

URANA SHIRE COUNCIL



GENERAL PURPOSE FINANCIAL STATEMENTS

**For the Year Ended
30th June 2015**

URANA SHIRE COUNCIL

General Purpose Financial Reports for the year ended 30th June 2015

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URANA SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO SECTION 413 (2)(c) OF THE LOCAL GOVERNMENT ACT 1993 (as amended)

The attached Annual Financial Statements have been drawn up in accordance with

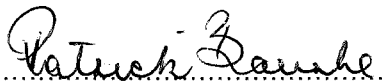
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Local Government Code of Accounting Practice and Financial Reporting
- The Australian Accounting Standards and professional pronouncements

To the best of our knowledge and belief, these reports

- Present fairly the Council's financial position and operating result for the year, and
- Accord with Council's accounting and other records

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

Signed in accordance with a resolution of Council made on 20th October 2015.




Cr Patrick Bourke

MAYOR



Cr David L. Fahey OAM

COUNCILLOR



Adrian Butler

GENERAL MANAGER



Kim Parker

RESPONSIBLE ACCOUNTING OFFICER

URANA SHIRE COUNCIL

INCOME STATEMENT for the year ended 30th June 2015

Budget 2015 \$'000		Notes	Actual 2015 \$'000	Actual 2014 \$'000
INCOME				
<i>Revenue:</i>				
1,877	Rates & Annual Charges	3	1,827	1,761
483	User Charges & Fees	3	226	305
231	Investment Revenues	3	195	243
73	Other Revenues	3	175	232
3,283	Grants & Contributions - Operating	3	3,694	4,464
662	Grants & Contributions - Capital	3	966	1,534
<i>Other Income:</i>				
40	Gain from Disposal of Assets	5	5	3
6,649	Total Income from Continuing Operations		7,088	8,542
EXPENSES				
2,857	Employee Benefits and oncosts	4	2,672	2,441
655	Materials & Contracts	4	1,084	1,654
17	Borrowing Costs	4	10	22
2,564	Depreciation & Amortisation	4	2,082	2,436
584	Other Expenses	4	743	783
6,677	Total expenses from continuing operations		6,591	7,336
(28)	OPERATING RESULT FROM CONTINUING OPERATIONS		497	1,206
0	Operating result from discontinued operations	24	0	0
(28)	NET OPERATING RESULT FOR YEAR		497	1,206
Attributable to:				
(28)	URANA SHIRE COUNCIL		497	1,206
(28)			497	1,206
(690)	Net operating result before capital grants and contributions		(469)	(328)

This Statement is to be read in conjunction with the attached Notes.

URANA SHIRE COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30th June 2015

	Notes	2015 \$'000	2014 \$'000
Net operating result for year			
from Income Statement		497	1,206
Other comprehensive income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Revaluation of infrastructure, property, plant & equipment		10,596	190
Impairment (expense) / recoupments offset to asset revaluation reserve		0	874
Total other comprehensive income		<u>10,596</u>	<u>1,064</u>
TOTAL COMPREHENSIVE INCOME		<u>11,093</u>	<u>2,270</u>
Attributable to:			
URANA SHIRE COUNCIL		<u>11,093</u>	<u>2,270</u>
		<u>\$ 11,093</u>	<u>\$ 2,270</u>

This Statement is to be read in conjunction with the attached Notes.

URANA SHIRE COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30th June 2015

	Notes	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash & cash equivalents	6	5,757	5,854
Investments	6	2	2
Receivables	7	624	700
Inventories	8	43	100
Other	8	62	61
TOTAL CURRENT ASSETS		<u>6,488</u>	<u>6,717</u>
NON-CURRENT ASSETS			
Infrastructure, Property, Plant & Equipment	9	109,026	97,845
TOTAL NON-CURRENT ASSETS		<u>109,026</u>	<u>97,845</u>
TOTAL ASSETS		<u>115,514</u>	<u>104,562</u>
CURRENT LIABILITIES			
Payables	10	392	519
Borrowings	10	11	39
Provisions	10	572	556
TOTAL CURRENT LIABILITIES		<u>975</u>	<u>1,114</u>
NON-CURRENT LIABILITIES			
Borrowings	10	0	38
Provisions	10	419	383
TOTAL NON CURRENT LIABILITIES		<u>419</u>	<u>421</u>
TOTAL LIABILITIES		<u>1,394</u>	<u>1,535</u>
NET ASSETS		<u>\$ 114,120</u>	<u>103,027</u>
EQUITY			
Accumulated Surplus	20	84,504	84,007
Revaluation Reserves	20	29,616	19,020
Council Equity Interest		<u>114,120</u>	<u>103,027</u>
TOTAL EQUITY		<u>\$ 114,120</u>	<u>103,027</u>

This Statement is to be read in conjunction with the attached Notes

URANA SHIRE COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2015

		Retained Earnings	Asset Reval. Reserve	Other Reserves	Council Equity Interest	Total
2015						
	Note	\$'000				
Balance at end of previous reporting period		84,030	18,995	2	103,027	103,027
Effect of correction of errors in previous years		(23)	23		-	-
Restated opening balance		84,007	19,018	2	103,027	103,027
Net Operating Result for the year		497			497	497
Other comprehensive income						
<i>Amounts which will not be reclassified subsequently to operating result</i>						
Revaluation of infrastructure, property, plant & equipment	20		10,596		10,596	10,596
Total other comprehensive income		-	10,596	-	10,596	10,596
Balance at end of the reporting period		84,504	29,614	2	114,120	114,120
2014						
	Note	\$'000				
Balance at end of previous reporting period		82,824	17,931	2	100,757	100,757
Effect of correction of errors in previous years		(23)	23		-	-
Restated opening balance		82,801	17,954	2	100,757	100,757
Net Operating Result for the year		1,206			1,206	1,206
Other comprehensive income						
<i>Amounts which will not be reclassified subsequently to operating result</i>						
Revaluation of infrastructure, property, plant & equipment	20		190		190	190
Impairment (expense) / recoupments offset to asset revaluation reserve			874		874	874
Total other comprehensive income		-	1,064	-	1,064	1,064
Balance at end of the reporting period		84,007	19,018	2	103,027	103,027

This Statement is to be read in conjunction with the attached Notes

URANA SHIRE COUNCIL

STATEMENT OF CASH FLOWS for the year ended 30th June 2015

Budget 2015 \$'000	CASH FLOWS FROM OPERATING ACTIVITIES <small>Notes</small>	Actual 2015 \$'000	Actual 2014 \$'000
	Receipts		
1,960	Rates & Annual Charges	1,785	1,745
430	User Charges & Fees	272	274
248	Investment Income	597	702
4,641	Grants & Contributions	4,481	6,293
0	Deposits and retentions received	0	1
97	Other operating receipts	1,269	369
	Payments		
(2,337)	Employee Benefits and oncosts	(2,641)	(2,507)
(1,470)	Materials & Contracts	(1,262)	(1,730)
0	Borrowing Costs	(3)	(8)
0	Deposits and retentions refunded	(1)	0
(568)	Other operating payments	(1,880)	(1,139)
3,001	Net Cash provided by (or used in) Operating Activities	11 2,617	4,000
	CASH FLOWS FROM INVESTING ACTIVITIES		
	Receipts		
339	Proceeds from sale of Infrastructure, Property, Plant & Equipment	220	217
	Payments		
(2,247)	Purchase of Infrastructure, Property, Plant & Equipment	(2,868)	(4,931)
(1,908)	Net Cash provided by (or used in) Investing Activities	(2,648)	(4,714)
	CASH FLOWS FROM FINANCING ACTIVITIES		
	Payments		
(73)	Repayments of Borrowings & Advances	(66)	(69)
(73)	Net Cash provided by (or used in) Financing Activities	(66)	(69)
1,020	Net Increase (Decrease) in cash held	(97)	(783)
5,854	Cash Assets at beginning of reporting period	11 5,854	6,637
6,874	Cash Assets at end of reporting period	11 5,757	5,854

This Statement is to be read in conjunction with the attached Notes

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, the NSW Local Government Act 1993 and regulations thereunder and the Local Government Code of Accounting Practice and Financial Reporting.

1.2 Historical Cost Convention

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes, in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or cases where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note. Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

2. The Local Government Reporting Entity

Urana Shire Council is incorporated under the NSW Local Government Act 1993 (as amended) and has its principal place of business at 30-32 William Street Urana NSW. These financial statements include the consolidated fund and other entities through which the Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

The following Special Rate funds and Committees established pursuant to the Act are included:

- Urana Shire Council Sewerage Fund

2.1 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 monies and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to these monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the Council obtains control over the assets comprising the revenue, or when the amount becomes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes as restricted assets. Also disclosed is the amount of grants, contributions and receivables recognised as revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

Comparative Information: In the month of June in years prior to 2014, the Federal Government paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2013, two quarters of the 2013/14 allocation was paid. No advance payment was received of untied financial assistance grants for the period ended 30 June 2014. Accordingly, in the reporting period ended 30 June 2014, Council's operating surplus was effectively understated by \$882,695.

4. Cash Assets, other Financial Instruments and Receivables

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1993 (as amended) and the Regulations and Determinations made thereunder. Other receivables are generally unsecured and do not bear interest. Loans made to sporting and community groups at concessional interest rates are recognised at their nominal amounts; interest revenues foregone by the Council effectively being a reduction of interest revenue in the period to which it relates.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. Financial instruments classified as *loans and receivables* and *held-to-maturity* are subsequently measured at amortised cost using the effective interest method. Other financial instruments classified as *fair value through profit and loss* and *available-for-sale*, are subsequently measured at fair value where an active market exists, or at cost. Details of classifications of financial instruments are given in Note 15.

5. Inventories

Inventories held in respect of stores have been valued by using the 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.

5.1 Real Estate Assets Developments

Real Estate Assets Developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are carried at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with Chapter 17 of the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6. Infrastructure, Property, Plant & Equipment

6.1 Transitional Provisions

As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 Land Under Roads. Details of the effects of this election are given in Note 9.

6.2 Recognition

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

Crown reserves, and improvements thereon, under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

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.

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year under review are provided in Note 9 to these accounts.

6.4 Valuation

Detail of valuations, methods and valuers are provided at Note 9. Council is adopting fair value for all asset classes on a staged basis in accordance with the requirements of the *Code of Accounting Practice*.

Asset acquisitions subsequent to the most recent revaluation date are recognised at cost.

6.5 Depreciation of Non-Current Assets

Other than land, all assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are provided in Note 9 to these accounts. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

6.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation 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 (which is the higher of the *present value of future cash inflows* or *value in use*). Impairment losses for revalued assets are offset in the first instance against the amount standing to the credit of that class of assets in asset revaluation reserve.

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the *value in use* is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable presumption is made that the current replacement cost exceeds the original cost of acquisition.

6.7 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 1023 *Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 4, and the amount (if any) of interest revenue offset against borrowing costs in Note 3.

7. Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

9. Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119 *Employee Benefits*.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9.50% in 2014/15 & 9.25% in 2013/14). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate during the reporting period was 1.9 times members' contributions (1.9 times members' contributions in 2013/14). Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The Trustees have advised that, as a result of the global financial crisis, an unrealised deficiency of assets over liabilities exists at 30 June 2015 in relation to all Councils involved in the Fund. A contingent liability has been reported in Note 18 to reflect a possible requirement for immediate payment to the scheme to correct the deficiency.

10. Construction Contracts

Construction works undertaken by Council for third parties (principally the Roads & Traffic Authority for works on national and state highways) are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

11. Joint Ventures and Associated Entities

Urana Shire Council does not participate in cooperative arrangements with other Councils for the provision of services and facilities, details of which are provided in Note 19. Council participates in various local government organisations and County Councils the activities of which it neither controls nor significantly influences. Accordingly, Council's interest in these organisations has not been recognised in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

12. Leases

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

13. GST Implications

In accordance with UIG Interpretation 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

14. Budget Information

The Statement of Financial Performance, Statement of Cash Flows and Note 2 provide budget information of revenues and expenditures by type and for each of the major activities of the Council. Budget figures presented are those approved by Council at the beginning of the financial year and do not include Council approved variations throughout the year. Short explanations of the most significant variations are given in Note 16, and further information of the nature and amount of all variations is available from the Council office upon request.

15. Rounding

In accordance with the Code of Accounting Practice all amounts shown in the Financial Statements are in Australian currency and have been rounded to the nearest thousand dollars.

16. Pending Accounting Standards & Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period.

- AASB 9 Financial Instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

The Australian Accounting Standards Board is currently reviewing AASB 1004 *Contributions*. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 2 - FUNCTIONS

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	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES										TOTAL ASSETS HELD (CURRENT & NON-CURRENT)					
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			GRANTS INCLUDED IN INCOME			2015	2014	2015	2014
	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2015	2014	\$'000	\$'000
GOVERNANCE	-	-	-	311	313	333	(311)	(313)	(333)	(313)	0	0	0	0	0	0
ADMINISTRATION	364	104	175	1,087	953	953	(723)	(578)	(849)	(578)	28	0	7,834	7,806	7,834	7,806
PUBLIC ORDER & SAFETY	49	44	50	185	196	196	(136)	(130)	(152)	(130)	36	45	817	842	817	842
HEALTH	(1)	1	1	27	29	24	(28)	(28)	(23)	(28)	2	0	13	2	13	2
ENVIRONMENT	184	225	164	384	446	446	(200)	(262)	(221)	(262)	88	47	29	247	29	247
COMMUNITY SERVICES & EDUCATION	230	255	331	251	322	283	(21)	9	(28)	9	177	203	768	799	768	799
HOUSING & COMMUNITY AMENITIES	56	69	64	211	279	443	(155)	(215)	(374)	(215)	2	2	4,029	2,616	4,029	2,616
SEWERAGE SERVICES	234	218	209	231	196	243	3	13	(25)	13	4	4	7,661	7,753	7,661	7,753
RECREATION & CULTURE	8	585	331	655	772	701	(647)	(441)	(116)	(441)	333	138	6,286	6,542	6,286	6,542
MINING, MANUFACTURING & CONSTRUCTION	12	57	81	40	105	107	(28)	(24)	(50)	(24)	0	0	138	173	138	173
TRANSPORT & COMMUNICATION	2,594	1,913	4,439	3,107	3,805	2,682	(513)	634	(769)	634	1,376	3,031	87,396	77,257	87,396	77,257
ECONOMIC AFFAIRS	76	93	79	160	156	180	(84)	(77)	(87)	(77)	0	0	543	525	543	525
TOTALS - FUNCTIONS	3,806	3,564	5,924	6,649	7,336	6,591	(2,843)	(1,412)	(3,027)	(3,027)	2,046	3,470	115,514	104,562	115,514	104,562
GENERAL PURPOSE REVENUES	2,815	3,524	2,618				2,815	2,618	3,524	2,618	1,096	909				
TOTALS	6,621	7,088	8,542	6,649	7,336	6,591	(28)	1,206	497	1,206	3,142	4,379	115,514	104,562	115,514	104,562

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other Councils.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 2 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Governance

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, area representation, and public disclosure and compliance.

Administration

Which includes corporate support and other support services.

Public Order & Safety

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

Health

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

Environment

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

Community Services & Education

Administration, education, migrant services, Aboriginal services, aged and disabled, family day care, child-care, youth services, other services to families and children, other community services.

Housing & Community Amenities

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

Sewerage Services

Sewerage services provided to the residents of Urana and Oaklands.

Recreation & Culture

Public libraries, museums, art galleries, community centres, public halls, performing arts venues, other performing arts, sporting grounds and venues, swimming pools, parks and gardens, lakes, other sport and recreation.

Mining, Manufacturing & Construction

Building control, quarries, pits and other similar services.

Transport & Communication

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, works undertaken for Roads & Transport Authority, street lighting and other related services.

Economic Affairs

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

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 3 - INCOME

RATES & ANNUAL CHARGES	2015 \$'000	2014 \$'000
<u>Ordinary Rates</u>		
Residential	74	74
Farmland	1,399	1,368
Business	43	43
	1,516	1,485
<u>Annual Charges</u>		
Domestic Waste Management	127	103
Sewerage Services	184	173
	311	276
Total Rates & Annual Charges	1,827	1,761

Rates have been made and levied on the basis of valuations as at 1 July 2010 supplied by the Valuer-General.

USER CHARGES & FEES

<u>User Charges</u>		
Other Waste Management	6	9
	6	9
<u>Fees</u>		
Private Works	15	8
Planning & Building - regulatory	28	23
Registration fees	4	2
Agistment Fees	1	2
Caravan parks	80	71
Swimming Centres	2	3
Child Care	32	29
Quarry	35	65
Cemeteries	2	2
Other Roads Supervision	2	75
Other	19	16
	220	296
Total User Charges & Fees	226	305

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 3 - REVENUES (cont)

	2015 \$'000	2014 \$'000
INVESTMENT REVENUES		
Interest receivable		
- overdue rates & charges	16	14
- cash & investments	179	229
Gross Investment Revenues	195	243
Total Investment Revenues	195	243

Council's net return on investments during both reporting periods has been materially affected by the potential loss in value of certain financial instruments, full details of which have been provided in Note 15.

OTHER REVENUES

Fuel Rebate	27	24
Lease Rental	30	21
- Other property	53	55
Insurance Claims	5	60
Commissions & Agency Fees	5	4
Workers Compensation Incentive Rebate	25	25
Miscellaneous sales	2	5
Miscellaneous charges - overdue rates & charges	10	10
Other	18	28
Total Other Revenues	175	232

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 3 - INCOME (cont)

	Notes	OPERATING		CAPITAL	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
GRANTS					
General Purpose (Untied)					
Financial Assistance		1,823	901	-	-
Pensioner Rates Subsidies (General)		8	8	-	-
Specific Purpose					
Pensioner Rates Subsidies					
Sewerage Services		4	4	-	-
Domestic Waste Management		7	6	-	-
Preschools		176	172	-	-
Street Lighting		2	-	-	-
Roads & Bridges			1,988	435	1,043
Noxious Weeds		54	36	-	-
Heritage & Cultural Services		36	74	283	94
NSW Rural Fire Services		35	45	-	-
Other		4	8	-	-
Total Grants & Subsidies		2,149	3,242	718	1,137
Comprising:					
- Commonwealth funding		1,823	949	435	1,010
- State funding		326	2,293	283	127
		2,149	3,242	718	1,137
Individually significant item					
<i>Financial Assistance 2014 Comparative was lower as early payment of FAGS grants in 2013 ceased for 2014</i>					
CONTRIBUTIONS & DONATIONS					
Developer Contributions					
Section 94	17	24	-	2	2
RMS Contributions		1,216	1,196	228	230
Section 64					
Sewer	17	-	-	4	5
Preschools		5	9	-	-
Recreation & Cultural		273	16	14	160
Other		27	1	-	-
Total Contributions & Donations		1,545	1,222	248	397
TOTAL GRANTS & CONTRIBUTIONS		3,694	4,464	966	1,534

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 3 - INCOME (cont)

CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	2015 \$'000		2014 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
<i>Unexpended at the close of the previous reporting period</i>	59	15	36	88
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>				
<i>Roads Infrastructure</i>	332	0	0	73
<i>Heritage & Cultural Services</i>	7	0	17	0
<i>Community Care Services</i>	10	0	0	0
<i>Other</i>	12	0	0	0
<i>Subtotal</i>	<u>361</u>	<u>0</u>	<u>17</u>	<u>73</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>				
<i>Roads Infrastructure</i>	318	0	0	0
<i>Heritage & Cultural Services</i>	4	0	40	0
<i>Community Care Services</i>	9	0	0	0
<i>Recreation Services</i>	0	233	0	0
<i>Other</i>	20	0	0	0
<i>Subtotal</i>	<u>351</u>	<u>233</u>	<u>40</u>	<u>0</u>
<i>Unexpended at the close of this reporting period and held as restricted assets</i>	<u>49</u>	<u>248</u>	<u>59</u>	<u>15</u>
<i>Net increase (decrease) in restricted assets in the current</i>	<u>-10</u>	<u>233</u>	<u>23</u>	<u>-73</u>

OPERATING LEASES providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property above.

Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also included above. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 4 - EXPENSES

	2015 \$'000	2014 \$'000
EMPLOYEE BENEFITS AND ONCOSTS		
Salaries and Wages	2,040	1,889
Travelling	70	72
Employee Leave Entitlements	347	249
Superannuation - defined contribution plan contributions	148	128
Superannuation - defined benefit plan contributions	97	114
Workers' Compensation Insurance	84	94
Fringe Benefits Tax	49	16
Payroll Tax		
Training Costs (excluding Salaries)	45	36
Other	47	12
Less: Capitalised and distributed costs	(255)	(169)
Total Operating Employee Costs	<u>2,672</u>	<u>2,441</u>
 Total Number of Employees	 35	 31
<i>(Full time equivalent at end of reporting period)</i>		
 BORROWING COSTS		
Interest on Loans	3	8
Unwinding of present value discounts & premiums	7	14
Gross Interest Charges	<u>10</u>	<u>22</u>
Total Interest Charges	<u>10</u>	<u>22</u>
 MATERIALS & CONTRACTS		
Raw materials & consumables	856	1,248
Contractor and consultancy costs	172	379
Auditor's Remuneration (see following page)	15	14
Legal Expenses		
- Other Legal Expenses	23	-
Operating Leases		
- Other	18	13
Total Materials & Contracts	<u>1,084</u>	<u>1,654</u>

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 4 - EXPENSES (cont)	2015 \$'000	2014 \$'000
<i>Auditors Remuneration</i>		
During the year the following fees were paid or payable for services by Council's auditor:		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	15	14
Total remuneration	15	14
 DEPRECIATION & AMORTISATION		
Plant and Equipment	311	279
Office Equipment	24	30
Furniture & Fittings	1	1
Land Improvements	39	40
Buildings - non-specialised	79	73
Buildings - specialised	281	286
Other Structures	88	74
Infrastructure		
- roads	1,263	1,641
- stormwater drainage	4	4
- sewerage network not elsewhere included	77	75
Future Reinstatement Costs		
- Tips	7	10
Less: Capitalised and distributed costs	(92)	(77)
Total Depreciation & Amortisation	2,082	2,436
 IMPAIRMENT		
Infrastructure		
- roads, bridges & footpaths	-	(874)
Less: Offset to Asset Revaluation Reserve	-	874
Total Impairment	-	-

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 4 - EXPENSES (cont)	2015 \$'000	2014 \$'000
OTHER EXPENSES		
Bad and Doubtful Debts	(5)	18
Mayoral fee	16	16
Councillors' Fees & Allowances	72	68
Councillors' (incl. Mayor) Expenses	13	26
Insurances	186	244
Street Lighting	41	42
Light, Power & Heating	39	40
Telephone & Communications	34	34
Donations & Contributions to Local & Regional Bodies	92	83
Advertising	16	17
Election Expenses	4	1
Payments to other levels of Government	148	127
Fit for the Future Direct Expenses	22	-
Subscriptions & Publications	34	30
Other	31	37
Total Other Expenses	743	783

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2015 \$'000	2014 \$'000
DISPOSAL OF INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
Proceeds from disposal	230	220
Less: Carrying amount of assets sold	<u>225</u>	<u>217</u>
Gain (Loss) on disposal	<u>5</u>	<u>3</u>
NET GAIN (LOSS) ON DISPOSAL OF ASSETS	<u>5</u>	<u>3</u>

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2015		2014	
	\$'000		\$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
CASH ASSETS				
Cash on Hand and at Bank	57		164	
Deposits at Call	550		100	
Short Term Deposits & Bills, etc	5,150		5,590	
Other				
Total Cash Assets	<u>5,757</u>		<u>5,854</u>	

Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value.

INVESTMENT SECURITIES

Summary

Available for sale financial assets	<u>2</u>	-	<u>2</u>	-
Total	<u>2</u>	-	<u>2</u>	-

Available-for-sale Financial Assets

At beginning of year	<u>2</u>	-	<u>2</u>	-
At end of year	<u>2</u>	-	<u>2</u>	-

Comprising:

- Other	<u>2</u>	-	<u>2</u>	-
	<u>2</u>	-	<u>2</u>	-

Fair values for available-for-sale financial instruments are determined by quoted prices in active markets for identical investments.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

	RESTRICTED CASH ASSETS & INVESTMENT SECURITIES			
	2015		2014	
	\$'000		\$'000	
	Current	Non-Current	Current	Non-Current
Cash & Cash Equivalent Assets	5,757		5,854	
Investment Securities	2	-	2	-
TOTAL CASH & INVESTMENT SECURITIES	5,759	-	5,856	-
External Restrictions	1,043	-	840	-
Internal Restrictions	3,863	-	3,732	-
Unrestricted	853	-	1,284	-
	5,759	-	5,856	-

DETAILS OF MOVEMENTS OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	Opening Balance 1 July 2014	Movements		Closing Balance 30 June 2015
		Transfers To Restriction	Transfers From Restriction	
		\$'000	\$'000	
External Restrictions Included in liabilities	-	-	-	-
Other				
Unexpended Grants	59	9	18	50
Sewerage funds	766	-	21	745
Other	15	233	-	248
	840	242	39	1,043
Total External Restrictions	840	242	39	1,043

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (General) Regulation 2005 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised by special rates (eg. Sewer) and certain annual charges may only be used for those purposes.

URANA SHIRE COUNCIL

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

DETAILS OF MOVEMENTS OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

Notes	Opening	Movements		Closing
	Balance 1 July 2014	Transfers To Restriction	Transfers From Restriction	Balance 30 June 2015
	\$'000	\$'000	\$'000	\$'000
Internal Restrictions				
Employee Leave Entitlements	320	10	-	330
Plant replacement	1,730	229	332	1,627
Plant Reserve Rec. Grd Balance	9	(9)	-	-
Billabidgee Aged Care Units	168	10	30	148
ICT/UPS Installation Reserve	130	-	32	98
Council Chambers Refurbishment	11	-	11	-
Traffic Counters Budget	-	10	-	10
Preschool Unexpended Funds	-	30	-	30
Youth - Cnl Reserve (Min. 434/13)	7	-	-	7
Flood Study Contrib. - Cnl Reserve	20	-	4	16
Gravel Pit Remediation Program	291	-	-	291
Medical Services Upgrade Urana	-	30	-	30
Combined Town & Recreation S355	95	33	-	128
Morundah - Toilets	12	(12)	-	-
Morundah TIC - 1st Stage Developme	30	132	3	159
Oaklands Hall Roof Repairs	-	10	-	10
Rand Hall Committee - Toilet Block	30	-	-	30
Rand Rec Ground Project	8	42	17	33
Urana Aquatic Centre - Upgrade	202	-	-	202
Urana Walkway - Drs Network	1	-	-	1
Victoria Park - Balance Budget	-	23	17	6
Weir Repairs Reserve	-	-	(28)	28
Windmill Restoration	7	-	-	7
Bridge Infrastructure Reserve	25	20	-	45
Road Infrastructure Reserve	434	193	-	627
2012-13 Construction Program - unsp	180	(180)	-	-
Tourist Promotion Program	13	-	13	-
Caravan Park - BBQ & Covered Seat	9	-	9	-
Total Internal Restrictions	3,732	571	440	3,863

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 7 - RECEIVABLES

	2015 \$'000		2014 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Rates & Annual Charges	191	-	149	-
Interest & Extra Charges	19	-	38	-
User Charges & Fees	69	-	96	-
Accrued Revenues	8	-	391	-
Other levels of Government	386	-	71	-
Other	8	-	17	-
Total	681	-	762	-
Less: Allowance for Doubtful Debts				
Rates & Annual Charges	50	-	49	-
User Charges & Fees	7	-	13	-
	624	-	700	-

Total Receivables

Rates, Annual Charges, Interest & Extra Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 10.00% (2014: 9.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South

Other levels of Government

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments

Other Receivables

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

AGGREGATE ASSET ARISING FROM EMPLOYEE BENEFITS

0

0

RESTRICTED RECEIVABLES

Sewerage Services	79	-	72	-
Domestic Waste Management	31	-	27	-
Total Restrictions	110	-	99	-
Unrestricted Receivables	514	-	601	-
Total Receivables	624	-	700	-

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 8 - INVENTORIES & OTHER ASSETS

	2015 \$'000		2014 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
INVENTORIES				
Stores & Materials	43	-	62	-
Trading Stock	-	-	38	-
Total Inventories	<u>43</u>	<u>-</u>	<u>100</u>	<u>-</u>
<i>Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical</i>				
OTHER ASSETS				
Prepayments	62	-	61	-
Total Other Assets	<u>62</u>	<u>-</u>	<u>61</u>	<u>-</u>

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 9 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR												
	2014 \$'000					2015 \$'000							
	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Transfers, etc.	Net Revaluation	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT
							In	Out					
Capital Work-in-progress	842	-	-	842	151	-	-	(668)	-	335	-	-	335
Plant & Equipment	-	4,781	(2,257)	2,524	317	(225)	(311)	48	-	-	(2,376)	2,353	
Office Equipment	-	371	(332)	39	99	-	(24)	-	-	-	(356)	114	
Furniture & Fittings	-	66	(63)	3	18	-	(1)	-	-	-	(63)	20	
Leased Plant & Equipment	30	-	(30)	-	-	-	-	-	-	-	(30)	-	
Land	-	1,230	-	1,230	-	-	-	(516)	-	-	714	714	
- Operational Land	-	-	-	-	-	-	-	516	-	-	516	516	
- Community Land	-	-	-	-	-	-	-	-	-	-	-	-	
Land Improvements - depreciable	-	1,301	(601)	700	19	-	(39)	-	-	-	(640)	680	
Buildings - non-specialised	-	4,654	(2,057)	2,597	8	-	(79)	(11)	-	-	4,650	2,515	
Buildings - specialised	-	16,826	(10,086)	6,740	171	-	(281)	13	353	-	17,363	6,996	
Other Structures	-	3,445	(2,631)	814	130	-	(88)	(315)	153	-	2,319	694	
Infrastructure	-	111,555	(36,422)	75,133	2,057	-	(1,263)	(4,881)	99	-	79,866	71,545	
- Roads	-	-	-	-	-	-	-	3,941	-	-	12,061	6,905	
- Bridges	-	-	-	-	-	-	-	477	-	-	1,017	933	
- Footpaths	-	-	-	-	-	-	-	-	5,350	-	5,350	5,350	
- Bulk earthworks (non-deprec.)	-	-	-	-	-	-	(4)	(1)	5	-	698	535	
- Stormwater drainage	-	265	(104)	161	-	-	-	-	-	-	-	-	
- Water Supply Network	-	8,343	(1,364)	6,979	-	-	(77)	316	104	-	8,462	7,006	
- Sewerage Network	-	-	-	-	-	-	-	-	-	-	-	-	
- Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	
- Other open space / recreational	-	-	-	-	-	-	-	-	-	-	-	-	
- Other Infrastructure	-	-	-	-	-	-	-	461	948	-	1,498	1,409	
Future Reinstatement Costs	-	244	(161)	83	14	-	(7)	-	-	-	258	90	
- Tips	-	-	-	-	-	-	-	-	-	-	-	-	
Totals	872	153,081	(56,108)	97,845	2,984	(225)	(2,174)	-	10,596	335	142,814	(34,123)	109,026

Asset acquisitions were apportioned between: Building & Infrastructure Renewals 2,194
Building & Infrastructure New Assets 42
Other Assets 748

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 9 (cont) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	2015 \$'000				2014 \$'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
Sewerage Services								
Plant & Equipment		27	(22)	5	-	27	(22)	5
Office Equipment		7	(7)	-	-	7	(7)	-
- Operational Land		121	-	121	-	121	-	121
Sewerage Infrastructure - Other		8,462	(1,456)	7,006	-	8,343	(1,364)	6,979
Total Sewerage Services	-	8,617	(1,485)	7,132	-	8,498	(1,393)	7,105
TOTAL RESTRICTIONS	-	8,617	(1,485)	7,132	-	8,498	(1,393)	7,105

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

Plant & Equipment, Office Equipment, Furniture & Fittings and similar

Plant & equipment, office equipment, furniture and fittings and similar items are recognised at fair value calculated in accordance with the *Code of Accounting Practice* as being equivalent to depreciated historical cost.

Major depreciation periods are:

Office Equipment	4 to 10 years
Office Furniture	10 to 20 years
Vehicles & Road-making Equip	5 to 10 years
Other Plant & Equipment	5 to 15 years

Asset capitalisation thresholds include:

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

Leased Plant & Equipment

In accordance with AASB 117, leased plant and equipment is initially recognised at the lower of the fair value of the leased item or the present value of the minimum lease payments, and is subsequently amortised over the term of the lease.

Land – Operational Land

Land classified in accordance with Division 1, Part 2, Chapter 6 of the *Local Government Act* was revalued previous to this reporting period in accordance with the requirements of the *Code of Accounting Practice*. The independent valuation, based on market value, was undertaken as at 30 June 2013 by Scott Fullarton Valuations Pty Ltd. All land subsequently acquired is recognised at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land – Community Land

Land classified as community land was valued, based on market value, by Independent Valuers, Liquid Pacific during the reporting period ended 30 June 2008. All land subsequently acquired is recognised at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

A review of the NSW Valuer General's valuations of 53 Non-Rateable property valuations between 2010 and 2013 valuations by Council's Officers indicates virtually no change in valuations, (2010 \$1,240,950 & 2013 \$1,241,290). Therefore, no change to the valuations of Community Land valuations have been effected in Council's books of account.

Land under roads

Council, being of the opinion that it is not possible to reliably determine fair value for land under roads, and it being impracticable to determine actual cost of acquisition, has elected not to recognise land under roads, whether acquired before or after the commencement of AASB 1051 *Land under roads*.

Buildings – non-specialised

Buildings were valued by Independent Valuers, Scott Fullarton Valuations Pty Ltd on a market value basis previously as at 30 June 2013. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

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

Asset capitalisation thresholds include:

New construction/extensions	\$5,000
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 9 – Infrastructure, Property, Plant & Equipment (cont)

Buildings – specialised

Specialised buildings – designed for a specific limited public purpose – have previously been revalued before this reporting period in accordance with the guidelines contained in the *Code of Accounting Practice* and *NSW Treasury Accounting Policy TPP07-1*. The valuations were done by Scott Fullarton Valuations Pty Ltd as at 30 June 2013. All subsequent additions are recognised at cost.

Land Improvements and Other Structures

Land improvements and other structures were valued by independent valuation during the reporting period ended 30 June 2008. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

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

No capitalisation threshold is applied to land improvements.

It is anticipated that these assets will be revalued to fair value in the reporting periods 2016 and 2018, as applicable.

Sewer Infrastructure

Sewer infrastructure was revalued by Council officers in accordance with the *Reference Rates Manual for the Valuation of Water Supply, Sewerage and Stormwater Assets* issued by NSW Office of Water, Department of Environment, Climate Change and Water at 30 June 2012.

The valuations have been subsequently indexed in accordance with the *Code of Accounting Practice* at the indexation rate issued annually for the reference rates. All acquisitions made after 30 June 2012 are recorded at cost and subsequently indexed at the prescribed rate for all completed years since acquisition.

Major depreciation periods are:

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

Asset capitalisation thresholds include:

Sidelines & household connections	\$5,000
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Transportation and other Infrastructure (Office Local Government Circ. No. 12-09)

Transportation assets were valued by Council officers at written down current replacement cost as at 30 June 2015 using the guidelines contained in the *Australian Infrastructure Financial Management Guidelines*. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

Sealed Roads - Surface	15 to 25 years
Sealed Roads – Structure	60 to 80 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	100 years
Bulk Earthworks	indefinite

Asset capitalisation thresholds include:

Road construction & reconstruction	\$10,000
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Stormwater drainage infrastructure was valued by Council officers at written down current replacement cost as at 30 June 2015 using the guidelines contained in the *Australian Infrastructure Financial Management Guidelines*. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 9 – Infrastructure, Property, Plant & Equipment (cont)

Culverts	80 years
Asset capitalisation thresholds include:	
Drains & Culverts	\$5,000

All other assets

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date and depreciated in accordance with the Local Government Accounting Regulations 1979 are recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 10 - LIABILITIES

	2015 \$'000		2014 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
PAYABLES				
Goods & Services	391	-	517	-
Accrued expenses - other	1	-	1	-
Deposits, Retentions & Bonds	-	-	1	-
Total Payables	<u>392</u>	<u>-</u>	<u>519</u>	<u>-</u>
BORROWINGS				
Loans				
- Secured	11	-	39	38
Total Borrowings	<u>11</u>	<u>-</u>	<u>39</u>	<u>38</u>

All interest bearing liabilities are secured over the future revenues of the Council.

PROVISIONS				
Employee benefits - annual leave	241	-	225	-
- long service leave	331	27	331	12
Reinstatement, Remediation, etc. (see also Note 21)	-	392	-	371
Total Provisions	<u>572</u>	<u>419</u>	<u>556</u>	<u>383</u>

Current provisions not expected to be settled within the next 12 months.

390

387

Movements in Provisions	Opening balance \$'000	Increases in provision \$'000	Payments \$'000	Remeasure- ment \$'000	Closing balance \$'000
Annual leave	225		(113)	129	241
Long service leave	343		(25)	40	358
Reinstatement, etc.	371	7		14	392
Closing Balance	<u>939</u>	<u>7</u>	<u>(138)</u>	<u>183</u>	<u>991</u>

Provision for Reinstatement, rehabilitation & restoration liabilities

Council is required by law to reinstate/ rehabilitate the areas of certain tips and quarries for roadmaking materials when it ceases to use each facility. Engineering estimates have been made based on current reinstatement standards and discounted to its present value over the estimated remaining life of each facility at the rates applicable to government securities.

	2015 \$'000		2014 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS	<u>572</u>	<u>27</u>	<u>556</u>	<u>12</u>

LIABILITIES relating to RESTRICTED ASSETS

<u>Sewerage Services</u>				
<u>Interest Bearing Liabilities</u>	11	-	39	38
TOTAL	<u>11</u>	<u>-</u>	<u>39</u>	<u>38</u>

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	2015 \$'000	2014 \$'000
Total Cash Assets (Note 6)	<u>5,757</u>	<u>5,854</u>
Balances per Statement of Cash Flows	<u>5,757</u>	<u>5,854</u>

**(b) Reconciliation of Change in Net Assets to Cash
from Operating Activities**

Net Operating Result from Income Statement	497	1,206
Add: Depreciation, Amortisation & Impairment	2,082	2,436
Unwinding of present value discounts & premiums	7	10
Increase in provision for doubtful debts	-	17
Increase in employee benefits provisions	31	-
Increase in other provisions	14	-
Decrease in receivables	81	306
Decrease in inventories	57	39
Increase in trade creditors & other accruals	-	63
	<u>2,769</u>	<u>4,077</u>
Less: Decrease in provision for doubtful debts	5	-
Decrease in employee benefits provisions	-	66
Decrease in other provisions	-	14
Increase in other assets	1	8
Decrease in trade creditors & other accruals	126	-
Gain on Sale of Assets	5	3
Non-cash Capital Grants and Contributions	14	(14)
Net Cash provided by (or used in) operations	<u>2,618</u>	<u>4,000</u>

	2015 \$'000	2014 \$'000
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(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:		
- Estimated future reinstatement, etc costs	<u>14</u>	<u>(14)</u>
	<u>14</u>	<u>(14)</u>

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	20	10
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URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 12 - COMMITMENTS FOR EXPENDITURE

	2015 \$'000	2014 \$'000
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	-
Construction	13	-
Buildings	-	-
Plant & Equipment	-	-
	13	-

Commitments for Capital Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(b) Finance Lease Commitments

Commitments under finance leases at the reporting date are as follows:

Not later than one year	-	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
Minimum lease payments	-	-
Less: future finance charges	-	-
Net Lease Liability	-	-
Representing lease liabilities:		
Current	-	-
Non-Current	-	-
	-	-

(c) Operating Lease Commitments (Non-Cancellable)

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

<u>Total Future Minimum Lease Payments</u>		
Not later than one year	18	8
Later than one year and not later than 5 years	68	73
Later than 5 years	-	13
	86	94

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

Commitments for Operating Lease Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(d) Repairs & Maintenance - Investment Property

Contractual obligations for future repairs and maintenance	-	-
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URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	INDICATORS - CONSOLIDATED		2014	2013
	<u>Amounts</u>	<u>2015 Indicators</u>		
Operating Performance				
Total continuing operating revenue (less fair value adjustments) less capital grants & contributions less operating expenses	-\$474	-7.75%	-4.73%	-13.00%
<u>Total continuing operating revenue (less fair value adjustments) less capital grants & contributions</u>	\$6,117			
Own Source Operating Revenue				
Total continuing operating revenue (less fair value adjustments) less all grants & contributions	\$2,423	34.21%	29.76%	27.22%
<u>Total continuing operating revenue (less fair value adjustments) including grants & contributions</u>	\$7,083			
Unrestricted Current Ratio				
<u>Unrestricted Current Assets*</u>	\$5,335	9.29:1	8.4:1	9.89:1
Current Liabilities not relating to Restricted Assets	\$574			
Debt Service Cover Ratio				
Operating results (excluding fair value adjustments) before capital, excluding interest, depreciation & amortisation	\$1,618	21.29:1	23.37:1	15.65:1
<u>Principal repayments + borrowing interest costs</u>	\$76			
Rates & Annual Charges				
Outstanding Percentage				
<u>Rates & Annual Charges Outstanding</u>	\$160	8.04%	7.20%	7.00%
Rates & Annual Charges Collectible	\$1,991			
Cash Expense Cover Ratio				
<u>Cash & equivalents including term deposits</u>	\$5,757	11.8 mths	12.88 mths	8.74 mths
Cash payments of operating and financing activities	\$5,853			

* Detailed methods of calculation of these indicators are defined in the Code.

INDICATORS - BY FUND

	Current Year Indicators	
	General	Sewer
* Calculated as for the consolidated indicators shown above.		
Operating Performance	-7.47%	-13.55%
Own Source Operating Revenue	32.77%	96.33%
Unrestricted Current Ratio	9.29:1	74.91:1
Debt Service Cover Ratio	223.86 :1	0.74:1
Rates & Annual Charges Outstanding Percentage	4.54%	30.27%
Cash Expense Cover Ratio	10.7 months	38.53 months

URANA SHIRE COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2015**

Note 14 - INVESTMENT PROPERTY

Council does not hold any Investment Property at this time.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 15 - FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. All financial instruments are denominated in Australian dollars, and hence currency risk does not apply.

Financial risk management is carried out by Finance section in accordance with policies approved by Council and in accordance with statutory requirements, and seeks to maximise revenue while protecting the corpus of the funds invested.

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial Assets				
Cash and Cash Equivalents	5,757	5,854	5,757	5,854
Receivables	673	700	673	700
Held-to-maturity investments	2	2	2	2
	6,432	6,556	6,432	6,556
Financial Liabilities				
Payables	391	519	391	519
Borrowings	11	77	11	77
	402	596	402	596

Cash and cash equivalents

Financial assets at fair value through profit & loss

Available-for-sale financial assets

Held-to-maturity investments

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

The investment portfolio is managed in accordance with Council's policy (which complies with the *Local Government Act & Regulations*), and the Minister's Order. The investment policy is reviewed regularly, and a report in accordance with section 625 of the Act provided to Council monthly.

The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities if and when needed.

The remainder of Council's investment portfolio consists of deposits at fixed and variable interest rates, generally for periods of less than 120 days. Whilst these are subject to interest rate risk, this is minimised by the short term of the financial assets held.

Interest Sensitivity Analysis

	2015 \$'000	2014 \$'000
Impact of a 1% change in interest rates on cash & investments		
- Equity	57	59
- Income Statement	57	59

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 15 - FINANCIAL RISK MANAGEMENT (cont)

Receivables

Credit risk on receivables for rates, annual charges and service charges made under section 502 is minimised as these are secured over the subject land. The security extends to interest levied for late payment.

Other receivables are subject to a range of credit risk minimisation procedures as appropriate, varying from credit checks to specific security pledges. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales. There are no material receivables that have been subject to re-negotiation of repayment terms.

Council receives regular summary reports of receivables due, and detailed reports where appropriate.

At reporting date, all amounts receivable were reviewed, and adequate allowance made for amounts considered doubtful.

	2015 \$'000	2014 \$'000
Percentage of Rates & Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Analysis of overdue debts		
up to 1 year overdue	37%	37%
over 1 year overdue	63%	63%
Council is entitled to sell properties for non-payment of rates in excess of 5 years overdue.		
Percentage of Other Receivables		
- Current	0%	0%
- Overdue	100%	100%
Analysis of overdue debts		
up to 30 days overdue	26%	25%
up to 60 days overdue	9%	15%
up to 90 days overdue	0%	44%
over 90 days overdue	65%	16%

Payables

Borrowings

Payables and borrowings are subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as they fall due. The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 15 - FINANCIAL RISK MANAGEMENT (cont)

Liquidity Sensitivity Table

The contractual undiscounted cash flows of Council's payables and borrowings are shown below:

	2015 '000	Due			Total Contractual 	Carrying Value
		≤ 1 year	2 - 5 years	> 5 years		
Payables		392	-	-	392	392
Borrowings		11	-	-	11	11
		<u>403</u>	<u>-</u>	<u>-</u>	<u>403</u>	<u>403</u>

	2014 '000	Due			Total Contractual Cash Flows	Carrying Value
		≤ 1 year	2 - 5 years	> 5 years		
Payables		519	-	-	519	519
Borrowings		69	11	-	80	77
		<u>588</u>	<u>11</u>	<u>-</u>	<u>599</u>	<u>596</u>

Borrowings are also subject to interest rate risk - the risk that changes in interest rates could adversely affect funding costs. Council manages this risk by generally borrowing long term, commonly at rates fixed for the duration of the loan. Bank overdraft and less than 10% of borrowings are at variable rates; the associated interest rate risk is not considered material.

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

	2015		2014	
	Wtd ave interest rate	Balance	Wtd ave interest rate	Balance
Loans - fixed interest rate	6.12%	11	6.12%	77
Loans - variable interest rate	0.00%	-	0.00%	-
		<u>11</u>		<u>77</u>

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 16 – MATERIAL BUDGET VARIATIONS

Council's original budget comprised part of the Management Plan adopted by Council on 24 June 2014. The original projections on which the budget was based have been affected by decisions and new grant programs initiated by State and Federal Governments, by the weather, and by decisions made by the Council.

This Note sets out the principal variations (>5% or > \$100k between the original Budget and Actual results for the Statement of Financial Performance.

Further information of the nature and amount of all variations is available from the Council office upon request.

1 STATEMENT OF FINANCIAL PERFORMANCE

1.1 Employee Costs – Favourable \$185K (6%)

During the year Council employees are engaged in both maintenance and capital works, the proportions of which vary from year to year. Costs in relation to the capital works (\$255K 2015 whereas \$169k 2014) are excluded from the Operating Statement, and it is not Council's practice to make detailed calculations for this as part of its budgeting procedures. Accordingly, significant variations will often arise in this area. Other variations can occur due to a change of mix of contractor and employee charging.

1.2 Materials & Contracts – Unfavourable \$429 K (65%)

Council's budget is based on a "normal" mix of self-constructed and contract works that does not always eventuate.

1.3 Depreciation & Amortisation – Favourable \$482K (19%)

Variation principally due to reduced revaluations recalculations of transport related infrastructure.

1.4 Other Expenses – Unfavourable \$159K (27%)

Actual is more in line with previous year actual rather than budgeted amount. Higher payments to other levels of government of \$28K (Rural Fire Service) part of reason for the variation.

1.5 User Charges & Fees – Unfavourable \$257K (53%)

Gravel production/usage revenues have been eliminated as they are predominately internal charges. However, the budget calculation included this revenue. Other budgeted User Charges & Fees did not eventuate or classified "Other Revenues" (see below).

1.6 Other Revenues – Favourable \$102K (140%)

Some classifications of revenues at budget were included at User Charges & Fees – see above.

1.7 Grants & Contributions received – Operating/Capital – Favourable \$715k (15%)

In many instances, the actual amount of grants received depends on decisions made by State and Federal Governments after the original budget was adopted. In addition, flood damage repair grants relating to property were also received that were previously expected to be finalised in previous years (Urana Memorial & Boree Creek Halls \$223K) and the distribution of the Yuluma Cullivel Bus Committee also occurred (\$230K).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 16 – Material Budget Variations (cont)

2 STATEMENT OF CASH FLOWS

Council's budgeted calculations for the Statement of Cash Flows were based purely upon the estimates of income and expenditure contained in the management plan due to the difficulty in estimating the cash flow effect of the movements in the closing balances of assets and liabilities. GST has been included in the budgeted figures where identifiable.

2.1 Operating Activities – Unfavourable \$384 (13%)

This variance was mainly due to other operating payments being lower than originally budgeted.

2.2 Investing Activities – Unfavourable \$740K (39%)

This was the result of lower changeover of items of plant & equipment than originally budgeted for replacement and the higher expenditure on Infrastructure than originally budgeted.

3 NOTE 2(a) – FUNCTIONS

The net operating result per Note 2(a) shows a favourable variance of \$525K from original budgeted figures which has resulted in a surplus of \$497K. This was largely the result of flood damage facilities grant funding, the Yuluma-Cullivel Bus Committee distribution received during the year which was not included in original budget calculations.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIB S	EST. WORKS OUT- STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
		\$'000	\$'000								
Sec 94 not under plans		24			(24)						
Total Contributions		24			(24)						

Note: The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below.

CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIB S	EST. WORKS OUT- STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
		\$'000	\$'000								
Roads	0	24	0	0	-24	0	0				
Total		24			(24)						

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

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, 2015 is \$27,709.

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 workers 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 18 – Contingencies & Assets & Liabilities not Recognised in the Balance Sheet (cont)

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 at the Urana Aquatic Centre.

As at 30 June 2015 the calculated amount of interest and contribution was \$233,308 and appears as an external restriction within Note 6 to these accounts. It is expected that during 2015/16 specific arrangements for the amount to be held in a Trust Account separate to Urana Shire Council's Consolidated Financial Accounts.

URANA SHIRE COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2015**

Note 19 - INTERESTS IN OTHER ENTITIES

Council has no interests in Joint Ventures at this time.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 20 - RETAINED EARNINGS & REVALUATION RESERVES

RETAINED EARNINGS	2015 \$'000	2014 \$'000
Balance at end of previous reporting period	84,030	82,824
Effect of correction of errors in previous years (see below)	(23)	(23)
Restated opening balance	<u>84,007</u>	<u>82,801</u>
Net operating result for the year	497	1,206
Other comprehensive income		
Balance at end of the reporting period	<u>84,504</u>	<u>84,007</u>

REVALUATION RESERVES

Infrastructure, Property, Plant & Equipment

Balance at end of previous reporting period	18,995	17,931
Effect of correction of errors in previous years (see below)	23	23
Restated opening balance	<u>19,018</u>	<u>17,954</u>
Revaluation of infrastructure, property, plant & equipment	10,596	190
Impairment (expense) / recoupments offset to asset revaluation reserve	-	874
Balance at end of reporting period	<u>29,614</u>	<u>19,018</u>

At the end of the reporting period, the amount held in the reserve related

Land		
- Operational Land	439	439
Buildings - non-specialised	1,612	1,612
Buildings - specialised	6,009	6,009
Other Structures	556	556
Infrastructure		
- Roads, bridges, footpaths	15,722	5,604
- Stormwater drainage	436	62
- Sewerage Network	4,840	4,736
Balance at end of reporting period	<u>29,614</u>	<u>19,018</u>

Available-for Sale Financial Assets

Balance at end of previous reporting period	1	1
Revaluation of available-for-sale investments	-	-
Realised available-for-sale investments gains recognised in	-	-
Balance at end of reporting period	<u>1</u>	<u>1</u>

Nature and purpose of reserves

Infrastructure, property, plant & equipment revaluation reserve

Used to record increments (net of decrements) on the revaluation of infrastructure, property, plant & equipment.

MOVEMENTS IN RETAINED EARNINGS

Correction of errors in previous years

- (i) In the year ended 30 June 2013, Plant and Equipment was revalued resulting in a net reduction in value of \$23,000. This amount was incorrectly applied to the Asset Revaluation Reserve where no reserve credit existed at that time. A corresponding increase adjustment has been reflected in the opening balance of the Asset Revaluation Reserve.

(23)

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

NOTE 21 - RESULTS BY FUND

Moneys raised pursuant to certain sections of the Local Government Act, and of certain other Acts, may not be used for the general purposes of the Council, or must be held as cash or authorised investments until expended for the purposes they were raised. This Note identifies the operating result and net assets of the general purposes operations of the Council, and of the principal special purpose operations.

Amounts are shown on a gross basis - before consolidation eliminations - and

	GENERAL FUND	SEWER
	\$'000	\$'000
INCOME STATEMENT		
INCOME		
Rates & Annual Charges	1,698	184
User Charges & Fees	226	0
Investment Revenues	169	26
Other Revenues	175	0
Grants & Contributions - Operating	3,690	4
Grants & Contributions - Capital	962	4
Profit from Disposal of Assets	5	0
Total Income from Continuing Operations	6,925	218
EXPENSES		
Employee Costs	2,611	116
Materials & Contracts	1,037	47
Borrowing Costs	7	3
Depreciation & Amortisation	2,005	77
Other Expenses	743	0
Total expenses from Continuing Operations	6,403	243
OPERATING RESULT FROM CONTINUING OPERATIONS	522	(25)
NET OPERATING RESULT FOR YEAR	522	(25)
Attributable to:		
URANA SHIRE COUNCIL	522	(25)
	522	(25)
<i>Net operating result before capital grants and contributions</i>	<i>(440)</i>	<i>(29)</i>

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 21 - Results by Fund (cont)

	GENERAL FUND	SEWER
	\$'000	\$'000
BALANCE SHEET		
CURRENT ASSETS		
Cash & cash equivalents	5,012	745
Investments	2	0
Receivables	545	79
Inventories	43	0
Other	62	0
TOTAL CURRENT ASSETS	<u>5,664</u>	<u>824</u>
NON-CURRENT ASSETS		
Infrastructure, Property, Plant & Equipment	101,895	7,131
TOTAL NON-CURRENT ASSETS	<u>101,895</u>	<u>7,131</u>
TOTAL ASSETS	<u>107,559</u>	<u>7,955</u>
CURRENT LIABILITIES		
Payables	392	0
Borrowings	0	11
Provisions	572	0
TOTAL CURRENT LIABILITIES	<u>964</u>	<u>11</u>
NON-CURRENT LIABILITIES		
Provisions	419	0
TOTAL NON CURRENT LIABILITIES	<u>419</u>	<u>0</u>
TOTAL LIABILITIES	<u>1,383</u>	<u>11</u>
NET ASSETS	<u>106,176</u>	<u>7,944</u>
EQUITY		
Accumulated Surplus	81,046	3,458
Revaluation Reserves	25,130	4,486
Council Equity interest	106,176	7,944
TOTAL EQUITY	<u>106,176</u>	<u>7,944</u>

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 27 - FAIR VALUE MEASUREMENT

Council measures the following assets at fair value on a recurring basis:
 Infrastructure, Property, Plant & Equipment - *see also Note 9.*
 Investment Property - *see also Note 14.*
 Financial assets - *see also Note 15.*

Council measured the following assets at fair value during the reporting period:
 Non-current assets held for sale - *see also Note 22.*
 Discontinued operations - *see also Note 24.*

Fair value hierarchy

The fair values of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of the hierarchy are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

Financial Assets

	Level 2 inputs \$'000	Level 3 inputs \$'000	Total \$'000
2015			
- available for sale financial assets	2	-	2
Financial assets carried at fair value	2	-	2
Financial assets carried at cost / amortised cost			6,430
Total financial assets (<i>per Note 15</i>)			6,432
2014	\$'000	\$'000	\$'000
- available for sale financial assets	2	-	2
Financial assets carried at fair value	2	-	2
Financial assets carried at cost / amortised cost			6,554
Total financial assets (<i>per Note 15</i>)			6,556

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 27 (cont) - Fair Value Measurement

Infrastructure, Property, Plant & Equipment

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes in Note 9 above.

Highest and best use - For *land* which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as *community land* under the provisions of the *Local Government Act 1993*. Other types of restrictions also exist.

For *land* subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For *buildings* and *other* structures on and in the land, including infrastructure, "highest and best use" is determined in

<u>Level 2 inputs</u>	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
Plant & Equipment	2,353	2,524
Land - Operational land	714	1,230
Buildings - non-specialised	<u>2,515</u>	<u>2,597</u>
Total level 2 inputs	5,582	6,351
Total level 3 inputs (<i>from below</i>)	<u>103,019</u>	<u>90,569</u>
	<u>108,601</u>	<u>96,920</u>

Fair value hierarchy level 2 valuations - Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Other asset classes shown as hierarchy level 2 inputs on the basis prescribed by the Code that "depreciated cost approximates fair value".

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2015

Note 27 (cont) - Fair Value Measurement - Infrastructure, Property, Plant & Equipment

	Opening Balance	Purch- ases	Sales Proceeds	Gain/Loss on Sale	Dep'n, Impair't	Transfers to (from)	Net Reval'ns	Closing Balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Level 3 inputs								
Office Equipment	39	99	-	-	(24)	-	-	114
Furniture & Fittings	3	18	-	-	(1)	-	-	20
Land Imp's - deprec	700	19	-	-	(39)	-	-	680
Buildings								
- specialised	6,740	524	-	-	(281)	13	-	6,996
Other Structures	814	283	-	-	(88)	(315)	-	694
Infrastructure								
- Roads	75,133	2,156	-	-	(1,263)	(4,881)	400	71,545
- Bridges	-	-	-	-	-	3,941	2,964	6,905
- Footpaths	-	-	-	-	-	477	456	933
- Bulk Earthworks (non-deprec)	-	-	-	-	-	-	5,350	5,350
- Stormwater drainage	161	5	-	-	(4)	(1)	374	535
- Sewerage Network	6,979	-	-	-	(77)	-	104	7,006
- Swimming Pools	-	-	-	-	-	316	-	316
- Other Infrastructure/ K&G	-	-	-	-	-	461	948	1,409
	90,569	3,104	-	-	(1,777)	527	10,596	103,019

Fair value hierarchy level 3 valuations of land - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Transfers between hierarchy levels - Amounts shown above as "transfers" relate to the reclassification of assets between classes rather than transfers between fair value hierarchy levels.

INDEPENDENT AUDIT REPORT

URANA SHIRE COUNCIL

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **general purpose financial statements** of **Urana Shire Council**, which comprise the statement of financial position as at 30 June 2015, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

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

Auditor's 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 about whether the financial statements are free from material misstatement.

Our responsibility does not extend to the original budget information disclosed in the Income Statement, the Cash Flow Statement, Note 2(a), or the detailed variations from the adopted budget disclosed in Note 16. Accordingly we express no opinion on those disclosures. Also our audit did not involve an analysis of the prudence of business decisions made by Council or management.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

A community contribution of \$230,000 for a specific purpose has been recognised as revenue in the income statement for the year ended 30th June 2015 and correspondingly the funds have been included as an externally restricted asset in note 6 to the financial statements.

Monies received and held by Council which is subject to the control of persons other than Council and which must be applied only for the purposes of or in accordance with a trust relating to monies, should be excluded from its financial statements.

We have been unable to obtain sufficient appropriate audit evidence as to whether or not Council controls the monies and whether a constructive trust exists in respect of these funds. We are therefore unable to determine whether the contribution should have been recognised in Council's financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter referred to in the Basis for Qualified Opinion paragraph:

- 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; and
- b. The general purpose financial statements:
 - (i) have been presented in accordance with the requirements of Division 2 of Part 3 of Chapter 13 of the Local Government Act 1993.
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly, in all material respects, the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

- c. We obtained all the information which we required, relevant to the conduct of the audit; and
- d. There were no material deficiencies in the accounting records or the financial reports which came to our attention during the course of the audit.

Adams Kenneally White & Co

Dated: 30th October 2015
Wagga Wagga


ADAMS KENNEALLY WHITE & CO
Chartered Accountants

URANA SHIRE COUNCIL
REPORT ON THE CONDUCT OF THE AUDIT

We have completed the audit of the Council's financial statements and accounting records for the year ended 30 June 2015, and submit this report on the conduct of the audit, in accordance with Sections 417(1)&(3) of the Local Government Act 1993. This report is subject to and should be read in conjunction with our accompanying report on the General Purpose Financial Statements, of same date.

FINANCIAL PERFORMANCE

Council's operations for the 2015 year resulted in an overall surplus from all activities of \$497,000 (2014 \$1,206,000).

The result includes grants and contributions for capital works of \$966,000. The matching expenditure for these grants is not shown in the Income Statement but is added to the Infrastructure, Property, Plant & Equipment assets shown in the Statement of Financial Position. The result before including these grants was a deficit of \$469,000 (2014 \$328,000 deficit).

Total operating expenses of \$6,591,000 were \$745,000 less than the previous year. Total operating expenses include a non-cash depreciation expense of \$2,082,000 (2014 \$2,436,000).

Due principally to a lower level of grants and contributions, total revenue for the year of \$7,088,000 was \$1,454,000 less than the previous year.

Rates and Annual Charges

Ordinary rates levied increased by the permissible notional rate increase of 2.3%. Total rates and annual charges of \$1,827,000 were \$66,000 more than in 2014. Rates and annual charges represent 25.8% of Council's total revenue.

Adams Kenneally White & Co
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**Chartered
Accountants**



Liability limited by a scheme
approved under Professional
Standards Legislation.

Grants and Contributions

Council is very reliant on grants and contributions provided by other levels of government with total grants and contributions of \$4,660,000 representing 66% of Council's revenue (2014: \$5,998,000; 70%).

The general purpose Financial Assistance Grant (FAG) income of \$1,823,000 was \$901,000 more than the 2014 FAG income. The 2014 income was deflated by \$883,000, due to instalments of the 2014 grant being received prior to 30th June 2013 and included as income in the 2013 year rather than in 2014.

Recreation and cultural contributions totalled \$283,000. Included in these contributions is \$230,000 received from the Yuluma Cullivel Bus Committee. The Bus Committee provided the monies to Council for the purpose of the "Urana Aquatic Leisure Centre Trust" and Council has resolved to establish a trust fund for that purpose. Some doubt exists as to whether Council controls the funds and as to whether they are subject to a constructive trust. If the funds are not controlled by Council and are truly trust funds then they should not have been included as contribution revenue in Council's financial statements. We have qualified our audit report on the General Purpose Financial Statements as a consequence of the uncertainty regarding the recognition of this contribution as income.

The Roads to Recovery grant was \$347,000 (2014 \$1,010,000).

We also note that Grants and contributions for the repair of storm and flood damage to Council's infrastructure were \$2,099,000 in the prior year.

Other changes in grant levels that were closely matched by changed specific expenditure obligations.

Interest & Investment Revenues

Investment revenue for 2015 was \$195,000 compared to a budget of \$231,000 and revenue of \$243,000 in the previous year.

Actual Result/Budgeted Result

Statement of Financial Performance Basis

The consolidated surplus of \$497,000 was a favourable improvement on the budgeted operating deficit of \$28,000.

General explanations for material variations between the original budget and the actual result are provided in Note 16 to the financial statements.

Funding Basis

While the Income Statement includes a comparison of actual to "original budget", its basis of preparation is such that it can only give part of the comparison with the underlying funding budget. The Income Statement is not required to and does not include all funding revenue and capital expenditure.

We set out below a summary of the funding results for the year:-

- **General Purposes**

In its original budget for 2014/15, Council budgeted for a general purpose working capital surplus of \$3,000 and a consumption of internal reserves of \$633,000 - a total budgeted consumption of \$630,000.

The actual result was a deficit from operations of \$447,000 and an increase of \$131,000 in internal reserves, that is, a net \$316,000 consumption of funds.

- **Sewerage Fund**

The original budget was for an increase in sewerage funds of \$23,000. The actual result was a funding deficit of \$14,000

	<u>Budget</u> \$'000	<u>Actual</u> \$'000
Operating Result	3	(25)
Non Cash Depreciation	85	77
Loan Repayments	(65)	(66)
Funding Surplus/ (Deficit) for year	<u>23</u>	<u>(14)</u>

Total restricted funds held for Sewerage Fund are now \$824,000, including cash of \$745,000.

FINANCIAL POSITION

In accordance with the requirements of the Code of Accounting Practice, Council has this year revalued its roads, bridges, footpaths, storm water drainage, and indexed the valuation of the water and sewerage networks. This revaluation resulted in a net increase of \$10.6M in the carrying value of assets.

Council's total equity at 30th June 2015 was \$114.1M compared with \$103M at the beginning of the year.

Condition of Civil Infrastructure

Special Schedule 7 to the financial statements shows that the capital cost to bring Council's infrastructure up to a "satisfactory standard" has now been estimated to be \$3.2M.

The Special Schedule 7 figures are not required to be audited.

Liquidity – Available Working Capital

Council's **net current assets** were \$5,513,000 at 30th June 2015, a decrease of \$90,000 for the year.

Council's general purpose Available Working Capital is now \$1,080,000. This level provides Council with sufficient short term financial flexibility to fund its operations.

CASH & INVESTMENTS

Council's **total cash and investments** at 30th June 2015 were **\$5.759m** compared to \$5.856m at 30th June 2014. Total cash and investments include:-

	<u>\$'000</u>
Externally restricted cash for:-	
Unexpended Specific Purpose Grants	50
Unexpended Specific Purpose Contributions	248
Sewerage Fund Cash	<u>745</u>
	1,043
Internally restricted cash for:-	
General Fund Reserves	3,863
Unrestricted Cash – General Purposes	<u>853</u>
Total Cash and Investments	<u>5,759</u>

RESTRICTED CASH ASSETS

Internally Restricted Cash (Reserves)

Council held Internally Restricted Cash reserves totalling \$3,863,000 at 30th June 2015 (2014: \$3,732,000). These are funds set aside **at Council's discretion** for employees leave entitlements and for future major expenditure.

We set out below the major internal reserves:

Reserve	30/6/15	30/6/14
	\$	\$
Road Funds	627,000	614,000
Plant Replacement	1,627,000	1,730,000
Gravel Pit Remediation	291,000	291,000
Employees Leave Entitlements	330,000	320,000
Aged Persons Care	148,000	168,000
Aquatic Centre Upgrade	202,000	202,000

Externally Restricted Funds

The application of externally restricted cash is restricted by law, or by conditions placed on the funds by the provider. Cash funds held by Council that are externally restricted total \$1,043,000 and include Sewerage Fund cash of \$745,000, and unspent grants and contributions totalling \$298,000 (including the Bus Committee "contributions" for the Urana Aquatic Centre of \$233,000 – including interest).

CASH FLOW STATEMENT

The statement shows a net decrease in cash for the year of \$97,000 and cash funds held at 30th June 2015 of \$5,757,000. Council also holds investments of \$2,000 which do not meet the definition of cash.

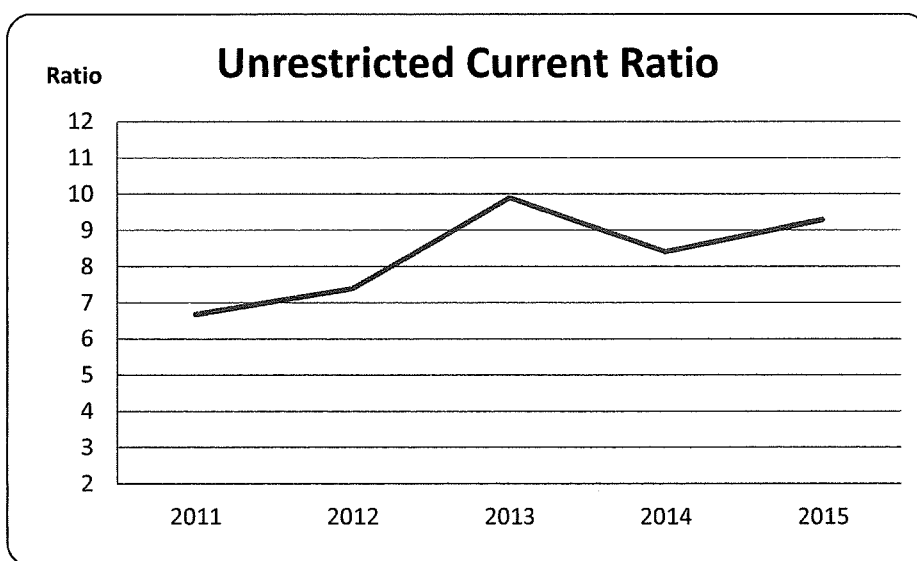
The cash surplus from operations for the year of \$2,617,000 together with the cash consumption of \$97,000 was *applied to* the net cost of new assets acquired and constructed of \$2,648,000, to make loan repayments of \$66,000.

PERFORMANCE INDICATORS

The financial report shows a number of financial indicators in Note 13. We set out our comments on a number of the indicators:-

Liquidity Indicator- Unrestricted Current Ratio

The unrestricted current ratio is an indicator of the adequacy of working capital and the ability to satisfy the short term obligations of Council. All externally restricted current assets and current liabilities are excluded in the calculation of the ratio, as are amounts not expected to be settled in the short term. The ratio shows Unrestricted Current Assets (\$5,335,000) at 9.29 times Unrestricted Current Liabilities (\$574,000).

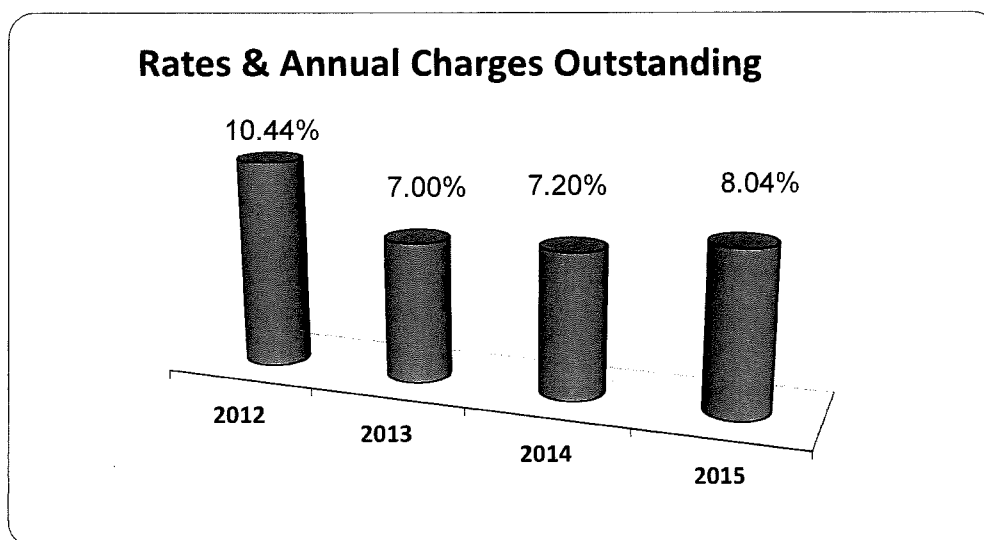


The ratio continues to reflect Council's strong liquidity position resulting from the level of internal reserves held.

The Cash Expense Cover ratio of 11.8 months also shows Council's strong liquidity position

Rate Arrears

The net arrears of rates and annual charges at 30 June 2015 totalled \$160,000 (2014: \$138,000). This is 8.04% of collectable rates and annual charges and arrears which is an acceptable level.



OTHER MATTERS

The Special Purpose Financial Reports comprise operating and financial position statements for the declared business activities of Council. These reports are prepared for the purpose of fulfilling the requirements of National Competition Policy reporting. They show the operating results for the Sewerage undertaking after notional payments including income tax expense equivalent to the corporate tax rate of 30%.

We did not note, during the conduct of the audit, any specific non compliance with Division 2 of Chapter 13 of the Local Government Act 1993 or Part 9 of the Local Government General Regulation 2005.

We thank Council management and staff for their co-operation and assistance during the course of our audit.

SUMMARY

Council consumed \$316,000 of its accumulated general purpose funds for the year compared to a budgeted consumption of \$630,000. Total general purpose unrestricted funds are now \$1,080,000 (including cash of \$853,000) and in addition Council holds internally restricted cash reserves of \$3,863,000.

Council's immediate financial position remains good.

Adams Kennedy White & Co

Dated: 30th October 2015
WAGGA WAGGA


ADAMS KENNEALLY WHITE & CO.
Chartered Accountants and Local Government Auditors

URANA SHIRE COUNCIL



SPECIAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended
30th June 2015

URANA SHIRE COUNCIL
Special Purpose Financial Reports
for the year ended 30th June 2015

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URANA SHIRE COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO THE LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND FINANCIAL REPORTING

The attached special purpose Financial Statements have been drawn up in accordance with the

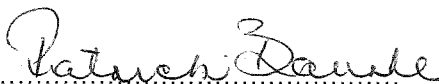
- NSW Government Policy Statement "*Application of National Competition Policy to Local Government*"
- Division of Local Government guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*".
- Local Government Code of Accounting Practice and Financial Reporting
- The NSW Office of Water guidelines.

To the best of our knowledge and belief, these reports

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

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

Signed in accordance with a resolution of Council made on 20th October 2015.



Cr Patrick Bourke

MAYOR



Cr David L. Fahey OAM

COUNCILLOR



Adrian Butler

GENERAL MANAGER



Kim Parker

RESPONSIBLE ACCOUNTING OFFICER

URANA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 6
SEWERAGE SERVICES - STATEMENT OF FINANCIAL POSITION
(Gross including Internal Transactions)
for the year ended 30th June 2015**

	<u>Current</u> \$'000	<u>Non-Current</u> \$'000	<u>Total</u> \$'000
<u>ASSETS</u>			
31 Cash and Investments			
f. - Other	745	-	745
32 Receivables			
b. - Rates & Availability Charges	79	-	79
34 Property, Plant & Equipment			
a. - System Assets		7,127	7,127
b. - Plant & Equipment		4	4
36 Total Assets	<u>824</u>	<u>7,131</u>	<u>7,955</u>
<u>LIABILITIES</u>			
39 Borrowings			
a. - Loans	11	-	11
41 Total Liabilities	<u>11</u>	<u>-</u>	<u>11</u>
42 NET ASSETS COMMITTED	<u>813</u>	<u>7,131</u>	<u>7,944</u>
<u>EQUITY</u>			
43 Accumulated Surplus			3,458
44 Asset Revaluation Reserve			4,486
45 Total Equity			<u>7,944</u>
46 Current Replacement Cost of System Assets			8,545
47 Accumulated Current Cost Depreciation of System Assets			1,470
48 Written Down Current Cost of System Assets			<u>7,075</u>

URANA SHIRE COUNCIL

SPECIAL SCHEDULE NO 5 - SEWERAGE SERVICE OPERATIONS (cont)

	2015 \$'000	2014 \$'000
<u>B. CAPITAL TRANSACTIONS</u>		
<u>Non - Operating Expenditure</u>		
18 Repayment of Debt		
b. - Advances	66	60
20 Total Non-Operating Expenditure	66	60
<u>C. RATES AND CHARGES</u>		
25 Number of Assessments		
a. - Residential (occupied)	306	
c. - Non-Residential (occupied)	30	
26 Number of ETs for which Developer Charges were received		3 ET
27 Total Amount of Pensioner Rebates		7 \$'000
<u>D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES</u>		
28 Annual Charges		
Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges?		No
If Yes, go to 29a.		
If No, has Council removed <u>land value</u> from access charges (i.e. rates)		Yes
29 Developer Charges		
a Has Council completed a sewerage Development Servicing Plan?		No
30 TOTAL OF CROSS SUBSIDIES		-

Councils which have not yet implemented best practice sewerage pricing and trade waste pricing should disclose cross subsidies in items 28b and 28c above. However, disclosure of cross-subsidies is NOT required where a Council has implemented best practice sewerage and liquid trade waste pricing and is phasing in such pricing over a period of 3 years.

URANA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 5
SEWERAGE SERVICE OPERATIONS
(Gross including Internal Transactions)
for the year ended 30th June 2015**

<u>A. EXPENSES & REVENUES</u>	2015	2014
<u>EXPENSES</u>	\$'000	\$'000
1.a. Management - Administration	4	8
b. - Engineering & Supervision	47	28
2 Operations & Maintenance Expenses		
a. -Mains - Operation Expenses	-	-
b. -Maintenance Expenses	11	5
c. - Pumping Stations - Operation Expenses	6	4
d. - Energy Costs	7	7
e. - Maintenance Expenses	65	37
f. - Treatment - Operation Expenses	4	3
k. - Maintenance Expenses	19	22
3.a. Depreciation - System Assets	77	75
b. - Plant & Equipment	-	1
4.a. Miscellaneous - Interest expense	3	8
5 Total Expenses	<u>243</u>	<u>198</u>
<u>REVENUE</u>		
6 Residential Charges (including rates)	184	173
9 Extra Charges	5	5
10 Interest income	21	22
12.a. Grants - Acquisition of Assets		
b. - Pensioner Rebates	4	4
13.a Contributions - Developer Charges	4	5
14 Total Revenues	<u>218</u>	<u>209</u>
16 OPERATING RESULT	<u>(25)</u>	<u>11</u>
16.a. Operating Result before Grants for Acquisition of Assets	<u>(25)</u>	<u>11</u>

URANA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 2 (2)
STATEMENT OF INTERNAL LOANS
for the year ended 30th June 2015**

**\$'000
SUMMARY OF INTERNAL LOANS**

Borrower (by purpose)	Amount Originally Raised	Total Repaid During Year Principal & Interest	Principal Outstanding at end of year
General	100	7	53
Totals	100	7	53

The above summary of internal loans represents the total of Council's internal loans categorised according to the purpose of the borrower. Details of individual internal loans are set out below.

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Maturity Date	Rate of Interest	Amount Originally Raised	Paid During Year - Princ and Interest	Principal Outstanding End of Year
General Fund - Housing	General	N/A	30/06/2008	15	30/06/2023	0	100	7	53
Totals							100	7	53

URANA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 2 (1)
STATEMENT OF LONG TERM DEBT (ALL PURPOSE)
for the year ended 30th June 2015**

\$'000

Classification of Debt	Principal Outstanding at beginning of year		New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year	
	Current	Non-Current		From Revenue	Sinking Funds			Current	Non-Current
LOANS (by source)									
Financial Institutions	39	38	-	66	-	-	3	11	-
Total Loans	39	38	-	66	-	-	3	11	-
TOTAL LONG TERM DEBT	39	38	-	66	-	-	3	11	-

This Schedule excludes refinancing of existing borrowings (except for any additional borrowings) and internal loans.

URANA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont)
for the year ended 30th June 2015**

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
RECREATION & CULTURE				
Public Libraries	68	30	8	30
Museums	17	17	-	-
Community Centres and Halls	124	223	-	(99)
Sporting Grounds	178	18	30	130
Swimming Pools	173	5	6	162
Parks & Gardens, Lakes	127	238	-	(111)
Other Sport & Recreation	14	10	-	4
Total Recreation & Culture	701	541	44	116
MINING, MANUFACTURING & CONSTRUCTION				
Building Control	55	5	-	50
Other Mining Manufacturing & Construction	52	52	-	-
Total Mining Manufacturing & Construction	107	57	-	50
TRANSPORT & COMMUNICATION				
Urban Roads: Local	33	-	-	33
Urban Roads: Regional	1,132	-	-	1,132
Sealed Rural Roads: Local	262	-	-	262
Sealed Rural Roads: Regional	931	1,278	576	(923)
Unsealed Rural Roads: Local	295	-	-	295
Footpaths	8	-	19	(11)
Other Transport & Communication	21	31	9	(19)
Total Transport & Communication	2,682	1,309	604	769
ECONOMIC AFFAIRS				
Camping Areas & Caravan Parks	97	80	-	17
Other Economic Affairs	83	13	-	70
Total Economic Affairs	180	93	-	87
TOTALS - FUNCTIONS				
	6,591	2,890	674	3,027
General Purpose Revenues				3,524
NET OPERATING RESULT FOR YEAR				497

URANA SHIRE COUNCIL
SPECIAL SCHEDULE NO 1
NET COST OF SERVICES
for the year ended 30th June 2015

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
GOVERNANCE	333	-	-	333
ADMINISTRATION	953	104	-	849
PUBLIC ORDER & SAFETY				
Fire Service Levy, Fire Protection, Emergency Services	188	39	-	149
Animal Control	8	5	-	3
Total Public Order & Safety	196	44	-	152
HEALTH	24	1	-	23
ENVIRONMENT				
Noxious Plants and Insect / Vermin Control	183	56	-	127
Other Environmental Protection	24	8	-	16
Solid Waste Management	168	139	-	29
Street Cleaning	54	-	-	54
Stormwater Management	17	-	22	(5)
Total Environment	446	203	22	221
COMMUNITY SERVICES & EDUCATION				
Administration & Education	1	-	-	1
Aged Persons & Disabled	80	40	-	40
Childrens Services	202	215	-	(13)
Total Community Services & Education	283	255	-	28
HOUSING & COMMUNITY AMENITIES				
Public Cemeteries	21	2	-	19
Public Conveniences	15	-	-	15
Street Lighting	41	2	-	39
Town Planning	249	26	-	223
Other Community Amenities	117	39	-	78
Total Housing & Community Amenities	443	69	-	374
WATER SUPPLIES				-
SEWERAGE SERVICES	243	214	4	25

URANA SHIRE COUNCIL

Special Schedules

for the year ended 30th June 2015

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URANA SHIRE COUNCIL



SPECIAL SCHEDULES TO FINANCIAL STATEMENTS

**For the Year Ended
30th June 2015**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

The special purpose financial reports have been prepared for distribution to the Council the Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Division of Local Government or for any purpose other than for which the report was prepared.

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

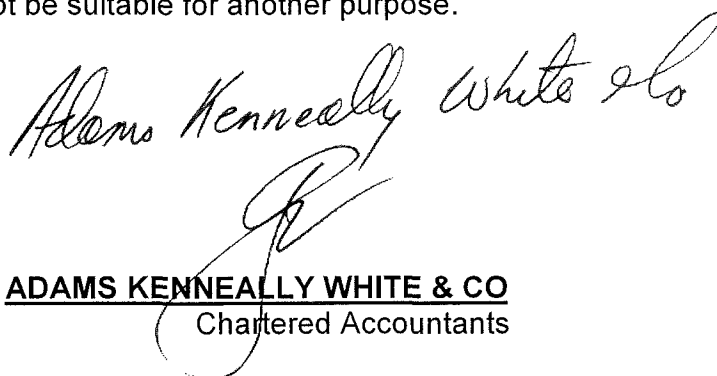
Opinion

In our opinion, the Special Purpose Financial Statements of **Urana Shire Council** are presented fairly, in all material respects, in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion we draw attention to Note 1 to the financial statements which describes the basis of accounting. The special purpose financial statements have been prepared for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result they may not be suitable for another purpose.

Adams Kenneally White & Co



ADAMS KENNEALLY WHITE & CO
Chartered Accountants

Dated: 30th October 2015
Wagga Wagga

INDEPENDENT AUDIT REPORT

URANA SHIRE COUNCIL

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **special purpose financial statements** of the **Urana Shire Council** for the year ended 30th June 2015. The financial statements include the financial statements of the business activities of the Council, comprising, Income Statement of the Business Activity, Statement of Financial Position of the Business Activity, and a summary of significant accounting policies and other explanatory notes and the Statement by Council and Management.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies described in Note 1 to the financial statements and have determined that the accounting policies therein described are appropriate to meet the financial reporting requirements to the Division of Local Government of the Department of Premier & Cabinet. This includes responsibility for such internal control as Council determines necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 about whether the financial statements are free from material misstatement. We have not examined the disclosures in Note 3 for Sewerage Services in respect of best practice required outcomes and National Water Initiative Financial Performance Indicators and accordingly we express no opinion on them. Also our audit did not involve an analysis of the prudence of business decisions made by Council or management.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2015

Note 3 - BEST PRACTICE MANAGEMENT DISCLOSURES - SEWERAGE

		2015 \$
<i>Values shown in this Note are expressed in WHOLE DOLLARS</i>		
Calculation and Payment of Tax-Equivalents		
(i) Calculated Tax Equivalents		0
(ii) No of assessments multiplied by \$3/assessment		1,008
(iii) Amounts payable for Tax Equivalents (lesser of (i) and (ii))		0
(iv) Tax Equivalents paid		0
Dividend from Surplus		
(ii) No of assessments multiplied by \$30/assessment, less tax equivalent		10,080
Required Outcomes for 4 Criteria		
(i) Complete current Strategic Business Plan (including Financial Plan)		No
(ii) Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 18 of Best practice guidelines)		No
Complying charges (a) Residential (Item 2(c) in Table 1)		No
(b) Non-Residential (Item 2(c) in Table 1)		No
(c) Trade Waste (Item 2(d) in Table 1)		No
DSP with Commercial Developer Charges (Item 2(e) in Table 1)		No
Liquid Trade Waste Approvals & Policy (Item 2(f) in Table 1)		Yes
(iii) Complete Performance Reporting Form (by 15 September each year)		No
(iv) a. Complete Integrated Water Cycle Management Evaluation		No
(iv) b. Complete and implement Integrated Water Cycle Management Strategy		No
National Water Initiative (NWI) Financial Performance Indicators		
NWI F2 Total Revenue (Sewerage)	\$'000	197
NWI F10 Written Down Replacement Cost of Fixed Assets (Sewerage)	\$'000	7,075
NWI F12 Operating Cost (Sewerage)	\$'000	163
NWI F15 Capital Expenditure (Sewerage)	\$'000	0
NWI F18 Economic Real Rate of Return (Sewerage)	%	-1
NWI F27 Capital Works Grants (Sewer)	\$'000	0
NWI F3 Total Income (Water & Sewerage)	\$'000	197
NWI F8 Revenue from Community Service Obligations (Water & Sewerage)	%	2
NWI F16 Capital Expenditure (Water & Sewerage)	\$'000	0
NWI F19 Economic Real Rate of Return (Water & Sewerage)	%	-1
NWI F20 Dividend (Water & Sewerage)	\$'000	0
NWI F21 Dividend Payout Ratio (Water & Sewerage)	%	0
NWI F22 Net Debt to Equity (Water & Sewerage)	%	-9
NWI F23 Interest Cover (Water & Sewerage)	times	0
NWI F24 Net Profit after Tax (Water & Sewerage)	\$'000	-25
NWI F25 Community Service Obligations (Water & Sewerage)	\$'000	4

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS

NOTE 1 Table - NATIONAL COMPETITION POLICY NOTIONAL PAYMENTS
for the year ended 30th June 2015

	BUSINESS ACTIVITIES	
	SEWER	
	2015	2014
<i>Category</i>	2	2
TAXATION EQUIVALENT PAYMENTS	<i>Rate</i>	<i>Rate</i>
Land Tax		
Stamp Duty		
Payroll Tax	Applies	Applies
Fringe Benefits Tax	Applies	Applies
COUNCIL RATES, CHARGES & FEES	See Note 1, Item 3.2	
LOAN & DEBT GUARANTEE FEES	0.00%	0.00%
CORPORATE TAXATION EQUIVALENT	30%	30%
DIVIDENDS PAID	N/A	N/A
RATE OF RETURN ON CAPITAL		
Required Rate of Return		
Actual Rate of Return	NIL	0.00%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

3.7 Notional Subsidy from Council

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis, or accepts a lower rate of return on its investment in the business unit than would be acceptable to a private sector competitor.

In accordance with the Code of Accounting Practice, this amount has been calculated as the dollar difference between the required and actual rates of return.

4. Special Rate Funds

The Local Government Act 1993 (as amended) requires that moneys raised by way of Special Rates (or for Domestic Waste Management) be used only for those purposes, except for "dividends" payable in accordance with the *"Best-Practice Management of Water Supply and Sewerage"* guidelines, which also impose limits on the amounts payable. Accordingly, *imputed* amounts in excess of the permitted limits have been retained in those funds, and added back to Accumulated Surplus.

For Business Units not involving Special Rate Funds, *imputed* amounts have been transferred to Council's General Fund and are available to Council for utilisation for other purposes.

All such amounts have been eliminated in the course of preparation of the Council's general purpose Annual Financial Statements.

5. Other Accounting Policies and Notes

Other accounting policies relating to the determination of revenues and expenses, and assets and liabilities, not specifically referred to above are reported in Note 1 to the Council's Annual Financial Statements, and should be read in conjunction with this Note. Note references in the Statements of Financial Performance of Business Activities and the Statement of Financial Position of Business Activities that are prefixed "A" refer to the Notes to the Annual Financial Statements.

6. Rounding

In accordance with the Code of Accounting Practice all amounts shown in these statements are in Australian currency and, other than Note 3, have been rounded to the nearest thousand dollars; amounts in Note 3 are shown in whole dollars to meet the requirements of the NSW Office of Water.

7. National Competition Policy Notional Payments

The table forming part of this Note immediately follows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

3.1 Taxation Equivalent Payments

Council does not pay certain taxes and duties that are paid by equivalent private sector operations, but is liable for others. The Special Purpose Financial Reports disclose the effect of imputing these taxes to the declared business units at the several rates that would have applied to equivalent private sector operations. The NSW Office of Water's guidelines "*Best-Practice Management of Water Supply and Sewerage*" require that imputed amounts be paid into the general funds of the Council where it may be applied for any permitted purpose of the Local Government Act 1993 (as amended).

Details of the rates of each tax or duty applicable to each different business unit are set out in the table forming item 7 of this Note. The narration "applies" indicates that the tax or duty has in fact been paid to the taxing authority by the Business Unit, and that these costs have been included in actual Operating Expenses, and the narration "various" indicates that Council has based the calculation of imputed tax on the differing rates of tax or duty applicable to different purchases.

3.2 Council Rates, Charges & Fees

Council rates have been *imputed* in relation to all non-rateable land, and *applied* in relation to all rateable land, owned or exclusively used by all business units. Annual and User Charges, and Regulatory and Other Fees, have been *applied* in relation to all services supplied to business units by Council or other business units.

3.3 Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that Council's business units face equivalent commercial borrowing costs to private sector competitors. In order to calculate the debt guarantee fees, Council has determined the average differential between actual and commercial borrowing rates for each business unit.

3.4 Corporate Taxation Equivalent

In accordance with the Code of Local Government Accounting Practice and Financial Reporting, income taxation has been calculated on the Operating Result before Capital Amounts disclosed in the Statements of Financial Performance of the Special Purpose Financial Reports. No allowance has been made for non-deductible items, timing differences or carried forward losses. Australian Accounting Standard AASB 112 "Income Taxes" has not been applied.

3.5 Dividends Paid

In accordance with National Competition Policy guidelines, it is expected that business units will pay dividends to its owner, Council, equivalent to those paid by private sector competitors. In accordance with the Code of Local Government Accounting Practice and Financial Reporting, the rate of dividend paid has been expressed as a percentage of the Change in Net Assets Resulting from Operations after Taxation.

Council is permitted, but not required, to pay a dividend to the general funds of the Council from surpluses generated by water supply and sewerage operations. The maximum amount of such dividend permitted under the "*Best-Practice Management of Water Supply and Sewerage*" guidelines is set out at the foot of the relevant Statements of Financial Performance. Actual payment of the dividend is subject to compliance with the procedures set out in the guidelines.

3.6 Return on Investment (Rate of Return)

The Policy statement states that Category 1 businesses "would be expected to generate a rate of return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field." In accordance with the Code of Accounting Practice, the rate of return on monopoly businesses such as water and sewerage services has been set at an amount sufficient to cover costs and replace assets needed to maintain services. For competitive markets, the rate of return has been set equal to or better than the return on Commonwealth 10 year bonds.

In accordance with the Code of Accounting Practice, the rate of return has been calculated as the Operating Result before Capital Amounts plus Interest Expense expressed as a percentage of the carrying value of Property, Plant & Equipment at the reporting date.

URANA SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. The Special Purpose Financial Statements

These financial statements are a Special Purpose Financial Report prepared for use by the Council and the Division of Local Government. They have been prepared to report the results of business units determined by Council in accordance with the requirements of National Competition Policy guidelines, and the specific requirements relating to Best Practice Management of water and sewer business units. For the purposes of these statements, the Council is not a reporting not-for-profit entity.

In preparing these reports, each business unit has been viewed as a separate unit, and accordingly transactions between different business units, and between business units and other Council operations, have not been eliminated.

2. Basis of Accounting

2.1 Compliance

The financial reports comply with the Local Government Code of Accounting Practice and Financial Reporting, and with the principles of the June 1996 NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*, the Department of Local Government's July 1997 guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"* and the NSW Office of Water, Department of Environment, Climate Change and Water 2007 guidelines *"Best-Practice Management of Water Supply and Sewerage"*.

Except where directed to the contrary by the above documents, the financial report also complies with all applicable Australian Accounting Standards and professional pronouncements, and is based on information consistent with that forming the basis of Council's general purpose Annual Financial Statements for the year.

2.2 Basis

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes or in the Notes to the general purpose Annual Financial Statements, in accordance with the historical cost convention.

3. National Competition Policy

In accordance with the framework set out in the June 1996 NSW Government Policy Statement *"Application of National Competition Policy to Local Government"* and other guidelines and documentation in relation to this matter, Council has declared that the following are to be considered as Business Units:

Urana and Oaklands Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the townships of Urana and Oaklands, which is established as a Special Rate Fund (see item 4 below). As the total annual operating revenues are less than \$2,000,000, it is defined as a "Category 2" Business Unit.

The Division of Local Government's July 1997 guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"* outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, council subsidies, rate of return on investments in business units and dividends paid. The NSW Office of Water, Department of Environment, Climate Change and Water's 2007 guidelines *"Best-Practice Management of Water Supply and Sewerage"* include specific requirements relating to the calculation and payment of "dividends" by water supply and sewerage business units.

URANA SHIRE COUNCIL

STATEMENT OF FINANCIAL POSITION SEWERAGE BUSINESS ACTIVITY as at 30th June 2015

	Notes	2015 '000	2014 '000
CURRENT ASSETS			
Cash & cash equivalents	A6	745	766
Receivables	A7	79	72
TOTAL CURRENT ASSETS		<u>824</u>	<u>838</u>
NON-CURRENT ASSETS			
Infrastructure, Property, Plant & Equipment	A9	7,131	7,105
TOTAL NON-CURRENT ASSETS		<u>7,131</u>	<u>7,105</u>
TOTAL ASSETS		<u>7,955</u>	<u>7,943</u>
CURRENT LIABILITIES			
Interest bearing liabilities	A10	11	39
TOTAL CURRENT LIABILITIES		<u>11</u>	<u>39</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities	A10		38
TOTAL NON CURRENT LIABILITIES			<u>38</u>
TOTAL LIABILITIES		<u>11</u>	<u>77</u>
NET ASSETS	\$	<u>7,944</u>	<u>7,866</u>
EQUITY			
Accumulated Surplus		3,458	3,483
Asset Revaluation Reserve		4,486	4,383
TOTAL EQUITY	\$	<u>7,944</u>	<u>7,866</u>

This Statement is to be read in conjunction with the attached Notes

URANA SHIRE COUNCIL**INCOME STATEMENT
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2015**

	Notes	2015 '000	2014 '000
INCOME FROM CONTINUING OPERATIONS			
Access Charges	A4	184	173
Interest Received	A4	26	27
Grants & Contributions - Operating	A4	4	4
TOTAL		214	204
EXPENSES FROM CONTINUING OPERATIONS			
Employee Costs	A3	116	68
Materials & Contracts	A3	47	46
Borrowing Costs	A3	3	8
Depreciation & Amortisation	A3	77	76
TOTAL		243	198
CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS		(29)	6
Grants & Contributions - Capital	A4	4	5
RESULT FROM CONTINUING OPERATIONS SURPLUS (DEFICIT) BEFORE TAX		(25)	11
SURPLUS (DEFICIT) FOR YEAR		(25)	11
Add: Accumulated Profits brought forward		3,483	3,470
Corporate Tax Equivalent retained		-	2
ACCUMULATED SURPLUS		3,458	3,483
<i>RATE OF RETURN ON CAPITAL</i>	1	<i>NIL</i>	<i>0.20%</i>
<i>NOTIONAL SUBSIDY FROM COUNCIL</i>	1	<i>N/A</i>	<i>N/A</i>
<i>Calculation of Dividend Payable during next financial year</i>			
<i>Surplus after tax</i>		<i>-25</i>	<i>9</i>
<i>Less: Capital grants & contribs from LWUs</i>		<i>4</i>	<i>4</i>
<i>Surplus for dividend calculation purposes</i>		<i>0</i>	<i>5</i>
<i>Dividend calculated from surplus</i>		<i>0</i>	<i>3</i>

This Statement is to be read in conjunction with the attached Notes.

URANA SHIRE COUNCIL

SPECIAL SCHEDULE NO 7
CONDITION OF PUBLIC WORKS
as at 30th June 2015

Asset Class	Asset Category	Estimated Cost to bring to a Satisfactory Standard '000	Required Annual Maintenance '000	2014/15 Actual Maintenance '000	Carrying Value '000	Assets in condition # as % of Carrying Value				
						1	2	3	4	5
Public Buildings	Council Offices	13	8	9	1,039		98%			
	Works Depot	-	14	21	289		89%			
	Halls	55	1	1	2,158		93%	11%	2%	1%
	Housing	4	35	39	1,548		92%			
	Museums	-	3	2	346		95%			
	Aged Care	15	20	23	422		50%	40%	10%	
	Caravan Park	12	28	26	650	97%				
	Medical	-	2	2	413	100%				
	Amenities/Toilets	5	2	2	845		95%			5%
	RFS/Emerg. Buildings	-	-	-	658		100%			
	Recreation	14	29	34	1,143		97%			3%
	Subtotal	118	142	159	9,511	11%	82%	2%	5%	0%
Other Structures	Structures not included in buildings	34	25	30	694		95%	5%		
Public Roads	Sealed Roads Surface	2,841	1,226	1,186	11,519	19%	42%	33%	5%	1%
	Sealed Roads Structure				46,111	19%	42%	33%	5%	1%
	Unsealed Roads	90	5	-	13,915	19%	42%	33%	5%	1%
	Bridges	-	7	8	6,905	35%	55%	10%		
	Footpaths/Cycleways				933	55%	45%			
	Earthworks (Non-Deprec)				5,350	95%	5%			
	Kerb & Gutter	65	-	-	1,409	15%	20%	60%	5%	
	Subtotal	2,996	1,238	1,194	86,142	25%	40%	29%	4%	1%

URANA SHIRE COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont)
as at 30th June 2015

Asset Class	Asset Category	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	2014/15 Actual Maintenance '000	Carrying Value '000	Assets in condition # as % of Carrying Value				
						1	2	3	4	5
Sewerage	Mains	-	8	11	5,393		100%			
	Pumping Stations	-	55	65	911		100%			
	Treatment	5	31	19	771		99%		1%	
	Subtotal	5	94	95	7,006	0%	101%	0%	0%	0%
Stormwater Drainage	Other	-	8	11	535		10%			
	Subtotal	-	8	11	535		10%		0%	0%
Open Space	Swimming Pools	16	26	24	316				55%	45%
	Subtotal	16	26	24	316	0%	0%	0%	55%	45%
Total Classes - All Assets		3,169	1,533	1,513	104,204	20%	180%	110%	90%	0%

Infrastructure Asset Condition Assessment

Level	Condition	Description
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

URANA SHIRE COUNCIL

Special Schedule 7 (cont)

REPORT ON INFRASTRUCTURE ASSETS as at 30th June 2015

Infrastructure Asset Performance Indicators - Consolidated

	<u>Amounts</u>	<u>2015 Indicators</u>	2014	2013
Building & infrastructure renewals ratio				
Asset renewals (buildings, infrastructure & other structures)	<u>2,194</u>	1.22:1	2.94:1	2.09:1
Depreciation, amortisation & impairment (buildings, infrastructure & other structures)	1,792			
Infrastructure backlog				
Estimated cost to bring assets to satisfactory condition	<u>3,169</u>	0.03: 1	0.12: 1	0.14: 1
Carrying value of infrastructure, building, other structures & depreciable land improvements	104,884			
Asset maintenance ratio				
Actual asset maintenance	<u>1,513</u>	0.99: 1	0.92: 1	1.03: 1
Required asset maintenance	1,533			
Capital expenditure ratio				
Actual capital expenditure	<u>2,759</u>	1.33: 1	1.96: 1	0.57: 1
Annual depreciation	2,082			

Infrastructure Asset Performance Indicators - General, Water & Sewer Funds

	Current Year Indicators	
	General	Sewer
* Calculated as for the consolidated indicators shown above.		
Building & infrastructure renewals ratio	1.28: 1	0: 1
Infrastructure backlog	0.03: 1	0: 1
Asset maintenance ratio	0.99: 1	1.01: 1
Capital expenditure ratio	1.38: 1	0: 1

URANA SHIRE COUNCIL

**SPECIAL SCHEDULE NO 9 - PERMISSIBLE INCOME for GENERAL RATES
as at 30th June 2015**

This Schedule is used to confirm Council's compliance with rate-pegging legislation for the "rating years" shown.

The amounts shown here will not reconcile to Note 3 of the Annual Financial Statements as Note 3 includes all rates raised during the reporting period irrespective of the "rating years" to which they relate.

	2014/15 "Rating \$'000		2015/16 "Rating \$'000
Notional General Income Calculation			
Last Year Notional General Income Yield	1,547		1,582
+/- Yield changes arising from valuation adjustments ⁽¹⁾	<u>-</u>		<u>-</u>
Notional General Income	<u>1,547</u>		<u>1,582</u>
Permissible Income Calculation			
Less: expiring special variation amount	-		-
Plus: special variation amount ⁽²⁾			
or rate peg amount	2.30% 36	2.40%	38
or crown land adjustment and rate peg amount			
Sub-total	<u>1,583</u>		<u>1,620</u>
Previous year carry forward total	-		1
Less: Income lost due to valuation objections ⁽³⁾			
<i>(claimed in the previous year)</i>	<u>-</u>		<u>1</u>
Sub-total			<u>1</u>
Total Permissible income	<u>1,583</u>		<u>1,621</u>
Calculation of catch up / excess amount			
Total permissible income	1,583		1,621
Notional general income yield	<u>1,582</u>		<u>1,621</u>
Catch-up or (excess) result ⁽³⁾	1		0
Plus: Income lost due to valuation objections claimed ⁽⁴⁾	-		-
Less: Unused catch-up ⁽³⁾	<u>-</u>		<u>-</u>
Carry forward to next year	<u>1</u>		<u>0</u>

Notes

- (1) Changes in valuations are advised as *supplementary valuations* in accordance with the *Valuation of Land Act 1916*.
- (2) A special variation amount includes any crown land adjustment applicable.
- (3) Catch-up amounts may be offset against excess amounts in the next 2 years, after which the entitlement is lost and unused amounts are deducted.
- (4) Successful objections to valuations by landowners usually result in a loss of income to Council, which may relate to multiple "rating years". Council can recoup the lost income irrespective of "rating year" as a one-off adjustment.

INDEPENDENT AUDITOR'S REPORT

URANA SHIRE COUNCIL

REPORT ON SPECIAL SCHEDULE No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Urana Shire Council for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No.9

The Council is responsible for the preparation and fair presentation of Special Schedule No.9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines). This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether Special Schedule No. 9 is free from material misstatement.

And audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimate made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

Independence

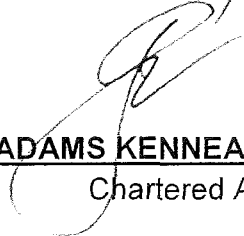
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedules No 9. of Urana Shire Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purpose of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

Adams Kennelly White & Co


Dated: 30th October 2015
Wagga Wagga

ADAMS KENNEALLY WHITE & CO
Chartered Accountants

