



## **BUSINESS AGENDA**

Notice is hereby given, in accordance with the provision of the *Local Government Act 1993* that a meeting of Uralla Shire Council will be held in the Council Chambers, 32 Salisbury Street, Uralla.

### **EXTRAORDINARY COUNCIL MEETING**

**30 January 2023**

**Commencing at 6:00pm**

#### **Statement of Ethical Obligations**

The Mayor and Councillors are bound by the Oath/ Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of Uralla Shire and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act or any other Act, to the best of their skill and judgement.

It is also a requirement that the Mayor and Councillors disclose conflicts of interest in relation to items listed for consideration on the Agenda or which are considered at this meeting in accordance with Council's Code of Conduct and Code of Meeting Practice.

Kate Jessep  
**General Manager**



## REQUEST FOR EXTRAORDINARY COUNCIL MEETING

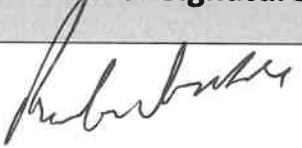
s366 of the Local Government Act

### REASON FOR EXTRAORDINARY MEETING FOR

**30 January 2023 AT 6:00pm:**

1. Presentation of End of Year Financial Statements 2022.

#### REQUESTED BY:

Councillor Name	Councillor Signature	Dated
Mayor –Robert Bell		24 January 2023

Councillor Name	Councillor Signature	Dated
Deputy Mayor – Robert Crouch		24 January 2023



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- 1 OPENING & WELCOME**
- 2 PRAYER**
- 3 ACKNOWLEDGEMENT OF COUNTRY**
- 4 WEBCAST INFORMATION**
- 5 APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE BY COUNCILLORS**
- 6 DISCLOSURE & DECLARATION OF INTEREST/S**
- 7 PURPOSE OF EXTRAORDINARY MEETING**
- 8 LATE REPORT/SUPPLEMENTARY/URGENT ITEMS (INCLUDING PETITIONS)**

## 9 REPORTS TO COUNCIL

### 9.1 End of Year Financial Statements 2022 Referral to Audit

**Department:** Corporate & Community

**Prepared By:** Manager Finance & IT

**Authorised By:** General Manager

**Reference:** UINT/23/1060

**Attachments:** 1. Draft Annual Financial Statements 2021-2022

#### LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

**Goal:** 4. We are an independent shire and well-governed community

**Strategy:** 4.2. A strategic, accountable and representative Council

#### SUMMARY

The purpose of this report is to present the end of financial year (EOFY) draft financial statements and to implement relevant statutory obligations in relation to the finalisation of the audited financial statements. Council's Draft Annual Financial Statements have been prepared and are ready for referral to audit.

#### RECOMMENDATION

**That Council endorse the Draft General Purpose Financial Statements and Draft Special Purpose Financial Statements for the financial year ending 30 June 2022 and refer them to the Auditor pursuant to section 413 of the *Local Government Act 1993 (NSW)*.**

#### REPORT

Under Section 416(1) of the Local Government Act 1993, Council must prepare and arrange for its Annual Financial Statements to be audited within four (4) months of year end (that is, by 31 October each year). Due to the resourcing issue the council could not finalise financial statements within the due date, and requested the Office of Local Government for extension up to 28 February 2023.

The Draft 2021/22 Annual Financial Statements are scheduled to be audited by Council's Auditor, Forsyths, Chartered Accountants commencing 31 January 2023. Council in accordance with Section 413 (1) of the Local Government Act 1993 is required to resolve to formally refer the Annual Financial Statements to the Auditors for audit. Council is also required to resolve to sign and attach a 'Statement by Councillors and Management' to the General Purpose Financial Statements section of the Annual Financial Statements in accordance with Section 413(2) (c) of the Act. This Statement is to be signed by the Mayor, Deputy Mayor, General Manager and Council's Responsible Accounting Officer.

In accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting, Council is required to prepare Special Purpose Financial Statements for the Water Supply Activity and Sewerage Business Activity for the purposes of the Special Purpose Financial Statements. Council is required to resolve to sign and attach a 'Statement by Councillors and Management' to the Special Purpose Financial Statements section of the Annual Financial Statement. This Statement is to be signed by the Mayor, Deputy Mayor, General Manager and Council's Responsible Accounting Officer.

**Summary of Financial Results**

<b>Particulars</b>	<b>2022 \$000</b>	<b>2021 \$000</b>
Income from Continuing Operations (Excl capital grants)	22,359	20,985
Expenses from Continuing Operations (Excl depreciation and loss from disposal)	(17,792)	(17,582)
<b>Result from ordinary activities before depreciation and loss from disposal</b>	<b>4,567</b>	<b>3,403</b>
Less depreciation	(5,237)	(5,273)
<b>Result from Continuing Operations before capital and loss from disposal</b>	<b>(670)</b>	<b>(1,870)</b>
Capital grants and contributions	5,952	7,268
Gain/(Loss) on disposal of assets	(526)	(502)
<b>Net Operating Result for the Year – Net Profit/(Loss)</b>	<b>4,756</b>	<b>4,896</b>

**Financial Reserves - Externally Restricted**

External financial restrictions represent unspent monies that have been provided to Council to be spent on a particular project/allocation. They generally consist of unspent Section 7.11/7.12 and Section 64 Developer Contributions, unspent specific purpose grants, sewerage fund, water fund and domestic waste management revenues. As at 30 June 2022, Council's balance of externally restricted cash is \$14,592k (compared \$12,690k as at 30 June 2021). A summary is tabled below:

<b>Particulars</b>	<b>2022 \$000</b>	<b>2021 \$000</b>
Industrial Land	491	491
Uralla Groundwater project	-	142
Swimming pool	-	40
Fixing local roads round 2	-	567
MR73 Thunderbolts Way Rehabilitation of 1.5Km	-	59
Fixing Local Roads Round (FLR) 3 - Kingstown Road	588	-
LRCI Round 2 Corey Road	53	-
LRCI Round 3 - Kingstown Road	525	-
Stronger Country Communities (SCCF) 3 - McMaugh	57	-
Stronger Country Communities (SCCF) 4 - Parks	82	-

Bushfire Local Economic Recovery - Courthouse Refurbishment	332	-
PSLP - Glen precinct	590	-
PSLP - Pioneer Park	581	-
TCS CHSP funding delivery shortfall	2,224	1,370
TCT funding delivery shortfall	434	96
Crown Reserve Infrastructure Fund (CRIF) - Woolridge Reserve	70	-
Black Summer Bushfire Recovery - Generators	47	-
Roads to Recovery 2022	234	-
Regional NSW planning portal	80	-
McMaugh gardens resident bonds	2,720	3,068
TCT payables	626	898
Developer contributions – general	909	755
Water fund	2,317	2,610
Sewer fund	698	2,309
McMaugh Gardens	621	-
Stormwater management	314	285
Total	14,593	12,690

Unrestricted cash before internal restrictions \$5,357k

#### Financial Reserves - Internally Restricted

Internal financial restrictions represent monies set aside for expenditure on non-specific items that Council has resolved to spend in the future. As at 30 June 2022 Council's balance of internally restricted cash is \$5,128k (compared to \$4,510k as at 30 June 2021). A summary is tabled below:

Particulars	2022 \$000	2021 \$000
Plant fund	713	1,308
Employee leave entitlement	763	779
Tip remediation costs	949	373
Waste Management Consultancy	8	8
Footpath at Bundarra	-	60
K&G - Roman Street	63	67
GIS Project shared between Rates, Water & Sewer	11	11
InfoCouncil implementation	26	-

Reseals	-	254
FAGS received in advance	2,288	1,336
Strategic development	84	307
WMS Implementation	193	-
Budget Review	25	-
Community Grants	-	8
	5,123	4,510

Particulars	2022 \$000	2021 \$000
Unrestricted cash	229	340

### Consultation

Forsyths, Chartered Accountants  
Council's Contracted Statutory Accountant  
Council's Internal Staff

### CONCULSION

The draft General Purpose Financial Statements and Draft Special Purpose Financial Statements for the financial year ending 30 June 2022 have been prepared and are now ready to be referred to the Auditor.

### COUNCIL IMPLICATIONS

#### Community Engagement/Communication

As soon as practicable after the Auditor's Reports have been received, Council need to fix a date for a Council meeting, give public notice of this meeting, endorse the final version of the statements at that meeting, to present the audited Annual Financial Statements and the Auditor's Reports to the public. The audited Annual Financial Statements are placed on public exhibition from the date of the public notice of the Council meeting until seven days after the meeting.

#### Policy and Regulation

*Local Government Act 1993 (NSW)*

*Local Government (General) Regulation 2021 (NSW)*

Australian Accounting Standards issued by the Australian Accounting Standards Board

#### Financial/Long Term Financial Plan

Preparation of the EOFY statements are an essential requirement of Council's financial management and the basis, along with the Asset Management Plans, of each update to the Long Term Financial Plan.

#### Asset Management/Asset Management Strategy

EOFY statements capture the latest capital income and expenditure, maintenance expenditure and revaluations each year.

**Workforce/Workforce Management Strategy**

EOFY statements capture employee costs and liabilities each year.

**Legal and Risk Management**

EOFY statements are mandatory. Due to staff resource shortages, Council received an extension to 28 February 2023 for completion of the Audited EOFY statements.

**Performance Measures**

Audited statements, endorsed and signed for finalised for public notice.

**Project Management**

Responsible Accounting Officer.

# Uralla Shire Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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# Uralla Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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## Uralla Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2022

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#### Overview

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

32 Salisbury Street  
Uralla NSW 2358

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

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

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

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

## Uralla Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2022

### Understanding Council's Financial Statements

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#### Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2022.

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

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

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

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

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

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

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

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

## Uralla Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 30 January 2023.

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Robert Bell

**Mayor**

30 January 2023

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Robert Crouch

**Councillor**

30 January 2023

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Kate Jessep

**General Manager**

30 January 2023

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Mustaq Ahammed

**Responsible Accounting Officer**

30 January 2023

## Uralla Shire Council

## Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
	<b>Income from continuing operations</b>			
7,122	Rates and annual charges	B2-1	7,270	6,867
5,499	User charges and fees	B2-2	5,932	5,083
496	Other revenues	B2-3	509	651
7,501	Grants and contributions provided for operating purposes	B2-4	8,515	8,222
5,938	Grants and contributions provided for capital purposes	B2-4	5,952	7,268
94	Interest and investment income	B2-5	133	162
26,650	<b>Total income from continuing operations</b>		<b>28,311</b>	<b>28,253</b>
	<b>Expenses from continuing operations</b>			
10,834	Employee benefits and on-costs	B3-1	10,667	10,498
4,782	Materials and services	B3-2	6,598	6,618
98	Borrowing costs	B3-3	111	77
4,875	Depreciation, amortisation and impairment of non-financial assets	B3-4	5,237	5,273
1,949	Other expenses	B3-5	416	389
—	Net loss from the disposal of assets	B4-1	526	502
22,538	<b>Total expenses from continuing operations</b>		<b>23,555</b>	<b>23,357</b>
4,112	<b>Operating result from continuing operations</b>		<b>4,756</b>	<b>4,896</b>
4,112	<b>Net operating result for the year attributable to Council</b>		<b>4,756</b>	<b>4,896</b>
(1,826)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(1,196)</b>	<b>(2,372)</b>

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

## Uralla Shire Council

## Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Net operating result for the year – from Income Statement</b>		<b>4,756</b>	<b>4,896</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	23,990	248
Other adjustments - minor adjustments in IPPE values		—	(214)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>23,990</b>	<b>34</b>
<b>Total other comprehensive income for the year</b>		<b>23,990</b>	<b>34</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>28,746</b>	<b>4,930</b>

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

## Uralla Shire Council

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021 <sup>1</sup>	Restated 1 July 2020 <sup>1</sup>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	2,637	3,433	1,401
Investments	C1-2	17,312	14,107	13,957
Receivables	C1-4	3,553	3,293	2,929
Inventories	C1-5	326	261	231
Contract assets and contract cost assets	C1-6	971	1,094	305
Other	C1-8	94	81	36
<b>Total current assets</b>		<b>24,893</b>	<b>22,269</b>	<b>18,859</b>
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment (IPPE)	C1-7	268,629	239,447	234,813
Right of use assets	C2-1	178	62	78
<b>Total non-current assets</b>		<b>268,807</b>	<b>239,509</b>	<b>234,891</b>
<b>Total assets</b>		<b>293,700</b>	<b>261,778</b>	<b>253,750</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	5,277	6,303	5,357
Contract liabilities	C3-2	5,583	2,215	44
Lease liabilities	C2-1	23	16	15
Borrowings	C3-3	260	266	265
Employee benefit provisions	C3-4	2,331	2,419	2,199
<b>Total current liabilities</b>		<b>13,474</b>	<b>11,219</b>	<b>7,880</b>
<b>Non-current liabilities</b>				
Lease liabilities	C2-1	160	48	63
Borrowings	C3-3	1,485	1,705	1,924
Employee benefit provisions	C3-4	153	93	—
Provisions	C3-5	3,690	2,721	2,821
<b>Total non-current liabilities</b>		<b>5,488</b>	<b>4,567</b>	<b>4,808</b>
<b>Total liabilities</b>		<b>18,962</b>	<b>15,786</b>	<b>12,688</b>
<b>Net assets</b>		<b>274,738</b>	<b>245,992</b>	<b>241,062</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	85,103	80,347	75,451
IPPE revaluation reserve	C4-1	189,635	165,645	165,611
<b>Council equity interest</b>		<b>274,738</b>	<b>245,992</b>	<b>241,062</b>
<b>Total equity</b>		<b>274,738</b>	<b>245,992</b>	<b>241,062</b>

<sup>(1)</sup> Restated - see Note G4-1

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

## Uralla Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2022

		2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000	Notes				Restated	Restated	Restated
Opening balance at 1 July		79,217	165,645	244,862	74,321	165,611	239,932
Correction of prior period errors	G4-1	1,130	—	1,130	1,130	—	1,130
Net operating result for the year		4,756	—	4,756	4,896	—	4,896
<b>Restated net operating result for the period</b>		<b>4,756</b>	<b>—</b>	<b>4,756</b>	<b>4,896</b>	<b>—</b>	<b>4,896</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	—	23,990	23,990	—	248	248
Other reserves movements		—	—	—	—	(214)	(214)
<b>Other comprehensive income</b>		<b>—</b>	<b>23,990</b>	<b>23,990</b>	<b>—</b>	<b>34</b>	<b>34</b>
<b>Total comprehensive income</b>		<b>4,756</b>	<b>23,990</b>	<b>28,746</b>	<b>4,896</b>	<b>34</b>	<b>4,930</b>
<b>Closing balance at 30 June</b>		<b>85,103</b>	<b>189,635</b>	<b>274,738</b>	<b>80,347</b>	<b>165,645</b>	<b>245,992</b>

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



## Uralla Shire Council

## Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
7,105	Rates and annual charges		7,126	7,007
5,497	User charges and fees		4,954	5,391
115	Interest received		125	221
13,643	Grants and contributions		21,216	15,436
598	Other		1,261	645
<i>Payments:</i>				
(10,813)	Payments to employees		(10,664)	(10,371)
(4,773)	Payments for materials and services		(6,324)	(6,653)
(99)	Borrowing costs		(75)	(79)
(1,890)	Other		(1,898)	(386)
9,383	<b>Net cash flows from operating activities</b>	G1-1	<b>15,721</b>	<b>11,211</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
2,738	Sale of investments		3,300	7,805
–	Proceeds from sale of IPPE		336	183
<i>Payments:</i>				
–	Purchase of investments		(9,225)	(7,955)
(12,186)	Payments for IPPE		(10,330)	(9,611)
(9,448)	<b>Net cash flows from investing activities</b>		<b>(15,919)</b>	<b>(9,578)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
–	Proceeds from retirement home contributions		1,321	1,270
<i>Payments:</i>				
(238)	Repayment of borrowings		(226)	(218)
–	Principal component of lease payments		(24)	(14)
–	Repayment of retirement home contributions		(1,669)	(639)
(238)	<b>Net cash flows from financing activities</b>		<b>(598)</b>	<b>399</b>
(303)	<b>Net change in cash and cash equivalents</b>		<b>(796)</b>	<b>2,032</b>
729	Cash and cash equivalents at beginning of year		3,433	1,401
426	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>2,637</b>	<b>3,433</b>
–	plus: Investments on hand at end of year	C1-2	17,312	14,107
426	<b>Total cash, cash equivalents and investments</b>		<b>19,949</b>	<b>17,540</b>

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

## Uralla Shire Council

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## Uralla Shire Council

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 30 January 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

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

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

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

### Monies and other assets received by Council

#### **The Consolidated Fund**

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

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### A1-1 Basis of preparation (continued)

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

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

#### The Trust Fund

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

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

#### Goods and Services Tax (GST)

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

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

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

#### Volunteer services

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

#### COVID-19

As in the prior 2 financial years, Council continues to be impacted by the Covid-19 pandemic. Issues to note:

- Council maintained details of additional costs associated with the impact of the virus on operations. The costs incurred in the 2021/22 financial year totalled circa \$25,000 compared to \$55,000 in the prior year, with a total of \$112,408 for the periods during which COVID has had an impact on operational expenditure. There was very little impact on staffing or special leave requirements.
- Council has not been able to access any government funding relating to this COVID to date. The COVID-19 Aged Care Support Program funding announced in early June 2022 allows for up to \$120,000 to be claimed to cover costs associated with direct COVID-19 impacts. This is expected to be realised in the 2023 financial year relating to costs incurred in the 2022 and 2023 financial years.
- Council received further funding of \$1.1 million under Local Roads and Community Infrastructure Program Round 3.
- McMaugh Gardens Aged Care experienced its first cases for both staff and residents, and was locked down to visitors for a significant period. Additional PPE and significant additional overtime expenditure were incurred during this period.
- Ability to deliver services in the Aged Care home based services was also negatively impacted, and this is reflected in the increase in unspent funds for both Tablelands Community Support Options and Tablelands Community Transport

#### Domestic and international situation

Widespread volatility caused by international and domestic events in 2022 (war in Ukraine, natural disasters in NSW and nationwide, etc.) has significantly impacted supply chains, labour costs and inflation. With continuing changes in material costs, labour shortages and supply issues there has been a significant increases in amount of discussion and data regarding changes in construction costs. Commodity prices including key construction materials have seen significant increases over the last 2 years. Management is paying close attention to the ongoing developments on the international and domestic markets and its impact on the financial results and position of the council. As a result of assessment done, council has performed indexation of its infrastructure assets to ensure their carrying amount is not materially different to fair value as at 30 June 2022 (see Note C1-7).

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### A1-1 Basis of preparation (continued)

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

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

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 reporting period.

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

###### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current; and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

AASB 2021-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

**Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.**

This standard has an effective date for the 30 June 2024 reporting period.

###### **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 - 2020 and Other Amendments**

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making, and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

**Council does not expect any material impact from the above amendments.**

This standard has an effective date for the 30 June 2023 reporting period.

###### **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]**

This Standard amends a number of standards as follows:

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### A1-1 Basis of preparation (continued)

AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;

AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;

AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;

AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and

AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

**Above amendments might result in reductions in quantum of accounting policies disclosures to focus on key decision areas and material policies only. Council does not expect any material impact on reported financial performance or position.**

This standard has an effective date for the 30 June 2024 reporting period.

Apart from the standards listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

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

#### New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2022.

None of the newly adopted standards had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B Financial Performance

## B1 Functions or activities

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

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.										
	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021 <sup>†</sup>
\$ '000										Restated
Functions or activities										
Our Society	7,223	7,860	8,326	8,140	(1,103)	(280)	2,890	4,053	20,999	19,516
Our Economy	6,050	6,480	8,222	8,097	(2,172)	(1,617)	5,681	5,973	219,650	198,341
Our Environment	7,146	7,301	4,840	4,663	2,306	2,638	2,865	3,183	45,108	36,447
Our Leadership	7,892	6,612	2,167	2,457	5,725	4,155	3,031	2,281	7,943	7,474
Total functions and activities	28,311	28,253	23,555	23,357	4,756	4,896	14,467	15,490	293,700	261,778

(1) Restated - see Note G4-1



## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B1-2 Components of functions or activities

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Details relating to the Council's functions or activities as reported in B1-1 are as follows:

##### **Our Society**

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

##### **Our Economy**

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

##### **Our Environment**

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

##### **Our Leadership**

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B2 Sources of income

## B2-1 Rates and annual charges

\$ '000	Timing	2022	2021
<b>Ordinary rates</b>			
Residential	2	1,647	1,595
Farmland	2	2,360	2,320
Business	2	104	100
Less: pensioner rebates (mandatory)	2	(95)	(99)
<b>Rates levied to ratepayers</b>		<b>4,016</b>	<b>3,916</b>
Pensioner rate subsidies received	2	53	54
<b>Total ordinary rates</b>		<b>4,069</b>	<b>3,970</b>
<b>Annual charges</b>			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	2	710	689
Stormwater management services	2	33	31
Water supply services	2	584	503
Sewerage services	2	859	710
Waste management services (non-domestic)	2	85	56
Environmental	2	974	952
Less: pensioner rebates (mandatory)	2	(97)	(94)
<b>Annual charges levied</b>		<b>3,148</b>	<b>2,847</b>
Pensioner subsidies received:			
– Water	2	16	16
– Sewerage	2	15	12
– Domestic waste management	2	22	22
<b>Total annual charges</b>		<b>3,201</b>	<b>2,897</b>
<b>Total rates and annual charges</b>		<b>7,270</b>	<b>6,867</b>

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

**Accounting policy**

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B2-2 User charges and fees

\$ '000	Timing	2022	2021
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	520	530
Sewerage services	1	63	5
Waste management services (non-domestic)	1	202	198
<b>Total specific user charges</b>		<b>785</b>	<b>733</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Inspection services	2	48	63
Private works – section 67	2	429	61
Regulatory/ statutory fees	2	2	1
Registration fees	2	2	3
Section 10.7 certificates (EP&A Act)	2	25	21
Section 603 certificates	2	20	16
Town planning	2	121	109
<b>Total fees and charges – statutory/regulatory</b>		<b>647</b>	<b>274</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aged care	1	953	1,039
Caravan park	2	116	104
Cemeteries	2	47	33
Community centres	2	8	10
Sundry sales	2	48	52
Swimming centres	2	17	17
Tourism		1	–
Waste disposal tipping fees	2	170	110
Water and sewer connection fees	2	8	15
Kamillaroi aged and disability services – contract service fees		1	–
Scrap metal sales	2	5	203
Tablelands community support options – client contributions	2	162	119
Tablelands community support options – contract service fees	1	2,577	2,325
Tablelands community transport	2	384	48
Other	2	3	1
<b>Total fees and charges – other</b>		<b>4,500</b>	<b>4,076</b>
<b>Total other user charges and fees</b>		<b>5,147</b>	<b>4,350</b>
<b>Total user charges and fees</b>		<b>5,932</b>	<b>5,083</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		3,530	3,364
User charges and fees recognised at a point in time (2)		2,402	1,719
<b>Total user charges and fees</b>		<b>5,932</b>	<b>5,083</b>

**Accounting policy**

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

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

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

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B2-2 User charges and fees (continued)

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B2-3 Other revenues

\$ '000	Timing	2022	2021
Rental income – investment property	2	118	124
Fines	2	4	–
Legal fees recovery – rates and charges (extra charges)	2	–	(1)
Commissions and agency fees	2	7	9
Diesel rebate	2	106	94
Insurance claims recoveries	2	127	87
Recycling income (non-domestic)	2	61	28
Sales – general	2	24	30
Donations received	2	6	3
Other reimbursements	2	13	133
Other sundry income	2	15	93
Staff FBT contributions	2	17	25
Other	2	11	26
<b>Total other revenue</b>		<b>509</b>	<b>651</b>

## Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	509	651
<b>Total other revenue</b>	<b>509</b>	<b>651</b>

## Accounting policy for other revenue

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

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

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	727	336	–	–
Financial assistance – local roads component	2	761	995	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	2,288	1,336	–	–
<b>Amount recognised as income during current year</b>		<b>3,776</b>	<b>2,667</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Water supplies	2	–	–	181	58
Sewerage services	2	–	–	2,638	3,125
Drought Communities Extension Program	1	–	176	25	699
Community care	2	18	5	–	–
Employment and training programs	2	11	4	–	–
Library	2	80	75	–	–
Recreation and culture	1	20	–	–	–
Street lighting	2	14	14	–	–
Stronger Country Communities Fund	1	–	302	65	338
Regional NSW Planning Portal Scheme	1	80	50	–	–
Transport (other roads and bridges funding)	2	46	–	2,266	1,989
Transport (roads to recovery)	2	889	894	–	–
Drought Stimulus Package	2	–	–	133	744
Public Spaces Legacy Program	2	–	–	130	–
Black Summer Bushfire Recovery program	2	–	–	47	–
Crown Reserves Improvement Fund	2	–	–	46	–
Bushfire Local Economic Recovery Fund	2	–	–	46	–
<b>Previously contributions:</b>					
Transport for NSW contributions (regional roads, block grant)	1	992	1,038	375	315
McMaugh gardens aged care – subsidies	1	2,001	2,238	–	–
Tablelands community transport – subsidies	1	439	656	–	–
Aged Care Workforce Retention	2	–	70	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>4,590</b>	<b>5,522</b>	<b>5,952</b>	<b>7,268</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>4,590</b>	<b>5,522</b>	<b>5,952</b>	<b>7,268</b>
<b>Total grants and non-developer contributions</b>		<b>8,366</b>	<b>8,189</b>	<b>5,952</b>	<b>7,268</b>
<b>Comprising:</b>					
– Commonwealth funding		1,666	6,561	916	1,083
– State funding		6,700	1,628	5,036	6,185
		<b>8,366</b>	<b>8,189</b>	<b>5,952</b>	<b>7,268</b>

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Developer contributions:</b>						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	89	33	–	–
S 7.12 – fixed development consent levies		2	60	–	–	–
<b>Total developer contributions – cash</b>			<b>149</b>	<b>33</b>	<b>–</b>	<b>–</b>
<b>Total developer contributions</b>			<b>149</b>	<b>33</b>	<b>–</b>	<b>–</b>
<b>Total contributions</b>			<b>149</b>	<b>33</b>	<b>–</b>	<b>–</b>
<b>Total grants and contributions</b>			<b>8,515</b>	<b>8,222</b>	<b>5,952</b>	<b>7,268</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			3,432	4,460	465	1,352
Grants and contributions recognised at a point in time (2)			5,083	3,762	5,487	5,916
<b>Total grants and contributions</b>			<b>8,515</b>	<b>8,222</b>	<b>5,952</b>	<b>7,268</b>

## Accounting policy

## Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

## Capital grants

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

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

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

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B2-4 Grants and contributions (continued)

##### Developer contributions

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

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

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

##### Other grants and contributions

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

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

#### B2-5 Interest and investment income

\$ '000	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	48	27
– Cash and investments	85	135
<b>Total interest and investment income (losses)</b>	<b>133</b>	<b>162</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	48	19
General Council cash and investments	55	85
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	5	7
Water fund operations	14	27
Sewerage fund operations	11	24
<b>Total interest and investment income</b>	<b>133</b>	<b>162</b>

##### Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned.

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.



## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B3 Costs of providing services

## B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	8,483	8,526
Travel expenses	20	32
Employee leave entitlements (ELE)	1,466	1,398
Superannuation – defined contribution plans	913	874
Superannuation – defined benefit plans	47	55
Workers' compensation insurance	609	551
Fringe benefit tax (FBT)	13	15
Training costs (other than salaries and wages)	82	85
Other	15	16
<b>Total employee costs</b>	<b>11,648</b>	<b>11,552</b>
Less: capitalised costs	(981)	(1,054)
<b>Total employee costs expensed</b>	<b>10,667</b>	<b>10,498</b>
Number of 'full-time equivalent' employees (FTE) at year end	121	131
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	133	135

**Accounting policy**

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

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

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		7,621	7,971
Contractor and consultancy costs		8,091	8,001
Audit Fees	F2-1	106	136
Councillor and Mayoral fees and associated expenses	F1-2	126	135
Advertising		6	4
Bank charges		31	31
Computer software charges		5	21
Electricity and heating		159	192
Insurance		340	319
Postage		33	31
Printing and stationery		38	45
Street lighting		28	32
Subscriptions and publications		94	55
Telephone and communications		71	94
Internet and other communication		5	6
Licences		119	128
Motor vehicle registration fees		54	50
Other expenses		7	7
Volunteer reimbursements		1	1
<b>Legal expenses:</b>			
– Legal expenses: other		19	10
Expenses from short-term leases		1	6
Other		1	–
<b>Total materials and services</b>		<b>16,956</b>	<b>17,275</b>
Less: capitalised costs		(10,358)	(10,657)
<b>Total materials and services</b>		<b>6,598</b>	<b>6,618</b>

**Accounting policy**

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B3-3 Borrowing costs

\$ '000	Notes	2022	2021
<b>(i) Interest bearing liability costs</b>			
Interest on leases		7	3
Interest on loans		69	71
<b>Total interest bearing liability costs</b>		<b>76</b>	<b>74</b>
<b>Total interest bearing liability costs expensed</b>		<b>76</b>	<b>74</b>
<b>(ii) Other borrowing costs</b>			
Amortisation of discounts			
– Remediation liabilities	C3-5	35	3
<b>Total other borrowing costs</b>		<b>35</b>	<b>3</b>
<b>Total borrowing costs expensed</b>		<b>111</b>	<b>77</b>

**Accounting policy**

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

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

\$ '000	Notes	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		663	581
Office equipment		34	35
Furniture and fittings		47	58
<b>Infrastructure:</b>	C1-7		
– Buildings – non-specialised		617	592
– Other structures		59	57
– Sealed roads structure		1,610	1,818
– Unsealed roads		722	731
– Bridges		407	407
– Footpaths		43	39
– Stormwater drainage		49	49
– Water supply network		419	412
– Sewerage network		255	205
– Swimming pools		31	32
– Other open space/recreational assets		144	133
Right of use assets	C2-1	27	16
<b>Other assets:</b>			
– Other		2	3
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C1-7	108	105
<b>Total gross depreciation and amortisation costs</b>		<b>5,237</b>	<b>5,273</b>
<b>Total depreciation and amortisation costs</b>		<b>5,237</b>	<b>5,273</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>5,237</b>	<b>5,273</b>

## Accounting policy

## Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

## Impairment of non-financial assets

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

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

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B3-5 Other expenses

\$ '000	Notes	2022	2021
<b>Impairment of receivables</b>			
Other		-	(1)
<b>Total impairment of receivables</b>	C1-4	<b>-</b>	<b>(1)</b>
<b>Other</b>			
Donations, contributions and assistance to other organisations (Section 356)		416	390
<b>Total other expenses</b>		<b>416</b>	<b>389</b>

**Accounting policy**

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B4 Gains or losses

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

\$ '000	Notes	2022	2021
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		(120)	(28)
<b>Gain (or loss) on disposal</b>		<b>(120)</b>	<b>(28)</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-7		
Proceeds from disposal – plant and equipment		336	183
Less: carrying amount of plant and equipment assets sold/written off		(187)	(213)
<b>Gain (or loss) on disposal</b>		<b>149</b>	<b>(30)</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(555)	(444)
<b>Gain (or loss) on disposal</b>		<b>(555)</b>	<b>(444)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		3,300	7,805
Less: carrying amount of investments sold/redeemed/matured		(3,300)	(7,805)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(526)</b>	<b>(502)</b>

**Accounting policy**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B5 Performance against budget

## B5-1 Material budget variations

Council's original budget was adopted by the Council on 29/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Revenues</b>				
Rates and annual charges	7,122	7,270	148	2% <b>F</b>
User charges and fees	5,499	5,932	433	8% <b>F</b>
Other revenues	496	509	13	3% <b>F</b>
Operating grants and contributions	7,501	8,515	1,014	14% <b>F</b>
Mostly due to larger amount of 2023 FAG grants paid in advance in 2022 financial year.				
Capital grants and contributions	5,938	5,952	14	0% <b>F</b>
Interest and investment revenue	94	133	39	41% <b>F</b>
Economic conditions have resulted in higher than budgeted investment income, resulting in a favourable increase over budgeted figure				
<b>Expenses</b>				
Employee benefits and on-costs	10,834	10,667	167	2% <b>F</b>
Materials and services	4,782	6,598	(1,816)	(38)% <b>U</b>
Due to unexpected repair and maintenance works on flood affected roads.				
Borrowing costs	98	111	(13)	(13)% <b>U</b>
Economic conditions have resulted in higher than budgeted borrowing costs, resulting in a unfavourable increase over budgeted figure				
Depreciation, amortisation and impairment of non-financial assets	4,875	5,237	(362)	(7)% <b>U</b>
Other expenses	1,949	416	1,533	79% <b>F</b>
Net losses from disposal of assets	—	526	(526)	∞ <b>U</b>
This figure is not budgeted as it is hard to predict losses from disposal of renewed assets. This is a paper-based transaction which does not affect cash position.				

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Statement of cash flows</b>				
Cash flows from operating activities	9,383	15,721	6,338	68% <b>F</b>
Cash flows from investing activities	(9,448)	(15,919)	(6,471)	68% <b>U</b>
Cash flows from financing activities	(238)	(598)	(360)	151% <b>U</b>



## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C Financial position

## C1 Assets we manage

## C1-1 Cash and cash equivalents

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	64	80
Cash equivalent assets		
– Deposits at call	2,573	3,353
<b>Total cash and cash equivalents</b>	<b>2,637</b>	<b>3,433</b>

## Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	2,637	3,433
<b>Balance as per the Statement of Cash Flows</b>	<b>2,637</b>	<b>3,433</b>

**Accounting policy**

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Debt securities at amortised cost</b>				
Term deposits	17,312	–	14,107	–
<b>Total</b>	<b>17,312</b>	<b>–</b>	<b>14,107</b>	<b>–</b>
<b>Total financial investments</b>	<b>17,312</b>	<b>–</b>	<b>14,107</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>19,949</b>	<b>–</b>	<b>17,540</b>	<b>–</b>

## Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

## Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

## Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

## Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>19,949</b>	<b>17,540</b>
Less: Externally restricted cash, cash equivalents and investments	<b>(14,592)</b>	<b>(12,690)</b>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>5,357</b>	<b>4,850</b>

**External restrictions****External restrictions – included in liabilities**

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended loans – general	491	491
McMaugh gardens resident bonds	2,720	3,068
TCT payables	626	–
Specific purpose unexpended grants – general fund	5,582	3,172
<b>External restrictions – included in liabilities</b>	<b>9,419</b>	<b>6,731</b>

**External restrictions – other**

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions – general	909	755
Specific purpose unexpended grants (recognised as revenue) – general fund	314	–
Water fund	2,317	2,610
Sewer fund	698	2,309
Stormwater management	314	285
McMaugh gardens leftovers after bonds	621	–
<b>External restrictions – other</b>	<b>5,173</b>	<b>5,959</b>
<b>Total external restrictions</b>	<b>14,592</b>	<b>12,690</b>

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

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

\$ '000	2022	2021
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## (b) Internal allocations

**Cash, cash equivalents and investments not subject to external restrictions**

<b>5,357</b>	<b>4,850</b>
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Less: Internally restricted cash, cash equivalents and investments

<b>(5,123)</b>	<b>(4,510)</b>
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**Unrestricted and unallocated cash, cash equivalents and investments**

<b>234</b>	<b>340</b>
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**Internal allocations**

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

Plant and vehicle replacement	713	1,308
Employees leave entitlement	763	779
Carry over works	108	153
Reseals	—	254
Strategic development	302	307
FAGS Received in advance	2,288	1,336
Tip Remediation	949	373
<b>Total internal allocations</b>	<b>5,123</b>	<b>4,510</b>

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

\$ '000	2022	2021
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## (c) Unrestricted and unallocated

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>234</b>	<b>340</b>
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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	787	—	644	—
Interest and extra charges	58	—	53	—
User charges and fees	373	—	218	—
Private works	378	—	10	—
Accrued revenues				
– Interest on investments	43	—	40	—
– Other income accruals	—	—	10	—
Amounts due from other councils	—	—	63	—
Government grants and subsidies	1,441	—	1,803	—
Net GST receivable	242	—	284	—
Resident contributions	82	—	84	—
Other debtors	213	—	148	—
<b>Total</b>	<b>3,617</b>	<b>—</b>	<b>3,357</b>	<b>—</b>
<b>Less: provision for impairment</b>				
Other debtors	(64)	—	(64)	—
<b>Total provision for impairment – receivables</b>	<b>(64)</b>	<b>—</b>	<b>(64)</b>	<b>—</b>
<b>Total net receivables</b>	<b>3,553</b>	<b>—</b>	<b>3,293</b>	<b>—</b>

\$ '000	2022	2021
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	64	67
+ new provisions recognised during the year	—	(3)
<b>Balance at the end of the year</b>	<b>64</b>	<b>64</b>

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C1-4 Receivables (continued)

**Accounting policy**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

**Impairment**

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

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

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

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

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

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

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

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

## C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	326	—	261	—
<b>Total inventories at cost</b>	<b>326</b>	<b>—</b>	<b>261</b>	<b>—</b>
<b>Total inventories</b>	<b>326</b>	<b>—</b>	<b>261</b>	<b>—</b>

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

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2021 Current
Contract assets	971	1,094
<b>Total contract assets and contract cost assets</b>	<b>971</b>	<b>1,094</b>

#### Accounting policy

##### Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.



## Uralla Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2022

## C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021 <sup>2</sup>			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	6,670	—	6,670	2,383	—	(16)	—	(5,801)	—	—	3,232	—	3,232
Plant and equipment	9,885	(4,269)	5,616	—	1,550	(187)	(663)	—	—	—	10,656	(4,340)	6,316
Office equipment	770	(692)	78	—	6	—	(34)	4	—	—	780	(726)	54
Furniture and fittings	1,118	(830)	288	4	—	—	(47)	—	—	—	1,121	(878)	243
<b>Land:</b>													
– Crown land	1,660	—	1,660	—	—	—	—	—	—	166	1,826	—	1,826
– Operational land	1,402	—	1,402	—	—	—	—	—	446	140	1,988	—	1,988
– Community land	2,538	—	2,538	—	—	—	—	—	(446)	254	2,346	—	2,346
<b>Infrastructure:</b>													
– Buildings – non-specialised	26,275	(13,496)	12,779	51	278	(118)	(617)	679	—	2,089	31,418	(16,277)	15,141
– Other structures	1,754	(1,017)	737	—	214	(2)	(59)	339	—	111	2,508	(1,168)	1,340
– Sealed roads structure	116,633	(33,038)	83,595	506	907	(461)	(1,610)	774	341	9,232	131,181	(38,019)	93,162
– Unsealed roads	17,207	(12,208)	4,999	169	—	(42)	(722)	—	(341)	462	18,807	(14,146)	4,661
– Bridges	40,964	(14,397)	26,567	—	—	—	(407)	—	—	2,879	45,471	(16,432)	29,039
– Footpaths	1,972	(460)	1,512	—	93	—	(43)	13	—	172	2,305	(558)	1,747
– Bulk earthworks (non-depreciable)	62,549	—	62,549	71	111	(36)	—	220	—	6,921	69,836	—	69,836
– Stormwater drainage	4,253	(1,125)	3,128	—	—	—	(49)	1	—	214	4,551	(1,257)	3,294
– Water supply network	29,304	(16,184)	13,120	—	—	—	(419)	—	—	727	30,984	(17,556)	13,428
– Sewerage network	14,184	(6,318)	7,866	—	3,983	—	(255)	3,771	—	438	22,750	(6,947)	15,803
– Swimming pools	822	(608)	214	—	—	—	(31)	—	—	16	896	(697)	199
– Other open space/recreational assets	2,462	(437)	2,025	—	—	—	(144)	—	—	169	2,684	(634)	2,050
<b>Other assets:</b>													
– Heritage collections	90	—	90	—	—	—	—	—	—	—	90	—	90
– Other	83	(23)	60	—	—	—	(2)	—	—	—	83	(25)	58
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>													
– Tip assets	2,526	(572)	1,954	—	—	—	(108)	—	934	—	3,457	(681)	2,776
<b>Total infrastructure, property, plant and equipment</b>	<b>345,121</b>	<b>(105,674)</b>	<b>239,447</b>	<b>3,184</b>	<b>7,142</b>	<b>(862)</b>	<b>(5,210)</b>	<b>—</b>	<b>934</b>	<b>23,990</b>	<b>388,970</b>	<b>(120,341)</b>	<b>268,629</b>

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

(2) Restated - see Note G4-1

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## Uralla Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2022

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

By aggregated asset class	At 1 July 2020 <sup>2</sup>			Asset movements during the reporting period							At 30 June 2021 <sup>2</sup>		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
<b>\$ '000</b>													
Capital work in progress	2,099	—	2,099	4,571	—	—	—	—	—	—	6,670	—	6,670
Plant and equipment	9,353	(4,009)	5,344	950	116	(213)	(581)	—	—	—	9,885	(4,269)	5,616
Office equipment	739	(657)	82	—	31	—	(35)	—	—	—	770	(692)	78
Furniture and fittings	1,059	(772)	287	27	32	—	(58)	—	—	—	1,118	(830)	288
<b>Land:</b>													
– Operational land	1,402	—	1,402	—	—	—	—	—	—	—	1,402	—	1,402
– Community land	2,651	—	2,651	—	—	—	—	(98)	(15)	—	2,538	—	2,538
– Crown land	1,725	—	1,725	—	—	—	—	(26)	(39)	—	1,660	—	1,660
Land improvements – non-depreciable	17	—	17	—	—	—	—	(17)	—	—	—	—	—
<b>Infrastructure:</b>													
– Buildings – non-specialised	26,115	(12,945)	13,170	144	85	(28)	(592)	—	—	—	26,275	(13,496)	12,779
– Other structures	1,316	(943)	373	155	244	—	(57)	—	—	22	1,754	(1,017)	737
– Bridges	40,944	(13,990)	26,954	20	—	—	(407)	—	—	—	40,964	(14,397)	26,567
– Footpaths	1,764	(422)	1,342	—	212	(3)	(39)	—	—	—	1,972	(460)	1,512
– Bulk earthworks (non-depreciable)	62,549	—	62,549	—	—	—	—	—	—	—	62,549	—	62,549
– Stormwater drainage	4,215	(1,076)	3,139	13	26	—	(49)	—	—	—	4,253	(1,125)	3,128
– Water supply network	28,872	(15,624)	13,248	157	8	—	(412)	—	—	120	29,304	(16,184)	13,120
– Sewerage network	14,047	(6,056)	7,991	7	—	—	(205)	—	—	72	14,184	(6,318)	7,866
– Sealed roads structure	114,737	(31,793)	82,944	2,776	138	(373)	(1,818)	(73)	—	—	116,633	(33,038)	83,595
– Swimming pools	748	(521)	227	—	—	—	(32)	—	—	19	822	(608)	214
– Unsealed roads	17,170	(11,558)	5,612	178	—	(60)	(731)	—	—	—	17,207	(12,208)	4,999
– Other open space/recreational assets	1,779	(268)	1,511	98	492	(8)	(133)	—	—	65	2,462	(437)	2,025
<b>Other assets:</b>													
– Heritage collections	90	—	90	—	—	—	—	—	—	—	90	—	90
– Other	95	(36)	59	—	—	—	(3)	—	—	4	83	(23)	60
<b>Reinstatement, rehabilitation and restoration assets (refer Note 11):</b>													
– Tip assets	2,464	(467)	1,997	62	—	—	(105)	—	—	—	2,526	(572)	1,954
<b>Total infrastructure, property, plant and equipment</b>	<b>335,950</b>	<b>(101,137)</b>	<b>234,813</b>	<b>9,158</b>	<b>1,384</b>	<b>(685)</b>	<b>(5,257)</b>	<b>(214)</b>	<b>(54)</b>	<b>302</b>	<b>345,121</b>	<b>(105,674)</b>	<b>239,447</b>

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

(2) Restated - see Note G4-1

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

##### Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

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

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

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

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 20	Playground equipment	5 to 15
Office furniture	5 to 20	Benches, seats etc.	10 to 20
Computer equipment	4	Other open space recreational assets	10 to 100
Vehicles, trucks and utilities	5 to 10		
Dozers, graders and rollers	10	<b>Buildings</b>	
Other plant and equipment	10	Buildings: masonry	50 to 100
		Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	100	Drains	75 to 125
Water & Sewer Treatment Plants	70 to 100	Culverts	75 to 125
Reticulation pipes: PVC	70 to 115	Flood control structures	75 to 125
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Meters & Water Plant	10		
Water Mains	80 to 100		
Sewer Mains	70 to 100		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	15 to 20	Bulk earthworks	Infinite
Sealed roads: structure	60 to 100	Swimming pools	50
Unsealed roads	20 to 30	Other open space/recreational assets	20
Bridge: concrete	100	Other infrastructure	20
Bridge: other	80		
Concrete road pavements	60		
Kerb, gutter and footpaths	40		

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

##### Land under roads

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

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

**Crown reserves**

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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

**Rural Fire Service assets**

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

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

## C1-8 Other

## Other assets

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Prepayments	94	–	81	–
<b>Total other assets</b>	<b>94</b>	<b>–</b>	<b>81</b>	<b>–</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C2 Leasing activities

## C2-1 Council as a lessee

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

**Terms and conditions of leases**

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

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

**Office and IT equipment**

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

## (a) Right of use assets

\$ '000	Plant & Equipment	Crown Land	Total
<b>2022</b>			
Opening balance at 1 July	11	51	62
Additions to right-of-use assets	53	–	53
Adjustments to right-of-use assets due to re-measurement of lease liability	–	90	90
Depreciation charge	(16)	(11)	(27)
<b>Balance at 30 June</b>	<b>48</b>	<b>130</b>	<b>178</b>
<b>2021</b>			
Opening balance at 1 July	16	62	78
Depreciation charge	(5)	(11)	(16)
<b>Balance at 30 June</b>	<b>11</b>	<b>51</b>	<b>62</b>

## (b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	23	160	16	48
<b>Total lease liabilities</b>	<b>23</b>	<b>160</b>	<b>16</b>	<b>48</b>

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C2-1 Council as a lessee (continued)

## (c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2022</b>					
Cash flows	23	80	80	183	183
<b>2021</b>					
Cash flows	16	25	23	64	64

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Total lease liabilities relating to unrestricted assets</b>	<b>23</b>	<b>160</b>	<b>16</b>	<b>48</b>
<b>Total lease liabilities</b>	<b>23</b>	<b>160</b>	<b>16</b>	<b>48</b>

## (d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	7	3
Amortisation of right of use assets	27	16
Expenses relating to short-term leases	1	6
	<b>35</b>	<b>25</b>

## (e) Statement of Cash Flows

Total cash outflow for leases	30	18
	<b>30</b>	<b>18</b>

## Accounting policy

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

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

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C2-1 Council as a lessee (continued)

of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

##### **Exceptions to lease accounting**

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

##### **Leases at significantly below market value / Concessionary leases**

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



## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C3 Liabilities of Council

## C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 <sup>1</sup> Current	2021 Non-current
Goods and services – operating expenditure	84	–	29	–
Accrued expenses:				
– Borrowings	8	–	7	–
– Salaries and wages	313	–	282	–
– Other expenditure accruals	1,851	–	2,019	–
Security bonds, deposits and retentions	2	–	2	–
Retirement home contributions	2,720	–	3,068	–
Prepaid rates	145	–	146	–
TCS HCP liability	154	–	750	–
<b>Total payables</b>	<b>5,277</b>	<b>–</b>	<b>6,303</b>	<b>–</b>

(1) 2021 classification of payables balances was restated to better match internal mapping requirements.

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

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Retirement home contributions	1,726	2,182
<b>Total payables</b>	<b>1,726</b>	<b>2,182</b>

## Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

## Payables

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended operating grants (received prior to performance obligation being satisfied) <sup>i</sup>	(i)	2,167	—	1,467	—
Unexpended capital grants (received prior to performance obligation being satisfied) <sup>ii</sup>	(ii)	3,416	—	748	—
<b>Total grants received in advance</b>		<b>5,583</b>	<b>—</b>	<b>2,215</b>	<b>—</b>
<b>Total contract liabilities</b>		<b>5,583</b>	<b>—</b>	<b>2,215</b>	<b>—</b>

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

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

## Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2022	2021
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	40	44
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>40</b>	<b>44</b>

## Significant changes in contract liabilities

The significant increase in contract liabilities in this financial year relates to funding received for the provision of community aged care. This is a result of target outputs being unable to be met, partially due to affects of COVID-19 on service operations. Also, more capital grants have been received in advance for various capital projects.

## Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.



## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C3-3 Borrowings

	2022 Current	2022 Non-current	2021 Current	2021 Non-current
\$ '000				
Loans – secured <sup>1</sup>	260	1,485	266	1,705
<b>Total borrowings</b>	<b>260</b>	<b>1,485</b>	<b>266</b>	<b>1,705</b>

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

## (a) Changes in liabilities arising from financing activities

	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	1,971	(226)	–	–	–	–	1,745
Lease liability (Note C2-1b)	64	(24)	–	–	–	143	183
<b>Total liabilities from financing activities</b>	<b>2,035</b>	<b>(250)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>143</b>	<b>1,928</b>

	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	2,189	(218)	–	–	–	–	1,971
Lease liability (Note C2-1b)	78	(14)	–	–	–	–	64
<b>Total liabilities from financing activities</b>	<b>2,267</b>	<b>(232)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,035</b>

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C3-3 Borrowings (continued)

## (b) Financing arrangements

\$ '000	2022	2021
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	100	100
Credit cards/purchase cards	35	35
<b>Total financing arrangements</b>	<b>135</b>	<b>135</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	8	10
<b>Total drawn financing arrangements</b>	<b>8</b>	<b>10</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	100	100
– Credit cards/purchase cards	27	25
<b>Total undrawn financing arrangements</b>	<b>127</b>	<b>125</b>

## Additional financing arrangements information

## Breaches and defaults

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

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

## Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	701	–	783	–
Sick leave	53	–	53	–
Long service leave	1,532	153	1,517	93
Other leave	45	–	66	–
<b>Total employee benefit provisions</b>	<b>2,331</b>	<b>153</b>	<b>2,419</b>	<b>93</b>

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,568	1,735
	<b>1,568</b>	<b>1,735</b>

## Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

## Short-term obligations

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

## Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## On-costs

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

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	3,690	–	2,721
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>3,690</b>	<b>–</b>	<b>2,721</b>
<b>Total provisions</b>	<b>–</b>	<b>3,690</b>	<b>–</b>	<b>2,721</b>

## Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2022</b>		
At beginning of year	2,721	2,721
Unwinding of discount	35	35
Remeasurement effects	934	934
<b>Total other provisions at end of year</b>	<b>3,690</b>	<b>3,690</b>
<b>2021</b>		
At beginning of year	2,656	2,656
Revised costs	62	62
Unwinding of discount	3	3
<b>Total other provisions at end of year</b>	<b>2,721</b>	<b>2,721</b>

## Nature and purpose of provisions

## Asset remediation

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

## Accounting policy

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

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

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

## Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C3-5 Provisions (continued)

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

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C4 Reserves

##### C4-1 Nature and purpose of reserves

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###### **IPPE Revaluation reserve**

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## D Council structure

## D1 Results by fund

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

## D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>Income from continuing operations</b>			
Rates and annual charges	5,882	554	834
User charges and fees	5,349	520	63
Interest and investment revenue	91	26	16
Other revenues	509	—	—
Grants and contributions provided for operating purposes	8,487	16	12
Grants and contributions provided for capital purposes	3,086	228	2,638
<b>Total income from continuing operations</b>	<b>23,404</b>	<b>1,344</b>	<b>3,563</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	9,948	413	306
Materials and services	5,766	652	180
Borrowing costs	111	—	—
Depreciation, amortisation and impairment of non-financial assets	4,517	451	269
Other expenses	407	4	5
Net losses from the disposal of assets	510	—	16
<b>Total expenses from continuing operations</b>	<b>21,259</b>	<b>1,520</b>	<b>776</b>
<b>Operating result from continuing operations</b>	<b>2,145</b>	<b>(176)</b>	<b>2,787</b>
<b>Net operating result for the year</b>	<b>2,145</b>	<b>(176)</b>	<b>2,787</b>
<b>Net operating result attributable to each council fund</b>	<b>2,145</b>	<b>(176)</b>	<b>2,787</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(941)</b>	<b>(404)</b>	<b>149</b>



## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,522	17	98
Investments	14,412	2,300	600
Receivables	3,000	420	133
Inventories	326	—	—
Contract assets and contract cost assets	280	86	605
Other	94	—	—
<b>Total current assets</b>	<b>20,634</b>	<b>2,823</b>	<b>1,436</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	237,143	14,631	16,855
Right of use assets	178	—	—
<b>Total non-current assets</b>	<b>237,321</b>	<b>14,631</b>	<b>16,855</b>
<b>Total assets</b>	<b>257,955</b>	<b>17,454</b>	<b>18,291</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	5,277	—	—
Contract liabilities	5,536	47	—
Lease liabilities	23	—	—
Borrowings	260	—	—
Employee benefit provision	2,331	—	—
<b>Total current liabilities</b>	<b>13,427</b>	<b>47</b>	<b>—</b>
<b>Non-current liabilities</b>			
Lease liabilities	160	—	—
Borrowings	1,485	—	—
Employee benefit provision	153	—	—
Provisions	3,690	—	—
<b>Total non-current liabilities</b>	<b>5,488</b>	<b>—</b>	<b>—</b>
<b>Total liabilities</b>	<b>18,915</b>	<b>47</b>	<b>—</b>
<b>Net assets</b>	<b>239,040</b>	<b>17,407</b>	<b>18,291</b>
<b>EQUITY</b>			
Accumulated surplus	65,650	7,502	11,951
Revaluation reserves	173,390	9,905	6,340
<b>Council equity interest</b>	<b>239,040</b>	<b>17,407</b>	<b>18,291</b>
<b>Total equity</b>	<b>239,040</b>	<b>17,407</b>	<b>18,291</b>



## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### D2 Interests in other entities

##### D2-1 Subsidiaries, joint arrangements and associates not recognised

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

##### **New England Joint Organisation**

The New England Joint Organisation (NEJO) is a body corporate which was proclaimed on 11 May 2018 under the Local Government Act 1993 with the legal capacity and powers of an individual. The principle functions of NEJO are to:

- Establish strategic regional priorities for the Joint Organisation Area and develop strategies and plans for delivering these priorities;
- Provide regional leadership for the Joint Organisation Area and to be an advocate for strategic regional priorities;
- Identify and take up opportunities for intergovernmental cooperation on matters relating to the Joint Organisation Area.

NEJO consists of seven voting member Councils located on the Highlands, Slopes and Plains of Northern New South Wales.

The Board consists of:

- The Mayors of each Member Council, who are entitled to one (1) vote at Meetings;
- A non-voting representative of the NSW Government, who is the Regional Director of the Department of Premier and Cabinet.

The role of the Board is to direct and control the affairs of NEJO. A decision of the Board supported by a majority at which a quorum is present is a decision of NEJO. Uralla Shire Council has a one-seventh voting right, and based on the above, does not have control, joint control or significant influence over decision making or the overall activities of the organisation.

In accordance with the NEJO Charter, Uralla Shire Council contributed \$14,223 in annual fees for the 2021-22 year towards the operation of the joint organisation.

##### **New England Weeds Authority**

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

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

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

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

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

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

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

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

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

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

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the investments held are:

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

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

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

\$ '000	2022	2021
The impact on results for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	142	149

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

##### (b) Credit risk

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

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

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

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

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

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

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

##### Credit risk profile

##### Receivables – rates and annual charges

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

\$ '000	overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
<b>2022</b>				
Gross carrying amount	525	262	—	787
<b>2021</b>				
Gross carrying amount	430	214	—	644

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

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

**Receivables - non-rates and annual charges and contract assets**

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount <sup>1</sup>	3,267	77	383	7	67	3,801
Expected loss rate (%)	0.00%	10.00%	13.00%	50.00%	3.00%	1.66%
ECL provision	—	8	50	4	2	64
2021						
Gross carrying amount <sup>1</sup>	1,094	2,256	—	4	453	3,807
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	14.13%	1.68%
ECL provision	—	—	—	—	64	64

(1) Last year figures were adjusted to include contract assets in amount of \$1,094 thousand

**(c) Liquidity risk**

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

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

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

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

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

	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
\$ '000				1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	2	5,275	–	–	5,277	5,277
Borrowings	6.94%	–	289	760	946	1,995	1,745
Total financial liabilities		2	5,564	760	946	7,272	7,022
2021							
Payables	0.00%	3,089	886	2,182	–	6,157	6,157

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
Borrowings	3.38%	—	327	1,048	1,038	2,413	1,971
<b>Total financial liabilities</b>		<b>3,089</b>	<b>1,213</b>	<b>3,230</b>	<b>1,038</b>	<b>8,570</b>	<b>8,128</b>



## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

Fair value measurement hierarchy								
	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
	2022	2021	2022	2021	2022	2021 <sup>1</sup> Restated	2022	2021
\$ '000	Notes							
Recurring fair value measurements								
Infrastructure, property, plant and equipment	C1-7							
Plant and equipment	30/06/19	30/06/2019	—	—	6,316	5,616	6,316	5,616
Office equipment	30/06/19	30/06/2019	—	—	54	78	54	78
Furniture and fittings	30/06/19	30/06/2019	—	—	243	288	243	288
Operational land	30/06/18	30/06/2018	—	—	1,988	1,821	1,988	1,821
Community land	30/06/21	30/06/2021	—	—	4,172	3,779	4,172	3,779
Buildings — non-specialised	30/06/18	30/06/2018	—	—	15,141	12,779	15,141	12,779
Other structures	30/06/21	30/06/2021	—	—	1,340	779	1,340	779
Sealed road structure	30/06/20	30/06/2020	—	—	93,162	83,595	93,162	83,595
Unsealed roads	30/06/20	30/06/2020	—	—	4,661	4,999	4,661	4,999
Bridges	30/06/20	30/06/2020	—	—	29,039	26,567	29,039	26,567
Footpaths	30/06/20	30/06/2020	—	—	1,747	1,511	1,747	1,511
Bulk earthworks	30/06/20	30/06/2020	—	—	69,836	62,549	69,836	62,549
Stormwater drainage	30/06/20	30/06/2020	—	—	3,294	3,128	3,294	3,128
Water supply network	30/06/17	30/06/2017	—	—	13,428	13,120	13,428	13,120
Sewerage network	30/06/17	30/06/2017	—	—	15,803	7,866	15,803	7,866
Heritage collection	30/06/14	30/06/2014	—	—	90	90	90	90
Other assets	30/06/21	30/06/2021	—	—	58	60	58	60
Other open space / recreational assets	30/06/21	30/06/2021	—	—	2,050	2,002	2,050	2,002
Swimming pools	30/06/21	30/06/2021	—	—	199	195	199	195
Total infrastructure, property, plant and equipment			—	—	262,621	230,822	262,621	230,822

(1) Restated - see Note G4-1

## Valuation techniques

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

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

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

##### Infrastructure, property, plant and equipment (IPPE)

Councils Plant & Equipment, Furniture and Fittings incorporates:

Major Plant - trucks, tractors, graders, rollers and excavators  
 Fleet Vehicles - cars, vans, utes etc.  
 Minor Plant - chainsaw, brush cutters, mowers, concrete mixers.  
 Furniture and Fittings - desks, chairs, display system.  
 Office Equipment - computers, monitors, projectors, laptops

Plant equipment, office equipment and furniture & fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount reflects the fair value of the asset due to the nature of the items as shown above

The unobservable Level 3 inputs used include:

Pattern of Consumption  
 Useful Life  
 Asset Condition  
 Residual Value  
 Gross Replacement Cost

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

##### Land - Operational Land

Council's "Operational" land by definition has no special restriction other than those that may apply to any parcel of land. Fair value for operational land is obtained from an external valuer every 5 years.

Last valuation was conducted in 2018 using Level 3 Inputs

Generally, fair value is the most advantageous price reasonably obtained by the seller and the most advantageous price reasonably obtained by buyer. This is not necessarily the market selling price of the asset rather, the maximum value that Council would rationally pay to acquire the asset, taking into account quoted market price in an active and liquid market, current market price of similar asset, cost of replacing an asset.

Criteria for this include: Land description and dimensions, planning and other constraints on development and the potential for alternative use (Valued by AssetVal in March 2018).

The unobservable Level 3 inputs used include:

Rates per Square Metre  
 Description of Land

The 'Market Approach' is used to value operational land. There has been no change to the valuation process during the reporting period.

##### Land Improvements

The cost approach is utilised, with asset values determined based on actual cost of construction and maintenance.

Any infrastructure constructed on improved land is separately valued.  
 Council carries fair value of land reserves using Level 3 Inputs  
 The unobservable Level 3 inputs used include:

Useful Life  
 Asset Condition  
 Asset Condition

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

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

##### Land - Community Land

Council's "Community" Land (including owned by Council, The Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed or dedication under section 94 of the EPA Act 1979). This gives rise to the restriction in the Act, intended to preserve the qualities of the land. Community land is valued at Valuer General unimproved capital value (UCV) which takes into account highest and best use values. This land was revalued in 2021.

Community Land:

Cannot be sold

Cannot be leased, licensed, or any other estate granted over the land for more than 21 years

Must have a plan of management for it.

##### Buildings - Non Specialised

Council buildings includes Libraries, Public Amenities, Sporting Club, Kiosks and Amenities, Depot Building and Workshops, McMaugh's Aged Care Centre, Community Centre, Visitor Information Centre, Pre School, SES Shelter and others. Council carries fair value buildings using level 3 inputs. Valuations were carried out by external valuers - AssetVAL in March 2018 using the cost approach.

This approach estimates the replacement cost for each building by componentising the building into significant parts with different useful life and taking into account a range of factors.

Buildings are valued by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost. These rates are derived from substantial analysis of construction costs by Council's valuer (Valued by AssetVal in March 2018). Each building is assigned a residual value. Further improvements could be achieved by componentising buildings.

The unobservable Level 3 inputs used include:

Pattern of Consumption	Future Economic Benefit
Useful Life	Residual Value
Asset Condition	Remaining useful life

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

##### Infrastructure - Roads

This asset class comprises the Road Carriageway, Bus Shelter, Car Parks, Guardrails, Kerb and Gutter, Suburb Markers, and Traffic Facilities.

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter and would include any paved markers parking places along roadside.

Council's Asset Management System include condition assessment data for a 5 year cycle on sealed roads and routine inspections of unsealed roads. An asset condition assessment was carried out by Shepherd Asset Management Solutions during 2020.

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

Council fair values road infrastructure assets using Level 3 inputs at a component level.

The Cost Approach is used to value roads by componentising the assets into significant parts and then rolling these component values up to provide an overall road valuation (for each road segment) within the Council Asset System.

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

The unobservable Level 3 inputs used include:

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

The cost approach is used to value the Roads (Sealed and Unsealed). There has been no change in valuation technique from prior years.

#### Infrastructure- Footpaths

A footpath is defined as all footways (including those shared with a cycleway) sealed or non-sealed. Council has specification for dimensions of cycleway and pathways. A full assessment was undertaken in 2020 by external consultants Australis and Vanguard.

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

Councils fair values, footpaths, (non componentised) using Level 3 inputs

Pattern of Consumption  
Useful Life  
Asset Condition  
Future Economic Benefit  
Remaining useful life

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

#### Infrastructure - Stormwater Drainage

Council's Drainage Assets comprises pits, culverts, open channels, headwalls and various type of water quality devices used to collect, store and remove stormwater. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. Council has adopted useful life of between 75 and 125 years for its stormwater drainage assets.

Condition assessment for all stormwater drainage was carried out in 2020. All systems have been assessed as being satisfactory or better. A full assessment was undertaken in 2020 by external consultants Australis and Vanguard. Council carries fair value drainage assets (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

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

The cost approach is used to value the Stormwater Drainage. There has been no change in valuation technique from prior years.

#### Infrastructure-Sewerage Network

Council's Sewerage Network consist of Sewer pipes, pump stations, treatment plant, telemetry system, manholes. Council carries fair values Sewerage Network Assets (non - componentised) using Level 3 inputs.

Council identifies 10 critical mains section each year for inspection; selection is based on the log of overflows, leakages or complaints. Data limitations therefore exist based upon sampling of inspections, lack of historical maintenance and complaint data. All asset components were assigned a residual value, useful life and remaining useful life, and were conditioned rated at time of valuation, with the condition rating determining the remaining useful life. A physical inspection of ground level assets

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

was conducted and photographic evidence, including use of video, was collected of manholes and mains to support condition assessments.

The unobservable Level 3 inputs used include:

Useful Life  
Asset Condition  
Future Economic Benefit  
Remaining useful life

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

#### Other Assets

Council's other assets comprise of Heritage Collections - Thunderbolts Painting and other miscellaneous assets. A valuation of the collection of Thunderbolts paintings was undertaken by A.N.G Art Consulting in August 2014 providing a reasonable estimate of the replacement value of each work based on current market prices for similar works by the same artist. The remaining 'Other assets' were revalued utilising indexation during 2021 including the swimming pool which is recognised separately in the infrastructure note. Council carries fair values of other assets using level 3 inputs.

The unobservable Level 3 inputs used include:

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

The cost approach is used to value the Other Assets. There has been no change in valuation technique from prior year.

#### Infrastructure- Bridges

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

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

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

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

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

The unobservable Level 3 inputs used include:

Pattern of Consumption  
Useful Life and Residual Value

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

#### Infrastructure- Bulk Earthworks

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

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

The unobservable Level 3 inputs used include Unit Rates & Asset Condition.

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

The cost approach is used to value the Bulk Earthworks. There has been no change in valuation technique from prior years.

##### Infrastructure- Water Supply Network

Council's Water Network consist of Water pipes, pump stations, treatment plant, telemetry system and reservoirs  
Council carries fair value Water Supply Network Assets (non-componentised) using Level 3 inputs.

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

The unobservable Level 3 inputs used include:

Pattern of Consumption  
Useful Life

The cost approach is used to value the Water Network. There has been no change in valuation technique from prior years.

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

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

###### The valuation process for level 3 fair value measurements

The valuation techniques prescribed by AASB 13 can be summarised as:

Cost approach - Valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost).

Income approach - Valuation technique that converts future amounts (cash inflow /outflows) to signal the current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

Market approach - Valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

For the purpose of level 3 fair value measurement a Cost Approach was used for most assets except Land - Operational and Community where a market approach is required. The inputs used for this technique are:

Pattern of consumption  
Residual Value  
Asset Condition  
Useful Life  
Unit Rates

##### Highest and best use

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

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E3-1 Contingencies

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

#### LIABILITIES NOT RECOGNISED

##### 1. Guarantees

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

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

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

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

##### *Description of the funding arrangements.*

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

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

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

\* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2022 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2020 to 30 June 2022, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment



## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E3-1 Contingencies (continued)

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

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$65,252.19. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$29,403. Council's expected contribution to the plan for the next annual reporting period is \$57,380.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

\* excluding member accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is .15%

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

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

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022

#### (ii) Statewide Limited

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

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

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

#### (iii) StateCover Limited

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

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## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E3-1 Contingencies (continued)

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

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

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

##### (iv) Other guarantees

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

#### 2. Other liabilities

##### (i) Third party claims

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

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

##### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

#### ASSETS NOT RECOGNISED

##### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

##### (ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.



## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## F People and relationships

## F1 Related party disclosures

## F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
<b>Compensation:</b>		
Short-term benefits	845	802
Post-employment benefits	89	81
<b>Total</b>	<b>934</b>	<b>883</b>

## Other transactions with KMP and their related parties

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
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The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	20	21
Councillors' fees	98	103
Other Councillors' expenses (including Mayor)	8	11
<b>Total</b>	<b>126</b>	<b>135</b>

## F2 Other relationships

## F2-1 Audit fees

\$ '000	2022	2021
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

**Auditors of the Council - NSW Auditor-General:****(i) Audit and other assurance services**

Audit and review of financial statements

	54	61
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**Remuneration for audit and other assurance services**

	54	61
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**Total Auditor-General remuneration****Non NSW Auditor-General audit firms****(i) Audit and other assurance services**

Other audit and assurance services

	52	75
--	----	----

**Remuneration for audit and other assurance services**

	52	75
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**Total remuneration of non NSW Auditor-General audit firms**

	106	136
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**Total audit fees**

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## G Other matters

## G1-1 Statement of Cash Flows information

## Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	<b>4,756</b>	<b>4,896</b>
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	5,237	5,273
(Gain) / loss on disposal of assets	526	502
Unwinding of discount rates on reinstatement provisions	35	3
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(260)	(361)
Increase / (decrease) in provision for impairment of receivables	—	(3)
(Increase) / decrease of inventories	(65)	(30)
(Increase) / decrease of other current assets	(13)	(45)
(Increase) / decrease of contract asset	123	(789)
Increase / (decrease) in payables	55	(131)
Increase / (decrease) in accrued interest payable	1	(5)
Increase / (decrease) in other accrued expenses payable	(137)	83
Increase / (decrease) in other liabilities	2,123	147
Increase / (decrease) in contract liabilities	3,368	1,526
Increase / (decrease) in employee benefit provision	(28)	148
Increase / (decrease) in other provisions	—	(3)
<b>Net cash flows from operating activities</b>	<b>15,721</b>	<b>11,211</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## G2-1 Commitments

## Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	358	—
Plant and equipment	476	508
Bundarra Sewer Scheme	127	3,941
VIC Redevelopment	—	70
Road infrastructure	752	—
McMaugh Gardens works	179	—
Other	359	—
Tolleys Gully Bridge & other road works	—	152
Uralla Pool Amenities	—	40
Depot upgrade	—	37
<b>Total commitments</b>	<b>2,251</b>	<b>4,748</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	2,251	4,748
<b>Total payable</b>	<b>2,251</b>	<b>4,748</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	370	137
Future grants and contributions	1,405	3,213
Internally restricted reserves	476	508
Externally restricted reserves	—	890
<b>Total sources of funding</b>	<b>2,251</b>	<b>4,748</b>

## G3-1 Events occurring after the reporting date

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

## G4 Changes from prior year statements

## G4-1 Correction of errors

## Recognition of RFS red fleet assets

Council did not recognise some of Rural Fire Service Red Fleet assets in the past. The carrying amount of the assets is \$1,130 thousand which is a material amount and was treated as an error under AASB108 Accounting Policies, Changes in Accounting Estimates and Errors in the current year financial statements.

The above prior period error resulted in a net understatement of Infrastructure, Property, Plant & Equipment by \$1,130 thousand.

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## G4-1 Correction of errors (continued)

The error identified above has been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date. Comparatives have been changed to reflect the correction of errors. The impact on each line item at 1 July 2020 is shown in the table below.

## Changes to the opening Statement of Financial Position at 1 July 2020

## Statement of Financial Position

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
<b>Total current assets</b>	<b>18,859</b>	<b>—</b>	<b>18,859</b>
IPP&E	233,683	1,130	234,813
<b>Total non-current assets</b>	<b>233,761</b>	<b>1,130</b>	<b>234,891</b>
<b>Total assets</b>	<b>252,620</b>	<b>1,130</b>	<b>253,750</b>
<b>Total current liabilities</b>	<b>7,880</b>	<b>—</b>	<b>7,880</b>
<b>Total non-current liabilities</b>	<b>4,808</b>	<b>—</b>	<b>4,808</b>
<b>Total liabilities</b>	<b>12,688</b>	<b>—</b>	<b>12,688</b>
<b>Net assets</b>	<b>239,932</b>	<b>1,130</b>	<b>241,062</b>
Accumulated surplus	74,321	1,130	75,451
Revaluation Reserves	165,611	—	165,611
<b>Total equity</b>	<b>239,932</b>	<b>1,130</b>	<b>241,062</b>

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## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## G4-1 Correction of errors (continued)

## Adjustments to the comparative figures for the year ended 30 June 2021

## Statement of Financial Position

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
<b>Total current assets</b>	<b>22,269</b>	<b>–</b>	<b>22,269</b>
IPP&E	238,317	1,130	239,447
<b>Total non-current assets</b>	<b>238,379</b>	<b>1,130</b>	<b>239,509</b>
<b>Total assets</b>	<b>260,648</b>	<b>1,130</b>	<b>261,778</b>
<b>Total current liabilities</b>	<b>11,219</b>	<b>–</b>	<b>11,219</b>
<b>Total non-current liabilities</b>	<b>4,567</b>	<b>–</b>	<b>4,567</b>
<b>Total liabilities</b>	<b>15,786</b>	<b>–</b>	<b>15,786</b>
<b>Net assets</b>	<b>244,862</b>	<b>1,130</b>	<b>245,992</b>
Accumulated surplus	79,217	1,130	80,347
Revaluation Reserves	165,645	–	165,645
<b>Total equity</b>	<b>244,862</b>	<b>1,130</b>	<b>245,992</b>

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## G5 Statement of developer contributions as at 30 June 2022

## G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Roads	595	88	—	3	—	—	686	—
Traffic facilities	20	—	—	—	—	—	20	—
Community facilities	82	—	—	1	—	—	83	—
Other	58	1	—	1	—	—	60	—
<b>S7.11 contributions – under a plan</b>	<b>755</b>	<b>89</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>849</b>	<b>—</b>
<b>S7.12 levies – under a plan</b>	<b>—</b>	<b>60</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>60</b>	<b>—</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>755</b>	<b>149</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>909</b>	<b>—</b>
<b>Total contributions</b>	<b>755</b>	<b>149</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>909</b>	<b>—</b>

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.



## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## G5-2 Developer contributions by plan

	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash					
CONTRIBUTION PLAN – RURAL INVERGOWRIE								
Roads	97	–	–	–	–	–	97	–
Traffic facilities	20	–	–	–	–	–	20	–
Community facilities	82	–	–	1	–	–	83	–
Other	53	1	–	1	–	–	55	–
Total	252	1	–	2	–	–	255	–
CONTRIBUTION PLAN – RURAL								
Other	5	–	–	–	–	–	5	–
Total	5	–	–	–	–	–	5	–
CONTRIBUTION PLAN – DCP ROAD MAINTENANCE ROYALTIES								
Roads	498	88	–	3	–	–	589	–
Total	498	88	–	3	–	–	589	–
S7.12 Levies – under a plan								
S7.12 LEVIES - UNDER A PLAN								
Other	–	60	–	–	–	–	60	–
Total	–	60	–	–	–	–	60	–

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## G6 Statement of performance measures

## G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021	Indicators 2020	Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(670)	(3.00)%	(8.92)%	(2.43)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	22,359				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	13,844	48.90%	55.42%	63.98%	> 60.00%
Total continuing operating revenue <sup>1</sup>	28,311				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	9,057	8.36x	2.22x	2.80x	> 1.50x
Current liabilities less specific purpose liabilities	1,083				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	4,678	12.96x	11.26x	10.91x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	361				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	845	10.54%	9.00%	11.76%	< 10.00%
Rates and annual charges collectable	8,015				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	19,949	12.46	11.88	9.99	> 3.00
Monthly payments from cash flow of operating and financing activities	1,601	months	months	months	months

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

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

## Uralla Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	(2.04)%	(7.65)%	(36.20)%	(37.17)%	16.11%	(1.30)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	50.55%	47.15%	81.85%	93.43%	25.62%	19.48%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	8.36x	2.22x	60.06x	20.28x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	11.67x	10.45x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	12.75%	8.70%	0.00%	12.34%	0.00%	9.59%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	1.58	9.79	∞	21.38	∞	35.43	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months		months		months	months

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

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

Uralla Shire Council

End of the audited financial statements  
for the year ended 30 June 2022

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End of the audited financial statements

## Uralla Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## H Additional Council disclosures (unaudited)

### H1-1 Council information and contact details

**Principal place of business:**  
32 Salisbury Street  
Uralla NSW 2358

#### Contact details

**Mailing Address:**  
PO Box 106  
Uralla NSW 2358

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

**Telephone:** 02 6778 6300  
**Facsimile:** 02 6778 6349

**Internet:** <http://www.uralla.nsw.gov.au/>  
**Email:** [council@uralla.nsw.gov.au](mailto:council@uralla.nsw.gov.au)

#### Officers

**General Manager**  
Kate Jessep

**Responsible Accounting Officer**  
Mustaq Ahammed

**Public Officer**  
Ms Nathalie Heaton

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

#### Elected members

**Mayor**  
Robert Bell

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

#### Other information

**ABN:** 55 868 272 018

## Uralla Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2022

#### Independent Auditor's Reports:

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On the Financial Statements (Sect 417 [2])

#### Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

## Uralla Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2022

### Independent Auditor's Reports: (continued)

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#### On the Financial Statements (Sect 417 [3])

#### Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).



# Uralla Shire Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2022

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## Uralla Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

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#### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Uralla Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

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#### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on 30 January 2023.

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Robert Bell

**Mayor**

30 January 2023

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Robert Crouch

**Councillor**

30 January 2023

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Kate Jessep

**General Manager**

30 January 2023

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Mustaq Ahammed

**Responsible Accounting Officer**

30 January 2023

## Uralla Shire Council

## Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	554	473
User charges	520	531
Interest and investment income	26	27
Grants and contributions provided for operating purposes	16	16
Other income	—	21
<b>Total income from continuing operations</b>	<b>1,116</b>	<b>1,068</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	413	393
Materials and services	652	628
Depreciation, amortisation and impairment	451	440
Other expenses	4	4
<b>Total expenses from continuing operations</b>	<b>1,520</b>	<b>1,465</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(404)</b>	<b>(397)</b>
Grants and contributions provided for capital purposes	228	58
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(176)</b>	<b>(339)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(176)</b>	<b>(339)</b>
<b>Surplus (deficit) after tax</b>	<b>(176)</b>	<b>(339)</b>
<b>Plus accumulated surplus</b>	<b>7,678</b>	<b>8,017</b>
<b>Closing accumulated surplus</b>	<b>7,502</b>	<b>7,678</b>
<b>Return on capital %</b>	<b>(2.8)%</b>	<b>(2.8)%</b>
<b>Subsidy from Council</b>	<b>939</b>	<b>606</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(176)	(339)
Less: capital grants and contributions (excluding developer contributions)	(228)	(58)

## Uralla Shire Council

## Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	834	686
User charges	63	13
Interest and investment income	16	24
Grants and contributions provided for operating purposes	12	13
Other income	—	36
<b>Total income from continuing operations</b>	<b>925</b>	<b>772</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	306	236
Materials and services	180	327
Depreciation, amortisation and impairment	269	216
Net loss from the disposal of assets	16	—
Other expenses	5	3
<b>Total expenses from continuing operations</b>	<b>776</b>	<b>782</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>149</b>	<b>(10)</b>
Grants and contributions provided for capital purposes	2,638	3,125
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,787</b>	<b>3,115</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,787</b>	<b>3,115</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(37)	—
<b>Surplus (deficit) after tax</b>	<b>2,750</b>	<b>3,115</b>
<b>Plus accumulated surplus</b>	<b>9,164</b>	<b>6,049</b>
<b>Plus adjustments for amounts unpaid:</b>		
— Corporate taxation equivalent	37	—
<b>Closing accumulated surplus</b>	<b>11,951</b>	<b>9,164</b>
<b>Return on capital %</b>	<b>0.9%</b>	<b>(0.1)%</b>
<b>Subsidy from Council</b>	<b>468</b>	<b>193</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	2,750	3,115
Less: capital grants and contributions (excluding developer contributions)	(2,638)	(3,125)
<b>Surplus for dividend calculation purposes</b>	<b>112</b>	<b>—</b>
<b>Potential dividend calculated from surplus</b>	<b>56</b>	<b>—</b>

## Uralla Shire Council

## Income Statement of private works

for the year ended 30 June 2022

	2022	2021
\$ '000	Category 2	Category 2
<b>Income from continuing operations</b>		
User charges	429	61
Grants and contributions provided for operating purposes	—	473
<b>Total income from continuing operations</b>	<b>429</b>	<b>534</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	7	40
Materials and services	510	481
<b>Total expenses from continuing operations</b>	<b>517</b>	<b>521</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(88)</b>	<b>13</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(88)</b>	<b>13</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(88)</b>	<b>13</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	—	(3)
<b>Surplus (deficit) after tax</b>	<b>(88)</b>	<b>10</b>
<b>Plus accumulated surplus</b>	<b>(2)</b>	<b>(15)</b>
<b>Plus adjustments for amounts unpaid:</b>		
— Corporate taxation equivalent	—	3
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>(90)</b>	<b>(2)</b>
<b>Subsidy from Council</b>	<b>88</b>	<b>—</b>

## Uralla Shire Council

## Income Statement of McMaugh Gardens

for the year ended 30 June 2022

	2022	2021
\$ '000	Category 2	Category 2
<b>Income from continuing operations</b>		
User charges	953	1,039
Interest and investment income	16	28
Grants and contributions provided for operating purposes	2,001	2,292
Other income	16	23
<b>Total income from continuing operations</b>	<b>2,986</b>	<b>3,382</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,272	2,305
Borrowing costs	7	4
Materials and services	729	645
Depreciation, amortisation and impairment	211	219
Net loss from the disposal of assets	—	7
<b>Total expenses from continuing operations</b>	<b>3,219</b>	<b>3,180</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(233)</b>	<b>202</b>
Grants and contributions provided for capital purposes	54	185
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(179)</b>	<b>387</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(179)</b>	<b>387</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	—	(53)
<b>Surplus (deficit) after tax</b>	<b>(179)</b>	<b>334</b>
<b>Plus accumulated surplus</b>	<b>3,785</b>	<b>3,398</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	—	53
<b>Closing accumulated surplus</b>	<b>3,606</b>	<b>3,785</b>
<b>Return on capital %</b>	<b>(4.7)%</b>	<b>4.7%</b>
<b>Subsidy from Council</b>	<b>401</b>	<b>—</b>



## Uralla Shire Council

## Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	17	10
Investments	2,300	2,600
Receivables	420	270
Contract assets and contract cost assets	86	—
<b>Total current assets</b>	<b>2,823</b>	<b>2,880</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	14,631	14,017
<b>Total non-current assets</b>	<b>14,631</b>	<b>14,017</b>
<b>Total assets</b>	<b>17,454</b>	<b>16,897</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	47	142
<b>Total current liabilities</b>	<b>47</b>	<b>142</b>
<b>Total liabilities</b>	<b>47</b>	<b>142</b>
<b>Net assets</b>	<b>17,407</b>	<b>16,755</b>
<b>EQUITY</b>		
Accumulated surplus	7,502	7,678
Revaluation reserves	9,905	9,077
<b>Total equity</b>	<b>17,407</b>	<b>16,755</b>

## Uralla Shire Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	98	9
Investments	600	2,300
Receivables	133	74
Contract assets and contract cost assets	605	288
<b>Total current assets</b>	<b>1,436</b>	<b>2,671</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	16,855	12,282
<b>Total non-current assets</b>	<b>16,855</b>	<b>12,282</b>
<b>Total assets</b>	<b>18,291</b>	<b>14,953</b>
<b>Net assets</b>	<b>18,291</b>	<b>14,953</b>
<b>EQUITY</b>		
Accumulated surplus	11,951	9,164
Revaluation reserves	6,340	5,789
<b>Total equity</b>	<b>18,291</b>	<b>14,953</b>

## Uralla Shire Council

## Statement of Financial Position of Private works – Private works

as at 30 June 2022

\$ '000	2022	2021
	Category 2	Category 2
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Payables	90	2
<b>Total non-current liabilities</b>	<b>90</b>	<b>2</b>
<b>Total liabilities</b>	<b>90</b>	<b>2</b>
<b>Net assets</b>	<b>(90)</b>	<b>(2)</b>
<b>EQUITY</b>		
Accumulated surplus	(90)	(2)
<b>Total equity</b>	<b>(90)</b>	<b>(2)</b>

## Uralla Shire Council

## Statement of Financial Position of McMaugh Gardens

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	41	61
Investments	3,300	3,600
Receivables	82	84
<b>Total current assets</b>	<b>3,423</b>	<b>3,745</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	4,771	4,359
<b>Total non-current assets</b>	<b>4,771</b>	<b>4,359</b>
<b>Total assets</b>	<b>8,194</b>	<b>8,104</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	2,729	3,077
<b>Total current liabilities</b>	<b>2,729</b>	<b>3,077</b>
<b>Non-current liabilities</b>		
Payables	23	29
<b>Total non-current liabilities</b>	<b>23</b>	<b>29</b>
<b>Total liabilities</b>	<b>2,752</b>	<b>3,106</b>
<b>Net assets</b>	<b>5,442</b>	<b>4,998</b>
<b>EQUITY</b>		
Accumulated surplus	3,606	3,785
Revaluation reserves	1,836	1,213
<b>Total equity</b>	<b>5,442</b>	<b>4,998</b>

## Uralla Shire Council

### Significant Accounting Policies

for the year ended 30 June 2022

#### Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2005* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

#### Declared business activities

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

##### Category 1

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

##### (a) McMaugh Gardens Aged Care Centre

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

##### Category 2

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

##### (b) Uralla Shire Council Combined Water Supplies

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

##### (c) Uralla Shire Council Combined Sewerage Fund

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

##### (d) Private Works

Comprising the private works operations of the Council which are carried out on behalf of independent third parties.

## Uralla Shire Council

### Significant Accounting Policies

for the year ended 30 June 2022

#### Note – Significant Accounting Policies (continued)

##### **Taxation equivalent charges**

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

##### **Notional rate applied (%)**

Corporate income tax rate – 25% (20/21 26%)

Land tax – the first \$822,000 of combined land values attracts 0%. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of 2.0% applies.

Payroll tax – 4.85% on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

##### **Income tax**

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (20/21 26%).

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is/is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

##### **Local government rates and charges**

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

##### **Loan and debt guarantee fees**

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

##### **(i) Subsidies**

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

continued on next page

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## Uralla Shire Council

### Significant Accounting Policies

for the year ended 30 June 2022

#### Note – Significant Accounting Policies (continued)

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

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

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

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% at 30/6/22.

##### (iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



Uralla Shire Council

Special Purpose Financial Statements  
for the year ended 30 June 2022

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# Uralla Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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## Uralla Shire Council

### Special Schedules

for the year ended 30 June 2022

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<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	5

## Uralla Shire Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	4,021	4,112
<b>Notional general income</b>	$c = a + b$	<b>4,021</b>	<b>4,112</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	$i = e \times (c + g)$	80	82
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>4,101</b>	<b>4,194</b>
Plus (or minus) last year's carry forward total	l	7	(4)
<b>Sub-total</b>	$n = (l + m)$	<b>7</b>	<b>(4)</b>
<b>Total permissible income</b>	$o = k + n$	<b>4,108</b>	<b>4,190</b>
Less notional general income yield	p	4,112	—
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>(4)</b>	<b>4,191</b>
<b>Carry forward to next year <sup>6</sup></b>	$t = q + r + s$	<b>2</b>	<b>4,191</b>

**Notes**

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

### Permissible income for general rates

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Permissible income for general rates: PLUS PDF inserted here

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## Uralla Shire Council

## Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance <sup>(a)</sup>	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000		\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	6	13	–	–	–	–	–	9.0%	14.4%	69.2%	7.3%	0.0%
	<b>Sub-total</b>	<b>6</b>	<b>13</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15,141</b>	<b>–</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Other structures	Other structures	–	–	–	–	–	1,340	–	48.4%	32.4%	18.9%	0.4%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,340</b>	<b>–</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Water supply network	Water supply network	–	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>13,428</b>	<b>–</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Sewerage network	Sewerage network	–	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15,803</b>	<b>–</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Stormwater drainage	Stormwater drainage	–	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,294</b>	<b>–</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Open space / recreational assets	Swimming pools	–	–	–	–	–	2,249	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,249</b>	<b>–</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>6</b>	<b>13</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>151,877</b>	<b>–</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

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

## Infrastructure asset condition assessment 'key'

- 1 **Excellent/very good** No work required (normal maintenance)  
 2 **Good** Only minor maintenance work required  
 3 **Satisfactory** Maintenance work required

- 4 **Poor** Renewal required  
 5 **Very poor** Urgent renewal/upgrading required

## Uralla Shire Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021      2020		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>	—	0.00%	79.31%	121.80%	>= 100.00%
Depreciation, amortisation and impairment	2,024				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	6	0.00%	2.77%	2.82%	< 2.00%
Net carrying amount of infrastructure assets	155,109				
Asset maintenance ratio					
Actual asset maintenance	—	∞	95.10%	100.28%	> 100.00%
Required asset maintenance	—				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	13	∞	3.49%	3.52%	
Gross replacement cost	—				

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

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



## Uralla Shire Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals <sup>1</sup>	0.00%	91.99%	0.00%	0.00%	0.00%	0.00%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	0.00%	3.00%	0.00%	0.85%	0.00%	0.00%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	∞	92.17%	∞	98.42%	∞	126.10%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	∞	4.00%	∞	0.38%	∞	0.00%	
Gross replacement cost							

<sup>(1)</sup> Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

**10      COMMUNICATION OF COUNCIL DECISIONS**

**11      CONCLUSION OF MEETING**