

Griffith City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016



Griffith City Council

General Purpose Financial Statements

for the year ended 30 June 2016

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Griffith City Council.
- (ii) Griffith City 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 1993* (LGA).

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 27 October 2016. Council has the power to amend and reissue these financial statements.
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Griffith City Council

General Purpose Financial Statements for the year ended 30 June 2016

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2016.

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

About the Councillor/Management Statement

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

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

This statement summarises Council's financial performance for the year, listing all income and 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

This statement primarily records changes in the fair values of Council's infrastructure, property, plant and equipment.

3. The Statement of Financial Position

An end of year snapshot of Council's financial position indicating its assets, liabilities and equity ('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

This statement 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 five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise 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 and position, and
2. Their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

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

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

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

Griffith City Council

General Purpose Financial Statements for the year ended 30 June 2016

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

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

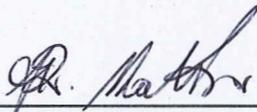
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these financial statements:

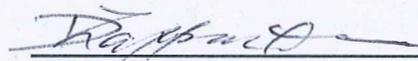
- present fairly the Council's operating result and financial position for the year, and
- accord with Council's accounting and other records.

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

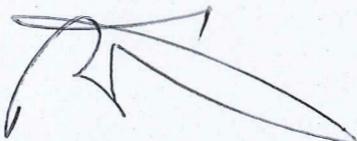
Signed in accordance with a resolution of Council made on 11 October 2016.



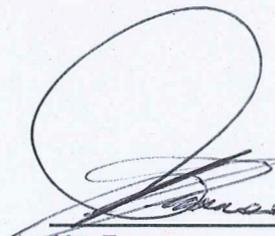
Cr John Dal Broi
Mayor



Cr Dino Zappacosta
Councillor



Brett Stonestreet
General manager



Max Turner
Responsible accounting officer

Griffith City Council

Income Statement

for the year ended 30 June 2016

Budget ¹				Actual	Actual
2016	\$ '000		Notes	2016	2015
Income from continuing operations					
<i>Revenue:</i>					
28,307	Rates and annual charges		3a	28,866	28,158
13,946	User charges and fees		3b	14,183	13,388
1,071	Interest and investment revenue		3c	1,163	1,275
890	Other revenues		3d	2,293	1,048
7,829	Grants and contributions provided for operating purposes		3e,f	8,692	7,877
1,985	Grants and contributions provided for capital purposes		3e,f	9,707	5,660
<i>Other income:</i>					
–	Net gains from the disposal of assets		5	167	87
54,028	Total income from continuing operations			65,071	57,493
Expenses from continuing operations					
22,245	Employee benefits and on-costs		4a	22,671	22,916
1,684	Borrowing costs		4b	1,578	1,624
11,086	Materials and contracts		4c	10,070	8,937
10,635	Depreciation and amortisation		4d	11,102	10,931
4,600	Other expenses		4e	3,807	3,972
–	Net share of interests in joint ventures and associates using the equity method		19	–	4
50,250	Total expenses from continuing operations			49,228	48,384
3,778	Operating result from continuing operations			15,843	9,109
3,778	Net operating result for the year			15,843	9,109
3,778	Net operating result attributable to Council			15,843	9,109
1,793	Net operating result for the year before grants and contributions provided for capital purposes			6,136	3,449

¹ Original budget as approved by Council – refer Note 16

Griffith City Council

Statement of Comprehensive Income

for the year ended 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
Net operating result for the year (as per Income Statement)		15,843	9,109
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	13,033	3,738
Other comprehensive income – joint ventures and associates	19b	10	–
Water entitlement available for temp/perm sale revaluation for year	20b (ii)	987	1,521
Total items which will not be reclassified subsequently to the operating result		14,030	5,259
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		14,030	5,259
Total comprehensive income for the year		29,873	14,368
Total comprehensive income attributable to Council		29,873	14,368

Griffith City Council

Statement of Financial Position

as at 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
ASSETS			
Current assets			
Cash and cash equivalents	6a	17,196	18,718
Investments	6b	16,826	9,642
Receivables	7	6,593	7,746
Inventories	8	3,608	1,366
Other	8	130	329
Total current assets		44,353	37,801
Non-current assets			
Investments	6b	4,000	6,000
Receivables	7	21	32
Inventories	8	5,728	7,032
Infrastructure, property, plant and equipment	9	701,364	675,590
Investments accounted for using the equity method	19	330	320
Total non-current assets		711,443	688,974
TOTAL ASSETS		755,796	726,775
LIABILITIES			
Current liabilities			
Payables	10	6,063	5,949
Borrowings	10	1,187	1,399
Provisions	10	6,223	5,885
Total current liabilities		13,473	13,233
Non-current liabilities			
Payables	10	6	9
Borrowings	10	19,530	20,670
Provisions	10	213	162
Total non-current liabilities		19,749	20,841
TOTAL LIABILITIES		33,222	34,074
Net assets		722,574	692,701
EQUITY			
Retained earnings	20	396,992	381,139
Revaluation reserves	20	325,582	311,562
Council equity interest		722,574	692,701
Total equity		722,574	692,701

Griffith City Council

Statement of Changes in Equity
for the year ended 30 June 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total equity
2016						
Opening balance (as per last year's audited accounts)		381,139	311,562	692,701	–	692,701
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/15)		381,139	311,562	692,701	–	692,701
c. Net operating result for the year		15,843	–	15,843	–	15,843
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsv	20b (ii)	–	13,033	13,033	–	13,033
– Joint ventures and associates	19b	10	–	10	–	10
– Other movements – water entitlements	20b (ii)	–	987	987	–	987
Other comprehensive income		10	14,020	14,030	–	14,030
Total comprehensive income (c&d)		15,853	14,020	29,873	–	29,873
Equity – balance at end of the reporting period		396,992	325,582	722,574	–	722,574

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total Equity
2015						
Opening balance (as per last year's audited accounts)		371,796	306,303	678,099	–	678,099
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	234	–	234	–	234
Revised opening balance (as at 1/7/14)		372,030	306,303	678,333	–	678,333
c. Net operating result for the year		9,109	–	9,109	–	9,109
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsv	20b (ii)	–	3,738	3,738	–	3,738
– Other movements – water entitlements	20b (ii)	–	1,521	1,521	–	1,521
Other comprehensive income		–	5,259	5,259	–	5,259
Total comprehensive income (c&d)		9,109	5,259	14,368	–	14,368
Equity – balance at end of the reporting period		381,139	311,562	692,701	–	692,701

Griffith City Council

Statement of Cash Flows

for the year ended 30 June 2016

Budget 2016	\$ '000	Notes	Actual 2016	Actual 2015
Cash flows from operating activities				
Receipts:				
28,307	Rates and annual charges		29,412	28,261
13,946	User charges and fees		15,037	15,058
1,071	Investment and interest revenue received		1,163	1,509
9,814	Grants and contributions		19,267	14,055
–	Bonds, deposits and retention amounts received		14	–
890	Other		5,377	2,551
Payments:				
(22,245)	Employee benefits and on-costs		(22,342)	(22,754)
(11,086)	Materials and contracts		(13,487)	(11,745)
(1,684)	Borrowing costs		(1,524)	(1,561)
–	Bonds, deposits and retention amounts refunded		–	(29)
(4,600)	Other		(4,189)	(4,625)
14,413	Net cash provided (or used in) operating activities	11b	28,728	20,720
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		–	8,129
–	Sale of infrastructure, property, plant and equipment		514	810
–	Deferred debtors receipts		16	5
Payments:				
–	Purchase of investment securities		(5,184)	(7,515)
(21,386)	Purchase of infrastructure, property, plant and equipment		(24,190)	(11,770)
–	Contributions paid to joint ventures and associates		–	(21)
(21,386)	Net cash provided (or used in) investing activities		(28,844)	(10,362)
Cash flows from financing activities				
Receipts:				
600	Proceeds from borrowings and advances		–	–
–	Proceeds from finance leases		61	–
Payments:				
(1,536)	Repayment of borrowings and advances		(1,453)	(1,495)
–	Repayment of finance lease liabilities		(14)	(101)
(936)	Net cash flow provided (used in) financing activities		(1,406)	(1,596)
(7,909)	Net increase/(decrease) in cash and cash equivalents		(1,522)	8,762
28,345	Plus: cash and cash equivalents – beginning of year	11a	18,718	9,956
20,436	Cash and cash equivalents – end of the year	11a	17,196	18,718
Additional Information:				
	plus: Investments on hand – end of year	6b	20,826	15,642
Total cash, cash equivalents and investments			38,022	34,360

Please refer to Note 11 for additional cash flow information

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

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n/a – not applicable

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Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies

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

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

(a) Basis of preparation

(i) Background

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

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the *Local Government Act (1993)* and 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) New and amended standards adopted by Council

There have been no new accounting standards adopted in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

(iii) 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 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (ab).

(iv) Basis of accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, which are all valued at fair value,
- (ii) the write down of any asset on the basis of impairment (if warranted), and
- (iii) certain classes of non-current assets (eg. infrastructure, property, plant and equipment and investment property) that are accounted for at fair valuation.

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

(v) Changes in accounting policies

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

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

(vi) 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 Council and that are believed to be reasonable under the circumstances.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 infrastructure, property, plant and equipment,
- (ii) Estimated remediation provisions.

Significant judgements in applying Council's accounting policies include the impairment of receivables – Council has made significant judgements about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

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

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/contributed 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 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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

User charges, fees and other income

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

A provision for 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

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

Interest income from cash and investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend income

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

Other Income

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

(c) Principles of consolidation

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

(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:

- Griffith City Council Ordinary Fund
- Griffith City Council Water Fund
- Griffith City Council Sewerage Fund
- Griffith Health Facilities Limited
- Pioneer Park Museum

2013 & 2014 financial data was unavailable at reporting date for Pioneer Park and no movements applicable for these periods have been brought to account.

(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 that 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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

(iii) Interests in other entities

Subsidiaries

Subsidiaries represent all entities (including structured entities) over which the Council has control.

Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity.

All controlled entities have a June financial year end.

Detailed information relating to the entities that Council controls can be found at Note 19(a).

Joint arrangements

Joint ventures

Joint ventures represent operational arrangements where the joint control parties have rights to the net assets of the arrangement.

Any interests in joint ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings and reserves are recognised in the balance sheet.

Detailed information relating to Council's joint ventures can be found at Note 19 (b).

Associates

Council has no interest in any associates.

County councils

Council is not a member of any county councils.

Unconsolidated structured entities

Council has no interest in any unconsolidated structured entities.

(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.

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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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

(e) Cash and Cash Equivalents

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

- cash on hand,
- deposits held at call with financial institutions,
- other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and that 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 and 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 or intention for which the investment was acquired and 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.

Assets in this category are primarily classified as current assets as they are primarily held for trading and/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 has the positive intention and ability to hold to maturity.

In contrast to the 'loans and 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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 and 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.

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 invest 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 – financial instruments

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 and annual charges) are generally due for settlement no more than 30 days from the date of recognition.

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

A provision for impairment (i.e. an allowance account) relating to receivables is established when objective evidence shows that 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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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

(i) 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.

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(iii) Land held for resale/capitalisation of borrowing costs

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

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

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

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

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

(j) Infrastructure, property, plant and equipment (I,PP&E)

Acquisition of assets

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

At balance date, the following classes of I,PP&E were stated at their fair value:

- **Plant and equipment**
(as approximated by depreciated historical cost)
- **Operational land** (external valuation)
- **Community land** (external valuation)
- **Land improvements**
(as approximated by depreciated historical cost)
- **Buildings – specialised/non-specialised**
(external valuation)
- **Other structures**
(as approximated by depreciated historical cost)
- **Roads assets including roads, bridges and footpaths**
(external valuation)
- **Bulk earthworks** (external valuation)
- **Stormwater drainage** (external valuation)

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

- **Water and sewerage networks**
(external valuation)
- **Other open space/recreational assets**
(external valuation)
- **Other infrastructure**
(external valuation)
- **Other assets**
(as approximated by depreciated historical cost)

Initial recognition

On initial recognition, an asset's 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 (i.e. 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 and 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.

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	> \$1,000
Building	
- construction/extensions	100% Capitalised

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

- renovations	> \$1,000
Other Structures	> \$1,000

Water and Sewer Assets

Reticulation extensions	> \$1,000
Other	> \$1,000

Stormwater Assets

Drains and Culverts	> \$1,000
Other	> \$1,000

Transport Assets

Road construction and reconstruction	> \$1,000
Reseal/Re-sheet and major repairs:	> \$1,000

Bridge construction and reconstruction	> \$1,000
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Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000

Other Infrastructure	> \$10,000
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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 asset's 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	3 to 4 years
- Vehicles	3 to 6 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

Other Equipment

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

Buildings

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

Stormwater Drainage

- Drains	80 to 100 years
- Culverts	50 to 80 years

Transportation Assets

- Sealed Roads : Surface	15 to 20 years
- Sealed Roads : Structure	20 to 120 years
- Unsealed roads (Structure & Surface)	20 to 120 years

- Bridge : Concrete	100 to 120 years
- Bridge : Other	100 to 120 years

- Kerb, Gutter and Paths	14 to 66 years
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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	25 to 80 years
- Pumps and telemetry	15 to 25 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
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- Other Open Space/ Recreational Assets	5 to 20 years
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- Other Infrastructure	5 to 20 years
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All asset residual values and useful lives are reviewed and adjusted (if appropriate) at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1 (s) on asset impairment.

Disposal and derecognition

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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

(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 not 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 to 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

Council has not classified any Land or Buildings as "Investment Properties" at the reporting date.

(q) Provisions for close down, restoration and for environmental clean-up costs – including tips and quarries

Council has no provision for the close down, restoration and environmental clean-up costs for tips and quarries at the reporting date. However Council does have a significant Waste Fund Reserve that can be used for the rehabilitation and remediation of these assets in the future.

(r) Non-current assets (or disposal groups) 'held for sale' and discontinued operations

Council has no "held for sale" non-current assets or disposal groups at the reporting date.

(s) Impairment of assets

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 and 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 that are unpaid.

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

(u) Borrowings

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

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

Borrowings are 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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 wholly settled within the 12 months after the reporting period.

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

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

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

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

Wages and salaries, annual leave and vesting sick leave are all classified as current liabilities.

(ii) Other long-term obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined benefit plans

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

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

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

Scheme, named the 'Local Government Superannuation Scheme – Pool B'.

This scheme has been deemed to be a 'multi-employer fund' for the purposes of AASB 119.

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

The last valuation of the scheme was performed by Mr Richard Boyfield (BSc, FIA, FIAA) on 24/02/16 and covers the period ended 30/06/15.

However the position is monitored annually and the actuary has estimated that as at 30 June 2016 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2016 was \$ 574,454.

The amount of additional contributions included in the total employer contribution advised above is \$172,268.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$262,684 as at 30 June 2016.

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.

(iv) Employee benefit on-costs

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

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities accrued as at 30/06/16.

(y) Self-insurance

Council does not self-insure.

(z) Allocation between current and non-current assets and 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 it is 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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

(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 and 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, i.e. they are inclusive of GST where applicable.

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

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

(ab) New accounting standards and Interpretations issued (not yet effective)

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2016.

Council has not adopted any of these standards early.

These include the following standards that are anticipated will impact on local government:

AASB 9 – Financial Instruments

AASB 15 – Revenue from Contracts with Customers and associated amending standards

AASB ED 260 – Income of Not-for-Profit Entities

AASB16 – Leases

AASB2015-6 – Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

AASB 2014 – 10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

AASB 2014 – 3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

The full impact of the above standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

(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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

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
	2016	2016	2015	2016	2016	2015	2016	2016	2015	2016	2015	2016	2015
Governance	–	7,203	2,744	1,669	1,774	1,619	(1,669)	5,429	1,125	4,894	2,278	31,413	25,279
Administration	146	637	782	6,990	6,206	6,422	(6,844)	(5,569)	(5,640)	19	11	25,734	21,484
Public order and safety	384	422	457	876	948	912	(492)	(526)	(455)	111	165	3,462	3,254
Health	184	303	118	511	704	344	(327)	(401)	(226)	–	(73)	65	16
Environment	6,322	6,529	6,403	4,474	4,192	4,508	1,848	2,337	1,895	308	400	60,375	57,655
Community services and education	54	130	70	433	431	434	(379)	(301)	(364)	–	–	3,604	3,641
Housing and community amenities	1,112	1,901	1,313	3,873	4,106	3,880	(2,761)	(2,205)	(2,567)	142	111	14,602	7,034
Water supplies	8,117	9,336	8,431	6,413	6,042	5,947	1,704	3,294	2,484	68	68	149,826	145,436
Sewerage services	8,235	8,623	8,019	6,475	6,482	6,257	1,760	2,141	1,762	59	59	142,899	140,767
Recreation and culture	2,366	2,646	2,425	8,330	8,472	7,819	(5,964)	(5,826)	(5,394)	219	565	44,023	44,299
Mining, manufacturing and construction	80	114	65	7	1	1	73	113	64	–	–	42	4
Transport and communication	5,600	5,874	5,534	8,676	8,265	8,679	(3,076)	(2,391)	(3,145)	3,707	3,390	272,485	270,860
Economic affairs	687	890	831	1,523	1,605	1,558	(836)	(715)	(727)	22	10	6,936	6,726
Total functions and activities	33,287	44,608	37,192	50,250	49,228	48,380	(16,963)	(4,620)	(11,188)	9,549	6,984	755,466	726,455
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	–	–	–	–	4	–	–	(4)	–	–	330	320
General purpose income ¹	20,741	20,463	20,301	–	–	–	20,741	20,463	20,301	5,019	4,999	–	–
Operating result from continuing operations	54,028	65,071	57,493	50,250	49,228	48,384	3,778	15,843	9,109	14,568	11,983	755,796	726,775

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2(b). Council functions/activities – component descriptions

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
(a) Rates and annual charges			
Ordinary rates			
Residential		7,718	7,485
Farmland		4,890	4,786
Business		2,498	2,438
Total ordinary rates		15,106	14,709
Special rates			
Nil			
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		2,337	2,260
Stormwater management services		183	182
Water supply services		1,935	1,934
Sewerage services		7,103	6,849
Waste management services (non-domestic)		1,062	1,122
Kerbside recycling		1,140	1,102
Total annual charges		13,760	13,449
TOTAL RATES AND ANNUAL CHARGES		28,866	28,158

Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Domestic waste management services		4	5
Water supply services		6,195	5,849
Sewerage services		772	711
Waste management services (non-domestic)		236	381
Total user charges		7,207	6,946
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation		240	165
Private works – section 67		131	137
Regulatory/ statutory fees		222	172
Registration fees		17	28
Regulatory fees		119	123
Section 149 certificates (EPA Act)		98	102
Section 603 certificates		51	40
Town planning		59	32
Water supplies		243	236
Total fees and charges – statutory/regulatory		1,180	1,035
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome		667	661
Cemeteries		498	346
Engineering services		3	1
Industrial discharge		26	42
Library and art gallery		97	85
Museum		79	59
Regional theatre		513	279
RMS (formerly RTA) charges (state roads not controlled by Council)		788	890
Saleyards		414	567
Sporting grounds		19	18
Sports stadium		102	87
Swimming centres		1,329	1,177
Tourism		175	111
Waste disposal tipping fees		1,055	1,060
Other		31	24
Total fees and charges – other		5,796	5,407
TOTAL USER CHARGES AND FEES		14,183	13,388

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		97	124
– Interest earned on investments (interest and coupon payment income)		1,066	1,151
TOTAL INTEREST AND INVESTMENT REVENUE		1,163	1,275
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		41	48
General Council cash and investments		297	545
Restricted investments/funds – external:			
Development contributions			
– Section 94		13	23
– Section 64		61	99
Water fund operations		341	226
Sewerage fund operations		197	134
Domestic waste management operations		47	29
Griffith Health Facilities Limited/private hospital		166	171
Total interest and investment revenue recognised		1,163	1,275
(d) Other revenues			
Fines – parking		162	138
Fines – other		61	51
Legal fees recovery – rates and charges (extra charges)		164	125
Commissions and agency fees		7	4
Council share in Western Riverina Library net assets		–	22
Lease rental		299	264
Quarry income		114	64
Recycling income (non-domestic)		11	40
Resource sharing income		–	6
Sales – general		26	12
Temporary sale of water allocation		245	171
Temporary sale of "Town" water allocation		1,079	–
Work health safety incentive payment		66	116
Other		59	35
TOTAL OTHER REVENUE		2,293	1,048

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component	3,346	3,320	–	–
Financial assistance – local roads component	1,513	1,519	–	–
Pensioners' rates subsidies – general component	160	160	–	–
Total general purpose	5,019	4,999	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	68	68	–	–
– Sewerage	59	59	–	–
– Domestic waste management	42	43	–	–
Arts NSW – cultural development program	20	17	–	–
Arts NSW – shadow play	–	6	–	–
Bushfire and emergency services	111	138	–	27
Council applications management	20	2	–	–
Economic development	2	–	–	–
Employment and training programs	19	10	–	–
Environmental protection	49	64	–	–
Flood plain study and risk management	10	37	–	–
Griffith community private hospital	–	–	4,894	2,278
Health – mosquito control	3	3	–	–
Health – noxious weeds	144	140	–	–
Healthy communities initiative	–	(73)	–	–
LIRS subsidy	60	–	–	–
March 2012 emergency event cost recovery	–	251	–	–
Museum	–	–	–	50
Recreation and culture – community projects	12	5	–	–
Recreation and culture – library	95	92	–	200
Recreation and culture – passive recreation	–	–	77	25
Recreation and culture – sporting facilities	–	–	–	145
Recreation and culture – swimming pool	–	–	–	25
Road safety	15	4	–	–
Street lighting	107	105	–	–
Tourism	10	10	10	–
Transport (roads to recovery)	1,769	994	–	–
Transport (RTA)	–	89	885	1,978
Transport (other roads and bridges funding)	–	–	–	78
Waste and recycling	–	10	–	103
Australia Council for the Arts	10	–	–	–
Stronger Communities Program	–	–	5	–
Fixing Country Roads	–	–	629	–
Regional Tourism Infrastructure Fund (RTIF)	–	–	424	–
Other	–	1	–	–
Total specific purpose	2,625	2,075	6,924	4,909
Total grants	7,644	7,074	6,924	4,909

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
(e) Grants (continued)				
Grant revenue is attributable to:				
– Commonwealth funding	6,739	5,971	4,909	2,278
– State funding	905	1,103	2,015	2,631
	7,644	7,074	6,924	4,909
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 94 – contributions towards amenities/services	–	–	204	51
S 94A – fixed development consent levies	–	–	181	29
S 64 – water supply contributions	–	–	410	64
S 64 – sewerage service contributions	–	–	318	43
S 64 – stormwater contributions	–	–	113	33
Total developer contributions	17 –	–	1,226	220
Other contributions:				
Administration services	–	–	15	13
Charles Sturt University	30	33	–	–
Economic affairs – tourism/events	23	53	–	–
Griffith community private hospital	–	–	1,253	447
Health – health services	29	22	–	–
Museum	3	4	–	–
Noxious weeds	–	13	–	–
Public order and safety – bushfire/SES	75	77	–	–
Recreation and culture	–	–	–	1
Recreation and culture – community projects	25	13	–	–
Recreation and culture – library	4	2	–	–
Recreation and culture – passive recreation	8	7	181	15
Recreation and culture – theatre	26	12	–	–
Roads and bridges	–	–	85	47
RMS contributions (regional roads, block grant)	628	556	–	–
Sewerage (excl. section 64 contributions)	–	–	7	8
Water supplies (excl. section 64 contributions)	61	11	14	–
Lake Wyangan & Catchment Management Strategy	136	–	–	–
Street Lighting	–	–	2	–
Total other contributions	1,048	803	1,557	531
Total contributions	1,048	803	2,783	751
TOTAL GRANTS AND CONTRIBUTIONS	8,692	7,877	9,707	5,660

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	Actual 2016	Actual 2015
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	3,811	3,706
Add: grants and contributions recognised in the current period but not yet spent:	1,300	140
Less: grants and contributions recognised in a previous reporting period now spent:	(93)	(35)
Net increase (decrease) in restricted assets during the period	1,207	105
Unexpended and held as restricted assets	5,018	3,811
Comprising:		
– Specific purpose unexpended grants	61	54
– Developer contributions	4,957	3,757
– Other contributions	–	–
	5,018	3,811

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
(a) Employee benefits and on-costs			
Salaries and wages		17,015	16,518
Travel expenses		29	29
Employee leave entitlements (ELE)		3,611	3,588
Superannuation		2,063	1,970
Workers' compensation insurance		547	1,115
Fringe benefit tax (FBT)		76	68
Payroll tax		135	131
Training costs (other than salaries and wages)		214	172
Educational assistance		20	14
Motor vehicle allowance		80	98
Professional development		29	42
Staff recruitment		64	33
Total employee costs		23,883	23,778
Less: capitalised costs		(1,212)	(862)
TOTAL EMPLOYEE COSTS EXPENSED		22,671	22,916
Number of 'full-time equivalent' employees (FTE) at year end		282	280
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		1,569	1,605
Total interest bearing liability costs		1,569	1,605
Less: capitalised costs		(45)	(44)
Total interest bearing liability costs expensed		1,524	1,561
(ii) Other borrowing costs			
Interest applicable on interest free (and favourable) loans to Council		54	63
Total other borrowing costs		54	63
TOTAL BORROWING COSTS EXPENSED		1,578	1,624
(c) Materials and contracts			
Raw materials and consumables		9,760	8,691
Auditors remuneration ⁽¹⁾		42	40
Legal expenses:			
– Legal expenses: planning and development		3	1
– Legal expenses: other		203	142
Operating leases:			
– Operating lease rentals: minimum lease payments ⁽²⁾		62	63
TOTAL MATERIALS AND CONTRACTS		10,070	8,937

(continued on the next page...)

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Materials and contracts (continued)			
1. Auditor remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (and the Auditors of other consolidated entities):			
Audit and other assurance services			
– Audit and review of financial statements: Council's Auditor		42	40
Remuneration for audit and other assurance services		42	40
Total Auditor remuneration		42	40
2. Operating lease payments are attributable to:			
Buildings		8	8
Computers		54	55
		62	63

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual 2016	Actual 2015	Actual 2016	Actual 2015
(d) Depreciation, amortisation and impairment					
Plant and equipment		–	–	1,381	1,398
Office equipment		–	–	184	216
Furniture and fittings		–	–	52	59
Infrastructure:					
– Buildings – specialised		–	–	477	458
– Other structures		–	–	329	341
– Roads		–	–	3,261	3,117
– Bridges		–	–	54	54
– Footpaths		–	–	209	207
– Stormwater drainage		–	–	450	449
– Water supply network		–	–	1,900	1,859
– Sewerage network		–	–	1,678	1,648
– Other open space/recreational assets		–	–	763	739
Other assets					
– Other		–	–	448	480
Total depreciation and impairment costs		–	–	11,186	11,025
Less: capitalised costs		–	–	(84)	(94)
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		–	–	11,102	10,931

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(e) Other expenses			
Other expenses for the year include the following:			
Bad and doubtful debts		2	–
Contributions/levies to other levels of government			
– DWR contributions		48	47
– Emergency services levy (includes FRNSW, SES, and RFS levies)		44	38
– NSW fire brigade levy		89	86
– NSW rural fire service levy		181	128
Councillor expenses – mayoral fee		40	39
Councillor expenses – councillors' fees		220	215
Councillors' expenses (incl. mayor) – other (excluding fees above)		106	102
Donations, contributions and assistance to other organisations (Section 356)			
– Donations, contributions and assistance: Griffith La Festa		–	20
– Donations, contributions and assistance: Regional Arts Board		–	17
– Donations, contributions and assistance: RIVROC/RAMROC		24	24
– Donations, contributions and assistance: Riverina Regional Cities Forecast ID		25	16
– Donations, contributions and assistance: Town Band		7	7
– Donations, contributions and assistance: WRCL		243	232
– Donations, contributions and assistance: other		87	85
Electricity and heating		1,556	1,699
Insurance		581	669
Street lighting		352	363
Telephone and communications		202	184
Other		–	1
<u>TOTAL OTHER EXPENSES</u>		<u>3,807</u>	<u>3,972</u>

Note 5. Gains or losses from the disposal of assets

Plant and equipment			
Proceeds from disposal – plant and equipment		514	810
Less: carrying amount of plant and equipment assets sold/written off		(347)	(723)
Net gain/(loss) on disposal		<u>167</u>	<u>87</u>
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		–	8,129
Less: carrying amount of financial assets sold/redeemed/matured		–	(8,129)
Net gain/(loss) on disposal		<u>–</u>	<u>–</u>
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>167</u>	<u>87</u>

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2016	2016	2015	2015
		Actual Current	Actual Non-current	Actual Current	Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		3,603	–	6,546	–
Cash-equivalent assets ¹					
– Managed funds		2,187	–	2,158	–
– Short-term deposits		11,406	–	10,014	–
Total cash and cash equivalents		17,196	–	18,718	–
Investments (Note 6b)					
– Long term deposits		2,000	4,000	–	6,000
– NCD's, FRN's (with maturities > 3 months)		13,789	–	8,572	–
– Other long term financial assets		1,037	–	1,070	–
Total investments		16,826	4,000	9,642	6,000
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		34,022	4,000	28,360	6,000

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:

Cash and cash equivalents

a. 'At fair value through the profit and loss'		17,196	–	18,718	–
--	--	---------------	----------	---------------	----------

Investments

a. 'At fair value through the profit and loss'					
– 'Held for trading'	6(b-i)	14,826	–	9,642	–
b. 'Held to maturity'	6(b-ii)	2,000	4,000	–	6,000
Investments		16,826	4,000	9,642	6,000

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 6b. investments (continued)

\$ '000	2016 Actual Current	2016 Actual Non-current	2015 Actual Current	2015 Actual Non-current
Note 6(b-i)				
Reconciliation of investments classified as 'at fair value through the profit and loss'				
Balance at the beginning of the year	9,642	–	5,127	–
Additions	5,184	–	4,515	–
Balance at end of year	14,826	–	9,642	–
Comprising:				
– NCD's, FRN's (with maturities > 3 months)	13,789	–	8,572	–
– Other long term financial assets	1,037	–	1,070	–
Total	14,826	–	9,642	–
Note 6(b-ii)				
Reconciliation of investments classified as 'held to maturity'				
Balance at the beginning of the year	–	6,000	8,129	3,000
Additions	–	–	–	3,000
Disposals (sales and redemptions)	–	–	(8,129)	–
Transfers between current/non-current	2,000	(2,000)	–	–
Balance at end of year	2,000	4,000	–	6,000
Comprising:				
– Long term deposits	2,000	4,000	–	6,000
Total	2,000	4,000	–	6,000

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 6c. Restricted cash, cash equivalents and investments – details

\$ '000	2016	2016	2015	2015
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	34,022	4,000	28,360	6,000
attributable to:				
External restrictions (refer below)	20,093	4,000	16,785	6,000
Internal restrictions (refer below)	13,790	–	7,413	–
Unrestricted	139	–	4,162	–
	34,022	4,000	28,360	6,000

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended loans – general (A)	500	–	(500)	–
External restrictions – included in liabilities	500	–	(500)	–

External restrictions – other

Developer contributions – general (D)	1,210	522	(100)	1,632
Developer contributions – water fund (D)	1,772	445	–	2,217
Developer contributions – sewer fund (D)	775	333	–	1,108
Specific purpose unexpended grants (F)	54	7	–	61
Water supplies (G)	8,600	3,020	–	11,620
Sewerage services (G)	3,321	1,386	–	4,707
Stormwater management (G)	632	13	–	645
Specific purpose unexpended grants – Griffith Health Facilities Limited	5,921	–	(3,818)	2,103
External restrictions – other	22,285	5,726	(3,918)	24,093
Total external restrictions	22,785	5,726	(4,418)	24,093

Internal restrictions

Plant and vehicle replacement	1,024	–	(24)	1,000
Infrastructure replacement (Buildings)	500	500	–	1,000
Employees leave entitlement	2,065	–	(65)	2,000
Centenary celebrations	101	2	–	103
Griffith Health Facilities Limited	2,696	286	–	2,982
Waste Services	1,027	3,014	–	4,041
Roads Reserve	–	446	–	446
Major Projects Reserve	–	968	–	968
Facilities Reserve	–	500	–	500
Parks & Gardens Infrastructure Reserve	–	250	–	250
Floodplain & Drainage Mitigation Reserve	–	500	–	500
Total internal restrictions	7,413	6,466	(89)	13,790
TOTAL RESTRICTIONS	30,198	12,192	(4,507)	37,883

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

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

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

G Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 7. Receivables

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		2,194	–	2,740	–
User charges and fees		3,620	–	3,734	–
Accrued revenues					
– Interest on investments		139	–	139	–
– Other income accruals		224	–	176	–
Deferred debtors		11	21	16	32
Government grants and subsidies		364	–	1,232	–
Net GST receivable		637	–	305	–
Total		7,189	21	8,342	32
Less: provision for impairment					
User charges and fees		(596)	–	(596)	–
Total provision for impairment – receivables		(596)	–	(596)	–
TOTAL NET RECEIVABLES		6,593	21	7,746	32
Externally restricted receivables					
Water supply					
– Rates and availability charges		366	–	546	–
– Other		2,309	–	2,164	–
Sewerage services					
– Rates and availability charges		1,787	–	2,034	–
– Other		275	–	277	–
Total external restrictions		4,737	–	5,021	–
Internally restricted receivables					
Nil					
Unrestricted receivables		1,856	21	2,725	32
TOTAL NET RECEIVABLES		6,593	21	7,746	32

Notes on debtors above:

- (i) Rates and 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 and charges at 8.50% (2015 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 8. Inventories and other assets

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		3,019	–	728	2,291
Stores and materials		528	–	584	–
Trading stock		56	–	48	–
Water entitlement (avail. for temporary/permanent sale)		–	5,728	–	4,741
Other		5	–	6	–
Total inventories at cost		3,608	5,728	1,366	7,032
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		3,608	5,728	1,366	7,032
(b) Other assets					
Prepayments		130	–	329	–
TOTAL OTHER ASSETS		130	–	329	–
Externally restricted assets					
Water					
Stores and materials		326	–	349	–
Real estate for resale		2,233	–	–	2,233
Total water		2,559	–	349	2,233
Sewerage					
Nil					
Domestic waste management					
Nil					
Other					
Nil					
Total externally restricted assets		2,559	–	349	2,233
Total internally restricted assets		–	–	–	–
Total unrestricted assets		1,179	5,728	1,346	4,799
TOTAL INVENTORIES AND OTHER ASSETS		3,738	5,728	1,695	7,032

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 8. Inventories and other assets (continued)

\$ '000	2016		2015	
	Current	Non-current	Current	Non-current
Other disclosures				
(a) Details for real estate development				
Residential	2,291	–	–	2,291
Industrial/commercial	728	–	728	–
Total real estate for resale	3,019	–	728	2,291
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	3,019	–	728	2,291
Total costs	3,019	–	728	2,291
Total real estate for resale	3,019	–	728	2,291
Movements:				
Real estate assets at beginning of the year	728	2,291	728	2,291
– Transfer between current/non-current	2,291	(2,291)	–	–
Total real estate for resale	3,019	–	728	2,291

(b) Inventory write downs

There were no amounts recognised as an expense relating to the write down of inventory balances held during the year.

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015					Asset movements during the reporting period						as at 30/6/2016				
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated		Carrying value
			depreciation	impairment										depreciation	impairment	
Capital work in progress	3,845	–	–	–	3,845	–	12,684	–	–	–	–	16,529	–	–	–	16,529
Plant and equipment	–	15,105	7,260	–	7,845	–	1,377	(346)	(1,381)	–	–	–	15,507	8,012	–	7,495
Office equipment	–	2,129	1,120	–	1,009	–	169	–	(184)	–	–	–	2,156	1,162	–	994
Furniture and fittings	–	1,439	893	–	546	–	80	–	(52)	–	–	–	1,518	944	–	574
Land:																
– Operational land	–	21,648	–	–	21,648	–	–	–	–	–	–	–	21,648	–	–	21,648
– Community land	–	9,171	3	–	9,168	–	–	–	–	–	–	–	9,171	3	–	9,168
Infrastructure:																
– Buildings – specialised	–	64,580	6,474	–	58,106	154	206	–	(477)	–	–	–	64,940	6,951	–	57,989
– Other structures	–	13,126	3,785	–	9,341	866	–	–	(329)	(298)	–	–	13,673	4,093	–	9,580
– Roads	–	292,835	44,106	2,334	246,395	3,787	472	–	(3,261)	–	259	–	297,400	47,414	2,334	247,652
– Bridges	–	5,311	2,248	–	3,063	–	–	–	(54)	–	–	–	5,311	2,302	–	3,009
– Footpaths	–	11,745	5,110	–	6,635	155	60	–	(209)	–	–	–	11,960	5,319	–	6,641
– Stormwater drainage	–	56,317	10,985	–	45,332	133	–	–	(450)	–	9,020	–	67,886	13,851	–	54,035
– Water supply network	–	172,324	47,151	–	125,173	588	219	–	(1,900)	–	1,849	–	175,715	49,786	–	125,929
– Sewerage network	–	169,773	41,069	–	128,704	610	179	–	(1,678)	–	1,905	–	173,108	43,388	–	129,720
– Other open space/recreational assets	–	13,121	7,978	–	5,143	329	1,766	–	(763)	298	–	–	15,536	8,763	–	6,773
Other assets:																
– Other	–	7,359	3,722	–	3,637	157	283	(1)	(448)	–	–	–	7,793	4,165	–	3,628
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	3,845	855,983	181,904	2,334	675,590	6,779	17,495	(347)	(11,186)	–	13,033	16,529	883,322	196,153	2,334	701,364

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000	Actual				Actual			
	2016				2015			
Class of asset	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Water supply								
WIP	282	–	–	282	71	–	–	71
Plant and equipment	–	1,294	592	702	–	1,235	542	693
Office equipment	–	12	12	–	–	12	12	–
Land								
– Operational land	–	1,000	–	1,000	–	1,000	–	1,000
– Community land	–	340	3	337	–	340	3	337
Buildings	–	2,470	204	2,266	–	2,411	192	2,219
Other structures	–	170	41	129	–	170	36	134
Infrastructure	–	175,715	49,786	125,929	–	172,323	47,151	125,172
Other assets	–	698	589	109	–	678	533	145
Total water supply	282	181,699	51,227	130,754	71	178,169	48,469	129,771
Sewerage services								
WIP	27	–	–	27	250	–	–	250
Plant and equipment	–	1,022	522	500	–	1,067	480	587
Office equipment	–	2	2	–	–	2	2	–
Furniture and fittings	–	9	4	5	–	9	3	6
Land								
– Operational land	–	2,418	–	2,418	–	2,418	–	2,418
– Community land	–	267	–	267	–	267	–	267
Buildings	–	1,635	100	1,535	–	1,632	91	1,541
Other structures	–	367	98	269	–	362	86	276
Infrastructure	–	173,109	43,388	129,721	–	169,773	41,069	128,704
Other assets	–	806	526	280	–	775	464	311
Total sewerage services	27	179,635	44,640	135,022	250	176,305	42,195	134,360
Domestic waste management								
Plant and equipment	–	567	346	221	–	567	297	270
Land								
– Operational land	–	1,340	–	1,340	–	1,340	–	1,340
– Community land	–	357	–	357	–	357	–	357
Buildings	–	191	39	152	–	191	37	154
Other assets	–	342	194	148	–	308	164	144
Total DWM	–	2,797	579	2,218	–	2,763	498	2,265
TOTAL RESTRICTED I,PP&E	309	364,131	96,446	267,994	321	357,237	91,162	266,396

Note 9c. Infrastructure, property, plant and equipment – current year impairments

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

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		3,756	–	3,235	–
Payments received in advance		846	–	992	–
Accrued expenses:					
– Other expenditure accruals		188	6	463	9
Security bonds, deposits and retentions		1,273	–	1,259	–
Total payables		6,063	6	5,949	9
Borrowings					
Loans – secured ¹		1,172	19,498	1,399	20,670
Finance lease liabilities		15	32	–	–
Total borrowings		1,187	19,530	1,399	20,670
Provisions					
Employee benefits:					
Annual leave		2,033	–	1,858	–
Sick leave		150	–	139	–
Long service leave		4,040	213	3,888	162
Total provisions		6,223	213	5,885	162
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		13,473	19,749	13,233	20,841
(i) Liabilities relating to restricted assets					
		2016		2015	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Water		2	–	1	–
Sewer		715	18,425	779	19,140
Liabilities relating to externally restricted assets		717	18,425	780	19,140
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		717	18,425	780	19,140
Total liabilities relating to unrestricted assets		12,756	1,324	12,453	1,701
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		13,473	19,749	13,233	20,841

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2016	Actual 2015
(ii) Current liabilities not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,288	4,360
Payables – security bonds, deposits and retentions	1,087	1,122
Other liabilities: payments received in advance	277	275
	<u>5,652</u>	<u>5,757</u>

Note 10b. Description of and movements in provisions

Class of provision	2015		2016			
	Opening balance as at 1/7/15	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	Closing balance as at 30/6/16
Annual leave	1,858	1,322	(1,305)	158	–	2,033
Sick leave	139	–	–	11	–	150
Long service leave	4,050	706	(684)	181	–	4,253
TOTAL	6,047	2,028	(1,989)	350	–	6,436

- a. Employees leave entitlements and 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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2016	Actual 2015
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	17,196	18,718
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		17,196	18,718
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		15,843	9,109
Adjust for non-cash items:			
Depreciation and amortisation		11,102	10,931
Net losses/(gains) on disposal of assets		(167)	(87)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Other (Water Licences Revaluation through Revaluation Reserve)		987	1,521
Amortisation of premiums, discounts and prior period fair valuations			
– Interest exp. on interest-free loans received by Council (previously fair valued)		54	63
Share of net (profits) or losses of associates/joint ventures		–	4
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		1,148	1,029
Increase/(decrease) in provision for doubtful debts		–	168
Decrease/(increase) in inventories		(938)	(1,550)
Decrease/(increase) in other assets		199	(295)
Increase/(decrease) in payables		521	(921)
Increase/(decrease) in other accrued expenses payable		(278)	39
Increase/(decrease) in other liabilities		(132)	410
Increase/(decrease) in employee leave entitlements		389	299
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		28,728	20,720

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Non-cash investing and financing activities			
Nil			
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		1,000	1,000
Credit cards/purchase cards		80	79
Total financing arrangements		1,080	1,079
Amounts utilised as at balance date:			
– Credit cards/purchase cards		35	31
Total financing arrangements utilised		35	31

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 and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

Loans are secured by a mortgage over future years rate revenue only.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2016	Actual 2015
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Buildings		7,565	15,991
Total commitments		7,565	15,991
These expenditures are payable as follows:			
Within the next year		7,565	15,991
Total payable		7,565	15,991
Sources for funding of capital commitments:			
Future grants and contributions		2,480	7,374
Unexpended grants		2,103	5,921
Internally restricted reserves		2,982	2,696
Total sources of funding		7,565	15,991
(b) Finance lease commitments			
(i) Finance lease liability recognised represent;			
Current liabilities		15	–
Non-current liabilities		32	–
Total finance lease liabilities disclosed		47	–
(i) General details			
Council leases the following property, plant and equipment under finance leases:			
	Term (years)	Option to purchase	Contingent rent clauses
Other equipment/assets	4	Y	N
Total carrying value at year end			
		47	–
(c) Operating lease commitments (non-cancellable)			
Nil			
(d) Investment property commitments			
Nil			

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2016	Indicator 2016	Prior periods	
			2015	2014
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>5,969</u>	10.81%	6.50%	3.83%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>55,197</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>46,505</u>	71.65%	76.42%	77.51%
Total continuing operating revenue ⁽¹⁾	<u>64,904</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>22,692</u>	3.19x	3.04x	2.16x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>7,104</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>18,649</u>	6.12x	4.94x	2.78x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>3,045</u>			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>2,194</u>	6.88%	8.77%	9.32%
Rates, annual and extra charges collectible	<u>31,867</u>			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	<u>23,196</u>	6.47 mths	7.0 mths	6.2 mths
Payments from cash flow of operating and financing activities	<u>3,584</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

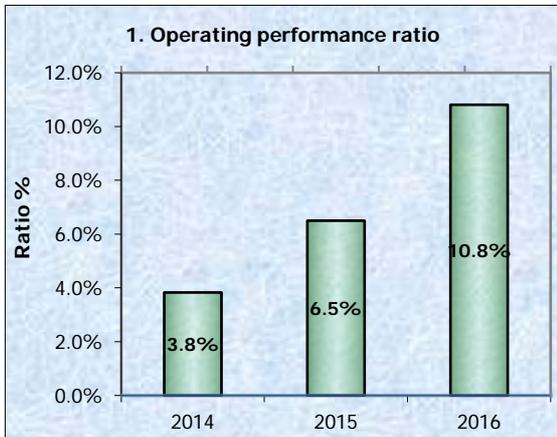
⁽³⁾ Refer to Note 10(a).

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

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of operating performance ratio

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

Commentary on 2015/16 result

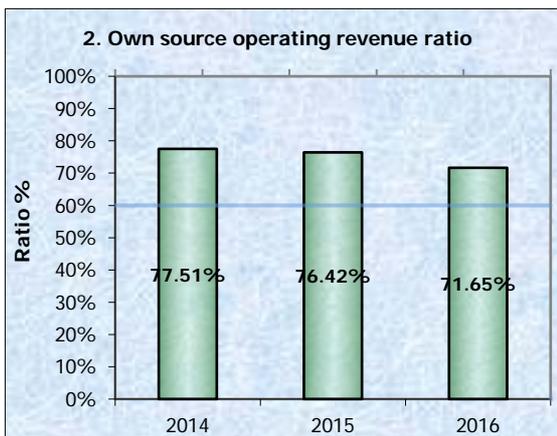
2015/16 ratio 10.81%

Council has achieved another strong operating result with a positive performance recorded in each of the past 3 financial years. Operating expenses have been well contained and base revenues maintained for the year.

Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

Commentary on 2015/16 result

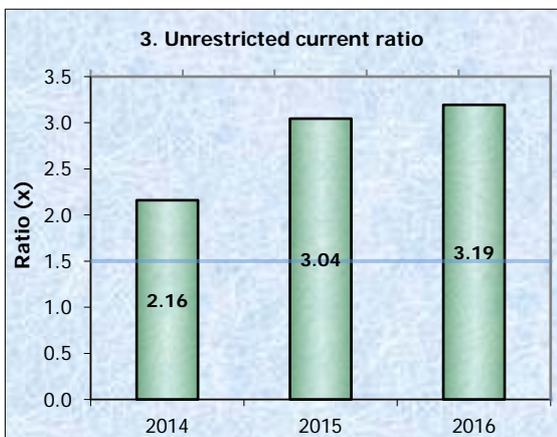
2015/16 ratio 71.65%

Council's own source revenues are comfortably above the minimum 60% benchmark. Council has a healthy rating base that is supporting a strong ratio for own source expenditure.

Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of unrestricted current ratio

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

Commentary on 2015/16 result

2015/16 ratio 3.19x

Council's Unrestricted Current Ratio has been on a positive improving trend in the last 3 years. Council is aiming to maintain this ratio above 3.0 in the medium term. The ratio is comfortably in excess of the minimum 1.5 ratio benchmark.

Benchmark: — Minimum ≥ 1.50

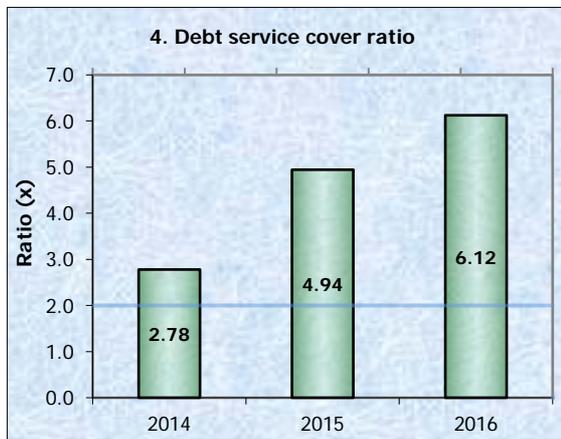
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of debt service cover ratio

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

Commentary on 2015/16 result

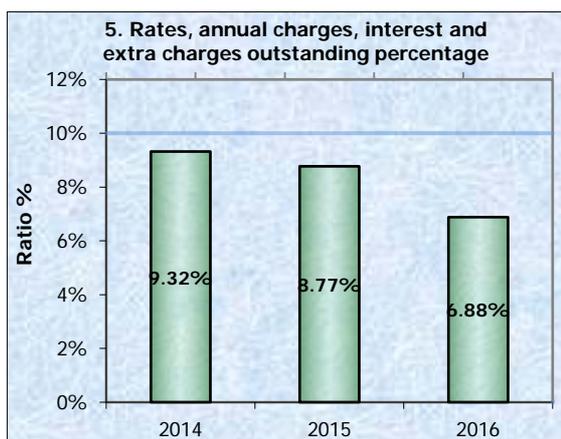
2015/16 ratio 6.12x

Council's Debt Service Cover Ratio has increased as the full effect of servicing the Griffith Water Reclamation Plant loan and Transfer Station loan have occurred. The Ratio should now stabilise, unless additional significant new borrowings are undertaken by Council.

Benchmark: Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 2015/16 result

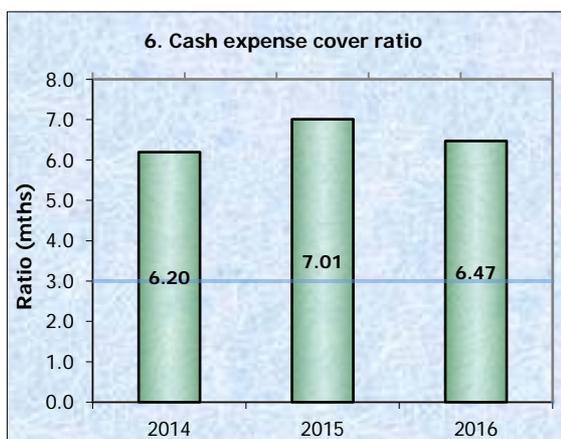
2015/16 ratio 6.88%

This ratio is impacted by the timing of Council's 3rd Trimester Water Sewer billing which is billed in June but is collectible in July. The ratio remains below the 10% benchmark. It is a reflection of the satisfactory controls in place for the collection of Council's revenue.

Benchmark: Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 2015/16 result

2015/16 ratio 6.47 mths

Council's Cash Expense Cover Ratio remains in a very healthy position with the coverage more than twice the minimum benchmark of 3 months.

Benchmark: Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	Water 2016	Sewer 2016	General ⁵ 2016
Local government industry indicators – by fund			
1. Operating performance ratio			
<u>Total continuing operating revenue⁽¹⁾ excluding capital grants and contributions less operating expenses</u>	17.83%	7.84%	9.61%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	prior period: 11.40%	5.41%	5.46%
2. Own source operating revenue ratio			
<u>Total continuing operating revenue⁽¹⁾ excluding all grants and contributions</u>	94.03%	95.55%	62.16%
Total continuing operating revenue ⁽¹⁾	prior period: 97.80%	98.63%	67.07%
3. Unrestricted current ratio			
<u>Current assets less all external restrictions⁽²⁾</u>	8590.00x	9.47x	3.24x
Current liabilities less specific purpose liabilities ^(3, 4)	prior period: 11,972.00x	7.23x	2.38x
4. Debt service cover ratio			
<u>Operating result⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation</u>	0.00	2.75x	6.76x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 3.42x	2.53x	11.06x
5. Rates, annual charges, interest and extra charges outstanding percentage			
<u>Rates, annual and extra charges outstanding</u>	20.20%	24.73%	0.18%
Rates, annual and extra charges collectible	prior period: 30.17%	29.17%	0.71%
6. Cash expense cover ratio			
<u>Current year's cash and cash equivalents plus all term deposits</u> x12	23.67 mths	6.87 mths	3.00 mths
Payments from cash flow of operating and financing activities	prior period: 20.79 mths	7.48 mths	4.13 mths

Notes

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

(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

Risk management

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

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair value	
	2016	2015	2016	2015
Financial assets				
Cash and cash equivalents	17,196	18,718	17,196	18,718
Investments				
– 'Held for trading'	14,826	9,642	16,826	9,642
– 'Held to maturity'	6,000	6,000	4,000	6,000
Receivables	6,614	7,778	6,614	7,778
Total financial assets	44,636	42,138	44,636	42,138
Financial liabilities				
Payables	5,223	4,966	5,233	4,966
Loans/advances	20,670	22,069	20,670	22,069
Lease liabilities	47	–	47	–
Total financial liabilities	25,940	27,035	25,950	27,035

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – price risk and interest rate risk

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
2016				
Possible impact of a 10% movement in market values	1,483	1,483	(1,483)	(1,483)
Possible impact of a 1% movement in interest rates	148	148	(148)	(148)
2015				
Possible impact of a 10% movement in market values	964	964	(964)	(964)
Possible impact of a 1% movement in interest rates	96	96	(96)	(96)

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and 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.

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 and 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:

	2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	85%	93%	75%	86%
Overdue	15%	7%	25%	14%
	100%	100%	100%	100%

		2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
(ii) Ageing of receivables – value					
Rates and annual charges	Other receivables				
Current	Current	1,863	4,707	2,048	4,821
< 1 year overdue	0 – 30 days overdue	331	249	692	115
1 – 2 years overdue	30 – 60 days overdue	–	–	–	150
2 – 5 years overdue	60 – 90 days overdue	–	–	–	16
> 5 years overdue	> 90 days overdue	–	60	–	532
		2,194	5,016	2,740	5,634

(iii) Movement in provision for impairment of receivables

	2016	2015
Balance at the beginning of the year	596	428
+ new provisions recognised during the year	–	168
Balance at the end of the year	596	596

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

Payables and 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 and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2016									
Trade/other payables	1,273	–	–	–	–	–	–	1,273	5,223
Loans and advances	–	1,172	1,033	1,107	1,184	1,088	15,086	20,670	20,670
Lease liabilities	–	15	15	15	2	–	–	47	47
Total financial liabilities	1,273	1,187	1,048	1,122	1,186	1,088	15,086	21,990	25,940
2015									
Trade/other payables	1,259	3,698	9	–	–	–	–	4,966	4,966
Loans and advances	–	1,399	1,172	1,033	1,107	1,184	16,174	22,069	22,069
Total financial liabilities	1,259	5,097	1,181	1,033	1,107	1,184	16,174	27,035	27,035

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

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

	2016		2015	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	5,223	0.00%	4,966	0.00%
Loans and advances – fixed interest rate	20,670	6.30%	22,069	6.30%
Lease liabilities	47	9.34%	–	–
	<u>25,940</u>		<u>27,035</u>	

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 16. Material budget variations

\$ '000

Council's original financial budget for 15/16 was adopted by the Council on 23 June 2015.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* 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	2016 Budget	2016 Actual	2016 ----- Variance* -----		
REVENUES					
Rates and annual charges	28,307	28,866	559	2%	F
User charges and fees	13,946	14,183	237	2%	F
Interest and investment revenue	1,071	1,163	92	9%	F
Other revenues	890	2,293	1,403	158%	F
Council received \$1.3M in other revenue for temporary sales of water that was not originally budgeted for. Council also received a further \$82k in fines than what was budgeted for.					
Operating grants and contributions	7,829	8,692	863	11%	F
Council received an additional \$486k for Roads to Recovery funding than was originally budgeted for. The Theatre also received an additional \$25k in sponsorship. A joint project with Murrumbidgee Irrigation also received an additional \$65k funding. Council also sourced additional operating grant funds for various projects which were not part of Council's original budget.					
Capital grants and contributions	1,985	9,707	7,722	389%	F
Council received \$4.89M for the Griffith Community Private Hospital in grant funds and a further \$1.252M in contributions that were unbudgeted. Council also received a further \$764k for road funding from RMS that was not budgeted for.					
Net gains from disposal of assets	–	167	167	0%	F
Council did not budget for any profit/loss on disposal of assets.					

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 16. Material budget variations (continued)

\$ '000	2016 Budget	2016 Actual	2016 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	22,245	22,671	(426)	(2%)	U
Borrowing costs	1,684	1,578	106	6%	F
Materials and contracts	11,086	10,070	1,016	9%	F
Depreciation and amortisation	10,635	11,102	(467)	(4%)	U
Other expenses	4,600	3,807	793	17%	F
Differences are due to higher budgets than actuals for electricity and telephone expenses. Savings continue to be made due to new contracts.					

Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	14,413	28,728	14,315	99.3%	F
Council received an additional \$11M income that was not budgeted for, comprising mostly of temporary water sales, and more in grants and contributions. Council made savings in expenditure across all functions.					
Cash flows from investing activities	(21,386)	(28,844)	(7,458)	34.9%	U
Council does not budget for purchase of investments (\$5.2M) and Council also spent a further \$2.8M on capital than was included in the original budget. This was mainly due to the timing of works on the St Vincents Private Community Hospital Griffith.					
Cash flows from financing activities	(936)	(1,406)	(470)	50.2%	U
Council had budgeted for a \$600k loan draw down which actually occurred in the 2015 year.					

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and 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 and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	76	21	–	1	–	–	98	–
Parking	(35)	–	–	–	–	–	(35)	–
Open space	107	139	–	–	–	–	246	–
Community facilities	25	44	–	–	–	–	69	–
S94 contributions – under a plan	173	204	–	1	–	–	378	–
S94A levies – under a plan	487	181	–	12	(100)	–	580	–
Total S94 revenue under plans	660	385	–	13	(100)	–	958	–
S94 not under plans	7	–	–	–	–	–	7	–
S64 contributions	3,090	841	–	61	–	–	3,992	–
Total contributions	3,757	1,226	–	74	(100)	–	4,957	–

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - CAR PARKING

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	(35)	-	-	-	-	-	(35)	-
Total	(35)	-	-	-	-	-	(35)	-

CONTRIBUTION PLAN - OPEN SPACE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	62	124	-	-	-	-	186	-
Total	62	124	-	-	-	-	186	-

CONTRIBUTION PLAN - 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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	25	44	-	-	-	-	69	-
Total	25	44	-	-	-	-	69	-

CONTRIBUTION PLAN - NEIGHBOURHOOD PARKS

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	45	15	-	-	-	-	60	-
Total	45	15	-	-	-	-	60	-

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - TRAFFIC MANAGEMENT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	76	21	–	1	–	–	98	–
Total	76	21	–	1	–	–	98	–

S94A LEVIES – UNDER A PLAN

CONTRIBUTION SEC 94A FROM 01-07-10

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Sec 94A from 01-07-10	487	181	–	12	(100)	–	580	–
Total	487	181	–	12	(100)	–	580	–

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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	7	–	–	–	–	–	7	–
Total	7	–	–	–	–	–	7	–

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 18. Contingencies and 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 and 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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

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

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

(ii) S94 plans

Council levies section 94/94A contributions upon various development across the Council area through the required contributions plans.

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

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

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

(iii) Landfill restoration provision

Council operates 2 landfill sites and will have to remediate the sites at some future date. At balance date Council is unable to reliably estimate the financial cost of such work. Refer Note 26.

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 and including 30/6/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

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

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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

(iii) Rural fire fighting assets

Council has an ownership interest in certain rural fire appliances, plant and associated rural fire fighting equipment.

These assets are under the control of the rural fire services to enable that department to provide the bushfire protection defences set out in their service level agreement with Council.

Historically Council has some items of plant and equipment in its assets register and a decision as to whether these assets will be transferred to the RFS or remain with Council will be clarified in a future period.

In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Controlled entities (subsidiaries)

Note 19(a)

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

Joint ventures and associates

Note 19(b)

Joint ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

Joint operations

Note 19(c)

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

Unconsolidated structured entities

Note 19(d)

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, joint arrangements and associates not recognised

Note 19(e)

Accounting recognition:

(i) Subsidiaries disclosed under Note 19(a) and joint operations disclosed at Note 19(c) are accounted for on a 'line by line' consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint ventures and associates as per Note 19(b) are accounted for using the equity accounting method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's share of net income		Council's share of net assets	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015
Joint ventures	–	(4)	330	320
Total	–	(4)	330	320

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities (continued)

\$ '000

(a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described in Note 1(c).

Name of operation/entity	Principal activity			
Griffith Health Facilities Limited	Fundraising for Griffith Community Private Hospital Griffith, NSW			
	Ownership		Voting rights	
Interests in Subsidiary	2016	2015	2016	2015
Council's interest in Subsidiary	100%	100%	100%	100%
Summarised financial information for the Subsidiary				
Summarised statement of comprehensive income	2016		2015	
Revenue	1,286		482	
Expenses	(1,000)		–	
Profit for the period	286		482	
Summarised statement of financial position	2016		2015	
Current assets	2,982		2,696	
Total assets	2,982		2,696	
Net assets ⁽²⁾	2,982		2,696	
Summarised statement of cash flows	2016		2015	
Cash flows from operating activities	242		432	
Cash flows from investing activities	44		50	
Net increase (decrease) in cash and cash equivalents	286		482	

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates

Council has incorporated the following joint ventures and associates into its consolidated financial statements.

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2016	2015
Western Riverina Library	Joint Venture	Percentage	330	320
Total carrying amounts – material joint ventures and associates			330	320

(b) Details

Name of entity	Principal activity	Place of business
Western Riverina Library	Provision of library/mobile library services	Various

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2016	2015	2016	2015	2016	2015	2016	2015
Western Riverina Library	330	320	60%	59%	60%	59%	17%	17%

(d) Summarised financial information for joint ventures and associates

	Western Riverina Library	
	2016	2015
Statement of financial position		
Current assets		
Cash and cash equivalents	109	91
Other current assets	2	4
Total current assets	111	95
Non-current assets	454	469
Current liabilities		
Other current liabilities	18	17
Total current liabilities	18	17
Net assets	547	547
Reconciliation of the carrying amount		
Opening net assets (1 July)	547	553
Profit/(loss) for the period	–	(6)
Closing net assets	547	547
Council's share of net assets (%)	60.2%	58.5%
Council's share of net assets (\$)	330	320

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates (continued)

(d) Summarised financial information for joint ventures and associates (continued)

	Western Riverina Library	
	2016	2015
Statement of comprehensive income		
Income	406	379
Interest income	3	3
Depreciation and amortisation	(124)	(119)
Other expenses	(285)	(269)
Profit/(loss) for period	–	(6)
Total comprehensive income	–	(6)
Share of income – Council (%)	60.2%	58.5%
Profit/(loss) – Council (\$)	–	(4)
Total comprehensive income – Council (\$)	–	(4)

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

Council has no unconsolidated structured entities.

(e) Subsidiaries, joint arrangements and associates not recognised

None.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2016	Actual 2015
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		381,139	371,796
a. Changes in accounting policies (prior period effects)	20 (d)	–	234
b. Other comprehensive income (excl. direct to reserves transactions)		10	–
c. Net operating result for the year		15,843	9,109
Balance at end of the reporting period		396,992	381,139
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		325,582	311,562
Total		325,582	311,562
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		311,562	306,303
– Revaluations for the year	9(a)	13,033	3,738
– Water entitlement available for temp/perm sale revaluation for year		987	1,521
– Balance at end of year		325,582	311,562
TOTAL VALUE OF RESERVES		325,582	311,562
(iii) Nature and purpose of reserves			
Infrastructure, property, plant and equipment revaluation reserve			
– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.			
(c) Correction of error/s relating to a previous reporting period			
Council made no correction of errors during the current reporting period.			
(d) Voluntary changes in accounting policies			
GCC Share of WRL Net Assets - First Time Recognition		–	234
In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in accounting policy have been recognised retrospectively.			
These amounted to the following equity adjustments:			
– Adjustments to closing equity – 30/6/15 (relating to adjustments for the 30/6/15 year end)		–	234
Total prior period adjustments – accounting policy changes		–	234

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 21. Financial result and financial position by fund

Income Statement by fund \$ '000	Actual 2016	Actual 2016	Actual 2016
<u>Continuing operations</u>	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges	1,812	7,226	19,828
User charges and fees	7,317	803	6,063
Interest and investment revenue	402	197	564
Other revenues	210	13	2,070
Grants and contributions provided for operating purposes	129	59	8,504
Grants and contributions provided for capital purposes	423	325	8,959
Other income			
Net gains from disposal of assets	33	20	114
Total income from continuing operations	10,326	8,643	46,102
Expenses from continuing operations			
Employee benefits and on-costs	2,056	1,909	18,706
Borrowing costs	–	1,436	142
Materials and contracts	3,058	1,789	5,223
Depreciation and amortisation	2,104	1,877	7,121
Impairment	–	–	–
Other expenses	815	568	2,424
Total expenses from continuing operations	8,033	7,579	33,616
Operating result from continuing operations	2,293	1,064	12,486
<u>Discontinued operations</u>			
Net profit/(loss) from discontinued operations	–	–	–
Net operating result for the year	2,293	1,064	12,486
Net operating result attributable to each council fund	2,293	1,064	12,486
Net operating result attributable to non-controlling interests	–	–	–
Net operating result for the year before grants and contributions provided for capital purposes	1,870	739	3,527

¹ General fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

Griffith City Council

Notes to the Financial Statements

as at 30 June 2016

Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund \$ '000	Actual 2016	Actual 2016	Actual 2016
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	13,836	5,815	14,371
Investments	–	–	–
Receivables	3,001	2,062	1,856
Inventories	2,561	–	1,047
Other	–	–	130
Non-current assets classified as 'held for sale'	–	–	–
Total current assets	19,398	7,877	17,404
Non-current assets			
Investments	–	–	4,000
Receivables	552	–	21
Inventories	–	–	5,728
Infrastructure, property, plant and equipment	130,754	135,022	435,588
Investments accounted for using the equity method	–	–	330
Investment property	–	–	–
Intangible assets	–	–	–
Total non-current assets	131,306	135,022	445,667
TOTAL ASSETS	150,704	142,899	463,071
LIABILITIES			
Current liabilities			
Payables	2	–	6,061
Borrowings	–	715	798
Provisions	–	–	6,223
Total current liabilities	2	715	13,082
Non-current liabilities			
Payables	–	–	6
Borrowings	–	18,425	1,657
Provisions	–	–	213
Total non-current liabilities	–	18,425	1,876
TOTAL LIABILITIES	2	19,140	14,958
Net assets	150,702	123,759	448,113
EQUITY			
Retained earnings	84,597	64,109	248,286
Revaluation reserves	66,105	59,650	199,827
Total equity	150,702	123,759	448,113

¹ General Fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2016) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

Accordingly, the 'authorised for issue' date is 27/10/16.

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 2016.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2016 and which are only indicative of conditions that arose after 30 June 2016.

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

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has various garbage centres and transfer stations situated at Tharbogang and Yenda.

These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

These future liabilities have however, not been brought to account due to;

- the remaining useful lives of these assets being estimated at beyond 20 years and accordingly the effects of discounting the future cash outflows to present values deems the amounts immaterial,
- preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's financial results or financial position as at 30/6/16.

Accordingly, no provision amounts have been brought to account in these financial statements for such future reinstatement and restoration costs.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

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

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

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

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

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

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

2016	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– 'Held for trading'	30/06/16	14,826	–	–	14,826
Total financial assets		14,826	–	–	14,826
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/16	–	–	7,495	7,495
Office equipment	30/06/16	–	–	994	994
Furniture and fittings	30/06/16	–	–	574	574
Operational land	30/06/13	–	–	21,648	21,648
Community land	30/06/13	–	–	9,168	9,168
Buildings – specialised	30/06/13	–	–	57,989	57,989
Other structures	30/06/13	–	–	9,580	9,580
Roads	30/06/14	–	–	247,652	247,652
Bridges	30/06/14	–	–	3,009	3,009
Footpaths	30/06/14	–	–	6,641	6,641
Stormwater drainage	30/06/16	–	–	54,035	54,035
Water supply network	30/06/12	–	–	125,929	125,929
Sewerage network	30/06/12	–	–	129,720	129,720
Other open space/recreational assets	30/06/13	–	–	6,773	6,773
Other	30/06/14	–	–	3,628	3,628
Total infrastructure, property, plant and equipment		–	–	684,835	684,835

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

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

2015	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– ‘Held for trading’	30/06/15	9,642	–	–	9,642
Total financial assets		9,642	–	–	9,642
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/15	–	–	7,845	7,845
Office equipment	30/06/15	–	–	1,009	1,009
Furniture and fittings	30/06/15	–	–	546	546
Operational land	30/06/13	–	–	21,648	21,648
Community land	30/06/13	–	–	9,168	9,168
Buildings – specialised	30/06/13	–	–	58,106	58,106
Other structures	30/06/13	–	–	9,341	9,341
Roads	30/06/14	–	–	246,395	246,395
Bridges	30/06/14	–	–	3,063	3,063
Footpaths	30/06/14	–	–	6,635	6,635
Stormwater drainage	30/06/15	–	–	45,332	45,332
Water supply network	30/06/12	–	–	125,173	125,173
Sewerage network	30/06/12	–	–	128,704	128,704
Other open space/recreational assets	30/06/13	–	–	5,143	5,143
Other	30/06/14	–	–	3,637	3,637
Total infrastructure, property, plant and equipment		–	–	671,745	671,745

(2) Transfers between level 1 and level 2 fair value hierarchies

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values

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

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Infrastructure, property, plant and equipment (IPP&E)

Plant & Equipment

This asset class comprises Major plant such trucks, tractors, street sweepers; and fleet vehicles such as passenger vehicles, utility vehicles etc.

Plant & Equipment assets are valued at cost but are disclosed at fair value in the notes. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets having similar service potential and includes allowances for preliminaries and professional fees. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Useful life
- Residual value
- Gross replacement cost.

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

Office Equipment

This asset class comprises computers, photocopiers, printers, whiteboards etc.

Office Equipment assets are valued at cost but are disclosed at fair value in the notes. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Useful life
- Residual value
- Gross replacement cost

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

Infrastructure, property, plant and equipment (IPP&E) (continued)

Furniture & Fittings

This asset class comprises chairs, desks, workstations, file cabinets etc.

Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Useful life
- Residual value
- Gross replacement cost.

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

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2013 and was performed by APV Valuers & Asset Management.

Level 3 valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.

There were also some parks and reserves for which there was no observable market evidence of sales prices for comparable sites in close proximity. These were subsequently valued at the level 3 valuation input hierarchy by using the professional judgement of a Registered Valuer who adjusted the price per square metre of sales from sites not in close proximity which provided only a low level of comparability.

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

Infrastructure, property, plant and equipment (IPP&E) (continued)

Community Land

This asset class comprises all of Council's land classified as Community Land under the NSW Local Government Act 1993. Community land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979) This gives rise to the restrictions in the Act, intended to preserve the qualities of the land. Community land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- Must have a plan of management for it

The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken as at 30 June 2013 and was performed by APV Valuers & Asset Management.

Level 3 valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.

There were some parks and reserves for which there was no observable market evidence of sales prices for comparable sites in close proximity. These were subsequently valued at the level 3 valuation input hierarchy by using the professional judgement of a Registered Valuer who adjusted the price per square metre of sales from sites not in close proximity which provided only a low level of comparability.

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

Buildings – Specialised

Buildings were valued by APV Valuers and Asset Management as at 30 June 2013 using the cost approach. The approach estimated the replacement cost for each building by physically inspecting the properties and componentising the buildings into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

Infrastructure, property, plant and equipment (IPP&E) (continued)

Other Structures

Examples of other structures include fencing, lighting, washbays, stock yards and hardstands.

Other Structures were valued by APV Valuers and Asset Management as at 30 June 2013 using the cost approach. The approach estimated the replacement cost for each structure by physically inspecting the properties and componentising the structures into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs include:

- Pattern of consumption
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

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

Roads

Roads includes all sealed and unsealed road segments (lengths of road between intersections) and car parks.

The Cost Approach was used to value this asset class as at 30 June 2014. Valuations were undertaken inhouse using Council's Asset System, Assetic MyData, with assistance and review provided by the system vendor's valuation staff.

Road assets were componentised into Formation, Pavement and Surface. Gross values were attributed to these components based on the relevant unit rates and quantity measured in square metres. Fair value was then determined taking into account the condition and relevant patterns of consumption. These component values were then combined to determine the overall valuation for each road segment and car park.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Asset quantity based on a comprehensive review of councils road asset register
- Unit rates developed by councils Operations department
- Asset condition based on a comprehensive condition survey conducted by IMG Pty Ltd
- Pattern of consumption based on benchmarked patterns developed by Assetic Pty Ltd
- Useful life determined by technical knowledge of the life of similar assets
- Residual value based on the estimated amount that would currently obtain from disposal of the asset

There has been no change to the valuation process during the reporting period but there has been significant changes the level 3 inputs utilised in the revaluation process.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

Infrastructure, property, plant and equipment (IPP&E) (continued)

Bridges

Bridges includes all council owned road and foot bridges.

The approach estimated fair value for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Deck/Superstructure, Bridge Abutments/Foundations and Bridge rails/handrails. These component values were then combined to determine the overall valuation for each bridge.

The Cost Approach was used to value this asset class. Valuations were undertaken in house using Council's Asset System, Assetic MyData as at 30 June 2014. Assistance and review was provided by the system vendor's valuation staff.

A pricing model was developed and is based on unit rates determined from Rawlinson's Cost Guide indexed for regional price differences. The model was calibrated using costs data from a recently constructed foot bridge in Griffith and a road bridge constructed by Wagga Wagga City Council. Condition information was obtained from an in house level 3 inspection.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Asset quantity based on desktop survey of bridge data and field inspections
- Unit rates developed using the pricing model described above
- Asset condition based on in house visual inspection
- Pattern of consumption based on benchmarked patterns developed by Assetic Pty Ltd
- Useful life determined by technical knowledge of the life of similar assets

Footpaths

Footpaths comprises all council owned paths and cycle ways and shared paths other than internal pathways within parks and reserves.

Footpath assets were componentised into Formation, Pavement and Surface. Replacement values were attributed to these components based on the relevant unit rates and quantity measured in square meters. Fair value was then determined taking into account the condition and relevant patterns of consumption. These component values were then combined to determine the overall valuation for each footpath segment.

The Cost Approach was used to value this asset class as at 30 June 2014. Valuations were undertaken inhouse using Council's Asset System, Assetic MyData, with assistance and review provided by the system vendor's valuation staff.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Asset quantity based on a comprehensive review of councils footpath asset register
- Unit rates developed by councils Operations department
- Asset condition based on a comprehensive condition survey conducted by IMG Pty Ltd
- Pattern of consumption based on benchmarked patterns developed by Assetic Pty Ltd
- Useful life determined by technical knowledge of the life of similar assets
- Residual value based on the estimated amount that would currently obtain from disposal of the asset

There has been no change to the valuation process during the reporting period but there has been significant changes the level 3 inputs utilised in the revaluation process.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

Infrastructure, property, plant and equipment (IPP&E) (continued)

Stormwater Drainage

Stormwater assets including drainage pits and drainage pipes were valued by APV Valuers and Asset Management as at 30 June 2008 using the cost approach. The approach estimated the fair value for each drainage component based on calculated replacement cost and condition. Due to the nature of these assets condition was determined by service history of the assets and local knowledge which was used to calibrate age based condition models. A review of the data was commenced in 2014 and is ongoing. The asset values have been indexed in accordance with the NSW Reference Rates manual for water and sewer assets. Also, due to limitations in the historical records of these very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets.

Other inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

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

Water Supply Network

Water supply network assets including water treatment plants, reservoirs and reticulation assets. The valuation was completed in house with extensive input and review by Assetic Australia as at 30 June 2012 using the cost approach. The approach estimated the replacement cost for each asset component based on calculated replacement cost and condition. Due to the nature of these assets condition was determined by service history of the assets and local knowledge which was used to calibrate age based condition models.

Also, due to limitations in the historical records of these very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets.

Other inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

Infrastructure, property, plant and equipment (IPP&E) (continued)

Sewerage Network

Sewerage network assets include sewer treatment plants, pump stations and reticulation assets. The valuation was completed in house with extensive input and review by Assetic Australia as at 30 June 2012 using the cost approach. The approach estimated the replacement cost for each asset component based on calculated replacement cost and condition. Due to the nature of these assets condition was determined by service history of the assets and local knowledge which was used to calibrate age based condition models.

Also, due to limitations in the historical records of these very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets.

Other inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

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

Swimming Pools

Griffith City Council owns three indoor swimming pools co located at the Griffith Regional Aquatic Centre. They were valued as at 30 June 2013 as part of the building valuation by APV Valuers and Asset Management using the cost approach. The approach estimated the replacement cost of each pool by physically inspecting the aquatic centre and componentising the pools into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

Infrastructure, property, plant and equipment (IPP&E) (continued)

Other Open Space/Recreational Assets

This includes assets in parks and reserves such as play equipment, tables, chairs, barbeques and irrigation systems.

The valuation methodology used by APV as at 30 June 2013. The approach estimated the replacement cost for each asset by physically inspecting them and componentising into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

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

Other

This asset class comprises miscellaneous minor plant and other items not included in the asset classes above.

Other assets are valued at cost but are disclosed at fair value in the notes. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Useful life
- Residual value
- Gross replacement cost

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3)**a. The following tables present the changes in level 3 fair value asset classes.**

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Total
Opening balance – 1/7/14	7,769	1,052	562	21,648	31,031
Purchases (GBV)	2,185	173	43	–	2,401
Disposals (WDV)	(711)	–	–	–	(711)
Depreciation and impairment	(1,398)	(216)	(59)	–	(1,673)
Closing balance – 30/6/15	7,845	1,009	546	21,648	31,048
Purchases (GBV)	1,377	169	80	–	1,626
Disposals (WDV)	(346)	–	–	–	(346)
Depreciation and impairment	(1,381)	(184)	(52)	–	(1,617)
Closing balance – 30/6/16	7,495	994	574	21,648	30,711
	Community land	Buildings – specialised	Other structures	Roads	Total
Opening balance – 1/7/14	9,168	56,958	9,564	245,646	321,336
Purchases (GBV)	–	1,606	118	1,698	3,422
Depreciation and impairment	–	(458)	(341)	(3,117)	(3,916)
Restatement of Impaired Assets	–	–	–	2,168	2,168
Closing balance – 30/6/15	9,168	58,106	9,341	246,395	323,010
Transfers from/(to) another asset class	–	–	(298)	–	(298)
Purchases (GBV)	–	360	866	4,259	5,485
Depreciation and impairment	–	(477)	(329)	(3,261)	(4,067)
FV gains – other comprehensive income	–	–	–	259	259
Closing balance – 30/6/16	9,168	57,989	9,580	247,652	324,389

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)**a. The following tables present the changes in level 3 fair value asset classes. (continued)**

	Bridges	Foothpaths	Stormwater drainage	Water supply network	Total
Opening balance – 1/7/14	3,117	6,686	45,680	124,573	180,056
Purchases (GBV)	–	156	101	618	875
Depreciation and impairment	(54)	(207)	(449)	(1,859)	(2,569)
FV gains – other comprehensive income	–	–	–	1,841	1,841
Closing balance – 30/6/15	3,063	6,635	45,332	125,173	180,203
Purchases (GBV)	–	215	133	807	1,155
Depreciation and impairment	(54)	(209)	(450)	(1,900)	(2,613)
FV gains – other comprehensive income	–	–	9,020	1,849	10,869
Closing balance – 30/6/16	3,009	6,641	54,035	125,929	189,614

	Sewerage Network	Open Space Recreational Assets	Other Assets	Total
Opening balance – 1/7/14	128,147	5,662	3,623	137,432
Purchases (GBV)	308	220	506	1,034
Disposals (WDV)	–	–	(12)	(12)
Depreciation and impairment	(1,648)	(739)	(480)	(2,867)
FV gains – other comprehensive income	1,897	–	–	1,897
Closing balance – 30/6/15	128,704	5,143	3,637	137,484
Transfers from/(to) another asset class	–	298	–	298
Purchases (GBV)	789	2,095	440	3,324
Disposals (WDV)	–	–	(1)	(1)
Depreciation and impairment	(1,678)	(763)	(448)	(2,889)
FV gains – other comprehensive income	1,905	–	–	1,905
Closing balance – 30/6/16	129,720	6,773	3,628	140,121

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

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

b. The valuation process for level 3 fair value measurements

The Valuation Process for Level 3 Fair Value Measurements

AASB 13 Fair Value Measurement requires disclosure of fair value measurement using the following Fair value Hierarchy and techniques:

Fair value Hierarchy

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 – Unobservable inputs for asset or liability

Fair Value Valuation techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

• Cost Approach:

A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost)

• Income Approach:

Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

• Market Approach:

A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

Valuation Approach and Level used by Griffith City Council

(1) Valuation techniques used to derive Fair Values

Due to the nature of council assets and the absence of an active market council utilises the Cost Approach.

Likewise, for the majority of assets Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e. Level 1 inputs) or observable inputs (Level 2 inputs). Council therefore utilises unobservable inputs (Level 3 inputs)

The following Level 3 inputs were used:

• Asset quantity

Asset quantity was derived from a combination of desk top survey and physical inspection

• Unit rates

For asset classes valued in house (ei Roads, Bridges, Footpaths, Water network, Sewer network, and Other) unit rate information is determined by consultation with relevant engineering and operations staff.

Assets valued by external valuers APV Asset Management (Land, Buildings, Other Structures, Stormwater Drainage, Swimming pools, and Open space/ Recreational assets) the costs were determined using their extensive database of cost data and professional judgement.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

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

b. The valuation process for level 3 fair value measurements (continued)

• Asset condition

Asset condition was assessed using both in house inspectors, specialist asset inspection contractors and asset valuation professionals.

For exposed asset classes such as buildings, Roads and Footpaths condition can be readily assessed via physical inspection. A visual inspection process was completed and condition was reported in relation to several criteria which were then combined to arrive at an overall condition index.

For buried assets such as Water, Sewer and Drainage reticulation assets it is more difficult to assess the condition because the assets are covered. In these cases condition was determined by service history of the assets and local knowledge which was used to calibrate age based condition models.

• Pattern of consumption

The pattern of consumption were developed by professional valuers APV Asset Management and asset management specialists Assetic Australia. In both cases the patterns were selected based on models developed for similar councils and in conjunction with Griffith City Council asset management staff.

• Useful life

Useful Life was determined by council staff in conjunction with consultants based on engineering experience, local knowledge and historic data

• Residual value

Residual value is based on the estimated amount that would currently obtain from disposal of the asset

• Valuation processes

Griffith City Council uses a combination of in house valuations and independent and qualified valuers to determine the fair value of the assets listed in this note. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

The basic process is the same whether completed in house or via external valuers:

Under the Cost Approach Fair Value is estimated by calculating the cost to replace the asset based on unit rates and quantities. This is then adjusting to take account of an accumulated depreciation based on asset condition and pattern of consumption, useful life and pattern of consumption of the future economic benefit.

(2). Transfers between hierarchy

Council's policy for determining when transfers into different levels of the hierarchy have occurred is at the end of the reporting period. During the reporting period there were no transfers between levels of hierarchy.

(3). Highest and best use

All of Council's non financial assets are considered to be utilised for their highest and best use. This was established in consideration the criteria of physical possibility, legal permissibility, financial feasibility and maximum profitability. Implied within these criteria is the recognition of the contribution of that specific use to community environment and community development goals.

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 28. Council information and contact details

Principal place of business:

1 Benerembah Street
GRIFFITH NSW 2680

Contact details

Mailing address:

PO Box 485
GRIFFITH NSW 2680

Opening hours:

8:15am to 4:00pm
Monday to Friday

Telephone: 02 6962 8100

Facsimile: 02 6962 7161

Internet: <http://www.griffith.nsw.gov.au>

Email: admin@griffith.nsw.gov.au

Officers

GENERAL MANAGER

Brett Stonestreet

RESPONSIBLE ACCOUNTING OFFICER

Max Turner

PUBLIC OFFICER

Shireen Donaldson

AUDITORS

Crowe Horwath Auswild
491 Smollett Street
Albury NSW 2640

Elected members

MAYOR

Cr John Dal Broi

COUNCILLORS

Cr Doug Curran
Cr Anne Napoli
Cr Christine Stead
Cr Mike Neville
Cr Simon Croce
Cr Dino Zappacosta
Cr Paul Snaidero
Cr Deb Longhurst
Cr Rina Mercuri
Cr Brian Simpson
Cr Edwin Mardon

Other information

ABN: 81 274 100 792

INDEPENDENT AUDITORS' REPORT TO GRIFFITH CITY COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Griffith City Council ("the Council"), which comprises the statement of financial position as at 30 June 2016 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 28 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We performed the procedures to assess whether in all material respects the financial statements present fairly, in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards, a view which is consistent with our understanding of the Council's financial position and of its performance.

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, cash flow statement, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules and accordingly, we express no opinion on them.

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

The audit opinion expressed in this report has been formed on the above basis.

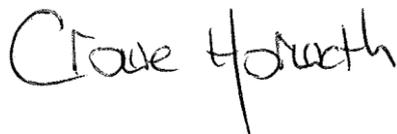
INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

AUDITOR'S OPINION

In our opinion:

- a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993 Chapter 13, Part 3, Division 2;
- b) the Council's financial statements:
 - have been properly prepared in accordance with the requirements of this Division;
 - are consistent with the Council's accounting records;
 - present fairly the Council's financial position and result of its operations; and
 - are in accordance with applicable Accounting Standards.
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.



CROWE HORWATH AUSWILD



BRADLEY D BOHUN

Partner

Dated at Albury this 27 day of October 2016.

Report on the Conduct of the Audit

Griffith City Council

For the Year Ended 30 June 2016

Contents

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1 Report on the Conduct of Audit

We have completed our audit of the financial statements for Griffith City Council (Council) for the year ended 30 June 2016, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

The Council is responsible for the preparation and presentation of the financial statements and the information they contain. The financial statements consist of the general purpose financial statements and Council's statement in the approved form required by Section 413 (2) and (3) respectively of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified	Going concern Not for Profit entity
Special purpose financial statements	Unqualified with an emphasis of matter regarding basis of preparation	National Competition Policy requirements by area of business activity
Special Schedule 8	Emphasis of matter regarding basis of preparation	OLG requirements
Griffith Health Facilities Limited	Unqualified with an emphasis of matter regarding basis of preparation	Special purpose financials for controlled entity Not for profit

Following from our audit there are a number of comments we wish to raise concerning Council's financial statements. These comments are set out in this report below.

2 Operating Result

Griffith City Council is a regionally based City Council in South Central New South Wales, whose affairs are governed by:

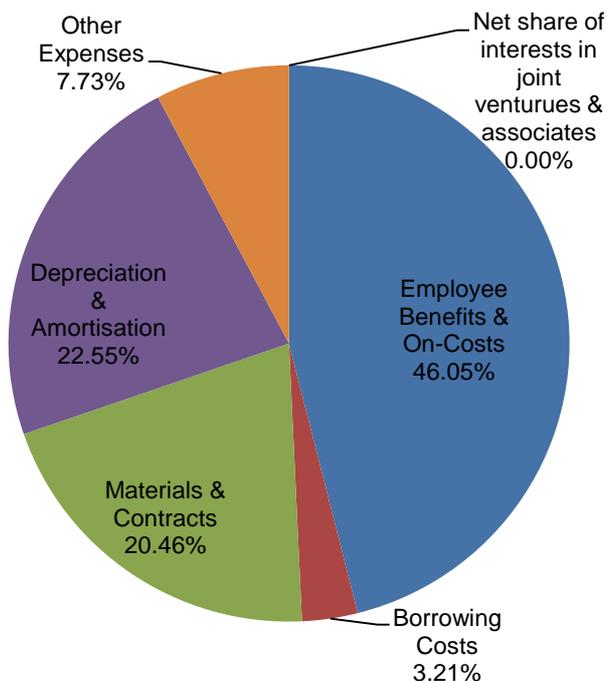
- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

The Council is responsible for the administration and implementation of the strategic policies voted on in Council.

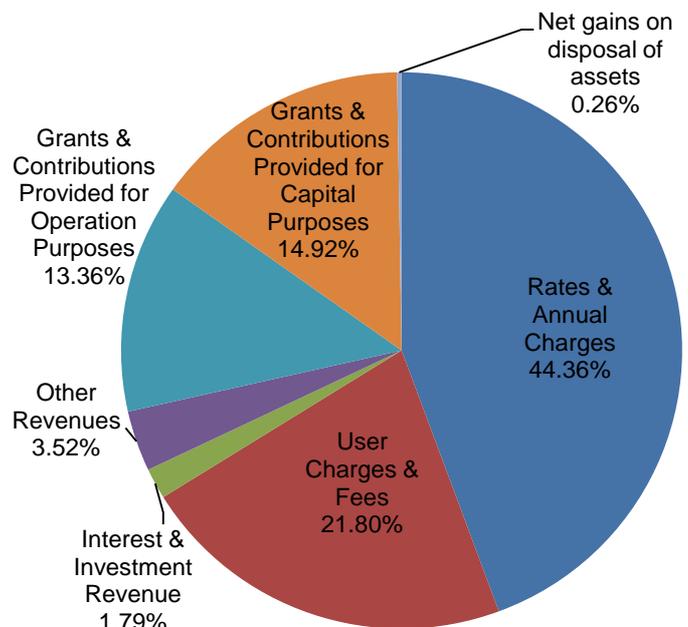
As disclosed in the Income Statement, the Council achieved a surplus in net operating result from continuing operations (including capital contributions) of \$15,843k (2015: \$9,109k) for the year ended 30 June 2016.

A breakdown of Council's revenues and expenses for the year are as follows:

2016 Expenses



2016 Revenue



Significant income and expense items in the current year were:

	2016 \$'000	2015 \$'000	2014 \$'000
Rates and annual charges	28,866	28,158	27,488
User charges and fees	14,183	13,388	12,333
Grants and contributions - operating	8,692	7,877	5,698
Grants and contributions - capital	9,707	5,660	6,510
Other revenue	2,293	1,048	991
Employee costs	(22,671)	(22,916)	(20,765)
Materials and contracts	(10,070)	(8,937)	(9,202)
Depreciation and amortisation	(11,102)	(10,931)	(10,003)

The size of Council's core operations has remained relatively constant year on year. The above income and expense items all have the potential to have a significant impact on Council's operating result. A strong rating base and the timing and nature of grants received have a major influence on the reported result as demonstrated by the above.

Operating grants have been impacted by a \$775k increase in Roads to Recovery funding received in 2016. Capital grants and contributions in 2016 included \$3.4m in relation to the Griffith Community Private Hospital (2015: \$2.3m). Other revenues is impacted by \$1m received in the current year for the sale of 'Town' water supply on a temporary basis, due to a change in legislation in the current year.

Expenses have largely remained comparable to prior year. Employee costs have decreased due to the level of payroll costs capitalised to capital projects in the current year.

The above significant items are based on the operational results from Council as disclosed in the income statement and accompanying notes.

3 Financial Position

A measure of the Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of Council as at the end of the financial year.

	2016 \$'000	2015 \$'000	2014 \$'000
Cash and Liquid Investments	34,022	28,360	26,212
External Restrictions - included in liabilities	-	(500)	(507)
- not included in liabilities	(20,093)	(16,785)	(17,256)
Internal Restrictions - included in liabilities	(2,000)	(2,065)	(1,840)
- not included in liabilities	(11,790)	(5,348)	(3,291)
Unrestricted Cash and Investments	139	4,162	3,318
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	(5,681)	(4,494)	(4,576)
Unrestricted Working Capital	(5,542)	332	(1,258)

Council has used internal restrictions extensively; these are a discretionary item specific to each individual Council. It should be noted that the level of internal restrictions can be adjusted via Council.

The above represents the amount of available working capital Council has at its disposal to meet its future spending requirements after making allowance for any restrictions in place over the use of such working capital.

The above calculation includes internal restrictions which are discretionary, however Note 13a(ii) of the general purpose financial statements and section 4.3 of this report only capture external restrictions to facilitate comparison across NSW Local Government.

We recommend that Council continue to monitor its unrestricted working capital position when reviewing its financial position.

4 Performance Indicators

Refer to Note 13 of the financial statements. Sections 4.1 to 4.6 contemplate Councils performance on a consolidated basis. Section 4.7 shows Councils performance against the same ratios on a fund basis.

4.1 Operating Performance Ratio

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

The operating performance ratio at Note 13 has strengthened this year to 10.81% due to an increase in grants and contributions provided for operating purposes and the temporary sale of 'Town' water supplies of \$1m.

4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions. A Council has improved financial flexibility with a higher level of own source revenue.

This ratio has decreased from 76.42% in 2015 to 71.65% in 2016. However, this remains comfortably above the minimum 60.00% benchmark set by the Code of Accounting Practice and Financial Reporting.

4.3 Unrestricted Current Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council. A Council has improved financial flexibility with a higher level of own source revenue.

The liquidity ratio at Note 13 shows a strengthened liquidity position compared to the prior year. Council continues to report a result in excess of the 1.5:1 minimum.

4.4 Debt Service Cover Ratio

This ratio demonstrates the percentage of Council revenue required to service the debts carried by Council.

This ratio indicates that Council has sufficient and appropriate operating results to service the committed borrowing repayments of Council.

4.5 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

The outstanding percentage assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts.

This year the Council has improved from 8.77% in 2015 to 6.88% in 2016, indicating a relatively low percentage of receivables remains outstanding at year end. This remains below the benchmark of 10%. The ratio is heavily impacted by the 3rd trimester of water and sewer billing which is billed in June and due for collection in July.

4.6 Cash Expense Cover Ratio

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

Council has performed strongly in both the current and prior period, indicating a strong liquidity position with a ratio of 6.47 months (2015: 7.01 months). This remains above the minimum benchmark of 3.00 months.

4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 30 June 2016. The below allows analysis of how Council performs at a final level and would indicate the result of Council's general operations excluding its water and sewer operations.

Indicators	Water	Sewer	General
Operating performance ratio	17.83%	7.84%	9.61%
Own source operating revenue	94.03%	95.55%	62.16%
Unrestricted current ratio	8590x	9.47x	3.24x
Debt service cover ratio	0x	2.75x	6.76x
Rates, Annual Charges, Interest and extra charges outstanding %	20.2%	24.73%	1.78%
Cash expense cover ratio	23.67 months	6.87 months	3.00 months

5 Specific Balance Sheet Items

5.1 Receivables

Total current receivables at 30 June 2016, net of allowance for impairment was \$6,593k (2015: \$7,746k).

This balance primarily consists of user charges and fees of \$3,620k (2015: \$3,734k) and rates and annual charges of \$2,194k (2015: \$2,740k). The percentage of rates and annual charges outstanding is referred to at Section 4.5 of this report.

The allowance for impairment at 30 June 2016 was \$596k (2015: \$596k). The allowance is specifically matched against user fees and charges outstanding. An assessment of the collectability of the receivables balance indicated the allowance was sufficient. No provision is raised against rates and annual charges as these debts are secured over the underlying property and the level of default is minimal.

5.2 Capital Expenditure

During the reporting period Council spent \$24,274k (2015: \$9,696k) on asset additions of infrastructure, property, plant and equipment. In 2015: \$2,168k was spent on reinstatement costs for impaired assets. The primary areas of capital expenditure were as follows:

	2016 \$'000	2015 \$'000	2014 \$'000
Work in progress	12,684	2,296	576
Land & improvements	-	-	188
Buildings	360	1,566	353
Plant and equipment	1,377	2,401	2,061
Roads, bridges and footpaths	4,474	1,853	3,094
Stormwater drainage	133	101	557
Water supply network	807	592	1,402
Sewerage network	789	308	638
Other open space & recreation	2,095		
Other	1,555	579	252
Asset additions	24,274	9,696	9,121
Reinstatement costs for impaired assets	-	2,168	4,398
Total capital expenditure	24,274	11,864	13,519

5.3 Borrowings

Total borrowings have decreased by \$1.4 m from the prior year's balance of \$22m to the 2016 total balance of \$20.7m. These loans are secured over the general income of Council.

5.4 Fair Value I,PP&E

In 2011 the Council should have completed the progressive revaluation of all property, plant and equipment to fair value where all assets are revalued on a 5 year cycle. The Office of Local Government minimum requirements timetable is as follows:

2012: Water and sewer networks;

2013: Operational land and buildings;

2014: Land under roads (if applicable); and

2015: Roads, bridges, footpaths, drainage and bulk earthworks.

2016: Community land, land improvements, other structures and other assets.

The revaluations in 2016 resulted in the following adjustments to Council's assets:

Asset Category	Revaluation Amount Increase/(Decrease) \$
Stormwater drainage (indexation)	9,020k
Water Supply Network (indexation)	10,975k
Sewer network (indexation)	1,905k

Further, we report that in accordance with the requirements of the Code of Accounting Practice, Council's water and sewerage assets were indexed upward in accordance with the latest indices provided by the NSW Office of Water.

'Found' road assets of \$259k were recorded during 2016, these were recognised via the asset revaluation reserve.

As per the statement of comprehensive income the net gain on revaluation of IPP&E was \$13,033k , which is inclusive of the \$259k of found road assets (2015: \$3,738k).

5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2016 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018.
- AASB 15 *Revenue from Contracts with Customers*, effective 1 January 2018.
- AASB 2015-6 (amendments to AASB 10, AASB 124 and AASB 1049), extends scope of AASB 124 *Related Party Disclosures*, effective from 1 July 2016.
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018.
- AASB 2015-2 *Presentation of Financial Statements* (amendments to AASB101), effective 1 January 2016.
- AASB 16 *Leases*, effective 1 January 2019.

Council is of the view that these standards not yet effective will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

6 Other Matters

6.1 Management Letter

A separate report is issued to Council's management which covers in further detail the audit and accounting issues identified during our audit process.

6.2 Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

6.3 Assistance Provided

We recognise and appreciate the Director – Business, Cultural & Financial Services and staff of Council for their cooperation and courtesy extended to us during the course of the audit.

6.4 Reliance on the Report

The report on the conduct of the audit has been prepared for distribution to Council. We disclaim any assumption of responsibility for any reliance on this report to any person other than Council or for any purpose other than that for which it was prepared.

Contact Us

Crowe Horwath Auswild

491 Smollett Street
Albury NSW 2640 Australia
Tel +61 2 6021 1111
Fax +61 2 6041 1892
www.crowehorwath.com.au

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