

Eurobodalla Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012



Eurobodalla Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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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 specified in Paragraph 8 of the LGA and includes;

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

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

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

(iv) These financial statements were authorised for issue by the Council on 01/11/12.
Council has the power to amend and reissue the financial statements.

Eurobodalla Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2012.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

1. An Income Statement

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

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

2. A Statement of Comprehensive Income

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

3. A Balance Sheet

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

4. A Statement of Changes in Equity

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

5. A Statement of Cash Flows

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

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

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 5 Primary Financial Statements.

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

Eurobodalla Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

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:

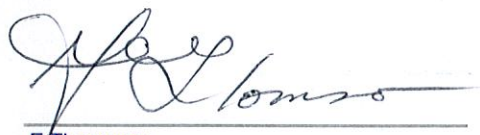
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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 23 October 2012.



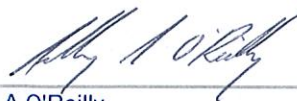
L Brown
MAYOR



F/Thomson
COUNCILLOR



P Anderson
GENERAL MANAGER



A O'Reilly
RESPONSIBLE ACCOUNTING OFFICER

Eurobodalla Shire Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾				Actual	Actual
2012	\$ '000		Notes	2012	2011
Income from Continuing Operations					
Revenue:					
45,626	Rates & Annual Charges		3a	45,639	44,758
20,406	User Charges & Fees		3b	23,640	19,598
1,483	Interest & Investment Revenue		3c	1,667	3,391
1,328	Other Revenues		3d	2,692	1,960
13,538	Grants & Contributions provided for Operating Purposes		3e,f	17,821	16,280
7,643	Grants & Contributions provided for Capital Purposes		3e,f	7,133	11,644
90,024	Total Income from Continuing Operations			98,592	97,631
Expenses from Continuing Operations					
33,001	Employee Benefits & On-Costs		4a	30,284	29,112
4,784	Borrowing Costs		4b	4,457	4,036
20,294	Materials & Contracts		4c	21,921	18,096
25,033	Depreciation & Amortisation		4d	22,953	21,955
-	Impairment		4d	-	220
5,976	Other Expenses		4e	9,673	8,089
-	Net Losses from the Disposal of Assets		5	3,584	3,701
89,088	Total Expenses from Continuing Operations			92,872	85,209
936	Operating Result from Continuing Operations			5,720	12,422
-	Revaluation Decrement to Community Land		20a	-	(61,784)
936	Net Operating Result for the Year			5,720	(49,362)
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes and Revaluation Decrements to Community Land					
(6,707)				(1,413)	778

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

Eurobodalla Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		5,720	(49,362)
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	118,855	42,135
Total Other Comprehensive Income for the year		118,855	42,135
Total Comprehensive Income for the Year		124,575	(7,227)

Eurobodalla Shire Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	7,908	8,098
Investments	6b	49,354	44,518
Receivables	7	10,374	9,982
Inventories	8	785	1,191
Other	8	154	751
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		68,575	64,540
Non-Current Assets			
Investments	6b	-	-
Receivables	7	97	111
Inventories	8	46	46
Infrastructure, Property, Plant & Equipment	9	1,230,777	1,107,268
Investments accounted for using the equity method	19	-	-
Investment Property	14	550	1,637
Intangible Assets	25	-	-
Total Non-Current Assets		1,231,470	1,109,062
TOTAL ASSETS		1,300,045	1,173,602
LIABILITIES			
Current Liabilities			
Payables	10	7,135	7,737
Borrowings	10	4,320	7,777
Provisions	10	8,843	9,093
Total Current Liabilities		20,298	24,607
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	59,221	52,631
Provisions	10	1,756	2,169
Total Non-Current Liabilities		60,977	54,800
TOTAL LIABILITIES		81,275	79,407
Net Assets		1,218,770	1,094,195
EQUITY			
Retained Earnings	20	698,772	686,287
Revaluation Reserves	20	519,998	407,908
Total Equity		1,218,770	1,094,195

Eurobodalla Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		686,287	407,908	1,094,195	-	1,094,195
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		686,287	407,908	1,094,195	-	1,094,195
c. Net Operating Result for the Year		5,720	-	5,720	-	5,720
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	118,855	118,855	-	118,855
Other Comprehensive Income		-	118,855	118,855	-	118,855
Total Comprehensive Income (c&d)		5,720	118,855	124,575	-	124,575
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		6,765	(6,765)	-	-	-
Equity - Balance at end of the reporting period		698,772	519,998	1,218,770	-	1,218,770

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		731,306	410,222	1,141,528	-	1,141,528
a. Correction of Prior Period Errors	20 (c)	(1,883)	(38,223)	(40,106)	-	(40,106)
b. Changes in Accounting Policies (prior year effects)	20 (d)	1,949	(1,949)	-	-	-
Revised Opening Balance (as at 1/7/10)		731,372	370,050	1,101,422	-	1,101,422
c. Net Operating Result for the Year		(49,362)	-	(49,362)	-	(49,362)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	42,135	42,135	-	42,135
Other Comprehensive Income		-	42,135	42,135	-	42,135
Total Comprehensive Income (c&d)		(49,362)	42,135	(7,227)	-	(7,227)
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		4,277	(4,277)	-	-	-
Equity - Balance at end of the reporting period		686,287	407,908	1,094,195	-	1,094,195

Eurobodalla Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
47,600	Rates & Annual Charges		43,662	44,485
21,371	User Charges & Fees		24,064	22,744
1,629	Investment & Interest Revenue Received		4,197	2,738
18,587	Grants & Contributions		27,263	23,885
-	Bonds, Deposits & Retention amounts received		8	282
-	Other		1,595	1,987
Payments:				
(33,431)	Employee Benefits & On-Costs		(30,748)	(28,673)
(28,961)	Materials & Contracts		(25,003)	(19,714)
(4,387)	Borrowing Costs		(3,723)	(3,512)
-	Bonds, Deposits & Retention amounts refunded		-	(418)
	Other		(8,432)	(8,850)
22,408	Net Cash provided (or used in) Operating Activities	11b	32,883	34,955
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		25,848	17,671
1,005	Sale of Infrastructure, Property, Plant & Equipment		2,431	1,454
19	Deferred Debtors Receipts		11	22
Payments:				
-	Purchase of Investment Securities		(32,183)	(23,968)
(28,534)	Purchase of Infrastructure, Property, Plant & Equipment		(31,918)	(39,818)
-	Purchase of Real Estate Assets		-	(311)
(27,510)	Net Cash provided (or used in) Investing Activities		(35,811)	(44,950)
Cash Flows from Financing Activities				
Receipts:				
8,788	Proceeds from Borrowings & Advances		6,657	8,000
Payments:				
(3,638)	Repayment of Borrowings & Advances		(3,919)	(5,866)
5,150	Net Cash Flow provided (used in) Financing Activities		2,738	2,134
48	Net Increase/(Decrease) in Cash & Cash Equivalents		(190)	(7,861)
8,098	plus: Cash & Cash Equivalents - beginning of year	11a	8,098	15,959
8,146	Cash & Cash Equivalents - end of the year	11a	7,908	8,098
Additional Information:				
	plus: Investments on hand - end of year	6b	49,354	44,518
Total Cash, Cash Equivalents & Investments			57,262	52,616

Please refer to Note 11 for information on the following:

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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n/a - not applicable

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements and prepared in accordance with the:

- Australian Accounting Standards ("AASB's") and Interpretations issued by the Australian Accounting Standards Board,
- Local Government Act (1993) ("LGA")
- Local Government (General) Regulation 2005 ("LGR"), and
- Local Government Code of Accounting Practice and Financial Reporting ("LGAP").

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)

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

In preparing these financial statements and notes, Council complies with AASBs and may not comply fully with IFRSs.

(iii) New and amended standards adopted by Council

No new standards or amendments affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council did not early adopt any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(v) Basis of Accounting

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

- (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of Infrastructure, property, plant & equipment at fair valuation.

Accrual basis of accounting has been applied in their preparation.

(vi) Changes in Accounting Policies

There were no changes to Council's accounting policies in the years presented.

(vii) Critical Accounting Estimates

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

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

Critical judgements are also applied to:

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

(b) Revenue recognition

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

Rates, Annual Charges, Grants and Contributions

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

Control over rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

receipt of the rates. A provision for unpaid rates is not made as these are recoverable when the rateable property is next sold.

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

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

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

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

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

User Charges, Fees and Other Income

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

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

(i) The Consolidated Fund

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

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

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(ii) The Trust Fund

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

Trust monies and property subject to Council's control have been included in these statements. Those not subject to the control of Council, have been excluded from these statements.

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

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

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

(d) Leases

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

Finance Leases

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

Operating Leases

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

(e) Cash and Cash Equivalents

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

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

(f) Investments and Other Financial Assets

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

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

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

determinable payments and management intends to hold them for the medium to long term.

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

Financial Assets – Reclassification

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

(ii) Subsequent Measurement

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

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

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

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

Impairment

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

(iii) Types of Investments

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

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

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

(g) Fair value estimation

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

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

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

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(h) Receivables

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Initial Recognition

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

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

Subsequent costs

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

All other repairs and maintenance are charged to the income statement during the financial period.

Asset Revaluations (including Indexation)

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

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

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

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

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

Capitalisation Thresholds

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

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

Plant & Equipment	
Office Furniture	> \$5,000
Office Equipment	> \$5,000
Other Plant & Equipment	> \$5,000

Buildings & Land Improvements	
Park Furniture & Equipment	> \$5,000

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

Other Structures	> \$5,000
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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
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Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 40 years

Stormwater Drainage

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

Transportation Assets

- Sealed Roads : Surface	11 to 18 years
- Sealed Roads : Structure	30 to 70 years
- Unsealed roads	70 years
- Bridge : Concrete	100 years
- Bridge : Other	10 to 40 years
- Road Pavements	30 to 50 years
- Kerb, Gutter & Paths	30 to 75 years

Water & Sewer Assets

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

Other Infrastructure Assets

- Bulk earthworks	Infinite
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Asset residual values and useful lives are reviewed and adjusted as appropriate at balance date.

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

(o) Rural Fire Service assets

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

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

(p) Investment property

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

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

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

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

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

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

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and

revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

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

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

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

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

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

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

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

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

(s) Impairment of assets

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

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

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

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

For non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

(t) Payables

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

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

(u) Borrowings

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

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

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

(v) Borrowing costs

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

(w) Provisions

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

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

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

(ii) Other Long Term Obligations

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

within the 12 months after the reporting period) are recognised in the provision for employee benefits.

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

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

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

Defined Contribution Plans

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Goods & Services Tax (GST)

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

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.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013.

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

AASB 11 introduces a principles based approach to accounting for joint arrangements. It's focus is on how rights and obligations are shared by the parties to the joint arrangement.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

introduce a “partial disposal” concept. Council is still assessing the impact of these amendments.

These will be first applied in the financial statements for the period ending 30 June 2014.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council is reviewing its current measurement techniques to ensure compliance with the new guidance.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

Applicable to Local Government but no implications for Council;

None

Applicable to Local Government but not relevant to Council at this stage;

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and

could affect the timing of the recognition of termination benefits. The amendments are required to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in Note 1 (x)(iii) and so these changes will not have an impact on its reported results.

(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 2012

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	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Governance & Administration	494	1,117	648	1,848	1,134	30	(1,354)	(17)	618	420	-	88,295	84,340
Public Order & Safety	638	1,363	2,078	2,802	2,919	2,772	(2,164)	(1,556)	(694)	676	868	10,605	11,077
Health	130	114	114	374	337	361	(244)	(223)	(247)	-	-	7	8
Environment	10,120	11,855	11,120	11,713	11,928	11,255	(1,593)	(73)	(135)	826	1,056	66,999	68,359
Community Services & Education	4,671	5,486	5,330	5,835	6,368	6,288	(1,164)	(882)	(958)	4,068	3,847	92	75
Housing & Community Amenities	1,266	1,385	1,251	5,377	5,220	5,146	(4,111)	(3,835)	(3,895)	224	230	6,272	6,201
Water Supplies	15,399	12,053	15,977	13,345	12,364	11,165	2,054	(311)	4,812	378	3,257	283,196	211,037
Sewerage Services	18,047	17,700	16,697	16,190	15,897	14,418	1,857	1,803	2,279	744	183	235,119	181,307
Recreation & Culture	2,545	2,559	3,762	7,539	10,081	8,298	(4,994)	(7,522)	(4,536)	1,224	2,518	176,807	176,591
Mining, Manufacturing & Construction	632	602	619	848	648	730	(216)	(46)	(111)	-	-	123	204
Transport & Communication	4,986	11,664	8,578	17,262	20,312	18,463	(12,276)	(8,648)	(9,885)	1,154	1,123	369,018	369,263
Economic Affairs	4,729	4,013	4,882	5,809	5,315	6,043	(1,080)	(1,302)	(1,161)	38	68	63,513	65,140
Total Functions & Activities	63,657	69,911	71,056	88,942	92,523	84,969	(25,285)	(22,612)	(13,913)	9,752	13,150	1,300,045	1,173,602
General Purpose Income ¹	26,365	28,682	26,575	146	348	240	26,219	28,334	26,335	8,399	6,573	-	-
Operating Result from Continuing Operations	90,022	98,593	97,631	89,088	92,871	85,209	934	5,722	12,422	18,151	19,723	1,300,045	1,173,602

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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, other community amenities.

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.

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		16,423	15,900
Farmland		331	320
Business		3,213	3,145
Total Ordinary Rates		19,967	19,365
Special Rates			
Environmental		780	755
Total Special Rates		780	755
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		4,919	4,725
Stormwater Management Services		439	432
Water Supply Services		3,288	4,714
Sewerage Services		15,291	13,844
Waste Management Services (non-domestic)		955	923
Total Annual Charges		24,892	24,638
TOTAL RATES & ANNUAL CHARGES		45,639	44,758

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 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		7,414	6,354
Sewerage Services		400	276
Liquid Trade Waste		103	103
Total User Charges		7,917	6,733
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		772	620
Private Works - Section 67		290	399
Registration Fees		7	35
Section 149 Certificates (EPA Act)		673	700
Section 603 Certificates		72	77
Water Connection		127	137
Sewer Connection		23	25
Onsite Sewerage Management		157	174
Total Fees & Charges - Statutory/Regulatory		2,121	2,167
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Admission & Service Fees		29	40
Aerodrome		194	394
Caravan Park / Camping		2,619	2,556
Carparking Fees		111	94
Cemeteries		175	147
Community Service Programs		1,390	1,408
Landfill		2,196	2,123
Lease Rentals		1,393	1,315
Leaseback Fees - Council Vehicles		183	180
RMS (formerly RTA) Charges (State Roads not controlled by Council)		5,096	2,246
Other		216	195
Total Fees & Charges - Other		13,602	10,698
TOTAL USER CHARGES & FEES		23,640	19,598

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		272	156
- Interest earned on Investments (interest & coupon payment income)		2,887	2,624
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		(1,492)	611
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,667</u>	<u>3,391</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		226	156
General Council Cash & Investments		1,213	2,000
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		79	167
- Section 64		117	235
Water Fund Operations		26	71
Sewerage Fund Operations		6	762
<u>Total Interest & Investment Revenue Recognised</u>		<u>1,667</u>	<u>3,391</u>
(d). Other Revenues			
Rental Income - Other Council Properties		371	368
Fines		261	244
Legal Fees Recovery - Rates & Charges (Extra Charges)		44	98
Commissions & Agency Fees		251	202
Insurance Claim Recoveries		34	117
Recycling Income (non domestic)		482	434
Sales - General		437	463
Remediation Remeasurement Adjustment		742	(77)
Other		70	111
<u>TOTAL OTHER REVENUE</u>		<u>2,692</u>	<u>1,960</u>

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	6,070	4,686	-	-
Financial Assistance - Local Roads Component	1,870	1,425	-	-
Pensioners' Rates Subsidies - General Component	459	462	-	-
Total General Purpose	8,399	6,573	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	200	193	-	-
- Sewerage	189	183	-	-
- Domestic Waste Management	163	156	-	-
- Other	20	-	-	-
Water Supplies	78	58	100	3,006
Sewerage Services	-	-	555	-
Bushfire & Emergency Services	802	716	24	279
Community Care	4,068	3,825	-	347
Community Centres	-	-	-	10
Economic Development	30	48	-	-
Employment & Training Programs	32	-	-	-
Environmental Protection	682	828	27	65
Heritage & Cultural	3	111	-	-
Library	44	41	979	1,570
Parks & Reserves	24	111	25	310
Street Lighting	50	49	-	-
Transport (Roads to Recovery)	722	722	-	-
Boatramps and Wharfs	-	-	120	157
Cycleways	-	-	235	221
Tourism	8	20	-	-
SEROC	390	-	-	-
Other	107	77	75	47
Total Specific Purpose	7,612	7,138	2,140	6,012
Total Grants	16,011	13,711	2,140	6,012
Grant Revenue is attributable to:				
- Commonwealth Funding	9,819	7,861	125	3,275
- State Funding	6,069	5,701	2,015	1,686
- Other Funding	123	149	-	1,051
	16,011	13,711	2,140	6,012

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000		2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):					
S 94 - Contributions towards amenities/services		16	14	553	537
S 94A - Fixed Development Consent Levies		-	-	179	180
S 64 - Water Supply Contributions		-	-	855	1,097
S 64 - Sewerage Service Contributions		-	-	664	753
Subdivider Dedications		-	-	1,943	2,975
Total Developer Contributions	17	16	14	4,194	5,542
Other Contributions:					
Boatramps, Wharves & Jetties		-	-	-	10
Community Services		-	17	24	-
Drainage		-	-	-	3
Emergency Services		-	2	1	32
Employment & Training Programs		88	83	-	-
Kerb & Gutter		72	138	-	-
Libraries		120	109	-	-
Natural Disasters (SES/RTA)		-	258	-	-
Parks & Recreation		146	44	5	21
Paving		-	13	-	1
Recreation & Culture		62	-	-	-
Roads & Bridges		30	-	-	-
Roadworks		21	120	115	23
RMS Contributions (Regional Roads, Block Grant)		907	998	515	-
Sewerage (excl. Section 64 contributions)		2	-	87	-
Tourism		-	283	-	-
Waste Management		21	-	-	-
Lifeguards		-	122	-	-
Cycleways		47	50	52	-
SEROC		188	192	-	-
Other		90	126	-	-
Total Other Contributions		1,794	2,555	799	90
Total Contributions		1,810	2,569	4,993	5,632
TOTAL GRANTS & CONTRIBUTIONS		17,821	16,280	7,133	11,644

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2012	Actual 2011
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	12,618	10,306
add: Grants & contributions recognised in the current period but not yet spent:	1,200	5,625
less: Grants & contributions recognised in a previous reporting period now spent:	(3,220)	(3,313)
Net Increase (Decrease) in Restricted Assets during the Period	(2,020)	2,312
Unexpended and held as Restricted Assets	<u><u>10,598</u></u>	<u><u>12,618</u></u>
Comprising:		
- Specific Purpose Unexpended Grants	5,038	5,974
- Developer Contributions	5,560	6,644
	<u><u>10,598</u></u>	<u><u>12,618</u></u>

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		21,553	21,209
Employee Termination Costs		427	-
Travelling		1,292	1,342
Employee Leave Entitlements (ELE)		4,583	4,549
Superannuation		2,873	3,193
Workers' Compensation Insurance		822	718
Fringe Benefit Tax (FBT)		171	140
Payroll Tax		326	310
Training Costs (other than Salaries & Wages)		545	476
Other		232	184
Total Employee Costs		32,824	32,121
less: Capitalised Costs		(2,540)	(3,009)
TOTAL EMPLOYEE COSTS EXPENSED		30,284	29,112
Number of "Equivalent Full Time" Employees at year end		431	434
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		3,728	3,502
Total Interest Bearing Liability Costs Expensed		3,728	3,502
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	334	99
Interest applicable on Interest Free (& favourable) Loans to Council		395	435
Total Other Borrowing Costs		729	534
TOTAL BORROWING COSTS EXPENSED		4,457	4,036

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		17,658	14,194
Contractor & Consultancy Costs		3,533	3,386
Auditors Remuneration ⁽¹⁾		79	68
Legal Expenses:			
- Legal Expenses: Planning & Development		76	151
- Legal Expenses: Other		575	297
Total Materials & Contracts		21,921	18,096
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		21,921	18,096

1. Auditor Remuneration

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

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor	45	44
- Audit of regulatory returns	1	-
- Other Services: Council's Auditor (Sewer & Water Best Practice)	10	12
- Other Audit services: Internal Audit	17	12

Remuneration for audit and other assurance services

73	68
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(ii) Taxation Services

- Tax compliance services	6	-
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Remuneration for taxation services

6	-
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Total Auditor Remuneration

79	68
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Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
Plant and Equipment		-	-	2,070	2,358
Office Equipment		-	-	366	373
Furniture & Fittings		-	-	134	144
Land Improvements (depreciable)		-	-	38	78
Buildings - Non Specialised		-	-	1,524	1,479
Buildings - Specialised		-	-	1,445	1,362
Other Structures		-	-	2,469	956
Infrastructure:					
- Roads, Bridges & Footpaths		-	220	6,231	6,541
- Stormwater Drainage		-	-	1,391	1,371
- Water Supply Network		-	-	3,032	2,937
- Sewerage Network		-	-	4,060	4,020
Other Assets					
- Library Books		-	-	192	252
- Other		-	-	0	41
Asset Reinstatement Costs	9 & 26	-	-	-	43
Total Depreciation & Impairment Costs		-	220	22,953	21,955
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>-</u>	<u>220</u>	<u>22,953</u>	<u>21,955</u>

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		534	648
Bad & Doubtful Debts		236	149
Bank Charges / Cash Collection Expenses		226	237
Commissions		300	295
Community Care Outsourced		521	441
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		51	51
- NSW Fire Brigade Levy		138	107
- NSW Rural Fire Service Levy		514	503
- Other Contributions/Levies		188	171
Councillor Expenses - Mayoral Fee		36	35
Councillor Expenses - Councillors' Fees		150	144
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		86	92
Donations, Contributions & Assistance to other organisations (Section 356)		152	176
Electricity & Heating		2,319	2,026
Insurance		1,299	1,233
Revaluation Decrements (Fair Valuation of Investment Properties)	14	1,087	-
Street Lighting		474	384
Subscriptions & Publications		285	297
Telephone & Communications		553	541
Valuation Fees		138	135
Venue / Facility Hire		24	17
Other		362	407
Total Other Expenses		9,673	8,089
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>9,673</u>	<u>8,089</u>

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Property (excl. Investment Property)			
Proceeds from Disposal - Property		1,668	236
less: Carrying Amount of Property Assets Sold / Written Off		(971)	(1,192)
Net Gain/(Loss) on Disposal		697	(956)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		763	1,218
less: Carrying Amount of P&E Assets Sold / Written Off		(844)	(770)
Net Gain/(Loss) on Disposal		(81)	448
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(4,193)	(3,233)
Net Gain/(Loss) on Disposal		(4,193)	(3,233)
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		2,250	500
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(2,257)	(460)
Net Gain/(Loss) on Disposal		(7)	40
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(3,584)</u>	<u>(3,701)</u>
* Financial Assets disposals / redemptions include:			
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"		(7)	40
Net Gain/(Loss) on Disposal of Financial Instruments		(7)	40

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,299	-	653	-
Cash-Equivalent Assets ¹					
- Deposits at Call		1,809	-	6,445	-
- Short Term Deposits		4,800	-	1,000	-
Total Cash & Cash Equivalents		7,908	-	8,098	-
Investment Securities (Note 6b)					
- Managed Funds		1,061	-	1,069	-
- Long Term Deposits		43,593	-	36,800	-
- Government & Semi-Government Bonds		2,049	-	-	-
- CDO's and other FRN's		2,651	-	6,649	-
Total Investment Securities		49,354	-	44,518	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		57,262	-	52,616	-

¹ 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"		7,908	-	8,098	-
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Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	3,712	-	7,718	-
b. "Held to Maturity"	6(b-ii)	45,642	-	36,800	-
Investments		49,354	-	44,518	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 6b. Investments (continued)

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	7,718	-	9,070	-
Revaluations (through the Income Statement)	(1,492)	-	605	-
Additions	535	-	214	-
Disposals (sales & redemptions)	(3,049)	-	(2,171)	-
Balance at End of Year	3,712	-	7,718	-
Comprising:				
- Managed Funds	1,061	-	1,069	-
- CDO's and other FRN's	2,651	-	6,649	-
Total	3,712	-	7,718	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	36,800	-	28,000	500
Additions	31,641	-	23,800	-
Disposals (sales & redemptions)	(22,799)	-	(15,500)	-
Transfers between Current/Non Current	-	-	500	(500)
Balance at End of Year	45,642	-	36,800	-
Comprising:				
- Long Term Deposits	43,593	-	36,800	-
- Government & Semi-Government Bonds	2,049	-	-	-
Total	45,642	-	36,800	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012	2012	2011	2011
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	57,262	-	52,616	-
attributable to:				
External Restrictions (refer below)	27,425	-	28,838	-
Internal Restrictions (refer below)	13,780	-	5,708	-
Unrestricted	16,057	-	18,070	-
	57,262	-	52,616	-

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	79	-	-	79
Specific Purpose Unexpended Loans-Sewer (A)	4,966	-	(3,167)	1,799
External Restrictions - Included in Liabilities	5,045	-	(3,167)	1,878

External Restrictions - Other

Developer Contributions - General (B)	2,631	2,462	(2,597)	2,496
Developer Contributions - Water Fund (B)	1,750	-	(401)	1,349
Developer Contributions - Sewer Fund (B)	2,263	-	(548)	1,715
Specific Purpose Unexpended Grants (C)	3,061	-	(932)	2,129
Specific Purpose Unexpended Grants (C) - Sewer Fund	2,914	-	(5)	2,909
Water Supplies (D)	2,400	937	-	3,337
Sewerage Services (D)	4,695	1,229	-	5,924
Domestic Waste Management (D)	382	1,505	-	1,887
Stormwater Management (D)	46	439	(408)	77
Other Waste Management	2,518	- 314	-	2,204
Crown Reserves	463	801	(539)	725
Tree Fund	45	(1)	-	44
Community Services Asset Replacement	46	-	-	46
Sinking Fund	183	8	(100)	91
Other	396	218	-	614
External Restrictions - Other	23,793	7,284	(5,530)	25,547
Total External Restrictions	28,838	7,284	(8,697)	27,425

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

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Infrastructure Replacement	215	3,363	(3,240)	338
Employees Leave Entitlement	1,259	679	(427)	1,511
Airport Fund	23	-	(23)	-
Community Development Infrastructure Fund	27	79	(27)	79
Council Election Fund	74	74	-	148
Council Recreational Loan Pool	181	3	(10)	174
Energy and Efficiency Fund	963	750	(116)	1,597
Gravel Pits	161	8	-	169
Interest Equalisation Fund	240	318	-	558
IT Investment Fund	-	3,300	-	3,300
Management Committees	238	260	(239)	259
Sports Liason Committee	59	-	-	59
Unexpended General Loan Fund	143	825	(592)	376
Works Income Equalisation Fund	1,967	3,629	(1,866)	3,730
Real Estate Disposal Fund	158	1,688	(547)	1,299
Other	-	183	-	183
Total Internal Restrictions	5,708	15,159	(7,087)	13,780
TOTAL RESTRICTIONS	34,546	22,443	(15,784)	41,205

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,167	-	1,437	-
Interest & Extra Charges		260	-	169	-
User Charges & Fees		6,069	-	4,953	-
Accrued Revenues					
- Interest on Investments		508	-	369	-
- Other Income Accruals		1,111	-	2,240	-
Government Grants & Subsidies		407	-	743	-
Deferred Debtors		10	97	7	111
Net GST Receivable		411	-	481	-
Other Debtors		16	-	4	-
Total		10,959	97	10,403	111
less: Provision for Impairment					
Rates & Annual Charges		(215)	-	(25)	-
User Charges & Fees		(370)	-	(396)	-
Total Provision for Impairment - Receivables		(585)	-	(421)	-
<u>TOTAL NET RECEIVABLES</u>		<u>10,374</u>	<u>97</u>	<u>9,982</u>	<u>111</u>
Externally Restricted Receivables					
Water Supply					
- Other		2,701	-	2,267	-
Sewerage Services					
- Rates & Availability Charges		106	-	79	-
Other					
- Other Specific Purpose Grants		128	-	455	-
Total External Restrictions		2,935	-	2,801	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		7,439	97	7,181	111
TOTAL NET RECEIVABLES		10,374	97	9,982	111

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 11.00% (2011 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 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		87	46	373	46
Stores & Materials		698	-	818	-
Total Inventories		785	46	1,191	46
Other Assets					
Prepayments		135	-	740	-
Work In Progress - Private Works		19	-	11	-
Total Other Assets		154	-	751	-
TOTAL INVENTORIES / OTHER ASSETS		939	46	1,942	46
Externally Restricted Assets					
Water					
Stores & Materials		59	-	63	-
Total Water		59	-	63	-
Sewerage					
Prepayments		-	-	12	-
Total Sewerage		-	-	12	-
Total Externally Restricted Assets		59	-	75	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		880	46	1,867	46
TOTAL INVENTORIES & OTHER ASSETS		939	46	1,942	46
Other Disclosures					
(a) Details for Real Estate Development					
Residential		-	46	-	46
Industrial/Commercial		87	-	373	-
Total Real Estate for Resale		87	46	373	46
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition Costs		-	13	-	13
Development Costs		87	18	373	18
Other Holding Costs		-	15	-	15
Total Real Estate for Resale		87	46	373	46
Movements:					
Real Estate assets at beginning of the year		373	46	62	46
- Purchases and other costs		-	-	311	-
- Transfer of water, sewer and road assets		(286)	-	-	-
Total Real Estate for Resale		87	46	373	46

(b) Inventory Write Downs

\$11,517 was recognised as an expense relating to the write down of Inventory balances held during the year.

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period					as at 30/6/2012				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value						Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	21,229	-	-	-	21,229	1,232	-	-	-	-	22,461	-	-	-	22,461
Plant & Equipment	-	31,199	18,542	-	12,657	2,965	(551)	(2,070)	-	-	-	31,712	18,710	-	13,001
Office Equipment	-	5,410	4,239	-	1,171	340	(1)	(366)	-	-	-	5,584	4,440	-	1,145
Furniture & Fittings	-	2,094	1,395	-	699	35	-	(134)	-	-	-	1,328	728	-	600
Land:															
- Operational Land	-	57,542	-	-	57,542	474	(947)	-	(77)	-	-	56,992	-	-	56,992
- Community Land	-	132,258	-	-	132,258	-	-	-	-	-	-	132,258	-	-	132,258
- Land under Roads (post 30/6/08)	-	21,349	-	-	21,349	4	-	-	77	-	-	21,429	-	-	21,429
Land Improvements - non depreciable	-	188	-	-	188	-	-	-	-	-	-	188	-	-	188
Land Improvements - depreciable	-	2,840	278	-	2,562	74	-	(38)	-	-	-	2,914	317	-	2,597
Buildings - Non Specialised	-	55,023	17,573	-	37,450	2,824	-	(1,524)	-	-	-	57,847	19,097	-	38,750
Buildings - Specialised	-	48,717	17,173	-	31,544	810	(24)	(1,445)	2,659	-	-	52,098	18,554	-	33,544
Other Structures	-	65,669	23,821	-	41,848	1,200	(293)	(2,469)	-	-	-	66,095	25,809	-	40,286
Infrastructure:															
- Roads, Bridges, Footpaths	-	415,092	91,053	-	324,039	6,098	(2,074)	(6,231)	-	-	-	416,910	95,081	-	321,829
- Stormwater Drainage	-	93,317	31,972	-	61,345	1,301	(64)	(1,391)	-	-	-	94,512	33,320	-	61,192
- Water Supply Network	-	283,940	82,569	-	201,371	2,475	(731)	(3,032)	(2,661)	72,652	-	385,367	115,292	-	270,075
- Sewerage Network	-	265,685	106,193	-	159,492	13,577	(1,324)	(4,060)	2	46,203	-	355,764	141,874	-	213,890
Other Assets:															
- Library Books	-	1,211	692	-	519	206	-	(192)	-	-	-	817	284	-	533
- Other	-	16	11	-	5	-	-	(0)	-	-	-	16	11	-	6
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)															
- Tip Asset	-	214	214	-	-	-	-	-	-	-	-	214	214	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	21,229	1,481,764	395,725	-	1,107,268	33,615	(6,009)	(22,953)	-	118,855	22,461	1,682,046	473,730	-	1,230,777

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP	3,284	-	-	3,284	2,636	-	-	2,636
Plant & Equipment	4,345	-	3,048	1,297	4,761	-	3,444	1,317
Office Equipment	59	-	49	10	59	-	37	22
Furniture & Fittings	1	-	1	-	6	-	5	1
Land								
- Operational Land	-	1,514	-	1,514	-	1,745	-	1,745
- Community Land	-	70	-	70	-	70	-	70
Buildings	-	5,076	917	4,159	-	2,336	818	1,518
Other Structures	37	-	13	24	37	-	11	26
Infrastructure	-	385,367	115,292	270,075	-	283,941	82,569	201,372
Total Water Supply	7,726	392,027	119,320	280,433	7,499	288,092	86,884	208,707
Sewerage Services								
WIP	15,476	-	-	15,476	16,339	-	-	16,339
Plant & Equipment	1,621	-	1,158	463	1,621	-	1,068	553
Office Equipment	151	-	140	11	151	-	112	39
Furniture & Fittings	4	-	2	2	17	-	16	1
Land								
- Operational Land	-	2,855	-	2,855	-	2,855	-	2,855
- Community Land	-	15	-	15	-	15	-	15
Buildings	-	3,258	1,045	2,213	-	2,845	962	1,883
Other Structures	98	-	11	87	45	-	9	36
Infrastructure	-	355,764	141,874	213,890	-	265,685	106,193	159,492
Total Sewerage Services	17,350	361,892	144,230	235,012	18,173	271,400	108,360	181,213
Domestic Waste Management								
WIP	80	-	-	80	-	-	-	-
Plant & Equipment	1,790	-	658	1,132	1,790	-	526	1,264
Office Equipment	26	-	14	12	26	-	12	14
Furniture & Fittings	2	-	1	1	5	-	4	1
Land								
- Operational Land'	-	4,365	-	4,365	-	4,480	-	4,480
Buildings	-	775	341	434	-	769	316	453
Other Structures	2,969	-	1,153	1,816	2,950	-	1,003	1,947
Other Assets (incl. WIP)	-	-	-	-	73	-	-	73
Total DWM	4,867	5,140	2,167	7,840	4,844	5,249	1,861	8,232
TOTAL RESTRICTED I,PP&E	29,943	759,059	265,717	523,285	30,516	564,741	197,105	398,152

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

\$ '000	Notes	Actual 2012	Actual 2011
Impairment Losses recognised in the Income Statement			
Roads and bridges assets affected by floods		-	(220)
IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L	4(d)	-	(220)

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		3,694	-	3,126	-
Goods & Services - capital expenditure		2,076	-	2,608	-
Payments Received In Advance		509	-	348	-
Accrued Expenses:					
- Other Expenditure Accruals		513	-	1,344	-
Security Bonds, Deposits & Retentions		290	-	282	-
Other		53	-	29	-
Total Payables		7,135	-	7,737	-
Borrowings					
Loans - Secured ¹		4,320	59,221	7,777	52,631
Total Borrowings		4,320	59,221	7,777	52,631
Provisions					
Employee Benefits;					
Annual Leave		3,249	-	3,367	-
Long Service Leave		5,303	216	5,435	223
Sub Total - Aggregate Employee Benefits		8,552	216	8,802	223
Asset Remediation/Restoration (Future Works)	26	291	1,540	291	1,946
Total Provisions		8,843	1,756	9,093	2,169
Total Payables, Borrowings & Provisions		20,298	60,977	24,607	54,800
(i) Liabilities relating to Restricted Assets					
		2012		2011	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		540	8,849	619	8,389
Sewer		2,050	21,429	2,194	17,773
Domestic Waste Management		564	3,240	1,051	3,462
Liabilities relating to externally restricted assets		3,154	33,518	3,864	29,624
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		3,154	33,518	3,864	29,624

¹ 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 2012

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

\$ '000	2012	2011
(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	4,049	4,898
	<u>4,049</u>	<u>4,898</u>
	* -	

Note 10b. Description of and movements in Provisions

Class of Provision	2011	2012				Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Other remeasurement effects	
Annual Leave	3,367	3,553	(3,671)	-	-	3,249
Long Service Leave	5,658	868	(1,007)	-	-	5,519
Asset Remediation	2,237	-	-	334	(740)	1,831
TOTAL	11,262	4,421	(4,678)	334	(740)	10,599

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 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	7,908	8,098
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		7,908	8,098
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		5,720	(49,362)
Adjust for non cash items:			
Depreciation & Amortisation		22,953	21,955
Net Losses/(Gains) on Disposal of Assets		3,584	3,701
Non Cash Capital Grants and Contributions		(1,943)	(2,975)
Impairment Losses Recognition - I,PP&E		-	220
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		1,492	(611)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Value)		395	435
Unwinding of Discount Rates on Reinstatement Provisions		334	184
Revaluation Decrement to Community Land			61,784
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(553)	(1,105)
Increase/(Decrease) in Provision for Doubtful Debts		164	142
Decrease/(Increase) in Inventories		120	124
Decrease/(Increase) in Other Assets		597	(576)
Increase/(Decrease) in Payables		568	83
Increase/(Decrease) in other accrued Expenses Payable		(831)	426
Increase/(Decrease) in Other Liabilities		193	(111)
Increase/(Decrease) in Employee Leave Entitlements		(257)	641
Increase/(Decrease) in Other Provisions		(740)	-
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		32,883	34,955

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
Private Subdivisions		1,943	2,975
Total Non-Cash Investing & Financing Activities		1,943	2,975
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		2,000	2,000
Credit Cards / Purchase Cards		500	500
Total Financing Arrangements		2,500	2,500
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
Total Financing Arrangements Utilised		-	-

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 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		17	2,001
Water Supply		93	1,673
Sewer		287	9,719
Total Commitments		397	13,393
These expenditures are payable as follows:			
Within the next year		397	13,393
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		397	13,393
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		143	198
Future Grants & Contributions		13	627
Unexpended Grants		60	1,255
Unexpended Loans		69	3,042
Restricted Water Funds		-	1,941
Bank Loans		112	6,330
Total Sources of Funding		397	13,393

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011 2010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>38,156</u>	2.91 : 1	2.07	1.61
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>13,095</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>7,152</u>	8.72%	9.18%	6.67%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>82,037</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>45,639</u>	46.29%	45.84%	47.22%
Income from Continuing Operations	<u>98,592</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>2,212</u>	4.65%	3.41%	2.84%
Rates, Annual & Extra Charges Collectible	<u>47,536</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>13,521</u>	76.46%	42.36%	50.11%
Depreciation, Amortisation & Impairment	<u>17,684</u>			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

(4) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

Eurobodalla Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>1.95</td> </tr> <tr> <td>2010</td> <td>1.61</td> </tr> <tr> <td>2011</td> <td>2.07</td> </tr> <tr> <td>2012</td> <td>2.91</td> </tr> </tbody> </table>	Year	Ratio : 1	2009	1.95	2010	1.61	2011	2.07	2012	2.91	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 2.91 : 1</p> <p>Represents an increase compared to the previous year and is above the Local Government requirement of 2:1.</p>
Year	Ratio : 1											
2009	1.95											
2010	1.61											
2011	2.07											
2012	2.91											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>9.62%</td> </tr> <tr> <td>2010</td> <td>6.67%</td> </tr> <tr> <td>2011</td> <td>9.18%</td> </tr> <tr> <td>2012</td> <td>8.72%</td> </tr> </tbody> </table>	Year	Ratio %	2009	9.62%	2010	6.67%	2011	9.18%	2012	8.72%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 8.72%</p> <p>Ratio has improved on previous year and is lower than the budgeted targets.</p>
Year	Ratio %											
2009	9.62%											
2010	6.67%											
2011	9.18%											
2012	8.72%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>45.03%</td> </tr> <tr> <td>2010</td> <td>47.22%</td> </tr> <tr> <td>2011</td> <td>45.84%</td> </tr> <tr> <td>2012</td> <td>46.29%</td> </tr> </tbody> </table>	Year	Ratio %	2009	45.03%	2010	47.22%	2011	45.84%	2012	46.29%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 46.29%</p> <p>In line with long term trend.</p>
Year	Ratio %											
2009	45.03%											
2010	47.22%											
2011	45.84%											
2012	46.29%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>3.22%</td> </tr> <tr> <td>2010</td> <td>2.84%</td> </tr> <tr> <td>2011</td> <td>3.41%</td> </tr> <tr> <td>2012</td> <td>4.65%</td> </tr> </tbody> </table>	Year	Ratio %	2009	3.22%	2010	2.84%	2011	3.41%	2012	4.65%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 4.65%</p> <p>Has increased this year due to vacancy of Debt Collection Officer but still within DLG guidelines.</p>
Year	Ratio %											
2009	3.22%											
2010	2.84%											
2011	3.41%											
2012	4.65%											
<p>5. Building & Infrastructure Renewals Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>42.68%</td> </tr> <tr> <td>2010</td> <td>50.11%</td> </tr> <tr> <td>2011</td> <td>42.36%</td> </tr> <tr> <td>2012</td> <td>76.46%</td> </tr> </tbody> </table>	Year	Ratio %	2009	42.68%	2010	50.11%	2011	42.36%	2012	76.46%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2011/12 Ratio 76.46%</p> <p>Improvement due to completion of large new capital works projects mainly in the water fund in 2010-11.</p>
Year	Ratio %											
2009	42.68%											
2010	50.11%											
2011	42.36%											
2012	76.46%											

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Water 2012	Sewer 2012	General ¹ 2012
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions</u> ⁽¹⁾	11.69 : 1	3.04 : 1	2.91 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	7.94:1	2.18:1	2.07:1
2. Debt Service Ratio			
<u>Debt Service Cost</u>	10.25%	18.22%	5.51%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	9.62%	14.62%	7.31%
3. Rates & Annual Charges Coverage Ratio			
<u>Rates & Annual Charges</u>	26.42%	84.42%	39.77%
Income from Continuing Operations			
prior period:	29.46%	82.71%	40.38%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual & Extra Charges Outstanding</u>	0.00%	0.00%	7.64%
Rates, Annual & Extra Charges Collectible			
prior period:	0.00%	0.00%	5.69%
5. Building & Infrastructure Renewals Ratio			
<u>Asset Renewals (Building & Infrastructure assets)</u>	24.02%	176.85%	51.47%
Depreciation, Amortisation & Impairment			
prior period:	21.66%	80.86%	37.12%

Notes

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 14. Investment Properties

\$ '000	Notes	Actual 2012	Actual 2011
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>550</u>	<u>1,637</u>
Reconciliation of Annual Movement:			
Opening Balance		1,637	1,637
- Net Gain/(Loss) from Fair Value Adjustments		(1,087)	-
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>550</u>	<u>1,637</u>

(b) Valuation Basis

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

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

(c) Contractual Obligations at Reporting Date

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

(d) Leasing Arrangements

There are no leasing arrangements.

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	7,908	8,098	7,908	8,098
Investments				
- "Held for Trading"	3,712	7,718	3,712	7,718
- "Held to Maturity"	45,642	36,800	45,642	36,800
Receivables	10,471	10,093	10,471	10,093
Total Financial Assets	67,733	62,709	67,733	62,709
Financial Liabilities				
Payables	6,626	7,389	6,626	7,392
Loans / Advances	63,541	60,408	63,541	60,408
Total Financial Liabilities	70,167	67,797	70,167	67,800

Fair Value is determined as follows:

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(a) Fair Value Measurements

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

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

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

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

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

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

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

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

2011	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	3,534	717	3,467	7,718
Total Financial Assets	3,534	717	3,467	7,718

The following table presents the movement in Level 3 financial instruments

	Liabilities 2012	Liabilities 2011	Assets 2012	Assets 2011
Opening Balance (of Level 3 fair values)	-	-	3,467	3,129
Transfer to/(from) Level 3	-	-	(3,467)	-
Gains/(Losses) recognised in the Income Statement	-	-	-	338
Closing Balance	-	-	-	3,467

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with specified Australian Banks and State Government Managed Funds.

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2012				
Possible impact of a 10% movement in Market Values	371	371	(371)	(371)
Possible impact of a 1% movement in Interest Rates	560	560	(560)	(560)
2011				
Possible impact of a 10% movement in Market Values	772	772	(772)	(772)
Possible impact of a 1% movement in Interest Rates	534	534	(534)	(534)

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(c) Receivables

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

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

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

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

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

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

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

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	8,364	-	7,339
Past due by up to 30 days	-	37	-	1,234
Past due between 31 and 180 days	-	240	-	188
Past due between 181 and 365 days	1,516	63	1,090	172
Past due by more than 1 year	651	185	347	144
	<u>2,167</u>	<u>8,889</u>	<u>1,437</u>	<u>9,077</u>
(ii) Movement in Provision for Impairment of Receivables			2012	2011
Balance at the beginning of the year			421	279
+ new provisions recognised during the year			164	142
Balance at the end of the year			<u>585</u>	<u>421</u>

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(d) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2012									
Trade/Other Payables	290	6,604	-	-	-	-	-	6,894	6,626
Loans & Advances	-	4,320	13,427	11,691	9,252	7,121	19,379	65,190	63,541
Total Financial Liabilities	290	10,924	13,427	11,691	9,252	7,121	19,379	72,084	70,167
2011									
Trade/Other Payables	282	7,389	-	-	-	-	-	7,671	7,389
Loans & Advances	-	7,777	3,672	12,778	11,042	8,606	18,579	62,454	60,408
Total Financial Liabilities	282	15,166	3,672	12,778	11,042	8,606	18,579	70,125	67,797

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:

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	6,626	0.0%	7,389	0.0%
Loans & Advances - Fixed Interest Rate	60,712	7.9%	51,860	7.1%
Loans & Advances - Variable Interest Rate	2,829	6.5%	2,773	6.5%
Loans & Advances - Interest Fee	5,300	0.0%	5,775	0.0%
	<u>75,467</u>		<u>67,797</u>	

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 24 May 2011.

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	2012 Budget	2012 Actual	2012 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	45,626	45,639	13	0%	F
User Charges & Fees	20,406	23,640	3,234	16%	F
Contract works on the Kings Highway (\$4.7m) were significantly greater than previous years and there were also favourable variations for Community Service Programs (\$0.2m) and Lease Rental Income (\$0.1m). This was offset by unfavourable variances due to the Batemans Bay Beach Resort (\$0.26m) and water supply (\$1m) user charges being lower than anticipated.					
Interest & Investment Revenue	1,483	1,667	184	12%	F
Interest revenue on investment balances is traditionally conservatively budgeted for and the investment portfolio was higher than anticipated resulting in favourable budget adjustments (\$1.7m). This was offset by a revaluation decrement of investments (CDO's & FRN's \$1.5M) that was not budgeted.					
Other Revenues	1,328	2,692	1,364	103%	F
A remeasurement adjustment to anticipated remediation works for waste facilities (\$0.7m), additional recycling revenue (\$0.5m) and hire of council plant and facilities (\$0.2m) are the reasons for the favourable variance.					
Operating Grants & Contributions	13,538	17,821	4,283	32%	F
Financial Assistance Grants from the Federal Government were \$1.8m favourable due to the extra allocation relating to the current year but also extra amounts received in advance for 2012/13. Additional grants were received for Community Care Services (\$0.6m), Bushfire & Emergency Services (\$0.35m) and South East Region of Councils which is a S355 entity of council received project grants (\$0.4m) and member Council contributions (\$0.2m).					
Capital Grants & Contributions	7,643	7,133	(510)	(7%)	U

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	33,001	32,824	177	1%	F
Borrowing Costs	4,784	4,457	327	7%	F
Depreciation & Amortisation	25,033	22,953	2,080	8%	F
Materials & Contracts/Other Expenses	26,270	31,594	(5,324)	(20%)	U
Materials & Contracts and Other Expenses are explained together. The reason for this is that Council adjusts its mix of these costs as required to meet its overall objectives and outputs within budget. Unfavourable budget adjustments were a result of costs associated with receiving additional grants, unbudgeted revaluation decrement on investment properties and doubtful debts expense.					
Net Losses from Disposal of Assets	-	3,584	(3,584)	0%	U
Renewal of infrastructure assets in water, sewer and transport assets earlier than estimated in asset management plans lead to significant book values being written-off for the replaced assets.					

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	22,408	32,883	10,475	46.7%	F
Favourable interest income, user charges & fees, other income and employee costs contributed to the result.					
Cash Flows from Investing Activities	(27,510)	(35,811)	(8,301)	30.2%	U
Purchase and sale of investments (\$6.3m) is not a budgeted item as it represents daily cash requirements activities only. Purchases of I, P,P&E is unfavourable due to projects carried forward from the previous year. These unfavourable items are offset by favourable sale proceeds on surplus land and replaced plant and equipment.					
Cash Flows from Financing Activities	5,150	2,738	(2,412)	(46.8%)	U
Loans raised were lower than original budget estimates due to revisions in the capital expenditure program.					

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 & 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	1,608	311	-	47	(247)	(38)	1,681	25,240	(68,576)	(41,655)	(38)
Parking	663	10	-	17	(434)	(256)	-	718	(975)	(257)	(256)
Open Space	(332)	32	-	(17)	(28)	345	-	7,775	(27,377)	(19,602)	345
Community Facilities	77	2	-	(1)	(100)	22	-	734	(2,399)	(1,665)	22
Cycleways / Pedestrian	(2)	4	-	-	-	(2)	-	1,780	(6,367)	(4,587)	(2)
Administration	(101)	16	-	(6)	(25)	116	-	798	(685)	113	116
Waste Disposal	178	19	-	6	(1)	(202)	-	665	(682)	(17)	(202)
Bushfire Protection	54	-	-	2	-	-	56	-	(56)	-	-
S94 Contributions - under a Plan	2,145	394	-	48	(835)	(15)	1,737	37,710	(107,117)	(67,670)	(15)
S94A Levies - under a Plan	(32)	179	-	2	(164)	15	-				15
Total S94 Revenue Under Plans	2,113	573	-	50	(999)	-	1,737				-
S94 not under Plans	519	19	-	22	(36)	-	524	402	(926)	-	-
S93F Planning Agreements	-	155	-	7	-	-	162				
S64 Contributions	4,012	1,519	-	117	(2,511)	-	3,137				
Total Contributions	6,644	2,266	-	196	(3,546)	-	5,560	38,112	(108,043)	(67,670)	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Contribution Plan 2000 - 2005, Community 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)	(100)	103	-	232	(484)	(252)	103
- Central District	29	-	-	1	-	(30)	-	246	(914)	(668)	(30)
- Southern District	48	2	-	1	-	(51)	-	256	(1,001)	(745)	(51)
Total	77	2	-	(1)	(100)	22	-	734	(2,399)	(1,665)	22

Contribution 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	178	19	-	6	(1)	(202)	-	665	(682)	(17)	(202)
Total	178	19	-	6	(1)	(202)	-	665	(682)	(17)	(202)

Contribution 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	517	-	-	11	(424)	(104)	-	668	(773)	(105)	(104)
- Moruya	36	-	-	1	-	(37)	-	-	(37)	(37)	(37)
- Narooma	110	-	-	5	-	(115)	-	-	(115)	(115)	(115)
- Central Tilba	-	10	-	-	(10)	-	-	50	(50)	-	-
Total	663	10	-	17	(434)	(256)	-	718	(975)	(257)	(256)

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Contribution Plan 2000 - 2005, Arterial 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	
Arterial Roads	238	176	-	7	(174)	(38)	209	16,240	(58,104)	(41,655)	(38)
Total	238	176	-	7	(174)	(38)	209	16,240	(58,104)	(41,655)	(38)

Contribution Plan 2000 - 2005, Local Roads

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Heffernan Place	1	-	-	-	-	-	1	108	(109)	-	-
Total	1	-	-	-	-	-	1	108	(109)	-	-

Contribution Plan 2000 - 2005, Open Space

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	39	6	-	2	-	(47)	-	5,314	(18,979)	(13,665)	(47)
- Northern District	(81)	15	-	(4)	-	70	-	1,399	(4,807)	(3,408)	70
- Central District	(231)	10	-	(12)	(16)	249	-	430	(1,307)	(877)	249
- Southern District	(59)	1	-	(3)	(12)	73	-	632	(2,284)	(1,652)	73
Total	(332)	32	-	(17)	(28)	345	-	7,775	(27,377)	(19,602)	345

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Contribution Plan 2000 - 2005, 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	(101)	16	-	(6)	(25)	116	-	798	(685)	113	116
Total	(101)	16	-	(6)	(25)	116	-	798	(685)	113	116

Contribution Plan 2000 - 2005, Cycleways & Pedestrian Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Northern District	(1)	2	-	-	-	(1)	-	743	(2,591)	(1,848)	(1)
- Central District	(6)	2	-	-	-	4	-	604	(2,162)	(1,558)	4
- Southern District	5	-	-	-	-	(5)	-	433	(1,614)	(1,181)	(5)
Total	(2)	4	-	-	-	(2)	-	1,780	(6,367)	(4,587)	(2)

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	5	-	-	1	-	-	6	-	(6)	-	-
- Central District	-	-	-	-	-	-	-	-	-	-	-
- Southern District	49	-	-	1	-	-	50	-	(50)	-	-
Total	54	-	-	2	-	-	56	-	(56)	-	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	39	-	-	1	-	-	40	263	(303)	-	-
Area 2A - NW Batemans Bay	324	-	-	9	-	-	333	381	(714)	-	-
Area 2B - Long Beach	54	-	-	2	-	-	56	22	(78)	-	-
Area 3B - Surf Beach/Malua Bay	109	-	-	1	(51)	-	59	938	(997)	-	-
Area 4 - Bimbimbi	(29)	39	-	(1)	-	-	9	732	(741)	-	-
Area 5 - Polwambra	156	11	-	5	-	-	172	786	(958)	-	-
Area 6 - Moruya	337	-	-	9	(21)	-	325	1,280	(1,605)	-	-
Area 7 - Congo/Bingi	137	74	-	7	(1)	-	217	2,994	(3,211)	-	-
Area 8 - South Narooma	126	11	-	4	-	-	141	564	(705)	-	-
Area 9 - Tilba	116	-	-	3	-	-	119	932	(1,051)	-	-
Total	1,369	135	-	40	(73)	-	1,471	8,892	(10,363)	-	-

S94A LEVIES - UNDER A PLAN

S94A Levy Contribution Plan 2007

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Indirect Contributions	(32)	179	-	2	(164)	15	-	3,340	(110,082)	(106,742)	15
Total	(32)	179	-	2	(164)	15	-	3,340	(110,082)	(106,742)	15

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	15	19	-	1	-	-	35	402	(437)	-	-
Parking	448	-	-	19	-	-	467	-	(467)	-	-
Community Facilities	56	-	-	2	(36)	-	22	-	(22)	-	-
Total	519	19	-	22	(36)	-	524	402	(926)	-	-

S64 CONTRIBUTIONS

S64 Water Contributions

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 Fund	1,749	855	-	49	(1,304)	-	1,349	24,518	(70,988)	(45,121)	-
Total	1,749	855	-	49	(1,304)	-	1,349	24,518	(70,988)	(45,121)	-

S64 Sewer Contributions

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Sewer Fund	2,263	664	-	68	(1,207)	-	1,788	18,119	(43,292)	(23,385)	-
Total	2,263	664	-	68	(1,207)	-	1,788	18,119	(43,292)	(23,385)	-

Eurobodalla Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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 with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its Defined Benefit Scheme obligations in accordance with AASB 119.

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 2012

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 Council's intention to spend funds in the manner and timing set out in those Plans.

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

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

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

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

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

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

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

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

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

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000

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

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		686,287	731,306
a. Correction of Prior Period Errors	20 (c)	-	(1,883)
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	1,949
c. Revaluation Decrement to Community Land		-	(61,784)
c. Operating Result from Continuing Operations		5,720	12,422
e. Distributions to/(Contributions from) Minority Interests		-	-
d. Transfers between Equity		6,765	4,277
Balance at End of the Reporting Period		698,772	686,287
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		519,998	407,908
Total		519,998	407,908
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		407,908	370,050
- Revaluations for the year	9(a)	118,855	42,135
- Transfer to Retained Earnings for Asset disposals		(6,765)	(4,277)
- Balance at End of Year		519,998	407,908
TOTAL VALUE OF RESERVES		519,998	407,908

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

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

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
c. Correction of Error/s relating to a Previous Reporting Period			
Correction of errors as disclosed in last year's financial statements:			
Council corrected valuations relating to Roads & Bridges Infrastructure, Other assets and Earthworks in last year's accounts due errors in their compilation & calculation.			(38,223)
Council corrected incorrect depreciation rates against Buildings in last year's financial statements that had resulted in Depreciation Expense being understated and the Written Down Value of Buildings being overstated.			(1,076)
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/10 (relating to adjustments for the 30/6/10 reporting year end and prior periods)		-	(40,106)
- Adjustments to Closing Equity - 30/6/11 (relating to adjustments for the 30/6/11 year end)		-	-
Total Prior Period Adjustments - Prior Period Errors		-	(40,106)

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 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	3,288	15,291	27,060
User Charges & Fees	7,579	516	15,545
Interest & Investment Revenue	74	75	1,518
Other Revenues	20	66	2,606
Grants & Contributions provided for Operating Purposes	387	261	17,173
Grants & Contributions provided for Capital Purposes	1,095	1,905	4,133
Total Income from Continuing Operations	12,443	18,114	68,035
Expenses from Continuing Operations			
Employee Benefits & on-costs	2,761	3,428	24,095
Borrowing Costs	632	1,340	2,485
Materials & Contracts	3,946	4,628	13,347
Depreciation & Amortisation	3,359	4,260	15,334
Other Expenses	967	917	7,789
Net Losses from the Disposal of Assets	697	1,324	1,563
Total Expenses from Continuing Operations	12,362	15,897	64,613
Net Operating Result for the Year	81	2,217	3,422
Net Operating Result attributable to each Council Fund	81	2,217	3,422
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(1,014)	312	(711)

¹ 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 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	3,337	5,924	(1,353)
Investments	1,439	6,618	41,297
Receivables	2,701	106	7,567
Inventories	59	-	726
Other	124	-	30
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	7,660	12,648	48,267
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	97
Inventories	-	-	46
Infrastructure, Property, Plant & Equipment	280,433	235,012	715,332
Investment Property	-	-	550
Intangible Assets	-	-	-
Other	-	-	-
Total Non-Current Assets	280,433	235,012	716,025
TOTAL ASSETS	288,093	247,660	764,292
LIABILITIES			
Current Liabilities			
Payables	9	41	7,085
Borrowings	531	2,009	1,780
Provisions	-	-	8,843
Total Current Liabilities	540	2,050	17,708
Non-Current Liabilities			
Payables	-	-	-
Borrowings	8,849	21,429	28,943
Provisions	-	-	1,756
Total Non-Current Liabilities	8,849	21,429	30,699
TOTAL LIABILITIES	9,389	23,479	48,407
Net Assets	278,704	224,181	715,885
EQUITY			
Retained Earnings	147,249	108,381	443,142
Revaluation Reserves	131,455	115,800	272,743
Total Equity	278,704	224,181	715,885

¹ 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 2012

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

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2012, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 01/11/12.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 26. Reinstatement, Rehabilitation & 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	
		2012	2011
Brou Waste Management Facility	2017-18	787	999
Surf Beach Waste Management Facility	2016-17	753	947
Moruya Waste Management Facility	2011-12	291	291
Balance at End of the Reporting Period	10(a)	1,831	2,237

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

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

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

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

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

Reconciliation of movement in Provision for year:

Balance at beginning of year	2,237	2,053
Effect of a change in discount rates used in PV calculations	121	85
Effect of a change in other calculation estimates used	(740)	-
Amortisation of discount (expensed to borrowing costs)	213	99
Expenditure incurred attributable to Provisions	-	-
Total - Reinstatement, rehabilitation and restoration provision	1,831	2,237



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EUROBODALLA SHIRE COUNCIL Independent Audit Report to the Council General Purpose Financial Statements for the Year ended 30 June 2012

Report on the Financial Report

We have audited the general purpose financial statements of Eurobodalla Shire Council, which comprises the Balance Sheet as at 30 June 2012, Statement by Councillors and Management, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Council's Responsibilities for the Financial Statements

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

Auditor's Responsibilities

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

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

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

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

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

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eurobodalla Shire Council as of 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

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

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

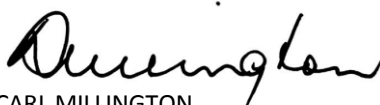
Our responsibility is to report on Council's compliance with the accounting and reporting requirements of the Local Government Act, 1993 and Local Government (General) Regulation 2005.

Auditors' Opinion on other legal and regulatory requirements

In our opinion:

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


PITCHER PARTNERS


CARL MILLINGTON
Partner

Sydney, 1 November 2012



PITCHER PARTNERS

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EUROBODALLA SHIRE COUNCIL INDEPENDENT AUDITORS' REPORT ON THE CONDUCT OF THE AUDIT YEAR ENDED 30 JUNE 2012

Eurobodalla Shire Council has prepared a general purpose financial report for the year ended 30 June 2012 on which we issued a separate audit report to the Council dated 1 November 2012. This report has been prepared in accordance with the requirements of the Division of Local Government, and the provisions of Section 417(3) of the Local Government Act, 1993.

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

Audit Conclusion

Our audit of the financial report for the year ended 30 June 2012 resulted in unqualified independent audit reports for Council's General Purpose and Special Purpose Financial Statements.

Additional Audit Considerations and Comment

Income Statement

Summarised Income Statement

	2012 Actual \$'000	2012 Budget \$'000	* Budget Variance %	2011 Actual \$'000
Net operating result for the year	5,720	936	511%F	(49,362)
Operating result before capital revenue	(1,413)	(6,707)	79%F	778
Rates & annual charges	45,639	45,626	0.03%F	44,758
Operating grants & contributions	17,821	13,538	32%F	16,280
Capital grants & contributions	7,133	7,643	7%U	11,644
Depreciation & amortisation	22,953	25,033	8%U	21,955

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

Net Operating Result

Council's net operating result for the 2012 year was a surplus of \$5.72M. This compares with the original budget of \$936K for the year, with major variations in the operating result being provided in Note 16 to the financial statements. The substantial operating deficit incurred in 2011 arose as a result of the re-valuation of Community Land and as such it is inappropriate to compare the two years without taking that adjustment into consideration.

Operating Result before Capital

The operating result before Capital grants and contributions was a deficit of \$1.413M compared with the prior year surplus of \$778K. This compared with the original 2012 budget deficit of \$6.707M.

Rates and Annual Charges.

Revenue from rates and annual charges increased to \$45.639M from \$44.758M in the prior year, and was within 1% of budget for the 2012 year.

Grants and Contributions.

Operating grants and contributions for the year totalled \$17.821M and represented 18% of total income from continuing operations. This compares with budget of \$13.538M.

Capital grants and contributions amounted to \$7.133M for the 2012 year and represented 7% of total income from continuing operations. This compares with budget of \$7.643M.

Depreciation.

Included in the operating result was \$22.953M for the depreciation and amortisation of infrastructure, property, plant and equipment which increased from \$21.955M in the prior year and compared with the original budget of \$25.033M. Depreciation is Council's second highest expense and represents approximately 23% of total income from operations.

Balance Sheet

Council's equity at 30 June 2012 amounted to \$1,218.770M comprised of retained earnings (\$698.772M), and reserves (\$519.998M) arising from revaluation of infrastructure assets.

The most significant impacts on retained earnings during 2012 were the operating surplus of \$5.72M, whilst the Asset Revaluation Reserve increased by a net \$118.855M as a result of the revaluation of other non-current assets.

At balance date Council had not utilised any of its bank overdraft facility of \$2.0M.

Movements in Cash and Cash Equivalents

Summarised Statement of Cash Flows

Activities	2012 Actual	2012 Budget	* Budget	2011 Actual
	\$'000	\$'000	Variance	\$'000
			%	
Net cash flows from operations	32,883	22,408	29%F	34,955
Net cash flows from investing	(35,811)	(27,510)	3%U	(44,950)
Net cash flows from financing	2,738	5,150	71%U	2,134
Net movement in cash	(190)	(48)		(7,861)

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

Council's cash and cash equivalent balances decreased to a total of \$7.908M during the year, with \$32.883M being provided from operations, \$35.811M utilised for acquisition of investments and assets, and \$2.738M provided from net proceeds of borrowings and advances. Investing activities included \$6.335M net increase in investments securities.

Total Investments and Cash Balances

Council's cash and investments balances totalled \$57.262M at 30 June 2012 compared to \$52.616M in 2011.

Of this total, \$27.425M (2011 - \$28.838M) is externally restricted for use as specified by legislation and/or other regulatory requirements, \$13.78M (2011 - \$5.708M) has been reserved for specific projects and purposes identified by Council, and \$16.057M (2011 - \$18.07M) is unrestricted.

Total external restrictions decreased overall by 5%, resulting from a combination of the utilisation of specific purpose sewer loans, and increases in specific purpose unexpended grants, water and sewerage balances, and other waste management.

The total of internally restricted balances increased by \$8.072M, with material increases in Council's IT Investment Fund, Works Income Equalisation Fund and the Real Estate Disposal Fund.

Details of all externally and internally restricted cash and investments, including the movements during the year, are provided in Note 6c.

Working Capital (Net Current Assets)

	2012	2011	2010
	\$'000	\$'000	\$'000
Current assets	68,575	64,540	63,227
Less: Current liabilities	20,298	24,607	29,840
Net current assets	48,277	39,933	33,387
Add: anticipated longer term liabilities included in current	4,049	4,898	4,545
Adjusted net Current Assets	52,326	44,831	37,932
<i>Less: Working Capital Commitments</i>			
Net external restrictions	27,265	27,850	24,451
<i>Unrestricted Working Capital</i>	25,061	16,981	13,481

Council's balance of unrestricted working capital has increased from \$16.981M in 2011 to \$25.061M at the end of the 2012 financial year. This balance represents approximately 29% of budgeted operating expenses for the 2012/13 financial year.

After taking into consideration Council's internal reserves, other liabilities that are anticipated to be funded from the 2012/13 operating budget and anticipated timing of rate revenues, Council's unrestricted working capital balance appears to provide a reasonable basis for funding the coming year's operations.

Performance Indicators and Trends

The following performance indicators are included in Note 13 to the financial report:-

Unrestricted Current Ratio.

At 2.91:1, the ratio has improved on the prior year and remains above industry guidelines of 2:1.

Debt Service Ratio.

The debt service ratio of 8.72% is lower than the prior year, but is well within the industry benchmark of 20%.

Rates and Annual Charges Coverage Ratio.

Council's rates and annual charges revenue represented 46.29% of 2012 total revenue, which is consistent with prior years.

Rates and Annual Charges Outstanding Percentage.

The amount of rates uncollected at year end expressed as a percentage of the total rates and annual charges collectible was 4.65%. This ratio has again increased on the prior year but is still within industry guidelines of 5%.

Building & Infrastructure Renewals Ratio.

The ratio increased from 42.36% in the prior year to 76.46% for 2012, but remains below industry guidelines of 100%. These guidelines indicate that Council would have needed to spend an additional \$4.163M during the 2012 year to achieve a ratio of 100%.

Legislative Compliance

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

Council has complied with all statutory reporting requirements relating to Division 2 of Chapter 12 of the Local Government Act, 1993, the Code of Accounting Practice and Financial Reporting (Update 20), and other legislatively prescribed standards.

Conduct of the audit

During the conduct of our audit, there were minimal issues requiring additional explanation and investigation. We are able to report that all such issues have been appropriately attended to and there are no matters of audit significance, other than those already referred to in this report, that require mention in this or our statutory audit report.

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


PITCHER PARTNERS


CARL MILLINGTON

Partner

Sydney, 1 November 2012