

# Eurobodalla Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2015

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# Eurobodalla Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2015

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### 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 detailed in Paragraph 8 of the LGA and includes giving Council;

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 27 October 2015. Council has the power to amend and reissue these financial statements.
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## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Understanding Council's Financial Statements

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### 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 2015.

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 Office of Local Government.

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

Summarises 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. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

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

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

#### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

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

### About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 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 commentary on 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 Office of Local Government.

## Eurobodalla Shire Council

### General Purpose Financial Statements for the financial year ended 30 June 2015

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

**The attached 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 27 October 2015.**



L Brown  
MAYOR



R Pollock OAM  
COUNCILLOR



Dr C Dale  
GENERAL MANAGER



A O'Reilly  
RESPONSIBLE ACCOUNTING OFFICER

## Eurobodalla Shire Council

## Income Statement

for the financial year ended 30 June 2015

Budget <sup>1</sup> 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
52,472	Rates & Annual Charges	3a	52,570	50,032
20,846	User Charges & Fees	3b	23,528	23,983
3,006	Interest & Investment Revenue	3c	3,312	3,201
1,918	Other Revenues	3d	2,292	2,199
14,622	Grants & Contributions provided for Operating Purposes	3e,f	17,296	14,733 <sup>2</sup>
2,418	Grants & Contributions provided for Capital Purposes	3e,f	6,459	6,471
<b>95,282</b>	<b>Total Income from Continuing Operations</b>		<b>105,457</b>	<b>100,619</b>
<b>Expenses from Continuing Operations</b>				
35,116	Employee Benefits & On-Costs	4a	32,129	32,553
4,515	Borrowing Costs	4b	3,977	4,133
19,991	Materials & Contracts	4c	21,026	21,509
30,287	Depreciation & Amortisation	4d	29,110	27,095
-	Impairment	4d	-	225
6,471	Other Expenses	4e	8,111	8,918
(860)	Net Losses from the Disposal of Assets	5	3,069	2,638
<b>95,520</b>	<b>Total Expenses from Continuing Operations</b>		<b>97,422</b>	<b>97,071</b>
<b>(238)</b>	<b>Operating Result from Continuing Operations</b>		<b>8,035</b>	<b>3,548</b>
<b>(238)</b>	<b>Net Operating Result for the Year</b>		<b>8,035</b>	<b>3,548</b>
<b>(2,656)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>1,576</b>	<b>(2,923)</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3 (e)

## Eurobodalla Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>8,035</b>	<b>3,548</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	70,638	59,695
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>70,638</b>	<b>59,695</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>70,638</b>	<b>59,695</b>
<b>Total Comprehensive Income for the Year</b>		<b>78,673</b>	<b>63,243</b>

## Eurobodalla Shire Council

Statement of Financial Position  
as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	4,739	6,351
Investments	6b	79,500	69,008
Receivables	7	8,676	9,057
Inventories	8	601	630
Other	8	169	212
Non-current assets classified as "held for sale"	22	457	42
<b>Total Current Assets</b>		<b>94,142</b>	<b>85,300</b>
<b>Non-Current Assets</b>			
Receivables	7	110	94
Infrastructure, Property, Plant & Equipment	9	1,351,398	1,288,014
<b>Total Non-Current Assets</b>		<b>1,351,508</b>	<b>1,288,108</b>
<b>TOTAL ASSETS</b>		<b>1,445,650</b>	<b>1,373,408</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	9,035	8,243
Borrowings	10	11,314	13,191
Provisions	10	9,516	9,669
<b>Total Current Liabilities</b>		<b>29,865</b>	<b>31,103</b>
<b>Non-Current Liabilities</b>			
Borrowings	10	45,325	50,618
Provisions	10	2,058	1,958
<b>Total Non-Current Liabilities</b>		<b>47,383</b>	<b>52,576</b>
<b>TOTAL LIABILITIES</b>		<b>77,248</b>	<b>83,679</b>
<b>Net Assets</b>		<b>1,368,402</b>	<b>1,289,729</b>
<b>EQUITY</b>			
Retained Earnings	20	719,330	712,949
Revaluation Reserves	20	649,072	576,780
Council Equity Interest		1,368,402	1,289,729
<b>Total Equity</b>		<b>1,368,402</b>	<b>1,289,729</b>

## Eurobodalla Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		712,949	576,780	<b>1,289,729</b>	-	<b>1,289,729</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/14)</b>		<b>712,949</b>	<b>576,780</b>	<b>1,289,729</b>	-	<b>1,289,729</b>
<b>c. Net Operating Result for the Year</b>		<b>8,035</b>	-	<b>8,035</b>	-	<b>8,035</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	70,638	<b>70,638</b>	-	<b>70,638</b>
<b>Other Comprehensive Income</b>		-	<b>70,638</b>	<b>70,638</b>	-	<b>70,638</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>8,035</b>	<b>70,638</b>	<b>78,673</b>	-	<b>78,673</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		(1,654)	1,654	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>719,330</b>	<b>649,072</b>	<b>1,368,402</b>	-	<b>1,368,402</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		707,486	519,000	<b>1,226,486</b>	-	<b>1,226,486</b>
<b>Revised Opening Balance (as at 1/7/13)</b>		<b>707,486</b>	<b>519,000</b>	<b>1,226,486</b>	-	<b>1,226,486</b>
<b>c. Net Operating Result for the Year</b>		3,548	-	<b>3,548</b>	-	<b>3,548</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	59,695	<b>59,695</b>	-	<b>59,695</b>
<b>Other Comprehensive Income</b>		-	<b>59,695</b>	<b>59,695</b>	-	<b>59,695</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>3,548</b>	<b>59,695</b>	<b>63,243</b>	-	<b>63,243</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		1,915	(1,915)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>712,949</b>	<b>576,780</b>	<b>1,289,729</b>	-	<b>1,289,729</b>



## Eurobodalla Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
52,472	Rates & Annual Charges		52,721	50,149
20,846	User Charges & Fees		24,374	25,153
3,006	Investment & Interest Revenue Received		3,417	3,127
17,040	Grants & Contributions		23,289	19,703
-	Bonds, Deposits & Retention amounts received		1,947	2,798
1,918	Other		3,590	3,464
<b>Payments:</b>				
(35,116)	Employee Benefits & On-Costs		(32,290)	(32,122)
(19,991)	Materials & Contracts		(22,993)	(22,107)
(4,515)	Borrowing Costs		(3,695)	(3,760)
-	Bonds, Deposits & Retention amounts refunded		(1,968)	(3,358)
(6,471)	Other		(8,453)	(10,433)
<b>29,189</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>39,939</b>	<b>32,614</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		-	29,434
-	Sale of Infrastructure, Property, Plant & Equipment		1,216	751
19	Deferred Debtors Receipts		110	-
<b>Payments:</b>				
-	Purchase of Investment Securities		(10,500)	(39,828)
(29,169)	Purchase of Infrastructure, Property, Plant & Equipment		(24,782)	(24,616)
-	Deferred Debtors & Advances Made		(143)	(23)
<b>(29,150)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(34,099)</b>	<b>(34,282)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
10,982	Proceeds from Borrowings & Advances		5,739	13,007
<b>Payments:</b>				
(12,503)	Repayment of Borrowings & Advances		(13,191)	(13,730)
<b>(1,521)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(7,452)</b>	<b>(723)</b>
<b>(1,482)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(1,612)</b>	<b>(2,391)</b>
6,351	plus: Cash & Cash Equivalents - beginning of year	11a	6,351	8,742
<b>4,869</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>4,739</b>	<b>6,351</b>
Additional Information:				
	plus: Investments on hand - end of year	6b	79,500	69,008
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>84,239</b>	<b>75,359</b>

Please refer to Note 11 for additional cash flow information

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

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

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

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

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

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

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

###### (v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Investment Property) that are accounted for at fair valuation.

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

##### **(vi) Changes in Accounting Policies**

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

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

##### **(vii) Critical Accounting Estimates**

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

Estimates and assumptions that may cause material adjustments 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) Estimated remediation provisions.
- (i) Impairment of Receivables - refer Note 7.
- (ii) Projected Section 94 Commitments - refer Note 17.

##### **(b) Revenue recognition**

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

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

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

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

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

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it. Note 3(g) discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

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

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

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

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

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

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

##### Interest and Rents

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

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

##### Dividend Income

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

##### Other Income

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

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

##### (i) The Consolidated Fund

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

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

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

- *General Purpose Operations*

- *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/Kianga Tennis Complex Committee*
- *Malua Bay Community Centre & Tennis Courts Committee*
- *Moruya Racecourse Committee*
- *Moruya Showground Committee*
- *Narooma Tennis Courts Committee*
- *Nelligen Tennis Courts Committee*
- *Tuross Progress Hall Committee*
- *Tuross Memorial Gardens Committee*
- *Kyla Hall Committee*

##### (ii) The Trust Fund

Section 411 of the Local Government Act 1993 requires that a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

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

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

##### (iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

##### (iv) Associates

Council has no interest in any Associates.

##### (v) County Councils

Council is not a member of any County Councils.

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### (d) Leases

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

##### Finance Leases

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

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

- cash on hand,
- deposits held at call with financial institutions,
- other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and 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 (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

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

Each classification depends on the purpose/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".

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

##### (ii) Loans and receivables

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

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

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

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

They are generally quoted in an active market and included in non-current assets unless management has determined to dispose of the investment within 12 months of the balance sheet date.

##### (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 sheet

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

date or the term to maturity from the reporting date is less than 12 months.

##### Financial Assets – Reclassification

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

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

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, plus in the case of 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 subsequently carried at fair value.

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

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

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

##### Impairment

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

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.

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

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.

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

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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 objective evidence that the 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.

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

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

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

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

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

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

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

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

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

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

##### Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),



## Eurobodalla Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

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

- **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** (External – Valuer General)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(Internal Valuation)
- **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.

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

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

#### Subsequent costs

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

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

#### Asset Revaluations (including Indexation)

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

- Increases are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, 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 at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 1. Summary of Significant Accounting Policies

**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**

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 60 years

**Stormwater Drainage**

- Drains	50 to 60 years
- Culverts	80 years
- Flood Control Structures	60 to 100 years

**Transportation Assets**

- Sealed Roads : Surface	9 to 18 years
- Sealed Roads : Structure	30 to 70 years
- Unsealed roads	12-15 years
- Bridge : Concrete	100 years
- Bridge : Other	10 to 40 years
- Kerb and Gutter	20 to 75 years
- Ancillary	10 to 70 years
- Paths	15 to 75 years

**Water & Sewer Assets**

- Dams and reservoirs	25 to 100 years
- Bores	30 years
- Reticulation pipes	40 to 80 years
- Pumps and telemetry	7 to 25 years

**Other Infrastructure Assets**

- Bulk earthworks	Infinite
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All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

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

**Disposal and De-recognition**

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

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset is included in Council's Income Statement.

##### **(k) Land**

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the LGA (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 is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating 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".*

Council excludes the assets, their values and depreciation charges from these financial statements.

##### **(p) Investment property**

Council does not currently hold any properties classified as Investment Properties.

##### **(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 and 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

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

continue for many years depending on the nature of the disturbance and the remediation techniques.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

#### **(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & 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 Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

#### **(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 events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) value in use is estimated by using a discounted cash flow model.

#### **(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. Borrowings are subsequently measured at amortised cost.

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

Borrowings are 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 when they are incurred during the construction of qualifying assets. In such cases, 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

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

#### (x) Employee benefits

##### (i) Short Term Obligations

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

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

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

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

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

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

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

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

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

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

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

Due to the nature of when and how Long Service Leave can be taken, 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 – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 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 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.

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

The schemes most recent full actuarial review indicated that the Net Assets of the scheme were not sufficient to meet the accrued benefits of the Scheme’s Defined Benefit member category. As a result, Council will be required to make additional contributions of \$434,917 per annum until 30 June 2016. However, the trustee is considering extending the period to build up satisfactory surplus which in turn may result in a lower assumed long term investment return.

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

#### Defined Contribution Plans

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

#### (iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be

payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

#### (y) Self insurance

Council does not self insure.

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

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

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

#### Exceptions

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

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

#### (aa) Taxes

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).

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

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

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

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

#### **Applicable to Local Government:**

#### ***AASB 9 - Financial Instruments (and associated amending standards)***

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

#### ***AASB 15 - Revenue from contracts with customers and associated amending standards***

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

#### ***AASB 124 - Related Party Disclosures***

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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associated with will be classified as related parties (and fall under the related party reporting requirements).

##### **Not applicable to Local Government per se;**

None

##### **(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 2015

### Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	7	29	759	915	1,560	1,321	(908)	(1,531)	(562)	-	549	42	24
Administration	758	980	1,083	1,738	(549)	(454)	(980)	1,529	1,537	88	8	115,461	105,954
Public Order & Safety	671	1,089	2,084	2,530	2,859	2,664	(1,859)	(1,770)	(580)	376	887	9,176	9,346
Health	111	139	116	421	401	368	(310)	(262)	(252)	-	-	5	6
Environment	10,621	11,942	11,473	12,031	11,918	11,838	(1,410)	24	(365)	1,022	786	83,248	65,246
Community Services & Education	5,107	6,080	6,013	6,480	6,734	6,879	(1,373)	(654)	(866)	4,819	4,612	353	258
Housing & Community Amenities	1,383	1,356	2,321	6,226	5,794	6,819	(4,843)	(4,438)	(4,498)	300	120	10,426	8,779
Water Supplies	16,137	17,470	15,834	15,306	15,616	15,272	831	1,854	562	250	201	287,061	287,512
Sewerage Services	19,299	19,280	19,021	18,156	17,075	17,964	1,143	2,205	1,057	299	190	241,612	241,082
Recreation & Culture	1,323	2,405	1,770	9,584	9,816	9,503	(8,261)	(7,411)	(7,733)	672	357	170,001	171,732
Mining, Manufacturing & Construction	692	659	628	797	783	625	(105)	(124)	3	-	-	85	121
Transport & Communication	4,655	8,713	8,070	15,681	18,935	18,090	(11,026)	(10,222)	(10,020)	1,851	1,140	463,689	418,626
Economic Affairs	4,423	5,007	4,568	5,400	6,616	6,291	(977)	(1,609)	(1,723)	9	9	64,489	64,722
<b>Total Functions &amp; Activities</b>	<b>65,187</b>	<b>75,149</b>	<b>73,740</b>	<b>95,265</b>	<b>97,558</b>	<b>97,180</b>	<b>(30,078)</b>	<b>(22,409)</b>	<b>(23,440)</b>	<b>9,686</b>	<b>8,859</b>	<b>1,445,648</b>	<b>1,373,408</b>
General Purpose Income <sup>1</sup>	30,095	30,305	26,828	255	(136)	(160)	29,840	30,441	26,988	7,055	3,701	-	-
<b>Operating Result from Continuing Operations</b>	<b>95,282</b>	<b>105,454</b>	<b>100,568</b>	<b>95,520</b>	<b>97,422</b>	<b>97,020</b>	<b>(238)</b>	<b>8,032</b>	<b>3,548</b>	<b>16,741</b>	<b>12,560</b>	<b>1,445,648</b>	<b>1,373,408</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 2015

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

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

#### **GOVERNANCE**

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,

#### **WATER SUPPLIES**

#### **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, RMS 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 2015

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		18,185	17,693
Farmland		362	357
Business		3,564	3,454
<b>Total Ordinary Rates</b>		<b>22,111</b>	<b>21,504</b>
<b>Special Rates</b>			
Environmental		863	840
<b>Total Special Rates</b>		<b>863</b>	<b>840</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		4,864	4,697
Stormwater Management Services		446	444
Water Supply Services		5,862	4,649
Sewerage Services		17,251	16,760
Waste Management Services (non-domestic)		1,173	1,138
<b>Total Annual Charges</b>		<b>29,596</b>	<b>27,688</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>52,570</b>	<b>50,032</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 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		9,346	9,730
Sewerage Services		591	608
Liquid Trade Waste		99	104
<b>Total User Charges</b>		<b>10,036</b>	<b>10,442</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Onsite Sewerage Management		180	189
Planning & Building Regulation		650	630
Private Works - Section 67		380	304
Registration Fees		9	23
Section 149 Certificates (EPA Act)		717	736
Section 603 Certificates		121	96
Sewer Connection		29	28
Water Connection		158	141
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,244</b>	<b>2,147</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Admission & Service Fees		29	30
Aerodrome		197	209
Caravan Park / Camping		3,245	2,892
Carparking Fees		116	106
Cemeteries		170	167
Community Service Programs		1,211	1,333
Landfill		2,536	2,752
Lease Rentals		1,562	1,512
Leaseback Fees - Council Vehicles		248	231
RMS (formerly RTA) Charges (State Roads not controlled by Council)		1,738	1,999
Other		196	163
<b>Total Fees &amp; Charges - Other</b>		<b>11,248</b>	<b>11,394</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>23,528</b>	<b>23,983</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		223	235
- Interest earned on Investments (interest & coupon payment income)		3,089	2,966
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>3,312</b>	<b>3,201</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		174	182
General Council Cash & Investments		2,160	2,199
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		78	83
- Section 64		69	84
Water Fund Operations		434	302
Sewerage Fund Operations		397	351
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>3,312</b>	<b>3,201</b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		398	396
Fines		388	313
Legal Fees Recovery - Rates & Charges (Extra Charges)		318	515
Commissions & Agency Fees		165	192
Insurance Claim Recoveries		18	51
Recycling Income (non domestic)		414	272
Sales - General		378	342
WHS incentive		113	60
Other		100	58
<b>TOTAL OTHER REVENUE</b>		<b>2,292</b>	<b>2,199</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1 5,003	2,462	-	-
Financial Assistance - Local Roads Component	1 1,572	758	-	-
Pensioners' Rates Subsidies - General Component	482	481	-	-
<b>Total General Purpose</b>	<b>7,057</b>	<b>3,701</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

**Specific Purpose**

## Pensioners' Rates Subsidies:

- Water	201	201	-	-
- Sewerage	189	190	-	-
- Domestic Waste Management	148	148	-	-
- Other	21	21	-	-
Sewerage Services	-	-	159	-
Boatramps and Wharfs	20	-	6	15
Bushfire & Emergency Services	566	706	(138)	297
Community Care	4,816	4,509	-	-
Cycleways	-	-	229	-
Economic Development	9	9	-	-
Employment & Training Programs	-	12	-	-
Environmental Protection	958	665	-	44
Flood Restoration	4	-	-	-
Heritage & Cultural	55	94	269	69
Library	42	58	-	-
LIRS Subsidy	88	51	-	-
Parks & Reserves	281	10	15	20
Recreation & Culture	-	22	47	43
SEROC	-	498	-	-
Street Lighting	93	51	-	-
Transport (Roads to Recovery)	967	733	-	-
Transport (Other Roads & Bridges Funding)	-	-	353	354
Transport (Bus Transport)	-	-	241	-
Other	45	41	-	-
<b>Total Specific Purpose</b>	<b>8,503</b>	<b>8,019</b>	<b>1,181</b>	<b>842</b>
<b>Total Grants</b>	<b>15,560</b>	<b>11,720</b>	<b>1,181</b>	<b>842</b>

**Grant Revenue is attributable to:**

- Commonwealth Funding	9,359	6,096	159	62
- State Funding	6,119	5,462	931	776
- Other Funding	82	162	91	4
	<b>15,560</b>	<b>11,720</b>	<b>1,181</b>	<b>842</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	12	13	568	665
S 94A - Fixed Development Consent Levies	-	-	373	199
S 64 - Water Supply Contributions	-	-	1,148	590
S 64 - Sewerage Service Contributions	-	-	910	481
Subdivider Dedications	-	-	1,416	1,781
<b>Total Developer Contributions</b>	<b>12</b>	<b>13</b>	<b>4,415</b>	<b>3,716</b>
<b>Other Contributions:</b>				
Arts and Culture	10	27	-	-
Community Services	9	16	-	-
Cycleways	-	-	35	50
Emergency Services	-	56	15	935
Employment & Training Program	46	53	-	-
Kerb & Gutter	28	62	-	21
Libraries	81	80	-	-
Paving	8	-	36	-
Recreation & Culture	72	-	-	-
Roads & Bridges	2	-	-	-
Roadworks	15	2	-	281
RMS Contributions (Regional Roads, Block Grant)	1,078	2,220	406	552
SEROC	-	232	-	-
Sewerage (excl. Section 64 contributions)	41	2	80	-
Sports Grounds, Parks & Recreation	241	186	37	20
Waste Management	47	18	-	-
Water Supplies (excl. Section 64 contributions)	-	-	169	-
Solar Rebate - STC's	-	-	84	-
Other	46	46	1	54
<b>Total Other Contributions</b>	<b>1,724</b>	<b>3,000</b>	<b>863</b>	<b>1,913</b>
<b>Total Contributions</b>	<b>1,736</b>	<b>3,013</b>	<b>5,278</b>	<b>5,629</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>17,296</b>	<b>14,733</b>	<b>6,459</b>	<b>6,471</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Actual 2015	Actual 2014
<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	7,400	7,434
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	4,736	3,116
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(3,103)	(3,149)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>1,633</b>	<b>(34)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>9,033</b>	<b>7,400</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	4,218	3,959
- Developer Contributions	4,715	3,441
- Other Contributions	100	-
	<b>9,033</b>	<b>7,400</b>



## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		24,440	24,200
Travelling		1,324	1,339
Employee Leave Entitlements (ELE)		4,889	5,028
Superannuation		3,283	3,144
Workers' Compensation Insurance		800	1,081
Fringe Benefit Tax (FBT)		240	224
Payroll Tax		343	345
Training Costs (other than Salaries & Wages)		479	503
Other		342	291
<b>Total Employee Costs</b>		<b>36,140</b>	<b>36,155</b>
less: Capitalised Costs		(4,011)	(3,602)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>32,129</b>	<b>32,553</b>
Number of "Equivalent Full Time" Employees at year end (Includes all permanent, casual, temporary and backfilled staff, as well as trainees and cadets).		461	437
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		3,559	3,761
<b>Total Interest Bearing Liability Costs Expended</b>		<b>3,559</b>	<b>3,761</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	136	50
Interest applicable on Interest Free (& favourable) Loans to Council		282	322
<b>Total Other Borrowing Costs</b>		<b>418</b>	<b>372</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>3,977</b>	<b>4,133</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		15,964	16,864
Contractor & Consultancy Costs		4,357	3,954
Auditors Remuneration <sup>(1)</sup>		162	44
Legal Expenses:			
- Legal Expenses: Planning & Development		91	8
- Legal Expenses: Debt Recovery		302	383
- Legal Expenses: Other		150	256
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>21,026</b>	<b>21,509</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Materials &amp; Contracts (continued)</b>			
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		40	38
- Other audit & assurance services (Asbestos Compliance)		59	-
- Other Services: Council's Auditor (Sewer & Water Best Practice)		7	6
- Other audit & assurance services		56	-
<b>Remuneration for audit and other assurance services</b>		<b>162</b>	<b>44</b>
<b>Total Auditor Remuneration</b>		<b>162</b>	<b>44</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant and Equipment		-	-	2,090	1,956
Office Equipment		-	-	489	406
Furniture & Fittings		-	-	114	121
Land Improvements (depreciable)		-	-	48	43
Buildings - Non Specialised		-	-	1,258	1,274
Buildings - Specialised		-	-	994	981
Other Structures		-	-	548	493
Infrastructure:					
- Roads		-	-	6,952	5,298
- Bridges		-	225	703	626
- Footpaths		-	-	458	453
- Stormwater Drainage		-	-	1,427	1,414
- Water Supply Network		-	-	5,778	5,799
- Sewerage Network		-	-	6,199	6,097
- Swimming Pools		-	-	56	56
- Other Open Space/Recreational Assets		-	-	1,820	1,900
Other Assets					
- Library Books		-	-	176	178
- Other		-	-	0	0
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>225</b>	<b>29,110</b>	<b>27,095</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		329	449
Bad & Doubtful Debts		91	183
Bank Charges / Cash Collection Expenses		261	249
Commissions		315	443
Community Care Outsourced		669	452
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		55	57
- NSW Fire Brigade Levy		139	139
- NSW Rural Fire Service Levy		517	532
- Other Contributions/Levies		223	201
Councillor Expenses - Mayoral Fee		38	38
Councillor Expenses - Councillors' Fees		157	157
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		123	113
Donations, Contributions & Assistance to other organisations (Section 356)		208	178
Electricity & Heating		2,110	2,500
Insurance		1,067	1,383
Street Lighting		463	478
Subscriptions & Publications		268	272
Telephone & Communications		576	567
Valuation Fees		159	170
Venue / Facility Hire		17	16
Other		326	341
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>8,111</u></b>	<b><u>8,918</u></b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		656	19
less: Carrying Amount of Property Assets Sold / Written Off		(499)	(12)
<b>Net Gain/(Loss) on Disposal</b>		<b>157</b>	<b>7</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		560	732
less: Carrying Amount of P&E Assets Sold / Written Off		(594)	(781)
<b>Net Gain/(Loss) on Disposal</b>		<b>(34)</b>	<b>(49)</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(3,184)	(2,993)
<b>Net Gain/(Loss) on Disposal</b>		<b>(3,184)</b>	<b>(2,993)</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		-	457
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(8)	(60)
<b>Net Gain/(Loss) on Disposal</b>		<b>(8)</b>	<b>397</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(3,069)</b>	<b>(2,638)</b>
<b>* Financial Assets disposals / redemptions include:</b>			
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"		(8)	397
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>(8)</b>	<b>397</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		493	-	1,011	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1,246	-	3,340	-
- Short Term Deposits		3,000	-	2,000	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>4,739</b>	<b>-</b>	<b>6,351</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		79,500	-	69,000	-
- CDO's and other FRN's		-	-	8	-
<b>Total Investments</b>		<b>79,500</b>	<b>-</b>	<b>69,008</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>84,239</b>	<b>-</b>	<b>75,359</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**

a. "At Fair Value through the Profit & Loss"		<b>4,739</b>	<b>-</b>	<b>6,351</b>	<b>-</b>
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**Investments**

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	-	-	8	-
b. "Held to Maturity"	6(b-ii)	79,500	-	69,000	-
<b>Investments</b>		<b>79,500</b>	<b>-</b>	<b>69,008</b>	<b>-</b>

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 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	8	-	68	-
Additions	1	-	422	-
Disposals (sales & redemptions)	(9)	-	(482)	-
<b>Balance at End of Year</b>	<b>(0)</b>	<b>-</b>	<b>8</b>	<b>-</b>
<b>Comprising:</b>				
- CDO's and other FRN's	-	-	8	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8</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	69,000	-	58,149	-
Additions	44,074	-	39,346	-
Disposals (sales & redemptions)	(33,574)	-	(28,495)	-
<b>Balance at End of Year</b>	<b>79,500</b>	<b>-</b>	<b>69,000</b>	<b>-</b>
<b>Comprising:</b>				
- Long Term Deposits	79,500	-	69,000	-
<b>Total</b>	<b>79,500</b>	<b>-</b>	<b>69,000</b>	<b>-</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>84,239</b>	<b>-</b>	<b>75,359</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	41,141	-	36,760	-
Internal Restrictions (refer below)	13,872	-	12,602	-
Unrestricted	29,227	-	25,997	-
	<b>84,239</b>	<b>-</b>	<b>75,359</b>	<b>-</b>

2015 \$ '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)	46	-	(46)	0
Specific Purpose Unexpended Loans-Sewer (A)	758	-	(546)	212
<b>External Restrictions - Included in Liabilities</b>	<b>803</b>	<b>-</b>	<b>(592)</b>	<b>212</b>

**External Restrictions - Other**

Developer Contributions - General (D)	2,310	1,974	(1,818)	2,466
Developer Contributions - Water Fund (D)	132	663	-	795
Developer Contributions - Sewer Fund (D)	999	555	-	1,554
Specific Purpose Unexpended Grants (F)	2,973	262	-	3,235
Specific Purpose Unexpended Grants-Sewer Fund (F)	983	-	-	983
Water Supplies (G)	10,167	-	(286)	9,881
Sewerage Services (G)	10,580	2,213	-	12,793
Domestic Waste Management (G)	3,048	219	-	3,267
Other Waste Management	4,038	1,241	-	5,279
Stormwater Management (G)	31	446	(430)	48
Community Services Asset Replacement	27	-	-	27
Crown Reserves	532	877	(1,120)	289
Sinking Fund	(0)	-	-	(0)
Tree Fund	44	(0)	(0)	44
Other	92	264	(89)	268
<b>External Restrictions - Other</b>	<b>35,956</b>	<b>8,715</b>	<b>(3,742)</b>	<b>40,929</b>
<b>Total External Restrictions</b>	<b>36,760</b>	<b>8,715</b>	<b>(4,334)</b>	<b>41,141</b>

**A** Loan moneys which must be applied for the purposes for which the loans were raised.

**D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

**F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

**G** 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 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Infrastructure Replacement	644	3,685	(3,806)	523
Employees Leave Entitlement	1,530	75	-	1,605
Carbon Tax Fund	125	-	-	125
Community Development Infrastructure Fund	445	424	(521)	348
Council Election Fund	70	68	-	138
Council Recreational Loan Pool	148	17	(60)	105
Energy and Efficiency Fund	1,162	530	(392)	1,300
Financial Assistance Grants	0	-	-	0
Gravel Pits	158	71	-	229
Interest Equalisation Fund	1,152	-	-	1,152
IT Investment Fund	3,235	-	(436)	2,799
Management Committees	268	140	(143)	265
Real Estate Disposal Fund	1,438	642	-	2,080
Sports Liason Committee	96	-	(136)	(41)
Unexpended General Loan Fund	254	3,381	(3,387)	248
Works Income Equalisation Fund	574	265	(30)	809
Other	1,304	1,076	(194)	2,187
<b>Total Internal Restrictions</b>	<b>12,602</b>	<b>10,374</b>	<b>(9,105)</b>	<b>13,872</b>
<b>TOTAL RESTRICTIONS</b>	<b>49,362</b>	<b>19,089</b>	<b>(13,439)</b>	<b>55,012</b>



## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,369	-	1,626	-
Interest & Extra Charges		346	-	389	-
User Charges & Fees		5,004	-	4,841	-
Accrued Revenues					
- Interest on Investments		409	-	471	-
- Other Income Accruals		434	-	562	-
Government Grants & Subsidies		966	-	1,072	-
Deferred Debtors		25	110	8	94
Net GST Receivable		554	-	575	-
Other Debtors		111	-	-	-
<b>Total</b>		<b>9,218</b>	<b>110</b>	<b>9,544</b>	<b>94</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(25)	-	(131)	-
User Charges & Fees		(517)	-	(356)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(542)</b>	<b>-</b>	<b>(487)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>8,676</u></b>	<b><u>110</u></b>	<b><u>9,057</u></b>	<b><u>94</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		3,301	-	3,182	-
<b>Sewerage Services</b>					
- Rates & Availability Charges		176	-	150	-
- Other		176	-	-	-
<b>Total External Restrictions</b>		<b>3,653</b>	<b>-</b>	<b>3,332</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>5,023</b>	<b>110</b>	<b>5,725</b>	<b>94</b>
<b>TOTAL NET RECEIVABLES</b>		<b><u>8,676</u></b>	<b><u>110</u></b>	<b><u>9,057</u></b>	<b><u>94</u></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 8.50% (2014 9.00%). 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 2015

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		601	-	630	-
<b>Total Inventories</b>		<b>601</b>	<b>-</b>	<b>630</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		159	-	193	-
Work In Progress		10	-	19	-
<b>Total Other Assets</b>		<b>169</b>	<b>-</b>	<b>212</b>	<b>-</b>
<b>TOTAL INVENTORIES/ OTHER ASSETS</b>		<b>770</b>	<b>-</b>	<b>842</b>	<b>-</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		59	-	59	-
Prepayments		122	-	166	-
<b>Total Water</b>		<b>181</b>	<b>-</b>	<b>225</b>	<b>-</b>
<b>Sewerage</b>					
Nil					
<b>Domestic Waste Management</b>					
Nil					
<b>Other</b>					
Nil					
<b>Total Externally Restricted Assets</b>		<b>181</b>	<b>-</b>	<b>225</b>	<b>-</b>
<b>Total Unrestricted Assets</b>		<b>589</b>	<b>-</b>	<b>617</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>770</b>	<b>-</b>	<b>842</b>	<b>-</b>

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

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period						as at 30/6/2015				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment										Dep'n	Impairment	
Capital Work in Progress	13,025	-	-	-	13,025	574	-	-	-	-	-	13,599	-	-	-	13,599
Plant & Equipment	-	33,027	17,809	-	15,218	3,191	(595)	(2,090)	-	-	-	-	34,707	18,983	-	15,724
Office Equipment	-	6,680	5,075	-	1,605	728	(5)	(489)	-	-	-	-	5,173	3,334	-	1,839
Furniture & Fittings	-	1,369	980	-	389	12	-	(114)	(1)	-	-	-	1,208	921	-	287
<b>Land:</b>																
- Operational Land	-	65,322	-	-	65,322	-	(116)	-	-	-	-	-	65,206	-	-	65,206
- Community Land	-	128,476	-	-	128,476	-	(325)	-	(415)	-	-	-	127,735	-	-	127,735
- Land under Roads (post 30/6/08)	-	19,254	-	-	19,254	42	-	-	-	-	-	-	19,296	-	-	19,296
Land Improvements - non depreciable	-	220	-	-	220	-	-	-	-	-	-	-	220	-	-	220
Land Improvements - depreciable	-	3,216	393	-	2,823	35	-	(48)	(132)	-	-	-	3,083	405	-	2,678
Buildings - Non Specialised	-	56,061	22,615	-	33,446	797	(0)	(1,258)	(22)	-	-	-	57,080	23,854	-	33,226
Buildings - Specialised	-	47,071	18,702	-	28,369	848	(52)	(994)	(342)	-	-	-	47,062	19,496	-	27,566
Other Structures	-	12,959	5,790	-	7,169	702	(4)	(548)	(33)	-	-	-	13,585	6,298	-	7,287
<b>Infrastructure:</b>																
- Roads	-	487,620	160,721	-	326,899	10,107	(941)	(6,952)	352	-	43,565	-	507,899	134,867	-	373,032
- Bridges	-	36,327	12,905	-	23,422	364	(207)	(703)	(1,951)	-	2,167	-	42,697	19,605	-	23,092
- Footpaths	-	30,271	6,130	-	24,141	2,265	(178)	(458)	711	(3,986)	-	-	30,262	7,767	-	22,495
- Stormwater Drainage	-	96,231	36,116	-	60,115	497	(136)	(1,427)	1,909	-	21,508	-	109,978	27,514	-	82,464
- Water Supply Network	-	408,561	131,883	-	276,678	1,795	(1,028)	(5,778)	-	-	4,047	-	414,457	138,742	-	275,715
- Sewerage Network	-	387,098	157,864	-	229,234	3,093	(436)	(6,199)	-	-	3,337	-	394,755	165,725	-	229,030
- Swimming Pools	-	3,195	2,041	-	1,154	-	-	(56)	-	-	-	-	3,195	2,097	-	1,098
- Other Open Space/Recreational Assets	-	52,309	21,884	-	30,425	1,316	(256)	(1,820)	(493)	-	-	-	52,446	23,274	-	29,172
<b>Other Assets:</b>																
- Library Books	-	907	362	-	545	157	-	(176)	-	-	-	-	867	341	-	526
- Other	-	16	11	-	5	106	-	(0)	-	-	-	-	113	2	-	111
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26):</b>																
- Tip Assets	-	294	214	-	80	(79)	-	-	-	-	-	-	214	214	-	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>13,025</b>	<b>1,876,484</b>	<b>601,495</b>	<b>-</b>	<b>1,288,014</b>	<b>26,549</b>	<b>(4,278)</b>	<b>(29,110)</b>	<b>(415)</b>	<b>(3,986)</b>	<b>74,624</b>	<b>13,599</b>	<b>1,931,238</b>	<b>593,439</b>	<b>-</b>	<b>1,351,398</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$11,670) and New Assets (\$10,112).

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

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

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

\$ '000	Actual				Actual			
	2015				2014			
Class of Asset	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	1,735	-	-	<b>1,735</b>	1,317	-	-	<b>1,317</b>
Plant & Equipment	-	3,221	1,537	<b>1,684</b>	-	2,926	1,330	<b>1,596</b>
Office Equipment	-	180	88	<b>92</b>	-	157	77	<b>80</b>
Furniture & Fittings	-	-	-	<b>-</b>	-	1	1	<b>-</b>
Land								
- Operational Land	-	1,856	-	<b>1,856</b>	-	1,856	-	<b>1,856</b>
- Community Land	-	488	-	<b>488</b>	-	488	-	<b>488</b>
Buildings	-	2,771	657	<b>2,114</b>	-	2,809	619	<b>2,190</b>
Other Structures	-	37	19	<b>18</b>	-	37	17	<b>20</b>
Infrastructure	-	414,456	138,742	<b>275,714</b>	-	408,561	131,883	<b>276,678</b>
<b>Total Water Supply</b>	<b>1,735</b>	<b>423,009</b>	<b>141,043</b>	<b>283,701</b>	<b>1,317</b>	<b>416,835</b>	<b>133,927</b>	<b>284,225</b>
<b>Sewerage Services</b>								
WIP	6,212	-	-	<b>6,212</b>	5,608	-	-	<b>5,608</b>
Plant & Equipment	-	1,547	1,218	<b>329</b>	-	1,598	1,215	<b>383</b>
Office Equipment	-	220	140	<b>80</b>	-	258	156	<b>102</b>
Furniture & Fittings	-	4	3	<b>1</b>	-	4	3	<b>1</b>
Land								
- Operational Land	-	3,138	-	<b>3,138</b>	-	3,138	-	<b>3,138</b>
- Community Land	-	15	-	<b>15</b>	-	15	-	<b>15</b>
Buildings	-	3,970	1,457	<b>2,513</b>	-	3,728	1,359	<b>2,369</b>
Other Structures	-	45	16	<b>29</b>	-	45	14	<b>31</b>
Infrastructure	-	394,755	165,725	<b>229,030</b>	-	387,098	157,864	<b>229,234</b>
Other Assets	-	93	3	<b>90</b>	-	53	(2)	<b>55</b>
<b>Total Sewerage Services</b>	<b>6,212</b>	<b>403,787</b>	<b>168,562</b>	<b>241,437</b>	<b>5,608</b>	<b>395,937</b>	<b>160,609</b>	<b>240,936</b>
<b>Domestic Waste Management</b>								
WIP	406	-	-	<b>406</b>	392	-	-	<b>392</b>
Plant & Equipment	-	2,482	1,189	<b>1,293</b>	-	2,509	1,000	<b>1,509</b>
Office Equipment	-	127	42	<b>85</b>	-	125	23	<b>102</b>
Furniture & Fittings	-	2	2	<b>-</b>	-	2	1	<b>1</b>
Land								
- Operational Land	-	4,252	-	<b>4,252</b>	-	4,252	-	<b>4,252</b>
Buildings	-	757	283	<b>474</b>	-	757	265	<b>492</b>
Other Structures	-	2,977	1,662	<b>1,315</b>	-	2,977	1,455	<b>1,522</b>
Infrastructure	-	106	-	<b>106</b>	-	79	-	<b>79</b>
<b>Total DWM</b>	<b>406</b>	<b>10,703</b>	<b>3,178</b>	<b>7,931</b>	<b>392</b>	<b>10,701</b>	<b>2,744</b>	<b>8,349</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>8,353</b>	<b>837,499</b>	<b>312,783</b>	<b>533,069</b>	<b>7,317</b>	<b>823,473</b>	<b>297,280</b>	<b>533,510</b>

## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(i) Impairment Losses recognised in the Income Statement:</b>			
Broulee Bridge load limit was reduced in 2014 due to corrosion.		-	(225)
<b>Total Impairment Losses</b>		<b>-</b>	<b>(225)</b>
<b><u>IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L</u></b>	4(d)	<b>-</b>	<b>(225)</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		4,856	-	4,577	-
Goods & Services - capital expenditure		2,626	-	2,276	-
Payments Received In Advance		315	-	480	-
Accrued Expenses:					
- Other Expenditure Accruals		846	-	503	-
Security Bonds, Deposits & Retentions		278	-	299	-
Other		114	-	108	-
<b>Total Payables</b>		<b>9,035</b>	<b>-</b>	<b>8,243</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		11,314	45,325	13,191	50,618
<b>Total Borrowings</b>		<b>11,314</b>	<b>45,325</b>	<b>13,191</b>	<b>50,618</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		3,255	-	3,481	-
Long Service Leave		5,970	311	5,897	232
Sub Total - Aggregate Employee Benefits		9,225	311	9,378	232
Asset Remediation/Restoration (Future Works) <sup>26</sup>		291	1,747	291	1,726
<b>Total Provisions</b>		<b>9,516</b>	<b>2,058</b>	<b>9,669</b>	<b>1,958</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>29,865</b>	<b>47,383</b>	<b>31,103</b>	<b>52,576</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2015		2014	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		1,512	1,139	5,979	2,649
Sewer		6,901	12,112	3,343	17,573
Domestic Waste Management		366	3,458	705	3,509
Liabilities relating to externally restricted assets		8,779	16,709	10,027	23,731
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		8,779	16,709	10,027	23,731
<b>Total Liabilities relating to Unrestricted Assets</b>		21,086	30,674	21,076	28,845
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>29,865</b>	<b>47,383</b>	<b>31,103</b>	<b>52,576</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 2015

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

\$ '000	Actual 2015	Actual 2014
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**(ii) Current Liabilities not anticipated to be settled within the next 12 months**

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

Provisions - Employees Benefits	5,172	5,300
	<u>5,172</u>	<u>5,300</u>

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

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	3,481	(226)	-	-	-	3,255
Long Service Leave	6,129	152	-	-	-	6,281
Asset Remediation	2,017	(115)	-	136	-	2,038
<b>TOTAL</b>	<b>11,627</b>	<b>(189)</b>	<b>-</b>	<b>136</b>	<b>-</b>	<b>11,574</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 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	4,739	6,351
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>4,739</b>	<b>6,351</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>8,035</b>	<b>3,548</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		29,110	27,095
Net Losses/(Gains) on Disposal of Assets		3,069	2,638
Non Cash Capital Grants and Contributions		(1,416)	(2,603)
Impairment Losses Recognition - I,PP&E		-	225
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		282	322
Unwinding of Discount Rates on Reinstatement Provisions		136	50
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		343	174
Increase/(Decrease) in Provision for Doubtful Debts		55	177
Decrease/(Increase) in Inventories		29	110
Decrease/(Increase) in Other Assets		43	(80)
Increase/(Decrease) in Payables		279	1,443
Increase/(Decrease) in other accrued Expenses Payable		343	(681)
Increase/(Decrease) in Other Liabilities		(180)	(291)
Increase/(Decrease) in Employee Leave Entitlements		(74)	515
Increase/(Decrease) in Other Provisions		(115)	(28)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>39,939</b>	<b>32,614</b>



## Eurobodalla Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Private Subdivisions		1,416	2,603
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>1,416</b>	<b>2,603</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>

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 2015

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
<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>			
Plant & Equipment		1,100	493
Water Supply		6	59
Sewer		601	2,488
Other Structures		7	14
<b>Total Commitments</b>		<b>1,713</b>	<b>3,054</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		1,713	2,324
Later than one year and not later than 5 years		-	730
<b>Total Payable</b>		<b>1,713</b>	<b>3,054</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		1,390	3,054
Internally Restricted Reserves		187	-
Unexpended Loans		136	-
<b>Total Sources of Funding</b>		<b>1,713</b>	<b>3,054</b>

**Details of Capital Commitments**

Current capital commitments include plant and equipment (mainly large machinery) required for usage in general finalisation operations, Water and Sewer asset upgrades and construction, refurbishment, project management and the of solar installations.

**(b) Finance Lease Commitments**

Nil

**(c) Operating Lease Commitments (Non Cancellable)****a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:**

Within the next year	26	-
Later than one year and not later than 5 years	269	-
Later than 5 years	-	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>295</b>	<b>-</b>

**b. Non Cancellable Operating Leases include the following assets:**

Photocopiers

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

**Conditions relating to Operating Leases:**

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014      2013	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>4,645</u>	<b>4.69%</b>	-0.30%	-1.14%
Total continuing operating revenue <sup>(1)</sup>	<b>98,998</b>			
(excl. Capital Grants & Contributions)				
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. ALL Grants &amp; Contributions)</u>	<u>81,702</u>	<b>77.47%</b>	78.93%	78.32%
Total continuing operating revenue <sup>(1)</sup>	<b>105,457</b>			
(excl. Capital Grants & Contributions)				
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>49,167</u>	<b>3.09x</b>	2.85	2.15
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>15,914</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	<u>37,732</u>	<b>2.55x</b>	3.50	3.46
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>14,810</u>			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>1,690</u>	<b>3.07%</b>	3.56%	4.21%
Rates, Annual and Extra Charges Collectible	<u>54,995</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>84,239</u>	<b>12.24</b>	10.57	10.64
Payments from cash flow of operating and financing activities	<u>6,882</u>	<b>mths</b>		

## Notes

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

(2) Refer Notes 6-8 inclusive.

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

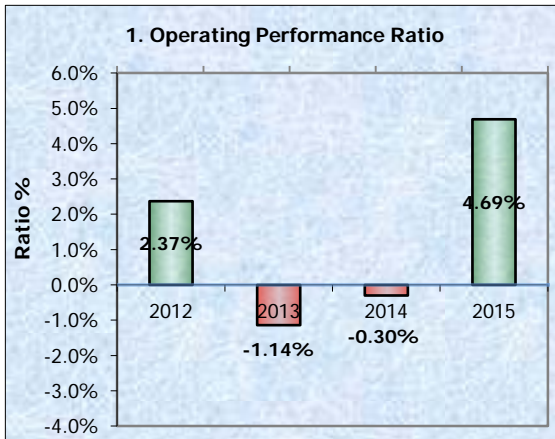
(3) Refer to Note 10(a).

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

# Eurobodalla Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2015

### Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



**Purpose of Operating Performance Ratio**

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

**Commentary on 2014/15 Result**

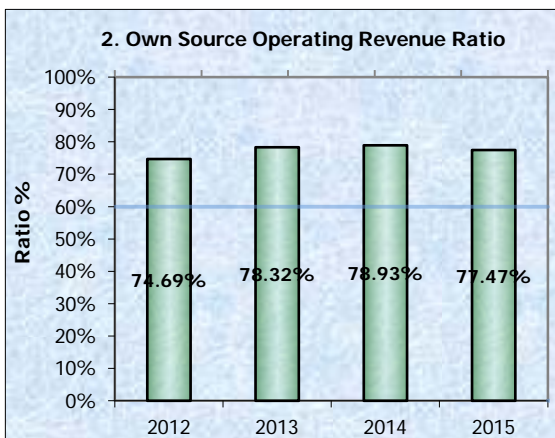
**2014/15 Ratio 4.69%**

Revenue has improved by 5% compared to the previous year and costs have remained static, leading to an improved performance.

Benchmark: Minimum  $\geq 0.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Own Source Operating Revenue Ratio**

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

**Commentary on 2014/15 Result**

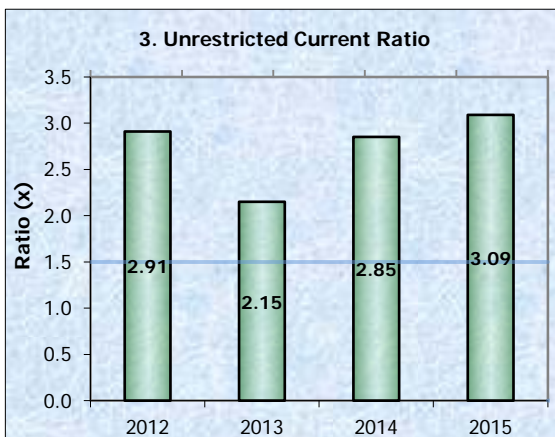
**2014/15 Ratio 77.47%**

Consistent with prior years and above benchmark. Reflects Council's ability to generate own funding sources eg rates.

Benchmark: Minimum  $\geq 60.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Unrestricted Current Ratio**

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

**Commentary on 2014/15 Result**

**2014/15 Ratio 3.09x**

The increase in this year's ratio is attributable to an increase in long term investments. Result indicates Council is in a sound position to satisfy its short term financial obligations.

Benchmark: Minimum  $\geq 1.50$

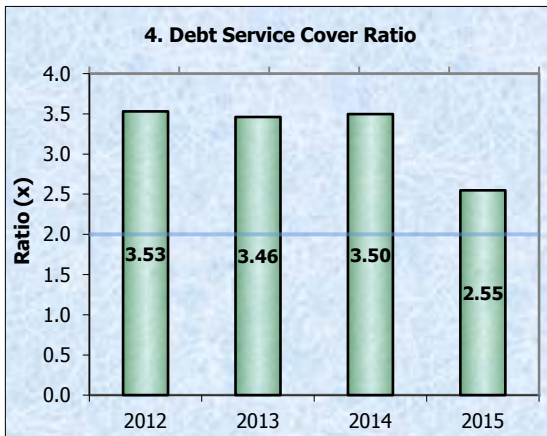
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark

# Eurobodalla Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2015

### Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



**Purpose of Debt Service Cover Ratio**

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

**Commentary on 2014/15 Result**

**2014/15 Ratio 2.55x**

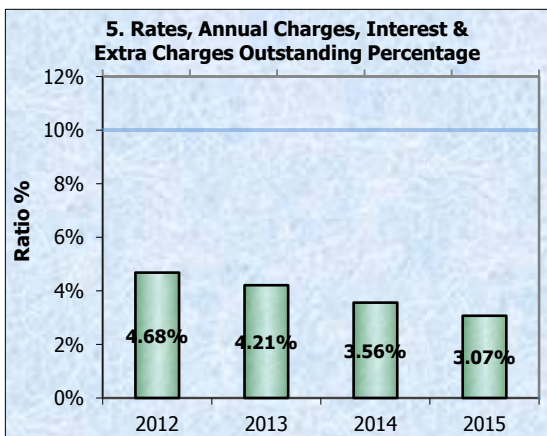
This ratio has been affected by a 12% decrease in debt compared to last year and indicates that Council is in a sound position to service debt.

Benchmark: ——— Minimum  $\geq 2.00$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23



Ratio is within Benchmark  
Ratio is outside Benchmark



**Purpose of Rates & Annual Charges Outstanding Ratio**

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

**Commentary on 2014/15 Result**

**2014/15 Ratio 3.07%**

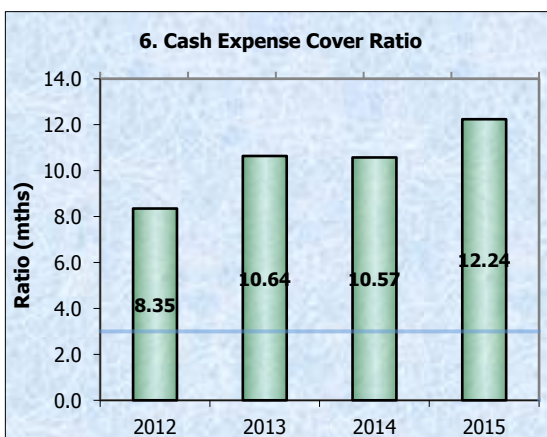
This ratio has been consistently improving reflecting Council's thorough and well managed debt collection process.

Benchmark: ——— Maximum  $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23



Ratio is within Benchmark  
Ratio is outside Benchmark



**Purpose of Cash Expense Cover Ratio**

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

**Commentary on 2014/15 Result**

**2014/15 Ratio 12.24 mths**

This ratio has been improving due to a 12% improvement in cash, indicating Council has the ability to meet short term debts.

Benchmark: ——— Minimum  $\geq 3.00$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23



Ratio is within Benchmark  
Ratio is outside Benchmark

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Water 2015	Sewer 2015	General <sup>5</sup> 2015
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>3.86%</b>	<b>8.78%</b>	<b>3.70%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period: -0.98%	0.76%	-4.79%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. ALL Grants &amp; Contributions)</u>	<b>90.90%</b>	<b>92.97%</b>	<b>69.50%</b>
Total continuing operating revenue <sup>(1)</sup>			
	prior period: 94.26%	93.52%	70.94%
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions <sup>(2)</sup></u>	<b>8.84x</b>	<b>2.17x</b>	<b>3.09x</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>			
	prior period: 2.27	3.55	2.85
<b>4. Debt Service Cover Ratio</b>			
<u>Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation</u>	<b>1.05x</b>	<b>2.70x</b>	<b>4.79x</b>
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)			
	prior period: 5.23	2.27	3.98
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>0.00%</b>	<b>0.00%</b>	<b>5.30%</b>
Rates, Annual and Extra Charges Collectible			
	prior period: 0.00%	0.00%	5.98%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents <u>+ All Term Deposits</u>	<b>7.95</b>	<b>11.26</b>	<b>13.67</b>
Payments from cash flow of operating and financing activities	mths	mths	mths
	prior period: 12.77	7.66	11.03

## Notes

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

(5) General Fund refers to all of Council's activities except for its Water &amp; Sewer activities which are listed separately.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

## Note 15. Financial Risk Management

## 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	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	4,739	6,351	4,739	6,351
Investments				
- "Held for Trading"	-	8	-	8
- "Held to Maturity"	79,500	69,000	79,500	69,000
Receivables	8,786	9,151	8,464	9,151
<b>Total Financial Assets</b>	<b>93,025</b>	<b>84,510</b>	<b>92,703</b>	<b>84,510</b>
<b>Financial Liabilities</b>				
Payables	8,720	7,763	-	7,763
Loans / Advances	56,639	63,809	-	63,809
<b>Total Financial Liabilities</b>	<b>65,359</b>	<b>71,572</b>	<b>-</b>	<b>71,572</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.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 15. Financial Risk Management (continued)

\$ '000

(a) 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 risks associated with the investments held are:

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

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

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

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>2015</b>				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	837	837	(837)	(837)
<b>2014</b>				
Possible impact of a 10% movement in Market Values	1	1	(1)	(1)
Possible impact of a 1% movement in Interest Rates	743	743	(743)	(743)



## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 15. Financial Risk Management (continued)

\$ '000

## (b) 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 stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	90%	0%	94%
Overdue	100%	10%	100%	6%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

		2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(ii) Ageing of Receivables - value</b>					
<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>				
Current	Current	-	7,141	-	7,416
< 1 year overdue	0 - 30 days overdue	1,369	208	1,625	108
1 - 2 years overdue	30 - 60 days overdue	-	42	-	106
2 - 5 years overdue	60 - 90 days overdue	-	20	-	11
> 5 years overdue	> 90 days overdue	-	548	-	372
		<u>1,369</u>	<u>7,959</u>	<u>1,625</u>	<u>8,013</u>

**(iii) Movement in Provision for Impairment of Receivables**

	2015	2014
Balance at the beginning of the year	487	310
+ new provisions recognised during the year	161	176
<b>Balance at the end of the year</b>	<u>648</u>	<u>486</u>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) 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 maturity table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2015</b>									
Trade/Other Payables	278	8,757	-	-	-	-	-	9,035	8,720
Loans & Advances	-	7,588	8,541	3,981	3,619	6,762	26,828	57,319	56,639
<b>Total Financial Liabilities</b>	<b>278</b>	<b>16,345</b>	<b>8,541</b>	<b>3,981</b>	<b>3,619</b>	<b>6,762</b>	<b>26,828</b>	<b>66,354</b>	<b>65,359</b>
<b>2014</b>									
Trade/Other Payables	299	7,944	-	-	-	-	-	8,243	7,763
Loans & Advances	-	13,191	10,755	8,621	7,335	5,841	19,027	64,770	63,809
<b>Total Financial Liabilities</b>	<b>299</b>	<b>21,135</b>	<b>10,755</b>	<b>8,621</b>	<b>7,335</b>	<b>5,841</b>	<b>19,027</b>	<b>73,013</b>	<b>71,572</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:

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	8,720	0.0%	7,763	0.0%
Loans & Advances - Fixed Interest Rate	50,319	5.9%	57,716	6.3%
Loans & Advances - Variable Interest Rate	2,664	6.4%	1,849	4.6%
Loans & Advances - Interest Free	3,656	0.0%	4,244	0.0%
	<u>65,359</u>		<u>71,572</u>	

## Loan Agreement breaches

Nil

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 24 June 2014.

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	2015 Budget	2015 Actual	2015 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>52,472</b>	<b>52,570</b>	<b>98</b>	<b>0%</b>	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>20,846</b>	<b>23,528</b>	<b>2,682</b>	<b>13%</b>	<b>F</b>
Favourable revenues largely resulting from additional patronage at campgrounds and caravan parks, and an increase in commercial waste deposited at the waste landfill stations.					
<b>Interest &amp; Investment Revenue</b>	<b>3,006</b>	<b>3,312</b>	<b>306</b>	<b>10%</b>	<b>F</b>
Favourable investment revenues, primarily as a result of above budget interest on deposits in water and sewer funds.					
<b>Other Revenues</b>	<b>1,918</b>	<b>2,292</b>	<b>374</b>	<b>19%</b>	<b>F</b>
An increase in revenue as a result of additional recycling, fines, leases, licences and rent.					
<b>Operating Grants &amp; Contributions</b>	<b>14,622</b>	<b>17,296</b>	<b>2,674</b>	<b>18%</b>	<b>F</b>
Additional grants and contributions were received throughout the year including, but not limited to, various community wellbeing, environmental, recreational and transport projects.					
<b>Capital Grants &amp; Contributions</b>	<b>2,418</b>	<b>6,459</b>	<b>4,041</b>	<b>167%</b>	<b>F</b>
Additional developer contributions, reflective of the current development conditions were received. During the year Council assumed control of various Rural Fire Service vehicles and further to this also received various developer dedications. Council continued to receive additional grants and contributions towards various projects, most notably in Transport and Water and Sewer services.					

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>35,116</b>	<b>32,129</b>	<b>2,987</b>	9% <b>F</b>
<b>Borrowing Costs</b>	<b>4,515</b>	<b>3,977</b>	<b>538</b>	12% <b>F</b>
The favourable variation in borrowing costs is largely due to reduced borrowings requirements and also an additional receipt of Local Infrastructure Renewal Scheme subsidies.				
<b>Materials &amp; Contracts</b>	<b>19,991</b>	<b>21,026</b>	<b>(1,035)</b>	(5%) <b>U</b>
The substantial variation between budgeted and actual final materials, contracts and other expenditure has been largely as a result of \$2.5M of mainly grant and contribution related expenditure carried forward from 2013-14. Expenditure relating to additional grants and contributions received throughout 2014-15 have further impacted on this result.				
<b>Depreciation &amp; Amortisation</b>	<b>30,287</b>	<b>29,110</b>	<b>1,177</b>	4% <b>F</b>
<b>Other Expenses</b>	<b>6,471</b>	<b>8,111</b>	<b>(1,640)</b>	(25%) <b>U</b>
Expenses classified as 'other expenses' are generally materials and contract related and are combined therein for reporting purposes.				
<b>Net Losses from Disposal of Assets</b>	<b>(860)</b>	<b>3,069</b>	<b>(3,929)</b>	457% <b>U</b>
Significant book value write offs mainly resulting from the relocation of the Spine Road water pipeline, reconstruction of road and sewer assets prior to reaching the end of their expected lives.				
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash Flows from Operating Activities</b>	<b>29,189</b>	<b>39,939</b>	<b>10,750</b>	36.8% <b>F</b>
Increased cash flows largely as a result of additional revenues from waste, campgrounds, and caravan parks, leases and licencing, and further complemented by additional investment revenues, lower interest expenditure and increased grants and contributions received.				
<b>Cash Flows from Investing Activities</b>	<b>(29,150)</b>	<b>(34,099)</b>	<b>(4,949)</b>	17.0% <b>U</b>
Contributions have been invested to align with programmed expenditure requirements.				
<b>Cash Flows from Financing Activities</b>	<b>(1,521)</b>	<b>(7,452)</b>	<b>(5,931)</b>	389.9% <b>U</b>
Cash flow is impacted by lower borrowings associated with the timing of capital expenditure works and an increase in available unrestricted funding due to favourable revenue and expense variances.				

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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	1,314	377	-	50	(235)	-	1,506	22,359	(69,318)	(45,453)	-
Parking	589	44	-	18	(204)	(447)	-	2,309	(2,756)	(447)	-
Open Space	(391)	73	-	(11)	-	329	-	8,162	(29,671)	(21,509)	-
Community Facilities	(26)	6	-	(1)	-	21	-	774	(2,856)	(2,082)	-
Cycleways/Pedestrian	16	14	-	-	(8)	(22)	-	1,876	(6,901)	(5,025)	-
Administration	(162)	12	-	(6)	(27)	183	-	819	(660)	159	-
Waste Disposal	228	17	-	8	(8)	(64)	181	666	(911)	(64)	-
Bushfire Protection	62	-	-	2	-	-	64	-	(64)	-	-
<b>S94 Contributions - under a Plan</b>	<b>1,630</b>	<b>543</b>	<b>-</b>	<b>60</b>	<b>(482)</b>	<b>-</b>	<b>1,751</b>	<b>36,965</b>	<b>(113,137)</b>	<b>(74,421)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>76</b>	<b>373</b>	<b>-</b>	<b>9</b>	<b>(19)</b>	<b>-</b>	<b>439</b>	<b>3,662</b>	<b>(119,955)</b>	<b>(115,854)</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>1,706</b>	<b>916</b>	<b>-</b>	<b>69</b>	<b>(501)</b>	<b>-</b>	<b>2,190</b>	<b>40,627</b>	<b>(233,092)</b>	<b>(190,275)</b>	<b>-</b>
S94 not under Plans	450	37	-	9	(319)	-	177	731	(908)	-	-
S93F Planning Agreements	44	-	-	1	(45)	-	-	-	-	-	-
S64 Contributions	1,241	2,091	-	69	(953)	-	2,448	33,103	(116,447)	(80,896)	-
<b>Total Contributions</b>	<b>3,441</b>	<b>3,044</b>	<b>-</b>	<b>148</b>	<b>(1,818)</b>	<b>-</b>	<b>4,815</b>	<b>74,461</b>	<b>(350,447)</b>	<b>(271,171)</b>	<b>-</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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	(111)	1	-	(4)	-	114	-	248	(779)	(531)	-
- Central District	24	2	-	1	-	(27)	-	260	(991)	(731)	-
- Southern District	61	3	-	2	-	(66)	-	266	(1,086)	(820)	-
<b>Total</b>	<b>(26)</b>	<b>6</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>774</b>	<b>(2,856)</b>	<b>(2,082)</b>	<b>-</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	228	17	-	8	(8)	(64)	181	666	(911)	(64)	-
<b>Total</b>	<b>228</b>	<b>17</b>	<b>-</b>	<b>8</b>	<b>(8)</b>	<b>(64)</b>	<b>181</b>	<b>666</b>	<b>(911)</b>	<b>(64)</b>	<b>-</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	392	-	-	12	(152)	(252)	-	1,705	(1,957)	(252)	-
- Moruya	70	-	-	2	-	(72)	-	122	(194)	(72)	-
- Narooma	127	44	-	4	(52)	(123)	-	193	(316)	(123)	-
- Central Tilba	-	-	-	-	-	-	-	289	(289)	-	-
<b>Total</b>	<b>589</b>	<b>44</b>	<b>-</b>	<b>18</b>	<b>(204)</b>	<b>(447)</b>	<b>-</b>	<b>2,309</b>	<b>(2,756)</b>	<b>(447)</b>	<b>-</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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	(199)	238	-	(3)	(162)	126	-	16,859	(62,186)	(45,327)	-
<b>Total</b>	<b>(199)</b>	<b>238</b>	<b>-</b>	<b>(3)</b>	<b>(162)</b>	<b>126</b>	<b>-</b>	<b>16,859</b>	<b>(62,186)</b>	<b>(45,327)</b>	<b>-</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	-	-	-	-	-	-	-	116	(116)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>(116)</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	14	35	-	1	-	(50)	-	5,614	(20,580)	(14,966)	-
- Northern District	(59)	21	-	(1)	-	39	-	1,458	(5,217)	(3,759)	-
- Central District	(245)	14	-	(8)	-	239	-	420	(1,418)	(998)	-
- Southern District	(101)	3	-	(3)	-	101	-	670	(2,456)	(1,786)	-
<b>Total</b>	<b>(391)</b>	<b>73</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>329</b>	<b>-</b>	<b>8,162</b>	<b>(29,671)</b>	<b>(21,509)</b>	<b>-</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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	(162)	12	-	(6)	(27)	183	-	819	(660)	159	-
<b>Total</b>	<b>(162)</b>	<b>12</b>	<b>-</b>	<b>(6)</b>	<b>(27)</b>	<b>183</b>	<b>-</b>	<b>819</b>	<b>(660)</b>	<b>159</b>	<b>-</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	3	5	-	-	-	(8)	-	788	(2,811)	(2,023)	-
- Central District	6	8	-	-	-	(14)	-	627	(2,346)	(1,719)	-
- Southern District	7	1	-	-	(8)	-	-	461	(1,744)	(1,283)	-
<b>Total</b>	<b>16</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>(22)</b>	<b>-</b>	<b>1,876</b>	<b>(6,901)</b>	<b>(5,025)</b>	<b>-</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)	-	-
- Southern District	56	-	-	2	-	-	58	-	(58)	-	-
<b>Total</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>(64)</b>	<b>-</b>	<b>-</b>



## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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	44	4	-	2	-	-	50	284	(334)	-	-
- Area 2A - NW Batemans Bay	367	-	-	13	-	(126)	254	348	(728)	(126)	-
- Area 2B - Long Beach	63	3	-	2	-	-	68	-	(68)	-	-
- Area 3B - Surf Beach/Malua Bay	158	29	-	6	-	-	193	484	(677)	-	-
- Area 4 - Bimbimbi	55	-	-	1	-	-	56	482	(538)	-	-
- Area 5 - Polwambra	116	6	-	4	-	-	126	411	(537)	-	-
- Area 6 - Moruya	74	23	-	1	(73)	-	25	784	(809)	-	-
- Area 7 - Congo/Bingi	287	36	-	10	-	-	333	2,034	(2,367)	-	-
- Area 8 - South Narooma	194	38	-	8	-	-	240	56	(296)	-	-
- Area 9 - Tilba	155	-	-	6	-	-	161	501	(662)	-	-
<b>Total</b>	<b>1,513</b>	<b>139</b>	<b>-</b>	<b>53</b>	<b>(73)</b>	<b>(126)</b>	<b>1,506</b>	<b>5,384</b>	<b>(7,016)</b>	<b>(126)</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	
Section 94A	76	373	-	9	(19)	-	439	3,662	(119,955)	(115,854)	-
<b>Total</b>	<b>76</b>	<b>373</b>	<b>-</b>	<b>9</b>	<b>(19)</b>	<b>-</b>	<b>439</b>	<b>3,662</b>	<b>(119,955)</b>	<b>(115,854)</b>	<b>-</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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	119	37	-	5	-	-	161	731	(892)	-	-
Parking	331	-	-	4	(319)	-	16	-	(16)	-	-
<b>Total</b>	<b>450</b>	<b>37</b>	<b>-</b>	<b>9</b>	<b>(319)</b>	<b>-</b>	<b>177</b>	<b>731</b>	<b>(908)</b>	<b>-</b>	<b>-</b>

## S93F Planning Agreements

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	
Roadworks	16	-	-	-	(16)	-	-	-	-	-	-
Shared Pathways	28	-	-	1	(29)	-	-	-	-	-	-
<b>Total</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(45)</b>	<b>-</b>	<b>-</b>				<b>-</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

## 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	132	1,148	-	21	(506)	-	795	18,596	(72,617)	(53,226)	-
<b>Total</b>	<b>132</b>	<b>1,148</b>	<b>-</b>	<b>21</b>	<b>(506)</b>	<b>-</b>	<b>795</b>	<b>18,596</b>	<b>(72,617)</b>	<b>(53,226)</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	
Sewerage Headworks	1,109	943	-	48	(447)	-	1,653	14,507	(43,830)	(27,670)	-
<b>Total</b>	<b>1,109</b>	<b>943</b>	<b>-</b>	<b>48</b>	<b>(447)</b>	<b>-</b>	<b>1,653</b>	<b>14,507</b>	<b>(43,830)</b>	<b>(27,670)</b>	<b>-</b>

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, 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

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category. As a result, Council will be required to make additional contributions of \$434,917 per annum until 30 June 2016. However, the trustee is considering extending the period to build up satisfactory surplus which in turn may result in a lower assumed long term investment return.

Council's amount of employer contributions to the scheme in 2014-15 was \$880,693, and the expected contributions to the Fund in the next annual reporting period is \$909,873.24.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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 2015

#### Note 18. Contingencies & 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 Councils 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 Road.

##### (iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council (continued)

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) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

##### (ii) 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.

#### Note 19. Interests in Other Entities

Council's objectives can and in some cases are best met through the use of separate entities & operations. As detailed in Note 1, there are various committees through which Council controls resources in order to carry on functions as required by or for the benefit of the community. The total value of funds held for these entities totalled \$265,570 as at 30 June 2015. These funds have been included in the consolidated financial statements forming part of this report as are deemed immaterial in nature and value to be reported on separately.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		712,949	707,486
a. Net Operating Result for the Year		8,035	3,548
b. Transfers between Equity		(1,654)	1,915
<b>Balance at End of the Reporting Period</b>		<b>719,330</b>	<b>712,949</b>

**(b) Reserves****(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	649,072	576,780
<b>Total</b>	<b>649,072</b>	<b>576,780</b>

**(ii) Reconciliation of movements in Reserves:**

<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>		
- Opening Balance	576,780	519,000
- Revaluations for the year	9(a) 70,638	59,695
- Transfer to Retained Earnings for Asset disposals	1,654	(1,915)
<b>- Balance at End of Year</b>	<b>649,072</b>	<b>576,780</b>
<b>TOTAL VALUE OF RESERVES</b>	<b>649,072</b>	<b>576,780</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.

**(c) Correction of Error/s relating to a Previous Reporting Period**

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

**(d) Voluntary Changes in Accounting Policies**

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

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	5,862	17,250	29,458
User Charges & Fees	9,504	691	13,333
Interest & Investment Revenue	455	445	2,412
Other Revenues	88	77	2,127
Grants & Contributions provided for Operating Purposes	201	189	16,906
Grants & Contributions provided for Capital Purposes	1,392	1,203	3,864
<b>Total Income from Continuing Operations</b>	<b>17,502</b>	<b>19,855</b>	<b>68,100</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	2,790	3,475	25,864
Borrowing Costs	584	1,227	2,166
Materials & Contracts	4,358	4,612	12,056
Depreciation & Amortisation	6,077	6,361	16,672
Other Expenses	775	963	6,373
Net Losses from the Disposal of Assets	1,032	437	1,600
<b>Total Expenses from Continuing Operations</b>	<b>15,616</b>	<b>17,075</b>	<b>64,731</b>
<b>Operating Result from Continuing Operations</b>	<b>1,886</b>	<b>2,780</b>	<b>3,369</b>
<b>Net Operating Result for the Year</b>	<b>1,886</b>	<b>2,780</b>	<b>3,369</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>1,886</b>	<b>2,780</b>	<b>3,369</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>494</b>	<b>1,577</b>	<b>(495)</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 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	9,881	12,793	(17,935)
Investments	795	4,771	73,934
Receivables	3,301	176	5,199
Inventories	59	-	542
Other	122	-	47
Non-current assets classified as 'held for sale'	-	-	457
<b>Total Current Assets</b>	<b>14,158</b>	<b>17,740</b>	<b>62,244</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	110
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	283,701	241,437	826,260
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>283,701</b>	<b>241,437</b>	<b>826,370</b>
<b>TOTAL ASSETS</b>	<b>297,859</b>	<b>259,177</b>	<b>888,614</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	2	39	8,994
Borrowings	1,510	6,862	2,942
Provisions	-	-	9,516
<b>Total Current Liabilities</b>	<b>1,512</b>	<b>6,901</b>	<b>21,452</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	1,139	12,113	32,073
Provisions	-	-	2,058
<b>Total Non-Current Liabilities</b>	<b>1,139</b>	<b>12,113</b>	<b>34,131</b>
<b>TOTAL LIABILITIES</b>	<b>2,651</b>	<b>19,014</b>	<b>55,583</b>
<b>Net Assets</b>	<b>295,208</b>	<b>240,163</b>	<b>833,031</b>
<b>EQUITY</b>			
Retained Earnings	149,289	110,946	459,095
Revaluation Reserves	145,919	129,217	373,936
<b>Total Equity</b>	<b>295,208</b>	<b>240,163</b>	<b>833,031</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 & payables between the Funds.



## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	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	457	-	42	-
<b>Total Non Current Assets "Held for Sale"</b>	<b>457</b>	<b>-</b>	<b>42</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><u>457</u></b>	<b><u>-</u></b>	<b><u>42</u></b>	<b><u>-</u></b>

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

Five land parcels have been readied for sale and are currently on the market. Sales are expected to occur in 2015-16. Contracts for one of the properties have been exchanged with settlement due shortly.

\$ '000	Assets "Held for Sale"	
	2015	2014
<b>(iii) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>		
<b>Opening Balance</b>	42	42
<b>plus New Transfers in:</b>		
- Assets "Held for Sale"	415	-
<b>Closing Balance of "Held for Sale" Non Current Assets &amp; Operations</b>	<b><u>457</u></b>	<b><u>42</u></b>

Refer to Note 27 - Fair Value Measurement for fair value measurement information.

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 23. Events occurring after the Reporting Date

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\$ '000

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Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 27/10/15.

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

##### **(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

##### **(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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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 2015

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

\$ '000

Council has various Garbage Centres 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	
		2015	2014
Brou Waste Management Facility	2019-20	899	888
Surf Beach Waste Management Facility	2018-19	848	838
Moruya Waste Transfer Station	2015-16	291	291
<b>Balance at End of the Reporting Period</b>	10(a)	<b>2,038</b>	<b>2,017</b>

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 remain as per last year, based upon costs provided by the Environmental Protection Authority of the Department of Environment, Climate Change and Water in it's 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	2,017	1,995
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations	72	(10)
Effect of a change in other calculation estimates used	(115)	(28)
Amortisation of discount (expensed to borrowing costs)	64	60
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>2,038</b>	<b>2,017</b>

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities (continued)

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\$ '000

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##### Provisions for close down and restoration and for environmental clean up costs – Tips and Quarries

###### **Restoration**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

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

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

###### **Rehabilitation**

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

- Non Current Assets classified as "Held for Sale"

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

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

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

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

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

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

2015	Note	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Financial Assets</b>					
Investments					
- Held to Maturity	6	79,500	-	-	79,500
Other Financial Assets	5	4,739	-	-	4,739
<b>Total Financial Assets</b>		<b>84,239</b>	<b>-</b>	<b>-</b>	<b>84,239</b>
<b>Financial Liabilities</b>					
Loans / Advances	10	56,639	-	-	56,639
Other - Payables	10	8,720	-	-	8,720
<b>Total Financial Liabilities</b>		<b>65,359</b>	<b>-</b>	<b>-</b>	<b>65,359</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	9	-	-	15,724	15,724
Office Equipment	9	-	-	1,839	1,839
Furniture & Fittings	9	-	-	287	287
Operational Land	9	-	-	65,206	65,206
Community Land	9	-	-	127,735	127,735
Land Under Roads	9	-	-	19,296	19,296
Land Improvements - Non Depreciable	9	-	-	220	220
Land Improvements - Depreciable	9	-	-	2,678	2,678
Buildings Non Specialised	9	-	-	33,226	33,226

(continued on the next page...)

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

2015	Note	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Infrastructure, Property, Plant &amp; Equipment cont'd</b>					
Buildings Specialised	9	-	-	27,566	27,566
Other Recreational Assets	9	-	-	29,172	29,172
Other Structures	9	-	-	7,287	7,287
Roads	9	-	-	373,032	373,032
Bridges	9	-	-	23,092	23,092
Footpaths	9	-	-	22,495	22,495
Stormwater Drainage	9	-	-	82,464	82,464
Water Supply Network	9	-	-	275,715	275,715
Sewerage Network	9	-	-	229,030	229,030
Swimming Pools	9	-	-	1,098	1,098
Library Books	9	-	-	526	526
Other	9	-	-	111	111
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>1,337,799</b>	<b>1,337,799</b>
<b>Non-recurring Fair Value Measurements</b>					
<b>Non Current Assets classified as "Held for Sale"</b>					
Land held for Sale	22	-	-	457	457
<b>Total NCA's classified as "Held for Sale"</b>		<b>-</b>	<b>-</b>	<b>457</b>	<b>457</b>
<b>2014</b>					
<b>Financial Assets</b>					
Investments					
- "Designated At Fair Value on Initial Recognition"	6	8	-	-	8
- "Held to Maturity"	6	69,000	-	-	69,000
Other Financial Assets	5	6,351	-	-	6,351
<b>Total Financial Assets</b>		<b>75,359</b>	<b>-</b>	<b>-</b>	<b>75,359</b>
<b>Financial Liabilities</b>					
Payables	10	7,763	-	-	7,763
Loans / Advances	10	63,809	-	-	63,809
<b>Total Financial Liabilities</b>		<b>71,572</b>	<b>-</b>	<b>-</b>	<b>71,572</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	9	-	-	15,218	15,218
Office Equipment	9	-	-	1,605	1,605
Furniture & Fittings	9	-	-	389	389
Operational Land	9	-	-	65,322	65,322
Community Land	9	-	-	128,476	128,476
Land Under Roads	9	-	-	19,254	19,254
Land Improvements - Non Depreciable	9	-	-	220	220
Land Improvements - Depreciable	9	-	-	2,823	2,823

(continued on the next page...)

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Note	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Infrastructure, Property, Plant &amp; Equipment cont'd</b>					
Buildings Non Specialised	9	-	-	33,446	33,446
Buildings Specialised	9	-	-	28,370	28,370
Other Recreational Assets	9	-	-	30,425	30,425
Other Structures	9	-	-	7,169	7,169
Roads	9	-	-	326,899	326,899
Bridges	9	-	-	23,422	23,422
Footpaths	9	-	-	24,140	24,140
Stormwater Drainage	9	-	-	60,114	60,114
Water Supply Network	9	-	-	276,679	276,679
Sewerage Network	9	-	-	229,234	229,234
Swimming Pools	9	-	-	1,155	1,155
Library Books	9	-	-	545	545
Other	9	-	-	6	6
Tip Remediation	9	-	-	79	79
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>1,274,989</b>	<b>1,274,989</b>
<b>Non-recurring Fair Value Measurements</b>					
<b>Non Current Assets classified as "Held for Sale"</b>					
Land Held for Sale	22	-	-	42	42
<b>Total NCA's classified as "Held for Sale"</b>		<b>-</b>	<b>-</b>	<b>42</b>	<b>42</b>

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

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

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

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##### Infrastructure, Property, Plant & Equipment

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

- \* Plant & Equipment : Trucks, graders, ride on mowers, motor vehicles
- \* Office Equipment : Computers, photocopiers, electronic whiteboards
- \* Furniture & Fittings : Chairs, desks, display systems

The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market, therefore placing these assets in Level 3.

##### Operational & Community Land

Operational Land is based on an external valuation by Liquid Pacific Holdings Pty Ltd and all fair values are derived with reference to market influences.

Community Land is based on either the Land Value provided by the Valuer-General or an average rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land.

##### Land Under Roads

Land under roads includes land under roadways, footpaths, nature strips and median strips. Council has elected to recognise all land under roads in accordance with AASB 16 - Property, Plant and Equipment. Values were determined using the Englobo methodology derived from the Code of Accounting Practice and Financial Reporting. The asset class is classified as a Level 3 asset as significant inputs used in the Englobo valuation methodology are unobservable.

##### Land Improvements - Depreciable & Non-Depreciable

This asset class comprises land improvements such as gardens, mulched areas, streetscaping and landscaping. These assets may be located in parks, reserves and also within road reserves. Land Improvements were valued in house by experienced Council engineers and asset management staff.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgment and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs.



## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Infrastructure, Property, Plant & Equipment (continued)

##### Buildings - Non Specialised and Specialised

Council engaged Liquid Pacific Holdings Pty Ltd to value all buildings and shelters in 2013. The valuation methodology adopted was dependent on whether a market exists to substantiate the value of the asset.

The valuation approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs.

##### Other Structures

Other Structures include boardwalks, boat ramps, aerodrome runway, jetties, retaining walls and sea walls. The replacement cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life impact on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs.

##### Roads

This asset class includes road pavements and surfaces.

The replacement cost approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken in-house based on actual costs and engineering standards by Council's Infrastructure Services Directorate.

The valuation is based on the recorded condition and performance of the assets. During 2013/14 an automated and visual condition assessment of all our sealed roads was undertaken and recorded. The anticipated residual life of an asset was derived from its current performance and condition as recorded in Council's Pavement Management System. Residual lives are then modified to reflect planned works within the current Delivery Plan and adopted maximum lives.

##### Bridges

Bridges were valued internally using the replacement cost approach. This approach estimated the replacement cost for each bridge by componentising the bridge into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Deck/Superstructure, Bridge Abutments/Foundations and Bridge rails/handrails.

This asset class is categorised as Level 3 as some of the factors used in the valuation of these assets such as condition rating and pattern of consumption require significant professional judgment and are therefore unobservable.

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Infrastructure, Property, Plant & Equipment (continued)

##### Footpaths

Council's footpath register consists of all pedestrian walkways and cycleways within the Council area. Council staff completed the valuation of the Footpath assets internally. Replacement costs (unit rates) and useful lives of Council footpaths were determined using technical knowledge and expertise. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and residual value.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

##### Stormwater Drainage

The stormwater Drainage Asset class consists of Council's pits, pipes, pollution control devices and flow management structures. Council staff completed a valuation of these assets internally using the replacement cost approach.

The valuation is based on the recorded condition and performance of a representative sub-set of the network. During 2014/15 a CCTV inspection was undertaken of an identified portion of the network and recorded. The anticipated residual life and replacement cost of the drainage assets were derived from its age and modified to reflect the percentage of assets that would require replacement and the percentage that would have other treatments.

##### Water Supply Network

Assets within this class comprise dams and harvesting, reservoirs, pumping stations, water pipelines and telemetry systems.

The cost approach has been applied to estimate the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgment and impacted significantly on the final determination of fair value. Additionally due to limitations in historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Water Supply Network assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

##### Sewerage Network

Assets within this class include treatment works, pumping stations and sewerage mains, including reuse systems.

The cost approach has been applied to estimate the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgment and impacted significantly on the final determination of fair value. Additionally due to limitations in historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Sewerage Network assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

## Eurobodalla Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Infrastructure, Property, Plant & Equipment (continued)

##### Swimming Pools

Assets within this classification comprise the swimming pools.

Swimming Pools were valued in-house utilising Council's experienced engineering staff. The cost approach has been used based on the replacement cost for each pool by componentising its significant parts.

While some elements of gross replacement values may be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgment and impacted significantly on the final determination of fair value.

##### Other Open Space / Recreational Assets

Councils recreational facilities register includes all assets associated with the sports fields, bushland and park locations. This includes but is not limited to, ovals, playing courts, playgrounds and fences. Replacement costs (unit rates) and useful lives of Council's recreational facilities were determined using technical knowledge from Council staff (engineers and asset management). Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and residual value.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

##### Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of these items.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value.

##### Tip Assets

Council operates three waste management facilities. Two of these encompass landfilling operations whilst the other is a transfer station. The facilities also incorporate waste minimisation services including recycling, reclaimed products and environmental management controls.

Closure of a waste management facility will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill, site re-vegetation, decommissioning and removal of infrastructure and equipment and fencing sensitive area's.

The key unobservable inputs used to calculate closure costs include discount rates, inflation, closure timing, cost estimates, the amount of area subject to rehabilitation.

##### Non Current Assets classified as "Held for Sale"

Council is currently in the process of selling two blocks of land valued on an historical cost basis.

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

## a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Total
Adoption of AASB 13	14,078	1,276	476	60,532	76,362
Transfers from/(to) another asset class	-	-	-	4,201	4,201
Purchases (GBV)	3,877	734	34	601	5,246
Disposals (WDV)	(781)	-	-	(12)	(793)
Depreciation & Impairment	(1,956)	(406)	(121)	-	(2,483)
<b>Closing Balance - 30/6/14</b>	<b>15,218</b>	<b>1,605</b>	<b>389</b>	<b>65,322</b>	<b>82,533</b>
Purchases (GBV)	3,191	728	12	-	3,931
Disposals (WDV)	(595)	(5)	-	(116)	(716)
Depreciation & Impairment	(2,090)	(489)	(114)	-	(2,693)
<b>Closing Balance - 30/6/15</b>	<b>15,724</b>	<b>1,839</b>	<b>287</b>	<b>65,206</b>	<b>83,055</b>

	Community Land	Land Under Roads	Land Improvem- -ents Non- Depreciable	Land Improvem- -ents Depreciable	Total
Adoption of AASB 13	132,258	21,567	188	2,627	156,640
Transfers from/(to) another asset class	(4,201)	-	-	(3)	(4,204)
Purchases (GBV)	418	120	32	242	812
Depreciation & Impairment	-	-	-	(43)	(43)
Revaluation Decrements to Equity	-	(2,433)	-	-	(2,433)
<b>Closing Balance - 30/6/14</b>	<b>128,476</b>	<b>19,254</b>	<b>220</b>	<b>2,823</b>	<b>150,773</b>
Transfers from/(to) another asset class	(416)	-	-	(132)	(548)
Purchases (GBV)	-	42	-	35	77
Disposals (WDV)	(325)	-	-	-	(325)
Depreciation & Impairment	-	-	-	(48)	(48)
<b>Closing Balance - 30/6/15</b>	<b>127,735</b>	<b>19,296</b>	<b>220</b>	<b>2,678</b>	<b>149,929</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

## a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Buildings Non Specialised	Buildings Specialised	Other Structures	Roads	Total
Adoption of AASB 13	34,612	28,723	39,702	278,076	381,113
Transfers from/(to) another asset class	-	-	(32,530)	-	(32,530)
Purchases (GBV)	108	628	662	7,899	9,297
Disposals (WDV)	-	-	(172)	(2,224)	(2,395)
Depreciation & Impairment	(1,274)	(981)	(493)	(5,298)	(8,046)
Revaluation Decrements to Equity	-	-	-	48,446	48,446
<b>Closing Balance - 30/6/14</b>	<b>33,446</b>	<b>28,370</b>	<b>7,169</b>	<b>326,899</b>	<b>395,884</b>
Transfers from/(to) another asset class	241	(606)	(32)	354	(43)
Purchases (GBV)	797	848	702	10,107	12,454
Disposals (WDV)	-	(52)	(4)	(941)	(997)
Depreciation & Impairment	(1,258)	(994)	(548)	(6,952)	(9,752)
Revaluation Decrements to Equity	-	-	-	43,565	43,565
<b>Closing Balance - 30/6/15</b>	<b>33,226</b>	<b>27,566</b>	<b>7,287</b>	<b>373,032</b>	<b>441,111</b>

	Bridges	Footpaths	Stormwater Drainage	Water Supply Network	Total
Adoption of AASB 13	23,629	23,917	60,506	273,379	381,432
Transfers from/(to) another asset class	-	-	-	(2)	(2)
Purchases (GBV)	644	677	1,022	1,963	4,305
Disposals (WDV)	-	-	-	(357)	(357)
Depreciation & Impairment	(626)	(453)	(1,414)	(5,799)	(8,293)
Other movement	(225)	-	-	-	(225)
Impairment	-	-	-	7,496	7,496
<b>Closing Balance - 30/6/14</b>	<b>23,422</b>	<b>24,140</b>	<b>60,114</b>	<b>276,679</b>	<b>384,355</b>
Transfers from/(to) another asset class	(1,951)	712	1,908	-	669
Purchases (GBV)	364	2,265	497	1,795	4,921
Disposals (WDV)	(207)	(178)	(136)	(1,028)	(1,549)
Depreciation & Impairment	(703)	(458)	(1,427)	(5,778)	(8,366)
Revaluation Increments to Equity	2,167	(3,986)	21,508	4,047	23,736
<b>Closing Balance - 30/6/15</b>	<b>23,092</b>	<b>22,495</b>	<b>82,464</b>	<b>275,715</b>	<b>403,766</b>

## Eurobodalla Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Sewerage Network	Swimming Pools	Open Space Recreation- al Assets	Library Books	Total
Adoption of AASB 13	227,253	-	-	553	227,806
Transfers from/(to) another asset class	2	1,211	31,323	-	32,536
Purchases (GBV)	2,130	-	1,002	170	3,302
Disposals (WDV)	(240)	-	-	-	(240)
Depreciation & Impairment	(6,097)	(56)	(1,900)	(178)	(8,230)
Revaluation Increments to Equity	6,186	-	-	-	6,186
<b>Closing Balance - 30/6/14</b>	<b>229,234</b>	<b>1,155</b>	<b>30,425</b>	<b>545</b>	<b>261,359</b>
Transfers from/(to) another asset class	1	(1)	(493)	-	(493)
Purchases (GBV)	3,093	-	1,316	157	4,566
Disposals (WDV)	(436)	-	(256)	(176)	(868)
Depreciation & Impairment	(6,199)	(56)	(1,820)	-	(8,075)
Revaluation Increments to Equity	3,337	-	-	-	3,337
<b>Closing Balance - 30/6/15</b>	<b>229,030</b>	<b>1,098</b>	<b>29,172</b>	<b>526</b>	<b>259,826</b>

	Other	Tip Assets	Land Held for Sale	Total
Adoption of AASB 13	6	108	42	155
Purchases (GBV)	-	(28)	-	(28)
Depreciation & Impairment	(0)	-	-	(0)
<b>Closing Balance - 30/6/14</b>	<b>6</b>	<b>79</b>	<b>42</b>	<b>127</b>
Adoption of AASB 13	-	-	-	-
Purchases (GBV)	105	(79)	-	26
Depreciation & Impairment	-	-	-	-
<b>Closing Balance - 30/6/15</b>	<b>111</b>	<b>0</b>	<b>42</b>	<b>153</b>

## (5). Highest and best use

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