code) and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Furqan Yousuf
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Uralla Shire Council

Report on infrastructure assets as at 30 June 2024

| Asset Class | Asset Category | Estimated cost | | 2023/24 Required maintenance ^a | 2023/24 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | | |
|-----------------------------|-----------------------------|--|---|---|----------------------------------|------------------------|------------------------------------|--|--------------|--------------|--------------|-------------|--|
| | | Estimated cost to bring assets to satisfactory standard | to bring to the agreed level of service set by Council | | | | | 1 | 2 | 3 | 4 | 5 | |
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | | | | | |
| Buildings | Buildings – non-specialised | 374 | 636 | 300 | 356 | 21,522 | 36,737 | 5.4% | 16.6% | 64.7% | 11.5% | 1.8% | |
| | Sub-total | 374 | 636 | 300 | 356 | 21,522 | 36,737 | 5.4% | 16.6% | 64.7% | 11.5% | 1.8% | |
| Other structures | Other structures | 77 | 142 | 764 | 636 | 5,462 | 8,709 | 62.0% | 25.4% | 10.3% | 0.8% | 1.5% | |
| | Sub-total | 77 | 142 | 764 | 636 | 5,462 | 8,709 | 62.0% | 25.4% | 10.3% | 0.8% | 1.5% | |
| Roads | Sealed roads | 6,210 | 11,397 | 1,334 | 1,631 | 103,888 | 149,704 | 66.0% | 18.0% | 5.4% | 2.9% | 7.7% | |
| | Bulk earthworks | – | – | – | – | 77,934 | 77,934 | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | |
| | Bridges | 892 | 859 | 123 | 96 | 32,024 | 51,050 | 39.1% | 8.8% | 45.6% | 4.8% | 1.7% | |
| | Unsealed roads | 1,658 | 124 | 1,559 | 1,688 | 3,779 | 20,900 | 3.4% | 63.5% | 16.7% | 15.8% | 0.6% | |
| | Footpaths | – | – | 84 | 102 | 1,842 | 2,573 | 25.7% | 65.7% | 8.6% | 0.0% | 0.0% | |
| | Sub-total | 8,760 | 12,380 | 3,100 | 3,517 | 219,467 | 302,161 | 65.6% | 15.4% | 11.6% | 3.3% | 4.1% | |
| Water supply network | Water supply network | 3,078 | 2,369 | 191 | 219 | 15,054 | 38,387 | 5.7% | 10.9% | 64.8% | 12.5% | 6.1% | |
| | Sub-total | 3,078 | 2,369 | 191 | 219 | 15,054 | 38,387 | 5.7% | 10.9% | 64.8% | 12.5% | 6.1% | |
| Sewerage network | Sewerage network | – | – | 804 | 701 | 19,297 | 27,162 | 38.4% | 16.2% | 38.3% | 7.1% | 0.0% | |
| | Sub-total | – | – | 804 | 701 | 19,297 | 27,162 | 38.4% | 16.2% | 38.3% | 7.1% | 0.0% | |
| Stormwater drainage | Stormwater drainage | 45 | – | 34 | 30 | 3,784 | 5,140 | 6.1% | 77.9% | 12.7% | 3.3% | 0.0% | |
| | Sub-total | 45 | – | 34 | 30 | 3,784 | 5,140 | 6.1% | 77.9% | 12.7% | 3.3% | 0.0% | |
| Total – all assets | | 12,334 | 15,527 | 5,193 | 5,459 | 284,586 | 418,296 | 52.2% | 16.1% | 22.9% | 5.1% | 3.7% | |

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

Infrastructure asset condition assessment 'key'

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

Uralla Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

| \$ '000 | Amounts 2024 | Indicator 2024 | Indicators | | Benchmark |
|--|-----------------|-------------------|------------|--------|-----------|
| | | | 2023 | 2022 | |
| Buildings and infrastructure renewals ratio | | | | | |
| Asset renewals ¹ | 5,438 | 81.27% | 87.99% | 73.09% | > 100.00% |
| Depreciation, amortisation and impairment | 6,691 | | | | |
| Infrastructure backlog ratio | | | | | |
| Estimated cost to bring assets to a satisfactory standard | 12,334 | 4.29% | 2.33% | 3.81% | < 2.00% |
| Net carrying amount of infrastructure assets | 287,391 | | | | |
| Asset maintenance ratio | | | | | |
| Actual asset maintenance | 5,459 | 105.12% | 93.08% | 91.25% | > 100.00% |
| Required asset maintenance | 5,193 | | | | |
| Cost to bring assets to agreed service level | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | 15,527 | 3.71% | 3.60% | 3.41% | |
| Gross replacement cost | 418,296 | | | | |

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

(1) 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

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

| \$ '000 | General fund | | Water fund | | Sewer fund | | Benchmark |
|--|----------------|---------|----------------|--------|---------------|--------|-----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| Buildings and infrastructure renewals ratio | | | | | | | |
| Asset renewals ¹ | | | | | | | |
| Depreciation, amortisation and impairment | 95.50% | 106.83% | 4.14% | 0.00% | 0.45% | 0.00% | > 100.00% |
| Infrastructure backlog ratio | | | | | | | |
| Estimated cost to bring assets to a satisfactory standard | | | | | | | |
| Net carrying amount of infrastructure assets | 3.66% | 2.10% | 20.45% | 9.11% | 0.00% | 0.00% | < 2.00% |
| Asset maintenance ratio | | | | | | | |
| Actual asset maintenance | | | | | | | |
| Required asset maintenance | 108.12% | 95.53% | 114.66% | 77.27% | 87.19% | 84.28% | > 100.00% |
| Cost to bring assets to agreed service level | | | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | | | | | | | |
| Gross replacement cost | 3.73% | 3.59% | 6.17% | 6.18% | 0.00% | 0.00% | |

(1) 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.