



FEDERATION COUNCIL

FINANCIAL STATEMENTS

For Former Urana Shire Council

For the period 1st July 2015 to 12th May 2016

The former Urana Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the period 1 July 2015 to 12 May 2016

The former Urana Shire Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
 - (iv) These financial statements were authorised for issue by Federation Council on 15 November 2016. Council has the power to amend and reissue these financial statements.
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The former Urana Shire Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the reporting period 1/7/15 to 12/5/16.

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 period, 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

This statement summarises Council's financial performance for the period, 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

This statement primarily records changes in the fair values of Council's infrastructure, property, plant and equipment.

3. The Statement of Financial Position

This statement is an end of period snapshot of Council's financial position indicating its assets, liabilities and equity ('net wealth').

4. The Statement of Changes in Equity

The overall change for the reporting period (in dollars) of Council's 'net wealth'.

5. The Statement of Cash Flows

This statement 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 external accountants (that generally specialise in local government). In NSW, the auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance 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.

The former Urana Shire Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

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

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

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

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

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

Signed in accordance with a resolution of Federation Council made on 15 November 2016.



Mike Eden
Administrator



Chris Gillard
Interim General Manager



Kim Parker
Responsible Accounting Officer

The former Urana Shire Council

Income Statement

for the period 1 July 2015 to 12 May 2016

Budget ¹			Actual	Actual
1/7/15			1/7/15	1/7/14
to 30/6/16	\$ '000	Notes	to 12/5/16	to 30/6/15
Income from continuing operations				
Revenue:				
n/a	Rates and annual charges	3a	1,877	1,827
n/a	User charges and fees	3b	236	226
n/a	Interest and investment revenue	3c	157	195
n/a	Other revenues	3d	245	175
n/a	Grants and contributions provided for operating purpose:	3e,f	4,405	3,694
n/a	Grants and contributions provided for capital purposes	3e,f	1,879	966
Other income:				
n/a	Net gains from the disposal of assets	5	—	5
—	Total income from continuing operations		8,799	7,088
Expenses from continuing operations				
n/a	Employee benefits and on-costs	4a	1,749	2,672
n/a	Borrowing costs	4b	7	10
n/a	Materials and contracts	4c	1,010	1,084
n/a	Depreciation and amortisation	4d	1,711	2,082
n/a	Other expenses	4e	764	743
—	Total expenses from continuing operations		5,253	6,591
—	Operating result from continuing operations		3,546	497
Discontinued operations				
—	Net profit/(loss) from discontinued operations	24	—	—
—	Net operating result for the period		3,546	497
—	Net operating result attributable to Council		3,546	497
—	Net operating result attributable to non-controlling interests		—	—
Net operating result for the period before grants and contributions provided for capital purposes				
—			1,667	(469)
Alternative net operating result for the period before grants and contributions provided for capital purposes ²				
			1,667	(469)

¹ Original budget as approved by Council is not required for these financial statements

² Alternative Net operating result before capital income if rates and annual charges income had been pro rata'd for the period 1/7/15 - 12/5/16

The former Urana Shire Council

Statement of Comprehensive Income for the period 1 July 2015 to 12 May 2016

		Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
Net operating result for the period (as per Income Statement)		3,546	497
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	64	10,596
Total items which will not be reclassified subsequently to the operating result		64	10,596
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements in reserves (enter details here)	20b (ii)	—	—
Total items which will be reclassified subsequently to the operating result when specific conditions are met		—	—
Total other comprehensive income for the period		64	10,596
Total comprehensive income for the period		3,610	11,093
Total comprehensive income attributable to Council		3,610	11,093
Total comprehensive income attributable to non-controlling interests		—	—

The former Urana Shire Council

Statement of Financial Position

as at 12 May 2016

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
ASSETS			
Current assets			
Cash and cash equivalents	6a	6,544	5,757
Investments	6b	—	2
Receivables	7	1,416	624
Inventories	8	—	43
Other	8	32	62
Total current assets		7,992	6,488
Non-current assets			
Receivables	7	60	—
Infrastructure, property, plant and equipment	9	111,635	109,026
Total non-current assets		111,695	109,026
TOTAL ASSETS		119,687	115,514
LIABILITIES			
Current liabilities			
Payables	10	1,063	392
Borrowings	10	—	11
Provisions	10	591	572
Total current liabilities		1,654	975
Non-current liabilities			
Provisions	10	303	419
Total non-current liabilities		303	419
TOTAL LIABILITIES		1,957	1,394
Net assets		117,730	114,120
EQUITY			
Retained earnings	20	88,050	84,504
Revaluation reserves	20	29,680	29,616
Council equity interest		117,730	114,120
Non-controlling equity interests		—	—
Total equity		117,730	114,120

The former Urana Shire Council

Statement of Changes in Equity
for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total equity
1/7/15 to 12/5/16						
Opening balance (as per last year's audited accounts)		84,504	29,616	114,120	–	114,120
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/15)		84,504	29,616	114,120	–	114,120
c. Net operating result for the period		3,546		3,546	–	3,546
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	64	64	–	64
Other comprehensive income		–	64	64	–	64
Total comprehensive income (c&d)		3,546	64	3,610	–	3,610
e. Distributions to/(contributions from) non-controlling Interests				–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the reporting period		88,050	29,680	117,730	–	117,730

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
1/7/14 to 30/6/15						
Opening balance (as per last year's audited accounts)		84,030	18,997	103,027	–	103,027
a. Correction of prior period errors	20 (c)	(23)	23	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/14)		84,007	19,020	103,027	–	103,027
c. Net operating result for the year		497	–	497	–	497
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	10,596	10,596	–	10,596
Other comprehensive income		–	10,596	10,596	–	10,596
Total comprehensive income (c&d)		497	10,596	11,093	–	11,093
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the year		84,504	29,616	114,120	–	114,120

The former Urana Shire Council

Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget ¹			Actual	Actual
1/7/15			1/7/15	1/7/14
to 30/6/16	\$ '000	Notes	to 12/5/16	to 30/6/15
Cash flows from operating activities				
<u>Receipts:</u>				
n/a	Rates and annual charges		1,762	1,785
n/a	User charges and fees		267	272
n/a	Investment and interest revenue received		176	597
n/a	Grants and contributions		5,606	4,481
n/a	Other		–	1,269
<u>Payments:</u>				
n/a	Employee benefits and on-costs		(1,730)	(2,641)
n/a	Materials and contracts		(296)	(1,262)
n/a	Borrowing costs		–	(3)
n/a	Bonds, deposits and retention amounts refunded		–	(1)
n/a	Other		(900)	(1,880)
–	Net cash provided (or used in) operating activities	11b	4,885	2,617
Cash flows from investing activities				
<u>Receipts:</u>				
n/a	Sale of investment securities		2	–
n/a	Sale of infrastructure, property, plant and equipment		–	220
<u>Payments:</u>				
n/a	Purchase of infrastructure, property, plant and equipment		(4,212)	(2,868)
n/a	Deferred debtors and advances made		–	–
–	Net cash provided (or used in) investing activities		(4,087)	(2,648)
Cash flows from financing activities				
<u>Receipts:</u>				
Nil				
<u>Payments:</u>				
n/a	Repayment of borrowings and advances		(11)	(66)
–	Net cash flow provided (used in) financing activities		(11)	(66)
–	Net increase/(decrease) in cash and cash equivalents		787	(97)
n/a	Plus: cash and cash equivalents – beginning of reporting period	11a	5,757	5,854
–	Cash and cash equivalents – end of reporting period	11a	6,544	5,757
Additional Information:				
	plus: Investments on hand – end of reporting period	6b	–	2
	Total cash, cash equivalents and investments		6,544	5,759

¹ The original budget as approved by Council is not required for these financial statements

Please refer to Note 11 for information on the following:

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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n/a – not applicable

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the not-for-

profit sector (including local government) which are not in compliance with IFRSs, or

- (b) specifically exclude application by not-for-profit entities.

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

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

(iii) New and amended standards adopted by Council

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

(iv) Early adoption of accounting standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (ab).

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(v) Basis of accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, which are all valued at fair value,
- (ii) the write down of any asset on the basis of impairment (if warranted), and
- (iii) certain classes of non-current assets (eg. infrastructure, property, plant and equipment and investment property) that are accounted for at fair valuation.

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

(vi) Changes in accounting policies

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated.

(vii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly, this requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

(i) **Preparation of the financial statements on a going concern basis**

AASB 101 states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Whilst the former Urana Shire Council has been amalgamated into Federation Council from 13 May 2016, Council believes that the going concern basis for preparation of the financial statements for the period 1 July 2015 to 12 May 2016 is appropriate for the following reasons:

- The business of the Council is continuing through the Federation Council
- The Local Government (Council Amalgamations) Proclamation 2016 ensures:

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

- all relevant staff, assets, rights, liabilities and responsibilities of former councils are transferred to new councils
- new councils can commence operations on day one with minimal disruption to the delivery of services, council operations and staff duties
- any reference in any document to a former council is to be read as a reference to the new council, and that anything done by a former council before the amalgamation is taken to have been done by the new council.
- The former Urana Shire Council has not been liquidated nor has trading ceased.
- (ii) Estimated fair values of infrastructure, property, plant and equipment,

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it, and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

Rates and annual charges are recognised as revenue for the period 1 July to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016.

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

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3 (g).

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s94 of the *EPA Act 1979*.

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

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

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

User charges, fees and other Income

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

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

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

Sale of infrastructure, property, plant and equipment

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

Interest and rents

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

Interest income from cash and investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend income

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

Other Income

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

(c) Principles of consolidation

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(i) The Consolidated Fund

In accordance with the provisions of section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's consolidated fund unless it is required to be held in the Council's trust fund.

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

The following entities have been included as part of the consolidated fund:

- General purpose operations
- Sewerage service

(ii) The trust fund

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

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

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

A separate statement of monies held in the trust fund is available for inspection at the Council office by any person free of charge.

(iii) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Council has no interest in any joint arrangements.

Joint ventures

Council has no interest in any joint ventures.

Associates

Council has no interest in any associates.

County Councils

Council is a member of Riverina Water County Council.

(d) Leases

All leases entered into by Council are reviewed and classified on inception date as either a finance lease or an operating lease.

Finance leases

Council has no Finance Leases.

Operating Leases

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

Payments made under operating leases (net of any incentives received from the lessor) are charged to

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

the income statement on a straight-line basis over the period of the lease.

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

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash on hand,
- deposits held at call with financial institutions,
- other short-term, highly liquid investments with **original maturities of three months or less** that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into cash and cash equivalents for presentation of the Cash Flow Statement.

(f) Investments and other financial assets

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

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and

▪ **available-for-sale financial assets.**

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

Management determines each investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss include financial assets that are 'held for trading'.

A financial asset is classified in the 'held for trading' category if it is acquired principally for the purpose of selling in the short term.

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(iii) Held-to-maturity investments

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

In contrast to the 'loans and receivables' classification, these investments are generally quoted in an active market.

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

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

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

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

Financial assets – reclassification

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

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

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

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

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

General accounting and measurement of financial instruments:

(i) Initial recognition

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

(ii) Subsequent measurement

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

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

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

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

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

Impairment

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

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

(iii) Types of investments

Council has an approved Investment Policy in order to invest in accordance with (and to comply with) section 625 of the *Local Government Act* and s212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its Investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(g) Fair value estimation – financial instruments

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

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

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

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

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

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

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

Receivables (excluding rates and annual charges) are generally due for settlement no more than 30 days from the date of recognition.

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

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

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

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(i) Inventories

(i) Raw materials and stores, work in progress and finished goods

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

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

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

(ii) Inventory held for distribution

Inventory held for distribution is held at weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

(iii) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, property, plant and equipment (I,PP&E)

Acquisition of assets

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

At balance date, the following classes of IPP&E were stated at their fair value:

- **Plant and equipment**
(as approximated by depreciated historical cost)
- **Operational land** (Valuer General valuation)
- **Community land** (Valuer General valuation)
- **Land improvements**
(as approximated by depreciated historical cost)
- **Buildings – specialised/non-specialised**
(External Valuation from time to time)

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

- **Other structures**
(as approximated by depreciated historical cost)
- **Roads assets including roads, bridges and footpaths**
(Internal Valuation)
- **Bulk earthworks** (Internal Valuation)
- **Stormwater drainage** (Internal Valuation)
- **Water and sewerage networks** (Internal Valuation)
- **Swimming pools** (External Valuation from time to time)
- **Other open space/recreational assets** (External Valuation from time to time)
- **Other infrastructure**
(External/Internal valuation when necessary)
- **Other assets**
(As approximated by depreciated historical cost)
- **Investment properties** – refer Note 1(p),

Initial recognition

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

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (i.e. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar

borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date – being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset revaluations (including indexation)

In accounting for asset revaluations relating to infrastructure, property, plant and equipment:

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,
- to the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss,
- net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset,

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

with all other decreases charged to the Income Statement.

Sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided by DPI Water.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

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

Capitalisation thresholds

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

Land

- Council land	100% capitalised
- Open space	100% capitalised
- Land under roads (purchases after 30/6/08)	100% capitalised

Plant and equipment

Office furniture	> \$1,000
Office equipment	> \$1,000
Other plant and equipment	> \$1,000

Buildings and land improvements

Building- non specialised	
-New construction/extension	> \$5,000

Sewer assets

Sidelines & household connections	> \$5,000
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Stormwater assets

Drains and culverts	> \$5,000
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Transport assets

Road construction and reconstruction	> \$10,000
Reseal/re-sheet and major repairs	> \$10,000
Bridge construction and reconstruction	> \$10,000

Other infrastructure assets

Swimming pools	> \$10,000
Other open space/recreational assets	> \$10,000

Other infrastructure	> \$10,000
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Depreciation

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

Land is not depreciated.

Estimated useful lives for Council's IPP&E include:

Plant and equipment

- Office equipment	4 to 10 years
- Office furniture	10 to 20 years
- Vehicles & Road-making Equip	5 to 15 years
- Other plant and equipment	5 to 15 years

Other Structure

- Park Structures - masonry	25 to 50 years
- Park Structures - other construction	25 to 50 years
- Playground equipment	5 to 15 years

Buildings

- Buildings: masonry	50 to 60 years
- Buildings: other construction	50 to 60 years

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Sewer assets

- Gravity Mains	70 years
- Rising Mains	40 years
- Pump Stations	50 years
- Treatment Plant	50 years
- Mechanical Items	25 years

Stormwater assets

- Drains	80 to 100 years
- Flood Control Structures	80 to 100 years
- Culverts	80 years

Transportation assets

- Sealed roads: surface	15 to 25 years
- Sealed roads: structure	60 to 80 years
- Unsealed roads	10 to 20 years
- Bridge: concrete	100 years

- Road pavements	60 years
- Kerb, gutter and footpaths	40 to 50 years

- Other road assets	15 to 25 years
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Other infrastructure assets

- Bulk earthworks	Indefinite
- Other infrastructure	10 to 70 years

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

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

Disposal and derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further

future economic benefits are expected from its use or disposal.

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

(k) Land

Land (other than land under roads) is in accordance with Part 2 of Chapter 6 of the *Local Government Act (1993)* classified as either operational or community.

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

(l) Land under roads

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

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

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

(m) Intangible assets

Council has not classified any assets as intangible.

(n) Crown reserves

Crown reserves 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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

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

(o) Rural fire service assets

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

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for building assets only as it has been doing in previous years.

(p) Investment property

Investment property comprises land and/or buildings that are principally held for long-term rental yields, capital gains or both, that is not occupied by Council. At this time Council does not have any investment property.

(q) Provisions for close down, restoration and for environmental clean-up costs – including tips and quarries

Close down, restoration and remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations that are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

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

Close down, restoration and remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

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

The amortisation or 'unwinding' of the discount applied in establishing the net present value of

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

provisions is charged to the Income Statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4 (b).

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

These costs are then depreciated over the lives of the assets to which they relate.

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

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the balance sheet date.

These costs are charged to the Income Statement.

Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwind of the discount, which is shown as a borrowing cost.

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the

relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example, in response to changes in quarry reserves or production rates.

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

Specific information about Council's provisions relating to close down, restoration and remediation costs can be found at Note 26.

(r) Non-current assets (or disposal groups) 'held for sale' and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles, which are turned over on a regular basis. Plant and motor vehicles are retained in non-current assets under the classification of infrastructure, property, plant and equipment – unless the assets are to be traded in after 12 May and the replacement assets were already purchased and accounted for as at 12 May.

For any assets or disposal groups classified as non-current assets 'held for sale', an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Non-current assets 'held for sale' are not depreciated or amortised while they are classified as 'held for sale'.

Non-current assets classified as 'held for sale' are presented separately from the other assets in the balance sheet.

A discontinued operation is a component of Council that has been disposed of or is classified as 'held for sale' and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the Income Statement.

(s) Impairment of assets

All Council's IPP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

Goodwill and other intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of reporting period that are unpaid.

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

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

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

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

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(v) Borrowing costs

Council does not have any borrowings as at 12 May 2016.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

(i) Short-term obligations

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

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

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

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

Wages and salaries, annual leave and vesting sick leave are all classified as current liabilities.

(ii) Other long-term obligations

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

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

This scheme has been deemed to be a 'multi-employer fund' for the purposes of AASB 119.

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

The last valuation of the scheme was performed by Mr Richard Boyfield, FIAA on 24th February 2016, relating to the period ending 30 June 2015.

However, the position is monitored annually and the actuary has estimated that as at 12 May 2016 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the period ending 12 May 2016 was \$83,000.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$23,333.

Additional contributions of \$112,000 are estimated to remain in place until 30 June 2020.

Council's share of that deficiency cannot be accurately calculated as the scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

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

Defined contribution plans

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

(iv) Employee benefit on-costs

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

These amounts include superannuation and worker's compensation expenses which will be payable upon the future payment of certain leave liabilities accrued as at 12/05/16.

(y) Self-insurance

Council does not self-insure.

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

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

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

Exceptions

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

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

(aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does, however, have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods and Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

GST incurred is not recoverable from the Australian Tax Office (ATO).

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

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

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

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

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

(ab) New accounting standards and Interpretations issued (not yet effective)

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 12 May 2016.

Council has not adopted any of these standards early.

(ac) Rounding of amounts

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

(ad) Comparative figures

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

(ae) Disclaimer

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)	
	Original budget ¹ 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Original budget ¹ 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Original budget ¹ 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Governance	n/a	–	–	n/a	467	333	n/a	(467)	(333)	–	–	–	–
Administration	n/a	97	104	n/a	775	953	n/a	(678)	(849)	–	28	10,987	7,834
Public order and safety	n/a	57	44	n/a	155	196	n/a	(98)	(152)	52	36	795	817
Health	n/a	2	1	n/a	23	24	n/a	(21)	(23)	–	2	10	13
Environment	n/a	312	225	n/a	346	446	n/a	(34)	(221)	85	88	793	29
Community services and education	n/a	225	255	n/a	220	283	n/a	5	(28)	181	177	742	768
Housing and community amenities	n/a	50	69	n/a	235	443	n/a	(185)	(374)	–	2	2,485	4,029
Sewerage services	n/a	182	218	n/a	212	243	n/a	(30)	(25)	8	4	8,024	7,661
Recreation and culture	n/a	128	585	n/a	642	701	n/a	(514)	(116)	100	333	6,174	6,286
Mining, manufacturing and construction	n/a	150	57	n/a	41	107	n/a	109	(50)	–	–	31	138
Transport and communication	n/a	3,930	1,913	n/a	1,919	2,682	n/a	2,011	(769)	2,724	1,376	89,118	87,396
Economic affairs	n/a	141	93	n/a	218	180	n/a	(77)	(87)	–	–	528	543
Total functions and activities	–	5,274	3,564	–	5,253	6,591	–	21	(3,027)	3,150	2,046	119,687	115,514
General purpose income ¹	2,869	3,525	3,524	–	–	–	2,869	3,525	3,524	1,832	1,096	–	–
Operating result from continuing operations	2,869	8,799	7,088	–	5,253	6,591	2,869	3,546	497	4,982	3,142	119,687	115,514

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

2. Original Budget disclosures are not required for these financial statements.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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

GOVERNANCE

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

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

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

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

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

SEWERAGE SERVICES

RECREATION AND CULTURE

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits, mineral resources, and abattoirs.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations

		Actual 1/7/15 to 30/6/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
(a) Rates and annual charges ^{1,2}			
Ordinary rates			
Residential		75	74
Farmland		1,433	1,399
Business		50	43
Total ordinary rates		1,558	1,516
Special rates			
Nil			
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		163	127
Sewerage services		156	184
Total annual charges		319	311
TOTAL RATES AND ANNUAL CHARGES		1,877	1,827

¹ Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

² Rates and annual charges are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/05/16 to 30/06/16.

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes	
(b) User charges and fees		
Specific user charges (per s.502 – specific 'actual use' charges)		
Other Waste Management	4	6
Total user charges	4	6
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	16	21
Private works – section 67	31	15
Registration fees	3	4
Section 149 certificates (EPA Act)	3	4
Section 603 certificates	3	3
Total fees and charges – statutory/regulatory	56	47
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Caravan park	106	80
Cemeteries	2	2
Child care	20	32
Leaseback fees – Council vehicles	24	–
Quarry revenues	16	35
Swimming centres	–	2
Agistment fees	–	1
Other Roads Supervision	–	2
Other	8	19
Total fees and charges – other	176	173
TOTAL USER CHARGES AND FEES	236	226

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

		Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		13	16
– Interest earned on investments (interest and coupon payment income)		144	179
Other		–	–
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>157</u>	<u>195</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		10	16
General Council cash and investments		125	179
Restricted investments/funds – external:			
Sewerage fund operations		22	–
<u>Total interest and investment revenue recognised</u>		<u>157</u>	<u>195</u>
(d) Other revenues			
Fair value increments – Gravel Pits	10 & 26	123	–
Rental income – other council properties		45	53
Lease Rental		–	30
Commissions and agency fees		5	5
Diesel rebate		20	27
Insurance claim recoveries		14	5
Sales – general		1	2
Workers Compensation Incentive Rebate		19	25
Miscellaneous charges - overdue rates & charges		4	10
Other		14	18
<u>TOTAL OTHER REVENUE</u>		<u>245</u>	<u>175</u>

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(e) Grants				
General purpose (untied)				
Financial assistance	1,824	1,823	—	—
Pensioners' rates subsidies – general component	8	8	—	—
Other grants	—	—	—	—
Total general purpose	1,832	1,831	—	—
Specific purpose				
Pensioners' rates subsidies:				
– Sewerage	4	4	—	—
– Domestic waste management	8	7	—	—
Bushfire and emergency services	52	35	—	—
Environmental protection	46	—	—	—
Heritage and cultural	1	36	—	283
Library – per capita	14	—	—	—
Noxious weeds	31	54	—	—
Recreation and culture	—	—	79	—
Street lighting	1	2	—	—
Transport (roads to recovery)	991	—	—	435
Transport (other roads and bridges funding)	—	—	1,734	—
Preschools	180	176	—	—
Other	4	4	5	—
Total specific purpose	1,332	318	1,818	718
Total grants	3,164	2,149	1,818	718
Grant revenue is attributable to:				
– Commonwealth funding	991	1,823	10	435
– State funding	2,173	326	1,808	283
– Other funding	—	—	—	—
	3,164	2,149	1,818	718

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

		1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
\$ '000					
(f) Contributions					
Developer contributions:					
(s93 & s94 – EP&A Act, s64 of the LGA):					
S 94 – contributions towards amenities/services		–	24	2	2
S 64 – sewerage service contributions		–	–	–	4
Total developer contributions	17	–	24	2	6
Other contributions:					
Recreation and culture		32	273	59	14
RMS contributions (regional roads, block grant)		1,205	1,216	–	228
Preschools		–	5	–	–
Other		4	27	–	–
Total other contributions		1,241	1,521	59	242
Total contributions		1,241	1,545	61	248
TOTAL GRANTS AND CONTRIBUTIONS		4,405	3,694	1,879	966

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000		
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	297	74
Add: grants and contributions recognised in the current period but not yet spent:	261	584
Less: grants and contributions recognised in a previous reporting period now spent:	(41)	(361)
Net increase (decrease) in restricted assets during the period	220	223
Unexpended and held as restricted assets	517	297
Comprising:		
– Specific purpose unexpended grants	268	49
– Developer contributions	–	–
– Other contributions	249	248
	517	297

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations

	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000			
(a) Employee benefits and on-costs			
Salaries and wages		1,421	2,040
Travel expenses		17	70
Employee leave entitlements (ELE)		261	347
Superannuation – defined contribution plans		121	148
Superannuation – defined benefit plans		83	97
Workers' compensation insurance		67	84
Fringe benefit tax (FBT)		39	49
Training costs (other than salaries and wages)		24	45
Other		39	47
Total employee costs		2,072	2,927
Less: capitalised costs		(323)	(255)
TOTAL EMPLOYEE COSTS EXPENSED		1,749	2,672
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016			
		30	29
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		–	3
Unwinding of present value discounts & premiums		–	7
Total interest bearing liability costs		–	10
Less: capitalised costs		–	–
Total interest bearing liability costs expensed		–	10
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)		–	–
– Remediation liabilities	26	7	–
Total other borrowing costs		7	–
TOTAL BORROWING COSTS EXPENSED		7	10

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000		
Notes		
(c) Materials and contracts		
Raw materials and consumables	819	856
Contractor and consultancy costs	152	172
Auditors remuneration ⁽¹⁾	17	15
Legal expenses:		
– Legal expenses: other	21	23
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽²⁾	1	18
Total materials and contracts	1,010	1,084
Less: capitalised costs	–	–
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>1,010</u>	<u>1,084</u>
1. Auditor remuneration		
During the period, the following fees were incurred for services provided by the Council's Auditor:		
(i) Audit and other assurance services		
– Audit and review of financial statements: Council's Auditor	17	15
Remuneration for audit and other assurance services	17	15
Total Auditor remuneration	17	15
2. Operating lease payments are attributable to:		
Other	1	18
	1	18

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual	Actual	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Plant and equipment		12	—	248	311
Office equipment		—	—	44	24
Furniture and fittings		—	—	2	1
Land improvements (depreciable)		—	—	33	39
Infrastructure:					
– Buildings – non-specialised		—	—	68	79
– Buildings – specialised		—	—	257	281
– Other structures		—	—	86	88
– Roads		—	—	863	1,263
– Bridges		—	—	75	—
– Footpaths		—	—	8	—
– Stormwater drainage		—	—	4	4
– Sewerage network		—	—	67	77
– Swimming pools		—	—	21	—
– Other infrastructure		—	—	12	—
Asset reinstatement costs	9 & 26	—	—	8	7
Intangible assets	25	—	—	—	—
Total depreciation and impairment costs		12	—	1,796	2,174
Less: capitalised costs		—	—	(85)	(92)
<u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u>		<u>12</u>	<u>—</u>	<u>1,711</u>	<u>2,082</u>

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

		Actual	Actual
		1/7/15	1/7/14
\$ '000	Notes	to 12/5/16	to 30/6/15
(e) Other expenses			
Other expenses for the period include the following:			
Advertising		9	16
Bad and doubtful debts		9	(5)
Contributions/levies to other levels of government		99	148
Councillor expenses – mayoral fee		14	16
Councillor expenses – councillors' fees		60	72
Councillors' expenses (incl. mayor) – other (excluding fees above)		14	13
Donations, contributions and assistance to other organisations (Section 356)		247	92
Election expenses		–	4
Electricity and heating		21	39
Insurance		175	186
Street lighting		30	41
Subscriptions and publications		33	34
Telephone and communications		27	34
Fit for the Future Direct Expenses		21	22
Other		5	31
Total other expenses		764	743
Less: capitalised costs		–	–
<u>TOTAL OTHER EXPENSES</u>		<u>764</u>	<u>743</u>

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Property (excl. investment property)			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		–	–
Net gain/(loss) on disposal		–	–
Plant and equipment			
Proceeds from disposal – plant and equipment		–	230
Less: carrying amount of plant and equipment assets sold/written off		–	(225)
Net gain/(loss) on disposal		–	5
Infrastructure			
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		–	–
Net gain/(loss) on disposal		–	–
Real estate assets held for sale			
Proceeds from disposal – real estate assets		–	–
Less: carrying amount of real estate assets sold/written off		–	–
Net gain/(loss) on disposal		–	–
Investment properties			
Proceeds from disposal – investment properties		–	–
Less: carrying amount of investment properties sold/written off		–	–
Net gain/(loss) on disposal		–	–
Financial assets *			
Proceeds from disposal/redemptions/maturities – financial assets		–	–
Less: carrying amount of financial assets sold/redeemed/matured		–	–
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		–	5
* Financial assets disposals/redemptions include:			
– Net gain/(loss) from financial instruments 'at fair value through profit and loss'		–	–
– Net gain/(loss) from financial instruments designated 'held for trading'		–	–
– Net gain/(loss) from financial instruments designated 'available for sale'		–	–
– Net gain/(loss) from financial instruments designated 'held to maturity'		–	–
– Net gain/(loss) from financial instruments designated 'loans and receivables'		–	–
Net gain/(loss) on disposal of financial instruments		–	–

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

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

		12/5/16	12/5/16	30/6/15	30/6/15
		Actual	Actual	Actual	Actual
\$ '000	Notes	Current	Non-current	Current	Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		734	–	57	–
Cash-equivalent assets ¹					
– Deposits at call		400	–	550	–
– Short-term deposits		5,410	–	5,150	–
Total cash and cash equivalents		6,544	–	5,757	–
Investments (Note 6b)					
– Long term deposits		–	–	2	–
Total investments		–	–	2	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		6,544	–	5,759	–

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

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

Cash and cash equivalents

a. 'At fair value through the profit and loss'	6,544	–	5,757	–
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Investments

a. 'At fair value through the profit and loss'				
– 'Held for trading' 6(b-i)	–	–	–	–
– 'Designated at fair value on initial recognition' 6(b-i)	–	–	–	–
b. 'Held to maturity' 6(b-ii)	–	–	–	–
c. 'Loans and receivables' 6(b-iii)	–	–	–	–
d. 'Available for sale' 6(b-iv)	–	–	2	–
Investments	–	–	2	–

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 6b. investments (continued)

	12/5/16	12/5/16	30/6/15	30/6/15
	Actual	Actual	Actual	Actual
\$ '000	Current	Non-current	Current	Non-current
Note 6(b-i)				
Reconciliation of investments classified as				
'at fair value through the profit and loss'				
Nil				
Note 6(b-ii)				
Reconciliation of investments				
classified as 'held to maturity'				
Nil				
Note 6(b-iii)				
Reconciliation of investments				
classified as 'loans and receivables'				
Nil				
Note 6(b-iv)				
Reconciliation of investments				
classified as 'available for sale'				
Balance at beginning of period	2	—	2	—
Disposals (sales and redemptions)	(2)	—	—	—
Balance at end of period	—	—	2	—
Comprising:				
– Other long term maturity financial assets	—	—	2	—
Total	—	—	2	—

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

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

	12/5/16 Actual Current	12/5/16 Actual Non-current	30/6/15 Actual Current	30/6/15 Actual Non-current
\$ '000				
Total cash, cash equivalents and investments	6,544	–	5,759	–
attributable to:				
External restrictions (refer below)	1,273	–	1,043	–
Internal restrictions (refer below)	3,884	–	3,863	–
Unrestricted	1,387	–	853	–
	6,544	–	5,759	–

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
------------------------------	--------------------	------------------------------	--------------------------------	--------------------

Details of restrictions

External restrictions – included in liabilities

Nil

External restrictions – other

Developer contributions – general	(A)	–	2	(2)	–
Specific purpose unexpended grants	(B)	50	218	–	268
Sewerage services	(C)	745	11	–	756
Other		248	16	(15)	249
External restrictions – other		1,043	247	(17)	1,273
Total external restrictions		1,043	247	(17)	1,273

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	1,627	4	(124)	1,507
Employees leave entitlement	330	7	–	337
Carry over works	–	300	–	300
Preschool Mobile Van Replacement	–	49	–	49
Gravel pits restoration	291	22	–	313
Oaklands RV Park	–	5	(1)	4
Oaklands Medical Services	–	5	–	5
Billabidgee Aged Care Units	148	18	(44)	122
ICT/UPS Installation Reserve	98	–	–	98
Traffic Counters Budget	10	–	(10)	–
Preschool Building Asbestos Removal	30	–	–	30
Youth - Cnl Reserve (Min. 434/13)	7	–	–	7
Flood Study Contrib. - Cnl Reserve	16	–	(7)	9
Medical Services Upgrade Urana	30	25	(27)	28
Combined Town & Recreation S355	128	–	(21)	107
Morundah TIC - 1st Stage Development	159	–	(159)	–
Oaklands Hall Roof Repairs	10	–	(10)	–
Rand Hall Committee - Toilet Block	30	–	–	30
Rand Rec Ground Project	33	–	(33)	–
Urana Aquatic Centre - Upgrade	202	–	–	202
Urana Walkways - Drs Network	1	–	–	1
Victoria Park - Balance Budget	6	2	–	8
Weir Repairs Reserve	28	–	–	28
Windmill Restoration	7	–	–	7
Bridge Infrastructure Reserve	45	20	–	65
Road Infrastructure Reserve	627	–	–	627
Total internal restrictions	3,863	457	(436)	3,884
TOTAL RESTRICTIONS	4,906	704	(453)	5,157

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
- C** Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 7. Receivables

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Purpose					
Rates and annual charges		317	—	191	—
Interest and extra charges		—	—	19	—
User charges and fees		35	—	69	—
Accrued revenues					
– Other income accruals		18	—	8	—
Government grants and subsidies		1,008	—	386	—
Loans to non-profit organisations		—	60	—	—
Net GST receivable		95	—	—	—
Other debtors		8	—	8	—
Total		1,481	60	681	—
Less: provision for impairment					
Rates and annual charges		(61)	—	(50)	—
User charges and fees		(4)	—	(7)	—
Total provision for impairment – receivables		(65)	—	(57)	—
<u>TOTAL NET RECEIVABLES</u>		<u>1,416</u>	<u>60</u>	<u>624</u>	<u>—</u>
Externally restricted receivables					
Sewerage services					
– Rates and availability charges		92	—	79	—
– Other		3	—	—	—
Domestic waste management		60	—	31	—
Total external restrictions		155	—	110	—
Internally restricted receivables					
Nil		—	—	—	—
Internally restricted receivables		—	—	—	—
Unrestricted receivables		1,261	60	514	—
TOTAL NET RECEIVABLES		1,416	60	624	—

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2015 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(a) Inventories					
Nil					
(i) Inventories at cost					
Nil					
Stores and materials		48	—	43	—
Trading stock		—	—	—	—
Loose tools		—	—	—	—
Other Gravel		(48)	—	—	—
Total inventories at cost		—	—	43	—
(ii) Inventories at net realisable value (NRV)					
Nil					
<u>TOTAL INVENTORIES</u>		<u>—</u>	<u>—</u>	<u>43</u>	<u>—</u>
(b) Other assets					
Prepayments		32	—	62	—
<u>TOTAL OTHER ASSETS</u>		<u>32</u>	<u>—</u>	<u>62</u>	<u>—</u>
Externally restricted assets					
There are no restrictions applicable to the above assets.					
Total externally restricted assets		—	—	—	—
Total internally restricted assets		—	—	—	—
Total unrestricted assets		32	—	105	—
TOTAL INVENTORIES AND OTHER ASSETS		<u>32</u>	<u>—</u>	<u>105</u>	<u>—</u>

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets (continued)

\$ '000	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(i) Other disclosures				
(a) Details for real estate development				
Residential	—	—	—	—
Industrial/commercial	—	—	—	—
Other properties	—	—	—	—
Total real estate for resale	—	—	—	—
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	—	—	—	—
Total costs	—	—	—	—
Less: provision for under recovery	—	—	—	—
Total real estate for resale	—	—	—	—
Movements:				
Real estate assets at beginning of period	—	—	—	—
Total real estate for resale	—	—	—	—

(b) Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	12/5/16	30/6/15
Real estate for resale	—	—
Other	—	—
	—	—

(c) Inventories recognised as an expense for the period included:

– Real estate for resale	—	—
– Stores and materials	—	—
– Trading stock	—	—

(d) Inventory write downs

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

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 9a. Infrastructure, property, plant and equipment

	as at 30/6/2015				Asset movements during the reporting period							as at 12/5/2016			
	At cost	At fair value	Accumulated depreciation	Carrying value	Additions renewals	Additions new assets	Depreciation expense	Impairment loss (recognised in P/L)	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated depreciation	Carrying value
\$ '000															
Capital work in progress	335	–	–	335	216	156	–	(12)	(222)	–	–	473	–	–	473
Plant and equipment	–	4,729	2,376	2,353	59	10	(248)	–	–	–	–	–	4,798	2,624	2,174
Office equipment	–	470	356	114	7	–	(44)	–	–	–	–	–	477	400	77
Furniture and fittings	–	83	63	20	24	–	(2)	–	3	–	–	–	111	66	45
Plant and equipment (under finance lease)	–	30	30	–	–	–	–	–	–	–	–	–	30	30	–
Land:															
– Operational land	–	714	–	714	–	–	–	–	–	–	–	–	714	–	714
– Community land	–	516	–	516	–	–	–	–	–	–	–	–	516	–	516
Land improvements – depreciable	–	1,320	640	680	–	–	(33)	–	5	–	–	–	1,326	674	652
Infrastructure:															
– Buildings – non-specialised	–	4,650	2,135	2,515	–	–	(68)	–	–	–	–	–	4,650	2,203	2,447
– Buildings – specialised	–	17,363	10,367	6,996	38	53	(257)	–	14	–	–	–	17,468	10,624	6,844
– Other structures	–	2,319	1,625	694	7	55	(86)	–	147	–	–	–	2,529	1,712	817
– Roads	–	79,866	8,321	71,545	3,230	–	(863)	–	53	–	–	–	83,149	9,184	73,965
– Bridges	–	12,061	5,156	6,905	–	–	(75)	–	–	–	–	–	12,061	5,231	6,830
– Footpaths	–	1,017	84	933	31	–	(8)	–	–	–	–	–	1,048	92	956
– Bulk earthworks (non-depreciable)	–	5,350	–	5,350	464	–	–	–	–	–	–	–	5,814	–	5,814
– Stormwater drainage	–	698	163	535	–	–	(4)	–	–	–	–	–	698	167	531
– Sewerage network	–	8,462	1,456	7,006	–	–	(67)	–	–	–	110	–	8,572	1,523	7,049
– Swimming pools	–	1,410	1,094	316	3	–	(21)	–	–	–	–	–	1,413	1,115	298
– Other infrastructure	–	1,498	89	1,409	–	–	(12)	–	–	–	–	–	1,498	101	1,397
Reinstatement, rehabilitation and restoration assets (refer Note 26):															
– Quarry assets	–	258	168	90	–	–	(8)	–	–	(46)	–	–	212	176	36
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	335	142,814	34,123	109,026	4,079	274	(1,796)	(12)	–	(46)	110	473	147,084	35,922	111,635

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

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

Class of asset	Actual 12/5/16				Actual 30/6/15			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Sewerage services								
WIP	-	-	-	-	-	-	-	-
Plant and equipment	-	27	23	4	-	27	22	5
Office equipment	-	7	7	-	-	7	7	-
Furniture and fittings	-	-	-	-	-	-	-	-
Land								
- Operational land	-	121	-	121	-	121	-	121
- Community land	-	-	-	-	-	-	-	-
- Improvements non-depreciable	-	-	-	-	-	-	-	-
- Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other structures	-	-	-	-	-	-	-	-
Infrastructure	-	8,572	1,524	7,048	-	8,462	1,456	7,006
Other assets	-	-	-	-	-	-	-	-
Total sewerage services	-	8,727	1,554	7,173	-	8,617	1,485	7,132
TOTAL RESTRICTED I,PP&E	-	8,727	1,554	7,173	-	8,617	1,485	7,132

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

		Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		

(i) Impairment losses recognised in the Income Statement:

– Being Capital Works in Progress now classified as Expenses		(12)	–
Total impairment losses		(12)	–
<u>IMPAIRMENT OF ASSETS – GAINS/(LOSSES) in P/L</u>	4(d)	<u>(12)</u>	<u>–</u>

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Payables					
Goods and services – operating expenditure		1,062	–	391	–
Accrued expenses:					
– Other expenditure accruals		1	–	1	–
Total payables		1,063	–	392	–
Borrowings					
Loans – secured ¹		–	–	11	–
Total borrowings		–	–	11	–
Provisions					
Employee benefits:					
Annual leave		246	–	241	–
Long service leave		338	27	331	27
Other leave		7	–	–	–
Sub-total – aggregate employee benefits		591	27	572	27
Asset remediation/restoration (future works)	26	–	276	–	392
Total provisions		591	303	572	419
TOTAL PAYABLES, BORROWINGS AND PROVISIONS					
		1,654	303	975	419

(i) Liabilities relating to restricted assets

	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Externally restricted assets				
Sewer	–	–	11	–
Liabilities relating to externally restricted assets	–	–	11	–
Internally restricted assets				
Nil				
Total liabilities relating to restricted assets	–	–	11	–
Total liabilities relating to unrestricted assets	1,654	303	964	419
TOTAL PAYABLES, BORROWINGS AND PROVISIONS	1,654	303	975	419

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 15.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	Actual 12/5/16	Actual 30/6/15
\$ '000		

(ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	398	390
	398	390

Note 10b. Description of and movements in provisions

Class of provision	Opening balance as at 1/7/15	1/7/15 to 12/5/16				Closing balance as at 12/5/16
		Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	241	133	(128)	–	–	246
Long service leave	358	55	(48)	–	–	365
Other leave (enter detai	–	7	–	–	–	7
Asset remediation	392	7	–	(123)	–	276
TOTAL	991	202	(176)	(123)	–	894

- Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of Council's being a self insurer up to certain levels of excess.
- Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	6,544	5,757
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		6,544	5,757
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		3,546	497
Adjust for non-cash items:			
Depreciation and amortisation		1,711	2,082
Net losses/(gains) on disposal of assets		–	(5)
Non-cash capital grants and contributions		(56)	(14)
Unwinding of discount rates on reinstatement provisions		7	7
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(860)	81
Increase/(decrease) in provision for doubtful debts		8	(5)
Decrease/(increase) in inventories		43	57
Decrease/(increase) in other assets		30	(1)
Increase/(decrease) in payables		671	(126)
Increase/(decrease) in employee leave entitlements		19	31
Increase/(decrease) in other provisions		(123)	14
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		4,885	2,618

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(c) Non-cash investing and financing activities			
Estimated future reinstatement, etc costs		–	14
Other non-cash items		56	–
Total non-cash investing and financing activities		56	14
(d) Financing arrangements			
Nil			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		–	–
Credit cards/purchase cards		20	20
Total financing arrangements		20	20
Amounts utilised as at balance date:			
– Credit cards/purchase cards		5	–
Total financing arrangements utilised		5	–

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

Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

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

(e) Bank guarantees

Nil

(f) Net cash flows attributable to discontinued operations

Please refer to Note 24 for details of cash flows that relate to discontinued operations.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Capital commitments (exclusive of GST)			
Property, plant and equipment			
Buildings		–	–
Plant and equipment		–	–
Construction		–	13
Investment property			
– Other		–	–
Total commitments		–	13
These expenditures are payable as follows:			
Within the next year		–	13
Later than one year and not later than 5 years		–	–
Later than 5 years		–	–
Total payable		–	13
Sources for funding of capital commitments:			
Unrestricted general funds		–	13
Future grants and contributions		–	–
Sect 64 and 94 funds/reserves		–	–
Unexpended grants		–	–
Externally restricted reserves		–	–
Internally restricted reserves		–	–
Unexpended loans		–	–
New loans (to be raised)		–	–
Total sources of funding		–	13
Details of capital commitments			
Road Construction			

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(b) Finance lease commitments			
Nil			
(c) Operating lease commitments (non-cancellable)			
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:			
Within the next year		18	18
Later than one year and not later than 5 years		40	68
Later than 5 years		—	—
Total non-cancellable operating lease commitments		58	86

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

Two Photocopiers.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
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Conditions relating to operating leases:

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

(d) Investment property commitments

Nil

(e) Investment in joint operations – commitments

For capital commitments and other commitments relating to investments in joint operations, refer to Note 19 (c)

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Amounts 12/5/16	Indicator 12/5/16	Prior periods 30/6/1530/6/14	
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	1,544	22.72%	-7.75%	-4.73%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	6,797			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	2,392	27.57%	34.21%	29.76%
Total continuing operating revenue ⁽¹⁾	8,676			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	6,564	5.23x	9.29x	8.4x
Current liabilities less specific purpose liabilities ^(3, 4)	1,256			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	3,274	181.89x	21.29x	23.37x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	18			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	256	12.49%	8.04%	7.20%
Rates, annual and extra charges collectible	2,050			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	6,544	26.74 mths	11.8 mths	12.9 mths
Payments from cash flow of operating and financing activities	245			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

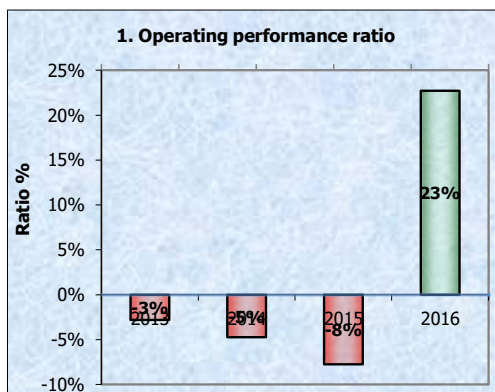
⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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



Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Purpose of operating performance ratio

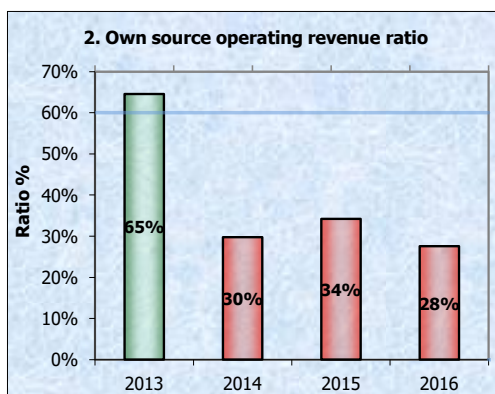
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 12/5/16 result

12/5/16 ratio 22.72%

This ratio is a reflection of Council's continuous commitment towards managing operating expenses - particularly in light of the Fit for the Future NSW Govt reviews.

 Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Purpose of own source operating revenue ratio

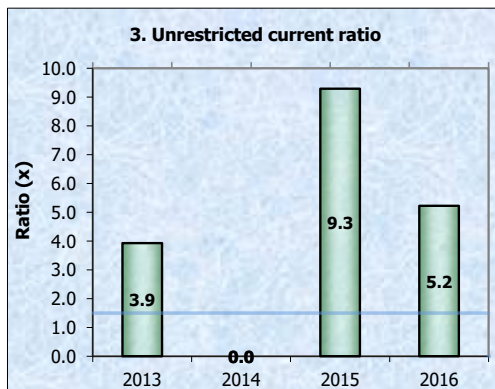
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 12/5/16 result

12/5/16 ratio 27.57%

Urana Shire Council like many other rural based councils traditionally relied on previous Federal and State Government funding arrangements. However the new fit for the future target of 60% is difficult to achieve.

 Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum ≥ 1.50

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Purpose of unrestricted current ratio

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

Commentary on 12/5/16 result

12/5/16 ratio 5.23x

The Council has exceeded the acceptable benchmark.

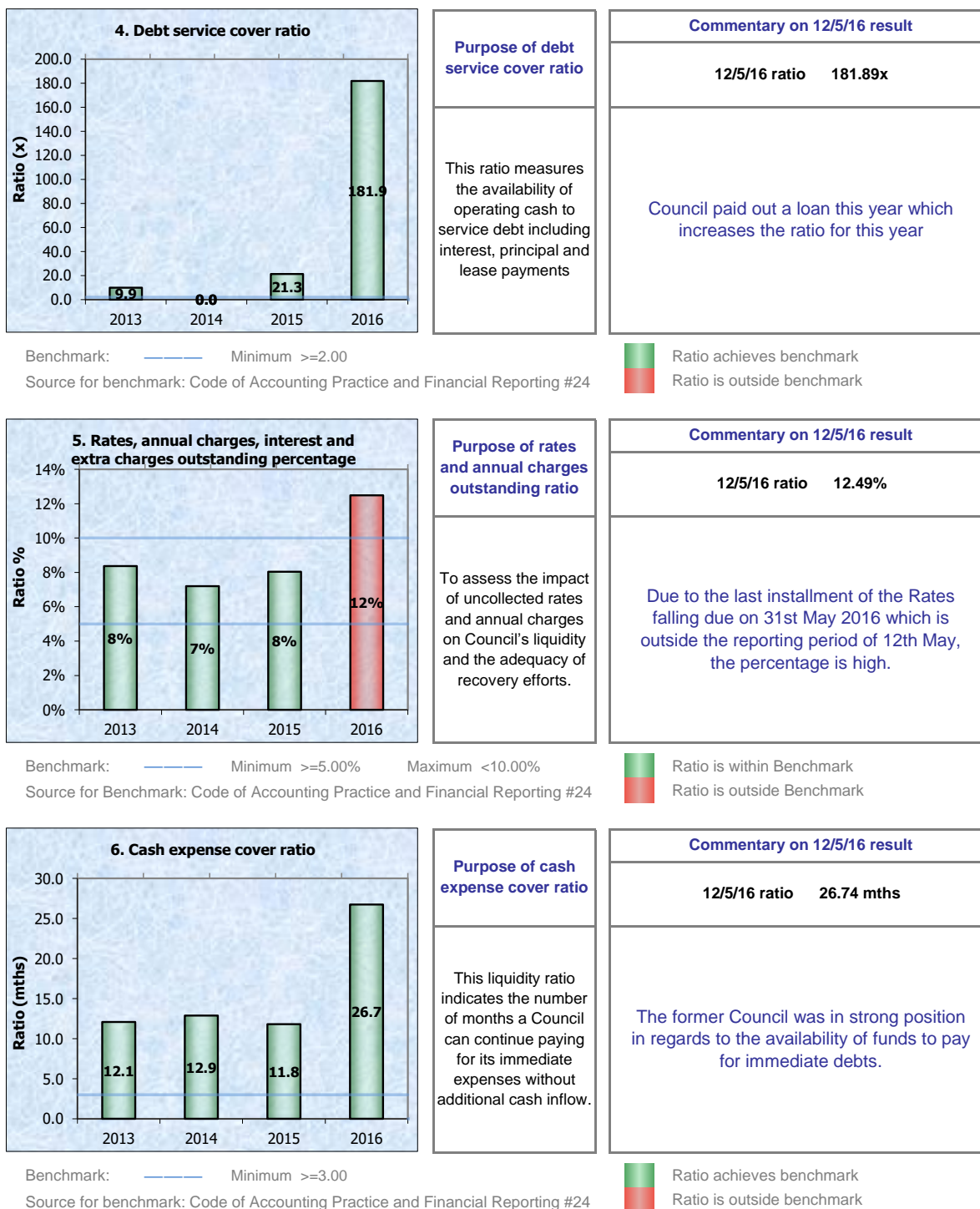
 Ratio achieves benchmark
 Ratio is outside benchmark

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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



The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁵ 12/5/16
Local government industry indicators – by fund			
1. Operating performance ratio			
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	n/a	-16.48%	23.79%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	prior period: n/a	-13.55%	-7.54%
2. Own source operating revenue ratio			
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	n/a	97.80%	26.07%
Total continuing operating revenue ⁽¹⁾	prior period: n/a	96.33%	32.24%
3. Unrestricted current ratio			
Current assets less all external restrictions ⁽²⁾	n/a	No liabilities	5.23x
Current liabilities less specific purpose liabilities ^(3, 4)	prior period: n/a	74.91x	9.29x
4. Debt service cover ratio			
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	n/a	3.45x	462.29x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: n/a	0.74x	223.86x
5. Rates, annual charges, interest and extra charges outstanding percentage			
Rates, annual and extra charges outstanding	n/a	57.50%	8.68%
Rates, annual and extra charges collectible	prior period: n/a	0.00%	8.88%
6. Cash expense cover ratio			
Current period's cash and cash equivalents plus all term deposits	n/a	0.00	23.65 mths
Payments from cash flow of operating and financing activities	prior period: n/a mths	0.00 mths	10.28 mths

Notes

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

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

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 14. Investment properties

		Actual	Actual
\$ '000	Notes	12/5/16	30/6/15

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management

\$ '000

Risk management

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

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

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

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

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

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
1/7/15 to 12/5/16				
Possible impact of a 1% movement in interest rates	16	16	16	16
1/7/14 to 30/6/15				
Possible impact of a 1% movement in interest rates	57	57	57	57

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

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

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

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

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

		12/5/16 Rates and annual charges	12/5/16 Other receivables	30/6/15 Rates and annual charges	30/6/15 Other receivables
(i) Ageing of receivables – %					
Current (not yet overdue)		8%	99%	0%	0%
Overdue		92%	1%	100%	100%
		100%	100%	100%	100%
(ii) Ageing of receivables – value					
Rates and annual charges	Other receivables	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
Current	Current	25	1,211	–	–
< 1 year overdue	0 – 30 days overdue	153	2	71	127
1 – 2 years overdue	30 – 60 days overdue	25	2	–	44
2 – 5 years overdue	60 – 90 days overdue	75	2	–	–
> 5 years overdue	> 90 days overdue	39	7	120	319
		317	1,224	191	490

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
1/7/15 to 12/5/16									
Bank overdraft	-	-	-	-	-	-	-	-	-
Trade/other payables	-	1,063	-	-	-	-	-	1,063	1,063
Loans and advances	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-
Total financial liabilities	-	1,063	-	-	-	-	-	1,063	1,063
1/7/14 to 30/6/15									
Bank overdraft	-	-	-	-	-	-	-	-	-
Trade/other payables	-	392	-	-	-	-	-	392	392
Loans and advances	-	11	-	-	-	-	-	11	11
Lease liabilities	-	-	-	-	-	-	-	-	-
Total financial liabilities	-	403	-	-	-	-	-	403	403

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

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

	12/5/16 Carrying value	12/5/16 Average interest rate	30/6/15 Carrying value	30/6/15 Average interest rate
Trade/other payables	1,063	0.00%	392	0.00%
Loans and advances – fixed interest rate	-	0.00%	11	
	1,063		403	

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 16. Material budget variations

\$ '000

This Note is not required for merger councils.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	—	—	—	—	—	—	—	—
Roads	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
S94 contributions – under a plan	—	—	—	—	—	—	—	—
S94A levies – under a plan	—	—	—	—	—	—	—	—
Total S94 revenue under plans	—	—	—	—	—	—	—	—
S94 not under plans	—	2	—	—	(2)	—	—	—
S93F planning agreements	—	—	—	—	—	—	—	—
S64 contributions	—	—	—	—	—	—	—	—
Total contributions	—	2	—	—	(2)	—	—	—

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. DEFINED BENEFIT SUPERANNUATION PLAN

Council contributes to the Local Government Superannuation Scheme which has a closed section where a portion of member entitlements are defined as a multiple of salary. Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment.

The Scheme has a deficit of assets over liabilities and its administrators have advised all Councils that they will need to make significantly higher contributions to help reverse this deficit. However, the Trustees may also call upon Councils to make an immediate payment sufficient to offset all or part of this deficit at any time. There is no current indication that such action will be necessary. The estimated amount of the deficit that can be broadly attributed to Council at 30 June, 2016 is \$92,794.

As the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils, the amount of such a payment is not able to be reliably quantified.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. STATECOVER MUTUAL LTD

Council has been a member of Statecover Mutual Ltd, a corporation formed for the purchase and management of worker's compensation insurances on behalf of its members, since 1 July 2001.

Statecover has issued shares with no par value and may make calls on its members to meet trading losses and to comply with prudential requirements. There is no recognised market for the sale of Statecover shares.

4. LEGAL EXPENSES

Council is the planning consent authority for its area under the Environmental Planning & Assessment Act (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal to the Land & Environment Court. It is the Court's normal practice that parties bear their own legal costs. At the date of these reports, Council had no notice of appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

5. RURAL FIRE FIGHTING ASSETS

Council has title to, and is the registered owner of 18 rural fire appliances and associated rural fire fighting equipment. These assets are under the control of the Rural Fire Services to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have not been recognised in these reports.

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

6. DONATION FOR WIND UP OF YULUMA-CULLIVEL BUS COMMITTEE

During 2014/2015 a contribution was received of \$230,000 from disbursements from the wind up of the Yuluma-Cullivel Bus Committee. At the request of the Committee, Council Resolved to place the funds and interest earned into Trust for use in association with Urana Township, in particular the Urana Aquatic Centre area.

As at 30 June 2016 the calculated amount of interest and contribution was \$248,886 and appears as an external restriction within Note 6 to these accounts. It is expected that during 2016/17 specific arrangements for the amount to be held in a Trust Account separate to Federation Council's Consolidated Financial Accounts.

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities

\$ '000

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of period (from previous year's audited accounts)		84,504	84,030
a. Correction of prior period errors	20 (c)	—	(23)
b. Changes in accounting policies (prior period effects)	20 (d)	—	—
c. Other comprehensive income (excl. direct to reserves transactions)		—	—
d. Net operating result for the period		3,546	497
e. Distributions to/(contributions from) non-controlling Interests		—	—
f. Transfers between equity		—	—
Balance at end of the reporting period		88,050	84,504
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		29,679	29,615
– 'Available for sale' financial investments revaluation reserve		1	1
– Other reserves (specify)		—	—
Total		29,680	29,616
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		29,615	18,996
– Revaluations for the period	9(a)	64	10,596
– Correction of prior period errors	20(c)	—	23
– Balance at end of period		29,679	29,615
'Available for sale' financial investments revaluation reserve			
– Opening balance		1	1
– Balance at end of period		1	1
TOTAL VALUE OF RESERVES		29,680	29,616

(iii) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

'Available for sale' financial investments revaluation reserve

– The 'available for sale' financial investments revaluation reserve is used to account for the fair value movements in all financial assets so classified that remain on hand at end of period.

Upon sale, amounts in reserves are recognised in the Income Statement (in full) by way of transfer from the reserve.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
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(c) Correction of error/s relating to a previous reporting period

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

(d) Voluntary changes in accounting policies

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

(e) Changes in accounting estimates

Council made no changes in accounting estimates during the reporting period.

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 21. Financial result and financial position by fund

Income Statement by fund	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16
\$ '000		
Continuing operations	Sewer	General¹
Income from continuing operations		
Rates and annual charges	156	1,721
User charges and fees	–	236
Interest and investment revenue	22	135
Other revenues	–	245
Grants and contributions provided for operating purposes	4	4,401
Grants and contributions provided for capital purposes	–	1,879
Other income		
Net gains from disposal of assets	–	–
Share of interests in joint ventures and associates using the equity method	–	–
Total income from continuing operations	182	8,617
Expenses from continuing operations		
Employee benefits and on-costs	70	1,679
Borrowing costs	–	7
Materials and contracts	63	947
Depreciation and amortisation	68	1,643
Other expenses	11	753
Total expenses from continuing operations	212	5,041
Operating result from continuing operations	(30)	3,576
Discontinued operations		
Net profit/(loss) from discontinued operations	–	–
Net operating result for the period	(30)	3,576
Net operating result attributable to each council fund	(30)	3,576
Net operating result attributable to non-controlling interests	–	–
Net operating result for the period before grants and contributions provided for capital purposes	(30)	1,697
Alternative net operating result for the period before grants and contributions provided for capital purposes	(30)	1,697

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

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

The former Urana Shire Council

Notes to the Financial Statements as at 12 May 2016

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

Statement of Financial Position by fund \$ '000	Actual 12/5/16	Actual 12/5/16
ASSETS	Sewer	General¹
Current assets		
Cash and cash equivalents	756	5,788
Receivables	95	1,321
Other	–	32
Total current assets	851	7,141
Non-current assets		
Receivables	–	60
Infrastructure, property, plant and equipment	7,173	104,462
Total non-current assets	7,173	104,522
TOTAL ASSETS	8,024	111,663
LIABILITIES		
Current liabilities		
Payables	–	1,063
Provisions	–	591
Total current liabilities	–	1,654
Non-current liabilities		
Provisions	–	303
Total non-current liabilities	–	303
TOTAL LIABILITIES	–	1,957
Net assets	8,024	109,706
EQUITY		
Retained earnings	3,428	84,622
Revaluation reserves	4,596	25,084
Council equity interest	8,024	109,706
Non-controlling interests	–	–
Total equity	8,024	109,706

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

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

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

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

	12/5/16	12/5/16	30/6/15	30/6/15
\$ '000	Current	Non-current	Current	Non-current

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 23. Events occurring after the reporting date

\$ '000

Events that occur between the end of the reporting period (12 May 2016) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

Accordingly, the 'authorised for issue' date is 15/11/16.

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

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

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 12 May 2016.

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

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 12 May 2016 and which are only indicative of conditions that arose after 12 May 2016.

Council is aware of the following 'non-adjusting events' that merit disclosure:

Amalgamation of operations for the former Urana Shire Council to form Federation Council

On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016, the operations of the former Urana Shire Council would be amalgamated with other Council/s to form the new council Federation Council.

The proclamation automatically transferred the assets, rights and liabilities of the former Urana Shire Council to Federation Council on 13 May 2016.

The proclamation ensures that any reference in any document to the former Urana Shire Council is to be read as a reference to Federation Council, and that anything done by the former Urana Shire Council before the amalgamation is taken to have been done by Federation Council.

These proclamation clauses provide for the transfer of physical assets (such as cars, buildings, plant and equipment) along with intangible assets and liabilities (such as service contracts and outstanding debts).

This ensures the general business and operations of former councils are preserved, including contracts and services.

These financial statements have been drawn up to reflect the closing financial position as at 12 May 2016 of the former Urana Shire Council and its financial performance for the period 1 July 2015 to 12 May 2016.

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 24. Discontinued operations

	Actual	Actual
\$ '000	12/5/16	30/6/15

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

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 25. Intangible assets

	Actual	Actual
\$ '000	12/5/16	30/6/15

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

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

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

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

Asset/operation	Estimated year of restoration	Net Present Value of provision	
		12/5/16	30/6/15
Gravel pit	2035	276	392
Balance at end of the reporting period	10(a)	<u>276</u>	<u>392</u>

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

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

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

Reconciliation of movement in provision for the period:	12/5/16	30/6/15
Balance at beginning of period	392	392
Amounts capitalised to new or existing assets:	–	–
Effect of a change in discount rates used in PV calculations	–	–
Effect of a change in other calculation estimates used	(123)	–
Amortisation of discount (expensed to borrowing costs)	7	–
Expenditure incurred attributable to provisions	–	–
Total – reinstatement, rehabilitation and restoration provision	<u>276</u>	<u>392</u>

Amount of expected reimbursements

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

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

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

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

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

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

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

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

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

		Fair value measurement hierarchy			
1/7/15 to 12/5/16		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/13	—	2,174	—	2,174
Land - Operational land	30/06/13	—	714	—	714
Buildings - non - specialised	30/06/13	—	2,447	—	2,447
Land - Community land	12/05/16	—	—	516	516
Office Equipment	30/06/13	—	—	77	77
Furniture & Fittings	30/06/12	—	—	45	45
Land Imp's - deprec	30/06/15	—	—	652	652
Buildings - specialised	30/06/15	—	—	6,844	6,844
Other Structures	30/06/15	—	—	817	817
Roads	30/06/15	—	—	73,965	73,965
Bridges	30/06/15	—	—	6,830	6,830
Footpaths	30/06/12	—	—	956	956
Bulk Earthworks (non-deprec)	30/06/12	—	—	5,814	5,814
Stormwater drainage	30/06/13	—	—	531	531
Sewerage Network	30/06/12	—	—	7,049	7,049
Swimming Pools	30/06/12	—	—	298	298
Other Infrastructure/K&G	30/06/15	—	—	1,397	1,397
Total infrastructure, property, plant and equipment		—	5,335	105,791	111,126

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

1/7/14 to 30/6/15		Fair value measurement hierarchy			Total
		Level 1	Level 2	Level 3	
	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– ‘Available for sale’	30/06/15	–	2	–	2
Financial assets carried at cost / amortised cost	30/06/15	–	–	–	6,430
Total financial assets		–	2	–	6,432
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/13	–	2,353	–	2,353
Land - Operational land	30/06/13	–	714	–	714
Buildings - non - specialised	30/06/13	–	2,515	–	2,515
Land - Community land	30/06/13	–	–	516	516
Office Equipment	30/06/13	–	–	114	114
Furniture & Fittings	30/06/12	–	–	20	20
Land Imp's - deprec	30/06/15	–	–	680	680
Buildings - specialised	30/06/15	–	–	6,996	6,996
Other Structures	30/06/15	–	–	694	694
Roads	30/06/15	–	–	71,545	71,545
Bridges	30/06/15	–	–	6,905	6,905
Footpaths	30/06/12	–	–	933	933
Bulk Earthworks (non-deprec)	30/06/12	–	–	5,350	5,350
Stormwater drainage	30/06/13	–	–	535	535
Sewerage Network	30/06/12	–	–	7,006	7,006
Swimming Pools	30/06/12	–	–	316	316
Other Infrastructure/K&G	30/06/15	–	–	1,409	1,409
Total infrastructure, property, plant and equipment		–	5,582	103,019	108,601

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

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

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

Plant & Equipment, Office Equipment, Furniture & Fittings and Other Assets

Plant & Equipment, Office Equipment, Furniture & Fittings and Other Assets are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Following are the example of assets in their respective class:

- Plant and Equipment - Graders, truck, roller, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers and projector.
- Furniture and Fittings - Chairs, desks, bench counters, partitions and filing cabinets.
- Other Assets - Playground.

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

Land and Buildings

Operational & Community Land

Value of Operational & Community Land are based on the Land Value provided by the Valuer-General, which was last valued on 30 June 2013.

Land Value was based on the valuer's opinion of estimated market value of arm's length transaction between buyer and seller, both willing and knowledgeable parties.

Buildings - Non-Specialised & Specialised

Both types of buildings are valued by external valuer, Scott Fullerton Pty Ltd on 30 June 2013. The buildings were valued at fair value in accordance with Compiled Accounting Standard AASB116 Property, Plant and Equipment, the guidance contained in the NSW Treasury Accounting Policy tpp 07-1 and the NSW Department of Local Government Guidelines. 'Fair value' is the best estimate of the price reasonably obtained in the market at the date of valuation. As defined in AASB 116, it is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction".

The valuer may use market observable data to start off but the adjustments to localise the fair value have made both Land and Building to be classified as Level 3 input instead.

There has been no change to the valuation process for both Land and Buildings during the reporting period.

Other Structures

This asset class includes recreational structures and structures that cannot be defined as buildings.

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

The former Corowa Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

Roads, Bridges and Footpaths

Valuations of Roads, Bridges and Footpaths were undertaken in-house based on actual cost and assumptions by Council's Asset Management Department. Level 3 valuation input is used because there is no evidence of Level 2 inputs for this asset classes.

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

Stormwater drainage

Stormwater drainage includes drains, culverts and pits were valued internally by the Council's Asset Management Department. The assets are classified as Level 3 input because estimated value were subject to judgement calls on replacement cost, pattern of consumption, remaining useful life, residual value and asset conditions to name a few.

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

Sewerage Network

Pump stations, sewerage mains and treatment plants are among assets in Sewerage Network.

The cost approach was adopted to estimate the value of these assets by componentising the assets into significant parts with different useful lives and taking into account a range of values. Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is taken as Level 3 input.

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

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

a. The following tables present the changes in level 3 fair value asset classes.

	Land Community	Office Equipment	Furniture & Fitting	Land Imp's	Total
Opening balance – 1/7/14	–	–	–	–	–
Adoption of AASB 13	516	39	3	700	1,258
Transfers from/(to) level 1 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) level 2 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	–	99	18	19	136
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	–	(24)	(1)	(39)	(64)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
Revaluation Decrement	–	–	–	–	–
Revaluation Increment	–	–	–	–	–
Other movement (details here)	–	–	–	–	–
Other movement (details here)	–	–	–	–	–
Closing balance – 30/6/15	516	114	20	680	1,330
Adoption of AASB 13	–	–	–	–	–
Transfers from/(to) level 1 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) level 2 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) another asset class	–	–	3	5	8
Purchases (GBV)	–	7	24	–	31
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	–	(44)	(2)	(33)	(79)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
Revaluation Decrement	–	–	–	–	–
Revaluation Increment	–	–	–	–	–
Other movement (details here)	–	–	–	–	–
Other movement (details here)	–	–	–	–	–
Closing balance – 12/5/16	516	77	45	652	1,290
¹ FV gains recognised in the Income Statement relating to assets still on hand at end of period total:					
YE 14/15	–	–	–	–	–
YE 15/16	–	–	–	–	–

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

	Building Specialised	Other Structures	Roads	Bridges	Total
Opening balance – 1/7/14	–	–	–	–	–
Adoption of AASB 13	6,740	814	75,133	–	82,687
Transfers from/(to) level 1 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) level 2 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) another asset class	13	(315)	(4,881)	3,941	(1,242)
Purchases (GBV)	524	283	2,156	–	2,963
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	(281)	(88)	(1,263)	–	(1,632)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
Revaluation Decrement	–	–	–	–	–
Revaluation Increment	–	–	400	2,964	3,364
Other movement (details here)	–	–	–	–	–
Other movement (details here)	–	–	–	–	–
Closing balance – 30/6/15	6,996	694	71,545	6,905	86,140
Adoption of AASB 13	–	–	–	–	–
Transfers from/(to) level 1 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) level 2 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) another asset class	14	147	53	–	214
Purchases (GBV)	91	62	3,230	–	3,383
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	(257)	(86)	(863)	(75)	(1,281)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
Revaluation Decrement	–	–	–	–	–
Revaluation Increment	–	–	–	–	–
Other movement (details here)	–	–	–	–	–
Other movement (details here)	–	–	–	–	–
Closing balance – 12/5/16	6,844	817	73,965	6,830	88,456
¹ FV gains recognised in the Income Statement relating to assets still on hand at end of period total:					
YE 14/15	–	–	–	–	–
YE 15/16	–	–	–	–	–

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

	Footpaths	Bulk Earthworks	Stormwater Drainage	Sewer	Total
Opening balance – 1/7/14	–	–	–	–	–
Adoption of AASB 13	–	–	161	6,979	7,140
Transfers from/(to) level 1 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) level 2 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) another asset class	477	–	(1)	–	476
Purchases (GBV)	–	–	5	–	5
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	–	–	(4)	(77)	(81)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
Revaluation Decrement	–	–	–	–	–
Revaluation Increment	456	5,350	374	104	6,284
Other movement (details here)	–	–	–	–	–
Other movement (details here)	–	–	–	–	–
Closing balance – 30/6/15	933	5,350	535	7,006	13,824
Adoption of AASB 13	–	–	–	–	–
Transfers from/(to) level 1 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) level 2 FV hierarchy 274(b)	–	–	–	–	–
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	31	464	–	–	495
Disposals (WDV)	–	–	–	–	–
Depreciation and impairment	(8)	–	(4)	(67)	(79)
FV gains – other comprehensive income	–	–	–	–	–
FV gains – Income Statement ¹	–	–	–	–	–
Revaluation Decrement	–	–	–	–	–
Revaluation Increment	–	–	–	110	110
Other movement (details here)	–	–	–	–	–
Other movement (details here)	–	–	–	–	–
Closing balance – 12/5/16	956	5,814	531	7,049	14,350
¹ FV gains recognised in the Income Statement relating to assets still on hand at end of period total:					
YE 14/15	–	–	–	–	–
YE 15/16	–	–	–	–	–

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

	Swimming Pools	Kerb & Gutter	Total
Opening balance – 1/7/14	–	–	–
Adoption of AASB 13	–	–	–
Transfers from/(to) level 1 FV hierarchy 27 4(b)	–	–	–
Transfers from/(to) level 2 FV hierarchy 27 4(b)	–	–	–
Transfers from/(to) another asset class	316	461	777
Purchases (GBV)	–	–	–
Disposals (WDV)	–	–	–
Depreciation and impairment	–	–	–
FV gains – other comprehensive income	–	–	–
FV gains – Income Statement ¹	–	–	–
Revaluation Decrement	–	–	–
Revaluation Increment	–	948	948
Other movement (details here)	–	–	–
Other movement (details here)	–	–	–
Closing balance – 30/6/15	316	1,409	1,725
Adoption of AASB 13	–	–	–
Transfers from/(to) level 1 FV hierarchy 27 4(b)	–	–	–
Transfers from/(to) level 2 FV hierarchy 27 4(b)	–	–	–
Transfers from/(to) another asset class	–	–	–
Purchases (GBV)	3	–	3
Disposals (WDV)	–	–	–
Depreciation and impairment	(21)	(12)	(33)
FV gains – other comprehensive income	–	–	–
FV gains – Income Statement ¹	–	–	–
Revaluation Decrement	–	–	–
Revaluation Increment	–	–	–
Other movement (details here)	–	–	–
Other movement (details here)	–	–	–
Closing balance – 12/5/16	298	1,397	1,695
¹ FV gains recognised in the Income Statement relating to assets still on hand at end of period total:			
YE 14/15	–	–	–
YE 15/16	–	–	–

The former Urana Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:

Not applicable

The former Urana Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 28. Council information and contact details

Principal place of business:

30 - 32 William Street
Urana NSW 2645

Contact details**Mailing address:**

PO Box 55
Urana NSW 2645

Opening hours:

9:00am to 5:00pm
Monday to Friday

Telephone: 02 6930 9100

Facsimile: 02 6930 9101

Internet: www.urana.nsw.gov.au

Email: mail@urana.nsw.gov.au

Officers**INTERIM GENERAL MANAGER**

Chris Gillard

Members**ADMINISTRATOR**

Mike Eden

RESPONSIBLE ACCOUNTING OFFICER

Kim Parker

PUBLIC OFFICER

Adrian Butler

AUDITORS

Crowe Horwath Albury
491 Smollett St, ALBURY NSW 2640

Other information

ABN: 25 195 569 377

INDEPENDENT AUDITORS' REPORT TO THE FORMER URANA SHIRE COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the former Urana Shire Council ('the Council'), which comprises the statement of financial position as at 12 May 2016 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 28 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We performed the procedures to assess whether in all material respects the financial statements present fairly, in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards, a view which is consistent with our understanding of the Council's financial position and of its performance.

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, cash flow statement, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit opinion expressed in this report has been formed on the above basis.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

AUDITOR'S OPINION

In our opinion:

- a) 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;
- b) the Council's financial statements:
 - have been properly prepared in accordance with the requirements of this Division;
 - are consistent with the Council's accounting records;
 - present fairly the Council's financial position and result of its operations; and
 - are in accordance with applicable Accounting Standards.
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

EMPHASIS OF MATTER – GOING CONCERN

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 1(a)(vii) and Note 23, on the 12 May 2016 the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016, the operations of the former Corowa Shire Council would be amalgamated with the former Urana Shire Council to form the new council Federation Council.



These financial statements have been prepared on a going concern basis despite the proclamation automatically resulting in the transfer the assets, rights and liabilities of the former Corowa Shire Council to Federation Council on 13 May 2016. Accordingly these financial statements for the former Corowa Shire Council have been prepared to 12 May 2016.

A handwritten signature in black ink that reads "Crowe Horwath" in a cursive script.

CROWE HORWATH ALBURY

A handwritten signature in black ink that reads "Brad Bohun" in a cursive script.

BRADLEY D BOHUN

Partner

Dated at Albury this 15th day of December 2016.

Report on the Conduct of the Audit

The Former Urana Shire Council

For the period ended 12 May 2016

Contents

1	Report on the Conduct of Audit	3
2	Operating Result	5
3	Financial Position	7
4	Performance Indicators	8
5	Specific Balance Sheet Items.....	10
6	Other Matters	12

1 Report on the Conduct of Audit

We have completed our audit of the financial statements for the former Urana Shire Council ('Council') for the period ended 12 May 2016, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

The Council is responsible for the preparation and presentation of the financial statements and the information they contain. The financial statements consist of the general purpose financial statements and Council's statement in the approved form required by Section 413 (2) and (3) respectively of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified with an emphasis of matter on going concern regarding the proclamation that mandated the amalgamation of the Council	Going concern Not for Profit entity
Special purpose financial statements	Emphasis of matter regarding basis of preparation and going concern regarding the proclamation that mandated the amalgamation of the Council	National Competition Policy requirements by area of business activity

Following from our audit there are a number of comments we wish to raise concerning Council's financial statements. These comments are set out in this report below.

1.1 Local Government (Council Amalgamations) Proclamation 2016

On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016 the operations of the former Urana Shire Council would be amalgamated with the former Corowa Shire Council to form the new council Federation Council.

The proclamation automatically transferred the assets, rights and liabilities of the former Urana Shire Council to Federation Council on 13 May 2016.

The financial statements have therefore been drawn up to reflect the closing financial position as at 12 May 2016 of the former Urana Shire Council and its financial performance for the period 1 July 2015 to 12 May 2016.

The following matters are significant to the preparation of the financial statements as a result of the amalgamation proclamation:

- Going concern – Council have disclosed in Note 1(a)(vii) that the financial statements of the former Urana Shire Council have been prepared on a going concern basis. The Council have stated that this is appropriate as the business of the former Council is continuing through the Federation Council, it has not been liquidated and all relevant staff, assets, rights, liabilities and responsibilities of the former Council are transferred to Federation Council.
- Revenue recognition for rates – In accordance with Australian Accounting Standards the Council has recognised 100% of the rates revenue for the 2015-2016 rating year as control over assets acquired from rates is obtained at the commencement of the rating year or, where earlier, upon receipt of the rates. The rate revenue recognised in the financial statements represents income to the Council for the full rating year and a 12 May 2016 cut-off has not been applied.
- Revenue recognition for Financial Assistance Grants (FAGs) – In accordance with Australian Accounting Standards Council has also recognised 100% of the FAGs revenue for the period 1 July 2015 to 12 May 2016. Grants are recognised on receipt or upon earlier notification that the grant has been secured. As a consequence these financial statements include all the FAGs revenue for the period from 1 July 2015 to 30 June 2016 but expenditure obligations only for the period 1 July 2015 to 12 May 2016. Expenditure obligations for the period from 13 May 2016 to 30 June 2016 will be included in the financial statements of the new Federation Council.
- Subsequent events – Council have disclosed the amalgamation event in Note 23. *Events occurring after the reporting date* of the financial statements in accordance with Australian Accounting Standards.

2 Operating Result

Urana Shire Council is a rural based Council in Southern New South Wales, whose affairs are governed by:

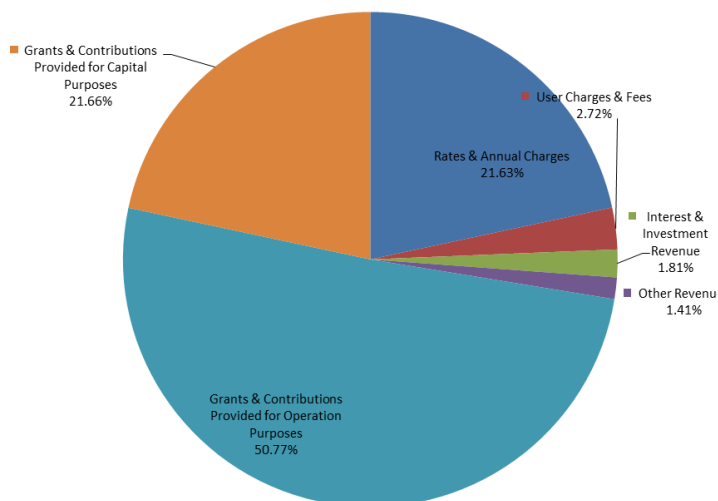
- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

The Council is responsible for the administration and implementation of the strategic policies voted on in Council.

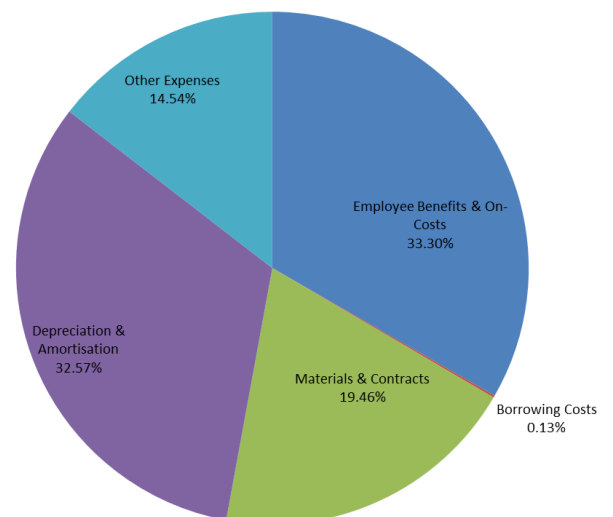
As disclosed in the Income Statement, the Council achieved a surplus in net operating result from continuing operations (including capital contributions) of \$3,423k (2015: \$497k surplus) for the year ended 12 May 2016.

A breakdown of Council's revenues and expenses for the year are as follows:

2016 Revenue



2016 Expenses



Significant income and expense items in the current period were:

	2016 \$'000	Full year – 2015 \$'000	Full year – 2014 \$'000
Rates and annual charges	1,877	1,827	1,761
User charges and fees	236	256	305
Interest & investment income	157	195	243
Grants and contributions - operating	4,405	4,129	4,464
Grants and contributions - capital	1,879	531	1,534
Employee costs	1,749	2,672	2,441
Materials and contracts	1,010	1,084	1,654
Depreciation and amortisation	1,711	2,082	2,436

The size of Council's core operations has remained relatively constant year on year. The above income and expense items all have the potential to have a significant impact on Council's operating result. A strong rating base and the timing and nature of grants received have a major influence on the reported result as demonstrated by the above.

The above significant items are based on the operational results from Council as disclosed in the income statement and accompanying notes.

3 Financial Position

A measure of the Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of Council as at the end of the financial year.

	2016 \$'000	2015 \$'000
Cash and Liquid Investments	6,544	5,759
External Restrictions - included in liabilities	-	-
- not included in liabilities	(1,273)	(1,043)
Internal Restrictions - included in liabilities	(337)	(330)
- not included in liabilities	(3,547)	(3,533)
Unrestricted Cash and Investments	1,387	853
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	(55)	(76)
Unrestricted Working Capital	1,332	777

Council has used internal restrictions, these are a discretionary item specific to each individual Council. It should be noted that the level of internal restrictions can be adjusted via Council.

The above represents the amount of available working capital Council has at its disposal to meet its future spending requirements after making allowance for any restrictions in place over the use of such working capital.

We recommend that Council continue to monitor its unrestricted working capital position when reviewing its financial position.

4 Performance Indicators

Refer to Note 13 of the financial statements. Sections 4.1 to 4.6 contemplate Council's performance on a consolidated basis. Section 4.7 shows Council's performance against the same ratios on a fund basis.

4.1 Operating Performance Ratio

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

The operating performance ratio at Note 13 has strengthened significantly due to the Council's commitment towards managing operating expenses. The Council's ratio is 22.72% which is above the minimum benchmark of 0.00% set by the Code of Accounting Practice and Financial Reporting is impacted by the timing of revenue and expenditure recognition for the 2016 period.

4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions. A Council has improved financial flexibility with a higher level of own source revenue.

This ratio has weakened from 34.21% in 2015 to 27.57% in 2016, this result remains below the minimum benchmark of 60.00%.

4.3 Liquidity (Unrestricted Current) Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council. Unrestricted current ratio is calculated by current assets less all external restrictions divided by current liabilities less specific purpose liabilities.

The liquidity ratio at Note 13 shows a decrease in Council's liquidity position to 5.23x compared to 9.29x in the prior year. Council continues to report a result well in excess of the 1.5x benchmark minimum.

4.4 Debt Service Cover Ratio

This ratio demonstrates the percentage of Council revenue required to service the debts carried by Council.

Council has no borrowings at 12 May 2016.

4.5 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

The outstanding percentage assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts.

Council has performed outside of the benchmarked range in 2016 at 12.49%. This is largely due to the balance date of 12 May 2016 and the timing of rate instalments.

4.6 Cash Expense Cover Ratio

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

Council has performed strongly in both the current and prior period, indicating a strong liquidity position with a ratio of 27.02 months (2015: 11.80 months), well above the benchmark of 3.00 months.

4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 12 May 2016. The below allows analysis of how Council performs at a final level and would indicate the result of Council's general operations excluding its water and sewer operations.

Indicators	Water	Sewer	General
Operating performance ratio	N/A	(16.48%)	23.79%
Own source operating revenue	N/A	97.80%	26.07%
Unrestricted current ratio	N/A	No liabilities	5.23x
Debt service cover ratio	N/A	3.45x	460.57x
Rates, Annual Charges, Interest and extra charges outstanding %	N/A	57.50%	8.68%
Cash expense cover ratio	N/A	0 months	23.90 month

5 Specific Balance Sheet Items

5.1 Receivables

Total current receivable at 12 May 2016, net of allowance for impairment was \$1,416k (2015: \$624k).

This balance primarily consists of rates and annual charges of \$317k (2015: \$191k), amounts due from other Councils of \$1,008k (2015: \$386k) and user fees and charges of \$35k (2015: \$69). The percentage of rates and annual charges outstanding is referred to in Section 4.5 of this report.

The allowance for impairment at 12 May 2016 was \$65k (2015: \$57k).

5.2 Capital Expenditure

During the reporting period Council spent \$4,353k (2015: \$2,984) on asset additions of infrastructure, property, plant and equipment. A further \$nil (2015: \$) was spent on reinstatement costs for impaired assets.

The primary areas of capital expenditure were as follows:

	2016 \$'000	2015 \$'000
Work in progress	372	151
Land & improvements	-	19
Buildings	91	179
Plant and equipment	100	434
Roads, bridges and footpaths	3,261	2,057
Stormwater drainage	-	-
Water supply network	-	-
Sewerage network	-	-
Other	529	144
Asset additions	4,353	2,984
Reinstatement costs for impaired assets	-	-
Total capital expenditure	4,353	2,984

5.3 Borrowings

Total borrowings have decreased by \$11k from the prior year's balance of \$11k to the 2016 total balance of \$nil. These loans are secured over the general Rating Income of Council.

5.4 Fair Value of Infrastructure Assets

In 2011 the Council should have completed the progressive revaluation of all property, plant and equipment to fair value where all assets are revalued on a 5 year cycle. The Office of Local Government minimum requirements timetable is as follows:

2012: Water and sewer networks;

2013: Operational land and buildings;

2014: Land under roads (if applicable); and

2015: Roads, bridges, footpaths, drainage and bulk earthworks; and

2016: Community land, land improvements, other structures and other assets.

In 2016 the Council only performed a revaluation over the sewerage network assets in accordance with the requirements of the code of Accounting Practice, with the latest indices provided by the NSW Office of Water. This revaluation resulted in an increment of \$110,000.

As at May 2016 all Council's infrastructure, property, plant and equipment is held at fair value with the exception of capital WIP which is held at cost.

5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 12 May 2016 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018;
- AASB 15 *Revenue from Contracts with Customers*, effective 1 January 2018;
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018;
- AASB 124 *Related Party Disclosure* (amended), effective 1 July 2016; and
- AASB 16 *Leases*, effective 1 January 2019.

Council is of the view that these standards not yet effective will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

6 Other Matters

6.1 Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

6.2 Assistance Provided

We recognise and appreciate the General Manager and staff of Council for their cooperation and courtesy extended to us during the course of the audit.

6.3 Reliance on the Report

The report on the conduct of the audit has been prepared for distribution to Council. We disclaim any assumption of responsibility for any reliance on this report to any person other than Council or for any purpose other than that for which it was prepared.

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The former Urana Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period 1 July 2015 to 12 May 2016

The former Urana Shire Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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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).
-

The former Urana Shire Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Federation Council made on 15 November 2016.



Mike Eden
Administrator



Chris Gillard
Interim General Manager



Kim Parker
Responsible Accounting Officer

The former Urana Shire Council

Income Statement of Council's Sewerage Business Activity

for the period 1 July 2015 to 12 May 2016

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000		
Income from continuing operations		
Access charges	156	184
Interest	22	26
Grants and contributions provided for non-capital purposes	4	4
Total income from continuing operations	182	214
Expenses from continuing operations		
Employee benefits and on-costs	70	116
Borrowing costs	—	3
Materials and contracts	63	47
Depreciation and impairment	68	77
Other expenses	11	—
Total expenses from continuing operations	212	243
Surplus (deficit) from continuing operations before capital amounts ¹	(30)	(29)
Grants and contributions provided for capital purposes	—	4
Surplus (deficit) from continuing operations after capital amounts	(30)	(25)
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	(30)	(25)
Less: corporate taxation equivalent (30%) [based on result before capital]	—	—
SURPLUS (DEFICIT) AFTER TAX	(30)	(25)
¹ Alternative Surplus (deficit) from continuing operations before capital amount	(30)	(29)
Alternative Net operating result before capital income if rates and annual charges income had been pro rata'd for the period 1/7/15 - 12/5/16		
Plus opening retained profits	3,458	3,483
Plus/less: prior period adjustments	—	—
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	—
– Debt guarantee fees	—	—
– Corporate taxation equivalent	—	—
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
Closing retained profits	3,428	3,458
Return on capital %	-0.4%	-0.4%
Subsidy from Council	196	—
Calculation of dividend payable:		
Surplus (deficit) after tax	(30)	(25)
Less: capital grants and contributions (excluding developer contributions)	—	(4)
Surplus for dividend calculation purposes	—	—
Potential dividend calculated from surplus	—	—

The former Urana Shire Council

Statement of Financial Position – Council's Sewerage Business Activity
as at 12 May 2016

\$ '000	Actual 12/5/16	Actual 30/6/15
ASSETS		
Current assets		
Cash and cash equivalents	756	745
Investments	–	–
Receivables	95	79
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total Current Assets	851	824
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	7,173	7,131
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	7,173	7,131
TOTAL ASSETS	8,024	7,955
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Borrowings	–	11
Provisions	–	–
Total current liabilities	–	11
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	–	11
NET ASSETS	8,024	7,944
EQUITY		
Retained earnings	3,428	3,458
Revaluation reserves	4,596	4,486
Council equity interest	8,024	7,944
Non-controlling equity interest	–	–
TOTAL EQUITY	8,024	7,944

The former Urana Shire Council

Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Contents of the notes accompanying the financial statements

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3	Sewerage Business Best-Practice Management disclosure requirements	9 - 11

The former Urana Shire Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

These financial statements have been prepared for the period 1 July 2015 – 12 May 2016, comparatives are for the year ended 30 June 2015.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in the SPFS, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and
- Australian Accounting Interpretations.

The disclosures in the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

(i) Preparation of the financial statements on a going concern basis

AASB 101 states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Whilst the former Urana Shire Council has been amalgamated into Federation Council from 13 May 2016, Council believes that the going concern basis

for preparation of the financial statements for the period 1 July 2015 to 12 May 2016 is appropriate for the following reasons:

- The business of the Council is continuing through the Federation Council
- The Local Government (Council Amalgamations) Proclamation 2016 ensures:
 - all relevant staff, assets, rights, liabilities and responsibilities of former councils are transferred to new councils
 - new councils can commence operations on day one with minimal disruption to the delivery of services, council operations and staff duties
 - any reference in any document to a former council is to be read as a reference to the new council, and that anything done by a former council before the amalgamation is taken to have been done by the new council.
- The former Urana Shire Council has not been liquidated nor has trading ceased.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 government policy statement, *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 standards for disclosure. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

The former Urana Shire Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

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 2

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

a. Former Urana Shire Council Sewerage Service

Service of Sewerage reticulation and treatment system to the town of Urana and Oaklands.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, with the exception of some figures disclosed in Note 3 (Sewerage Best-Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council-nominated business activities and are reflected in these financial statements.

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

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first **\$482,000** of combined land values attracts **0%**. For that valued from \$482,001 to \$2,947,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,947,000, a premium marginal rate of **2.0%** applies.

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

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred in the Best-Practice Management of Water Supply and Sewerage Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance against the Best-Practice Management of Water Supply and Sewerage Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of each reported business activity.

While 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 or loss from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

Since this taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations, it represents an internal payment and has no effect on the operations of the Council.

The former Urana Shire Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

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

Local government rates and charges

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

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

The policy statement requires that councils with category 1 businesses 'would be expected to

generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

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

The rate of return on capital is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 12 May

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.31% at 12/5/16.

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

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 12 May 2016 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, a Dividend Payment Form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

The former Urana Shire Council

Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Note 3. Sewerage business best-practice management disclosure requirements

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

12/5/16

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	<input type="text" value="–"/>
(ii)	Number of assessments multiplied by \$3/assessment	<input type="text" value="1,008"/>
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	<input type="text" value="–"/>
(iv)	Amounts actually paid for tax equivalents	<input type="text" value="–"/>

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="–"/>
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	<input type="text" value="10,080"/>
(iii)	Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	<input type="text" value="(59,000)"/>

2016 Surplus	<input type="text" value="(30,000)"/>	2015 Surplus	<input type="text" value="(29,000)"/>	2014 Surplus	<input type="text" value="–"/>
		2015 Dividend	<input type="text" value="–"/>	2014 Dividend	<input type="text" value="–"/>

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

3. Required outcomes for 4 criteria

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

(i)	Completion of strategic business plan (including financial plan)	<input type="text" value="NO"/>
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	<input type="text" value="NO"/>
	Complying charges (a) Residential [item 2 (c) in table 1]	<input type="text" value="NO"/>
	(b) Non-residential [item 2 (c) in table 1]	<input type="text" value="NO"/>
	(c) Trade waste [item 2 (d) in table 1]	<input type="text" value="NO"/>
	DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text" value="NO"/>
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	<input type="text" value="YES"/>
(iii)	Complete performance reporting form (by 15 September each year)	<input type="text" value="YES"/>
(iv)	a. Integrated water cycle management evaluation	<input type="text" value="NO"/>
	b. Complete and implement integrated water cycle management strategy	<input type="text" value="NO"/>

The former Urana Shire Council

Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Note 3. Sewerage business best-practice management disclosure requirements (continued)

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

12/5/16

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	164
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	7,169
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	139
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	–
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	-0.60%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

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

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	164
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	2.44%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	–
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	-0.60%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

The former Urana Shire Council

Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Note 3. Sewerage business best-practice management disclosure requirements (continued)

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

12/5/16

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

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-9.42%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		> 100
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(30)
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	4

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

INDEPENDENT AUDITORS' REPORT TO THE FORMER URANA SHIRE COUNCIL REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, being special purpose financial statements, of the former Urana Shire Council (the Council), which comprises the statements of financial position by business activity as at 12 May 2016, and the income statements by business activity for the period ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors' and management of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the basis of preparation described in Note 1 to the financial statements, are appropriate to meet the requirements of the NSW Government Policy Statement "Application of National Competition Policy to Local Government", Office of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality", The Local Government Code of Accounting Practice and Financial Reporting and The NSW Office of Water Guidelines and are appropriate to meet the needs of the Council and the Office of Local Government.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

OPINION

In our opinion the special purpose financial statements of the former Urana Shire Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) presenting fairly a view of the Council's financial position as at 12 May 2016 and of its performance for the period ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

BASIS OF ACCOUNTING

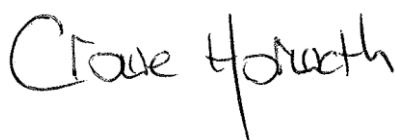
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose.

The financial statements have been prepared for distribution to Council for the purpose of fulfilling the Council's financial reporting obligations under the Local Government Code of Accounting Practice and Financial Reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council and the Office of Local Government, or for any purpose other than that for which it was prepared.

EMPHASIS OF MATTER – GOING CONCERN

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 1, on the 12 May 2016 the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016, the operations of the former Corowa Shire Council would be amalgamated with the former Urana Shire Council to form the new council Federation Council.

These financial statements have been prepared on a going concern basis despite the proclamation automatically resulting in the transfer the assets, rights and liabilities of the former Corowa Shire Council to Federation Council on 13 May 2016. Accordingly these financial statements for the former Corowa Shire Council have been prepared to 12 May 2016.



CROWE HORWATH ALBURY



BRADLEY D BOHUN

Partner

Dated at Albury this 15th day of December 2016.

The former Urana Shire Council

SPECIAL SCHEDULES

for the period 1 July 2015 to 12 May 2016

The former Urana Shire Council

Special Schedules

for the period 1 July 2015 to 12 May 2016

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¹ Special Schedules are not audited.

Background

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

The former Urana Shire Council

Special Schedule 1 – Net Cost of Services for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	467	–	–	(467)
Administration	775	97	–	(678)
Public order and safety				
Fire service levy, fire protection, emergency services	152	54	–	(98)
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	3	3	–	–
Other	–	–	–	–
Total public order and safety	155	57	–	(98)
Health	23	2	–	(21)
Environment				
Noxious plants and insect/vermin control	110	31	–	(79)
Other environmental protection	19	7	57	45
Solid waste management	151	174	–	23
Street cleaning	55	–	–	(55)
Drainage	–	–	–	–
Stormwater management	11	43	–	32
Total environment	346	255	57	(34)
Community services and education				
Administration and education	149	201	–	52
Social protection (welfare)	–	–	–	–
Aged persons and disabled	65	19	–	(46)
Children's services	6	5	–	(1)
Total community services and education	220	225	–	5
Housing and community amenities				
Public cemeteries	15	2	–	(13)
Public conveniences	10	–	–	(10)
Street lighting	30	1	–	(29)
Town planning	76	18	2	(56)
Other community amenities	104	27	–	(77)
Total housing and community amenities	235	48	2	(185)
Water supplies	–	–	–	–
Sewerage services	212	182	–	(30)

The former Urana Shire Council

Special Schedule 1 – Net Cost of Services (continued)

for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	76	14	–	(62)
Museums	12	–	–	(12)
Art galleries	–	–	–	–
Community centres and halls	118	–	54	(64)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	–	–	–
Sporting grounds and venues	176	24	–	(152)
Swimming pools	112	1	5	(106)
Parks and gardens (lakes)	124	10	20	(94)
Other sport and recreation	24	–	–	(24)
Total recreation and culture	642	49	79	(514)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	8	3	–	(5)
Other mining, manufacturing and construction	33	147	–	114
Total mining, manufacturing and const.	41	150	–	109
Transport and communication				
Urban roads (UR) – local	103	–	–	(103)
Urban roads – regional	837	–	–	(837)
Sealed rural roads (SRR) – local	136	991	–	855
Sealed rural roads (SRR) – regional	641	1,205	1,719	2,283
Unsealed rural roads (URR) – local	171	–	–	(171)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	10	–	–	(10)
Parking areas	–	–	–	–
Footpaths	4	–	15	11
Aerodromes	–	–	–	–
Other transport and communication	17	–	–	(17)
Total transport and communication	1,919	2,196	1,734	2,011
Economic affairs				
Camping areas and caravan parks	116	106	–	(10)
Other economic affairs	102	30	5	(67)
Total economic affairs	218	136	5	(77)
Totals – functions	5,253	3,397	1,877	21
General purpose revenues ⁽¹⁾		3,525		3,525
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	5,253	6,922	1,877	3,546

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

(2) As per the Income Statement

The former Urana Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose) for the period 1 July 2015 to 12 May 2016

\$'000

Classification of debt	Principal outstanding at beginning of the period			New loans raised during the	Debt redemption during the period		Transfers to sinking funds	Interest applicable for period	Principal outstanding at the end of the period		
	Current	Non- current	Total		From revenue	Sinking funds			Current	Non- current	Total
Loans (by source)											
Financial institutions	11	–	11	–	11	–	–	–	–	–	–
Total loans	11	–	11	–	11	–	–	–	–	–	–
Total debt	11	–	11	–	11	–	–	–	–	–	–

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which is reported in the GPFS).

The former Urana Shire Council

Special Schedule 2(b) – Statement of Internal Loans [Section 410(3) of the *Local Government Act 1993*] for the period 1 July 2015 to 12 May 2016

\$'000

Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the period (principal and interest)	Principal outstanding at end of period
General	100	53	-
Totals	100	53	-

Note: the summary of internal loans (above) represents the total of Council's internal loans categorised according to the borrower.

Details of individual internal loans

Borrower (by purpose)	Lender (by purpose)	Date of minister's approval	Date raised	Term (years)	Dates of maturity	Rate of interest	Amount originally raised	Total repaid during period (princ. and int.)	Principal outstanding at end of period
Housing	General Fund	N/A	30-06-08	15	30-06-23	0.00%	100	53	-
Totals							100	53	-

The former Urana Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	3	4
b. Engineering and supervision	46	47
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	2	11
– Pumping stations		
c. Operation expenses (excluding energy costs)	4	6
d. Energy costs	4	7
e. Maintenance expenses	70	65
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	4	4
g. Chemical costs	–	–
h. Energy costs	–	–
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	6	19
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	67	77
b. Plant and equipment	1	–
4. Miscellaneous expenses		
a. Interest expenses	–	3
b. Revaluation decrements	–	–
c. Other expenses	5	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	212	243

The former Urana Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
Income		
6. Residential charges (including rates)	156	184
7. Non-residential charges		
a. Access (including rates)	—	—
b. Usage charges	—	—
8. Trade waste charges		
a. Annual fees	—	—
b. Usage charges	—	—
c. Excess mass charges	—	—
d. Re-inspection fees	—	—
9. Extra charges	4	5
10. Interest income	18	21
11. Other income	—	—
11a. Aboriginal Communities Water and Sewerage Program	—	—
12. Grants		
a. Grants for acquisition of assets	—	—
b. Grants for pensioner rebates	4	4
c. Other grants	—	—
13. Contributions		
a. Developer charges	—	4
b. Developer provided assets	—	—
c. Other contributions	—	—
14. Total income	182	218
15. Gain (or loss) on disposal of assets	—	—
16. Operating result	(30)	(25)
16a. Operating result (less grants for acquisition of assets)	(30)	(25)

The former Urana Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	–	–
d. Plant and equipment	–	–
18. Repayment of debt	11	66
19. Totals	11	66
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	306	306
b. Residential (unoccupied, ie. vacant lot)		–
c. Non-residential (occupied)	30	30
d. Non-residential (unoccupied, ie. vacant lot)		–
24. Number of ETs for which developer charges were received	3 ET	3 ET
25. Total amount of pensioner rebates (actual dollars)	\$ 6,738	\$ 7,000

The former Urana Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 12 May 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	—	—	—
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	756	—	756
27. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	92	—	92
c. User charges	3	—	3
d. Other	—	—	—
28. Inventories	—	—	—
29. Property, plant and equipment			
a. System assets	—	7,169	7,169
b. Plant and equipment	—	4	4
30. Other assets	—	—	—
31. Total assets	851	7,173	8,024
LIABILITIES			
32. Bank overdraft	—	—	—
33. Creditors	—	—	—
34. Borrowings	—	—	—
35. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	—	—	—
36. Total liabilities	—	—	—
37. NET ASSETS COMMITTED	851	7,173	8,024
EQUITY			
38. Accumulated surplus			3,428
39. Asset revaluation reserve			4,596
40. TOTAL EQUITY			8,024
Note to system assets:			
41. Current replacement cost of system assets			8,693
42. Accumulated current cost depreciation of system assets			(1,524)
43. Written down current cost of system assets			7,169

The former Urana Shire Council

Notes to Special Schedules 5

for the period 1 July 2015 to 12 May 2016

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

The former Urana Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings												
	Buildings – non-specialised	40	–	35	7	2,447	4,650	0%	92%	0%	8%	0%
	Buildings – specialised	307	–	107	135	6,844	17,468	11%	82%	2%	5%	0%
	Sub-total	347	–	142	142	9,291	22,118	8.7%	84.1%	1.6%	5.6%	0.0%
Other structures												
	Other structures	34	–	25	30	817	2,529	0%	95%	5%	0%	0%
	Sub-total	34	–	25	30	817	2,529	0.0%	95.0%	5.0%	0.0%	0.0%
Roads												
	Sealed roads	2,131	–	975	1,075	59,225	80,178	19%	42%	33%	5%	1%
	Unsealed roads	710	–	250	718	14,740	2,971	19%	42%	33%	5%	1%
	Bridges	90	–	5	10	6,830	12,061	35%	55%	10%	0%	0%
	Footpaths	–	–	7	4	956	1,048	55%	45%	0%	0%	0%
	Bulk earthworks	–	–	–	–	5,814	5,814	95%	5%	0%	0%	0%
	Sub-total	2,931	–	1,237	1,807	87,565	102,072	25.6%	41.5%	28.1%	4.1%	0.8%
Sewerage network												
	Sewerage network	40	–	94	7	7,049	8,572	0%	100%	0%	0%	0%
	Sub-total	40	–	94	7	7,049	8,572	0.0%	100.0%	0.0%	0.0%	0.0%

The former Urana Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	–	–	8	5	531	698	10%	90%	0%	0%	0%
	Sub-total	–	–	8	5	531	698	10.0%	90.0%	0.0%	0.0%	0.0%
Open space/recreational assets	Swimming pools	16	22	26	19	298	1,413	0%	0%	55%	45%	0%
	Sub-total	16	22	26	19	298	1,413	0.0%	0.0%	55.0%	45.0%	0.0%
Other infrastructure assets	Kerb & Gutter	65	–	–	3	1,397	1,498	15%	20%	60%	5%	0%
	Sub-total	65	–	–	3	1,397	1,498	15.0%	20.0%	60.0%	5.0%	0.0%

Notes:

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

Infrastructure asset condition assessment 'key'

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

The former Urana Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the period 1 July 2015 to 12 May 2016

\$ '000	Amounts 12/5/16	Indicator 12/5/16	Prior periods 30/6/1530/6/14	
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	3,989	273.03%	122.43%	174.73%
Depreciation, amortisation and impairment	1,461			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	3,433	3.37%	3.18%	12.07%
Carrying value of infrastructure assets	101,786			
3. Asset maintenance ratio				
Actual asset maintenance	2,013	1.31	0.92	0.88
Required asset maintenance	1,532			

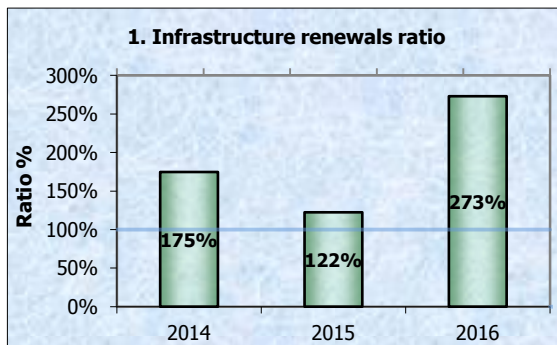
Notes

* All asset performance indicators are calculated using the asset 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.

The former Urana Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016



Benchmark: — Minimum $\geq 100.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Purpose of asset renewals ratio

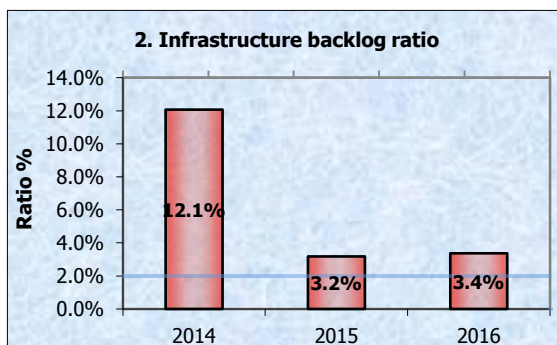
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 12/5/16 result

12/5/16 ratio 273.03%

Fit for the Future reviews has resulted in the increase in asset renewal and maintenance over new asset creation.

 Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Maximum $< 2.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Purpose of infrastructure backlog ratio

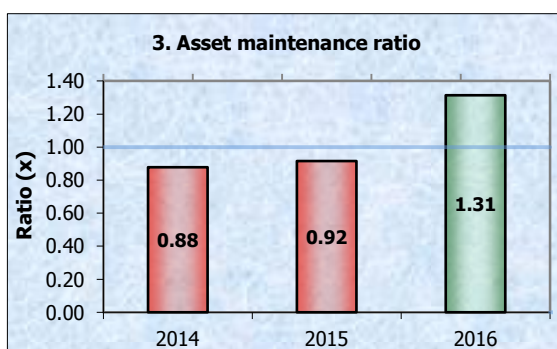
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 12/5/16 result

12/5/16 ratio 3.37%

Backlog definition reassessment and revaluation of backlog has resulted in the significant reduction of this ratio.

 Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum > 1.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Purpose of asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on 12/5/16 result

12/5/16 ratio 1.31 x

Fit for the Future reviews has resulted in the increase in asset renewal and maintenance over new asset creation.

 Ratio achieves benchmark
 Ratio is outside benchmark

The former Urana Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁽¹⁾ 12/5/16
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
Asset renewals ⁽²⁾	n/a	0.00%	286.15%
Depreciation, amortisation and impairment			
prior period:	n/a	0.00%	127.93%
2. Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	n/a	0.57%	3.58%
Carrying value of infrastructure assets			
prior period:	n/a	0.07%	3.42%
3. Asset maintenance ratio			
Actual asset maintenance	n/a	0.07	1.39
Required asset maintenance			
prior period:	n/a	0.68	0.92

Notes

- (1) General fund refers to all of Council's activities except for its sewer activity which is listed separately.
- (2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.