

# Glen Innes Severn Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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*"Embracing Change, Building on History"*



# Glen Innes Severn Council

## General Purpose Financial Statements

for the financial year ended 30 June 2013

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Glen Innes Severn Council.
- (ii) Glen Innes Severn 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 31 October 2013. Council has the power to amend and reissue these financial statements.
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## Glen Innes Severn Council

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

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. 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 Division of Local Government.

## Glen Innes Severn Council

### General Purpose Financial Statements

for the financial year ended 30 June 2013

### Statement by Councillors and Management

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 26 September 2013.**



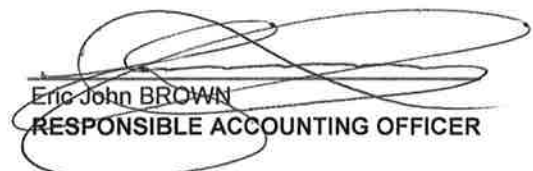
Colin Roger PRICE  
MAYOR



Graeme John QUINN  
COUNCILLOR



Hendrik Frederik BASSON  
GENERAL MANAGER



Eric John BROWN  
RESPONSIBLE ACCOUNTING OFFICER

## Glen Innes Severn Council

## Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup> 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
7,865	Rates & Annual Charges	3a	7,840	7,081
2,540	User Charges & Fees	3b	2,809	2,709
602	Interest & Investment Revenue	3c	612	653
2,860	Other Revenues	3d	2,710	2,624
8,942	Grants & Contributions provided for Operating Purposes	3e,f	9,619	11,470
141	Grants & Contributions provided for Capital Purposes	3e,f	181	207
<b>Other Income:</b>				
32	Net gains from the disposal of assets	5	94	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>22,982</b>	<b>Total Income from Continuing Operations</b>		<b>23,865</b>	<b>24,744</b>
<b>Expenses from Continuing Operations</b>				
10,440	Employee Benefits & On-Costs	4a	10,440	10,178
832	Borrowing Costs	4b	832	766
4,652	Materials & Contracts	4c	5,167	5,692
4,909	Depreciation & Amortisation	4d	4,880	5,012
-	Impairment	4d	-	-
2,491	Other Expenses	4e	3,409	2,875
-	Net Losses from the Disposal of Assets	5	-	24
<b>23,324</b>	<b>Total Expenses from Continuing Operations</b>		<b>24,728</b>	<b>24,547</b>
<b>(342)</b>	<b>Operating Result from Continuing Operations</b>		<b>(863)</b>	<b>197</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>(342)</b>	<b>Net Operating Result for the Year</b>		<b>(863)</b>	<b>197</b>
(342)	Net Operating Result attributable to Council		(863)	197
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(483)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(1,044)</b>	<b>(10)</b>

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

## Glen Innes Severn Council

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>(863)</b>	<b>197</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	10,153	(26,223)
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		10,153	(26,223)
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>10,153</b>	<b>(26,223)</b>
<b>Total Comprehensive Income for the Year</b>		<b>9,290</b>	<b>(26,026)</b>
<b>Total Comprehensive Income attributable to Council</b>		9,290	(26,026)
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		-	-

## Glen Innes Severn Council

## Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	13,686	10,911
Investments	6b	-	961
Receivables	7	1,389	1,576
Inventories	8	1,586	1,099
Other	8	89	2
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>16,750</b>	<b>14,549</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	175	175
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	241,943	232,411
Investments accounted for using the equity method	19	-	-
Investment Property	14	180	190
Intangible Assets	25	-	-
Non-current assets classified as "held for sale"	22	82	82
Other	8	59	58
<b>Total Non-Current Assets</b>		<b>242,439</b>	<b>232,916</b>
<b>TOTAL ASSETS</b>		<b>259,189</b>	<b>247,465</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	997	1,056
Borrowings	10	12,971	10,727
Provisions	10	2,665	2,399
<b>Total Current Liabilities</b>		<b>16,633</b>	<b>14,182</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	4
Borrowings	10	8	11
Provisions	10	393	403
<b>Total Non-Current Liabilities</b>		<b>401</b>	<b>418</b>
<b>TOTAL LIABILITIES</b>		<b>17,034</b>	<b>14,600</b>
<b>Net Assets</b>		<b>242,155</b>	<b>232,865</b>
<b>EQUITY</b>			
Retained Earnings	20	138,656	139,519
Revaluation Reserves	20	103,499	93,346
<b>Council Equity Interest</b>		<b>242,155</b>	<b>232,865</b>
<b>Non-controlling Interests</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>242,155</b>	<b>232,865</b>

This Statement should be read in conjunction with the accompanying Notes.

## Glen Innes Severn Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		139,519	93,346	<b>232,865</b>	-	<b>232,865</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/12)</b>		<b>139,519</b>	<b>93,346</b>	<b>232,865</b>	-	<b>232,865</b>
<b>c. Net Operating Result for the Year</b>		<b>(863)</b>	-	<b>(863)</b>	-	<b>(863)</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	10,153	<b>10,153</b>	-	<b>10,153</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>10,153</b>	<b>10,153</b>	-	<b>10,153</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(863)</b>	<b>10,153</b>	<b>9,290</b>	-	<b>9,290</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>138,656</b>	<b>103,499</b>	<b>242,155</b>	-	<b>242,155</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		150,012	119,569	<b>269,581</b>	-	<b>269,581</b>
a. Correction of Prior Period Errors	20 (c)	(10,690)	-	<b>(10,690)</b>	-	<b>(10,690)</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/11)</b>		<b>139,322</b>	<b>119,569</b>	<b>258,891</b>	-	<b>258,891</b>
<b>c. Net Operating Result for the Year</b>		197	-	<b>197</b>	-	<b>197</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(26,223)	<b>(26,223)</b>	-	<b>(26,223)</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>(26,223)</b>	<b>(26,223)</b>	-	<b>(26,223)</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>197</b>	<b>(26,223)</b>	<b>(26,026)</b>	-	<b>(26,026)</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>139,519</b>	<b>93,346</b>	<b>232,865</b>	-	<b>232,865</b>



## Glen Innes Severn Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
7,865	Rates & Annual Charges		7,870	7,094
2,140	User Charges & Fees		2,686	2,471
602	Investment & Interest Revenue Received		558	579
9,483	Grants & Contributions		9,804	12,626
-	Bonds, Deposits & Retention amounts received		-	1
2,860	Other		3,716	2,348
<b>Payments:</b>				
(10,410)	Employee Benefits & On-Costs		(10,249)	(9,897)
(4,652)	Materials & Contracts		(6,177)	(7,149)
(832)	Borrowing Costs		(796)	(706)
-	Bonds, Deposits & Retention amounts refunded		(15)	-
(2,491)	Other		(3,698)	(2,778)
<b>4,565</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>3,699</b>	<b>4,589</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		1,000	-
192	Sale of Infrastructure, Property, Plant & Equipment		263	188
<b>Payments:</b>				
(4,883)	Purchase of Infrastructure, Property, Plant & Equipment		(4,428)	(7,077)
-	Deferred Debtors & Advances Made		-	(14)
<b>(4,691)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(3,165)</b>	<b>(6,903)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
2,800	Proceeds from Borrowings & Advances		2,800	3,860
<b>Payments:</b>				
(559)	Repayment of Borrowings & Advances		(559)	(429)
<b>2,241</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>2,241</b>	<b>3,431</b>
<b>2,115</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>2,775</b>	<b>1,117</b>
11,872	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	10,911	9,794
<b>13,987</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>13,686</b>	<b>10,911</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	-	961
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>13,686</b>	<b>11,872</b>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below 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 Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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

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

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

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

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

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

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

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

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

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

Council makes estimates and assumptions concerning the future.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated tip remediation provisions.

##### **Critical judgements in applying the entity's accounting policies**

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in 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 the entity and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

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

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

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

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

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

unused grant or contribution is disclosed in Note 3(g).

Note 3(g) 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.

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

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

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

#### User Charges, Fees and Other Income

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

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

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

#### 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

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

#### (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 2013) and **(ii)** all the related operating results (for the financial year ended the 30th June 2013).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

#### (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 Supplies*
- *Sewerage Services*
- *Australia Day Committee*
- *Australian Standing Stones Committee*
- *Dundee Reserve Trust Committee*
- *Emmaville Historical Museum Committee*

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

- *Glen Innes and District Sports Council*
- *Minerama Committee*
- *Pinkett Recreation Association*
- *Stonehenge Recreation Reserve Trust*
- *Emmaville War Memorial Museum*

Due to their immaterial value and nature, the following Committees, Entities and Operations have been excluded from the consolidated fund:

- *Glen Innes Beautification Committee*
- *Glen Elgin Federation Sports Club Committee*

#### (ii) The Trust Fund

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

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

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

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

#### (iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

#### Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

#### Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

#### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

#### (v) County Councils

Council is not a member of any County Councils.

#### (vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

#### (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.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

##### 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.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

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

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.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

##### (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".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

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 arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets 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.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

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

#### Financial Assets – Reclassification

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

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

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

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.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

#### 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

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

##### (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.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.



## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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.

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

##### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. 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.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

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

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

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

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

##### (h) Receivables

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

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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 (ie. an allowance account) 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.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

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

##### (i) Inventories

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

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

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

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

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

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

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

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

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

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

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

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

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

###### Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(Internal Valuation)
- **Operational Land** (Internal Valuation)
- **Buildings – Specialised/Non Specialised**  
(Internal Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

##### - Roads Assets incl. roads, bridges & footpaths (Internal Valuation)

**Please note that Council has re-assessed the road hierarchy (which affects the classifications of roads) and therefore this has affected the replacement cost of roads. A reduction in this replacement cost has also reduced the depreciation expense for the year on roads and other road related infrastructure. This adjustment lowered depreciation by \$1,302,000 in this financial year and will continue to affect Council's operating position in future years as each road is re-assessed.**

- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

##### Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

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

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

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

##### Subsequent costs

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

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

##### Asset Revaluations (including Indexation)

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

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

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

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

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

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

##### Capitalisation Thresholds

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

##### Land

- Council Land	100% Capitalised
- Open Space	100% Capitalised
- Land under Roads (purchases after 30/6/08)	100% Capitalised

##### Plant and Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant and Equipment	> \$1,000

##### Buildings and Land Improvements

Park Furniture and Equipment	> \$2,000
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##### Building

- Construction/Extensions	100% Capitalised
- Renovations	> \$10,000

Other Structures	> \$2,000
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##### Water Assets and Sewer Assets

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

##### Stormwater Assets

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

##### Transport Assets

Road Construction and Reconstruction	> \$25,000
Reseal/Re-sheet and Major Repairs:	> \$25,000

Bridge Construction and Reconstruction	> \$25,000
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##### Depreciation

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

Land is not depreciated.

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

##### Plant and Equipment

- Office Equipment	5 to 10 years
- Office Furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other Plant and Equipment	5 to 15 years

##### Other Equipment

- Playground Equipment	5 to 15 years
- Benches, Seats etc.	10 to 20 years

##### Buildings

- Buildings: Masonry	50 to 100 years
- Buildings: Other	20 to 40 years

##### Stormwater Drainage

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

##### Transportation Assets

- Sealed Roads: Surface	80 years
- Sealed Roads: Structure	80 years
- Unsealed Roads	80 years
- Bridge: Concrete	120 years
- Bridge: Other	90 years
- Road Pavements	60 years
- Kerb, Gutter and Footpaths	40 years

##### Water and Sewer Assets

- Dams and Reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation Pipes: PVC	70 to 80 years
- Reticulation Pipes: Other	70 to 80 years
- Pumps and Telemetry	15 to 20 years

##### Other Infrastructure Assets

- Bulk Earthworks	Infinite
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All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

##### 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

##### (k) Land

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

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

##### (l) Land under roads

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

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

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

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

##### (n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

##### (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*".

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to exclude the assets, their values and depreciation charges from these financial statements.

##### (p) Investment property

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

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

The last full revaluation for Council's Investment Properties was dated 30 June 2011.

#### **(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.

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.

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, Restoration and Remediation 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.

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

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

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

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

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 balance sheet 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 balance sheet 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 unwind 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.

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

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

The results of discontinued operations are presented separately on the face of the income statement.

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

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

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

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

##### **(t) Payables**

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

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

##### **(u) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

#### (v) Borrowing costs

Borrowing costs are expensed, / except to the extent that they are incurred during the construction of qualifying assets.

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

#### (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 not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

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

The increase in the provision due to the passage of time is recognised as interest expense.

#### (x) Employee benefits

##### (i) Short Term Obligations

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

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

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

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

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

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

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



## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

#### (iii) Retirement benefit obligations

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

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

#### Defined Benefit Plans

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

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

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its

obligations to defined contribution plans – i.e. as an expense when they become payable.

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

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

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

However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

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.

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

##### **Exceptions**

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

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

##### **(aa) Taxes**

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

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

##### **Goods & Services Tax (GST)**

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

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

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

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

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

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

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

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

**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 (effective from 1 January 2015)***

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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.

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

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

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

**Applicable to Local Government but no implications for Council;**

***AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting***

***Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)***

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

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

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

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

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

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

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

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

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

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

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

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

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

***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)***

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

**There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.**

#### **(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.

# Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	-	154	51	90	(154)	(51)	(90)	-	-	-	-
Administration	569	480	552	1,548	2,061	1,768	(979)	(1,581)	(1,216)	11	3	21,807	16,254
Public Order & Safety	320	392	391	887	870	914	(567)	(478)	(523)	43	-	930	588
Health	90	30	32	404	237	240	(314)	(207)	(208)	-	-	369	337
Environment	1,489	1,521	1,522	1,197	1,487	1,372	292	34	150	31	129	7,806	7,725
Community Services & Education	4,483	4,857	4,562	4,900	4,951	4,782	(417)	(94)	(220)	4,202	3,899	3,806	3,620
Housing & Community Amenities	260	317	380	728	732	824	(468)	(415)	(444)	89	135	2,323	2,898
Water Supplies	1,902	1,862	1,388	1,760	1,902	1,973	142	(40)	(585)	37	21	19,940	18,541
Sewerage Services	1,366	1,458	1,433	1,265	1,262	1,317	101	196	116	36	35	19,078	19,883
Recreation & Culture	218	237	485	2,183	2,111	2,358	(1,965)	(1,874)	(1,873)	70	54	14,934	12,953
Mining, Manufacturing & Construction	2,023	2,332	2,027	1,900	2,196	1,765	123	136	262	-	-	381	1,513
Transport & Communication	2,469	922	4,056	4,910	5,187	5,814	(2,441)	(4,265)	(1,758)	347	3,352	162,147	158,721
Economic Affairs	761	854	558	1,408	1,628	1,330	(647)	(774)	(772)	-	-	5,668	4,432
<b>Total Functions &amp; Activities</b>	<b>15,950</b>	<b>15,262</b>	<b>17,386</b>	<b>23,244</b>	<b>24,675</b>	<b>24,547</b>	<b>(7,294)</b>	<b>(9,413)</b>	<b>(7,161)</b>	<b>4,866</b>	<b>7,628</b>	<b>259,189</b>	<b>247,465</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	7,032	8,603	7,358	80	53	-	6,952	8,550	7,358	3,577	2,860	-	-
<b>Operating Result from Continuing Operations</b>	<b>22,982</b>	<b>23,865</b>	<b>24,744</b>	<b>23,324</b>	<b>24,728</b>	<b>24,547</b>	<b>(342)</b>	<b>(863)</b>	<b>197</b>	<b>8,443</b>	<b>10,488</b>	<b>259,189</b>	<b>247,465</b>

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

#### **GOVERNANCE**

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

#### **ADMINISTRATION**

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

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

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

#### **HEALTH**

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

#### **ENVIRONMENT**

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

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

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

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

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

#### **WATER SUPPLIES**

#### **SEWERAGE SERVICES**

#### **RECREATION & CULTURE**

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

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

Building control, abattoirs, quarries & pits, other.

#### **TRANSPORT & COMMUNICATION**

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

#### **ECONOMIC AFFAIRS**

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		2,096	1,997
Farmland		2,006	1,934
Mining		1	1
Business		515	489
<b>Total Ordinary Rates</b>		<b>4,618</b>	<b>4,421</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		980	941
Water Supply Services		803	331
Sewerage Services		1,150	1,111
Waste Facility Management Levies		289	277
<b>Total Annual Charges</b>		<b>3,222</b>	<b>2,660</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>7,840</b>	<b>7,081</b>

Council has used 2010 year valuations provided by the NSW Valuer General in calculating its rates.



## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		911	878
Sewerage Services		38	21
Waste Management Services (non-domestic)		108	94
<b>Total User Charges</b>		<b>1,057</b>	<b>993</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		72	86
Private Works - Section 67		132	144
Regulatory/ Statutory Fees		68	25
Town Planning		68	79
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>340</b>	<b>334</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aged Care		84	138
Cemeteries		104	85
Child Care		463	439
Leaseback Fees - Council Vehicles		122	110
Quarries and Gravel Pits		258	204
Saleyards		197	230
Swimming Centres		102	74
Trade Waste Fees		73	53
Other		9	49
<b>Total Fees &amp; Charges - Other</b>		<b>1,412</b>	<b>1,382</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>2,809</b>	<b>2,709</b>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		32	25
- Interest earned on Investments (interest & coupon payment income)		541	564
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		39	56
<b>Other</b>		-	8
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<u>612</u>	<u>653</u>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		23	25
General Council Cash & Investments		385	363
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		9	11
- Section 64		24	27
Water Fund Operations		82	91
Sewerage Fund Operations		89	136
<b>Total Interest &amp; Investment Revenue Recognised</b>		<u>612</u>	<u>653</u>
<b>(d) Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	(10)	-
Rental Income - Investment Properties	14	16	16
Rental Income - Other Council Properties		131	138
Fines - Other		15	16
Legal Fees Recovery - Rates & Charges (Extra Charges)		54	59
Commissions & Agency Fees		21	30
Diesel Rebate		53	50
Festivals and Committee Activities		182	136
Insurance Claim Recoveries		4	4
Insurance Rebates and Incentives		54	82
Recycling Income (non domestic)		29	41
Sales - General		24	60
Sales - Quarries and Gravel Pits		1,983	1,678
Section 355 Committees		-	146
Tourism Sales		133	114
Other		21	54
<b><u>TOTAL OTHER REVENUE</u></b>		<u>2,710</u>	<u>2,624</u>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	2,238	2,768	-	-
Financial Assistance - Local Roads Component	1,240	1,506	-	-
Pensioners' Rates Subsidies - General Component	99	92	-	-
<b>Total General Purpose</b>	<b>3,577</b>	<b>4,366</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	37	21	-	-
- Sewerage	36	35	-	-
- Domestic Waste Management	41	39	-	-
Aboriginal Services	177	174	-	-
Aged Care	3,670	3,487	-	-
Bushfire & Emergency Services	10	-	-	-
Child Care	247	77	-	-
Community Care	-	121	-	-
Employment & Training Programs	-	3	-	-
Flood Restoration	-	1,070	-	-
Library	70	34	-	-
Library - special projects	-	20	-	-
Noxious Weeds	84	80	-	-
NSW Rural Fire Services	31	-	-	-
Street Lighting	37	36	-	-
Town Planning	5	97	-	-
Transport (Roads to Recovery)	310	777	-	-
Youth Services	108	35	-	-
Public Cemeteries	-	1	-	-
Community Services Administration	-	5	-	-
Urban Stormwater Drainage	(10)	10	-	-
Animal Control	2	-	-	-
Other	11	-	-	-
<b>Total Specific Purpose</b>	<b>4,866</b>	<b>6,122</b>	<b>-</b>	<b>-</b>
<b>Total Grants</b>	<b>8,443</b>	<b>10,488</b>	<b>-</b>	<b>-</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	6,541	6,089	-	-
- State Funding	1,901	4,399	-	-
- Other Funding	1	-	-	-
	<b>8,443</b>	<b>10,488</b>	<b>-</b>	<b>-</b>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	92	81
S 94A - Fixed Development Consent Levies	-	-	10	11
S 64 - Water Supply Contributions	-	-	5	44
S 64 - Sewerage Service Contributions	-	-	5	20
<b>Total Developer Contributions</b>	17 -	-	<b>112</b>	<b>156</b>
<b>Other Contributions:</b>				
Aged and Disabled	67	13	-	-
Bushfire Services	240	335	58	-
Child Care	5	6	-	-
Community Services	5	-	-	-
Library/Learning Centre	37	37	-	8
Roads & Bridges	250	-	-	-
RMS Contributions (Regional Roads, Block Grant)	470	590	-	-
Sewerage (excl. Section 64 contributions)	-	-	5	36
Street Lighting	1	1	-	-
Water Supplies (excl. Section 64 contributions)	-	-	6	7
Section 355 Committees	71	-	-	-
Other	30	-	-	-
<b>Total Other Contributions</b>	<b>1,176</b>	<b>982</b>	<b>69</b>	<b>51</b>
<b>Total Contributions</b>	<b>1,176</b>	<b>982</b>	<b>181</b>	<b>207</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>9,619</b>	<b>11,470</b>	<b>181</b>	<b>207</b>

## Glen Innes Severn Council

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

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

\$ '000	Actual 2013	Actual 2012
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	3,974	3,125
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	2,136	3,629
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(3,230)	(2,780)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(1,094)</b>	<b>849</b>
<b>Unexpended and held as Restricted Assets</b>	<u><u>2,880</u></u>	<u><u>3,974</u></u>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	2,009	3,156
- Developer Contributions	871	818
	<u><u>2,880</u></u>	<u><u>3,974</u></u>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		8,060	8,075
Employee Termination Costs		76	-
Travelling		369	247
Employee Leave Entitlements (ELE)		1,117	1,064
Superannuation		909	886
Workers' Compensation Insurance		515	181
Training Costs (other than Salaries & Wages)		139	187
Other		153	134
<b>Total Employee Costs</b>		<b>11,338</b>	<b>10,774</b>
less: Capitalised Costs		(898)	(596)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>10,440</u></b>	<b><u>10,178</u></b>
Number of "Equivalent Full Time" Employees at year end		<b>128</b>	<b>131</b>
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		<b>146</b>	<b>148</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		815	749
Interest on Advances		1	1
Other Debts		1	1
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>817</b>	<b>751</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	15	15
<b>Total Other Borrowing Costs</b>		<b>15</b>	<b>15</b>
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>		<b><u>832</u></b>	<b><u>766</u></b>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		4,648	5,260
Contractor & Consultancy Costs		114	80
Auditors Remuneration <sup>(1)</sup>		28	26
Legal Expenses:			
- Legal Expenses: Planning & Development		14	10
- Legal Expenses: Debt Recovery		68	59
- Legal Expenses: Other		6	6
Operating Leases:			
- Operating Lease Rentals: Contingent Rentals <sup>(2)</sup>		252	85
Section 355 Committees		-	101
Security Services		-	14
Valuation Fees		37	34
Other		-	17
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>5,167</u></b>	<b><u>5,692</u></b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		28	26
<b>Remuneration for audit and other assurance services</b>		<b><u>28</u></b>	<b><u>26</u></b>
<b>Total Auditor Remuneration</b>		<b><u>28</u></b>	<b><u>26</u></b>
<b>2. Operating Lease Payments are attributable to:</b>			
Buildings		10	-
Computers		66	-
Motor Vehicles		176	58
Other		-	27
		<b><u>252</u></b>	<b><u>85</u></b>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	594	585
Office Equipment		-	-	74	64
Furniture & Fittings		-	-	29	31
Buildings - Non Specialised		-	-	360	360
Buildings - Specialised		-	-	202	204
Other Structures		-	-	314	279
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,357	2,409
- Stormwater Drainage		-	-	129	118
- Water Supply Network		-	-	400	510
- Sewerage Network		-	-	363	371
Other Assets					
- Library Books		-	-	45	40
Asset Reinstatement Costs	9 & 26	-	-	13	13
Intangible Assets	25	-	-	-	28
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b>-</b>	<b>-</b>	<b>4,880</b>	<b>5,012</b>



## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		123	116
Annual Rates and Charges		218	146
Bad & Doubtful Debts		15	11
Bank Charges		39	33
Cleaning		48	-
Commission and Agency Fees		8	5
Computer Software Charges		199	200
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		22	21
- NSW Fire Brigade Levy		63	64
- NSW Rural Fire Service Levy		213	221
Councillor Expenses - Mayoral Fee		21	22
Councillor Expenses - Councillors' Fees		73	66
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		19	30
Donations, Contributions & Assistance to other organisations (Section 356)		57	55
Election Expenses		55	-
Electricity & Heating		622	541
Insurance		430	382
Insurance - Claims Excess		6	19
Lease Fees and Rentals		3	39
Postage		44	40
Printing & Stationery		154	163
Promotions and Trade Fairs		-	140
Street Lighting		138	125
Subscriptions & Publications		103	34
Telephone & Communications		185	162
Freight and Cartage		206	-
Photocopying		39	-
Other		306	240
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>3,409</u></b>	<b><u>2,875</u></b>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		50	-
less: Carrying Amount of Property Assets Sold / Written Off		-	-
<b>Net Gain/(Loss) on Disposal</b>		<b>50</b>	<b>-</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		213	188
less: Carrying Amount of P&E Assets Sold / Written Off		(169)	(212)
<b>Net Gain/(Loss) on Disposal</b>		<b>44</b>	<b>(24)</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		1,000	-
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(1,000)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>94</u></b>	<b><u>(24)</u></b>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		1,841	-	896	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		11,845	-	10,015	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>13,686</b>	<b>-</b>	<b>10,911</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- CDO's		-	-	961	-
<b>Total Investments</b>		<b>-</b>	<b>-</b>	<b>961</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>13,686</b>	<b>-</b>	<b>11,872</b>	<b>-</b>

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

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit &amp; Loss"

<b>13,686</b>	<b>-</b>	<b>10,911</b>	<b>-</b>
---------------	----------	---------------	----------

**Investments**

b. "Held to Maturity"

6(b-ii)

-	-	961	-
<b>-</b>	<b>-</b>	<b>961</b>	<b>-</b>

**Note 6(b-i)****Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"**

Revaluations (through the Income Statement)	39	-	-	-
Disposals (sales & redemptions)	(39)	-	-	-
<b>Balance at End of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 6(b-ii)****Reconciliation of Investments classified as "Held to Maturity"**

Balance at the Beginning of the Year	961	-	905	-
Additions	-	-	56	-
Disposals (sales & redemptions)	(961)	-	-	-
<b>Balance at End of Year</b>	<b>-</b>	<b>-</b>	<b>961</b>	<b>-</b>

**Comprising:**

- CDO's	-	-	961	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>961</b>	<b>-</b>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>13,686</b>	<b>-</b>	<b>11,872</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	7,647	-	7,148	-
Internal Restrictions (refer below)	5,557	-	4,637	-
Unrestricted	482	-	87	-
	<b>13,686</b>	<b>-</b>	<b>11,872</b>	<b>-</b>
<b>2013</b>	<b>Opening</b>	<b>Transfers to</b>	<b>Transfers from</b>	<b>Closing</b>
<b>\$ '000</b>	<b>Balance</b>	<b>Restrictions</b>	<b>Restrictions</b>	<b>Balance</b>
<b>Details of Restrictions</b>				
<b>External Restrictions - Included in Liabilities</b>				
Specific Purpose Unexpended Loans-General (A)	-	2,800	(791)	2,009
<b>External Restrictions - Included in Liabilities</b>	<b>-</b>	<b>2,800</b>	<b>(791)</b>	<b>2,009</b>
<b>External Restrictions - Other</b>				
Developer Contributions - General (D)	205	112	(92)	225
Developer Contributions - Water Fund (D)	348	17	-	365
Developer Contributions - Sewer Fund (D)	265	16	-	281
Specific Purpose Unexpended Grants (F)	3,156	-	(1,147)	2,009
Water Supplies (G)	953	-	(687)	266
Sewerage Services (G)	2,221	271	-	2,492
<b>External Restrictions - Other</b>	<b>7,148</b>	<b>416</b>	<b>(1,926)</b>	<b>5,638</b>
<b>Total External Restrictions</b>	<b>7,148</b>	<b>3,216</b>	<b>(2,717)</b>	<b>7,647</b>
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	785	2,069	(1,789)	1,065
Infrastructure Replacement	1,296	1,393	(1,249)	1,440
Employees Leave Entitlement	745	131	-	876
Council Committees	52	166	(187)	31
Community Services Asset Replacement	886	3,954	(3,793)	1,047
Special Projects	60	20	(55)	25
Waste Facility Management	813	315	(55)	1,073
<b>Total Internal Restrictions</b>	<b>4,637</b>	<b>8,048</b>	<b>(7,128)</b>	<b>5,557</b>
<b>TOTAL RESTRICTIONS</b>	<b>11,785</b>	<b>11,264</b>	<b>(9,845)</b>	<b>13,204</b>

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

B Advances by Roads and Maritime Services (RMS) for works on the State's classified roads.

C Self Insurance liability resulting from reported claims or incurred claims not yet reported.

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.

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		276	-	311	-
Interest & Extra Charges		71	-	71	-
User Charges & Fees		851	-	707	-
Accrued Revenues					
- Interest on Investments		69	-	54	-
- Other Income Accruals		91	-	82	-
Government Grants & Subsidies		5	-	9	-
Deferred Debtors		-	175	-	175
Net GST Receivable		97	-	311	-
Other Debtors		-	-	87	-
<b>Total</b>		<b>1,460</b>	<b>175</b>	<b>1,632</b>	<b>175</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(31)	-	(36)	-
User Charges & Fees		(40)	-	(20)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(71)</b>	<b>-</b>	<b>(56)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>1,389</u></b>	<b><u>175</u></b>	<b><u>1,576</u></b>	<b><u>175</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		276	-	27	-
- Other		33	-	300	-
<b>Sewerage Services</b>					
- Rates & Availability Charges		69	-	82	-
- Other		-	-	15	-
<b>Total External Restrictions</b>		<b>378</b>	<b>-</b>	<b>424</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>1,011</b>	<b>175</b>	<b>1,152</b>	<b>175</b>
<b>TOTAL NET RECEIVABLES</b>		<b><u>1,389</u></b>	<b><u>175</u></b>	<b><u>1,576</u></b>	<b><u>175</u></b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		447	-	327	-
Trading Stock		1,139	-	772	-
<b>Total Inventories</b>		<b>1,586</b>	<b>-</b>	<b>1,099</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		89	59	2	58
<b>Total Other Assets</b>		<b>89</b>	<b>59</b>	<b>2</b>	<b>58</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,675</b>	<b>59</b>	<b>1,101</b>	<b>58</b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period							as at 30/6/2013				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value								Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	473	-	-	-	473	118	-	-	(112)	-	-	-	479	-	-	-	479
Plant & Equipment	-	9,379	6,226	-	3,153	459	(168)	(594)	-	-	-	-	-	9,098	6,248	-	2,850
Office Equipment	-	1,545	1,376	-	169	12	-	(74)	-	-	-	-	-	1,558	1,451	-	107
Furniture & Fittings	-	568	443	-	125	9	-	(29)	-	-	-	-	-	577	472	-	105
<b>Land:</b>																	
- Operational Land	-	3,567	-	-	3,567	142	-	-	-	50	-	3,106	-	6,865	-	-	6,865
- Community Land	-	4,908	-	-	4,908	-	-	-	-	(50)	-	-	-	4,858	-	-	4,858
Buildings - Non Specialised	-	18,030	10,762	-	7,268	-	-	(360)	-	-	(704)	-	-	15,862	9,658	-	6,204
Buildings - Specialised	-	14,479	5,597	-	8,882	35	-	(202)	-	-	-	3,474	-	21,694	9,507	-	12,187
Other Structures	-	13,800	6,417	-	7,383	95	-	(314)	23	-	(40)	-	-	13,863	6,716	-	7,147
<b>Infrastructure:</b>																	
- Roads, Bridges, Footpaths	-	189,815	52,199	-	137,616	2,374	-	(2,357)	89	-	-	3,140	-	194,822	53,960	-	140,862
- Bulk Earthworks (non-depreciable)	-	17,084	-	-	17,084	-	-	-	-	-	-	607	-	17,691	-	-	17,691
- Stormwater Drainage	-	11,574	3,876	-	7,698	-	-	(129)	-	-	-	196	-	11,876	4,111	-	7,765
- Water Supply Network	-	32,740	15,919	-	16,821	942	-	(400)	-	-	-	415	-	33,710	15,932	-	17,778
- Sewerage Network	-	28,102	11,021	-	17,081	202	-	(363)	-	-	(41)	-	-	28,851	11,974	-	16,877
<b>Other Assets:</b>																	
- Library Books	-	438	310	-	128	43	-	(45)	-	-	-	-	-	481	355	-	126
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>																	
- Tip Asset	-	163	108	-	55	-	-	(13)	-	-	-	-	-	162	120	-	42
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>473</b>	<b>346,192</b>	<b>114,254</b>	<b>-</b>	<b>232,411</b>	<b>4,430</b>	<b>(168)</b>	<b>(4,880)</b>	<b>-</b>	<b>-</b>	<b>(785)</b>	<b>10,938</b>	<b>479</b>	<b>361,968</b>	<b>120,504</b>	<b>-</b>	<b>241,943</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals \$3,401,000 and New Assets \$385,000 with other asset purchases of \$644,000. Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Plant & Equipment	-	219	177	42	-	220	169	51
Office Equipment	-	19	19	-	-	19	19	-
Land								
- Operational Land	-	819	-	819	-	41	-	41
Infrastructure	-	33,710	15,933	17,777	-	32,739	15,919	16,820
<b>Total Water Supply</b>	-	<b>34,767</b>	<b>16,129</b>	<b>18,638</b>	-	<b>33,019</b>	<b>16,107</b>	<b>16,912</b>
<b>Sewerage Services</b>								
Plant & Equipment	-	141	132	9	-	141	129	12
Office Equipment	-	9	9	-	-	9	9	-
Land								
- Operational Land	-	659	-	659	-	207	-	207
Infrastructure	-	28,852	11,974	16,878	-	28,102	11,021	17,081
<b>Total Sewerage Services</b>	-	<b>29,661</b>	<b>12,115</b>	<b>17,546</b>	-	<b>28,459</b>	<b>11,159</b>	<b>17,300</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>64,428</b>	<b>28,244</b>	<b>36,184</b>	-	<b>61,478</b>	<b>27,266</b>	<b>34,212</b>

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

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



## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		691	-	694	3
Payments Received In Advance		132	-	131	-
Accrued Expenses:					
- Borrowings		140	-	119	-
- Other Expenditure Accruals		29	-	93	-
Security Bonds, Deposits & Retentions		-	-	14	1
Other		5	-	5	-
<b>Total Payables</b>		<b>997</b>	<b>-</b>	<b>1,056</b>	<b>4</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		12,968	-	10,724	-
Government Advances		3	8	3	11
<b>Total Borrowings</b>		<b>12,971</b>	<b>8</b>	<b>10,727</b>	<b>11</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		996	-	895	-
Long Service Leave		1,519	114	1,444	144
Leave in Lieu		12	-	33	-
Other Leave RDO		34	-	27	-
Other Leave		104	5	-	-
Sub Total - Aggregate Employee Benefits		<b>2,665</b>	<b>119</b>	<b>2,399</b>	<b>144</b>
Asset Remediation/Restoration (Future Works) <sup>26</sup>		-	274	-	259
<b>Total Provisions</b>		<b>2,665</b>	<b>393</b>	<b>2,399</b>	<b>403</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>16,633</b>	<b>401</b>	<b>14,182</b>	<b>418</b>

## (i) Liabilities relating to Restricted Assets

	2013		2012	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Water	145	2,501	148	2,613
Sewer	128	2,018	122	2,126
Local Infrastructure Renewal Scheme Loan	247	2,505	-	-
Liabilities relating to externally restricted assets	<b>520</b>	<b>7,024</b>	<b>270</b>	<b>4,739</b>
<b>Internally Restricted Assets</b>				
Nil				
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>	<b>16,633</b>	<b>401</b>	<b>14,182</b>	<b>418</b>

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

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

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,977	1,657
Borrowings - Secured Loans	12,249	10,241
	<b>14,226</b>	<b>11,898</b>

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

Class of Provision	2012		2013			
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/13
Annual Leave	895	625	(524)	-	-	996
Long Service Leave	1,588	189	(144)	-	-	1,633
Other Leave	60	95	-	-	-	155
Asset Remediation	259	15	-	-	-	274
<b>TOTAL</b>	<b>2,802</b>	<b>924</b>	<b>(668)</b>	<b>-</b>	<b>-</b>	<b>3,058</b>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	13,686	10,911
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>13,686</b>	<b>10,911</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>(863)</b>	<b>197</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		4,880	5,012
Net Losses/(Gains) on Disposal of Assets		(94)	24
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(39)	(56)
- Investment Properties		10	-
Unwinding of Discount Rates on Reinstatement Provisions		15	15
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		172	416
Increase/(Decrease) in Provision for Doubtful Debts		15	4
Decrease/(Increase) in Inventories		(487)	(795)
Decrease/(Increase) in Other Assets		(88)	22
Increase/(Decrease) in Payables		(6)	(662)
Increase/(Decrease) in accrued Interest Payable		21	45
Increase/(Decrease) in other accrued Expenses Payable		(64)	74
Increase/(Decrease) in Other Liabilities		(14)	12
Increase/(Decrease) in Employee Leave Entitlements		241	281
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>3,699</b>	<b>4,589</b>

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		200	200
Credit Cards / Purchase Cards		100	100
<b>Total Financing Arrangements</b>		<b>300</b>	<b>300</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		16	11
<b>Total Financing Arrangements Utilised</b>		<b>16</b>	<b>11</b>

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

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

**(ii) Secured Loan Liabilities**

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Capital Commitments (exclusive of GST)</b>			
Nil			
<b>(b) Finance Lease Commitments</b>			
Nil			
<b>(c) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		261	95
Later than one year and not later than 5 years		630	237
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>891</b>	<b>332</b>

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

Plant and Equipment

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

**Conditions relating to Operating Leases:**

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

#### (d) Investment Property Commitments

Nil

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

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

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>8,725</u>	4.62 : 1	3.46	2.40
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>1,887</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>1,376</u>	7.80%	6.76%	5.74%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<u>17,642</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>7,840</u>	32.85%	28.62%	31.26%
Income from Continuing Operations	<u>23,865</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>316</u>	3.82%	4.60%	4.66%
Rates, Annual & Extra Charges Collectible	<u>8,272</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<u>3,401</u>	89.24%	55.09%	56.67%
Depreciation, Amortisation & Impairment	<u>3,811</u>			

## Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).

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

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

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
<b>TCorp Performance Measures - Consolidated</b>				
<b>a. Operating Performance</b>				
Operating Revenue (excl. Capital Grants & Contributions)				
- Operating Expenses	<b>(1,073)</b>	<b>-4.53%</b>	-0.27%	not required
Operating Revenue (excl. Capital Grants & Contributions)	<b>23,655</b>			
<b>b. Own Source Operating Revenue</b>				
Rates & Annual Charges + User Charges & Fees	<b>10,649</b>	<b>44.68%</b>	39.65%	not required
Total Operating Revenue (incl. Capital Grants & Contributions)	<b>23,836</b>			
<b>c. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions	<b>8,725</b>	<b>4.62</b>	3.46	2.40
Current Liabilities less Specific Purpose Liabilities	<b>1,887</b>			
<b>d. Debt Service Cover Ratio</b>				
Operating Result before Interest & Depreciation (EBITDA)	<b>4,639</b>	<b>3.34</b>	4.78	not required
Principal Repayments (from the Statement of Cash Flows)	<b>1,391</b>			
+ Borrowing Interest Costs (from the Income Statement)				
<b>e. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<b>4,262</b>	<b>0.87</b>	1.37	not required
Annual Depreciation	<b>4,880</b>			
<b>f. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<b>25,210</b>	<b>0.12</b>	0.14	not required
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	<b>208,820</b>			
<b>g. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<b>1,558</b>	<b>0.74</b>	0.63	not required
Required Asset Maintenance	<b>2,097</b>			
<b>h. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals	<b>3,401</b>	<b>0.89</b>	0.55	0.57
Depreciation of Building and Infrastructure Assets	<b>3,811</b>			
<b>i. Cash Expense Cover Ratio</b>				
Current Year's Cash & Cash Equivalents	<b>13,686</b>	<b>8.64</b>	6.98	not required
(Total Expenses - Depreciation - Interest Costs) x12	<b>1,585</b>			
<b>j. Interest Cover Ratio</b>				
Operating Results before Interest & Depreciation (EBITDA)	<b>4,639</b>	<b>5.58</b>	7.46	not required
Borrowing Interest Costs (from the income statement)	<b>832</b>			

## Glen Innes Severn Council

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

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

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>2.83</td> </tr> <tr> <td>2011</td> <td>2.40</td> </tr> <tr> <td>2012</td> <td>3.46</td> </tr> <tr> <td>2013</td> <td>4.62</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	2.83	2011	2.40	2012	3.46	2013	4.62	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 4.62 : 1</b></p> <p>The TCORP benchmark for this ratio is 1.5. Council is currently well above that ratio and is sitting in a good and improving position.</p>
Year	Ratio : 1											
2010	2.83											
2011	2.40											
2012	3.46											
2013	4.62											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>5.91%</td> </tr> <tr> <td>2011</td> <td>5.74%</td> </tr> <tr> <td>2012</td> <td>6.76%</td> </tr> <tr> <td>2013</td> <td>7.80%</td> </tr> </tbody> </table>	Year	Ratio %	2010	5.91%	2011	5.74%	2012	6.76%	2013	7.80%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 7.80%</b></p> <p>This ratio has deteriorated marginally due to the additional Local Infrastructure Renewal Scheme Loan repayments. The ratio is in a satisfactory position.</p>
Year	Ratio %											
2010	5.91%											
2011	5.74%											
2012	6.76%											
2013	7.80%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>31.74%</td> </tr> <tr> <td>2011</td> <td>31.26%</td> </tr> <tr> <td>2012</td> <td>28.62%</td> </tr> <tr> <td>2013</td> <td>32.85%</td> </tr> </tbody> </table>	Year	Ratio %	2010	31.74%	2011	31.26%	2012	28.62%	2013	32.85%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 32.85%</b></p> <p>The ratio has improved by more than four percent. This improvement is due to the increase in the Annual Charges for water connections. Council should focus on improving this ratio by sourcing additional 'secured' revenue sources.</p>
Year	Ratio %											
2010	31.74%											
2011	31.26%											
2012	28.62%											
2013	32.85%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>6.57%</td> </tr> <tr> <td>2011</td> <td>4.66%</td> </tr> <tr> <td>2012</td> <td>4.60%</td> </tr> <tr> <td>2013</td> <td>3.82%</td> </tr> </tbody> </table>	Year	Ratio %	2010	6.57%	2011	4.66%	2012	4.60%	2013	3.82%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 3.82%</b></p> <p>This ratio is sitting in a good position and indicates that Council is actively pursuing outstanding charges. A satisfactory ratio would be below five (5) percent.</p>
Year	Ratio %											
2010	6.57%											
2011	4.66%											
2012	4.60%											
2013	3.82%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>7.37%</td> </tr> <tr> <td>2011</td> <td>56.67%</td> </tr> <tr> <td>2012</td> <td>55.09%</td> </tr> <tr> <td>2013</td> <td>89.24%</td> </tr> </tbody> </table>	Year	Ratio %	2010	7.37%	2011	56.67%	2012	55.09%	2013	89.24%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 89.24%</b></p> <p>The TCORP benchmark is 100% for this particular ratio. Even though Council is currently below this benchmark it is clear that the ratio is continuing to improve. It would be difficult to imagine that Council would achieve the TCORP ratio (consistently) without additional funding.</p>
Year	Ratio %											
2010	7.37%											
2011	56.67%											
2012	55.09%											
2013	89.24%											



## Glen Innes Severn Council

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

## Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated)

<p><b>a. Operating Performance</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>-0.27%</td> </tr> <tr> <td>2013</td> <td>-4.53%</td> </tr> </tbody> </table>	Year	Ratio %	2012	-0.27%	2013	-4.53%	<p><b>Purpose of Operating Performance Ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>-4.53%</b></p> <p>The TCORP benchmark for this ratio is greater than minus four (4) percent. Therefore on this occasion Council has narrowly missed the mark. Council would have met this benchmark if the Roads to Recovery funding had been received in the correct financial year.</p>		
Year	Ratio %									
2012	-0.27%									
2013	-4.53%									
<p><b>b. Own Source Operating Revenue</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>39.65%</td> </tr> <tr> <td>2013</td> <td>44.68%</td> </tr> </tbody> </table>	Year	Ratio %	2012	39.65%	2013	44.68%	<p><b>Purpose of Own Source Operating Revenue Ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants &amp; contributions.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>44.68%</b></p> <p>The TCORP benchmark is above 60%. This would be difficult for Council to achieve, but does not necessarily indicate that Council is in a worse than benchmark position. The reason for this is that Council has a significant Community Services section which is grant funded which is not included as Own Source Operating Revenue.</p>		
Year	Ratio %									
2012	39.65%									
2013	44.68%									
<p><b>c. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>2.40</td> </tr> <tr> <td>2012</td> <td>3.46</td> </tr> <tr> <td>2013</td> <td>4.62</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	2.40	2012	3.46	2013	4.62	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of unrestricted working capital and Council's ability to meet short term obligations as they fall due.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>4.62</b></p> <p>The TCORP benchmark for this ratio is 1.5. Council is currently well above that ratio and is sitting in a good and improving position.</p>
Year	Ratio (x)									
2011	2.40									
2012	3.46									
2013	4.62									
<p><b>d. Debt Service Cover Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>4.78</td> </tr> <tr> <td>2013</td> <td>3.34</td> </tr> </tbody> </table>	Year	Ratio (x)	2012	4.78	2013	3.34	<p><b>Purpose of Debt Service Cover Ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>3.34 x</b></p> <p>The Debt Service Cover Ratio has deteriorated but is still well above the TCORP Benchmark of 2:1.</p>		
Year	Ratio (x)									
2012	4.78									
2013	3.34									
<p><b>e. Capital Expenditure Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>1.37</td> </tr> <tr> <td>2013</td> <td>0.87</td> </tr> </tbody> </table>	Year	Ratio (x)	2012	1.37	2013	0.87	<p><b>Purpose of Capital Expenditure Ratio</b></p> <p>This ratio assesses the extent to which a Council is expanding its asset base with capital expenditure (on new assets, replacement &amp; renewal of existing assets).</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>0.87 x</b></p> <p>The TCORP capital expenditure benchmark is 1.1 therefore Council is below the benchmark for this financial year. Even though this is the case, the ratio is still healthy.</p>		
Year	Ratio (x)									
2012	1.37									
2013	0.87									

Glen Innes Severn Council

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

Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated) continued

<p><b>f. Infrastructure Backlog Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>0.14</td> </tr> <tr> <td>2013</td> <td>0.12</td> </tr> </tbody> </table>	Year	Ratio (x)	2012	0.14	2013	0.12	<p><b>Purpose of Infrastructure Backlog Ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 0.12 x</b></p> <p>The infrastructure backlog ratio has improved but this is primarily to a re-assessment of the backlog associated with Council's specialised and non-specialised buildings. Council's infrastructure backlog is well above the TCORP benchmark of 0.02.</p>		
Year	Ratio (x)									
2012	0.14									
2013	0.12									
<p><b>g. Asset Maintenance Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>0.63</td> </tr> <tr> <td>2013</td> <td>0.74</td> </tr> </tbody> </table>	Year	Ratio (x)	2012	0.63	2013	0.74	<p><b>Purpose of Asset Maintenance Ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio of &gt; 1.0x indicates enough has been spent to stop the Infrastructure Backlog from growing.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 0.74 x</b></p> <p>Asset Maintenance ratio has improved from last year but is still below the TCORP benchmark of 1.00. In saying that this is a positive trend.</p>		
Year	Ratio (x)									
2012	0.63									
2013	0.74									
<p><b>h. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.57</td> </tr> <tr> <td>2012</td> <td>0.55</td> </tr> <tr> <td>2013</td> <td>0.89</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.57	2012	0.55	2013	0.89	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 0.89 x</b></p> <p>The Building and Infrastructure Renewal Ratio is improving but is still below the benchmark of 1.00. This is a positive trend.</p>
Year	Ratio (x)									
2011	0.57									
2012	0.55									
2013	0.89									
<p><b>i. Cash Expense Cover Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (mths)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>6.98</td> </tr> <tr> <td>2013</td> <td>8.64</td> </tr> </tbody> </table>	Year	Ratio (mths)	2012	6.98	2013	8.64	<p><b>Purpose of Cash Expense Cover Ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 8.64 mths</b></p> <p>The ratio is very healthy with the TCORP ratio being 3.00 months. Council is in a strong position in this regard.</p>		
Year	Ratio (mths)									
2012	6.98									
2013	8.64									
<p><b>j. Interest Cover Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>7.46</td> </tr> <tr> <td>2013</td> <td>5.58</td> </tr> </tbody> </table>	Year	Ratio (x)	2012	7.46	2013	5.58	<p><b>Purpose of Interest Cover Ratio</b></p> <p>This ratio indicates the extent to which a Council can service (through operating cash) its interest bearing debt &amp; take on additional borrowings.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 5.58 x</b></p> <p>This ratio is above the TCORP benchmark of 4.00. This suggests that Council has additional borrowing capacity. The increase in the Interest Cover Ratio suggests that Council borrows responsibly.</p>		
Year	Ratio (x)									
2012	7.46									
2013	5.58									

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	<b>3.97 : 1</b>	<b>20.01 : 1</b>	<b>4.62 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	8.66 : 1	19.00 : 1	3.46 : 1
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>17.17%</b>	<b>16.79%</b>	<b>5.64%</b>
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)			
prior period:	21.13%	17.27%	4.41%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>43.64%</b>	<b>78.88%</b>	<b>28.61%</b>
Income from Continuing Operations			
prior period:	23.85%	77.53%	25.72%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>33.74%</b>	<b>5.97%</b>	<b>-0.46%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	8.06%	7.34%	3.91%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>116.50%</b>	<b>39.12%</b>	<b>91.63%</b>
Depreciation, Amortisation & Impairment			
prior period:	0.00%	0.00%	70.79%

## Notes

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

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>TCorp Performance Measures - by Fund</b>			
<b>a. Operating Performance</b>			
Operating Revenue (excl. Capital Grants & Contributions) - Operating Expenses	<b>-2.31%</b>	<b>13.15%</b>	<b>-6.00%</b>
Operating Revenue (excl. Capital Grants & Contributions)			
prior period:	not required	not required	not required
<b>b. Own Source Operating Revenue</b>			
Rates & Annual Charges + User Charges & Fees	<b>92.75%</b>	<b>86.76%</b>	<b>37.32%</b>
Total Operating Revenue (incl. Capital Grants & Contributions)			
prior period:	not required	not required	not required
<b>c. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions	<b>3.97</b>	<b>20.01</b>	<b>4.62</b>
Current Liabilities less Specific Purpose Liabilities			
prior period:	not required	not required	not required
<b>d. Debt Service Cover Ratio</b>			
Operating Result before Interest & Depreciation (EBITDA)	<b>1.79</b>	<b>2.87</b>	<b>4.07</b>
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)			
prior period:	not required	not required	not required
<b>e. Capital Expenditure Ratio</b>			
Annual Capital Expenditure	<b>2.31</b>	<b>0.55</b>	<b>0.76</b>
Annual Depreciation			
prior period:	not required	not required	not required
<b>f. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition (from Special Schedule 7)	<b>0.15</b>	<b>0.21</b>	<b>0.11</b>
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
prior period:	not required	not required	not required
<b>g. Asset Maintenance Ratio</b>			
Actual Asset Maintenance	<b>1.00</b>	<b>0.34</b>	<b>0.76</b>
Required Asset Maintenance			
prior period:	not required	not required	not required
<b>h. Building and Infrastructure Renewals Ratio</b>			
Asset Renewals	<b>1.17</b>	<b>0.39</b>	<b>0.92</b>
Depreciation of Building and Infrastructure Assets			
prior period:	not required	not required	not required
<b>i. Cash Expense Cover Ratio</b>			
Current Year's Cash & Cash Equivalents	<b>5.88</b>	<b>44.19</b>	<b>9.67</b>
(Total Expenses - Depreciation - Interest Costs) x12			
prior period:	not required	not required	not required
<b>j. Interest Cover Ratio</b>			
Operating Results before Interest & Depreciation (EBITDA)	<b>2.78</b>	<b>4.90</b>	<b>6.96</b>
Borrowing Interest Costs (from the income statement)			
prior period:	not required	not required	not required

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

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 14. Investment Properties

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Investment Properties at Fair value</b>			
<u>Investment Properties on Hand</u>		<u>180</u>	<u>190</u>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		190	190
- Net Gain/(Loss) from Fair Value Adjustments		(10)	-
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b><u>180</u></b>	<b><u>190</u></b>

**(b) Valuation Basis**

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

The 2012 revaluations were based on Independent Assessments made by:  
M.J. Williams AAPI, FREAV, Registered Valuer 619, Certified Practising Valuer

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

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

**(d) Investment Property Income & Expenditure - summary**

<b>Rental Income from Investment Properties:</b>			
- Minimum Lease Payments		16	16
<b>Direct Operating Expenses on Investment Properties:</b>			
- that generated rental income		(7)	(7)
<b>Net Revenue Contribution from Investment Properties</b>		<b><u>9</u></b>	<b><u>9</u></b>
plus:			
<b>Fair Value Movement for year</b>		<b><u>(10)</u></b>	<b><u>-</u></b>
<b>Total Income attributable to Investment Properties</b>		<b><u>(1)</u></b>	<b><u>9</u></b>

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 15. Financial Risk Management

\$ '000

#### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	13,686	10,911	13,686	10,911
Investments				
- "Held to Maturity"	-	961	-	961
Receivables	1,564	1,751	1,564	1,751
<b>Total Financial Assets</b>	<b>15,250</b>	<b>13,623</b>	<b>15,250</b>	<b>13,623</b>
<b>Financial Liabilities</b>				
Payables	865	929	865	929
Loans / Advances	12,979	10,738	12,979	10,738
<b>Total Financial Liabilities</b>	<b>13,844</b>	<b>11,667</b>	<b>13,844</b>	<b>11,667</b>

Fair Value is determined as follows:

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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 its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2013</b>				
Possible impact of a 1% movement in Interest Rates	130	130	(130)	(130)
<b>2012</b>				
Possible impact of a 10% movement in Market Values	109	109	(109)	(109)

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (b) Receivables

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

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

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

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

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

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

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

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

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	10	1,022	10	1,233
Overdue	266	337	301	263
	<u>276</u>	<u>1,359</u>	<u>311</u>	<u>1,496</u>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2013	2012
Balance at the beginning of the year			56	52
+ new provisions recognised during the year			15	10
- amounts already provided for & written off this year			-	(6)
<b>Balance at the end of the year</b>			<u>71</u>	<u>56</u>



## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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 Liquidity Table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2013</b>									
Trade/Other Payables	-	865	-	-	-	-	-	865	865
Loans & Advances	-	719	744	770	796	822	848	4,699	12,979
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,584</b>	<b>744</b>	<b>770</b>	<b>796</b>	<b>822</b>	<b>848</b>	<b>5,564</b>	<b>13,844</b>
<b>2012</b>									
Trade/Other Payables	15	914	-	-	-	-	-	929	929
Loans & Advances	-	623	655	763	817	941	13,739	17,538	10,738
<b>Total Financial Liabilities</b>	<b>15</b>	<b>1,537</b>	<b>655</b>	<b>763</b>	<b>817</b>	<b>941</b>	<b>13,739</b>	<b>18,467</b>	<b>11,667</b>

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	865	0.0%	929	0.0%
Loans & Advances - Fixed Interest Rate	12,979	6.8%	10,738	7.0%
	<u>13,844</u>		<u>11,667</u>	

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 28 June 2012.

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

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

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

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	7,865	7,840	(25)	(0%)	<b>U</b>
<b>User Charges &amp; Fees</b>	2,540	2,809	269	11%	<b>F</b>
Revenue raised by Glen Innes Aggregate for fees and charges were higher than expected. There were also other minor increases.					
<b>Interest &amp; Investment Revenue</b>	602	612	10	2%	<b>F</b>
<b>Other Revenues</b>	2,860	2,710	(150)	(5%)	<b>U</b>
<b>Operating Grants &amp; Contributions</b>	8,942	9,619	677	8%	<b>F</b>
<b>Capital Grants &amp; Contributions</b>	141	181	40	28%	<b>F</b>
There was an increase of \$40,000 in capital contributions received compared with the original budget.					
<b>Net Gains from Disposal of Assets</b>	32	94	62	195%	<b>F</b>
The original budget assumed that more vehicles would be sold than actually were - Council targeted only the key replacement priorities which were further in their depreciation cycle. Therefore this resulted in plant being sold with no written down value therefore a larger profit materialised than would have been if all plant had been sold.					

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>10,440</b>	<b>10,440</b>	-	0%	<b>F</b>
<b>Borrowing Costs</b>	<b>832</b>	<b>832</b>	-	0%	<b>F</b>
<b>Materials &amp; Contracts</b>	<b>4,652</b>	<b>5,167</b>	<b>(515)</b>	(11%)	<b>U</b>
Materials and Contracts increased due higher than expected material costs which were recognised in subsequent budget variations.					
<b>Depreciation &amp; Amortisation</b>	<b>4,909</b>	<b>4,880</b>	<b>29</b>	1%	<b>F</b>
<b>Other Expenses</b>	<b>2,491</b>	<b>3,409</b>	<b>(918)</b>	(37%)	<b>U</b>
A variety of factors led to an increase in other expenses. A portion of this related to Glen Innes Aggregates which was offset by an increase in revenues.					

**Budget Variations relating to Council's Cash Flow Statement include:**

<b>Cash Flows from Operating Activities</b>	<b>4,565</b>	<b>3,699</b>	<b>(866)</b>	(19.0%)	<b>U</b>
The original budget included approximately \$600,000 in Grant Revenue for the Roads to Recovery programme for the 2012/13 financial year, only \$50,000 of this was actually received the remaining \$550,000 is expected to be received in the 2013/14 financial year.					
<b>Cash Flows from Investing Activities</b>	<b>(4,691)</b>	<b>(3,165)</b>	<b>1,526</b>	(32.5%)	<b>F</b>
The original budget did not include the maturing (ANZ) Averon Product of \$1,000,000. The remaining difference of \$526,000 was from a reduction in capital expenditure due to the carry forward of a number of the Central Business District renewal works to the 2013/14 or future financial years.					
<b>Cash Flows from Financing Activities</b>	<b>2,241</b>	<b>2,241</b>	-	0.0%	<b>F</b>

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & 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	
S94A Levies - under a Plan	19	10	-	-	-	-	29				-
<b>Total S94 Revenue Under Plans</b>	<b>19</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>				<b>-</b>
S94 not under Plans	186	92	-	9	(92)	-	195	633	(723)	105	-
S64 Contributions	613	10	-	24	-	-	647				
<b>Total Contributions</b>	<b>818</b>	<b>112</b>	<b>-</b>	<b>33</b>	<b>(92)</b>	<b>-</b>	<b>871</b>	<b>633</b>	<b>(723)</b>	<b>105</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94A LEVIES - UNDER A PLAN**

CONTRIBUTION PLAN NUMBER 1 - Community Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	19	10	-	-	-	-	29	-	-		-
<b>Total</b>	<b>19</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>				<b>-</b>

**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	186	92	-	9	(92)	-	195	633	(723)	105	-
<b>Total</b>	<b>186</b>	<b>92</b>	<b>-</b>	<b>9</b>	<b>(92)</b>	<b>-</b>	<b>195</b>	<b>633</b>	<b>(723)</b>	<b>105</b>	<b>-</b>

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

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

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

##### (iv) Other Guarantees

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

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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.

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.

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		139,519	150,012
a. Correction of Prior Period Errors	20 (c)	-	(10,690)
b. Net Operating Result for the Year		(863)	197
<b>Balance at End of the Reporting Period</b>		<b><u>138,656</u></b>	<b><u>139,519</u></b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		103,499	93,346
<b>Total</b>		<b><u>103,499</u></b>	<b><u>93,346</u></b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		93,346	119,569
- Revaluations for the year	9(a)	10,153	(26,223)
<b>- Balance at End of Year</b>		<b><u>103,499</u></b>	<b><u>93,346</u></b>
<b>TOTAL VALUE OF RESERVES</b>		<b><u>103,499</u></b>	<b><u>93,346</u></b>
<b>(iii) Nature &amp; Purpose of Reserves</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			



## Glen Innes Severn Council

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

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of errors as disclosed in last year's financial statements:</b>			
- Infrastructure Network (Bulk Earthworks)			(10,690)
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Closing Equity - 30/6/12 (relating to adjustments for the 30/6/12 year end)		-	(10,690)
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>-</b>	<b>(10,690)</b>

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

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

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	813	1,150	5,877
User Charges & Fees	915	115	1,779
Interest & Investment Revenue	93	103	416
Other Revenues	-	43	2,667
Grants & Contributions provided for Operating Purposes	37	36	9,546
Grants & Contributions provided for Capital Purposes	5	11	165
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	94
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>1,863</b>	<b>1,458</b>	<b>20,544</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	768	170	9,502
Borrowing Costs	205	143	484
Materials & Contracts	297	457	4,413
Depreciation & Amortisation	408	366	4,106
Impairment	-	-	-
Other Expenses	223	126	3,060
Interest & Investment Losses	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>1,901</b>	<b>1,262</b>	<b>21,565</b>
<b>Operating Result from Continuing Operations</b>	<b>(38)</b>	<b>196</b>	<b>(1,021)</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>(38)</b>	<b>196</b>	<b>(1,021)</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(38)</b>	<b>196</b>	<b>(1,021)</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(43)</b>	<b>185</b>	<b>(1,186)</b>

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

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

## Glen Innes Severn Council

## Notes to the Financial Statements

as at 30 June 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	631	2,773	10,282
Investments	-	-	-
Receivables	309	69	1,011
Inventories	-	-	1,586
Other	-	-	89
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>940</b>	<b>2,842</b>	<b>12,968</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	175
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	18,638	17,546	205,759
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	180
Non-current assets classified as 'held for sale'	-	-	82
Other	-	-	59
<b>Total Non-Current Assets</b>	<b>18,638</b>	<b>17,546</b>	<b>206,255</b>
<b>TOTAL ASSETS</b>	<b>19,578</b>	<b>20,388</b>	<b>219,223</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	34	20	943
Borrowings	112	108	8,240
Provisions	-	-	2,665
<b>Total Current Liabilities</b>	<b>146</b>	<b>128</b>	<b>11,848</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	2,500	2,018	1
Provisions	-	-	393
<b>Total Non-Current Liabilities</b>	<b>2,500</b>	<b>2,018</b>	<b>394</b>
<b>TOTAL LIABILITIES</b>	<b>2,646</b>	<b>2,146</b>	<b>12,242</b>
<b>Net Assets</b>	<b>16,932</b>	<b>18,242</b>	<b>206,981</b>
<b>EQUITY</b>			
Retained Earnings	11,459	11,140	116,057
Revaluation Reserves	5,473	7,102	90,924
<b>Total Equity</b>	<b>16,932</b>	<b>18,242</b>	<b>206,981</b>

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

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

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Current	2013 Non Current	2012 Current	2012 Non Current
<b>(i) Non Current Assets &amp; Disposal Group Assets</b>				
<b>Non Current Assets "Held for Sale"</b>				
Highwoods Estate	-	82	-	82
<b>Total Non Current Assets "Held for Sale"</b>	<b>-</b>	<b>82</b>	<b>-</b>	<b>82</b>
<b>Disposal Group Assets "Held for Sale"</b>				
None				
<b><u>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u></b>	<b><u>-</u></b>	<b><u>82</u></b>	<b><u>-</u></b>	<b><u>82</u></b>

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

Council has land & buildings which it has made a decision to dispose of. All properties with the exception of the Highwood Estate have been sold.

\$ '000	Assets "Held for Sale"	
	2013	2012
<b>(iii) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>		
<b>Opening Balance</b>	82	82
<b>Balance still unsold after 12 months:</b>	82	82
<b>Closing Balance of "Held for Sale" Non Current Assets &amp; Operations</b>	<b><u>82</u></b>	<b><u>82</u></b>

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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\$ '000

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Events that occur between the end of the reporting period (ending 30 June 2013) 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 31/10/13.

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 2013.

##### **(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 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

#### Note 24. Discontinued Operations

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

## Glen Innes Severn Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 25. Intangible Assets

\$ '000

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

	Actual 2013 Carrying Amount	Actual 2012 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7/12)	316	316
Accumulated Amortisation (1/7/12)	(316)	(288)
Accumulated Impairment (1/7/12)	-	-
<b>Net Book Value - Opening Balance</b>	<b>-</b>	<b>28</b>
<b>Movements for the year</b>		
- Amortisation charges	-	(28)
<b>Closing Values:</b>		
Gross Book Value (30/6/13)	316	316
Accumulated Amortisation (30/6/13)	(316)	(316)
Accumulated Impairment (30/6/13)	-	-
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>-</u></b>	<b><u>-</u></b>

## Glen Innes Severn Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2013	2012
Rogers Road Waste Facility	2016	274	259
<b>Balance at End of the Reporting Period</b>		<b>274</b>	<b>259</b>

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:

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

Balance at beginning of year	259	244
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	15	15
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>274</b>	<b>259</b>

#### Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

## Glen Innes Severn Council

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

#### Note 27. Council Information & Contact Details

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**Principal Place of Business:**

265 Grey Street  
GLEN INNES NSW 2370

**Contact Details**

**Mailing Address:**

PO Box 61  
GLEN INNES NSW 2370

**Opening Hours:**

8.30 am - 4.30 pm  
Monday - Friday

**Telephone:** (02) 6730-2300

**Facsimile:** (02) 6732-3764

**Internet:** [www.gisc.nsw.gov.au](http://www.gisc.nsw.gov.au)

**Email:** [council@gisc.nsw.gov.au](mailto:council@gisc.nsw.gov.au)

**Officers**

**GENERAL MANAGER**

Hendrik Frederik BASSON

**RESPONSIBLE ACCOUNTING OFFICER**

Eric John BROWN

**PUBLIC OFFICER**

Anna Marie WATT

**AUDITORS**

Crowe Horwath Audit & Assurance  
3 Glen Innes Road  
INVERELL NSW 2360

**Elected Members**

**MAYOR**

Colin Roger PRICE

**COUNCILLORS**

Dianne Gladys NEWMAN

Colin Roger PRICE

Graeme John QUINN

Michael Derek SCHERF

Andrew PARSONS

Malcolm Ronald SCHUMACHER

James Robert GRAHAM

**Other Information**

**ABN:** 81 365 002 718