

# Eurobodalla Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

---

# Eurobodalla Shire Council

## General Purpose Financial Statements for the financial year ended 30 June 2013

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

---

### Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Eurobodalla Shire Council.

(ii) Eurobodalla Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

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

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 22/10/13. Council has the power to amend and reissue the financial statements.

---

## Eurobodalla Shire Council

### General Purpose Financial Statements

for the financial year ended 30 June 2013

## Understanding Council's Financial Statements

---

### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited Financial Statements to their Council & Community.

### What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2013.

The format of the Financial Statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the NSW Division 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 & ownership of the Financial Statements.

### About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

#### 1. An Income Statement

A summary of Council's financial performance for the year, listing all income & expenses.

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

#### 2. A Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equip.

#### 3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

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

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

#### 5. A 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 5 Primary Financial Statements.

### About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the Financial Statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including the Council's financial performance & financial position.

### Who uses the Financial Statements ?

The Financial Statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the Financial Statements.

Council is required to forward an audited set of Financial Statements to the Division of Local Government.

## Eurobodalla Shire Council

### General Purpose Financial Statements

for the financial year ended 30 June 2013

### Statement by Councillors and Management

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

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

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

To the best of our knowledge and belief, these Financial Statements:

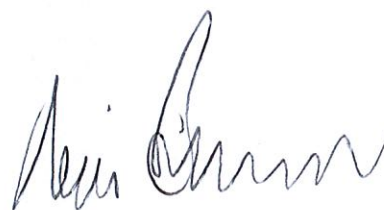
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

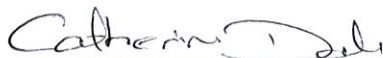
Signed in accordance with a resolution of Council made on 22 October 2013.



L Brown  
MAYOR



N Burnside  
COUNCILLOR



Dr C Dale  
GENERAL MANAGER



A O'Reilly  
RESPONSIBLE ACCOUNTING OFFICER

## Eurobodalla Shire Council

## Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup>				Actual	Actual
2013	\$ '000		Notes	2013	2012
<b>Income from Continuing Operations</b>					
<b>Revenue:</b>					
47,600	Rates & Annual Charges		3a	47,611	45,639
20,124	User Charges & Fees		3b	21,900	23,640
1,629	Interest & Investment Revenue		3c	3,137	1,667
1,593	Other Revenues		3d	2,128	2,692
14,650	Grants & Contributions provided for Operating Purposes		3e,f	15,558	17,821
3,592	Grants & Contributions provided for Capital Purposes		3e,f	5,139	7,133
<b>89,188</b>	<b>Total Income from Continuing Operations</b>			<b>95,473</b>	<b>98,592</b>
<b>Expenses from Continuing Operations</b>					
33,431	Employee Benefits & On-Costs		4a	30,023	30,284
4,387	Borrowing Costs		4b	4,241	4,457
23,519	Materials & Contracts		4c	21,642	21,921
25,143	Depreciation & Amortisation		4d	26,735	22,953
-	Impairment		4d	-	-
6,342	Other Expenses		4e	8,719	9,673
-	Net Losses from the Disposal of Assets		5	3,331	3,584
<b>92,822</b>	<b>Total Expenses from Continuing Operations</b>			<b>94,691</b>	<b>92,872</b>
<b>(3,634)</b>	<b>Operating Result from Continuing Operations</b>			<b>782</b>	<b>5,720</b>
<b>(3,634)</b>	<b>Net Operating Result for the Year</b>			<b>782</b>	<b>5,720</b>
<b>(7,226)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>			<b>(4,357)</b>	<b>(1,413)</b>

(1) Original Budget as approved by Council - refer Note 16

## Eurobodalla Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		782	5,720
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	7,012	118,855
Total Other Comprehensive Income for the year		7,012	118,855
<b>Total Comprehensive Income for the Year</b>		7,794	124,575

## Eurobodalla Shire Council

## Balance Sheet

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	8,742	7,908
Investments	6b	58,217	49,354
Receivables	7	9,400	10,374
Inventories	8	740	785
Other	8	132	154
Non-current assets classified as "held for sale"	22	42	-
<b>Total Current Assets</b>		<b>77,273</b>	<b>68,575</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	80	97
Inventories	8	-	46
Infrastructure, Property, Plant & Equipment	9	1,232,251	1,230,777
Investment Property	14	-	550
Intangible Assets	25	-	-
<b>Total Non-Current Assets</b>		<b>1,232,331</b>	<b>1,231,470</b>
<b>TOTAL ASSETS</b>		<b>1,309,604</b>	<b>1,300,045</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	7,818	7,135
Borrowings	10	13,844	4,320
Provisions	10	9,166	8,843
<b>Total Current Liabilities</b>		<b>30,828</b>	<b>20,298</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	50,366	59,221
Provisions	10	1,924	1,756
<b>Total Non-Current Liabilities</b>		<b>52,290</b>	<b>60,977</b>
<b>TOTAL LIABILITIES</b>		<b>83,118</b>	<b>81,275</b>
<b>Net Assets</b>		<b>1,226,486</b>	<b>1,218,770</b>
<b>EQUITY</b>			
Retained Earnings	20	707,486	698,772
Revaluation Reserves	20	519,000	519,998
<b>Total Equity</b>		<b>1,226,486</b>	<b>1,218,770</b>

## Eurobodalla Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		698,772	519,998	<b>1,218,770</b>	-	<b>1,218,770</b>
a. Correction of Prior Period Errors	20 (c)	(78)	-	<b>(78)</b>	-	<b>(78)</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/11)		<b>698,694</b>	<b>519,998</b>	<b>1,218,692</b>	-	<b>1,218,692</b>
<b>c. Net Operating Result for the Year</b>		<b>782</b>	-	<b>782</b>	-	<b>782</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	7,012	<b>7,012</b>	-	<b>7,012</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>7,012</b>	<b>7,012</b>	-	<b>7,012</b>
<b>Total Comprehensive Income</b> (c&d)		<b>782</b>	<b>7,012</b>	<b>7,794</b>	-	<b>7,794</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		8,010	(8,010)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>707,486</b>	<b>519,000</b>	<b>1,226,486</b>	-	<b>1,226,486</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		686,287	407,908	<b>1,094,195</b>	-	<b>1,094,195</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/10)		<b>686,287</b>	<b>407,908</b>	<b>1,094,195</b>	-	<b>1,094,195</b>
<b>c. Net Operating Result for the Year</b>		<b>5,720</b>	-	<b>5,720</b>	-	<b>5,720</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	118,855	<b>118,855</b>	-	<b>118,855</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>118,855</b>	<b>118,855</b>	-	<b>118,855</b>
<b>Total Comprehensive Income</b> (c&d)		<b>5,720</b>	<b>118,855</b>	<b>124,575</b>	-	<b>124,575</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		6,765	(6,765)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>698,772</b>	<b>519,998</b>	<b>1,218,770</b>	-	<b>1,218,770</b>



## Eurobodalla Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
47,600	Rates & Annual Charges		47,801	43,662
21,371	User Charges & Fees		23,850	24,064
1,629	Investment & Interest Revenue Received		3,119	4,197
18,587	Grants & Contributions		19,886	27,263
-	Bonds, Deposits & Retention amounts received		2,533	2,158
-	Other		3,678	1,595
<b>Payments:</b>				
(33,431)	Employee Benefits & On-Costs		(29,784)	(30,748)
(28,961)	Materials & Contracts		(24,341)	(25,003)
(4,387)	Borrowing Costs		(3,762)	(3,723)
-	Bonds, Deposits & Retention amounts refunded		(1,964)	(2,150)
	Other		(8,900)	(8,432)
22,408	<b>Net Cash provided (or used in) Operating Activities</b>	11b	32,116	32,883
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		35,353	25,848
1,005	Sale of Infrastructure, Property, Plant & Equipment		893	2,431
19	Deferred Debtors Receipts		27	11
<b>Payments:</b>				
-	Purchase of Investment Securities		(42,423)	(32,183)
(28,534)	Purchase of Infrastructure, Property, Plant & Equipment		(25,441)	(31,918)
(27,510)	<b>Net Cash provided (or used in) Investing Activities</b>		(31,591)	(35,811)
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
8,788	Proceeds from Borrowings & Advances		4,734	6,657
<b>Payments:</b>				
(3,638)	Repayment of Borrowings & Advances		(4,425)	(3,919)
5,150	<b>Net Cash Flow provided (used in) Financing Activities</b>		309	2,738
48	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		834	(190)
7,908	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	7,908	8,098
7,956	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	8,742	7,908
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	58,217	49,354
<b>Total Cash, Cash Equivalents &amp; Investments</b>			66,959	57,262

Please refer to Note 11 for information on the following:

## Eurobodalla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	21
2(b)	Council Functions / Activities - Component Descriptions	22
3	Income from Continuing Operations	23
4	Expenses from Continuing Operations	29
5	Gains or Losses from the Disposal of Assets	33
6(a)	Cash & Cash Equivalent Assets	34
6(b)	Investment Securities	35
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	36
7	Receivables	38
8	Inventories & Other Assets	39
9(a)	Infrastructure, Property, Plant & Equipment	40
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	41
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	41
10(a)	Payables, Borrowings & Provisions	42
10(b)	Description of (& movements in) Provisions	43
11	Statement of Cash Flows - Additional Information	44
12	Commitments for Expenditure	46
13a	Statements of Performance Measures:	
	(i) Local Government Industry Indicators (Consolidated)	47
	(ii) Local Government Industry Graphs (Consolidated)	48
13b	Statement of Performance Measures - Industry Indicators (by Fund)	49
14	Investment Properties	50
15	Financial Risk Management	51
16	Material Budget Variations	56
17	Statement of Developer Contributions	58
18	Contingencies and Other Liabilities/Assets not recognised	64
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	66
20	Equity - Retained Earnings and Revaluation Reserves	66
21	Financial Result & Financial Position by Fund	68
22	"Held for Sale" Non Current Assets & Disposal Groups	70
23	Events occurring after Balance Sheet Date	70
24	Discontinued Operations	70
25	Intangible Assets	70
26	Reinstatement, Rehabilitation & Restoration Liabilities	72

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

##### (a) Basis of preparation

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

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

##### (ii) Early adoption of Accounting Standards

NSW Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

##### (iii) Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

##### (iv) Critical Accounting Estimates

Estimates that may cause a material adjustment to the carrying amounts of assets and liabilities are set out below.

- (i) Fair values of investment properties
- (ii) Fair values of infrastructure, property, plant and equipment.
- (iii) Transfer station remediation provisions.

Critical judgements are also applied to:

- (i) Impairment of Receivables - refer Note 7.
- (ii) Projected Section 94 (S94) Commitment – refer Note 17.

##### (b) Revenue recognition

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

##### Rates, Annual Charges, Grants and Contributions

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

Control over rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for unpaid rates is not made as these are recoverable when the rateable property is next sold.

Control over granted assets is obtained upon their receipt (or acquittal) or notification of a grant being secured, and is valued at fair value at the date of transfer.

Revenue from Contributions is recognised when control or the right to receive it is obtained.

Any unused grant or contribution at year end is disclosed in Note 3(g).

Council provides facilities from contribution revenues levied on developers under the provisions of S94 of the Environment Planning and Assessment Act 1979 ("EPA"). These Developer contributions are recognised as income upon their physical receipt due to the possibility that individual Development Consents may not be acted upon by the applicant and therefore not payable.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules (refer Note 17).

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

##### User Charges, Fees and Other Income

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

A provision for these unpaid receivables is made when their collection is no longer probable.

##### Sale of Infrastructure, Property, Plant and Equipment

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

##### Interest and Rents

Interest is accounted for using the Effective Interest method in accordance with AASB 139.

Rents are recognised on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received.

##### (c) Principles of Consolidation

These financial statements incorporate the assets and liabilities of Council and any Entities (or operations) that it controls at year end and all the related operating results during the year. All inter-entity year end balances and reporting period transactions are eliminated.

##### (i) The Consolidated Fund

Under Section 409(1) of the LGA, all money and property received by Council is held in the Council's Consolidated Fund unless required to be held in the Council's Trust Fund.

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

The following entities have been included as part of the Consolidated Fund:

- *General Purpose Operations*
- *Water Supply Fund*
- *Sewerage Fund*

- *Domestic & Non-Domestic Waste Funds*
- *Environment Fund*
- *Batemans Bay Children & Family Centre Committee*
- *Batemans Bay Rugby Grounds Committee*
- *Batemans Bay Sailing Complex Committee*
- *Batemans Bay Tennis Courts Committee*
- *Bodalla Hall Committee*
- *Broulee Tennis Courts Committee*
- *Durras Hall Committee*
- *Dalmeny Oval Committee*
- *Dalmeny Oval Committee*
- *Eurobodalla Regional Botanic Gardens Committee*
- *Malua Bay Community Centre & Tennis Courts Committee*
- *Moruya Basketball Stadium Committee*
- *Moruya Racecourse Committee*
- *Moruya Showground Committee*
- *Narooma Tennis Courts Committee*
- *Nelligen Tennis Courts Committee*
- *Tuross Progress Hall Committee*
- *Tuross Memorial Gardens Committee*

##### (ii) The Trust Fund

Section 411 of LGA requires a separate Trust Fund be 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 statements. Those not subject to the control of Council, have been excluded from these statements.

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

##### (iii) Controlled Entities, Joint Ventures, Associated Entities and County Councils

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures and is not a member of any County Councils other than otherwise noted in these accounts.

##### (d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

##### Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

##### Operating Leases

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

##### (e) Cash and Cash Equivalents

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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

##### (f) Investments and Other Financial Assets

Council per AASB 139 classifies each of its investments into one of the following categories for measurement purposes:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

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

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

Financial assets at fair value through profit or loss include financial assets that are "held for trading" (those expected to be realised within 12 months of the balance sheet date).

##### (ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised as current assets (unless maturing later than 12 months from balance date – these are non-current assets).

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management intends to hold to maturity. They are generally quoted in an active market and are included in non-current assets (unless maturing within 12 months from balance date, these are classified as current assets).

##### (iv) Available-for-sale financial assets

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

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

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

##### Financial Assets – Reclassification

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

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

##### General Accounting & Measurement of Financial Instruments:

##### (i) Initial Recognition

Investments are initially recognised (and measured) at fair value on the trade-date, plus in the case of

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

investments not at "fair value through profit or loss", directly attributable transactions costs.

##### (ii) Subsequent Measurement

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

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

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

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

##### Impairment

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

##### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the LGA and S212 of the LGR.

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

Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These

will be disposed of when most financially advantageous to Council.

##### (g) Fair value estimation

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

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

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

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

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

##### (h) Receivables

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

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

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

A provision for impairment relating to receivables is established when there is evidence that Council will not be able to collect all amounts due according to the original terms of each receivable.

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

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (i) Inventories

###### Raw Materials and Stores, Work in Progress and Finished Goods

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

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. These are assigned to individual items of inventory on the basis of weighted average costs.

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

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

###### Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

##### (j) Infrastructure, Property, Plant and Equipment (I,PP&E)

###### Acquisition of assets

Council's non-current assets have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

###### Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition. If deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

###### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies (continued)

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.

**Asset Revaluations (including Indexation)**

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases are credited to the asset revaluation reserve.
- If the increase reverses a decrease previously recognised via the profit or loss, then the increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date and if any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

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

**Capitalisation Thresholds**

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

**Land**

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

**Plant & Equipment**

Office Furniture	> \$5,000
Office Equipment	> \$5,000

Other Plant & Equipment	> \$5,000
-------------------------	-----------

**Buildings & Land Improvements**

Park Furniture & Equipment	> \$5,000
----------------------------	-----------

## Building

- construction/extensions	> \$5,000
- renovations	> \$5,000

Other Structures	> \$5,000
------------------	-----------

**Water & Sewer Assets**

Reticulation extensions	> \$5,000
Other	> \$5,000

**Stormwater Assets**

Drains & Culverts	> \$5,000
Other	> \$5,000

**Transport Assets**

Road construction & reconstruction	> \$5,000
Reseal/Re-sheet & major repairs:	> \$5,000

Bridge construction & reconstruction	> \$5,000
--------------------------------------	-----------

**Depreciation**

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

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

**Plant & Equipment**

- Office Equipment	5 to 10 years
- Office furniture	10 years
- Computer Equipment	4 to 5 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

**Other Equipment**

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

**Buildings**



## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies (continued)

- Buildings : Other	20 to 60 years
---------------------	----------------

**Stormwater Drainage**

- Drains	80 to 100 years
- Culverts	50 to 75 years
- Flood Control Structures	80 to 100 years

**Transportation Assets**

- Sealed Roads : Surface	11 to 18 years
- Sealed Roads : Structure	30 to 70 years
- Unsealed roads	70 years
- Bridge : Concrete	100 years
- Bridge : Other	10 to 40 years

- Road Pavements	30 to 50 years
- Kerb, Gutter & Paths	30 to 75 years

**Water & Sewer Assets**

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes	25 to 80 years
- Pumps and telemetry	10 to 25 years

**Other Infrastructure Assets**

- Bulk earthworks	Infinite
-------------------	----------

Asset residual values and useful lives are reviewed and adjusted as appropriate at balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Disposal and De-recognition**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset is included in the Income Statement.

**(k) Land**

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

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

**(l) Land under roads**

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

**(m) Intangible Assets**

Council has not classified any assets as Intangible.

**(n) Crown Reserves**

Crown Reserves under Council's care and control are recognised as assets of the Council. Council ensures their use is in accordance with the specific purposes to which the reserves are dedicated.

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

**(o) Rural Fire Service assets**

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

The accounting for such fire fighting equipment is not treated in a consistent manner across all Councils. Council excludes the assets, their values and depreciation charges from these financial statements.

**(p) Investment property**

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council and is carried at fair value

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/6/2012.

#### **(q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries**

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

Costs are estimated on the basis of a closure plan.

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

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

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

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

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

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

Refer Note 26 for provisions relating to Close down, Restoration and Remediation costs.

#### **(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

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

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

#### **(s) Impairment of assets**

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever changes 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 non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

## Eurobodalla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

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

##### (u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost.

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

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

##### (v) Borrowing costs

Borrowing costs are expensed, except to the extent that they are incurred during the construction of qualifying assets where they are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

##### (w) Provisions

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

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

Provisions are measured at the present value of the estimated expenditure required to settle the present obligation at the reporting date and recognised as an expense.

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.

##### (x) Employee benefits

###### (i) Short Term Obligations

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

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

###### (ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

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

All Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months.

###### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

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

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

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

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities and have asked for significant increases in future contributions to recover that deficiency.

Council has declared this unquantifiable obligations as a contingent liability (refer Note 18).

#### Defined Contribution Plans

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

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.

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

Assets and liabilities are classified as current if it is expected to be settled within the next 12 months, if greater than 12 months they are recorded as non-current assets.

#### Exceptions

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

Inventories that are "held for trading" are also classified as current.

#### (aa) Taxes

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

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

#### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

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

#### (ab) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. NSW Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies (continued)

---

- (ii) AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed

#### **(ac) Rounding of amounts**

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

#### **(ad) Comparative Figures**

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

#### **(ae) Disclaimer**

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

# Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 2(a) Council Functions

Functions	Income, Expenses and Assets have been directly attributed to the following Functions. Details of these Functions are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	532	515	644	1,601	1,611	999	(1,069)	(1,096)	(355)	230	388	31	32
Administration	497	874	473	986	809	136	(489)	65	337	190	32	95,904	88,262
Public Order & Safety	648	1,110	1,363	2,722	2,669	2,919	(2,074)	(1,559)	(1,556)	582	676	8,719	10,605
Health	107	108	114	444	382	337	(337)	(274)	(223)	-	-	7	7
Environment	10,584	11,035	11,854	12,142	11,258	11,928	(1,558)	(223)	(74)	621	826	66,413	66,999
Community Services & Education	4,957	5,508	5,486	5,899	6,387	6,368	(942)	(879)	(882)	4,142	4,068	211	92
Housing & Community Amenities	1,429	1,603	1,385	5,587	5,608	5,220	(4,158)	(4,005)	(3,835)	614	224	7,192	6,272
Water Supplies	13,143	12,876	12,053	13,373	15,369	12,364	(230)	(2,493)	(311)	199	378	283,915	283,196
Sewerage Services	17,893	16,064	17,700	17,363	17,891	15,897	530	(1,827)	1,803	(1,378)	744	236,925	235,119
Recreation & Culture	1,269	1,891	2,559	8,915	9,744	10,081	(7,646)	(7,853)	(7,522)	437	1,224	173,132	176,807
Mining, Manufacturing & Construction	618	462	602	723	720	648	(105)	(258)	(46)	-	-	206	123
Transport & Communication	5,407	9,986	11,664	17,133	17,821	20,312	(11,726)	(7,835)	(8,648)	2,004	1,154	371,621	369,018
Economic Affairs	4,594	4,729	4,013	5,813	6,024	5,315	(1,219)	(1,295)	(1,302)	5	38	65,328	63,513
<b>Total Functions &amp; Activities</b>	<b>61,678</b>	<b>66,761</b>	<b>69,910</b>	<b>92,701</b>	<b>96,293</b>	<b>92,524</b>	<b>(31,023)</b>	<b>(29,532)</b>	<b>(22,614)</b>	<b>7,646</b>	<b>9,752</b>	<b>1,309,604</b>	<b>1,300,045</b>
General Purpose Income <sup>1</sup>	27,510	28,712	28,682	121	(1,602)	348	27,389	30,314	28,334	6,725	8,399	-	-
<b>Net Operating Result from Continuing Operations</b>	<b>89,188</b>	<b>95,473</b>	<b>98,592</b>	<b>92,822</b>	<b>94,691</b>	<b>92,872</b>	<b>(3,634)</b>	<b>782</b>	<b>5,720</b>	<b>14,371</b>	<b>18,151</b>	<b>1,309,604</b>	<b>1,300,045</b>

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 2(b). Council Functions - Component Descriptions

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

##### **GOVERNANCE**

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

##### **ADMINISTRATION**

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

##### **PUBLIC ORDER & SAFETY**

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

##### **HEALTH**

Inspection, immunisations, food control, health centres, other, administration.

##### **ENVIRONMENT**

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

##### **COMMUNITY SERVICES & EDUCATION**

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

##### **HOUSING & COMMUNITY AMENITIES**

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences, other community amenities.

##### **WATER SUPPLIES**

Supply of potable water to the Shire.

##### **SEWERAGE SERVICES**

Supply of sewerage services.

##### **RECREATION & CULTURE**

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

##### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries & pits, other.

##### **TRANSPORT & COMMUNICATION**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, other.

##### **ECONOMIC AFFAIRS**

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		17,074	16,423
Farmland		343	331
Business		3,356	3,213
<b>Total Ordinary Rates</b>		<b>20,773</b>	<b>19,967</b>
<b>Special Rates</b>			
Environmental		810	780
<b>Total Special Rates</b>		<b>810</b>	<b>780</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		5,158	4,919
Stormwater Management Services		441	439
Water Supply Services		3,300	3,288
Sewerage Services		16,137	15,291
Waste Management Services (non-domestic)		992	955
<b>Total Annual Charges</b>		<b>26,028</b>	<b>24,892</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>47,611</b>	<b>45,639</b>

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.



## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		8,362	7,414
Sewerage Services		498	400
Liquid Trade Waste		104	103
<b>Total User Charges</b>		<b>8,964</b>	<b>7,917</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		597	772
Private Works - Section 67		354	290
Registration Fees		31	7
Section 149 Certificates (EPA Act)		606	673
Section 603 Certificates		76	72
Water Connection		118	127
Sewer Connection		23	23
Onsite Sewerage Management		182	157
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>1,987</b>	<b>2,121</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Admission & Service Fees		29	29
Aerodrome		203	194
Caravan Park / Camping		2,703	2,619
Carparking Fees		101	111
Cemeteries		174	175
Community Service Programs		1,283	1,390
Landfill		2,169	2,196
Lease Rentals		1,615	1,393
Leaseback Fees - Council Vehicles		211	183
RMS Charges (State Roads not controlled by Council)		2,273	5,096
Other		188	216
<b>Total Fees &amp; Charges - Other</b>		<b>10,949</b>	<b>13,602</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>21,900</b>	<b>23,640</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		301	272
- Interest earned on Investments (interest & coupon payment income)		2,836	2,887
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	(1,492)
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>3,137</u></b>	<b><u>1,667</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		244	226
General Council Cash & Investments		2,060	1,213
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		101	79
- Section 64		123	117
Water Fund Operations		219	26
Sewerage Fund Operations		390	6
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>3,137</u></b>	<b><u>1,667</u></b>
<b>(d). Other Revenues</b>			
Rental Income - Other Council Properties		390	371
Fines		266	261
Legal Fees Recovery - Rates & Charges (Extra Charges)		326	44
Commissions & Agency Fees		201	251
Insurance Claim Recoveries		30	34
Recycling Income (non domestic)		364	482
Sales - General		441	437
Remediation Remeasurement Adjustment		-	742
Other		110	70
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>2,128</u></b>	<b><u>2,692</u></b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	4,774	6,070	-	-
Financial Assistance - Local Roads Component	1,491	1,870	-	-
Pensioners' Rates Subsidies - General Component	460	459	-	-
<b>Total General Purpose</b>	<b>6,725</b>	<b>8,399</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	199	200	-	-
- Sewerage	187	189	-	-
- Domestic Waste Management	161	163	-	-
- Other	20	20	-	-
Water Supplies	-	78	-	100
Sewerage Services	-	-	(1,565)	555
Bushfire & Emergency Services	678	802	-	24
Community Care	4,092	4,068	80	-
Economic Development	5	30	-	-
Employment & Training Programs	110	32	-	-
Environmental Protection	446	682	12	27
Heritage & Cultural	31	3	-	-
Library	44	44	70	979
Parks & Reserves	13	24	191	25
Street Lighting	51	50	-	-
Transport (Roads to Recovery)	722	722	-	-
Transport (Other Roads & Bridges Funding)	-	-	1,278	-
Boatramps and Wharfs	-	-	140	120
Cycleways	-	-	364	235
Tourism	-	8	-	-
SEROC	231	390	-	-
Other	86	107	-	75
<b>Total Specific Purpose</b>	<b>7,076</b>	<b>7,612</b>	<b>570</b>	<b>2,140</b>
<b>Total Grants</b>	<b>13,801</b>	<b>16,011</b>	<b>570</b>	<b>2,140</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	8,771	9,819	80	125
- State Funding	4,831	6,069	475	2,015
- Other Funding	199	123	15	-
	<b>13,801</b>	<b>16,011</b>	<b>570</b>	<b>2,140</b>

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 94 - Contributions towards amenities/services	9	16	436	553
S 94A - Fixed Development Consent Levies	-	-	146	179
S 64 - Water Supply Contributions	-	-	541	855
S 64 - Sewerage Service Contributions	-	-	465	664
Subdivider Dedications	-	-	911	1,943
<b>Total Developer Contributions</b>	<b>9</b>	<b>16</b>	<b>2,499</b>	<b>4,194</b>
	17			
<b>Other Contributions:</b>				
Community Services	32	-	-	24
Emergency Services	-	-	-	1
Employment & Training Programs	6	88	-	-
Kerb & Gutter	72	72	-	-
Libraries	78	120	-	-
Sports Grounds, Parks & Recreation	178	208	232	5
Arts and Culture	17	-	-	-
Roadworks	1	51	1,042	115
RMS Contributions (Regional Roads, Block Grant)	1,041	907	698	515
Sewerage (excl. Section 64 contributions)	52	2	-	87
Waste Management	19	21	-	-
Cycleways	-	47	57	52
SEROC	220	188	-	-
Other	32	90	41	-
<b>Total Other Contributions</b>	<b>1,748</b>	<b>1,794</b>	<b>2,070</b>	<b>799</b>
<b>Total Contributions</b>	<b>1,757</b>	<b>1,810</b>	<b>4,569</b>	<b>4,993</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>15,558</b>	<b>17,821</b>	<b>5,139</b>	<b>7,133</b>

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2013	Actual 2012
<b>(g). Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	10,598	12,618
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	4,110	5,212
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(7,274)	(7,232)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(3,164)</b>	<b>(2,020)</b>
<b>Unexpended and held as Restricted Assets</b>	<u><u>7,434</u></u>	<u><u>10,598</u></u>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	3,072	5,038
- Developer Contributions	4,362	5,560
	<u><u>7,434</u></u>	<u><u>10,598</u></u>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		22,436	21,553
Employee Termination Costs		-	427
Travelling		1,283	1,292
Employee Leave Entitlements (ELE)		4,748	4,583
Superannuation		2,916	2,873
Workers' Compensation Insurance		1,170	822
Fringe Benefit Tax (FBT)		161	171
Payroll Tax		326	326
Training Costs (other than Salaries & Wages)		501	545
Other		312	232
<b>Total Employee Costs</b>		<b>33,853</b>	<b>32,824</b>
less: Capitalised Costs		(3,830)	(2,540)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>30,023</b>	<b>30,284</b>
Number of "Equivalent Full Time" Employees at year end		460	431
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		3,824	3,728
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>3,824</b>	<b>3,728</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	57	334
Interest applicable on Interest Free (& favourable) Loans to Council		360	395
<b>Total Other Borrowing Costs</b>		<b>417</b>	<b>729</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>4,241</b>	<b>4,457</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		16,124	17,658
Contractor & Consultancy Costs		4,363	3,533
Auditors Remuneration <sup>(1)</sup>		60	79
Legal Expenses:			
- Legal Expenses: Planning & Development		120	76
- Legal Expenses: Debt Recovery		385	134
- Legal Expenses: Other		590	441
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>21,642</u></b>	<b><u>21,921</u></b>

**1. Auditor Remuneration**

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

**(i) Audit and Other Assurance Services**

- Audit & review of financial statements: Council's Auditor	53	45
- Audit of regulatory returns	-	1
- Other Services: Council's Auditor (Sewer & Water Best Practice)	7	10
- Other Audit services: Internal Audit	-	17

**Remuneration for audit and other assurance services**

<b>60</b>	<b>73</b>
-----------	-----------

**(ii) Taxation Services**

- Tax compliance services	-	6
---------------------------	---	---

**Remuneration for taxation services**

-	<b>6</b>
---	----------

**Total Auditor Remuneration**

<b>60</b>	<b>79</b>
-----------	-----------

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
Plant and Equipment		-	-	1,742	2,070
Office Equipment		-	-	376	366
Furniture & Fittings		-	-	131	134
Land Improvements (depreciable)		-	-	44	38
Buildings - Non Specialised		-	-	1,599	1,524
Buildings - Specialised		-	-	1,469	1,445
Other Structures		-	-	2,462	2,469
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	6,237	6,231
- Stormwater Drainage		-	-	1,404	1,391
- Water Supply Network		-	-	5,597	3,032
- Sewerage Network		-	-	5,523	4,060
Other Assets					
- Library Books		-	-	150	192
Asset Reinstatement Costs	9 & 26	-	-	-	-
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b>-</b>	<b>-</b>	<b>26,735</b>	<b>22,953</b>



## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		462	534
Bad & Doubtful Debts		(259)	236
Bank Charges / Cash Collection Expenses		233	226
Commissions		331	300
Community Care Outsourced		626	521
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		59	51
- NSW Fire Brigade Levy		136	138
- NSW Rural Fire Service Levy		510	514
- Other Contributions/Levies		257	188
Councillor Expenses - Mayoral Fee		37	36
Councillor Expenses - Councillors' Fees		150	150
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		100	86
Donations, Contributions & Assistance to other organisations (Section 356)		165	152
Electricity & Heating		2,654	2,319
Insurance		1,350	1,299
Revaluation Decrements (Fair Valuation of Investment Properties)	14	-	1,087
Street Lighting		502	474
Subscriptions & Publications		307	285
Telephone & Communications		585	553
Valuation Fees		195	138
Venue / Facility Hire		19	24
Other		300	362
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>8,719</u></b>	<b><u>9,673</u></b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		339	1,668
less: Carrying Amount of Property Assets Sold / Written Off		(363)	(971)
<b>Net Gain/(Loss) on Disposal</b>		<b>(24)</b>	<b>697</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		554	763
less: Carrying Amount of P&E Assets Sold / Written Off		(597)	(844)
<b>Net Gain/(Loss) on Disposal</b>		<b>(43)</b>	<b>(81)</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(5,057)	(4,193)
<b>Net Gain/(Loss) on Disposal</b>		<b>(5,057)</b>	<b>(4,193)</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		4,376	2,250
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(2,583)	(2,257)
<b>Net Gain/(Loss) on Disposal</b>		<b>1,793</b>	<b>(7)</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>(3,331)</u></b>	<b><u>(3,584)</u></b>
<b>* Financial Assets disposals / redemptions include:</b>			
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"		1,793	(7)
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>1,793</b>	<b>(7)</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		476	-	1,299	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		3,266	-	1,809	-
- Short Term Deposits		5,000	-	4,800	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>8,742</b>	<b>-</b>	<b>7,908</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
- Managed Funds		-	-	1,061	-
- Long Term Deposits		56,133	-	43,593	-
- Government & Semi-Government Bonds		2,016	-	2,049	-
- CDO's and other FRN's		68	-	2,651	-
<b>Total Investment Securities</b>		<b>58,217</b>	<b>-</b>	<b>49,354</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>66,959</b>	<b>-</b>	<b>57,262</b>	<b>-</b>

<sup>1</sup> Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:**

**Cash & Cash Equivalents**

<b>a. "At Fair Value through the Profit &amp; Loss"</b>		<b>8,742</b>	<b>-</b>	<b>7,908</b>	<b>-</b>
---	--	--------------	----------	--------------	----------

**Investments**

<b>a. "At Fair Value through the Profit &amp; Loss"</b>					
- "Held for Trading"	6(b-i)	68	-	3,712	-
<b>b. "Held to Maturity"</b>	6(b-ii)	58,150	-	45,642	-
<b>Investments</b>		<b>58,217</b>	<b>-</b>	<b>49,354</b>	<b>-</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6b. Investments (continued)

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	3,712	-	7,718	-
Revaluations (through the Income Statement)	-	-	(1,492)	-
Additions	-	-	-	-
Disposals (sales & redemptions)	(3,644)	-	(2,514)	-
<b>Balance at End of Year</b>	<b>68</b>	<b>-</b>	<b>3,712</b>	<b>-</b>
<b>Comprising:</b>				
- Managed Funds	-	-	1,061	-
- CDO's and other FRN's	68	-	2,651	-
<b>Total</b>	<b>68</b>	<b>-</b>	<b>3,712</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	45,642	-	36,800	500
Additions	44,216	-	31,641	-
Disposals (sales & redemptions)	(31,709)	-	(22,799)	-
Transfers between Current/Non Current	-	-	-	(500)
<b>Balance at End of Year</b>	<b>58,149</b>	<b>-</b>	<b>45,642</b>	<b>-</b>
<b>Comprising:</b>				
- Long Term Deposits	56,133	-	43,593	-
- Government & Semi-Government Bonds	2,016	-	2,049	-
<b>Total</b>	<b>58,149</b>	<b>-</b>	<b>45,642</b>	<b>-</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>66,959</b>	<b>-</b>	<b>57,262</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	30,698	-	27,425	-
Internal Restrictions (refer below)	14,829	-	13,780	-
Unrestricted	21,431	-	16,057	-
	<b>66,959</b>	<b>-</b>	<b>57,262</b>	<b>-</b>

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

## Details of Restrictions

**External Restrictions - Included in Liabilities**

Specific Purpose Unexpended Loans-General (A)	79	2,022	(1,981)	120
Specific Purpose Unexpended Loans-Sewer (A)	1,799	-	-	1,799
<b>External Restrictions - Included in Liabilities</b>	<b>1,878</b>	<b>2,022</b>	<b>(1,981)</b>	<b>1,919</b>

**External Restrictions - Other**

Developer Contributions - General (B)	2,496	1,941	(2,081)	2,356
Developer Contributions - Water Fund (B)	1,349	-	(698)	651
Developer Contributions - Sewer Fund (B)	1,715	-	(360)	1,355
Specific Purpose Unexpended Grants (C)	2,129	-	(40)	2,089
Specific Purpose Unexpended Grants (C) - Sewer Fund	2,909	-	(1,926)	983
Water Supplies (D)	3,337	2,388	-	5,725
Sewerage Services (D)	5,924	2,784	-	8,708
Domestic Waste Management (D)	1,887	1,101	-	2,988
Stormwater Management (D)	77	441	(440)	78
Other Waste Management	2,204	595	-	2,799
Crown Reserves	725	3,071	(3,134)	662
Tree Fund	44	-	-	44
Community Services Asset Replacement	46	-	(19)	27
Sinking Fund	91	4	(1)	94
Other	614	266	(660)	220
<b>External Restrictions - Other</b>	<b>25,547</b>	<b>12,591</b>	<b>(9,359)</b>	<b>28,779</b>
<b>Total External Restrictions</b>	<b>27,425</b>	<b>14,613</b>	<b>(11,340)</b>	<b>30,698</b>

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- D Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details (continued)

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Infrastructure Replacement	338	3,484	(3,560)	262
Employees Leave Entitlement	1,511	75	-	1,586
Community Development Infrastructure Fund	79	220	(215)	84
Council Election Fund	148	-	(146)	2
Council Recreational Loan Pool	174	10	-	184
Energy and Efficiency Fund	1,597	529	(321)	1,805
Gravel Pits	169	(47)	-	122
Interest Equalisation Fund	558	594	-	1,152
IT Investment Fund	3,300	100	(40)	3,360
Management Committees	259	262	(261)	260
Sports Liason Committee	59	27	(1)	85
Unexpended General Loan Fund	376	2,709	(2,413)	672
Works Income Equalisation Fund	498	260	(704)	54
Real Estate Disposal Fund	1,299	332	(164)	1,467
Carbon Tax Fund	-	125	-	125
Financial Assistance Grants	3,232	3,284	(3,232)	3,284
Other	183	473	(331)	325
<b>Total Internal Restrictions</b>	<b>13,780</b>	<b>12,437</b>	<b>(11,388)</b>	<b>14,829</b>
<b>TOTAL RESTRICTIONS</b>	<b>41,205</b>	<b>27,050</b>	<b>(22,728)</b>	<b>45,528</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,893	-	2,167	-
Interest & Extra Charges		360	-	260	-
User Charges & Fees		4,727	-	6,069	-
Accrued Revenues					
- Interest on Investments		426	-	508	-
- Other Income Accruals		454	-	1,111	-
Government Grants & Subsidies		1,435	-	407	-
Deferred Debtors		-	80	10	97
Net GST Receivable		415	-	411	-
Other Debtors		-	-	16	-
<b>Total</b>		<b>9,710</b>	<b>80</b>	<b>10,959</b>	<b>97</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(131)	-	(215)	-
User Charges & Fees		(179)	-	(370)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(310)</b>	<b>-</b>	<b>(585)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>9,400</u></b>	<b><u>80</u></b>	<b><u>10,374</u></b>	<b><u>97</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- User Charges		2,960	-	2,701	-
<b>Sewerage Services</b>					
- Rates & Availability Charges		128	-	106	-
<b>Other</b>					
- Other Specific Purpose Grants		110	-	128	-
<b>Total External Restrictions</b>		<b>3,198</b>	<b>-</b>	<b>2,935</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>6,202</b>	<b>80</b>	<b>7,439</b>	<b>97</b>
<b>TOTAL NET RECEIVABLES</b>		<b>9,400</b>	<b>80</b>	<b>10,374</b>	<b>97</b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2012 11.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		-	-	87	46
Stores & Materials		740	-	698	-
<b>Total Inventories</b>		<b>740</b>	<b>-</b>	<b>785</b>	<b>46</b>
<b>Other Assets</b>					
Prepayments		87	-	135	-
Work In Progress - Private Works		45	-	19	-
<b>Total Other Assets</b>		<b>132</b>	<b>-</b>	<b>154</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>872</b>	<b>-</b>	<b>939</b>	<b>46</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		59	-	59	-
<b>Total Water</b>		<b>59</b>	<b>-</b>	<b>59</b>	<b>-</b>
Total Externally Restricted Assets		59	-	59	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		813	-	880	46
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>872</b>	<b>-</b>	<b>939</b>	<b>46</b>
<b>(i) Other Disclosures</b>					
<b>(a) Details for Real Estate Development</b>					
Residential		-	-	-	46
Industrial/Commercial		-	-	87	-
<b>Total Real Estate for Resale</b>		<b>-</b>	<b>-</b>	<b>87</b>	<b>46</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition Costs		-	-	-	13
Development Costs		-	-	87	18
Other Holding Costs		-	-	-	15
<b>Total Real Estate for Resale</b>		<b>-</b>	<b>-</b>	<b>87</b>	<b>46</b>
<b>Movements:</b>					
Real Estate assets at beginning of the year		87	46	373	46
- Write-downs		(87)	(46)	-	-
- Transfer of water, sewer and road assets		-	-	(286)	-
<b>Total Real Estate for Resale</b>		<b>-</b>	<b>-</b>	<b>87</b>	<b>46</b>

**(b) Real Estate Inventory Write Downs**

Real estate land is unlikely to be sold in the near future. The costs that have been incurred to ready the land for sale no longer have a benefit and have therefore been written- off.



Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 9a. Infrastructure, Property, Plant &amp; Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period					as at 30/6/2013			
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated	Carrying
	Cost	Fair Value	Dep'n	Impairment	Value						Cost	Fair Value	Dep'n	Value
Capital Work in Progress	22,461	-	-	-	22,461	(13,675)	-	-	-	-	8,786	-	-	8,786
Plant & Equipment	-	31,712	18,710	-	13,001	3,246	(427)	(1,742)	-	-	-	31,669	17,591	14,078
Office Equipment	-	5,584	4,440	-	1,145	511	(3)	(376)	-	-	-	5,970	4,694	1,276
Furniture & Fittings	-	1,328	728	-	600	7	-	(131)	-	-	-	1,335	859	476
<b>Land:</b>														
- Operational Land	-	56,992	-	-	56,992	36	(198)	-	550	3,151	-	60,532	-	60,532
- Community Land	-	132,258	-	-	132,258	-	-	-	-	-	-	132,258	-	132,258
- Land under Roads (post 30/6/08)	-	21,429	-	-	21,429	137	-	-	-	-	-	21,567	-	21,567
Land Improvements - non depreciable	-	188	-	-	188	-	-	-	-	-	-	188	-	188
Land Improvements - depreciable	-	2,914	317	-	2,597	74	-	(44)	-	-	-	2,987	361	2,626
Buildings - Non Specialised	-	57,847	19,097	-	38,750	820	(32)	(1,599)	(3)	(3,323)	-	55,953	21,341	34,612
Buildings - Specialised	-	52,098	18,554	-	33,544	1,588	(131)	(1,469)	1	(4,811)	-	46,444	17,721	28,723
Other Structures	-	66,095	25,809	-	40,286	2,045	(170)	(2,462)	2	-	-	67,248	27,546	39,702
<b>Infrastructure:</b>														
- Roads, Bridges, Footpaths	-	416,910	95,081	-	321,829	12,264	(2,235)	(6,237)	-	-	-	423,796	98,174	325,622
- Stormwater Drainage	-	94,512	33,320	-	61,192	750	(32)	(1,404)	-	-	-	95,209	34,702	60,507
- Water Supply Network	-	385,367	115,292	-	270,075	3,464	(1,279)	(5,597)	2	6,714	-	396,261	122,882	273,379
- Sewerage Network	-	355,764	141,874	-	213,890	15,119	(1,512)	(5,523)	(2)	5,280	-	375,148	147,895	227,253
<b>Other Assets:</b>														
- Library Books	-	817	284	-	533	171	-	(150)	-	-	-	916	363	553
- Other	-	16	11	-	6	-	-	(0)	-	-	-	16	11	5
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>														
- Tip Asset	-	214	214	-	-	108	-	-	-	-	-	322	214	108
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>22,461</b>	<b>1,682,046</b>	<b>473,730</b>	<b>-</b>	<b>1,230,777</b>	<b>26,664</b>	<b>(6,017)</b>	<b>(26,735)</b>	<b>550</b>	<b>7,012</b>	<b>8,786</b>	<b>1,717,819</b>	<b>494,354</b>	<b>1,232,251</b>

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 9b. Externally Restricted Infrastructure, Property, Plant &amp; Equipment

\$ '000	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	2,007	-	-	<b>2,007</b>	3,284	-	-	<b>3,284</b>
Plant & Equipment	2,822	-	1,358	<b>1,464</b>	4,345	-	3,048	<b>1,297</b>
Office Equipment	139	-	57	<b>82</b>	59	-	49	<b>10</b>
Furniture & Fittings	1	-	1	-	1	-	1	-
Land								
- Operational Land	-	1,681	-	<b>1,681</b>	-	1,514	-	<b>1,514</b>
- Community Land	-	70	-	<b>70</b>	-	70	-	<b>70</b>
Buildings	-	2,755	565	<b>2,190</b>	-	5,076	917	<b>4,159</b>
Other Structures	37	-	15	<b>22</b>	37	-	13	<b>24</b>
Infrastructure	-	396,261	122,882	<b>273,379</b>	-	385,367	115,292	<b>270,075</b>
<b>Total Water Supply</b>	<b>5,006</b>	<b>400,767</b>	<b>124,878</b>	<b>280,895</b>	<b>7,726</b>	<b>392,027</b>	<b>119,320</b>	<b>280,433</b>
<b>Sewerage Services</b>								
WIP	3,873	-	-	<b>3,873</b>	15,476	-	-	<b>15,476</b>
Plant & Equipment	1,597	-	1,205	<b>392</b>	1,621	-	1,158	<b>463</b>
Office Equipment	174	-	150	<b>24</b>	151	-	140	<b>11</b>
Furniture & Fittings	4	-	2	<b>2</b>	4	-	2	<b>2</b>
Land								
- Operational Land	-	2,726	-	<b>2,726</b>	-	2,855	-	<b>2,855</b>
- Community Land	-	15	-	<b>15</b>	-	15	-	<b>15</b>
Buildings	-	3,704	1,276	<b>2,428</b>	-	3,258	1,045	<b>2,213</b>
Other Structures	98	-	13	<b>85</b>	98	-	11	<b>87</b>
Infrastructure	-	375,148	147,895	<b>227,253</b>	-	355,764	141,874	<b>213,890</b>
<b>Total Sewerage Services</b>	<b>5,746</b>	<b>381,593</b>	<b>150,541</b>	<b>236,798</b>	<b>17,350</b>	<b>361,892</b>	<b>144,230</b>	<b>235,012</b>
<b>Domestic Waste Management</b>								
WIP	261	-	-	<b>261</b>	80	-	-	<b>80</b>
Plant & Equipment	2,551	-	788	<b>1,763</b>	1,790	-	658	<b>1,132</b>
Office Equipment	26	-	16	<b>10</b>	26	-	14	<b>12</b>
Furniture & Fittings	2	-	1	<b>1</b>	2	-	1	<b>1</b>
Land								
- Operational Land'	-	4,252	-	<b>4,252</b>	-	4,365	-	<b>4,365</b>
Buildings	-	757	248	<b>509</b>	-	775	341	<b>434</b>
Other Structures	2,977	-	1,304	<b>1,673</b>	2,969	-	1,153	<b>1,816</b>
Other Assets (incl. WIP)	-	-	-	-	-	-	-	-
<b>Total DWM</b>	<b>5,817</b>	<b>5,009</b>	<b>2,357</b>	<b>8,469</b>	<b>4,867</b>	<b>5,140</b>	<b>2,167</b>	<b>7,840</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>16,569</b>	<b>787,369</b>	<b>277,776</b>	<b>526,162</b>	<b>29,943</b>	<b>759,059</b>	<b>265,717</b>	<b>523,285</b>

## Note 9c. Infrastructure, Property, Plant &amp; Equipment - Current Year Impairments

\$ '000	Notes	Actual 2013	Actual 2012
---------	-------	----------------	----------------

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		3,134	-	3,694	-
Goods & Services - capital expenditure		2,322	-	2,076	-
Payments Received In Advance		263	-	509	-
Accrued Expenses:					
- Other Expenditure Accruals		1,184	-	513	-
Security Bonds, Deposits & Retentions		859	-	290	-
Other		56	-	53	-
<b>Total Payables</b>		<b>7,818</b>	<b>-</b>	<b>7,135</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		13,844	50,366	4,320	59,221
<b>Total Borrowings</b>		<b>13,844</b>	<b>50,366</b>	<b>4,320</b>	<b>59,221</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		3,373	-	3,249	-
Long Service Leave		5,502	220	5,303	216
<b>Sub Total - Aggregate Employee Benefits</b>		<b>8,875</b>	<b>220</b>	<b>8,552</b>	<b>216</b>
Asset Remediation/Restoration (Future Works)	26	291	1,704	291	1,540
<b>Total Provisions</b>		<b>9,166</b>	<b>1,924</b>	<b>8,843</b>	<b>1,756</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>30,828</b>	<b>52,290</b>	<b>20,298</b>	<b>60,977</b>

## (i) Liabilities relating to Restricted Assets

	2013		2012	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Water	646	8,614	540	8,849
Sewer	5,003	17,633	2,050	21,429
Domestic Waste Management	14	3,910	564	3,240
<b>Total Restricted Liabilities</b>	<b>5,663</b>	<b>30,157</b>	<b>3,154</b>	<b>33,518</b>
<b>Liabilities relating to unrestricted assets</b>	<b>25,165</b>	<b>22,133</b>	<b>17,144</b>	<b>27,459</b>
<b>Total</b>	<b>30,828</b>	<b>52,290</b>	<b>20,298</b>	<b>60,977</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 10a. Payables, Borrowings &amp; Provisions (continued)

\$ '000	2013	2012
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	5,020	4,049
	<u>5,020</u>	<u>4,049</u>

## Note 10b. Description of and movements in Provisions

Class of Provision	2012		2013			Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	3,249	1,981	(1,857)	-	-	3,373
Long Service Leave	5,519	798	(595)	-	-	5,722
Asset Remediation	1,831	143	-	21	-	1,995
<b>TOTAL</b>	<b>10,599</b>	<b>2,922</b>	<b>(2,452)</b>	<b>21</b>	<b>-</b>	<b>11,090</b>

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	8,742	7,908
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>8,742</b>	<b>7,908</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>782</b>	<b>5,720</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		26,735	22,953
Net Losses/(Gains) on Disposal of Assets		3,331	3,584
Non Cash Capital Grants and Contributions		(911)	(1,943)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		-	1,492
- Investment Properties		-	1,087
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Value)		360	395
Unwinding of Discount Rates on Reinstatement Provisions		57	334
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		1,161	(553)
Increase/(Decrease) in Provision for Doubtful Debts		(275)	164
Decrease/(Increase) in Inventories		91	120
Decrease/(Increase) in Other Assets		22	597
Increase/(Decrease) in Payables		(560)	568
Increase/(Decrease) in other accrued Expenses Payable		671	(831)
Increase/(Decrease) in Other Liabilities		326	193
Increase/(Decrease) in Employee Leave Entitlements		327	(257)
Increase/(Decrease) in Other Provisions		(1)	(740)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>32,116</b>	<b>32,883</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Private Subdivisions		911	1,943
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>911</b>	<b>1,943</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		2,000	2,000
Credit Cards / Purchase Cards		500	500
<b>Total Financing Arrangements</b>		<b>2,500</b>	<b>2,500</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
<b>Total Financing Arrangements Utilised</b>		<b>-</b>	<b>-</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

**(ii) Secured Loan Liabilities**

Loans are secured by a mortgage over future years Rate Revenue only.

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		-	17
Plant & Equipment		666	166
Water Supply		30	93
Sewer		741	287
Other Structures		121	-
<b>Total Commitments</b>		<b>1,558</b>	<b>563</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		1,558	563
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>1,558</b>	<b>563</b>

**(b) Finance Lease Commitments**

Nil

**(c) Operating Lease Commitments (Non Cancellable)**

Nil

**(d) Investment Property Commitments**

Nil

**(e) Investment in Associates / Joint Ventures - Commitments**

For Capital Commitments and Other Commitments relating to Investments in Associates &amp; Joint Ventures, refer to Note 19 (b)

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 2012      2011	
<b>Local Government Industry Indicators</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>43,318</u>	<b>2.15 : 1</b>	2.91	2.07
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>20,145</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>7,890</u>	<b>9.68%</b>	8.72%	9.18%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>81,501</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>47,611</u>	<b>49.87%</b>	46.29%	45.84%
Income from Continuing Operations	<u>95,473</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>2,122</u>	<b>4.21%</b>	4.65%	3.41%
Rates, Annual & Extra Charges Collectible	<u>50,450</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<u>10,645</u>	<b>48.76%</b>	76.46%	42.36%
Depreciation, Amortisation & Impairment	<u>21,829</u>			

## Notes

(1) Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

(2) Refer to Note 10(a).

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

(4) Asset Renewals represent the replacement &/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. Asset Renewals include building and infrastructure assets only.



# Eurobodalla Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Note 13a(ii). Statement of Performance Measurement - Graphs (Consolidated)

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>1.95</td> </tr> <tr> <td>2011</td> <td>2.07</td> </tr> <tr> <td>2012</td> <td>2.91</td> </tr> <tr> <td>2013</td> <td>2.15</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	1.95	2011	2.07	2012	2.91	2013	2.15	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 2.15 : 1</b></p> <p>Represents a decrease due to significant amount of loans due for renewal 2013/14. Ratio still within DLG guidelines.</p>
Year	Ratio : 1											
2010	1.95											
2011	2.07											
2012	2.91											
2013	2.15											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>9.62%</td> </tr> <tr> <td>2011</td> <td>9.18%</td> </tr> <tr> <td>2012</td> <td>8.72%</td> </tr> <tr> <td>2013</td> <td>9.68%</td> </tr> </tbody> </table>	Year	Ratio %	2010	9.62%	2011	9.18%	2012	8.72%	2013	9.68%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 9.68%</b></p> <p>Ratio has increased slightly this year and remains in line with the long term average.</p>
Year	Ratio %											
2010	9.62%											
2011	9.18%											
2012	8.72%											
2013	9.68%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>45.03%</td> </tr> <tr> <td>2011</td> <td>45.84%</td> </tr> <tr> <td>2012</td> <td>46.29%</td> </tr> <tr> <td>2013</td> <td>49.87%</td> </tr> </tbody> </table>	Year	Ratio %	2010	45.03%	2011	45.84%	2012	46.29%	2013	49.87%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 49.87%</b></p> <p>Lower grants and user charges has increased % of rates. Still in line with long term trend.</p>
Year	Ratio %											
2010	45.03%											
2011	45.84%											
2012	46.29%											
2013	49.87%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>3.22%</td> </tr> <tr> <td>2011</td> <td>3.41%</td> </tr> <tr> <td>2012</td> <td>4.65%</td> </tr> <tr> <td>2013</td> <td>4.21%</td> </tr> </tbody> </table>	Year	Ratio %	2010	3.22%	2011	3.41%	2012	4.65%	2013	4.21%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 4.21%</b></p> <p>Has decreased this year due to renewed debt collection efforts.</p>
Year	Ratio %											
2010	3.22%											
2011	3.41%											
2012	4.65%											
2013	4.21%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>42.68%</td> </tr> <tr> <td>2011</td> <td>42.36%</td> </tr> <tr> <td>2012</td> <td>76.46%</td> </tr> <tr> <td>2013</td> <td>48.76%</td> </tr> </tbody> </table>	Year	Ratio %	2010	42.68%	2011	42.36%	2012	76.46%	2013	48.76%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on Result</b></p> <p><b>2012/13 Ratio 48.76%</b></p> <p>Return to average levels after last years large new capital works projects mainly in the sewer fund.</p>
Year	Ratio %											
2010	42.68%											
2011	42.36%											
2012	76.46%											
2013	48.76%											

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators</b>			
<b>1. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions</u> <sup>(1)</sup>	<b>13.87 : 1</b>	<b>1.82 : 1</b>	<b>2.15 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	11.69:1	3.04:1	3.03:1
<b>2. Debt Service Ratio</b>			
<u>Debt Service Cost</u>	<b>10.39%</b>	<b>34.84%</b>	<b>1.00%</b>
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	10.25%	18.22%	5.51%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
<u>Rates &amp; Annual Charges</u>	<b>25.60%</b>	<b>97.05%</b>	<b>42.72%</b>
Income from Continuing Operations			
prior period:	26.42%	84.42%	39.77%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual &amp; Extra Charges Outstanding</u>	<b>0.00%</b>	<b>0.00%</b>	<b>6.86%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	0.00%	0.00%	7.64%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
<u>Asset Renewals (Building &amp; Infrastructure assets)</u>	<b>21.26%</b>	<b>43.55%</b>	<b>67.49%</b>
Depreciation, Amortisation & Impairment			
prior period:	24.02%	176.85%	51.47%

## Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 14. Investment Properties

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Investment Properties at Fair value</b>			
<u>Investment Properties on Hand</u>		<u>-</u>	<u>550</u>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		550	1,637
- Net Gain/(Loss) from Fair Value Adjustments		-	(1,087)
- Transfers from/(to) Operational Land (Note 9)		<u>(550)</u>	<u>-</u>
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<u>-</u>	<u>550</u>

**(b) Valuation Basis**

The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2012 revaluations were based on Independent Assessments made by:  
Terry Hanrahan F.A.P.I. R.V.814 NSW of Batemans Bay.

The land parcels are no longer held for generating investment returns. The costs associated with bringing the land to a suitable development condition are significant and will outweigh the expected returns. The land has been transferred to Operational Land.

**(c) Contractual Obligations at Reporting Date**

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

**(d) Leasing Arrangements**

There are no leasing arrangements.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 15. Financial Risk Management

\$ '000

## Risk Management

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

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

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	8,742	7,908	8,742	7,908
Investments				
- "Held for Trading"	68	3,712	68	3,712
- "Designated At Fair Value on Initial Recognition"	-	-	-	-
- "Held to Maturity"	58,150	45,642	58,150	45,642
- "Loans & Receivables"	-	-	-	-
- "Available for Sale"	-	-	-	-
Receivables	9,480	10,471	9,480	10,471
<b>Total Financial Assets</b>	<b>76,439</b>	<b>67,733</b>	<b>76,440</b>	<b>67,733</b>
<b>Financial Liabilities</b>				
Payables	7,555	6,626	7,555	6,626
Borrowings	64,210	63,541	63,541	63,541
<b>Total Financial Liabilities</b>	<b>71,765</b>	<b>70,167</b>	<b>71,096</b>	<b>70,167</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 15. Financial Risk Management (continued)

\$ '000

## (a) Fair Value Hierarchy

The financial assets and financial liabilities carried at fair value have been classified using the fair value hierarchy that reflects the significance of the inputs used in making the measurements.

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

The levels of hierarchy are as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

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

The value of financial instruments carried at fair value shown in the relevant level of the hierarchy is shown below

2013	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	68	-	-	68
<b>Total Financial Assets</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>68</b>

2012	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	3,712	-	-	3,712
<b>Total Financial Assets</b>	<b>3,712</b>	<b>-</b>	<b>-</b>	<b>3,712</b>

The following table presents the movement in Level 3 financial instruments

	Liabilities 2013	Liabilities 2012	Assets 2013	Assets 2012
<b>Opening Balance</b> (of Level 3 fair values)	-	-	-	3,467
Transfer to/(from) Level 3	-	-	-	(3,467)
Gains/(Losses) recognised in the Income Statement	-	-	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 15. Financial Risk Management (continued)

\$ '000

**(b) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss'  
"Available-for-sale" financial assets & "Held-to-maturity" Investments**

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is 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.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is 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 specified Australian Banks and State Government Managed Funds.

Council also seeks policy and strategic advice from independent advisers before placing any funds in investment

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2013</b>				
Possible impact of a 10% movement in Market Values	6	6	(6)	(6)
Possible impact of a 1% movement in Interest Rates	665	665	(665)	(665)
<b>2012</b>				
Possible impact of a 10% movement in Market Values	371	371	(371)	(371)
Possible impact of a 1% movement in Interest Rates	560	560	(560)	(560)

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

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

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

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

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

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

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

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	7,395	-	8,364
Past due by up to 30 days	-	182	-	37
Past due between 31 and 180 days	-	134	-	240
Past due between 181 and 365 days	1,296	29	1,516	63
Past due by more than 1 year	597	157	651	185
	<u>1,893</u>	<u>7,897</u>	<u>2,167</u>	<u>8,889</u>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2013	2012
Balance at the beginning of the year			585	421
+ new provisions recognised during the year				164
- amounts already provided for & written off this year			15	-
- amounts provided for but recovered during the year			(290)	-
<b>Balance at the end of the year</b>			<u>310</u>	<u>585</u>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 15. Financial Risk Management (continued)

\$ '000

## (d) Payables &amp; Borrowings

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2013</b>									
Trade/Other Payables	859	6,959	-	-	-	-	-	7,818	7,555
Loans & Advances	-	13,774	12,038	9,602	7,468	6,182	16,473	65,537	64,210
<b>Total Financial Liabilities</b>	<b>859</b>	<b>20,733</b>	<b>12,038</b>	<b>9,602</b>	<b>7,468</b>	<b>6,182</b>	<b>16,473</b>	<b>73,355</b>	<b>71,765</b>
<b>2012</b>									
Trade/Other Payables	290	6,604	-	-	-	-	-	6,894	6,626
Loans & Advances	-	4,320	13,427	11,691	9,252	7,121	19,379	65,190	63,541
<b>Total Financial Liabilities</b>	<b>290</b>	<b>10,924</b>	<b>13,427</b>	<b>11,691</b>	<b>9,252</b>	<b>7,121</b>	<b>19,379</b>	<b>72,084</b>	<b>70,167</b>

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	7,555	0.0%	6,626	0.0%
Loans & Advances - Fixed Interest Rate	56,080	6.6%	55,411	7.9%
Loans & Advances - Variable Interest Rate	2,829	6.2%	2,829	6.5%
Loans & Advances - Interest Fee	5,300	0.0%	5,300	0.0%
	<u>71,765</u>		<u>70,167</u>	



## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 26 June 2012.

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

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

**Note that for Variations\* of Budget to Actual :**

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

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>47,600</b>	<b>47,611</b>	<b>11</b>	0%	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>20,124</b>	<b>21,900</b>	<b>1,776</b>	9%	<b>F</b>
<b>Interest &amp; Investment Revenue</b>	<b>1,629</b>	<b>3,137</b>	<b>1,508</b>	93%	<b>F</b>
Interest revenue on investment balances is traditionally conservatively budgeted for and the investment portfolio was higher than anticipated resulting in favourable budget adjustments (\$1.27m). Interest on overdue rates was favourable (\$0.17M) due to higher outstanding amounts.					
<b>Other Revenues</b>	<b>1,593</b>	<b>2,128</b>	<b>535</b>	34%	<b>F</b>
Increase in recovery of legal costs due to recovery action taken for overdue rates (\$0.173M). Various other favourable variances for commissions, use of council facilities and car parking infringements etc.					
<b>Operating Grants &amp; Contributions</b>	<b>14,650</b>	<b>15,558</b>	<b>908</b>	6%	<b>F</b>
<b>Capital Grants &amp; Contributions</b>	<b>3,592</b>	<b>5,139</b>	<b>1,547</b>	43%	<b>F</b>
Additional grants were received for shared pathways, bus shelters, traffic provisions, boat ramps and recreation facilities. Developer contributions and in particular S64 sewer and water contributions were down on average levels.					

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>33,431</b>	<b>33,853</b>	<b>(422)</b>	(1%)	<b>U</b>
<b>Borrowing Costs</b>	<b>4,387</b>	<b>4,241</b>	<b>146</b>	3%	<b>F</b>
<b>Depreciation &amp; Amortisation</b>	<b>25,143</b>	<b>26,735</b>	<b>(1,592)</b>	(6%)	<b>U</b>
<b>Materials &amp; Contracts/Other Expenses</b>	<b>29,861</b>	<b>30,361</b>	<b>(500)</b>	(2%)	<b>U</b>
<b>Net Losses from Disposal of Assets</b>	-	<b>3,331</b>	<b>(3,331)</b>	0%	<b>U</b>
Renewal of infrastructure assets in water, sewer and transport assets earlier than estimated in asset management plans lead to significant book values being written of for the replaced assets.					

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>					
<b>Cash Flows from Operating Activities</b>	<b>22,408</b>	<b>32,116</b>	<b>9,708</b>	43.3%	<b>F</b>
Favourable interest income, user charges & fees, other income and employee costs contributed to the result.					
<b>Cash Flows from Investing Activities</b>	<b>(27,510)</b>	<b>(31,591)</b>	<b>(4,081)</b>	14.8%	<b>U</b>
Purchase and sale of investments (\$7.0m) is not a budgeted item as it represents daily cash requirements activities only. Purchases of I, P,P&E is favourable due to net carry forward of projects to following year and overall savings in the capital program.					
<b>Cash Flows from Financing Activities</b>	<b>5,150</b>	<b>309</b>	<b>(4,841)</b>	(94.0%)	<b>U</b>
Loans raised were lower than original budget estimates due to revisions in the capital expenditure program.					

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 17. Statement of Developer Contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	1,719	323	-	96	(521)	27	1,644	23,649	(68,779)	(43,486)	27
Parking	256	27	-	16	(13)	(286)	-	822	(1,108)	(286)	(286)
Open Space	(345)	28	-	(18)	(72)	408	1	7,939	(28,259)	(20,319)	408
Community Facilities	(22)	3	-	(1)	(9)	29	-	749	(2,715)	(1,966)	29
Cycleways / Pedestrian	2	4	-	-	-	(6)	-	1,822	(6,577)	(4,755)	(6)
Administration	(116)	9	-	(6)	(29)	142	-	809	(688)	121	142
Waste Disposal	202	11	-	11	(11)	(213)	-	670	(884)	(214)	(213)
Bushfire Protection	56	-	-	3	-	(59)	-	-	(59)	(59)	(59)
<b>S94 Contributions - under a Plan</b>	<b>1,752</b>	<b>405</b>	<b>-</b>	<b>101</b>	<b>(655)</b>	<b>42</b>	<b>1,645</b>	<b>36,460</b>	<b>(109,069)</b>	<b>(70,964)</b>	<b>42</b>
<b>S94A Levies - under a Plan</b>	<b>(15)</b>	<b>146</b>	<b>-</b>	<b>(4)</b>	<b>(248)</b>	<b>121</b>	<b>-</b>	<b>3,369</b>	<b>(114,068)</b>	<b>(110,699)</b>	<b>121</b>
<b>Total S94 Revenue Under Plans</b>	<b>1,737</b>	<b>551</b>	<b>-</b>	<b>97</b>	<b>(903)</b>	<b>163</b>	<b>1,645</b>	<b>39,829</b>	<b>(223,137)</b>	<b>(181,663)</b>	<b>163</b>
S94 not under Plans	524	37	-	31	(12)	(163)	417	523	(1,103)	(163)	(163)
S93F Planning Agreements	162			9	-	-	171	-	(171)	-	-
S64 Contributions	3,137	1,056	-	160	(2,224)	-	2,129	62,384	(114,244)		
<b>Total Contributions</b>	<b>5,560</b>	<b>1,644</b>	<b>-</b>	<b>297</b>	<b>(3,139)</b>	<b>-</b>	<b>4,362</b>	<b>36,983</b>	<b>(110,172)</b>	<b>(71,127)</b>	<b>-</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

## Eurobodalla Local Infrastructure Contributions Plan 2012, Community and Cultural Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Northern District	(103)			(5)		108	-	238	(737)	(499)	108
- Central District	30			1	(9)	(22)	-	252	(944)	(692)	(22)
- Southern District	51	3		3		(57)	-	259	(1,034)	(775)	(57)
<b>Total</b>	<b>(22)</b>	<b>3</b>	<b>-</b>	<b>(1)</b>	<b>(9)</b>	<b>29</b>	<b>-</b>	<b>749</b>	<b>(2,715)</b>	<b>(1,966)</b>	<b>29</b>

## Development Contributions Plan 2000 - 2005, Waste Disposal

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Shire Wide	202	11		11	(11)	(213)	-	670	(884)	(214)	(213)
<b>Total</b>	<b>202</b>	<b>11</b>	<b>-</b>	<b>11</b>	<b>(11)</b>	<b>(213)</b>	<b>-</b>	<b>670</b>	<b>(884)</b>	<b>(214)</b>	<b>(213)</b>

## Development Contributions Plan 2000 - 2005, Car Parking

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Batemans Bay	104			6	(13)	(97)	-	642	(739)	(97)	(97)
- Moruya	37	27		3		(67)	-	132	(199)	(67)	(67)
- Narooma	115			7		(122)	-		(122)	(122)	(122)
- Central Tilba	-						-	48	(48)	-	-
<b>Total</b>	<b>256</b>	<b>27</b>	<b>-</b>	<b>16</b>	<b>(13)</b>	<b>(286)</b>	<b>-</b>	<b>822</b>	<b>(1,108)</b>	<b>(286)</b>	<b>(286)</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

## Eurobodalla Local Infrastructure Contributions Plan 2012, Roads

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Shire-wide	247	102		8	(384)	27	-	16,540	(60,026)	(43,486)	27
<b>Total</b>	<b>247</b>	<b>102</b>	<b>-</b>	<b>8</b>	<b>(384)</b>	<b>27</b>	<b>-</b>	<b>16,540</b>	<b>(60,026)</b>	<b>(43,486)</b>	<b>27</b>

## Development Contributions Plan 2000 - 2005, Local Roads

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Heffernan Place	1	-	-	-	-	-	1	111	(112)	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>111</b>	<b>(112)</b>	<b>-</b>	<b>-</b>

## Eurobodalla Local Infrastructure Contributions Plan 2012, Open Space and Recreation Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Shire-wide	47	7			(50)	(4)	-	5,439	(19,606)	(14,167)	(4)
- Northern District	(70)	10		(3)		63	-	1,424	(4,966)	(3,542)	63
- Central District	(249)	10		(11)		250	-	430	(1,350)	(920)	250
- Southern District	(73)	1		(4)	(22)	99	1	646	(2,337)	(1,690)	99
<b>Total</b>	<b>(345)</b>	<b>28</b>	<b>-</b>	<b>(18)</b>	<b>(72)</b>	<b>408</b>	<b>1</b>	<b>7,939</b>	<b>(28,259)</b>	<b>(20,319)</b>	<b>408</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

## Eurobodalla Local Infrastructure Contributions Plan 2012, Plan Preparation and Administration

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Shire-wide	(116)	9		(6)	(29)	142	-	809	(688)	121	142
<b>Total</b>	<b>(116)</b>	<b>9</b>	<b>-</b>	<b>(6)</b>	<b>(29)</b>	<b>142</b>	<b>-</b>	<b>809</b>	<b>(688)</b>	<b>121</b>	<b>142</b>

## Eurobodalla Local Infrastructure Contributions Plan 2012, Paths and Cycleway Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Northern District	1	1				(2)	-	761	(2,676)	(1,915)	(2)
- Central District	(4)	2				2	-	617	(2,233)	(1,616)	2
- Southern District	5	1				(6)	-	444	(1,668)	(1,224)	(6)
<b>Total</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>1,822</b>	<b>(6,577)</b>	<b>(4,755)</b>	<b>(6)</b>

## Contribution Plan, Bushfire Services

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Northern District	6					(6)	-		(6)	(6)	(6)
- Central District	-						-			-	-
- Southern District	50			3		(53)	-		(53)	(53)	(53)
<b>Total</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>(59)</b>	<b>-</b>	<b>-</b>	<b>(59)</b>	<b>(59)</b>	<b>(59)</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 17. Statement of Developer Contributions (continued)

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## Contribution Plan, Rural Roads

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Area 1 - Nelligen West	40			2			42	274	(317)	(1)	-
Area 2A - NW Batemans Bay	333			19			352	331	(683)	-	-
Area 2B - Long Beach	56			4			60	23	(83)	-	-
Area 3B - Surf Beach/Malua Bay	59	74		5	(3)		135	676	(812)	(1)	-
Area 4 - Bimbimbi	9	42		2			53	458	(510)	1	-
Area 5 - Polwambra	172	5		9	(30)		156	448	(604)	-	-
Area 6 - Moruya	325			18	(104)		239	1,076	(1,315)	-	-
Area 7 - Congo/Bingi	217	45		13			275	3,186	(3,461)	-	-
Area 8 - South Narooma	141	36		9			186	54	(240)	-	-
Area 9 - Tilba	119	19		7			145	472	(616)	1	-
<b>Total</b>	<b>1,471</b>	<b>221</b>	<b>-</b>	<b>88</b>	<b>(137)</b>	<b>-</b>	<b>1,643</b>	<b>6,998</b>	<b>(8,641)</b>	<b>-</b>	<b>-</b>

## S94A LEVIES - UNDER A PLAN

## S94A Levy Contribution Plan 2007

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Indirect Contributions	(15)	146		(4)	(248)	121	-	3,369	(114,068)	(110,699)	121
<b>Total</b>	<b>(15)</b>	<b>146</b>	<b>-</b>	<b>(4)</b>	<b>(248)</b>	<b>121</b>	<b>-</b>	<b>3,369</b>	<b>(114,068)</b>	<b>(110,699)</b>	<b>121</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 17. Statement of Developer Contributions (continued)

\$ '000

## S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	35	37		3			75	523	(598)	-	-
Parking	467			27	(12)	(163)	319		(482)	(163)	(163)
Community Facilities	22			1			23		(23)	-	-
<b>Total</b>	<b>524</b>	<b>37</b>	<b>-</b>	<b>31</b>	<b>(12)</b>	<b>(163)</b>	<b>417</b>	<b>523</b>	<b>(1,103)</b>	<b>(163)</b>	<b>(163)</b>

## S64 CONTRIBUTIONS

## Development Servicing Plan - Eurobodalla Shire Water Supply

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Water Headworks	1,349	541		71	(1,310)		651	22,217	(71,071)	(48,203)	-
<b>Total</b>	<b>1,349</b>	<b>541</b>	<b>-</b>	<b>71</b>	<b>(1,310)</b>	<b>-</b>	<b>651</b>	<b>22,217</b>	<b>(71,071)</b>	<b>(48,203)</b>	<b>-</b>

## Development Servicing Plan - Eurobodalla Shire Sewerage Services

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Sewer Headworks	1,788	515		89	(914)		1,478	40,167	(43,173)	(1,528)	-
<b>Total</b>	<b>1,788</b>	<b>515</b>	<b>-</b>	<b>89</b>	<b>(914)</b>	<b>-</b>	<b>1,478</b>	<b>40,167</b>	<b>(43,173)</b>	<b>(1,528)</b>	<b>-</b>



## Eurobodalla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

The Local Government Superannuation Scheme - Pool B ( the scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the scheme, as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Super Scheme and recognised as an expense for the year ending 30 June 2013 was \$1,023,404. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20th February 2013 and covers the period ended 30 June 2013. However, the position is monitored annually and the Actuary has estimated as at 30th June 2013 a deficit still exists. Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The annual amount of the additional contributions payable until the deficit is extinguished is \$434,917. The additional contributions remitted during the year is included in the total employer contributions set out in the beginning of this paragraph.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$2,022,078 as at 30 June 2013.

##### (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 Councils 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.

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.

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 18. Contingencies &amp; Other Assets/Liabilities Not Recognised (continued)

\$ '000

**LIABILITIES NOT RECOGNISED** (continued):**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) S94 Plans**

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

**(iii) 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 (& subsequent land asset) from such potential acquisitions has not been possible.

**ASSETS NOT RECOGNISED:****(i) Infringement Notices/Fines**

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils 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.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 19. Controlled Entities, Associated Entities &amp; Interests in Joint Ventures

\$ '000

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		698,772	686,287
a. Correction of Prior Period Errors	20 (c)	(78)	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Operating Result from Continuing Operations		782	5,720
d. Transfers between Equity		8,010	6,765
<b>Balance at End of the Reporting Period</b>		<b><u>707,486</u></b>	<b><u>698,772</u></b>
<b>b. Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		519,000	519,998
<b>Total</b>		<b><u>519,000</u></b>	<b><u>519,998</u></b>
<b>(ii). Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		519,998	407,908
- Revaluations for the year	9(a)	7,012	118,855
- Transfer to Retained Earnings for Asset disposals		(8,010)	(6,765)
<b>- Balance at End of Year</b>		<b><u>519,000</u></b>	<b><u>519,998</u></b>
<b>TOTAL VALUE OF RESERVES</b>		<b><u>519,000</u></b>	<b><u>519,998</u></b>

**(iii). Nature & Purpose of Reserves****Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>c. Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of errors as disclosed in last year's financial statements:</b>			
Council corrected the amounts receivable for the Batemans Bay Beach Resort recognised at the end of the previous financial year. Revenue charged for Semi- Permanent residents for the first quarter of the 2012-13 year was recognised in the 2011-12 year.			
This resulted in Debtors and Retained Earnings being overstated as at 30 June 2012.			
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Closing Equity - 30/6/12 (relating to adjustments for the 30/6/12 year end)		(78)	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>(78)</b>	<b>-</b>

**d. Voluntary Changes in Accounting Policies**

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

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 21. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Continuing Operations</b>			
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	3,300	16,137	28,174
User Charges & Fees	8,513	615	12,772
Interest & Investment Revenue	274	459	2,404
Other Revenues	22	70	2,036
Grants & Contributions provided for Operating Purposes	199	220	15,139
Grants & Contributions provided for Capital Purposes	583	(873)	5,429
<b>Total Income from Continuing Operations</b>	<b>12,891</b>	<b>16,628</b>	<b>65,954</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	2,676	3,417	23,930
Borrowing Costs	642	1,484	2,115
Materials & Contracts	3,990	4,867	12,785
Depreciation & Amortisation	5,917	5,701	15,117
Other Expenses	946	1,085	6,688
Net Losses from the Disposal of Assets	1,197	1,335	799
<b>Total Expenses from Continuing Operations</b>	<b>15,368</b>	<b>17,889</b>	<b>61,434</b>
<b>Net Operating Result for the Year</b>	<b>(2,477)</b>	<b>(1,261)</b>	<b>4,520</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(2,477)</b>	<b>(1,261)</b>	<b>4,520</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(3,060)</b>	<b>(388)</b>	<b>(909)</b>

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

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

## Eurobodalla Shire Council

Notes to the Financial Statements  
as at 30 June 2013

## Note 21. Financial Result &amp; Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	5,725	8,708	(5,691)
Investments	745	4,383	53,089
Receivables	2,960	128	6,312
Inventories	59	-	681
Other	122	-	10
Non-current assets classified as 'held for sale'	-	-	42
<b>Total Current Assets</b>	<b>9,611</b>	<b>13,219</b>	<b>54,443</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	80
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	280,896	236,796	714,559
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	-
<b>Total Non-Current Assets</b>	<b>280,896</b>	<b>236,796</b>	<b>714,639</b>
<b>TOTAL ASSETS</b>	<b>290,507</b>	<b>250,015</b>	<b>769,082</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	9	30	7,779
Borrowings	637	4,973	8,234
Provisions	-	-	9,166
<b>Total Current Liabilities</b>	<b>646</b>	<b>5,003</b>	<b>25,179</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	8,614	17,633	24,119
Provisions	-	-	1,924
<b>Total Non-Current Liabilities</b>	<b>8,614</b>	<b>17,633</b>	<b>26,043</b>
<b>TOTAL LIABILITIES</b>	<b>9,260</b>	<b>22,636</b>	<b>51,222</b>
<b>Net Assets</b>	<b>281,247</b>	<b>227,379</b>	<b>717,860</b>
<b>EQUITY</b>			
Retained Earnings	145,817	107,729	453,940
Revaluation Reserves	135,430	119,650	263,920
<b>Total Equity</b>	<b>281,247</b>	<b>227,379</b>	<b>717,860</b>

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

NB. All amounts disclosed above are Gross - that is, they include internal receivables &amp; payables between the Funds.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 22. "Held for Sale" Non Current Assets &amp; Disposal Groups

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>(i) Non Current Assets &amp; Disposal Group Assets</b>					
<b>Non Current Assets "Held for Sale"</b>					
Land		42	-	-	-
<b>Total Non Current Assets "Held for Sale"</b>		<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disposal Group Assets "Held for Sale"</b>					
None					
<b><u>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u></b>					
		<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(ii) Details of Assets & Disposal Groups**

Two land parcels that have been readied for sale and are currently on the market, expected to sell 2013/14 financial year.

**(iii) Disposal Group Liabilities****Disposal Group Related Liabilities "Held for Sale"**

Nil

## Note 22. "Held for Sale" Non Current Assets &amp; Disposal Groups (continued)

\$ '000	Disposal Groups		Assets "Held for Sale"	
	2013	2012	2013	2012
<b>(iv) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>				
Opening Balance	-	-	-	-
plus New Transfer in:				
Assets "Held for Sale"		-	42	-
<b>Closing Balance of "Held for Sale" Non Current Assets &amp; Operations</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 23. Events occurring after Balance Sheet Date

---

Events that occur after the reporting date of 30 June 2013, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 22/10/13.

Events that occur after the Reporting Date represent one of two types:

##### **(i) Events that have provided evidence of conditions that existed at the Reporting Date**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

##### **(ii) Events that have provided evidence of conditions that arose after the Reporting Date**

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

**Council is unaware of any material or significant "non adjusting events" that should be disclosed.**

#### Note 24. Discontinued Operations

---

Council has not classified any of its Operations as "Discontinued".

#### Note 25. Intangible Assets

---

Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.



## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 26. Reinstatement, Rehabilitation &amp; Restoration Liabilities

\$ '000

Council has various Waste Management Facilities and Transfer Stations situated around the community. These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2013	2012
Brou Waste Management Facility	2017-18	876	787
Surf Beach Waste Management Facility	2016-17	828	753
Moruya Waste Transfer Station	2013-14	291	291
<b>Balance at End of the Reporting Period</b>	10(a)	<u>1,995</u>	<u>1,831</u>

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

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

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

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

*Future restoration costs have been restated based on updated costs provided by the Environmental Protection Authority of the Department of Environment, Climate Change and Water in its November 2009 Draft of the "Financial Assurance Policy for NSW Waste Facilities" which provides average restoration costs determined by practitioners experienced in the field.*

**Reconciliation of movement in Provision for year:**

Balance at beginning of year	1,831	2,237
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations	(36)	251
Effect of a change in other calculation estimates used	143	(740)
Amortisation of discount (expensed to borrowing costs)	57	83
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<u>1,995</u>	<u>1,831</u>



# PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre  
19 Martin Place  
Sydney NSW 2000  
Australia

Postal Address:  
GPO Box 1615  
Sydney NSW 2001  
Australia

Tel: +61 2 9221 2099  
Fax: +61 2 92231762

[www.pitcher.com.au](http://www.pitcher.com.au)  
[partners@pitcher-nsw.com.au](mailto:partners@pitcher-nsw.com.au)

Pitcher Partners is an association of independent firms

Melbourne | Sydney | Perth | Adelaide | Brisbane

## **EUROBODALLA SHIRE COUNCIL Independent Audit Report to the Council General Purpose Financial Statements for the Year ended 30 June 2013**

### **Report on the Financial Report**

We have audited the general purpose financial statements of Eurobodalla Shire Council, which comprises the Balance Sheet as at 30 June 2013, Statement by Councillors and Management, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### *Council's Responsibilities for the Financial Statements*

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

#### *Auditor's Responsibilities*

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement and Cash Flow Statement, Notes 2(a), and 16 to the financial statements, estimated expenditure in note 17, additional Council disclosure notes, nor the attached Special Schedules.

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

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

policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

#### *Auditor's Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eurobodalla Shire Council as of 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

#### **Report on Other Legal and Regulatory Requirements**

##### *Council's Responsibilities for compliance with other legal and regulatory requirements*

Council is responsible for ensuring compliance with the accounting and reporting requirements of Division 2 of Part 3, Chapter 12 of the Local Government Act, 1993. This responsibility includes maintaining such accounting records as are necessary to correctly record and explain its financial transactions and its financial position, and to facilitate convenient and proper auditing of its financial statements.

##### *Auditor's Responsibilities under Section 417(2) of the Local Government Act, 1993*

Our responsibility is to report on Council's compliance with the accounting and reporting requirements of the Local Government Act, 1993 and Local Government (General) Regulation 2005.

##### *Auditors' Opinion on other legal and regulatory requirements*

In our opinion:

- (a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2 and the Local Government (General) Regulation 2005; and
- (b) the Council's general purpose financial statements
  - i) have been prepared in accordance with the requirements of this Division and Regulation;
  - ii) are consistent with the Council's accounting records;
  - iii) present fairly the Council's financial position and the results of its operations;
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

  
PITCHER PARTNERS

  
CARL MILLINGTON  
Partner

Sydney, 30 October 2013



# PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre  
19 Martin Place  
Sydney NSW 2000  
Australia

Postal Address:  
GPO Box 1615  
Sydney NSW 2001  
Australia

Tel: +61 2 9221 2099  
Fax: +61 2 92231762

www.pitcher.com.au  
partners@pitcher-nsw.com.au

Pitcher Partners is an association of independent firms

Melbourne | Sydney | Perth | Adelaide | Brisbane

## EUROBODALLA SHIRE COUNCIL INDEPENDENT AUDITORS' REPORT ON THE CONDUCT OF THE AUDIT (Local Government Act, 1993 - Section 417(3)) YEAR ENDED 30 JUNE 2013

Eurobodalla Shire Council has prepared general and special purpose financial reports for the year ended 30 June 2013 on which we issued separate audit reports to the Council dated 30 October 2013. This report has been prepared in accordance with the requirements of the Division of Local Government, and the provisions of Section 417(3) of the Local Government Act, 1993.

We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the New South Wales Division of Local Government, or for any purpose other than that for which it was prepared.

### Audit Conclusion

Our audit of the financial reports for the year ended 30 June 2013 resulted in unqualified independent audit reports for Council's General Purpose and Special Purpose Financial Statements.

### Additional Audit Considerations and Comment

#### Income Statement

##### *Summarised Income Statement*

	2013 Actual	2013 Budget	* Budget	2012 Actual
	\$'000	\$'000	Variance %	\$'000
Operating result	782	(3,634)	121.57%F	5,720
Operating result before capital revenue	(4,357)	(7,226)	65.85%F	(1,413)
Rates & annual charges	47,611	47,600	0%	45,639
Operating grants & contributions	15,558	14,650	6.20%F	17,821
Capital grants & contributions	5,139	3,592	43.07%F	7,133
Depreciation & amortisation	26,735	25,143	6.33%U	22,953

\* Detailed explanations for material favourable (F) and unfavourable (U) budget variations are provided in Note 16 to the financial statements

*Operating Result.* Council's operating surplus decreased from \$5.720M in 2012 to \$0.782M in 2013. This compared with a budgeted deficit of \$3.634M for the year. The most significant variations impacting the operating result were the lower than anticipated employee benefits and on-costs.

*Operating Result before Capital.* The operating result before Capital grants and contributions was a deficit of \$4.357M compared with the prior year deficit of \$1.413M. This compared with the original budget deficit of \$7.226M.

*Rates and Annual Charges.* Revenue from rates and annual charges increased to \$47.611M from \$45.639M in the prior year, and was within 0.01% of budget for the 2013 year.

*Grants and Contributions.* Operating grants and contributions for the year totalled \$15.558M and represented 16.30% of total income from continuing operations. This compares with budget of \$14.650M.

Capital grants and contributions amounted to \$5.139M for the 2013 year and represented 5.38% of total income from continuing operations. This compares with budget of \$3.592M.

*Depreciation.* Included in the operating result was \$26.735M for the depreciation and amortisation of infrastructure, property, plant and equipment which increased from \$22.953M in the prior year and compared with the original budget of \$25.143M. Depreciation and amortisation represents 28.23% (2012: 24.71%) of total expenses and 28.00% (2012: 23.28%) of total income for the year. This is a continuation of the increased depreciation expense experienced in recent years as a result of the introduction of the "Fair Value" model with depreciation as a percentage of operating expenses increasing from 18% in 2008 to 28% in 2013.

### Statement of Financial Position

Council's equity at 30 June 2013 amounted to \$1,226.486M comprised of retained earnings, and reserves arising from revaluation of infrastructure assets in prior years.

The most significant impact on retained earnings during 2013 was the gain on revaluation of I,PP&E of \$7.012M.

At balance date Council had not utilised any of its bank overdraft facility of \$2M.

### Movements in Cash and Cash Equivalents

#### Summarised Statement of Cash Flows

Activities	2013 Actual \$'000	2013 Budget \$'000	* Budget Variance %	2012 Actual \$'000
Net cash flows from operations	32,116	22,408	43.32%F	32,883
Net cash flows from investing	(31,591)	(27,510)	14.83%U	35,811
Net cash flows from financing	309	5,150	94.00%U	2,738
<b>Net movement in cash</b>	<b>834</b>	<b>48</b>		<b>(190)</b>

\* Detailed explanations for material budget variations are provided in Note 16 to the financial statements

Council's cash and cash equivalent balances increased to a total of \$8.742M during the year, with \$32.116M being provided from operations, \$31.591M utilised in net investing activities for the acquisition and sale of non-current assets, and \$0.309M being provided from borrowings and advances. Included in investing activities was the purchase of \$7.07m (net) of cash and cash equivalents from the purchase and sale of investment securities.

### Total Investments and Cash Balances

Council's total cash balance at 30 June 2013 was comprised of the following:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Externally restricted cash	30,698	27,425
Internally restricted cash	14,829	13,780
Unrestricted cash	21,431	16,057
<i>Total Cash, Cash Equivalents and Investments</i>	66,959	57,262

Externally restricted funds increased by \$3.273M with increases in domestic waste management, sewerage services and water supplies and decreases in specific purpose unexpended grants – sewer fund. Internally restricted balances increase overall by \$1.049M.

### **Working Capital (Net Current Assets)**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current assets	77,273	68,575	64,540	63,327
Current liabilities	30,828	20,298	24,607	29,840
Net current assets	46,445	48,277	39,933	33,387
Add: anticipated longer term liabilities	5,020	4,049	4,898	4,545
Adjusted net Current Assets	51,465	52,326	44,831	37,932
<i>Less: Working Capital Commitments</i>				
Net external restrictions	28,292	27,265	27,850	24,451
<i>Unrestricted Working Capital</i>	23,173	25,061	16,981	13,481

Council's balance of unrestricted working capital has decreased from \$25.0611M in 2012 to \$23.173M at the end of the 2013 financial year.

After taking into consideration Council's internal reserves, other liabilities that are anticipated to be funded from the 2013/14 operating budget and anticipated timing of rate revenues, the unrestricted working capital balance appears to provide a reasonable basis for funding the coming year's operations.

### **Performance Indicators and Trends**

Prescribed performance indicators are included in Note 13 to the financial report and provide a comparison of the 2013 year results with prior years.

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Unrestricted current ratio	2.15:1	2.91:1	2.07:1	1.95:1
Debt service ratio	9.68%	8.72%	9.18%	9.62%
Rate coverage ratio	49.87%	46.29%	45.84%	45.03%
Rates & annual charges outstanding ratio	4.21%%	4.65%	3.41%	3.22%
Asset renewals ratio	48.76%	76.46%	42.36%	42.68%

*Unrestricted Current Ratio.* The ratio declined on the 2012 ratio and reversed the increase experienced in prior years. However at 2.15:1 the 2013 ratio is solid and remains above the industry benchmark of 2:1.

*Debt Service Ratio.* The debt service ratio increased on the prior year but still remains below the industry benchmark of 10%.

*Rates and Annual Charges Coverage Ratio.* Council's rates and annual charges revenue represented 49.87% of 2013 total revenue, and is higher than the prior year due to the increase in revenue from that source and the impact of lower capital grants.

*Rates and Annual Charges Outstanding Percentage.* The amount of rates uncollected at year end expressed as a percentage of the total rates and annual charges collectible was 4.21%. The ratio has improved on the prior year 2012 ratio, and the ratio still remains within the industry benchmark of 5%.

*Asset Renewals Ratio.* The ratio declined after large capital projects in the prior year and remains below the industry guidelines of 100%. However, with the revaluation of Council's infrastructure assets, depreciation expense has increased and adversely impacted this ratio.

### Legislative Compliance

As a result of our audit we advise that no material deficiencies in the accounting records or financial reports have come to our attention during the conduct of the audit, and that Council's accounting records have been kept accurately and conscientiously and in accordance with requirements of the Local Government Act, 1993, and Regulations.

Council has complied with all statutory reporting requirements relating to Division 2 of Chapter 12 of the Local Government Act, 1993, the Code of Accounting Practice and Financial Reporting (Update 21), and other legislatively prescribed standards.

### Conduct of the audit

During the conduct of our audit, a number of issues arose that required additional explanation and investigation, however we are able to report that all such issues have been appropriately attended to and there are no matters of audit significance, other than those already referred to in this report, that require mention in this or our statutory audit report.

We would like to commend the courteous and professional manner in which Council's staff has acted throughout the conduct of our audit, and their willingness to consider issues that we raised and assist us with our audit.

  
PITCHER PARTNERS

  
CARL MILLINGTON

Partner

Sydney, 30 October 2013