

Eurobodalla Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2014



Eurobodalla Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2014

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Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 28 October 2014. Council has the power to amend and reissue these financial statements.

Eurobodalla Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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 2014.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Eurobodalla Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2014

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.

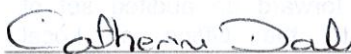
Signed in accordance with a resolution of Council made on 28 October 2014.



L Brown
MAYOR



R Pollock OAM
DEPUTY MAYOR



Dr C Dale
GENERAL MANAGER



A O'Reilly
RESPONSIBLE ACCOUNTING OFFICER

Eurobodalla Shire Council

Income Statement

for the financial year ended 30 June 2014

Budget ¹ 2014	\$ '000	Notes	Actual 2014	Actual 2013
Income from Continuing Operations				
<i>Revenue:</i>				
49,937	Rates & Annual Charges	3a	50,032	47,611
20,592	User Charges & Fees	3b	23,983	21,900
2,476	Interest & Investment Revenue	3c	3,201	3,137
1,661	Other Revenues	3d	2,199	2,128
15,428	Grants & Contributions provided for Operating Purposes	3e,f	14,682 ²	15,558
3,073	Grants & Contributions provided for Capital Purposes	3e,f	6,471	5,139
93,167	Total Income from Continuing Operations		100,568	95,473
Expenses from Continuing Operations				
35,222	Employee Benefits & On-Costs	4a	32,553	30,023
4,862	Borrowing Costs	4b	4,082	4,241
20,341	Materials & Contracts	4c	21,509	21,642
27,104	Depreciation & Amortisation	4d	27,095	26,735
-	Impairment	4d	225	-
6,444	Other Expenses	4e	8,918	8,719
-	Net Losses from the Disposal of Assets	5	2,638	3,331
93,973	Total Expenses from Continuing Operations		97,020	94,691
(806)	Operating Result from Continuing Operations		3,548	782
(806)	Net Operating Result for the Year		3,548	782
(3,879)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(2,923)	(4,357)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

Eurobodalla Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
Net Operating Result for the year (as per Income statement)		3,548	782
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	59,695	7,012
Total Other Comprehensive Income for the year		59,695	7,012
Total Comprehensive Income for the Year		63,243	7,794

Eurobodalla Shire Council

Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	6,351	8,742
Investments	6b	69,008	58,217
Receivables	7	9,057	9,400
Inventories	8	630	740
Other	8	212	132
Non-current assets classified as "held for sale"	22	42	42
Total Current Assets		85,300	77,273
Non-Current Assets			
Receivables	7	94	80
Infrastructure, Property, Plant & Equipment	9	1,288,014	1,232,251
Total Non-Current Assets		1,288,108	1,232,331
TOTAL ASSETS		1,373,408	1,309,604
LIABILITIES			
Current Liabilities			
Payables	10	8,243	7,818
Borrowings	10	13,191	13,844
Provisions	10	9,669	9,166
Total Current Liabilities		31,103	30,828
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	50,618	50,366
Provisions	10	1,958	1,924
Total Non-Current Liabilities		52,576	52,290
TOTAL LIABILITIES		83,679	83,118
Net Assets		1,289,729	1,226,486
EQUITY			
Retained Earnings	20	712,949	707,486
Revaluation Reserves	20	576,780	519,000
Total Equity		1,289,729	1,226,486

Eurobodalla Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2014

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		698,772	519,998	1,218,770	-	1,218,770
a. Correction of Prior Period Errors	20 (c)	(78)	-	(78)	-	(78)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		698,694	519,998	1,218,692	-	1,218,692
c. Net Operating Result for the Year		782	-	782	-	782
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	7,012	7,012	-	7,012
Other Comprehensive Income		-	7,012	7,012	-	7,012
Total Comprehensive Income (c&d)		782	7,012	7,794	-	7,794
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		8,010	(8,010)	-	-	-
Equity - Balance at end of the reporting period		707,486	519,000	1,226,486	-	1,226,486

Eurobodalla Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
Cash Flows from Operating Activities				
Receipts:				
49,937	Rates & Annual Charges		50,149	47,801
21,895	User Charges & Fees		25,153	23,850
2,476	Investment & Interest Revenue Received		3,127	3,119
-	Grants & Contributions		19,703	19,886
-	Bonds, Deposits & Retention amounts received		2,798	2,533
-	Other		3,464	3,678
Payments:				
(35,222)	Employee Benefits & On-Costs		(32,122)	(29,784)
-	Materials & Contracts		(22,107)	(24,341)
(4,862)	Borrowing Costs		(3,760)	(3,762)
-	Bonds, Deposits & Retention amounts refunded		(3,358)	(1,964)
-	Other		(10,433)	(8,900)
34,224	Net Cash provided (or used in) Operating Activities	11b	32,614	32,116
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		29,434	35,353
535	Sale of Infrastructure, Property, Plant & Equipment		751	893
19	Deferred Debtors Receipts		-	27
Payments:				
-	Purchase of Investment Securities		(39,828)	(42,423)
(31,770)	Purchase of Infrastructure, Property, Plant & Equipment		(24,616)	(25,441)
-	Deferred Debtors & Advances Made		(23)	-
(31,216)	Net Cash provided (or used in) Investing Activities		(34,282)	(31,591)
Cash Flows from Financing Activities				
Receipts:				
17,949	Proceeds from Borrowings & Advances		13,007	4,734
Payments:				
(13,476)	Repayment of Borrowings & Advances		(13,730)	(4,425)
4,473	Net Cash Flow provided (used in) Financing Activities		(723)	309
7,481	Net Increase/(Decrease) in Cash & Cash Equivalents		(2,391)	834
8,742	plus: Cash & Cash Equivalents - beginning of year	11a	8,742	7,908
16,223	Cash & Cash Equivalents - end of the year	11a	6,351	8,742
Additional Information:				
	plus: Investments on hand - end of year	6b	69,008	58,217
Total Cash, Cash Equivalents & Investments			75,359	66,959

Please refer to Note 11 for additional cash flow information

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

(iii) New and amended standards adopted by Council

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

(v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

Estimates and assumptions that may cause material adjustments to the carrying amounts of assets and liabilities are set out below:

- (i) Fair values of investment properties
- (ii) Fair values of infrastructure, property, plant and equipment.
- (iii) Estimated remediation provisions.
 - (i) Impairment of Receivables - refer Note 7.
 - (ii) Projected Section 94 Commitments - refer Note 17.

(b) Revenue recognition

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

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised

as revenues when the Council obtains control over the assets comprising these receipts.

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

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

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it.

Any unexpended grant or contribution is disclosed in Note 3(g) which also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

A provision for these unpaid receivables is recognised 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

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

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

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and **(ii)** all the related operating results (for the financial year ended the 30th June 2014).

(i) The Consolidated Fund

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

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

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

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

(ii) The Trust Fund

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

Trust monies and property 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) Joint Ventures, Associated Entities and County Councils

Council has no interest in any Joint Venture Entities, Associated Entities and is not a member of any County Councils.

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(d) Leases

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

Finance Leases

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

Operating Leases

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

(e) Cash and Cash Equivalents

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

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

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

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

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

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

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

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

They are generally quoted in an active market and are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

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

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

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

Financial Assets – Reclassification

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

(ii) Subsequent Measurement

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

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

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

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

Impairment

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

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

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with 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.

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

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 2014

Note 1. Summary of Significant Accounting Policies

(h) Receivables

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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 settlement is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

Subsequent costs

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

Asset Revaluations (including Indexation)

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

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

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

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

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

Capitalisation Thresholds

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

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

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

Buildings & Land Improvements	
Park Furniture & Equipment	> \$5,000
Building	
- construction/extensions	> \$5,000
- renovations	> \$5,000
Other Structures	> \$5,000

Water & Sewer Assets	
Reticulation extensions	> \$5,000
Other	> \$5,000

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

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

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

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

Plant & Equipment	
- Office Equipment	5 to 10 years
- Office furniture	10 years
- Computer Equipment	4 to 5 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years
Other Equipment	
- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years
Buildings	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 60 years
Stormwater Drainage	
- Drains	50 to 60 years
- Culverts	80 years
- Flood Control Structures	60 to 100 years
Transportation Assets	
- Sealed Roads : Surface	9 to 18 years
- Sealed Roads : Structure	30 to 70 years
- Unsealed roads	12-15 years
- Bridge : Concrete	100 years
- Bridge : Other	10 to 40 years
- Kerb and Gutter	20 to 75 years
- Ancillary	10 to 70 years
- Paths	15 to 75 years
Water & Sewer Assets	
- Dams and reservoirs	25 to 100 years
- Bores	30 years
- Reticulation pipes	40 to 80 years
- Pumps and telemetry	7 to 25 years
Other Infrastructure Assets	
- Bulk earthworks	Infinite

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable 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 derecognition of the asset is included in Council's Income Statement.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the LGA (1993) classified as either Operational or Community. This classification of Land is disclosed in Note 9(a).

(l) Land under roads

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

(o) Rural Fire Service assets

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

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

(p) Investment property

Council currently holds no properties classified as Investment Properties.

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

(s) Impairment of assets

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

circumstances indicate that the carrying amount may not be recoverable.

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

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

For non-cash generating assets (for example Infrastructure Assets) value in use is estimated by using a discounted cash flow model.

(t) Payables

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

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred 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 when they are incurred during the construction of qualifying assets. When this is the case, 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 management's best estimate of the expenditure required to settle the present obligation at the reporting date.

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

(x) Employee benefits

(i) Short Term Obligations

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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.

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.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

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

Defined Contribution Plans

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

(y) Self insurance

Council does not self insure.

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

An asset or liability is classified as current if it is expected to be settled within the next 12 months, or non-current if greater than 12 months.

Exceptions

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

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

(aa) Taxes

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

Goods & Services Tax (GST)

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

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

(ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

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, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

(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 2014

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
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	534	759	515	1,330	1,321	1,611	(796)	(562)	(1,096)	498	230	24	31
Administration	475	1,083	874	1,364	(454)	809	(889)	1,537	65	8	190	105,954	95,904
Public Order & Safety	726	2,084	1,110	2,663	2,664	2,669	(1,937)	(580)	(1,559)	887	582	9,346	8,719
Health	115	116	108	451	368	382	(336)	(252)	(274)	-	-	6	7
Environment	10,424	11,473	11,035	12,107	11,838	11,258	(1,683)	(365)	(223)	786	621	65,246	66,413
Community Services & Education	5,282	6,013	5,508	6,721	6,879	6,387	(1,439)	(866)	(879)	4,612	4,142	258	211
Housing & Community Amenities	1,457	2,321	1,603	6,448	6,819	5,608	(4,991)	(4,498)	(4,005)	120	614	8,779	7,192
Water Supplies	15,188	15,834	12,876	14,652	15,272	15,369	536	562	(2,493)	201	199	287,512	283,915
Sewerage Services	18,666	19,021	16,064	17,116	17,964	17,891	1,550	1,057	(1,827)	190	(1,378)	241,082	236,925
Recreation & Culture	1,489	1,770	1,891	9,384	9,503	9,744	(7,895)	(7,733)	(7,853)	357	437	171,732	173,132
Mining, Manufacturing & Construction	518	628	462	711	625	720	(193)	3	(258)	-	-	121	206
Transport & Communication	5,040	8,070	9,986	14,822	18,090	17,821	(9,782)	(10,020)	(7,835)	1,140	2,004	418,626	371,621
Economic Affairs	4,485	4,568	4,729	5,949	6,291	6,024	(1,464)	(1,723)	(1,295)	9	5	64,722	65,328
Total Functions & Activities	64,399	73,740	66,761	93,718	97,180	96,293	(29,319)	(23,440)	(29,532)	8,808	7,646	1,373,408	1,309,604
General Purpose Income ¹	28,768	26,828	28,712	255	(160)	(1,602)	28,513	26,988	30,314	3,701	6,725	-	-
Operating Result from Continuing Operations	93,167	100,568	95,473	93,973	97,020	94,691	(806)	3,548	782	12,509	14,371	1,373,408	1,309,604

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES - Supply of potable water to the Shire.

SEWERAGE SERVICES - Supply of Sewerage services.

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		17,693	17,074
Farmland		357	343
Business		3,454	3,356
Total Ordinary Rates		21,504	20,773
Special Rates			
Environmental		840	810
Total Special Rates		840	810
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		4,697	5,158
Stormwater Management Services		444	441
Water Supply Services		4,649	3,300
Sewerage Services		16,760	16,137
Waste Management Services (non-domestic)		1,138	992
Total Annual Charges		27,688	26,028
TOTAL RATES & ANNUAL CHARGES		50,032	47,611

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 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		9,730	8,362
Sewerage Services		608	498
Liquid Trade Waste		104	104
Total User Charges		10,442	8,964
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		630	597
Private Works - Section 67		304	354
Registration Fees		23	31
Section 149 Certificates (EPA Act)		736	606
Section 603 Certificates		96	76
Water Connection		141	118
Sewer Connection		28	23
Onsite Sewerage Management		189	182
Total Fees & Charges - Statutory/Regulatory		2,147	1,987
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Admission & Service Fees		30	29
Aerodrome		209	203
Caravan Park / Camping		2,892	2,703
Carparking Fees		106	101
Cemeteries		167	174
Community Service Programs		1,333	1,283
Landfill		2,752	2,169
Lease Rentals		1,512	1,615
Leaseback Fees - Council Vehicles		231	211
RMS (formerly RTA) Charges (State Roads not controlled by Council)		1,999	2,273
Other		163	188
Total Fees & Charges - Other		11,394	10,949
TOTAL USER CHARGES & FEES		23,983	21,900

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		235	301
- Interest earned on Investments (interest & coupon payment income)		2,966	2,836
TOTAL INTEREST & INVESTMENT REVENUE		3,201	3,137
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		182	244
General Council Cash & Investments		2,199	2,060
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		83	101
- Section 64		84	123
Water Fund Operations		302	219
Sewerage Fund Operations		351	390
Total Interest & Investment Revenue Recognised		3,201	3,137
(d) Other Revenues			
Rental Income - Other Council Properties		396	390
Fines		313	266
Legal Fees Recovery - Rates & Charges (Extra Charges)		515	326
Commissions & Agency Fees		192	201
Insurance Claim Recoveries		51	30
Recycling Income (non domestic)		272	364
Sales - General		342	441
Other		118	110
TOTAL OTHER REVENUE		2,199	2,128

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,462	4,774	-	-
Financial Assistance - Local Roads Component	758	1,491	-	-
Pensioners' Rates Subsidies - General Component	481	460	-	-
Total General Purpose	3,701	6,725	-	-

¹ The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

Specific Purpose

Pensioners' Rates Subsidies:

- Water	201	199	-	-
- Sewerage	190	187	-	-
- Domestic Waste Management	148	161	-	-
- Other	21	20	-	-
Sewerage Services	-	-	-	(1,565)
Boatramps and Wharfs	-	-	15	140
Bushfire & Emergency Services	706	678	297	-
Community Care	4,509	4,092	-	80
Cycleways	-	-	-	364
Economic Development	9	5	-	-
Employment & Training Programs	12	110	-	-
Environmental Protection	665	446	44	12
Heritage & Cultural	94	31	69	-
Library	58	44	-	70
Parks & Reserves	10	13	20	191
Recreation & Culture	22	-	43	-
SEROC	498	231	-	-
Street Lighting	51	51	-	-
Transport (Roads to Recovery)	733	722	-	-
Transport (Other Roads & Bridges Funding)	-	-	354	1,278
Other	41	86	-	-
Total Specific Purpose	7,968	7,076	842	570
Total Grants	11,669	13,801	842	570

Grant Revenue is attributable to:

- Commonwealth Funding	6,096	8,771	62	80
- State Funding	5,462	4,831	776	475
- Other Funding	111	199	4	15
	11,669	13,801	842	570

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	13	9	665	436
S 94A - Fixed Development Consent Levies	-	-	199	146
S 64 - Water Supply Contributions	-	-	590	541
S 64 - Sewerage Service Contributions	-	-	481	465
Subdivider Dedications	-	-	1,781	911
Total Developer Contributions	13	9	3,716	2,499
	17			
Other Contributions:				
Arts and Culture	27	17	-	-
Community Services	16	32	-	-
Cycleways	-	-	50	57
Emergency Services	56	-	935	-
Employment & Training Program	53	6	-	-
Kerb & Gutter	62	72	21	-
Libraries	80	78	-	-
Roadworks	2	1	281	1,042
RMS Contributions (Regional Roads, Block Grant)	2,220	1,041	552	698
SEROC	232	220	-	-
Sewerage (excl. Section 64 contributions)	2	52	-	-
Sports Grounds, Parks & Recreation	186	178	20	232
Waste Management	18	19	-	-
Other	46	32	54	41
Total Other Contributions	3,000	1,748	1,913	2,070
Total Contributions	3,013	1,757	5,629	4,569
TOTAL GRANTS & CONTRIBUTIONS	14,682	15,558	6,471	5,139

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
(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	7,434	10,598
add: Grants & contributions recognised in the current period but not yet spent:	3,116	4,110
less: Grants & contributions recognised in a previous reporting period now spent:	(3,149)	(7,274)
Net Increase (Decrease) in Restricted Assets during the Period	(34)	(3,164)
Unexpended and held as Restricted Assets	<u><u>7,400</u></u>	<u><u>7,434</u></u>
Comprising:		
- Specific Purpose Unexpended Grants	3,956	3,072
- Developer Contributions	3,444	4,362
	<u><u>7,400</u></u>	<u><u>7,434</u></u>

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		24,200	22,436
Travelling		1,339	1,283
Employee Leave Entitlements (ELE)		5,028	4,748
Superannuation		3,144	2,916
Workers' Compensation Insurance		1,081	1,170
Fringe Benefit Tax (FBT)		224	161
Payroll Tax		345	326
Training Costs (other than Salaries & Wages)		503	501
Other		291	312
Total Employee Costs		36,155	33,853
less: Capitalised Costs		(3,602)	(3,830)
TOTAL EMPLOYEE COSTS EXPENSED		32,553	30,023
Number of "Equivalent Full Time" Employees at year end		437	460
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		3,710	3,824
Total Interest Bearing Liability Costs Expensed		3,710	3,824
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	50	57
Interest applicable on Interest Free (& favourable) Loans to Council		322	360
Total Other Borrowing Costs		372	417
TOTAL BORROWING COSTS EXPENSED		4,082	4,241
(c) Materials & Contracts			
Raw Materials & Consumables		16,864	16,124
Contractor & Consultancy Costs		3,954	4,363
Auditors Remuneration ⁽¹⁾		44	60
Legal Expenses:			
- Legal Expenses: Planning & Development		8	120
- Legal Expenses: Debt Recovery		383	385
- Legal Expenses: Other		256	590
TOTAL MATERIALS & CONTRACTS		21,509	21,642

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Materials & Contracts (continued)			
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		38	53
- Other Services: Council's Auditor (Sewer & Water Best Practice)		6	7
Remuneration for audit and other assurance services		44	60
Total Auditor Remuneration		44	60

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	1,956	1,742
Office Equipment		-	-	406	376
Furniture & Fittings		-	-	121	131
Land Improvements (depreciable)		-	-	43	44
Buildings - Non Specialised		-	-	1,274	1,599
Buildings - Specialised		-	-	981	1,469
Other Structures		-	-	493	2,462
Infrastructure:					
- Roads		-	-	5,298	5,175
- Bridges		225	-	626	618
- Footpaths		-	-	453	444
- Stormwater Drainage		-	-	1,414	1,404
- Water Supply Network		-	-	5,799	5,597
- Sewerage Network		-	-	6,097	5,523
- Swimming Pools		-	-	56	-
- Other Open Space/Recreational Assets		-	-	1,900	-
Other Assets					
- Library Books		-	-	178	150
- Other		-	-	0	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		225	-	27,095	26,735

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		449	462
Bad & Doubtful Debts		183	(259)
Bank Charges / Cash Collection Expenses		249	233
Commissions		443	331
Community Care Outsourced		452	626
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		57	59
- NSW Fire Brigade Levy		139	136
- NSW Rural Fire Service Levy		532	510
- Other Contributions/Levies		201	257
Councillor Expenses - Mayoral Fee		38	37
Councillor Expenses - Councillors' Fees		157	150
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		113	100
Donations, Contributions & Assistance to other organisations (Section 356)		178	165
Electricity & Heating		2,500	2,654
Insurance		1,383	1,350
Street Lighting		478	502
Subscriptions & Publications		272	307
Telephone & Communications		567	585
Valuation Fees		170	195
Venue / Facility Hire		16	19
Other		341	300
<u>TOTAL OTHER EXPENSES</u>		<u>8,918</u>	<u>8,719</u>

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
Property (excl. Investment Property)			
Proceeds from Disposal - Property		19	339
less: Carrying Amount of Property Assets Sold / Written Off		(12)	(363)
Net Gain/(Loss) on Disposal		7	(24)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		732	554
less: Carrying Amount of P&E Assets Sold / Written Off		(781)	(597)
Net Gain/(Loss) on Disposal		(49)	(43)
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(2,993)	(5,057)
Net Gain/(Loss) on Disposal		(2,993)	(5,057)
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		457	4,376
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(60)	(2,583)
Net Gain/(Loss) on Disposal		397	1,793
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(2,638)	(3,331)
* Financial Assets disposals / redemptions include:			
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"		397	1,793
Net Gain/(Loss) on Disposal of Financial Instruments		397	1,793

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,011	-	476	-
Cash-Equivalent Assets ¹					
- Deposits at Call		3,340	-	3,266	-
- Short Term Deposits		2,000	-	5,000	-
Total Cash & Cash Equivalents		6,351	-	8,742	-
Investments (Note 6b)					
- Long Term Deposits		69,000	-	56,133	-
- Government & Semi-Government Bonds		-	-	2,016	-
- CDO's and other FRN's		8	-	68	-
Total Investments		69,008	-	58,217	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		75,359	-	66,959	-

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"		6,351	-	8,742	-
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Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	8	-	68	-
b. "Held to Maturity"	6(b-ii)	69,000	-	58,149	-
Investments		69,008	-	58,217	-

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6b. Investments (continued)

\$ '000	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 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	68	-	3,712	-
Additions	422	-	-	-
Disposals (sales & redemptions)	(482)	-	(3,644)	-
Balance at End of Year	8	-	68	-
Comprising:				
- CDO's and other FRN's	8	-	68	-
Total	8	-	68	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	58,149	-	45,642	-
Additions	39,346	-	44,216	-
Disposals (sales & redemptions)	(28,495)	-	(31,709)	-
Balance at End of Year	69,000	-	58,149	-
Comprising:				
- Long Term Deposits	69,000	-	56,133	-
- Government & Semi-Government Bonds	-	-	2,016	-
Total	69,000	-	58,149	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	75,359	-	66,959	-
attributable to:				
External Restrictions (refer below)	36,763	-	30,698	-
Internal Restrictions (refer below)	12,672	-	14,829	-
Unrestricted	25,924	-	21,432	-
	75,359	-	66,959	-

2014 \$ '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)	120	55	(129)	46
Specific Purpose Unexpended Loans-Sewer (A)	1,799	-	(1,041)	758
External Restrictions - Included in Liabilities	1,919	55	(1,170)	803

External Restrictions - Other

Developer Contributions - General (D)	2,356	2,146	(2,189)	2,313
Developer Contributions - Water Fund (D)	651	-	(519)	132
Developer Contributions - Sewer Fund (D)	1,355	-	(356)	999
Specific Purpose Unexpended Grants (F)	2,089	884	-	2,973
Specific Purpose Unexpended Grants-Sewer Fund (F)	983	-	-	983
Water Supplies (G)	5,725	4,442	-	10,167
Sewerage Services (G)	8,708	1,872	-	10,580
Domestic Waste Management (G)	2,988	60	-	3,048
Stormwater Management (G)	78	445	(492)	31
Other Waste Management	2,799	1,239	-	4,038
Crown Reserves	662	897	(1,027)	532
Tree Fund	44	0	-	44
Community Services Asset Replacement	27	-	-	27
Sinking Fund	94	6	(100)	(0)
Other	220	102	(230)	92
External Restrictions - Other	28,779	12,093	(4,913)	35,959
Total External Restrictions	30,698	12,148	(6,084)	36,763

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

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

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

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Infrastructure Replacement	262	3,602	(3,220)	644
Employees Leave Entitlement	1,586	75	(131)	1,530
Community Development Infrastructure Fund	84	423	(62)	445
Council Election Fund	2	68		70
Council Recreational Loan Pool	184	4	(40)	148
Energy and Efficiency Fund	1,805	133	(776)	1,162
Gravel Pits	122	36	-	158
Interest Equalisation Fund	1,152	-	-	1,152
IT Investment Fund	3,360	-	(125)	3,235
Management Committees	260	268	(260)	268
Sports Liason Committee	85	26	(16)	96
Unexpended General Loan Fund	672	4,003	(4,421)	254
Works Income Equalisation Fund	54	694	(174)	574
Real Estate Disposal Fund	1,467	18	(47)	1,438
Carbon Tax Fund	125	-	-	125
Financial Assistance Grants	3,284	-	(3,284)	0
Other	325	1,344	(295)	1,374
Total Internal Restrictions	14,829	10,694	(12,851)	12,672
TOTAL RESTRICTIONS	45,527	22,842	(18,935)	49,435

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,626	-	1,893	-
Interest & Extra Charges		389	-	360	-
User Charges & Fees		4,841	-	4,727	-
Accrued Revenues					
- Interest on Investments		471	-	426	-
- Other Income Accruals		562	-	454	-
Government Grants & Subsidies		1,072	-	1,435	-
Deferred Debtors		8	94	-	80
Net GST Receivable		575	-	415	-
Total		9,544	94	9,710	80
less: Provision for Impairment					
Rates & Annual Charges		(131)	-	(131)	-
User Charges & Fees		(356)	-	(179)	-
Total Provision for Impairment - Receivables		(487)	-	(310)	-
<u>TOTAL NET RECEIVABLES</u>		<u>9,057</u>	<u>94</u>	<u>9,400</u>	<u>80</u>
Externally Restricted Receivables					
Water Supply					
- Other		3,182	-	2,960	-
Sewerage Services					
- Rates & Availability Charges		150	-	128	-
- Other Specific Purpose Grants		-	-	110	-
Total External Restrictions		3,332	-	3,198	-
Nil					
Unrestricted Receivables		5,725	94	6,202	80
<u>TOTAL NET RECEIVABLES</u>		<u>9,057</u>	<u>94</u>	<u>9,400</u>	<u>80</u>

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).
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 2014

Note 8. Inventories & Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		630	-	740	-
Total Inventories		630	-	740	-
Other Assets					
Prepayments		193	-	87	-
Work In Progress		19	-	45	-
Total Other Assets		212	-	132	-
TOTAL INVENTORIES/ OTHER ASSETS		842	-	872	-
Externally Restricted Assets					
Water					
Stores & Materials		59	-	59	-
Prepayments		166	-	-	-
Total Water		225	-	59	-
Sewerage					
Nil					
Domestic Waste Management					
Nil					
Other					
Nil					
Total Externally Restricted Assets		225	-	59	-
Total Unrestricted Assets		617	-	813	-
TOTAL INVENTORIES & OTHER ASSETS		842	-	872	-
Other Disclosures					
Details for Real Estate Development					
Movements:					
Real Estate assets at beginning of the year		-	-	87	46
- Purchases and other costs		-	-	(87)	(46)
Total Real Estate for Resale		-	-	-	-

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period							as at 30/6/2014				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in P/L)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment											Dep'n	Impairment	
Capital Work in Progress	8,786	-	-	-	8,786	4,239	-	-	-	-	-	-	13,025	-	-	-	13,025
Plant & Equipment	-	31,669	17,591	-	14,078	3,877	(781)	(1,956)	-	-	-	-	-	33,027	17,809	-	15,218
Office Equipment	-	5,970	4,694	-	1,276	734	-	(406)	-	-	-	-	-	6,680	5,075	-	1,605
Furniture & Fittings	-	1,335	859	-	476	34	-	(121)	-	-	-	-	-	1,369	980	-	389
Land:																	
- Operational Land	-	60,532	-	-	60,532	601	(12)	-	-	4,201	-	-	-	65,322	-	-	65,322
- Community Land	-	132,258	-	-	132,258	418	-	-	-	(4,201)	-	-	-	128,476	-	-	128,476
- Land under Roads (post 30/6/08)	-	21,567	-	-	21,567	120	-	-	-	-	(2,433)	-	-	19,254	-	-	19,254
Land Improvements - non depreciable	-	188	-	-	188	32	-	-	-	-	-	-	-	220	-	-	220
Land Improvements - depreciable	-	2,987	361	-	2,626	242	-	(43)	-	(3)	-	-	-	3,216	393	-	2,823
Buildings - Non Specialised	-	55,953	21,341	-	34,612	108	-	(1,274)	-	-	-	-	-	56,061	22,615	-	33,446
Buildings - Specialised	-	46,444	17,721	-	28,723	628	-	(981)	-	-	-	-	-	47,071	18,702	-	28,369
Other Structures	-	67,248	27,546	-	39,702	662	(172)	(493)	-	(32,530)	-	-	-	12,959	5,790	-	7,169
Infrastructure:																	
- Roads	-	423,988	98,366	-	325,622	7,899	(2,224)	(5,298)	-	-	-	48,446	-	487,620	160,721	-	326,899
- Bridges	-	-	-	-	-	644	-	(626)	(225)	-	-	-	-	36,327	12,905	-	23,422
- Footpaths	-	-	-	-	-	677	-	(453)	-	-	-	-	-	30,271	6,130	-	24,141
- Stormwater Drainage	-	95,209	34,702	-	60,507	1,022	-	(1,414)	-	-	-	-	-	96,231	36,116	-	60,115
- Water Supply Network	-	396,261	122,882	-	273,379	1,963	(357)	(5,799)	-	(2)	-	7,496	-	408,561	131,883	-	276,678
- Sewerage Network	-	375,148	147,895	-	227,253	2,130	(240)	(6,097)	-	2	-	6,186	-	387,098	157,864	-	229,234
- Swimming Pools	-	-	-	-	-	-	-	(56)	-	1,211	-	-	-	3,195	2,041	-	1,154
- Other Open Space/Recreational Assets	-	-	-	-	-	1,002	-	(1,900)	-	31,323	-	-	-	52,309	21,884	-	30,425
Other Assets:																	
- Library Books	-	916	363	-	553	170	-	(178)	-	-	-	-	-	907	362	-	545
- Other	-	16	11	-	5	-	-	(0)	-	-	-	-	-	16	11	-	5
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																	
- Tip Assets	-	322	214	-	108	(28)	-	-	-	-	-	-	-	294	214	-	80
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	8,786	1,718,011	494,546	-	1,232,251	27,174	(3,786)	(27,095)	(225)	-	(2,433)	62,127	13,025	1,876,484	601,495	-	1,288,014

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$13.41M) and New Assets (\$13.76M).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Actual				Actual			
	2014				2013			
Class of Asset	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP	1,317	-	-	1,317	2,007	-	-	2,007
Plant & Equipment	-	2,926	1,330	1,596	-	2,822	1,358	1,464
Office Equipment	-	157	77	80	-	139	57	82
Furniture & Fittings	-	1	1	-	-	1	1	-
Land								
- Operational Land	-	1,856	-	1,856	-	1,681	-	1,681
- Community Land	-	488	-	488	-	70	-	70
Buildings	-	2,809	619	2,190	-	2,755	565	2,190
Other Structures	-	37	17	20	-	37	15	22
Infrastructure	-	408,561	131,883	276,678	-	396,261	122,882	273,379
Total Water Supply	1,317	416,835	133,927	284,225	2,007	403,766	124,878	280,895
Sewerage Services								
WIP	5,608	-	-	5,608	3,873	-	-	3,873
Plant & Equipment	-	1,598	1,215	383	-	1,597	1,205	392
Office Equipment	-	258	156	102	-	174	150	24
Furniture & Fittings	-	4	3	1	-	4	2	2
Land								
- Operational Land	-	3,138	-	3,138	-	2,726	-	2,726
- Community Land	-	15	-	15	-	15	-	15
Buildings	-	3,728	1,359	2,369	-	3,704	1,276	2,428
Other Structures	-	45	14	31	-	98	13	85
Infrastructure	-	387,098	157,864	229,234	-	375,148	147,895	227,253
Other Assets	-	53	(2)	55	-	-	-	-
Total Sewerage Services	5,608	395,937	160,609	240,936	3,873	383,466	150,541	236,798
Domestic Waste Management								
WIP	392	-	-	392	261	-	-	261
Plant & Equipment	-	2,509	1,000	1,509	-	2,551	788	1,763
Office Equipment	-	125	23	102	-	26	16	10
Furniture & Fittings	-	2	1	1	-	2	1	1
Land								
- Operational Land	-	4,252	-	4,252	-	4,252	-	4,252
Buildings	-	757	265	492	-	757	248	509
Other Structures	-	2,977	1,455	1,522	-	2,977	1,304	1,673
Infrastructure	-	79	-	79	-	-	-	-
Total DWM	392	10,701	2,744	8,349	261	10,565	2,357	8,469
TOTAL RESTRICTED I,PP&E	7,317	823,473	297,280	533,510	6,141	797,797	277,776	526,162

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

\$ '000	Notes	Actual 2014	Actual 2013
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Impairment Losses recognised in the Income Statement:

Broulee Bridge load limit reduced from 40 to 17 tonnes due to corrosion		(225)	-
IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L	4(d)	(225)	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		4,577	-	3,134	-
Goods & Services - capital expenditure		2,276	-	2,322	-
Payments Received In Advance		480	-	263	-
Accrued Expenses:					
- Other Expenditure Accruals		503	-	1,184	-
Security Bonds, Deposits & Retentions		299	-	859	-
Other		108	-	56	-
Total Payables		8,243	-	7,818	-
Borrowings					
Loans - Secured ¹		13,191	50,618	13,844	50,366
Total Borrowings		13,191	50,618	13,844	50,366
Provisions					
Employee Benefits;					
Annual Leave		3,481	-	3,373	-
Long Service Leave		5,897	232	5,502	220
Sub Total - Aggregate Employee Benefits		9,378	232	8,875	220
Asset Remediation/Restoration (Future Works)	26	291	1,726	291	1,704
Total Provisions		9,669	1,958	9,166	1,924
Total Payables, Borrowings & Provisions		31,103	52,576	30,828	52,290
(i) Liabilities relating to Restricted Assets					
		2014		2013	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		5,979	2,649	646	8,614
Sewer		3,343	17,573	5,003	17,633
Domestic Waste Management		705	3,509	14	3,910
Liabilities relating to externally restricted assets		10,027	23,731	5,663	30,157

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 2014

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

\$ '000	Actual 2014	Actual 2013
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(ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	5,300	5,020
	<u>5,300</u>	<u>5,020</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2013		2014			
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	3,373	1,965	(1,857)	-	-	3,481
Sick Leave	-	469	(469)	-	-	-
Long Service Leave	5,722	407	-	-	-	6,129
Asset Remediation	1,995	(29)	-	51	-	2,017
TOTAL	11,090	2,812	(2,326)	51	-	11,627

- 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 2014

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	6,351	8,742
BALANCE as per the STATEMENT of CASH FLOWS		6,351	8,742
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		3,548	782
Adjust for non cash items:			
Depreciation & Amortisation		27,095	26,735
Net Losses/(Gains) on Disposal of Assets		2,638	3,331
Non Cash Capital Grants and Contributions		(2,603)	(911)
Impairment Losses Recognition - I,PP&E		225	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		322	360
Unwinding of Discount Rates on Reinstatement Provisions		50	57
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		174	1,161
Increase/(Decrease) in Provision for Doubtful Debts		177	(275)
Decrease/(Increase) in Inventories		110	91
Decrease/(Increase) in Other Assets		(80)	22
Increase/(Decrease) in Payables		1,443	(560)
Increase/(Decrease) in other accrued Expenses Payable		(681)	671
Increase/(Decrease) in Other Liabilities		(291)	326
Increase/(Decrease) in Employee Leave Entitlements		515	327
Increase/(Decrease) in Other Provisions		(28)	(1)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		32,614	32,116

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
(c) Non-Cash Investing & Financing Activities			
Private Subdivisions		2,603	911
Total Non-Cash Investing & Financing Activities		2,603	911
(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

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 year's Rate Revenue only.

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
(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			
Plant & Equipment		493	666
Water Supply		59	30
Sewer		2,488	741
Other Structures		14	121
Total Commitments		3,054	1,558
These expenditures are payable as follows:			
Within the next year		2,324	1,558
Later than one year and not later than 5 years		730	-
Total Payable		3,054	1,558
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		3,054	1,558
Total Sources of Funding		3,054	1,558

Details of Capital Commitments

Current capital commitments include plant and equipment (mainly vehicles) required for usage in general operations, Water and Sewer asset construction, refurbishment or relining largely by external contractors, and the completion of various solar and electrical installations.

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	(2,923)	-3.11%	-4.82%	-1.54%
<u>Total continuing operating revenue ⁽¹⁾</u>	<u>94,097</u>			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(less ALL Grants & Contributions)	79,415	78.97%	78.32%	74.69%
<u>Total continuing operating revenue ⁽¹⁾</u>	<u>100,568</u>			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	44,980	2.85 : 1	2.15 : 1	2.91 : 1
<u>Current Liabilities less Specific Purpose Liabilities ^(3, 4)</u>	<u>15,776</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	31,117	3.51 : 1	3.46 : 1	3.53 : 1
Principal Repayments (from the Statement of Cash Flows)	8,863			
+ Borrowing Interest Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	1,884	3.56%	4.21%	4.68%
<u>Rates, Annual and Extra Charges Collectible</u>	<u>52,904</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	75,351	10.57	10.64	8.35
Payments from cash flow of operating and financing activities	7,126			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

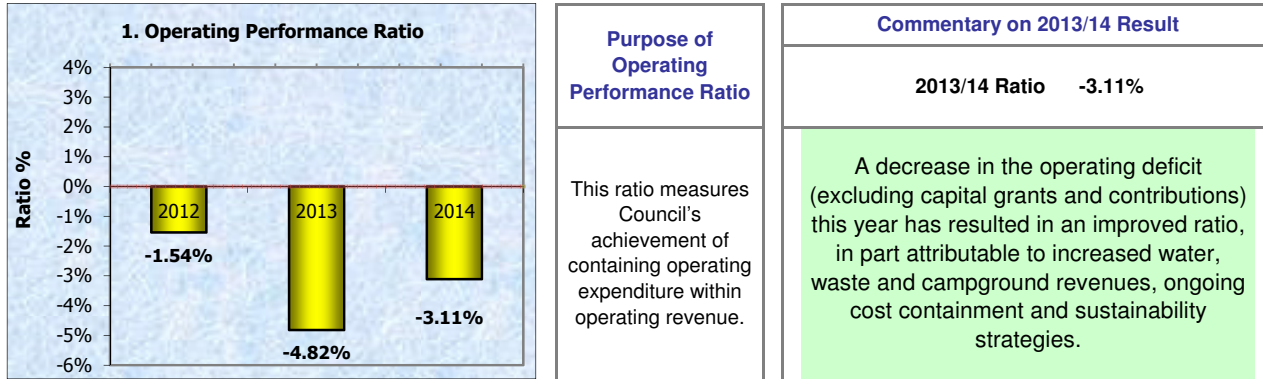
⁽³⁾ Refer to Note 10(a).

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

Eurobodalla Shire Council

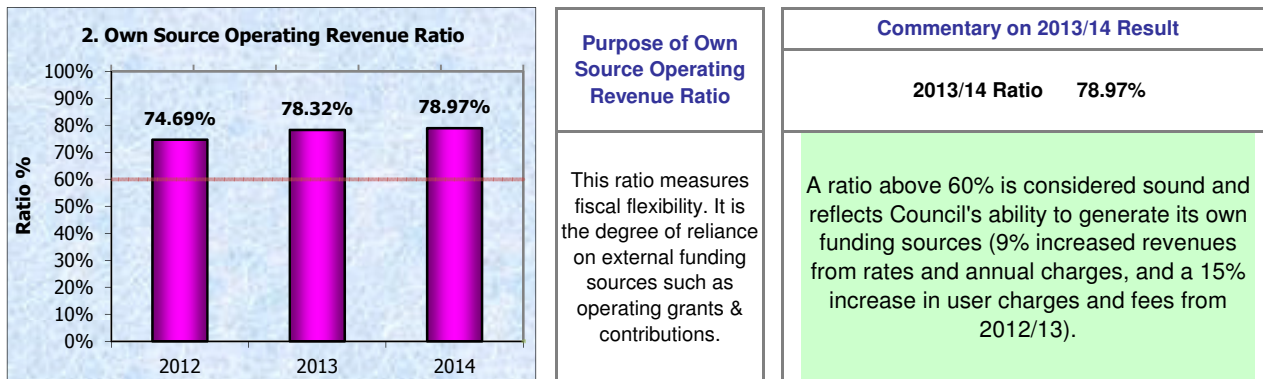
Notes to the Financial Statements for the financial year ended 30 June 2014

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



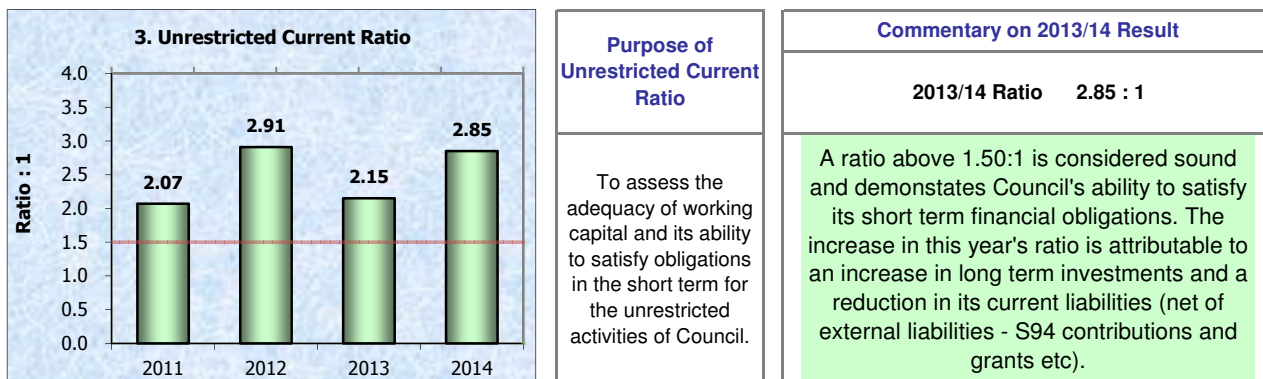
Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



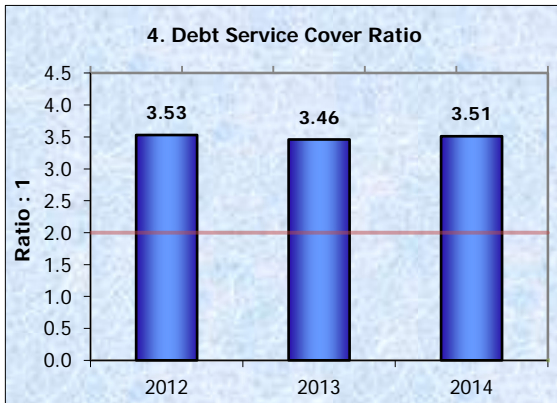
Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Eurobodalla Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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



— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

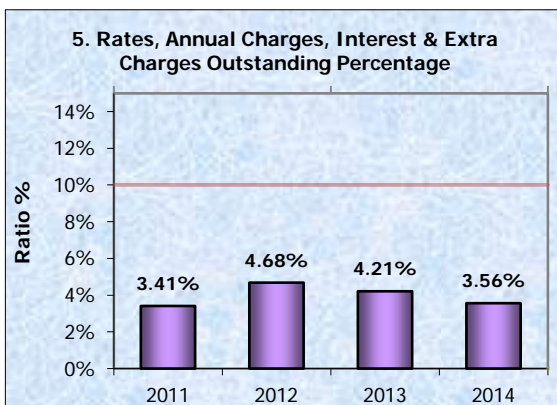
Purpose of Debt Service Cover Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 3.51 : 1

Council's current ratio of 3.51:1 (351%) is consistent with the trend of the last few years and in excess of the industry benchmark of 2:1. It reflects Council's current ability to generate sufficient cash to cover its debt. Council is utilising prior year unexpended funds to reduce future borrowing needs.



— Maximum 10.00%

Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

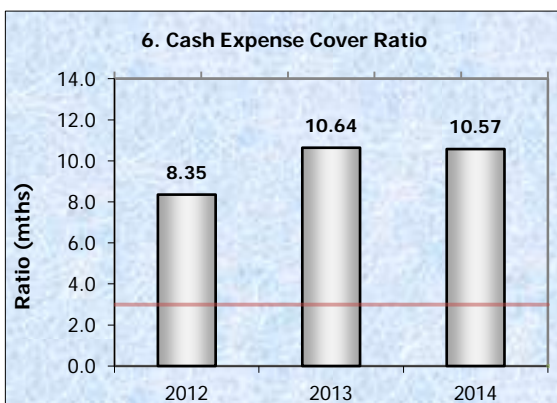
Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 3.56%

This ratio is indicative of an improving trend, attributable to Council's renewed collection efforts.



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Purpose of Cash Expense Cover Ratio

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

Commentary on Result

2013/14 Ratio 10.57

Council's current ratio of 10.53 months is in excess of the industry benchmark and demonstrates Council's ability to continue paying its immediate expenses, in the short term, without the need for any additional cash inflow.

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

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

\$ '000	Water 2014	Sewer 2014	General ⁵ 2014
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	-0.98%	0.76%	-4.79%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: -24.98%	-2.43%	-1.41%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(less ALL Grants & Contributions)</u>	94.26%	93.52%	71.00%
Total continuing operating revenue ⁽¹⁾			
	prior period: 93.93%	103.93%	68.81%
3. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽²⁾			
<u>Current Liabilities less Specific Purpose Liabilities^(3, 4)</u>	2.27 : 1	3.55 : 1	2.85 : 1
	prior period: 13.87	1.82	2.15
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)			
<u>Principal Repayments (from the Statement of Cash Flows)</u>	5.23	2.27	4.02
+ Borrowing Interest Costs (from the Income Statement)			
	prior period: 2.72	1.11	38.42
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual and Extra Charges Outstanding			
<u>Rates, Annual and Extra Charges Collectible</u>	0.00%	0.00%	5.98%
	prior period: 0.00%	0.00%	7.37%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents including All Term Deposits			
<u>Payments from cash flow of operating and financing activities</u> x12	12.77	7.66	11.03
	prior period: 7.71	6.74	12.41

Notes

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 14. Investment Properties

\$ '000	Notes	Actual 2014	Actual 2013
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		-	-
Reconciliation of Annual Movement:			
Opening Balance		-	550
- Transfers from/(to) Owner Occupied (Note 9)		-	(550)
CLOSING BALANCE - INVESTMENT PROPERTIES		-	-

(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.

No land parcels are currently held for generating investment returns. Land held for this purpose in 2013 was transferred to operational land.

(c) Contractual Obligations at Reporting Date

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	6,351	8,742	6,351	8,742
Investments				
- "Held for Trading"	8	68	8	68
- "Held to Maturity"	69,000	58,149	69,000	58,150
Receivables	9,151	9,480	9,151	9,480
Total Financial Assets	84,510	76,439	84,510	76,440
Financial Liabilities				
Payables	7,763	7,555	7,763	7,555
Borrowings	63,809	64,210	63,809	63,541
Total Financial Liabilities	71,572	71,765	71,572	71,096

Fair Value is determined as follows:

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2014				
Possible impact of a 10% movement in Market Values	1	1	(1)	(1)
Possible impact of a 1% movement in Interest Rates	743	743	(743)	(743)
2013				
Possible impact of a 10% movement in Market Values	6	6	(6)	(6)
Possible impact of a 1% movement in Interest Rates	665	665	(665)	(665)

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	94%	0%	96%
Overdue	100%	6%	100%	4%
	100%	100%	100%	100%
(ii) Ageing of Receivables - value				
Current (not yet overdue)	-	7,416	-	7,395
Past due by up to 30 days	-	108	-	182
Past due between 31 and 60 days	-	106	-	134
Past due between 61 and 90 days	-	11	-	-
Past due by more than 90 days	1,625	372	1,893	186
	1,625	8,013	1,893	7,897
(iii) Movement in Provision for Impairment of Receivables			2014	2013
Balance at the beginning of the year			310	585
+ new provisions recognised during the year			176	-
- amounts already provided for & written off this year			-	15
- amounts provided for but recovered during the year			-	(290)
Balance at the end of the year			486	310

Eurobodalla Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(c) 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 maturity table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2014									
Trade/Other Payables	299	7,944	-	-	-	-	-	8,243	7,763
Loans & Advances	-	13,191	10,755	8,621	7,335	5,841	19,027	64,770	63,809
Total Financial Liabilities	299	21,135	10,755	8,621	7,335	5,841	19,027	73,013	71,572
2013									
Trade/Other Payables	859	6,959	-	-	-	-	-	7,818	7,555
Loans & Advances	-	13,774	12,038	9,602	7,468	6,182	16,473	65,537	64,210
Total Financial Liabilities	859	20,733	12,038	9,602	7,468	6,182	16,473	73,355	71,765

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:

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	7,763	0.0%	7,555	0.0%
Loans & Advances - Fixed Interest Rate	57,716	6.3%	56,081	6.6%
Loans & Advances - Variable Interest Rate	1,849	4.6%	2,829	6.2%
Loans & Advances - Interest Free	4,244	0.0%	5,300	0.0%
	<u>71,572</u>		<u>71,765</u>	

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 25 June 2013.

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	2014 Budget	2014 Actual	2014 Variance*		
REVENUES					
Rates & Annual Charges	49,937	50,032	95	0%	F
User Charges & Fees	20,592	23,983	3,391	16%	F
Funds were received for major repairs and construction done on behalf of Roads and Maritime Services, including for Kings Highway and associated works. Additional waste demolition and biosolids revenues were recognised at the Waste Transfer Stations and improved visitation at the camp grounds and caravan parks resulted in further increases. Water meter revenues for the year higher than anticipated.					
Interest & Investment Revenue	2,476	3,201	725	29%	F
Interest revenue on investments has traditionally been conservatively budgeted for due to the inability to accurately forecast movements in these markets and is impacted upon by the balance of the investment portfolio, amount of available cash, overdue rates and other balances. Southern Phone declared and paid a dividend to Council, based upon its 12-13 results which was prudently not budgeted for.					
Other Revenues	1,661	2,199	538	32%	F
A large increase in legal cost recoveries relate to overdue rates and the finalisation of some long running financial investment matters. Other favourable variations relate to increased green waste recoverables, council facility usage, infringements.					
Operating Grants & Contributions	15,428	14,682	(746)	(5%)	U
Capital Grants & Contributions	3,073	6,471	3,398	111%	F
Additional grants were received for various roads, bridges, parks and environmental works. During this period Council assumed control of additional RFS assets and furthermore, received various non cash subdivider dedications. Apart from carparking contributions, developer contributions were generally lower than anticipated, with reductions in the S64 and S94 estimates being most notable.					

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----	
EXPENSES				
Employee Benefits & On-Costs	35,222	32,553	2,669	8% F
Borrowing Costs	4,862	4,082	780	16% F
Favourable variation due to reduction in borrowing amounts and also the receipt of NSW Local Infrastructure Renewal Scheme subsidies.				
Materials & Contracts and other	26,785	30,427	(3,642)	(14%) U
Funding was carried forward from 2012-13, relating mostly to grant and other funded projects. Council accepted further grants and contributions throughout the year increasing the variation between original budgeted expenditure and the final actuals. An example is the Narooma Roundabout works that Council has been undertaking with partial funding from Roads and Maritime Services.				
Depreciation & Amortisation	27,104	27,095	9	0% F
Impairment Expenses	-	225	(225)	0% U
The Broulee Bridge has some structural issues resulting in the impairment of this asset. Due to corrosion, the load limit of the bridge was recently revised down from 40 to 17 tonnes.				
Other Expenses	-	-	-	0% 0
Merged with materials and contracts				
Net Losses from Disposal of Assets	-	2,638	(2,638)	0% U
The lives of the unsealed roads network were adjusted from 70 to 15 years as part of the roads and carpark network revaluation which resulted in significant book value write off for the replaced assets. This was partially offset by gains achieved in the maturity of the Kakadu CDO investment.				
Budget Variations relating to Council's Cash Flow Statement include:				
Cash Flows from Operating Activities	34,224	32,614	(1,610)	(4.7%) U
Cash Flows from Investing Activities	(31,216)	(34,282)	(3,066)	9.8% U
Cash Flows from Financing Activities	4,473	(723)	(5,196)	(116.2%) U
A substantial reduction in the proceeds from borrowing due to the utilisation of unexpended loans (sewer and waste), reprioritisation of the current capital works program and the timing of projects currently underway and continuing next year.				

Notes to the Financial Statements

for the financial year ended 30 June 2014

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	1,617	208	-	64	(575)	-	1,315	22,298	(68,542)	(44,929)	-
Parking	286	341	-	18	(56)	(578)	12	2,358	(2,948)	(578)	578
Open Space	(407)	46	-	(15)	(15)	390	-	8,098	(29,040)	(20,942)	(390)
Community Facilities	(29)	3	-	(1)	-	26	-	766	(2,793)	(2,028)	(26)
Cycleways/Pedestrian	6	9	-	-	-	-	15	1,867	(6,762)	(4,880)	-
Administration	(142)	13	-	(6)	(27)	162	-	817	(671)	146	(162)
Waste Disposal	213	17	-	10	(12)	-	228	671	(899)	(0)	-
Bushfire Protection	59	-	-	3	-	-	62	-	(62)	0	-
S94 Contributions - under a Plan	1,604	638	-	73	(684)	-	1,632	36,875	(111,717)	(73,211)	-
S94A Levies - under a Plan	(121)	199	-	(1)	-	-	76	3,316	(117,362)	(113,969)	-
Total S94 Revenue Under Plans	1,483	837	-	72	(684)	-	1,708	40,191	(229,079)	(187,181)	-
S94 not under Plans	580	40	-	25	(193)	-	450	656	(1,106)	-	-
S93F Planning Agreements	171	-	-	3	(130)	-	44	-	(44)	-	-
S64 Contributions	2,129	1,071	-	97	(2,055)	-	1,241	35,141	(114,518)	(78,135)	-
Total Contributions	4,362	1,948	-	197	(3,063)	-	3,444	75,988	(344,747)	(265,316)	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Eurobodalla Local Infrastructure Contributions Plan 2012, Community and Cultural Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Northern District	(108)	-	-	(4)	-	111	-	244	(760)	(516)	(111)
- Central District	22	1	-	1	-	(24)	-	258	(970)	(713)	24
- Southern District	57	2	-	2	-	(61)	-	264	(1,063)	(799)	61
Total	(29)	3	-	(1)	-	26	-	766	(2,793)	(2,028)	(26)

Development Contributions Plan 2000 - 2005, Waste Disposal

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Shire Wide	213	17	-	10	(12)	-	228	671	(899)	(0)	-
Total	213	17	-	10	(12)	-	228	671	(899)	(0)	-

Development Contributions Plan 2000 - 2005, Car Parking

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Batemans Bay	97	286	-	10	-	(392)	-	1,929	(2,321)	(392)	392
- Moruya	67	-	-	3	-	(70)	-	127	(197)	(70)	70
- Narooma	122	-	-	5	-	(115)	12	-	(127)	(115)	115
- Central Tilba	-	56	-	-	(56)	-	-	302	(302)	-	-
Total	286	341	-	18	(56)	(578)	12	2,358	(2,948)	(578)	578

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Eurobodalla Local Infrastructure Contributions Plan 2012, Roads

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Shire wide	(27)	151	-	(3)	(320)	199	-	16,815	(61,545)	(44,729)	(199)
Total	(27)	151	-	(3)	(320)	199	-	16,815	(61,545)	(44,729)	(199)

Development Contributions Plan 2000 - 2005, Local Roads

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Heffernan Place	1	-	-	-	(1)	-	-	114	(114)	-	-
Total	1	-	-	-	(1)	-	-	114	(114)	-	-

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

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Shire wide	4	25	-	-	(15)	(14)	-	5,555	(20,143)	(14,587)	14
- Northern District	(63)	6	-	(2)	-	59	-	1,455	(5,106)	(3,651)	(59)
- Central District	(250)	14	-	(9)	-	245	-	427	(1,388)	(962)	(245)
- Southern District	(98)	1	-	(4)	-	101	-	662	(2,403)	(1,742)	(101)
Total	(407)	46	-	(15)	(15)	390	-	8,098	(29,040)	(20,942)	(390)

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Eurobodalla Local Infrastructure Contributions Plan 2012, Plan Preparation and Administration

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Shire wide	(142)	13	-	(6)	(27)	162	-	817	(671)	146	(162)
Total	(142)	13	-	(6)	(27)	162	-	817	(671)	146	(162)

Eurobodalla Local Infrastructure Contributions Plan 2012, Paths and Cycleway Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Northern District	2	1	-	-	-	-	3	780	(2,752)	(1,969)	-
- Central District	(2)	8	-	-	-	-	6	633	(2,296)	(1,657)	-
- Southern District	6	1	-	-	-	-	7	454	(1,714)	(1,253)	-
Total	6	9	-	-	-	-	15	1,867	(6,762)	(4,879)	-

Contribution Plan, Bushfire Services

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Northern District	6	-	-	-	-	-	6	-	(6)	-	-
- Southern District	53	-	-	3	-	-	56	-	(56)	1	-
Total	59	-	-	3	-	-	62	-	(62)	1	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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	42	-	-	2	-	-	44	283	(327)	-	-
- Area 2A - NW Batemans Bay	352	-	-	15	-	(199)	168	342	(709)	(199)	199
- Area 2B - Long Beach	60	-	-	3	-	-	63	2	(64)	-	-
- Area 3B - Surf Beach/Malua Bay	135	20	-	6	(3)	-	158	490	(648)	-	-
- Area 4 - Bimbimbi	53	-	-	2	-	-	55	473	(528)	-	-
- Area 5 - Polwambra	156	-	-	7	(47)	-	116	408	(525)	-	-
- Area 6 - Moruya	239	33	-	7	(205)	-	74	791	(866)	-	-
- Area 7 - Congo/Bingi	275	-	-	12	-	-	287	2,033	(2,320)	-	-
- Area 8 - South Narooma	186	-	-	8	-	-	194	55	(249)	-	-
- Area 9 - Tilba	145	4	-	6	-	-	155	492	(647)	-	-
Total	1,643	57	-	68	(254)	(199)	1,315	5,368	(6,883)	(199)	199

S94A LEVIES - UNDER A PLAN

S94A Levy Contribution Plan 2007

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Section 94A	(121)	199	-	(1)	-	-	76	3,316	(117,362)	(113,969)	-
Total	(121)	199	-	(1)	-	-	76	3,316	(117,362)	(113,969)	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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	75	40	-	4	-	-	119	656	(775)	-	-
Parking	482	-	-	21	(171)	-	331	-	(331)	-	-
Community Facilities	23	-	-	-	(23)	-	-	-	-	-	-
Total	580	40	-	25	(193)	-	450	656	(1,106)	-	-

S64 CONTRIBUTIONS

Development Servicing Plan - Eurobodalla Shire Water Supply

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Water Headworks	651	590	-	35	(1,144)	-	132	19,743	(71,415)	(51,540)	-
Total	651	590	-	35	(1,144)	-	132	19,743	(71,415)	(51,540)	-

Development Servicing Plan - Eurobodalla Shire Sewerage Services

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Sewerage Headworks	1,478	481	-	62	(912)	-	1,109	15,398	(43,103)	(26,596)	-
Total	1,478	481	-	62	(912)	-	1,109	15,398	(43,103)	(26,596)	-

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

The last valuation of the Scheme was performed by Mercer Consulting (Australia) and covers the period ended 30 June 2014. The Actuary has estimated as at 30 June 2014 a deficit still exists.

Council's estimated amount of employer contributions to the Scheme in 2014-15 is \$972,901. Additional contributions of \$434,917 per annum are to remain in place until 30 June 2018.

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 2014

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

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

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

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

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

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		707,486	698,772
a. Correction of Prior Period Errors	20 (c)	-	(78)
b. Net Operating Result for the Year		3,548	782
c. Transfers between Equity		1,915	8,010
Balance at End of the Reporting Period		<u>712,949</u>	<u>707,486</u>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	576,780	519,000
Total	<u>576,780</u>	<u>519,000</u>

(ii) Reconciliation of movements in Reserves:**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- Opening Balance	519,000	519,998
- Revaluations for the year	9(a)	59,695
- Transfer to Retained Earnings for Asset disposals	(1,915)	(8,010)
- Balance at End of Year	<u>576,780</u>	<u>519,000</u>

TOTAL VALUE OF RESERVES

<u>576,780</u>	<u>519,000</u>
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(iii) Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

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

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

(d) Voluntary Changes in Accounting Policies

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	4,649	16,761	28,622
User Charges & Fees	9,879	721	13,383
Interest & Investment Revenue	333	404	2,464
Other Revenues	93	73	2,033
Grants & Contributions provided for Operating Purposes	201	190	14,291
Grants & Contributions provided for Capital Purposes	710	1,052	4,709
Total Income from Continuing Operations	15,865	19,201	65,502
Expenses from Continuing Operations			
Employee Benefits & on-costs	2,758	3,662	26,133
Borrowing Costs	622	1,383	2,077
Materials & Contracts	4,593	5,467	11,449
Depreciation & Amortisation	6,070	6,253	14,772
Impairment	-	-	225
Other Expenses	919	1,048	6,951
Net Losses from the Disposal of Assets	310	152	2,176
Total Expenses from Continuing Operations	15,272	17,965	63,783
Operating Result from Continuing Operations	593	1,236	1,719
Net Operating Result for the Year	593	1,236	1,719
Net Operating Result attributable to each Council Fund	593	1,236	1,719
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(117)	184	(2,990)

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 2014

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

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	10,167	10,580	(14,396)
Investments	132	3,873	65,003
Receivables	3,182	150	5,725
Inventories	59	-	571
Other	166	-	46
Non-current assets classified as 'held for sale'	-	-	42
Total Current Assets	13,706	14,603	56,991
Non-Current Assets			
Receivables	-	-	94
Infrastructure, Property, Plant & Equipment	284,228	240,933	762,853
Total Non-Current Assets	284,228	240,933	762,947
TOTAL ASSETS	297,934	255,536	819,938
LIABILITIES			
Current Liabilities			
Payables	7	34	8,202
Borrowings	5,972	3,309	3,910
Provisions	-	-	9,669
Total Current Liabilities	5,979	3,343	21,781
Non-Current Liabilities			
Borrowings	2,649	17,573	30,396
Provisions	-	-	1,958
Total Non-Current Liabilities	2,649	17,573	32,354
TOTAL LIABILITIES	8,628	20,916	54,135
Net Assets	289,306	234,620	765,803
EQUITY			
Retained Earnings	147,010	108,759	457,180
Revaluation Reserves	142,296	125,861	308,623
Total Equity	289,306	234,620	765,803

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 2014

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

\$ '000	2014	2014	2013	2013
	Current	Non Current	Current	Non Current
(i) Non Current Assets & Disposal Group Assets				
Non Current Assets "Held for Sale"				
Land	42	-	42	-
Total Non Current Assets "Held for Sale"	42	-	42	-
Disposal Group Assets "Held for Sale"				
None				
<u>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u>	<u>42</u>	<u>-</u>	<u>42</u>	<u>-</u>

(ii) Details of Assets & Disposal Groups

Two land parcels that have been readied for sale and are currently on the market. Sales are expected to occur in 2014-15 and contracts for one of the properties has been exchanged.

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

Nil

\$ '000	Assets "Held for Sale"	
	2014	2013
(iv) Reconciliation of Non Current Assets "Held for Sale" & Disposal Groups - i.e. Discontinued Operations		
Opening Balance	42	-
Balance still unsold after 12 months:	42	-
plus New Transfers in:		
- Assets "Held for Sale"	-	42
Closing Balance of "Held for Sale" Non Current Assets & Operations	42	42

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 23. Events occurring after the Reporting Date

\$ '000

Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 28/10/14.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

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 2014

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2014	2013
Brou Waste Management Facility	2019-20	888	876
Surf Beach Waste Management Facility	2018-19	838	828
Moruya Waste Transfer Station	2014-15	291	291
Balance at End of the Reporting Period		2,017	1,995

10(a)

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

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

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

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

Future restoration costs remain as per last year, based upon costs provided by the Environmental Protection Authority of the Department of Environment, Climate Change and Water in it's November 2009 Draft of the "Financial Assurance Policy for NSW Waste Facilities: which provides average restoration costs determined by practitioners experienced in the field.

Reconciliation of movement in Provision for year:

Balance at beginning of year	1,995	1,831
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations	(10)	(36)
Effect of a change in other calculation estimates used	(28)	143
Amortisation of discount (expensed to borrowing costs)	60	57
Total - Reinstatement, rehabilitation and restoration provision	2,017	1,995

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

Restoration

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

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

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

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

Rehabilitation

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

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

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

\$ '000

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

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

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

- Non Current Assets classified as "Held for Sale"

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

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

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

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

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

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

2014	Note	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Designated At Fair Value on Initial Recognition"	6	8	-	-	8
- "Held to Maturity"	6	69,000	-	-	69,000
Other Financial Assets	5	6,351	-	-	6,351
Total Financial Assets		75,359	-	-	75,359
Financial Liabilities					
Payables	10	7,763	-	-	7,763
Loans / Advances	10	63,809	-	-	63,809
Total Financial Liabilities		71,572	-	-	71,572

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Note	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements (continued)					
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	9	-	-	15,218	15,218
Office Equipment	9	-	-	1,605	1,605
Furniture & Fittings	9	-	-	389	389
Operational Land	9	-	-	65,322	65,322
Community Land	9	-	-	128,476	128,476
Land Under Roads	9	-	-	19,254	19,254
Land Improvements - Non Depreciable	9	-	-	220	220
Land Improvements - Depreciable	9	-	-	2,823	2,823
Buildings Non Specialised	9	-	-	33,446	33,446
Buildings Specialised	9	-	-	28,370	28,370
Other Recreational Assets	9	-	-	30,425	30,425
Other Structures	9	-	-	7,169	7,169
Roads	9	-	-	326,899	326,899
Bridges	9	-	-	23,422	23,422
Footpaths	9	-	-	24,140	24,140
Stormwater Drainage	9	-	-	60,114	60,114
Water Supply Network	9	-	-	276,679	276,679
Sewerage Network	9	-	-	229,234	229,234
Swimming Pools	9	-	-	1,155	1,155
Library Books	9	-	-	545	545
Other	9	-	-	6	6
Tip Remediation	9	-	-	79	79
Total Infrastructure, Property, Plant & Equipme		-	-	1,274,989	1,274,989
Non-recurring Fair Value Measurements					
Non Current Assets classified as "Held for Sale"					
Land Held for Sale	22	-	-	42	42
Total NCA's classified as "Held for Sale"		-	-	42	42

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

Infrastructure, Property, Plant & Equipment

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

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

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

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

Operational & Community Land

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

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

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

Land Under Roads

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

Land Improvements - Depreciable & Non-Depreciable

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

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

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

Buildings - Non Specialised and Specialised

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

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

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

Other Structures

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

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

Roads

This asset class includes road carriageway, surface, roadside shoulders and kerb and gutter. The replacement cost approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken in-house based on actual costs and assumptions from Council's Engineering Department.

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

Bridges

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

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

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

Footpaths

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

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

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

Stormwater Drainage

The Stormwater Drainage asset class consists of Council's pits and pipes. Council staff completed the valuation of these assets internally using the replacement cost approach.

Replacement costs (unit rates) were determined by Council staff, which incorporated standard unit rates applied to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets include condition data.

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

Water Supply Network

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

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

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

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

Sewerage Network

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

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

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

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

Swimming Pools

Assets within this classification comprise the swimming pools.

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

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

Other Open Space / Recreational Assets

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

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

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

Library Books

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

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

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

Tip Assets

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

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

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

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

Non Current Assets classified as "Held for Sale"

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

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

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Total
Adoption of AASB 13	14,078	1,276	476	60,532	76,362
Transfers from/(to) another asset class	-	-	-	4,201	4,201
Purchases (GBV)	3,877	734	34	601	5,246
Disposals (WDV)	(781)	-	-	(12)	(793)
Depreciation & Impairment	(1,956)	(406)	(121)	-	(2,483)
Closing Balance - 30/6/14	15,218	1,605	389	65,322	82,533

	Community Land	Land Under Roads	Land Improvem- -ents Non- Depreciable	Land Improvem- -ents Depreciable	Total
Adoption of AASB 13	132,258	21,567	188	2,627	156,640
Transfers from/(to) another asset class	(4,201)	-	-	(3)	(4,204)
Purchases (GBV)	418	120	32	242	812
Depreciation & Impairment	-	-	-	(43)	(43)
Revaluation Decrements to Equity	-	(2,433)	-	-	(2,433)
Closing Balance - 30/6/14	128,476	19,254	220	2,823	150,773

	Buildings Non Specialised	Buildings Specialised	Other Structures	Roads	Total
Adoption of AASB 13	34,612	28,723	39,702	278,076	381,113
Transfers from/(to) another asset class	-	-	(32,530)	-	(32,530)
Purchases (GBV)	108	628	662	7,899	9,297
Disposals (WDV)	-	-	(172)	(2,224)	(2,395)
Depreciation & Impairment	(1,274)	(981)	(493)	(5,298)	(8,046)
Revaluation Decrements to Equity	-	-	-	48,446	48,446
Closing Balance - 30/6/14	33,446	28,370	7,169	326,899	395,884

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Bridges	Footpaths	Stormwater Drainage	Water Supply Network	Total
Adoption of AASB 13	23,629	23,917	60,506	273,379	381,432
Transfers from/(to) another asset class	-	-	-	(2)	(2)
Purchases (GBV)	644	677	1,022	1,963	4,305
Disposals (WDV)	-	-	-	(357)	(357)
Depreciation & Impairment	(626)	(453)	(1,414)	(5,799)	(8,293)
Impairment	(225)	-	-	-	(225)
Revaluation Increments to Equity	-	-	-	7,496	7,496
Closing Balance - 30/6/14	23,422	24,140	60,114	276,679	384,355

	Sewerage Network	Swimming Pools	Open Space Recreation- al Assets	Library Books	Total
Adoption of AASB 13	227,253	-	-	553	227,806
Transfers from/(to) another asset class	2	1,211	31,323	-	32,536
Purchases (GBV)	2,130	-	1,002	170	3,302
Disposals (WDV)	(240)	-	-	-	(240)
Depreciation & Impairment	(6,097)	(56)	(1,900)	(178)	(8,230)
Revaluation Increments to Equity	6,186	-	-	-	6,186
Closing Balance - 30/6/14	229,234	1,155	30,425	545	261,359

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

b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

No transfers were made in or out of the Level 3 Fair Value Hierarchy.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E					
Plant & Equipment	15,218	Cost Approach	Replacement Cost Remaining Useful Life Residual Value	Varies significantly from asset to asset 0 - 20 years Varies	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Office Equipment	1,605	Cost Approach	Replacement Cost Remaining Useful Life Residual Value	Varies significantly from asset to asset 0 - 20 years Varies	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Furniture & Fittings	389	Cost Approach	Replacement Cost Remaining Useful Life Residual Value	Varies significantly from asset to asset 0 - 10 years Varies	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Operational Land	65,322	Cost Approach	Price per square metre	\$0.18 to \$3854.55 per sq metre	Significant changes in the price per sq metre would result in significant changes to fair value measurement.
Community Land	128,476	Cost Approach	Unimproved Capital Value	\$0.10 to \$5716.55 per sq metre	Significant changes in the price per sq metre would result in significant changes to fair value measurement.
Land Under Roads	19,254	Cost Approach	Unimproved Capital Value Englobo valuation basis	\$0.54 per sq metre	Significant changes in the price per sq metre would result in significant changes to fair value measurement.
Land Improvements Non Depreciable	220	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0-100 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Land Improvements Depreciable	2,823	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 10-100 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Buildings Non Specialised	33,446	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0- 60 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Buildings Specialised	28,370	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0- 60 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Recreational Assets	30,425	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0- 20 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Structures	7,169	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0- 100 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Roads	326,899	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0 - 70 years Minimal	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Bridges	23,422	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Very Poor to Excellent 0 - 100 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Footpaths	24,140	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0-75 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Stormwater Drainage	60,114	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0-100 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Water Supply Network	276,679	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0-100 years 0 - 15 %	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Sewerage Network	229,234	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent 0-100 years 0 - 15 %	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Swimming Pools	1,155	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Very Poor to average 5-20 years Nil	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Library Books	545	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Good to excellent 0 - 15 years 0 - 10 %	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other	6	Cost Approach	Replacement Cost Asset Condition Remaining Useful Life Residual Value	Varies significantly from asset to asset Poor to excellent Varies Varies	Not a significant value.
Tip Remediation	79	Estimated cost per hectare to remediate	Discount Rate Inflation Rate Remediation cost per hectare	2 - 5% 3 - 5% Currently \$120,000 hectare	Significant changes in the discount rate, inflation rate or rehab cost per hectare would result in significant changes to fair value management

Eurobodalla Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Non Current Assets classified as "Held for Sale"					
Land	42	Historical Cost	Market Value	Varies dependant on location and other market factors.	Dependant on market factors at the time of sale.

(5). Highest and best use

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

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

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

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

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EUROBODALLA SHIRE COUNCIL
Independent Audit Report to the Council
General Purpose Financial Statements for the Year ended 30 June 2014

Report on the Financial Report

We have audited the general purpose financial statements of Eurobodalla Shire Council, which comprises the Statement of Financial Position as at 30 June 2014, 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. Accordingly, no opinion is expressed on these matters.

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 2014, 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.

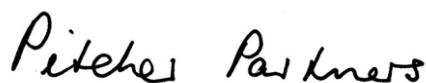
Auditor's Responsibilities under Section 417(2) of the Local Government Act, 1993

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, 4 November 2014

**EUROBODALLA SHIRE COUNCIL
 INDEPENDENT AUDITORS' REPORT ON THE CONDUCT OF THE AUDIT
 (Local Government Act, 1993 – Sections 417 (1) 417(3))
 YEAR ENDED 30 JUNE 2014**

Eurobodalla Shire Council has prepared general and special purpose financial reports for the year ended 30 June 2014 on which we issued separate audit reports to the Council dated 4 November 2014. This report has been prepared in accordance with the requirements of the Division of Local Government, and the provisions of Sections 417(1) and 417(3) of the Local Government Act, 1993.

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

Audit Conclusion

Our audit of the financial reports for the year ended 30 June 2014 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

	2014 Actual	2014 Budget	* Budget	2013 Actual
	\$'000	\$'000	Variance %	\$'000
Operating result	3,548	(806)	540.20%F	782
Operating result before capital revenue	(2,923)	(3,879)	25.11%F	(4,357)
Rates & annual charges	50,032	49,937	0.19%F	47,611
Operating grants & contributions	14,682	15,428	4.84%U	15,558
Capital grants & contributions	6,471	3,073	110.58%F	5,139
Depreciation & amortisation	27,095	27,104	0.03%F	26,735

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

Operating Result. Council's operating surplus increased from \$0.782M in 2013 to \$3.548M in 2014. This compared with a budgeted deficit of \$0.806M for the year. The most significant variations impacting the operating result were the increase in user charges related to water and the lower than anticipated increase in employee benefits and on-costs.

Operating Result before Capital. The operating result before Capital grants and contributions was a deficit of \$2.923M compared with the prior year deficit of \$4.357M. This compared with the original budget deficit of \$3.879M. Capital grant and contributions amounts were greater than anticipated with significant contributors including sub-divider dedications (\$1.781M) and emergency services (\$0.935M).

Rates and Annual Charges. Revenue from rates and annual charges increased to \$50.032M from \$47.611M in the prior year, and was within 0.2% of budget for the 2014 year.

Grants and Contributions. Operating grants and contributions for the year totaled \$14.682M and represented 14.60% of total income from continuing operations. This is less than the budget amount of \$15.428M as expected given the reduction in Financial Assistance Grants for 2013/2014.

Capital grants and contributions amounted to \$6.471M for the 2013/2014 year and represented 6.43% of total income from continuing operations. This was in excess of the budget amount of \$3.073M due to the items as noted above.

Depreciation. Included in the operating result was \$27.095M for the depreciation and amortisation of infrastructure, property, plant and equipment which increased from \$26.735M in the prior year and compared with the original budget of \$27.104M. Depreciation and amortisation represents 27.92% (2013: 28.23%) of total expenses and 26.94% (2013: 28.00%) of total income for the year. Depreciation expense has stabilised at the 2013 level which was expected given the result of the fair value for buildings at 30 June 2013 resulting in a marginal decrease in the value of the assets which were offset by the indexation related to water and sewer assets. Roads and road related infrastructure was fair valued at 30 June 2014 – the related impact on depreciation expense will be experienced in the 2014/2015 year.

Statement of Financial Position

Council's equity at 30 June 2014 amounted to \$1,289.729M comprised of retained earnings of \$712.949M and revaluation reserves infrastructure assets valuations of \$576.780M.

The most significant impact on council equity for 2013/2014 was the gain on revaluation of road assets of \$48.446M and water and sewer indexation of \$13.682M.

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

Movements in Cash and Cash Equivalents

Summarised Statement of Cash Flows

Activities	2014 Actual \$'000	2014 Budget \$'000	* Budget Variance %	2013 Actual \$'000
Net cash flows from operations	32,614	34,224	4.70%U	32,116
Net cash flows from investing	(34,282)	(31,216)	9.82%U	(31,591)
Net cash flows from financing	(723)	4,473	116.16%U	309
Net movement in cash	(2,391)	7,418		834

* 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 \$6.351M during the year, with \$32.614M being provided from operations, \$34.282M utilised in net investing activities for the acquisition of financial assets and non-current assets, and \$0.723M being utilised to repay borrowings. Included in investing activities was the purchase of \$10.394M (net) of cash and cash equivalents from the purchase and sale of investment securities.

Total Investments and Cash Balances

Council's total cash balance at 30 June 2014 was comprised of the following:

	2014	2013
	\$'000	\$'000
Externally restricted cash	36,764	30,698
Internally restricted cash	12,672	14,829
Unrestricted cash	25,923	21,432
<i>Total Cash, Cash Equivalents and Investments</i>	75,359	66,959

Externally restricted funds increased by \$6.066M with increases in specific purpose unexpended loans for sewer, as well as funds from levies for water supplies, sewerage services, domestic and other waste management.

Internal restrictions decreased due to the Financial Assistance Grant restriction of \$3.284M at 30 June 2014 not being repeated.

Performance Indicators and Trends

Prescribed performance indicators are included in Note 13 to the financial report and provide a comparison of the 2014 year results with prior years.

Operating performance ratio. At - 3.11% this ratio is below the long-term benchmark of break-even set by NSW TCorp and the Office of Local Government.

Own source operating revenue ratio. The ratio of 78.37% is consistent with comparative periods and is well above industry benchmarks and indicates that Council's reliance on external funding sources is minimal.

Unrestricted Current Ratio. The ratio of 2.85:1 represents an increase over the 2013 ratio. It indicates that Council has sufficient working capital to fund day-to-day operations and is above the industry benchmark of 1.5:1 set by TCorp.

Debt Service Cover Ratio. Council's indebtedness has remained stable to 2013; the ratio at 3.51 remains above the industry benchmark of 2.0.

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 3.56%, an improvement from 4.21% in 2013. The ratio remains within the industry benchmark of 5%.

Cash expense cover ratio. This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. Council's ratio of 10.57 exceeds the industry benchmark of 3 and indicates that Council has sufficient liquidity to adequately fund its short term operations.

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.

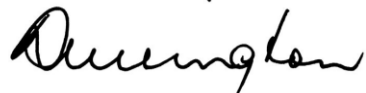
Council has complied with all statutory reporting requirements relating to Division 2 of Chapter 12 of the Local Government Act, 1993, the Code of Accounting Practice and Financial Reporting (Update 22), and other legislatively prescribed standards.

Conduct of the audit

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

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


PITCHER PARTNERS


CARL MILLINGTON

Partner

Sydney, 4 November 2014