

Griffith City Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021



Griffith City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



General Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	84
On the Financial Statements (Sect 417 [3])	87

Overview

Griffith City Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

1 Benerembah Street
GRIFFITH NSW 2680

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.griffith.nsw.gov.au.

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present 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 2021.

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

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

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

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 2021

Statement by Councillors and Management

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 other pronouncements of the Australian Accounting Standards Board, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

- present fairly the Council's operating result and financial position for the year
- 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 23 November 2021.



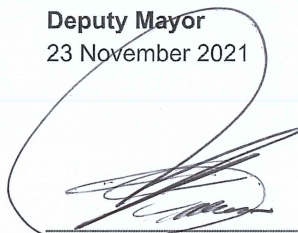
Cr John Dal Broi
Mayor
23 November 2021



Cr Christine Stead
Deputy Mayor
23 November 2021



Brett Stonestreet
General Manager
23 November 2021



Max Turner
Responsible Accounting Officer
23 November 2021

Griffith City Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	Income from continuing operations			
31,698	Rates and annual charges	B2-1	32,910	32,496
17,003	User charges and fees	B2-2	15,280	15,080
1,512	Other revenue	B2-3	1,609	3,008
10,355	Grants and contributions provided for operating purposes	B2-4	9,722	8,269
25,981	Grants and contributions provided for capital purposes	B2-4	15,091	7,320
1,648	Interest and investment income	B2-5	964	949
414	Other income	B2-6	295	407
–	Net gains from the disposal of assets	B4-1	–	82
88,611	Total income from continuing operations		75,871	67,611
	Expenses from continuing operations			
27,172	Employee benefits and on-costs	B3-1	23,357	24,029
16,291	Materials and services	B3-2	17,803	16,392
1,450	Borrowing costs	B3-3	1,012	1,274
13,012	Depreciation, amortisation and impairment for non-financial assets	B3-4	14,885	14,471
1,373	Other expenses	B3-5	1,319	1,057
–	Net losses from the disposal of assets	B4-1	27	–
59,298	Total expenses from continuing operations		58,403	57,223
29,313	Operating result from continuing operations		17,468	10,388
29,313	Net operating result for the year attributable to Council		17,468	10,388
3,333	Net operating result for the year before grants and contributions provided for capital purposes		2,377	3,068

The above Income Statement should be read in conjunction with the accompanying notes.

Griffith City Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		17,468	10,388
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	(20,627)	81,344
Other comprehensive income – joint ventures and associates	D2-2	38	10
Water entitlement available for temp/perm sale revaluation for year	C1-7	(618)	1,141
Total items which will not be reclassified subsequently to the operating result		(21,207)	82,495
Total other comprehensive income for the year		(21,207)	82,495
Total comprehensive income for the year attributable to Council		(3,739)	92,883

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Griffith City Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	60,081	46,527
Investments	C1-2	20,779	21,214
Receivables	C1-4	10,919	7,442
Inventories	C1-5	2,249	3,361
Other		313	38
Total current assets		94,341	78,582
Non-current assets			
Investments	C1-2	1,000	2,051
Receivables	C1-4	137	4
Infrastructure, property, plant and equipment	C1-6	802,053	796,278
Intangible Assets	C1-7	12,035	12,653
Investments accounted for using the equity method	D2-2	385	347
Total non-current assets		815,610	811,333
Total assets		909,951	889,915
LIABILITIES			
Current liabilities			
Payables	C3-1	10,527	7,660
Contract liabilities	C3-2	7,010	1,910
Lease liabilities	C2-1	–	9
Borrowings	C3-3	9,897	2,206
Employee benefit provisions	C3-4	6,231	6,730
Provisions	C3-5	136	169
Total current liabilities		33,801	18,684
Non-current liabilities			
Borrowings	C3-3	29,080	25,978
Employee benefit provisions	C3-4	358	404
Provisions	C3-5	5,612	10
Total non-current liabilities		35,050	26,392
Total liabilities		68,851	45,076
Net assets		841,100	844,839
EQUITY			
Accumulated surplus		459,057	441,551
IPPE revaluation reserve	C4-1	382,043	403,288
Council equity interest		841,100	844,839
Total equity		841,100	844,839

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Griffith City Council

Statement of Changes in Equity
for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000							
Opening balance at 1 July		441,551	403,288	844,839	433,325	320,803	754,128
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(2,172)	–	(2,172)
Net operating result for the year		17,468	–	17,468	10,388	–	10,388
Restated net operating result for the period		17,468	–	17,468	10,388	–	10,388
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	(20,627)	(20,627)	–	81,344	81,344
Joint ventures and associates	D2-2	38	–	38	10	–	10
– Other movements – water entitlements (reval reserves)		–	(618)	(618)	–	1,141	1,141
Other comprehensive income		38	(21,245)	(21,207)	10	82,485	82,495
Total comprehensive income		17,506	(21,245)	(3,739)	10,398	82,485	92,883
Closing balance at 30 June		459,057	382,043	841,100	441,551	403,288	844,839

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Griffith City Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
Receipts:				
31,698	Rates and annual charges		32,504	32,586
17,003	User charges and fees		13,900	14,744
1,648	Investment and interest revenue received		1,022	948
36,336	Grants and contributions		29,622	15,199
–	Bonds, deposits and retention amounts received		309	220
1,926	Other		5,673	7,406
Payments:				
(27,172)	Employee benefits and on-costs		(23,953)	(23,776)
(16,291)	Materials and services		(15,283)	(19,708)
(1,450)	Borrowing costs		(1,012)	(1,262)
(1,373)	Other		(1,319)	(750)
42,325	Net cash flows from operating activities	G1-1	41,463	25,607
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		6,000	500
–	Redemption of term deposits		1,484	–
–	Sale of real estate assets		554	–
320	Sale of infrastructure, property, plant and equipment		548	973
103	Deferred debtors receipts		–	2
Payments:				
–	Purchase of investment securities		(5,998)	(2,597)
(51,456)	Purchase of infrastructure, property, plant and equipment		(41,148)	(22,210)
(2,000)	Deferred debtors and advances made		(133)	–
(53,033)	Net cash flows from investing activities		(38,693)	(23,332)
Cash flows from financing activities				
Receipts:				
12,000	Proceeds from borrowings		13,000	10,000
Payments:				
(2,484)	Repayment of borrowings		(2,207)	(1,387)
–	Principal component of lease payments		(9)	(13)
9,516	Net cash flows from financing activities		10,784	8,600
(1,192)	Net change in cash and cash equivalents		13,554	10,875
55,235	Cash and cash equivalents at beginning of year		46,527	35,652
54,043	Cash and cash equivalents at end of year	C1-1	60,081	46,527
–	plus: Investments on hand at end of year	C1-2	21,779	23,265
54,043	Total cash, cash equivalents and investments		81,860	69,792

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Griffith City Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenue	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	23
B2-6 Other income	23
B3 Costs of providing services	24
B3-1 Employee benefits and on-costs	24
B3-2 Materials and services	24
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of non-financial assets	25
B3-5 Other expenses	26
B4 Gains or losses	27
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	27
B5 Performance against budget	28
B5-1 Material budget variations	28
C Financial position	30
C1 Assets we manage	30
C1-1 Cash and cash equivalents	30
C1-2 Financial investments	30
C1-3 Restricted cash, cash equivalents and investments	31
C1-4 Receivables	33
C1-5 Inventories	35
C1-6 Infrastructure, property, plant and equipment	37
C1-7 Intangible assets	41
C2 Leasing activities	42
C2-1 Council as a lessee	42
C2-2 Council as a lessor	44
C3 Liabilities of Council	45
C3-1 Payables	45
C3-2 Contract Liabilities	46
C3-3 Borrowings	47
C3-4 Employee benefit provisions	49
C3-5 Provisions	50
C4 Reserves	50

Griffith City Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

C4-1 Nature and purpose of reserves	50
D Council structure	51
D1 Results by fund	51
D1-1 Income Statement by fund	51
D1-2 Statement of Financial Position by fund	52
D1-3 Details of internal loans	53
D2 Interests in other entities	54
D2-1 Subsidiaries	54
D2-2 Interests in joint arrangements	55
E Risks and accounting uncertainties	57
E1-1 Risks relating to financial instruments held	57
E2-1 Fair value measurement	60
E3-1 Contingencies	70
F People and relationships	73
F1 Related party disclosures	73
F1-1 Key management personnel (KMP)	73
F1-2 Councillor and Mayoral fees and associated expenses	74
F2 Other relationships	74
F2-1 Audit fees	74
G Other matters	75
G1-1 Statement of Cash Flows information	75
G2-1 Commitments	76
G3 Statement of developer contributions as at 30 June 2021	77
G3-1 Summary of developer contributions	77
G3-2 Developer contributions by plan	78
G3-3 Contributions not under plans	78
G4 Statement of performance measures	79
G4-1 Statement of performance measures – consolidated results	79
G4-2 Statement of performance measures by fund	80
H Additional Council disclosures (unaudited)	81
H1-1 Statement of performance measures – consolidated results (graphs)	81
H1-2 Council information and contact details	83

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 23 November 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) employee benefit provisions – refer Note C3-4.
- (iii) estimated landfill remediation provisions - refer Note C3-5

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, 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.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- Griffith City Council General Fund
- Griffith City Council Water Fund
- Griffith City Council Sewer Fund
- Griffith Health Facilities Limited
- Pioneer Park Museum

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Volunteer services

Some of Council services are provided by volunteers. These include work in the museum and art gallery. The value of the services received cannot be reliably measured but it is not significant.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2021.

Council has determined that none of these newly adopted standards have had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Governance	745	1,147	2,519	1,900	(1,774)	(753)	–	–	29,815	28,661
Administration	382	590	6,803	7,643	(6,421)	(7,053)	36	46	11,467	11,151
Public order and safety	832	562	1,701	1,268	(869)	(706)	341	203	4,095	4,017
Health	73	42	865	678	(792)	(636)	9	–	252	163
Environment	7,762	7,533	4,734	5,096	3,028	2,437	631	341	73,983	66,695
Community services and education	3,139	291	472	486	2,667	(195)	3,739	23	4,756	4,728
Housing and community amenities	3,198	3,331	5,573	5,127	(2,375)	(1,796)	886	727	15,132	15,031
Water supplies	10,535	10,694	7,522	7,205	3,013	3,489	775	1,386	187,803	187,860
Sewerage services	10,401	10,135	6,931	7,135	3,470	3,000	663	654	136,058	158,169
Recreation and culture	7,336	3,161	9,833	8,837	(2,497)	(5,676)	5,255	1,723	61,032	48,374
Mining, manufacturing and construction	99	22	71	–	28	22	–	–	1	1
Transport and communication	7,371	6,108	9,738	10,151	(2,367)	(4,043)	6,620	4,619	334,859	323,903
Economic affairs	679	827	1,641	1,697	(962)	(870)	73	119	3,584	3,760
General purpose revenue	23,319	23,168	–	–	23,319	23,168	5,785	5,748	47,114	37,402
Total functions and activities	75,871	67,611	58,403	57,223	17,468	10,388	24,813	15,589	909,951	889,915

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Governance

Includes costs relating to 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, public disclosure (e.g. GIPA), and legislative compliance.

Administration

Includes corporate support and other support services, engineering works, and any Council policy compliance.

Public order and safety

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

Health

Includes immunisation, food control, health centres etc.

Environment

Includes biosecurity weeds and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

Community services and education

Includes administration and education; social protection (welfare); animal control, migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

Housing and community amenities

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

Water supplies

Includes water supply services such as administration, regulation and operation of potable water supply services, future needs assessment of water and water services.

Sewerage services

Includes activities relating to the monitoring, reduction, collection, reticulation or treatment of all waste water including that intended for reuse or recycling.

Recreation and culture

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

Mining, manufacturing and construction

Includes building control, quarries and pits.

Transport and communication

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

Economic affairs

Includes camping areas; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; and other business undertakings.

General purpose revenue

Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	8,951	8,896
Farmland	5,216	5,264
Business	2,867	2,849
Less: pensioner rebates (mandatory)	(257)	(263)
Rates levied to ratepayers	16,777	16,746
Pensioner rate subsidies received	141	145
Total ordinary rates	16,918	16,891
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	2,051	1,985
Stormwater management services	192	190
Water supply services	2,115	2,109
Sewerage services	8,740	8,467
Waste management services (non-domestic)	2,054	2,046
Less: pensioner rebates (mandatory)	(255)	(256)
Kerbside recycling	954	921
Annual charges levied	15,851	15,462
Pensioner subsidies received:		
– Water	59	60
– Sewerage	53	54
– Domestic waste management	29	29
Total annual charges	15,992	15,605
Total rates and annual charges	32,910	32,496

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	5	2
Water supply services	1	7,106	7,048
Sewerage services	1	870	880
Waste management services (non-domestic)	2	532	313
Total specific user charges		8,513	8,243
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	327	230
Private works – section 67	2	120	99
Regulatory/ statutory fees	2	232	193
Registration fees	2	26	34
Regulatory fees	2	75	51
Section 10.7 certificates (EP&A Act)	2	89	84
Section 603 certificates	2	44	42
Town planning	2	68	36
Water supplies	2	270	244
Total fees and charges – statutory/regulatory		1,251	1,013
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	65	624
Cemeteries	2	740	580
Library and art gallery	2	47	53
RMS charges (state roads not controlled by Council)	2	813	879
Saleyards	2	432	414
Swimming centres	2	1,392	1,138
Tourism	2	61	170
Waste disposal tipping fees	2	1,441	1,450
Engineering services	2	4	3
Industrial discharge	2	42	52
Museum	2	63	60
Regional theatre	2	262	291
Sporting grounds	2	17	15
Sports stadium	2	109	67
Other	2	28	28
Total fees and charges – other		5,516	5,824
Total user charges and fees		15,280	15,080
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		15,280	15,080
Total user charges and fees		15,280	15,080

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

B2-3 Other revenue

\$ '000	Timing	2021	2020
Art Gallery	2	24	7
Fines – parking	2	259	207
Fines – other	2	19	51
Legal fees recovery – rates and charges (extra charges)	2	2	43
Commissions and agency fees	2	16	7
Emergency Services Levy rebate	2	177	55
Recycling income (non-domestic)	2	38	36
DA fees – advertising and notification	2	38	28
Quarry income	2	99	22
Sales – general	2	11	7
Other	2	88	27
Temporary sale of "Town" water allocation	2	667	1,104
Temporary sale of water allocation	2	–	1,233
Container Deposit Scheme (CDS) - RAMJO	2	96	48
Work health safety incentive payment	2	75	133
Total other revenue		1,609	3,008

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	1,609	3,008
Total other revenue	1,609	3,008

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory 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 occurs first.

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose (untied)					
Current year allocation					
Financial assistance – general component	1	1,969	1,967	–	–
Financial assistance – local roads component	1	825	824	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1	2,106	2,083	–	–
Financial assistance – local roads component	1	885	875	–	–
Amount recognised as income during current year		5,785	5,749	–	–
Special purpose grants and non-developer contributions (tied)					
Australia Council of Arts - Sunshine Supergirl	2	80	–	–	–
Building Better Regions Fund - Sports Precinct Redevelopment	2	–	–	299	–
Building Better Regions Fund - Affordable Housing Strategy Consultant	2	–	3	–	–
Building Better Regions Fund - Sunshine Supergirl	2	35	–	–	–
Bushfire Prevention Re-Imbursement	2	112	97	8	–
Business Network & Forum Grant	2	2	–	–	–
Community Services Contribution	2	5	2	–	–
Community Drug Action Teams NSW (CDAT)	2	2	19	–	–
Council Crown Land Management Fund	2	–	16	–	–
Create NSW - Light My Fire Youth Event	2	–	18	–	–
Create NSW Covid-19 Grant	2	8	–	–	–
Crown Reserve Improvement Fund - Sewer Upgrade Pioneer Park	2	–	–	121	–
Dept Planning, Industry & Environment - Stormwater Management Reserve	2	–	–	294	–
Dept Planning, Industry & Environment - Winter Delights Activation of Kooyoo Street	2	402	–	–	–
Destination NSW - Festival of Gardens	2	–	20	–	–
Drainage Contribution	2	–	2	–	–
Economic affairs – tourism/events Contributions	2	15	33	–	–
Employment & Training Programs - Traineeship	2	12	6	–	–
Everyone Can Play - Henderson Oval	2	–	–	50	–
Festival of Places Summer Fund	2	2	–	–	–
Festivals Australia Grant - Sunshine Super Girl	2	50	–	–	–
Fixing Country Roads	2	–	–	3,854	2,114
Fixing Country Truck Washes	2	–	–	58	99
Fixing Local Roads (LFR) Grant - Sealing Boorga Rd	2	–	–	311	–
Fleet Management Contribution	2	–	–	25	–
FNPW Community Conservation Grant	2	5	–	–	–
Health – Health Services Contribution	2	–	6	–	–
Heavy Vehicle Project	2	2	5	–	–
Healthy Streets Demonstration - Kooyoo Street	2	–	–	3	–
Heritage Green Energy - State Bank House	2	–	–	–	65
LCLI subsidy	2	115	33	–	–
LIRS Subsidy	2	77	–	–	–
Local Special Projects Grant - Library	2	40	33	–	–
Mosquito Control	2	2	2	–	–
Murrumbidgee Primary Health Network Community - Community Services	2	10	–	–	–
Murrumbidgee Primary Health Network Community - Theatre	2	5	–	–	–
National Australia Day Council (NADC)	2	14	–	–	–
Noxious Weeds & Biosecurity Weeds	2	98	130	–	–

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
NSW Department of Industry - Theatre Upgrade	2	—	—	17	110
Office of Environmental Heritage - Hanwood					
Stormwater Pump & Levee	2	—	—	—	40
Office of Local Government - Pound	2	—	4	—	—
Office of Sport - Jubilee Oval Cricket Net Development	2	—	—	—	30
OLG Crown - Crown Lands Management Plan	2	38	—	—	—
Per Capita Subsidy Library	2	99	99	—	—
Priority Local Rds/Comm. Infrastructure Projects - Festival Lights & City Entrance Improvements	2	239	—	—	—
Priority Local Roads/ Comm Infrastructure Project R1	2	362	—	—	—
Priority Local Roads/ Comm Infrastructure Project R2	2	87	—	—	—
Public Order and Safety – Bushfire/SES Contributions	2	—	86	135	21
Public Pool Inspection Contributions	2	6	—	—	—
Recreation and Culture - Community and Cultural Contributions	2	—	—	161	—
Recreation and Culture - Museum Contribution	2	4	1	20	—
Recreation and Culture – Passive Recreation Contributions	2	5	4	—	—
Recreation and Culture – Theatre Contributions	2	18	15	—	—
Regional Community Development Fund - Griffith Youth & Community Centre (GYCC)	2	—	—	3,086	187
Regional Cultural Fund - Library	2	13	33	—	—
Regional Cultural Fund - Theatre Upgrade	2	—	—	66	375
Regional NSW Planning Portal	2	50	—	—	—
Regional Sports Infrastructure Fund - Sport Precinct	2	—	—	2,874	276
RMS Transport	2	—	—	57	599
Roads to Recovery (R2R)	2	1,031	1,031	—	—
Roads, Footpaths and Bridges Contribution	2	—	1	96	27
Safer Community Fund R5 - CBD Lighting & CCTV	2	—	—	61	—
Sewerage Contributions (excl. section 64 contributions)	2	—	—	41	42
State Library NSW - Multipurpose Room Upgrade	2	—	—	—	124
Street Light Subsidy	2	116	128	—	—
Stronger Country Community Fund - BMX/ Pump Track	2	—	—	19	—
Stronger Country Community Fund - Community Gardens	2	—	—	535	35
Stronger Country Community Fund - Jubilee Oval	2	—	—	472	105
Stronger Country Community Fund - Memorial Park	2	—	—	—	165
Stronger Country Community Fund - Village Pathways	2	—	—	—	146
Transport for NSW (TfNSW) - Murrumbidgee Ave/ Thorne Road Roundabout	2	—	—	27	—
Transport for NSW contributions (regional roads, block grant)	2	687	687	—	—
Transport NSW - Speed Project	2	2	4	—	—
Water Supplies Contribution (excl. section 64 contributions)	2	—	—	93	502
Youth Week NSW Grant	2	1	2	—	—
Zone Administration Cost Contribution	2	86	—	—	—
Total special purpose grants and non-developer contributions – cash		3,937	2,520	12,783	5,062
Total special purpose grants and non-developer contributions (tied)		3,937	2,520	12,783	5,062
Total grants and non-developer contributions		9,722	8,269	12,783	5,062

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Comprising:					
– Commonwealth funding		7,607	6,783	360	4,470
– State funding		1,782	615	11,852	–
– Other funding		333	871	571	592
		9,722	8,269	12,783	5,062

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):			G3			
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	13	11
S 7.12 – fixed development consent levies		2	–	–	876	581
S 64 – water supply contributions		2	–	–	682	859
S 64 – sewerage service contributions		2	–	–	497	598
S 64 – stormwater contributions		2	–	–	240	209
Total developer contributions – cash			–	–	2,308	2,258
Total developer contributions			–	–	2,308	2,258
Total contributions			–	–	2,308	2,258
Total grants and contributions			9,722	8,269	15,091	7,320
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			7,153	–	2,316	–
Grants and contributions recognised at a point in time (2)			2,569	8,269	12,775	7,320
Total grants and contributions			9,722	8,269	15,091	7,320

B2-4 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	235	132	1,511	2,147
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: Funds received and not recognised as revenue in the current year	1,079	180	5,226	36
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(231)	(77)	(1,420)	(672)
Unspent funds at 30 June	1,083	235	5,317	1,511
Contributions				
Unspent funds at 1 July	10,622	8,225	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,433	2,361	–	–
Add: contributions received and not recognised as revenue in the current year	181	36	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(373)	–	–	–
Unspent contributions at 30 June	12,863	10,622	–	–

Accounting policy

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

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 un-discharged at reporting date, the unused grant or contribution is disclosed below.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon 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 liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	21	59
– Cash and investments	943	890
Total interest and investment income (losses)	964	949

Interest and investment income is attributable to:

Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	–	28
General Council cash and investments	616	500

Restricted investments/funds – external:

Development contributions		
– Section 7.11 & 7.12	21	13
– Section 64	105	91
Water fund operations	168	231
Sewerage fund operations	52	81
Domestic waste management operations	2	5

Total interest and investment income	964	949
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Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned.

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Other lease income			
Road Reserve/Land		123	159
Premises Rental		172	248
Total Other lease income		295	407
Total rental income	C2-2	295	407
Total other income		295	407

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	17,694	18,048
Educational assistance	22	16
Employee leave entitlements (ELE)	3,362	3,964
Fringe benefit tax (FBT)	118	113
Motor vehicle allowance	27	27
Payroll tax	86	147
Professional development	9	9
Staff recruitment	71	55
Superannuation	2,075	2,035
Training costs (other than salaries and wages)	204	213
Travel expenses	19	27
Workers' compensation insurance	512	552
Total employee costs	24,199	25,206
Less: capitalised costs	(842)	(1,177)
Total employee costs expensed	23,357	24,029
Number of 'full-time equivalent' employees (FTE) at year end	284	282

Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee.

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.

Superannuation 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.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		14,132	12,537
Audit Fees	F2-1	53	52
Previously other expenses:			
Electricity and heating		1,700	1,885
Insurance		499	455
Street lighting		464	504
Telephone and communications		276	258
Councillor and Mayoral fees and associated expenses	F1-2	339	349
Contributions/levies to other levels of government			
Legal expenses:			
– Legal expenses: planning and development		91	24
– Legal expenses: other		222	299
Expenses from short-term leases		11	11
Expenses from leases of low value assets		16	18
Total materials and services		17,803	16,392

B3-2 Materials and services (continued)

Total materials and services	17,803	16,392
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Accounting policy

Expenses are recorded on an accruals basis as the council receives the goods or services.

B3-3 Borrowing costs

\$ '000	2021	2020
(i) Interest bearing liability costs		
Interest on loans	1,201	1,289
Total interest bearing liability costs	1,201	1,289
Less: capitalised costs	(189)	(27)
Total interest bearing liability costs expensed	1,012	1,262
(ii) Other borrowing costs		
Interest applicable on interest free (and favourable) loans to Council	–	12
Total other borrowing costs	–	12
Total borrowing costs expensed	1,012	1,274

Accounting policy

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. Other borrowing costs are expensed as incurred.

B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		1,574	1,549
Office equipment		261	250
Furniture and fittings		86	96
Infrastructure:	C1-6		
– Buildings – specialised		1,540	1,502
– Other structures		378	331
– Roads		4,357	4,258
– Bridges		37	37
– Footpaths		309	283
– Stormwater drainage		902	899
– Water supply network		2,215	2,217
– Sewerage network		2,205	2,236
– Other open space/recreational assets		666	544
Other assets:			
– Other		387	323
Total gross depreciation and amortisation costs		14,917	14,525
Less: capitalised costs		(32)	(54)
Total depreciation and amortisation costs		14,885	14,471
Total depreciation, amortisation and impairment for non-financial assets		14,885	14,471

Accounting policy

B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested 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.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

\$ '000	2021	2020
Other		
– DWR contributions	51	51
– Emergency services levy (includes FRNSW, SES, and RFS levies)	52	41
– NSW fire brigade levy	112	100
– NSW rural fire service levy	464	325
Donations, contributions and assistance to other organisations (Section 356)		
– Annual Sikh games	10	–
– Community grant program	157	60
– Regional arts board	20	20
– RAMJO	35	30
– Riverina regional cities forecast-ID	36	36
– Mayor's Bushfire Appeal	–	10
– Western Riverina Library	282	278
– Other	60	83
– Events	26	16
– Community Country Education Foundation	5	5
– De-sexing Program	9	2
Total other	1,319	1,057
Total other expenses	1,319	1,057

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

B4 Gains or losses

B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	440
Less: carrying amount of property assets sold/written off		–	(405)
Gain (or loss) on disposal		–	35
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		548	532
Less: carrying amount of plant and equipment assets sold/written off		(486)	(486)
Gain (or loss) on disposal		62	46
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		554	–
Less: carrying amount of real estate assets sold/written off		(643)	–
Gain (or loss) on disposal		(89)	–
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		6,000	500
Less: carrying amount of investments sold/redeemed/matured		(6,000)	(500)
Gain (or loss) on disposal		–	–
Other - Other Assets			
Proceeds from disposal – Other - Other Assets		–	1
Gain (or loss) on disposal		–	1
Net gain (or loss) on disposal of assets		(27)	82

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 23/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	31,698	32,910	1,212	4% F
User charges and fees	17,003	15,280	(1,723)	(10)% U
Other revenues	1,512	1,609	97	6% F
Operating grants and contributions	10,355	9,722	(633)	(6)% U
Capital grants and contributions	25,981	15,091	(10,890)	(42)% U
Council received \$10.3M less than budget for recreational and community capital grants. The majority of this was funding for the Sports Precinct construction which will occur in the 2022 financial year.				
Interest and investment revenue	1,648	964	(684)	(42)% U
Council conservatively budgets for interest and investment revenue. Due to the low interest rate environment globally, higher returns have not been achieved.				
Net gains from disposal of assets	–	–	–	∞ F
Other income	414	295	(119)	(29)% U
Council provided a Covid-19 Rebate to its rental properties totalling \$95k.				
EXPENSES				
Employee benefits and on-costs	27,172	23,357	3,815	14% F
Council budgets for employee costs using a full complement of the structure although some positions may be unfilled. Due to some closure of facilities due to Covid19, staff utilised leave balances which resulted in a decrease in the leave provision balances of \$1.2M. Training and travel costs were also reduced due to Covid19 travel restrictions.				
Materials and services	16,291	17,803	(1,512)	(9)% U
Borrowing costs	1,450	1,012	438	30% F
An amount of \$189K of capitalised interest was included in Councils original budget as well as an amount of \$249K of interest on loans that were drawn later than budgeted, with repayments commencing in the 2022 financial year.				
Depreciation, amortisation and impairment of non-financial assets	13,012	14,885	(1,873)	(14)% U
Council has experienced higher than expected budgeted depreciation for other structures, roads and drainage infrastructure. Other structures depreciation was \$251k more than budget and roads infrastructure depreciation was \$897k more than budget. Drainage infrastructure depreciation was \$379k more than originally budgeted for. There was also a \$107k difference of plant & equipment depreciation from budget to actual.				
Other expenses	1,373	1,319	54	4% F
Net losses from disposal of assets	–	27	(27)	∞ U

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B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----
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STATEMENT OF CASH FLOWS

Cash flows from operating activities	42,325	41,463	(862)	(2)%	U
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The main difference between the original budget and actual in 2021 is \$6.7M in grants & contributions that were budgeted for but were not received.

Cash flows from investing activities	(53,033)	(38,693)	14,340	(27)%	F
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Council does not budget for the purchase/sale of investments which was a net of \$1.5M and Council also spent \$16M less on infrastructure, property, plant & equipment than was originally budgeted for. Council does not budget for the sale of infrastructure, property, plant & equipment which totalled \$1.2M in 2021. An internal loan for \$2M from Water Fund to General Fund was not drawn down.

Cash flows from financing activities	9,516	10,784	1,268	13%	F
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Council drew down an additional \$1M in loan borrowings than originally budgeted for.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	14,597	14,895
Cash-equivalent assets		
– Managed funds	38,028	24,215
– Short-term deposits	7,456	7,417
Total cash and cash equivalents	60,081	46,527

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	60,081	46,527
Balance as per the Statement of Cash Flows	60,081	46,527

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Financial assets at fair value through the profit and loss				
NCD's, FRN's (with maturities > 3 months)	14,173	–	14,175	–
Total	14,173	–	14,175	–
Debt securities at amortised cost				
Long term deposits	6,606	1,000	7,039	2,051
Total	6,606	1,000	7,039	2,051
Total financial investments	20,779	1,000	21,214	2,051
Total cash assets, cash equivalents and investments	80,860	1,000	67,741	2,051

Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)

C1-2 Financial investments (continued)

- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments of FRN's in the Statement of Financial Position.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	80,860	1,000	67,741	2,051
attributable to:				
External restrictions	65,338	1,000	48,463	2,051
Internal restrictions	14,690	–	14,615	–
Unrestricted	832	–	4,663	–
	80,860	1,000	67,741	2,051

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	6,400	1,746
Specific purpose unexpended loans – general	14,155	6,493
External restrictions – included in liabilities	20,555	8,239

External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions – general	3,593	2,719
Developer contributions – water fund	5,689	5,008
Developer contributions – sewer fund	3,390	2,859
Water fund	21,270	22,277
Sewer fund	11,127	8,706
Stormwater management	713	705

C1-3 Restricted cash, cash equivalents and investments (continued)

\$ '000	2021	2020
Specific purpose unexpended grants - Griffith Health Facilities Limited	1	1
External restrictions – other	45,783	42,275
Total external restrictions	66,338	50,514
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Plant and vehicle replacement	606	1,093
Infrastructure replacement (buildings)	1,027	1,093
Employees leave entitlement	2,212	2,186
Facilities reserve	458	473
Floodplain and drainage mitigation reserve	553	547
Griffith Health Facilities Limited	22	22
Major projects reserve	4,425	3,824
Parks and gardens infrastructure reserve	219	216
Roads reserve	493	488
Waste services	4,473	4,422
St Vincents Private Community Hospital Griffith - Sinking Fund	202	151
Stuart McWilliam Beautification Reserve	–	100
Total internal restrictions	14,690	14,615
Total restrictions	81,028	65,129

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	3,773	–	2,887	–
User charges and fees	5,840	–	3,368	–
Accrued revenues				
– Interest on investments	37	–	95	–
– Other income accruals	215	–	612	–
Deferred debtors	2	137	2	4
Government grants and subsidies	364	–	364	–
Net GST receivable	1,116	–	542	–
Total	11,347	137	7,870	4
Less: provision of impairment				
User charges and fees	(428)	–	(428)	–
Total provision for impairment – receivables	(428)	–	(428)	–
Total net receivables	10,919	137	7,442	4
Externally restricted receivables				
Water supply				
– Other	4,024	–	2,364	–
Sewerage services				
– Rates and availability charges	2,461	–	1,865	–
– Other	383	–	255	–
Total external restrictions	6,868	–	4,484	–
Unrestricted receivables	4,051	137	2,958	4
Total net receivables	10,919	137	7,442	4

\$ '000	Notes	2021	2020
Movement in provision for impairment of receivables			
Balance at the beginning of the year		428	428
Balance at the end of the year		428	428
Represented by:			
Expected Credit Loss (calculated in accordance with AASB 9)	E1b	116	74
Additional Specific Provisions		312	354
Balance at end of the period		428	428

C1-4 Receivables (continued)

Accounting policy

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 7 years past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	1,238	–	2,506	–
Stores and materials	938	–	776	–
Trading stock	62	–	67	–
Other	11	–	12	–
Total inventories at cost	2,249	–	3,361	–
Total inventories	2,249	–	3,361	–

Externally restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Water				
Stores and materials	350	–	337	–
Real estate for resale	1,238	–	1,778	–
Total water	1,588	–	2,115	–
Total externally restricted assets	1,588	–	2,115	–
Total unrestricted assets	661	–	1,246	–
Total inventories	2,249	–	3,361	–

C1-5 Inventories (continued)

(i) Other disclosures

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development					
Residential		1,238	–	1,778	–
Industrial/commercial		–	–	728	–
Total real estate for resale		1,238	–	2,506	–
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		1,238	–	2,506	–
Total costs		1,238	–	2,506	–
Total real estate for resale		1,238	–	2,506	–
Movements:					
Real estate assets at beginning of the year		2,506	–	2,506	–
– Transfers in from (out to)	C1-6	(625)	–	–	–
– WDV of sales (expense)	B4-1	(643)	–	–	–
Total real estate for resale		1,238	–	2,506	–

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

Real estate held for resale/capitalisation of borrowing costs

Real estate 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 real estate 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.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period										At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers to additions renewals	Adjustments and transfers	WIP transfers to additions new assets	Tfrs from/(to) real estate assets (Note C1-5)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000																
Capital work in progress	10,505	—	10,505	—	17,312	—	—	(2,936)	—	(1,006)	(103)	—	—	23,772	—	23,772
Plant and equipment	17,950	(7,610)	10,340	1,532	—	(486)	(1,574)	—	—	—	—	—	—	18,260	(8,448)	9,812
Office equipment	3,042	(1,579)	1,463	292	—	—	(261)	—	—	—	—	—	—	3,334	(1,840)	1,494
Furniture and fittings	2,564	(1,239)	1,325	151	—	—	(86)	—	—	—	—	—	—	2,715	(1,325)	1,390
Land:																
– Operational land	17,502	—	17,502	—	—	—	—	—	—	—	728	—	883	19,113	—	19,113
– Community land	9,171	(3)	9,168	—	—	—	—	—	—	—	—	—	—	9,171	(3)	9,168
Infrastructure:																
– Buildings	90,405	(22,004)	68,401	1,471	—	—	(1,540)	406	5	—	—	—	3,596	92,487	(20,148)	72,339
– Other structures	13,009	(3,381)	9,628	470	5,353	—	(378)	388	(62)	1,006	—	—	183	20,447	(3,859)	16,588
– Roads	324,390	(38,382)	286,008	3,917	—	—	(4,357)	1,557	—	—	—	—	474	328,533	(40,934)	287,599
– Bridges	5,311	(1,365)	3,946	—	—	—	(37)	—	—	—	—	—	233	5,570	(1,428)	4,142
– Footpaths	15,230	(5,788)	9,442	361	—	—	(309)	—	—	—	—	—	433	15,869	(5,942)	9,927
– Stormwater drainage	81,782	(21,086)	60,696	7	—	—	(902)	—	—	—	—	(490)	—	81,195	(21,884)	59,311
– Water supply network	192,663	(42,882)	149,781	1,672	—	—	(2,215)	358	(5)	—	—	(2,079)	—	200,756	(53,244)	147,512
– Sewerage network	189,053	(50,201)	138,852	452	—	—	(2,205)	55	—	—	—	(24,089)	—	168,358	(55,293)	113,065
– Other open space/recreational assets	20,301	(5,965)	14,336	479	—	—	(666)	—	62	—	—	—	229	21,204	(6,764)	14,440
Other assets:																
– Other	9,713	(4,828)	4,885	1,457	650	—	(387)	172	—	—	—	—	—	11,991	(5,214)	6,777
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Tip assets	—	—	—	5,604	—	—	—	—	—	—	—	—	—	5,604	—	5,604
Total infrastructure, property, plant and equipment	1,002,591	(206,313)	796,278	17,865	23,315	(486)	(14,917)	—	—	—	625	(26,658)	6,031	1,028,379	(226,326)	802,053

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

C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period								At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers to additions renewals	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	6,584	—	6,584	—	7,669	—	—	(4,188)	440	—	—	10,505	—	10,505
Plant and equipment	17,157	(6,997)	10,160	2,214	—	(485)	(1,549)	—	—	—	—	17,950	(7,610)	10,340
Office equipment	2,809	(1,438)	1,371	342	—	—	(250)	—	—	—	—	3,042	(1,579)	1,463
Furniture and fittings	2,390	(1,144)	1,246	175	—	—	(96)	—	—	—	—	2,564	(1,239)	1,325
Land:														
– Operational land	16,042	(1)	16,041	—	299	35	—	281	(440)	—	1,286	17,502	—	17,502
– Community land	9,171	(3)	9,168	—	—	—	—	—	—	—	—	9,171	(3)	9,168
Infrastructure:														
– Buildings	83,335	(27,249)	56,086	1,872	—	—	(1,502)	383	—	—	11,562	90,405	(22,004)	68,401
– Other structures	6,403	(2,008)	4,395	495	—	—	(331)	106	3,929	—	1,034	13,009	(3,381)	9,628
– Roads	320,742	(55,157)	265,585	3,235	—	—	(4,258)	1,845	(966)	—	20,567	324,390	(38,382)	286,008
– Bridges	5,310	(1,327)	3,983	—	—	—	(37)	—	—	—	—	5,311	(1,365)	3,946
– Footpaths	14,091	(5,500)	8,591	1,140	—	—	(283)	—	—	(6)	—	15,230	(5,788)	9,442
– Stormwater drainage	80,507	(21,660)	58,847	—	1,162	—	(899)	12	—	—	1,574	81,782	(21,086)	60,696
– Water supply network	184,605	(55,624)	128,981	1,222	—	—	(2,217)	495	—	—	21,300	192,663	(42,882)	149,781
– Sewerage network	180,724	(61,257)	119,467	454	—	—	(2,236)	14	—	—	21,153	189,053	(50,201)	138,852
– Other open space/recreational assets	23,340	(8,975)	14,365	261	—	—	(544)	343	(2,963)	—	2,874	20,301	(5,965)	14,336
Other assets:														
– Other	7,743	(4,527)	3,216	—	1,283	—	(323)	709	—	—	—	9,713	(4,828)	4,885
Total infrastructure, property, plant and equipment	960,953	(252,867)	708,086	11,410	10,413	(450)	(14,525)	—	—	(6)	81,350	1,002,591	(206,313)	796,278

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

C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by NSW Department of Planning, Industry and Environment.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	3 to 4		
Vehicles	3 to 6	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 80		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 20	Bulk earthworks	infinite
Sealed roads: structure	20 to 120	Other open space/recreational assets	5 to 20
Unsealed roads	20 to 120	Other infrastructure	5 to 20
Bridge: concrete	100 to 120		
Bridge: other	100 to 120		
Kerb, gutter and footpaths	14 to 66		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

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*.

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.

C1-6 Infrastructure, property, plant and equipment (continued)

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.

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting 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 firefighting equipment has been purchased or constructed".

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets except for land and buildings.

C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
Water Entitlements		
Opening values at 1 July		
Gross book value	12,653	11,512
Net book value – opening balance	12,653	11,512
Movements for the year		
– Fair value movement (revaluation)	(618)	1,141
Closing values at 30 June		
Gross book value	12,035	12,653
Total Water Entitlements – net book value	12,035	12,653
Total intangible assets – net book value	12,035	12,653

Council holds a number of high and general security water licences which it recognises as an intangible asset. The water licences are individually tradable on the open water licence sales market. The licences were obtained principally through land acquisitions where the water licence was attached to the land as well as through progressive developer contributions over several years commencing in the 1990's. The water licences are now individually separated from the land and can be sold on a permanent or temporary transfer basis.

At present Council only trades the water entitlement associated with the water licences on a temporary basis. Income received from the sales of water entitlements are disclosed as other revenue. The licences are recorded in Council's accounts at fair value based on market valuations obtained from the open water licence sales market at balance date. No amortisation costs are applicable, as high and general security water licences have an indefinite life.

Water licences purchased are initially recorded at cost and are valued at least every year based on market evidence. Water licences are tested for impairment annually based on market sales evidence. If the recoverable amount is less than carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as impairment loss.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over assets including buildings and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

(a) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	–	–	9	–
Total lease liabilities	–	–	9	–

(b) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2020					
Cash flows	9	–	–	9	9

(ii) Lease liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total lease liabilities relating to unrestricted assets	–	–	9	–
Total lease liabilities	–	–	9	–

C2-1 Council as a lessee (continued)

(c) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2021	2020
Expenses relating to short-term leases	11	11
Expenses relating to low-value leases	16	18
	27	29

(d) Statement of Cash Flows

Total cash outflow for leases	9	13
	9	13

Accounting policy

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

\$ '000	2021	2020
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(ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings and some land/road reserves, the table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	295	407
Total income relating to operating leases for Council assets	295	407

Reconciliation of IPPE assets leased out as operating leases

\$ '000	Buildings 2021	Buildings 2020
Opening balance as at 1 July	19,648	17,981
Additions renewals	–	178
Depreciation expense	(349)	(299)
Revaluation increments to equity (ARR)	553	1,788
Closing balance as at 30 June	19,852	19,648

Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Government departments and agencies	54	–	60	–
Prepaid rates	1,241	–	761	–
Goods and services – operating expenditure	6,296	–	4,375	–
Accrued expenses:				
– Other expenditure accruals	602	–	460	–
Security bonds, deposits and retentions	2,300	–	1,991	–
Other	34	–	13	–
Total payables	10,527	–	7,660	–
Total payables	10,527	–	7,660	–

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Water	9	–	8	–
Payables relating to externally restricted assets	9	–	8	–
Total payables relating to restricted assets	9	–	8	–
Total payables relating to unrestricted assets	10,518	–	7,652	–
Total payables	10,527	–	7,660	–

Current payables not anticipated to be settled within the next twelve months

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	1,600	1,598
Other liabilities: other expenditure accruals	299	295
Total payables	1,899	1,893

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	5,317	—	1,511	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,083	—	235	—
Unexpended capital contributions (to construct Council controlled assets)	(i)	191	—	36	—
Total grants received in advance		6,591	—	1,782	—
User fees and charges received in advance:					
Fees – GRALC	(iii)	21	—	50	—
Advance Ticket Sales - Theatre		313	—	78	—
Fees - Airport		84	—	—	—
Fees - Stadium		1	—	—	—
Total user fees and charges received in advance		419	—	128	—
Total contract liabilities		7,010	—	1,910	—

Notes

(i) Council has received funding to construct assets including sporting facilities, community facilities, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	6,400	—	1,746	—
Contract liabilities relating to externally restricted assets	6,400	—	1,746	—
Internally restricted assets				
Unspent Contributions	191	—	36	—
User Fees & Charges	418	—	128	—
Contract liabilities relating to internally restricted assets	609	—	164	—
Total contract liabilities relating to restricted assets	7,009	—	1,910	—
Total contract liabilities	7,010	—	1,910	—

C3-2 Contract Liabilities (continued)

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,375	1,050
Operating grants (received prior to performance obligation being satisfied)	69	20
Capital contributions (to construct Council controlled assets)	26	–
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,470	1,070

Significant changes in contract liabilities

Council has received \$3.98M in funding from Fixing Local Roads in 2021, the majority remains unspent at reporting date.

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured ¹	9,897	29,080	2,206	25,978
Total borrowings	9,897	29,080	2,206	25,978

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures and security can be found in Note E1-1.

Borrowings relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Water	13	317	–	–
Sewer	8,060	8,052	1,940	14,271
Borrowings relating to externally restricted assets	8,073	8,369	1,940	14,271
Total borrowings relating to restricted assets	8,073	8,369	1,940	14,271
Total borrowings relating to unrestricted assets	1,824	20,711	266	11,707
Total borrowings	9,897	29,080	2,206	25,978

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	28,184	10,793	–	–	–	–	38,977
Lease liability (Note C2-1b)	18	(18)	–	–	–	–	–
Total liabilities from financing activities	28,202	10,775	–	–	–	–	38,977

	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	19,559	8,625	–	–	–	–	28,184
Lease liability (Note C2-1b)	22	(4)	–	–	–	–	18
Total liabilities from financing activities	19,581	8,621	–	–	–	–	28,202

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	100	100
Total financing arrangements	1,100	1,100
Drawn facilities		
– Credit cards/purchase cards	44	25
Total drawn financing arrangements	44	25
Undrawn facilities		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	56	75
Total undrawn financing arrangements	1,056	1,075

Additional financing arrangements information

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

Security over loans

Loans secured over future cash flows

Leased liabilities are secured by the underlying leased assets.

Bank overdrafts

The bank overdraft of Council is secured over future cash flows

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

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

C3-3 Borrowings (continued)

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C3-4 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	2,329	–	2,460	–
Sick leave	124	–	108	–
Long service leave	3,625	358	4,083	404
Other leave (RDO's and TIL)	153	–	79	–
Total employee benefit provisions	6,231	358	6,730	404

Employee benefit provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions.

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,798	4,696
	3,798	4,696

Accounting policy

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Other provisions				
Accrued expenses	136	8	169	10
Sub-total – other provisions	136	8	169	10
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	5,604	–	–
Sub-total – asset remediation/restoration	–	5,604	–	–
Total provisions	136	5,612	169	10

Provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions.

Accounting policy

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

C4 Reserves

C4-1 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, including intangible assets.

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
Income from continuing operations			
Rates and annual charges	22,256	2,010	8,644
User charges and fees	6,125	8,240	915
Interest and investment revenue	652	231	85
Other revenues	1,500	103	6
Grants and contributions provided for operating purposes	9,609	59	54
Grants and contributions provided for capital purposes	13,653	775	663
Net gains from disposal of assets	73	–	13
Other income	254	29	12
Total income from continuing operations	54,122	11,447	10,392
Expenses from continuing operations			
Employee benefits and on-costs	19,102	2,529	1,726
Materials and services	9,469	5,075	3,070
Borrowing costs	55	–	1,150
Depreciation, amortisation and impairment of non-financial assets	10,030	2,473	2,382
Other expenses	1,319	–	–
Net losses from the disposal of assets	27	86	–
Total expenses from continuing operations	40,002	10,163	8,328
Operating result from continuing operations	14,120	1,284	2,064
Net operating result for the year	14,120	1,284	2,064
Net operating result attributable to each council fund	14,120	1,284	2,064
Net operating result for the year before grants and contributions provided for capital purposes	467	509	1,401

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	18,605	26,959	14,517
Investments	20,779	–	–
Receivables	4,050	4,128	2,844
Inventories	661	1,588	–
Other	313	–	–
Total current assets	44,408	32,675	17,361
Non-current assets			
Investments	1,000	–	–
Receivables	137	52	–
Infrastructure, property, plant and equipment	527,756	155,432	118,865
Investments accounted for using the equity method	385	–	–
Intangible assets	12,035	–	–
Total non-current assets	541,313	155,484	118,865
TOTAL ASSETS	585,721	188,159	136,226
LIABILITIES			
Current liabilities			
Payables	10,518	9	–
Contract liabilities	7,010	–	–
Borrowings	1,927	13	8,060
Employee benefit provision	6,231	–	–
Provisions	136	–	–
Total current liabilities	25,822	22	8,060
Non-current liabilities			
Borrowings	20,763	317	8,052
Employee benefit provision	358	–	–
Provisions	5,612	–	–
Total non-current liabilities	26,733	317	8,052
TOTAL LIABILITIES	52,555	339	16,112
Net assets	533,166	187,820	120,114
EQUITY			
Accumulated surplus	289,282	96,656	73,119
Revaluation reserves	243,884	91,164	46,995
Council equity interest	533,166	187,820	120,114
Total equity	533,166	187,820	120,114

D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans	Council ID / Ref
Borrower (by purpose)	Animal Control
Lender (by purpose)	Water Fund
Date of Minister's approval	26/10/17
Date raised	1/11/17
Term years	5
Dates of maturity	1/11/22
Rate of interest (%)	1.87%
Amount originally raised (\$)	500,000
Total repaid during year (principal and interest) (\$)	104,981
Principal outstanding at end of year (\$)	154,927

D2 Interests in other entities

D2-1 Subsidiaries

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 below.

Council's consolidated financial statements also include controlled entities with ownership interest of 50% or less.

Name of Operation/Entity	Principal activity
Griffith Health Facilities Limited	Fundraising for Griffith Community Private Hospital Griffith, NSW

Interests in Subsidiary	Ownership 2021	Ownership 2020	Voting rights 2021	Voting rights 2020
Council's interest in Subsidiary	100%	100%	100%	100%

Summarised financial information for the Subsidiary

\$ '000	2021	2020
Revenue	—	—
Expenses	—	—
Profit for the period	—	—
Total comprehensive income	—	—

Summarised statement of financial position

Current assets	22	22
Total assets	22	22
Net assets	22	22

Accounting policy for subsidiaries

Subsidiaries are 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.

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. 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.

\$ '000	Council's share of net assets	
	2021	2020
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	385	347
Total net share of interests in joint ventures and associates using the equity method – assets	385	347
Total Council's share of net assets	385	347

D2-2 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership			
			2021	2020	2021	2020
Western Riverina Library	Joint Venture	Various	61.9%	61.5%	385	347
Total carrying amounts – material joint ventures					385	347

Western Riverina Library

Western Riverina Libraries (WRL) is a collaboration between five local governments to share resources and technical services to provide a library service which is current, efficient and valued.

The members of Western Riverina Libraries are Carrathool, Griffith, Hay, Murrumbidgee and Narrandera. Western Riverina Libraries is administered by Griffith City Council.

Material joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Details

Principal activity		Measurement method
Western Riverina Library	Provision of library/mobile library services	Percentage

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
Western Riverina Library	61.9%	61.5%	16.7%	16.7%

Summarised financial information for joint ventures

\$ '000	Western Riverina Library	
	2021	2020
Statement of financial position		
Current assets		
Cash and cash equivalents	367	149
Other current assets	15	5
Non-current assets	260	431
Current liabilities		
Other current liabilities	21	20
Net assets	621	565

D2-2 Interests in joint arrangements (continued)

\$ '000	Western Riverina Library	
	2021	2020
Statement of comprehensive income		
Income	501	460
Interest income	1	2
Depreciation and amortisation	(126)	(123)
Other expenses	(319)	(317)
Profit/(loss) from continuing operations	57	22
Profit/(loss) for the period	57	22
Total comprehensive income	57	22
Share of income – Council (%)	54.5%	61.5%
Profit/(loss) – Council (\$)	31	14
Total comprehensive income – Council (\$)	31	10
Reconciliation of the carrying amount		
Opening net assets (1 July)	564	543
Profit/(loss) for the period	57	22
Closing net assets	621	565
Council's share of net assets (%)	61.9%	61.5%
Council's share of net assets (\$)	385	347

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

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.

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	60,081	46,527	60,081	46,527
Receivables	11,056	7,446	11,056	7,446
Investments				
– Debt securities at amortised cost	7,606	9,090	7,606	9,090
Fair value through profit and loss				
Investments				
– Held for trading	14,173	14,175	14,173	14,175
Total financial assets	92,916	77,238	92,916	77,238
Financial liabilities				
Payables	10,527	7,660	10,527	7,660
Loans/advances	38,977	28,184	38,977	28,184
Total financial liabilities	49,504	35,844	49,504	35,844

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 market 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.

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 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

E1-1 Risks relating to financial instruments held (continued)

- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **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 – interest rate and price risk

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	142	142
Impact of a 10% movement in price of investments		
– Equity / Income Statement	1,417	1,418

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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.

Credit risk profile

Receivables – rates and annual charges

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.

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	3,488	150	135	–	–	3,773
2020						
Gross carrying amount	2,669	115	103	–	–	2,887

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses,

E1-1 Risks relating to financial instruments held (continued)

non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	6,844	83	77	1	706	7,711
Expected loss rate (%)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
ECL provision	103	1	1	–	11	116
2020						
Gross carrying amount	4,088	14	6	20	859	4,987
Expected loss rate (%)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
ECL provision	61	–	–	–	13	74

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, 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 by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

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

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	2,300	6,986	–	–	9,286	9,286
Loans and advances	4.47%	–	11,209	13,564	21,798	46,571	38,977
Total financial liabilities		2,300	18,195	13,564	21,798	55,857	48,263
2020							
Trade/other payables	0.00%	1,991	4,908	–	–	6,899	6,899
Loans and advances	6.30%	–	3,775	17,489	13,156	34,420	28,184
Lease liabilities	9.40%	–	9	–	–	9	9
Total financial liabilities		1,991	8,692	17,489	13,156	41,328	35,092

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets

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).

E2-1 Fair value measurement (continued)

		Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements											
Financial assets											
Financial investments	C1-2										
– 'Financial assets at fair value through profit and loss'		30/06/21	30/06/20	14,173	14,175	–	–	–	–	14,173	14,175
Total financial assets				14,173	14,175	–	–	–	–	14,173	14,175
Infrastructure, property, plant and equipment											
Plant and equipment	C1-6	30/06/21	30/06/20	–	–	–	–	9,812	10,340	9,812	10,340
Office equipment		30/06/21	30/06/20	–	–	–	–	1,494	1,463	1,494	1,463
Furniture and fittings		30/06/21	30/06/20	–	–	–	–	1,390	1,325	1,390	1,325
Operational land		30/06/21	30/06/20	–	–	–	–	19,113	17,502	19,113	17,502
Community land		30/06/18	30/06/18	–	–	–	–	9,168	9,168	9,168	9,168
Buildings		30/06/21	30/06/20	–	–	–	–	72,339	68,401	72,339	68,401
Other structures		30/06/21	30/06/20	–	–	–	–	16,588	9,628	16,588	9,628
Roads		30/06/21	30/06/20	–	–	–	–	287,599	286,008	287,599	286,008
Bridges		30/06/21	30/06/20	–	–	–	–	4,142	3,946	4,142	3,946
Footpaths		30/06/21	30/06/20	–	–	–	–	9,927	9,442	9,927	9,442
Stormwater drainage		30/06/21	30/06/20	–	–	–	–	59,311	60,696	59,311	60,696
Water supply network		30/06/21	30/06/20	–	–	–	–	147,512	149,781	147,512	149,781
Sewerage network		30/06/21	30/06/20	–	–	–	–	113,065	138,852	113,065	138,852
Other open space/recreational assets		30/06/21	30/06/20	–	–	–	–	14,440	14,336	14,440	14,336
Other		30/06/21	30/06/20	–	–	–	–	6,777	4,885	6,777	4,885
Total infrastructure, property, plant and equipment				–	–	–	–	772,677	785,773	772,677	785,773
Non-recurring fair value measurements											
Intangible Assets											
Water Entitlements	C1-7	30/06/21	30/06/20	12,035	12,653	–	–	–	–	12,035	12,653
Total Intangible Assets				12,035	12,653	–	–	–	–	12,035	12,653

E2-1 Fair value measurement (continued)

Valuation techniques

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 (IPPE)

Plant & Equipment

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

Plant and 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.

Furniture & Fittings

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

Furniture and 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

Operational land was valued by Australian Pacific Valuers

Land valuations were determined in accordance with the AASB13 Fair Value methodology. Land analysis was carried out by an experienced Valuer.

The Valuer has assessed land assets utilising valuation techniques that maximise the use of observable data and under the principles of 'highest and best use'.

Level 2 and 3 inputs are utilised to establish input rates and determine Fair Values. The Valuer has reviewed a number of sources including:

- Analysis of price movements in local property markets during the year (reviewing market transactions).

E2-1 Fair value measurement (continued)

- Discussions with local and active agents.
- Current property listings.

The Valuer has reviewed the following site attributes in assigning an input rate and having consideration to minor or significant adjustments:

- Zoning or Area Classification
- Land Use
- Unit Rates / Overall Value
- Land Area
- Topography
- Site Configuration

Where a lack of directly comparable sales evidence was available, or a significant level of adjustment was required between sales evidence and the asset, a Level 3 has been assigned to the asset. In other cases where there was active and liquid sales evidence available and significant adjustments have not been applied, a Level 2 has been assigned to the asset.

In considering the level of adjustment for Level 3 assets, the Valuer has taken the following into consideration:

- Any adjustments made for Level 3 assets due to zoning, use or significant restriction, have been determined based on Local Government policies for land valuation, sales analysis as well as the Valuers professional opinion.

The last comprehensive valuation was undertaken at 30 June 2020. An interim valuation (desktop) was undertaken at 30 June 2021 and included drainage land that was previously valued in other council systems.

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 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 at 30 June 2018 and was performed internally.

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. The Valuer 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 Australian Pacific Valuers.

The valuations are based on a range of inputs. Some inputs may be gathered at a high level prior to application of inputs at the Asset or Component Level.

Other inputs are applied at an Asset Level or a Component Level as appropriate. They include –

- Components
- Unit Rates / Overall Value
- Consumption Scores & Valuation Profiles
- Residual Value

Components:

The Accounting Standards require assets comprised of a number of significant parts which exhibit different useful lives to be depreciated separately. This is commonly referred to as “componentisation” or “disaggregation” and is a critical aspect to ensuring the valuation is meaningful, accurate and can be used as a key input to the Asset Management Planning process.

To identify the components consideration was given to how the asset is managed from an Asset Management perspective and what parts comprise a significant cost but have a different useful life. This included consideration of whether the component –

- Is Cost Significant (>5%) and Exceeds Capitalisation Threshold

E2-1 Fair value measurement (continued)

- Has a different Useful Life or Pattern of Consumption (all parts within the component should have same life and pattern)
- Is it Replaced or Renewed at Regular Intervals or is a Sunk Cost
- Is Managed with specific CAPEX treatments relatively independent of other components
- Due to risk or criticality does it need to be separated for Asset Management Planning

It is common for the useful life of components to be extended through regular renewal. When this occurs the components essentially have two parts which experience a different useful life. In accordance with the accounting standards each of these parts is to be depreciated over their respective useful life.

The last comprehensive valuation was undertaken at 30 June 2020. An interim valuation (desktop) was undertaken at 30 June 2021. There has been no change to the valuation process during the reporting period.

Other Structures

Other Structures were valued by Australian Pacific Valuers.

Examples of other structures include fencing, lighting, wash-bays, stock yards and hardstands.

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

The last comprehensive valuation was undertaken at 30 June 2020. An interim valuation (desktop) was undertaken at 30 June 2021.

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.

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2019. Valuations were undertaken by APV using their valuation platform Asset Valuer Pro following site inspections in February 2019 and APV performed a desktop revaluation of this asset class in 2021.

Road asset were componentised into Formation, Pavement and Surface components. These components were further broken into long and short lived components, and residual values were eliminated. 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:

- Unit rates developed by Councils Operations Department
- Asset condition based on a comprehensive condition survey conducted by IMG Pty Ltd
- Pattern of consumption
- Useful life determined by technical knowledge of the life of similar assets

There has been no changes to the valuation process during the reporting period although there were changes to componentisation.

Bridges

Bridges includes all Council owned road and foot bridges.

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2019. Valuations were undertaken by APV using their valuation platform Asset Valuer Pro following site inspections in February 2019 and APV performed a desktop revaluation of this asset class in 2021.

The estimated fair value for each bridge was determined 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.

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

E2-1 Fair value measurement (continued)

- Unit rates developed using the pricing model described above
- Asset condition based on in house visual inspection
- Pattern of consumption
- Useful life determined by technical knowledge of the life of similar assets

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

Footpaths

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

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2019. Valuations were undertaken by APV using their valuation platform Asset Valuer Pro following site inspections in February 2019 and APV performed a desktop revaluation of this asset class in 2021.

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
- 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.

Stormwater Drainage

Stormwater assets include drainage pits, pipelines, stormwater detention basins and open channels.

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2019. Valuations were undertaken by APV using their valuation platform Asset Valuer Pro following site inspections in February 2019 and APV performed a desktop revaluation of this asset class in 2021.

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

Other inputs such as useful life and 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 valuations were undertaken by Australian Pacific Valuers 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.

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 published by the NSW Office of Planning, Industry and Environment.

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

E2-1 Fair value measurement (continued)

The last comprehensive valuation was undertaken at 30 June 2021. There has been no change to the valuation process during the reporting period.

Sewerage Network

Sewerage network assets include sewer treatment plants, pump stations and reticulation assets.

The valuations were undertaken by Australian Pacific Valuers 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.

Due to limitations in the historical records of these very long lived assets there is 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 published by the NSW Department of Planning, Industry and Environment.

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

The last comprehensive valuation was undertaken at 30 June 2021.

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

Other Open Space/Recreational Assets

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

The valuations were undertaken by Australian Pacific Valuers using the cost approach. 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

The last comprehensive valuation was undertaken at 30 June 2020. An interim valuation (desktop) was undertaken at 30 June 2021.

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

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

E2-1 Fair value measurement (continued)

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 AASB13 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:** A 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 for most of the assets.

Likewise, for the majority of assets Council is unable to derive fair valuations using quoted market prices of identical assets (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 desktop survey and physical inspection.
- **Unit Rates**
For asset classes valued in house (i.e. roads, bridges, footpaths, water network, sewer network, and other) unit rate information is determined by consultation with relevant engineering and operations staff.
- **Asset Condition**
Asset condition was assessed via 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, the 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 for all assets is straight line.
- **Useful Life**
Useful life was determined by Council staff in conjunction with consultants based on engineering experience, local knowledge and historic data.
- **Valuation Processes**
Griffith City Council uses 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.

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.

E2-1 Fair value measurement (continued)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational Land	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	10,340	10,160	1,463	1,371	1,325	1,246	17,502	16,041
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	–	–	883	1,286
Other movements								
Transfers from/(to) another asset class	–	–	–	–	–	–	728	–
Purchases (GBV)	1,532	2,214	292	342	151	175	–	581
Disposals (WDV)	(486)	(485)	–	–	–	–	–	(406)
Depreciation and impairment	(1,574)	(1,549)	(261)	(250)	(86)	(96)	–	–
Closing balance	9,812	10,340	1,494	1,463	1,390	1,325	19,113	17,502

\$ '000	Community Land		Buildings		Other structures		Roads	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	9,168	9,168	68,401	56,086	9,628	4,395	286,008	265,585
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	3,596	11,562	183	1,034	474	20,567
Other movements								
Transfers from/(to) another asset class	–	–	5	–	(62)	3,929	–	(966)
Purchases (GBV)	–	–	1,877	2,255	7,217	601	5,474	5,080
Depreciation and impairment	–	–	(1,540)	(1,502)	(378)	(331)	(4,357)	(4,258)
Closing balance	9,168	9,168	72,339	68,401	16,588	9,628	287,599	286,008

\$ '000	Bridges		Footpaths		Stormwater drainage		Water supply network	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	3,946	3,983	9,442	8,591	60,696	58,847	149,781	128,981
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	233	–	433	(6)	(490)	1,574	(2,079)	21,300
Other movements								
Transfers from/(to) another asset class	–	–	–	–	–	–	(5)	–
Purchases (GBV)	–	–	361	1,140	7	1,174	2,030	1,717
Depreciation and impairment	(37)	(37)	(309)	(283)	(902)	(899)	(2,215)	(2,217)
Closing balance	4,142	3,946	9,927	9,442	59,311	60,696	147,512	149,781

\$ '000	Sewerage network		Open space/ recreational assets		Other assets		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	138,852	119,467	14,336	14,365	4,885	3,216	785,773	701,502
Recognised in other comprehensive income – revaluation surplus	(24,089)	21,153	229	2,874	–	–	(20,627)	81,344
Transfers from/(to) another asset class	–	–	62	(2,963)	–	–	728	–
Purchases (GBV)	507	468	479	604	2,279	1,992	22,206	18,343
Disposals (WDV)	–	–	–	–	–	–	(486)	(891)

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Sewerage network		Open space/ recreational assets		Other assets		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Depreciation and impairment	(2,205)	(2,236)	(666)	(544)	(387)	(323)	(14,917)	(14,525)
Closing balance	113,065	138,852	14,440	14,336	6,777	4,885	772,677	785,773

Highest and best use

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

E3-1 Contingencies

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 is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The Fund provides pooling arrangements for the defined benefit obligations of NSW based Local Government Councils and a number of associated entities. As such, it has an exemption from many of the reporting requirements associated with AASB119.

Member councils are treated as pooled employers and are required to pay standard employer contributions and additional lump sum contributions to the fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times employee contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2021 (increasing to 7.5% in line with the increases in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contribution of \$40.0 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liability as at 30 June 2019. It is estimated that there are **\$58,900** past service contributions remaining. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each time triennial actuarial investigation and monitored annually between triennials.

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

E3-1 Contingencies (continued)

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.

The plan is a defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was **\$115,260.82**. The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA as at 30 June 2020.

Council's expected contribution to the plan for the next annual reporting period is **\$113,152.44**.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

* excluding member accounts and reserves in both assets and liabilities.

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 Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been reviewed by the Fund Actuary, the final end of year review will be completed by December 2021.

Council's additional lump sum contribution per annum is around **0.15%** of the total additional sum contribution for all Pooled Employers (of \$40m for each year from 1 July 2019 to 30 June 2021) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

(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 June 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.

E3-1 Contingencies (continued)

(iv) Other guarantees

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

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.

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.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2021	2020
Compensation:		
Short-term benefits	1,640	1,562
Post-employment benefits	118	116
Other long-term benefits	32	32
Total	1,790	1,710

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and council as part of council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	44	44
Councillors' fees	243	243
Other Councillors' expenses (including Mayor)	52	62
Total	339	349

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms.		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	52	51
Remuneration for audit and other assurance services	52	51
Total Auditor-General remuneration	52	51
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements	1	1
Remuneration for audit and other assurance services	1	1
Total remuneration of non NSW Auditor-General audit firms	1	1
Total audit fees	53	52

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
Net operating result from Income Statement	17,468	10,388
Adjust for non-cash items:		
Depreciation and amortisation	14,885	14,471
Net losses/(gains) on disposal of assets	27	(82)
Adoption of AASB 15/1058	–	(2,172)
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	–	12
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(3,477)	721
Decrease/(increase) in inventories	(156)	(77)
Decrease/(increase) in other current assets	(275)	(19)
Increase/(decrease) in payables	1,921	372
Increase/(decrease) in other accrued expenses payable	142	310
Increase/(decrease) in other liabilities	804	(477)
Increase/(decrease) in contract liabilities	5,100	1,910
Increase/(decrease) in provision for employee benefits	(545)	308
Increase/(decrease) in other provisions	5,569	(58)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	41,463	25,607

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
---------	------	------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Car Park Olympic Street	161	—
Construction DC605 J Culvert Yoogali	381	—
Griffith Community Youth Centre	399	3,887
Griffith Sport Precinct Development	19,246	7,317
Hanwood Pathway	—	98
Plant and equipment	790	217
Schwab Road Raw Water Relocation	—	208
Parks & Gardens Shed Redevelopment	1,202	—
Yambil Street Upgrade (Stage 3 & 4)	3,891	—
Yambil Street Upgrade Kerb & Gutter (Stage 2)	—	570
Total commitments	26,070	12,297

These expenditures are payable as follows:

Within the next year	5,622	4,980
Later than one year and not later than 5 years	20,448	7,317
Total payable	26,070	12,297

Sources for funding of capital commitments:

Unrestricted general funds	1,192	425
Section 7.12 funds	300	300
Unexpended grants	14,796	6,754
Externally restricted reserves	791	748
Unexpended loans	8,592	4,070
Other contributions	399	—
Total sources of funding	26,070	12,297

G3 Statement of developer contributions as at 30 June 2021

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2021
Traffic facilities	110	1	1	—	112
Parking	(35)	—	—	—	(35)
Open space	284	1	4	—	289
Community facilities	85	10	1	—	96
S7.11 contributions – under a plan	444	12	6	—	462
S7.12 levies – under a plan	1,224	876	15	(287)	1,828
Total S7.11 and S7.12 revenue under plans	1,668	888	21	(287)	2,290
S7.11 not under plans	7	—	—	—	7
S64 contributions	8,911	1,419	105	(60)	10,375
Total contributions	10,586	2,307	126	(347)	12,672

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2021
CONTRIBUTION PLAN – CAR PARKING					
Parking	(35)	–	–	–	(35)
Total	(35)	–	–	–	(35)
CONTRIBUTION PLAN – OPEN SPACE					
Open space	218	1	3	–	222
Total	218	1	3	–	222
CONTRIBUTION PLAN – COMMUNITY FACILITIES					
Community facilities	85	10	1	–	96
Total	85	10	1	–	96
CONTRIBUTION PLAN – NEIGHBOURHOOD PARKS					
Open space	66	–	1	–	67
Total	66	–	1	–	67
CONTRIBUTION PLAN – TRAFFIC MANAGEMENT					
Traffic facilities	110	1	1	–	112
Total	110	1	1	–	112

S7.12 Levies – under a plan

Sec 94A from 01-07-10

Sec 94A from 01-07-10	1,224	876	15	(287)	1,828
Total	1,224	876	15	(287)	1,828

G3-3 Contributions not under plans

CONTRIBUTIONS NOT UNDER A PLAN

Open space	7	–	–	–	7
Total	7	–	–	–	7

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020	Indicators 2019	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,404	3.96%	4.96%	6.76%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	60,780				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	51,058	67.30%	76.92%	76.45%	> 60.00%
Total continuing operating revenue ¹	75,871				
3. Unrestricted current ratio					
Current assets less all external restrictions	32,582	2.39x	2.80x	2.69x	> 1.50x
Current liabilities less specific purpose liabilities	13,622				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	18,301	5.67x	7.00x	7.44x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	3,228				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	3,773	10.53%	8.29%	6.40%	< 10.00%
Rates and annual charges collectable	35,820				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	67,687	18.55	14.23	11.41	> 3.00
Monthly payments from cash flow of operating and financing activities	3,649	mths	mths	mths	mths

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

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates.

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	1.22%	2.22%	4.81%	10.45%	14.40%	10.22%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	57.02%	70.21%	92.66%	88.33%	93.10%	93.13%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.41x	2.80x	1,485.18	3,983.13x	2.15x	14.11x	> 1.50x
Current liabilities less specific purpose liabilities			x				
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9.31x	19.34x	∞	∞	2.32x	2.13x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	2.84%	4.50%	25.03%	0.00%	23.42%	18.43%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	10.74	6.29	42.54	42.77	25.28	19.20	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

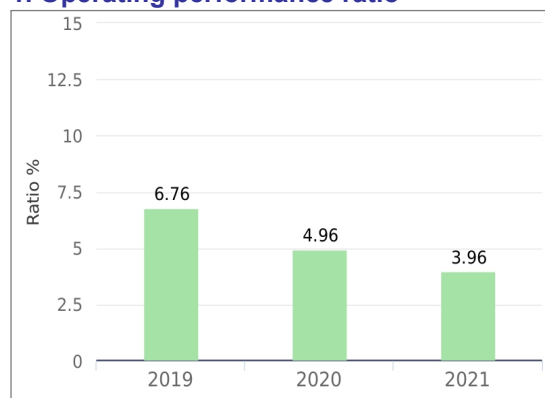
(1) - (2) Refer to Notes at Note G4-1 above.

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

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio 3.96%

Council's ratio of 3.96% is above the 0.00% benchmark and indicates a continuation of the strong operating results achieved year-on-year. 2021 year results have been impacted by COVID-19.

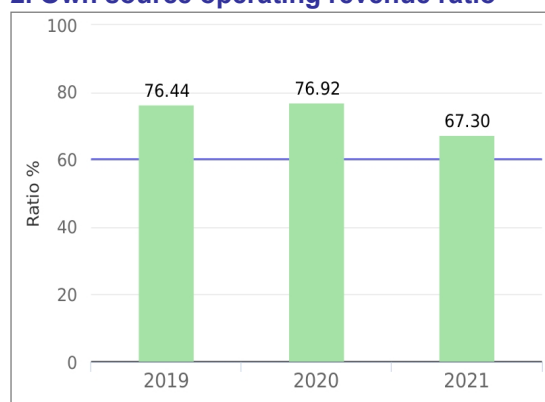
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



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 2020/21 result

2020/21 ratio 67.30%

The own source ratio of 67.30% is in excess of the 60% benchmark and indicates strong own source revenues and a lower reliance on grants and contributions.

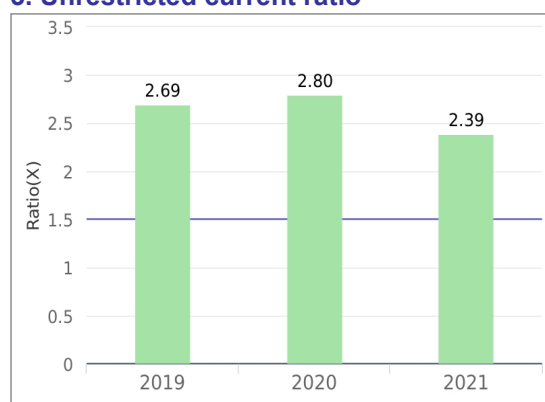
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



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 2020/21 result

2020/21 ratio 2.39x

The ratio 2.39x remains at a satisfactory level at 30 June 2021.

Benchmark: — > 1.50x

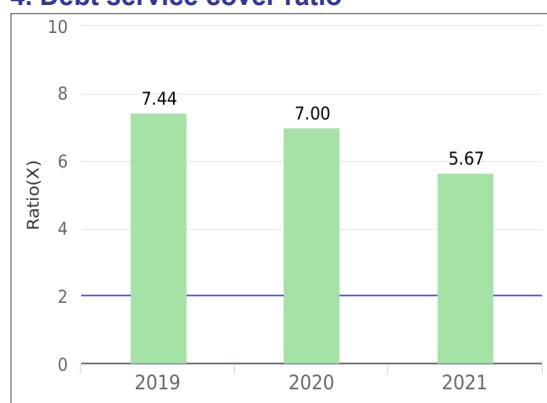
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



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 2020/21 result

2020/21 ratio 5.67x

This ratio at present is well above 2.00x the benchmark and therefore indicates that council is comfortably generating sufficient cash to service its debt.

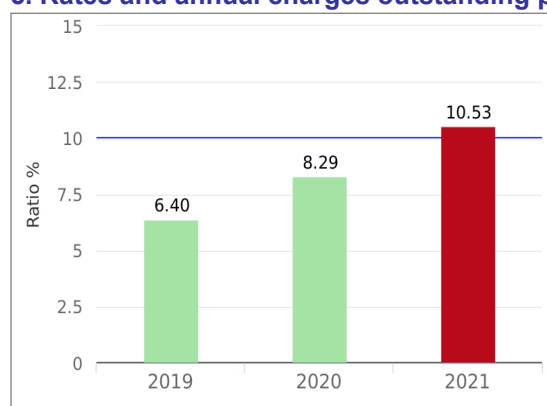
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2020/21 result

2020/21 ratio 10.53%

This ratio is impacted by the timing of the 3rd trimester water/sewer billing (levied in June although not collectable until July).

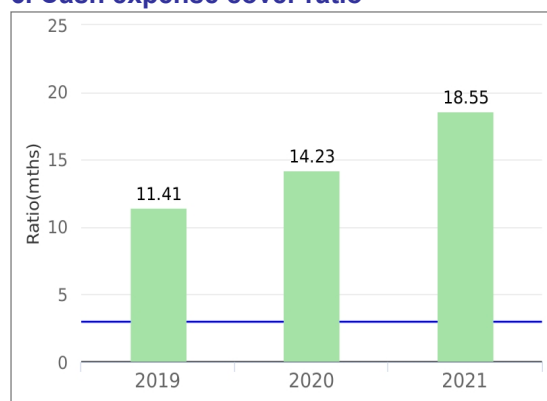
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



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 2020/21 result

2020/21 ratio 18.55 mths

This ratio indicates a very healthy position in terms of cash availability to meet expenses.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 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

Telephone: 1300 176 077

Opening hours:

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

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

Audit Office NSW
15/1 Margaret Street
Sydney NSW 2000

Elected members

Mayor

Cr John Dal Broi

Councillors

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

Other information

ABN: 81 274 100 792



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Griffith City Council

To the Councillors of the Griffith City Council

Opinion

I have audited the accompanying financial statements of Griffith City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- 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 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 December 2021
SYDNEY



Cr John Dai Broi
Mayor
Griffith City Council
PO Box 485
GRIFFITH NSW 2680

Contact: Michael Kharzoo
Phone no: (02) 9275 7188
Our ref: D2127036/1733

13 December 2021

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2021
Griffith City Council**

I have audited the general purpose financial statements (GPFS) of the Griffith City Council (the Council) for the year ended 30 June 2021 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2021 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

Rural fire-fighting equipment not recognised in the financial statements





Council did not record rural fire-fighting equipment in the financial statements.

Rural fire fighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the *Rural Fires Act 1997* and service agreements between councils and the RFS.

The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the NSW Rural Fire Service.

INCOME STATEMENT

Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	32.9	32.5	 1.2
Grants and contributions revenue	24.8	15.6	 59.0
Operating result from continuing operations	17.5	10.4	 68.3
Net operating result before capital grants and contributions	2.4	3.1	 22.6

The Council's operating result from continuing operations (\$17.5 million including depreciation and amortisation expense of \$14.9 million) was \$7.1 million higher than the 2019–20 result, primarily driven by the \$9.2 million increase in grants and contributions revenue.

The net operating result before capital grants and contributions (\$2.4 million) was \$0.7 million lower than the 2019–20 result. This was mainly due to a \$1.4 million increase in materials and services expenses.

Rates and annual charges revenue (\$32.9 million) increased by \$0.4 million (1.2 per cent) in 2020–21 due to the IPART rate peg of 2.6 per cent.

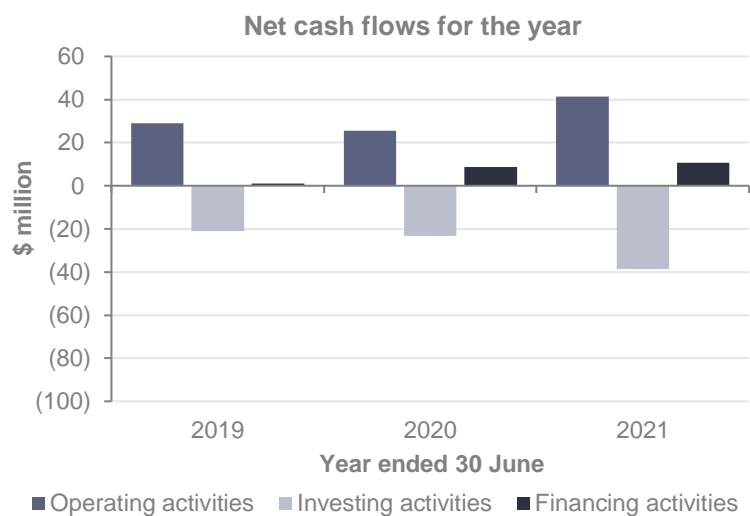
Grants and contributions revenue (\$24.8 million) increased by \$9.2 million (59.0 per cent) in 2020–21 due to:

- \$3.1 million of grants received for the Griffith Youth & Community Centre (GYCC)
- \$2.9 million of grants received for the Sport Precinct under the Regional Sports Infrastructure Fund
- \$1.7 million increase in grants received under the Fixing Country Roads scheme.

STATEMENT OF CASH FLOWS

Council's cash and cash equivalents was \$60.1 million at 30 June 2021 (\$46.5 million at 30 June 2020). There was a net increase in cash and cash equivalents of \$13.6 million during 2020-21 financial year.

- Net cash provided by operating activities has increased by \$15.9 million. This is mainly due to the \$14.4 million increase in grants and contributions receipts.
- Net cash used in investing activities has increased by \$15.4 million, which is mainly driven by the \$18.9 million increase in the purchase of infrastructure, property, plant and equipment
- Net cash provided by financing activities increased by \$2.2 million due to a \$3.0 million increase in the proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	81.9	69.8	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$15.9 million is primarily due to a \$7.7 million increase in unexpended loans and \$4.7 million increase in specific purpose unexpended grants. • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. There was a net increase of \$0.1 million in the 2020-21 financial year. • Unrestricted cash and investments was reported as \$0.8 million. There was a \$3.9 million decrease in the unrestricted cash and investments balance.
Restricted cash and investments:			
• External restrictions	66.4	50.5	
• Internal restrictions	14.7	14.6	
• Unrestricted	0.8	4.7	

Debt

Council has \$39.0 million of borrowings secured over the general rating income of Council as at 30 June 2021 (2020: \$28.2 million). Council received \$13.0 million in new borrowings during the financial year.

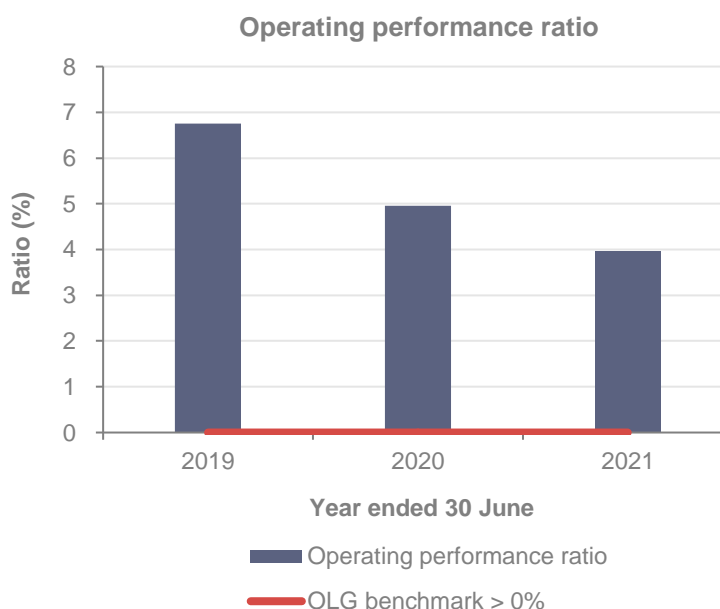
PERFORMANCE

Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

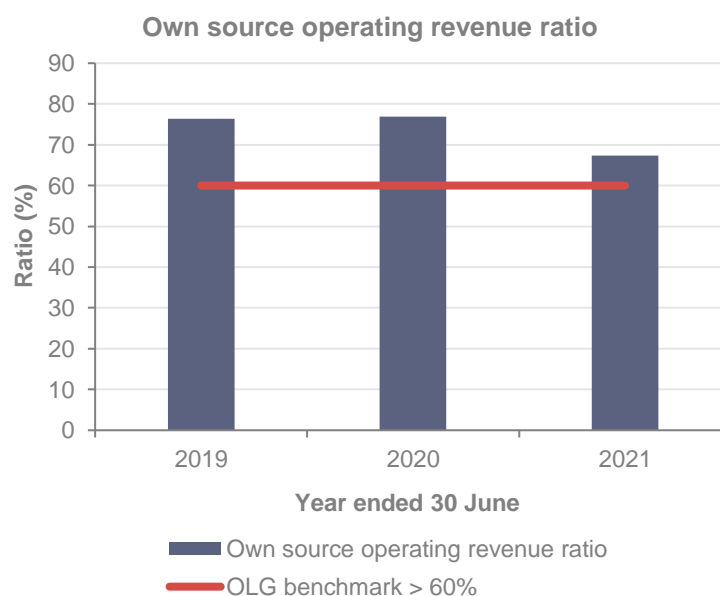
Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The Council exceeded the OLG benchmark for the current reporting period.
- The operating performance ratio declined to 3.96 per cent (2020: 4.96 per cent) due to an increase in operating expenses.



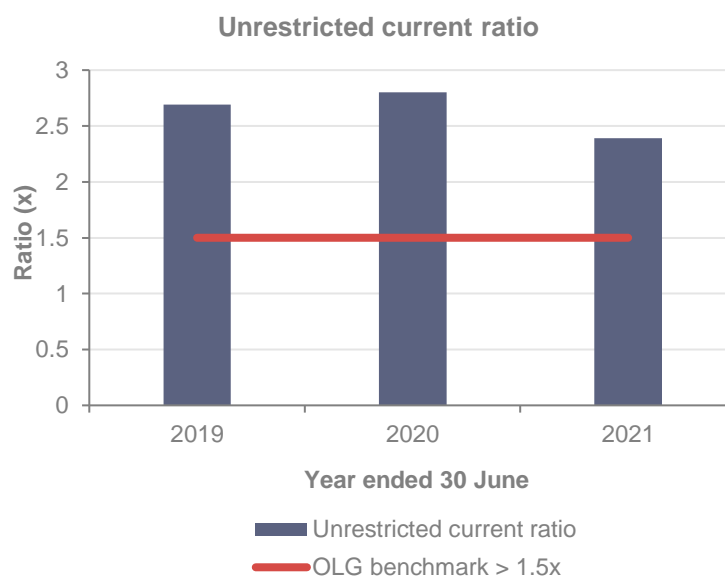
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council exceeded the OLG benchmark for the current reporting period.
- The own source operating revenue ratio declined to 67.30 per cent (2020: 76.92 per cent) due to an increase in grants and contributions.



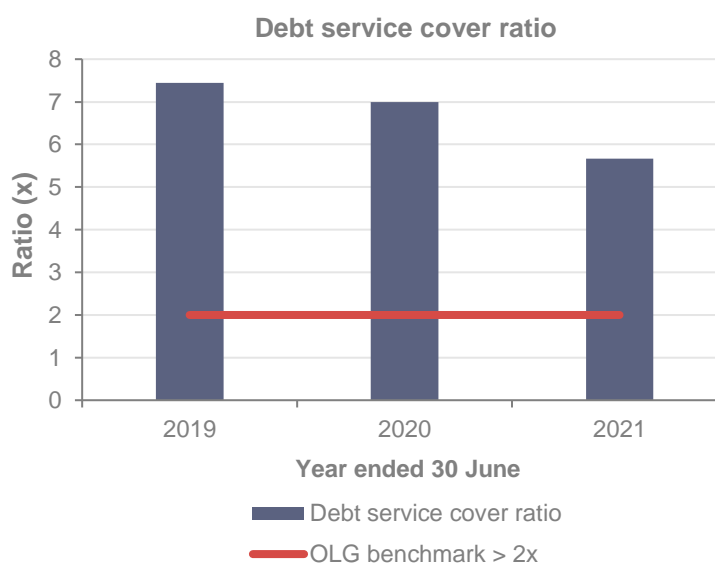
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council exceeded the OLG benchmark for the current reporting period.
- The unrestricted current ratio declined to 2.39 per cent (2020: 2.80 per cent) due to an increase in borrowings and payables.



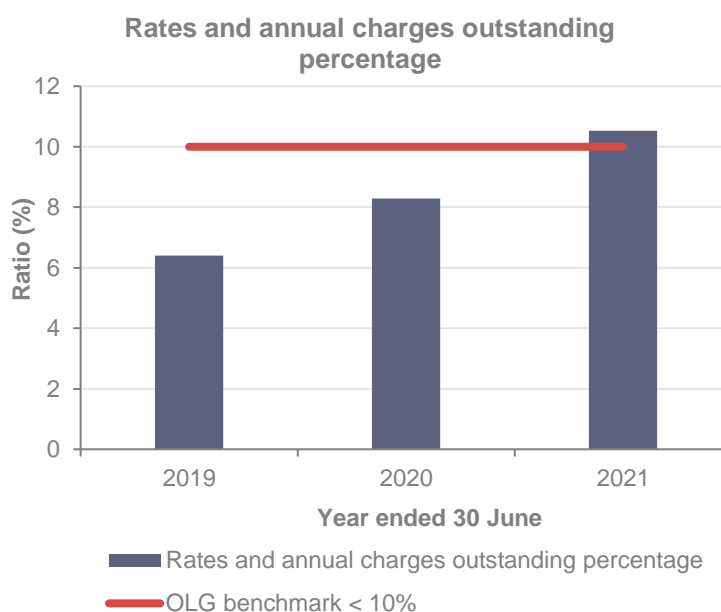
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council exceeded the OLG benchmark for the current reporting period.
- The debt service cover ratio declined to 5.67 per cent (2020: 7.00 per cent) due to a decrease in the operating result before capital and increase in borrowings.



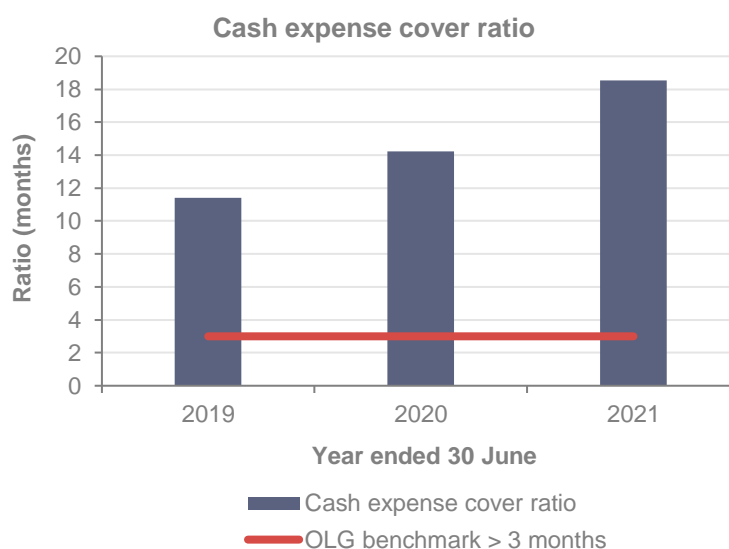
Rates and annual charges outstanding percentage

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The Council did not meet the OLG benchmark for the current reporting period.
- The rates and annual charges outstanding percentage increased to 10.53 per cent (2020: 8.29 per cent) due to a \$0.9 million increase in rates and annual charges receivables.



Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council exceeded the OLG benchmark for the current reporting period.
- The cash expense cover ratio increased to 18.55 months (2020: 14.23 months) due to a \$13.6 million increase in cash and cash equivalents.



Infrastructure, property, plant and equipment renewals

The Council renewed \$12.3 million of assets in the 2020-21 financial year, compared to \$11.4 million of assets in the 2019-20 financial year. The increase is primarily due to the \$0.7 million increase in roads asset renewals.

OTHER MATTERS

Impact of new accounting standards

AASB 1059 'Service Concession Arrangements: Grantors'

The Council adopted the new accounting standard AASB 1059 'Service Concession Arrangements: Grantors' for the first time in its 2020–21 financial statements.

AASB 1059 provides guidance for public sector entities (grantors) who enter into service concession arrangements with private sector operators for the delivery of public services.

AASB 1059 applies to arrangements involving an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services. Common examples include roads, prisons, hospitals, water distribution facilities and energy supply.

When AASB 1059 applies, the grantor recognises the service concession asset at current replacement cost when the grantor obtains control of the asset and recognises a corresponding financial liability or unearned revenue or a combination of both.

The Council does not have any service concession arrangements that fall under AASB 1059.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Brett Stonestreet, General Manager
Mr Stuart Heffer, Chair, Audit, Risk and Improvement Committee
Mr Max Turner, Director, Business, Cultural and Financial Services
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Griffith City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Special Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Griffith City Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 23 November 2021.



Cr John Dal Broi

Mayor

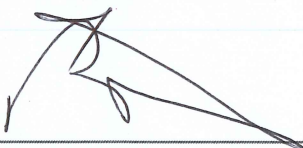
23 November 2021



Cr Christine Stead

Deputy Mayor

23 November 2021



Brett Stonestreet

General Manager

23 November 2021



Max Turner

Responsible Accounting Officer

23 November 2021

Griffith City Council

Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	2,010	2,002
User charges	7,954	7,986
Fees	286	252
Interest	231	292
Grants and contributions provided for non-capital purposes	59	60
Profit from the sale of assets	(86)	19
Other income	132	205
Total income from continuing operations	10,586	10,816
Expenses from continuing operations		
Employee benefits and on-costs	2,529	2,493
Materials and services	5,075	4,719
Depreciation, amortisation and impairment	2,473	2,474
Calculated taxation equivalents	89	121
Total expenses from continuing operations	10,166	9,807
Surplus (deficit) from continuing operations before capital amounts	420	1,009
Grants and contributions provided for capital purposes	775	1,361
Surplus (deficit) from continuing operations after capital amounts	1,195	2,370
Surplus (deficit) from all operations before tax	1,195	2,370
Less: corporate taxation equivalent [based on result before capital]	(109)	(277)
Surplus (deficit) after tax	1,086	2,093
Plus accumulated surplus	95,422	93,011
Plus/less: prior period adjustments	(1)	–
– Taxation equivalent payments	40	41
Less:		
– Corporate taxation equivalent	109	277
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	96,656	95,422
Return on capital %	0.3%	0.6%
Subsidy from Council	1,896	366
Calculation of dividend payable:		
Surplus (deficit) after tax	1,086	2,093
Less: capital grants and contributions (excluding developer contributions)	(93)	(503)
Surplus for dividend calculation purposes	993	1,590
Potential dividend calculated from surplus	496	795

Griffith City Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	8,644	8,370
User charges	871	880
Liquid trade waste charges	43	52
Fees	1	1
Interest	85	109
Grants and contributions provided for non-capital purposes	54	54
Profit from the sale of assets	13	–
Other income	18	17
Total income from continuing operations	9,729	9,483
Expenses from continuing operations		
Employee benefits and on-costs	1,726	1,779
Borrowing costs	1,150	1,214
Materials and services	3,070	3,099
Depreciation, amortisation and impairment	2,382	2,422
Calculated taxation equivalents	70	92
Total expenses from continuing operations	8,398	8,606
Surplus (deficit) from continuing operations before capital amounts	1,331	877
Grants and contributions provided for capital purposes	663	642
Surplus (deficit) from continuing operations after capital amounts	1,994	1,519
Surplus (deficit) from all operations before tax	1,994	1,519
Less: corporate taxation equivalent [based on result before capital]	(346)	(241)
Surplus (deficit) after tax	1,648	1,278
Plus accumulated surplus	71,089	69,537
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	36	33
– Corporate taxation equivalent	346	241
Closing accumulated surplus	73,119	71,089
Return on capital %	2.1%	1.4%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	1,648	1,278
Less: capital grants and contributions (excluding developer contributions)	(166)	(44)
Surplus for dividend calculation purposes	1,482	1,234
Potential dividend calculated from surplus	741	617

Griffith City Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	26,959	27,285
Receivables	4,127	2,465
Inventories	1,588	2,115
Total current assets	32,674	31,865
Non-current assets		
Receivables	52	155
Infrastructure, property, plant and equipment	155,432	156,299
Total non-current assets	155,484	156,454
Total assets	188,158	188,319
LIABILITIES		
Current liabilities		
Payables	9	8
Borrowings	13	—
Total current liabilities	22	8
Non-current liabilities		
Borrowings	317	—
Total non-current liabilities	317	—
Total liabilities	339	8
Net assets	187,819	188,311
EQUITY		
Accumulated surplus	96,656	95,422
Revaluation reserves	91,164	92,889
Total equity	187,820	188,311

Griffith City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	14,517	11,565
Receivables	2,844	2,120
Total current assets	17,361	13,685
Non-current assets		
Infrastructure, property, plant and equipment	118,865	144,652
Total non-current assets	118,865	144,652
Total assets	136,226	158,337
LIABILITIES		
Current liabilities		
Borrowings	8,060	970
Total current liabilities	8,060	970
Non-current liabilities		
Borrowings	8,052	15,241
Total non-current liabilities	8,052	15,241
Total liabilities	16,112	16,211
Net assets	120,114	142,126
EQUITY		
Accumulated surplus	73,119	71,089
Revaluation reserves	46,995	71,037
Total equity	120,114	142,126

Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2005* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Water Supply Service

Comprising the whole of the water supply operations and net assets servicing the City of Griffith and the surrounding towns and villages of the local government area.

b. Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets servicing the City of Griffith.

Category 2

(where gross operating turnover is less than \$2 million)

Council has no Category 2 Business Activities

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

Note – Significant Accounting Policies (continued)

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **27.5%**

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

Note – Significant Accounting Policies (continued)

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30 June 2019.

(iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Griffith City Council

To the Councillors of the Griffith City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Griffith City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of each Declared Business Activity as at 30 June 2021 and the Significant Accounting Policies note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2021, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant Accounting Policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the Significant Accounting Policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant Accounting Policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 December 2021
SYDNEY

Griffith City Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Contents

Page

Special Schedules:

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2021 7

Griffith City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	17,405	17,945
Plus or minus adjustments ²	b	91	66
Notional general income	c = a + b	17,496	18,011
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	455	359
Sub-total	k = (c + g + h + i + j)	17,951	18,370
Plus (or minus) last year's carry forward total	l	8	14
Sub-total	n = (l + m)	8	14
Total permissible income	o = k + n	17,959	18,384
Less notional general income yield	p	17,945	18,386
Catch-up or (excess) result	q = o - p	14	(2)
Carry forward to next year ⁶	t = q + r + s	14	(2)

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Griffith City Council

To the Councillors of Griffith City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Griffith City Council (the Council) for the year ending 30 June 2022.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code) and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2021'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in black ink, appearing to read 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 December 2021
SYDNEY

Griffith City Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	9	9	250	480	72,339	92,487	30.0%	20.1%	49.8%	0.1%	0.0%
	Sub-total	9	9	250	480	72,339	92,487	30.0%	20.1%	49.8%	0.1%	0.0%
Other structures	Other structures	376	376	50	75	16,588	20,447	58.4%	7.8%	26.0%	6.5%	1.3%
	Sub-total	376	376	50	75	16,588	20,447	58.4%	7.8%	26.0%	6.5%	1.3%
Roads	Sealed roads	—	—	3,150	3,000	139,384	154,221	71.0%	27.1%	1.9%	0.0%	0.0%
	Unsealed Roads	—	—	1,525	1,100	104,354	112,761	99.7%	0.3%	0.0%	0.0%	0.0%
	Bridges	—	—	1	1	4,142	5,570	3.7%	74.5%	21.8%	0.0%	0.0%
	Footpaths	674	674	20	25	9,927	15,869	16.9%	34.0%	28.3%	20.4%	0.4%
	Other road assets	192	192	150	75	43,861	61,551	21.8%	48.5%	28.2%	1.5%	0.0%
	Sub-total	866	866	4,846	4,201	301,668	349,972	68.1%	23.3%	7.4%	1.2%	0.0%
Water supply network	Water supply network	2,718	2,718	1,100	1,500	147,512	200,756	33.7%	52.6%	8.0%	4.6%	1.1%
	Sub-total	2,718	2,718	1,100	1,500	147,512	200,756	33.7%	52.6%	8.0%	4.6%	1.1%
Sewerage network	Sewerage network	5,434	5,434	630	700	113,065	168,358	25.2%	42.7%	19.4%	9.4%	3.3%
	Sub-total	5,434	5,434	630	700	113,065	168,358	25.2%	42.7%	19.4%	9.4%	3.3%
Stormwater drainage	Stormwater drainage	828	828	130	110	59,311	81,195	32.8%	12.0%	50.1%	5.1%	0.0%
	Sub-total	828	828	130	110	59,311	81,195	32.8%	12.0%	50.1%	5.1%	0.0%
Open space / recreational assets	Open space/recreational assets	809	809	150	125	14,440	21,204	24.6%	20.6%	36.1%	18.4%	0.3%
	Sub-total	809	809	150	125	14,440	21,204	24.6%	20.6%	36.1%	18.4%	0.3%
Total – all assets		11,040	11,040	7,156	7,191	724,923	934,419	44.9%	31.4%	18.7%	4.1%	0.9%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required

Report on infrastructure assets as at 30 June 2021 (continued)

3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Griffith City Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators 20202019		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	15,197	120.53%	94.39%	77.92%	>= 100.00%
Depreciation, amortisation and impairment	12,609				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	11,040	1.47%	1.51%	1.63%	< 2.00%
Net carrying amount of infrastructure assets	748,695				
Asset maintenance ratio					
Actual asset maintenance	7,191	100.49%	100.49%	106.55%	> 100.00%
Required asset maintenance	7,156				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	11,040	1.18%	1.21%	1.20%	
Gross replacement cost	934,419				

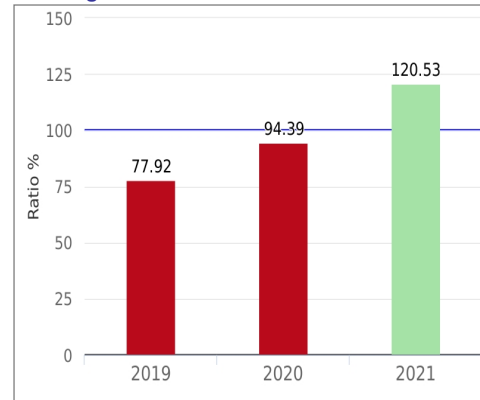
(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Griffith City Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result

20/21 ratio 120.53%

Council has achieved a satisfactory ratio for renewing its buildings and infrastructure. Council has a high proportion of its assets in good to satisfactory condition as support for maintaining this ratio.

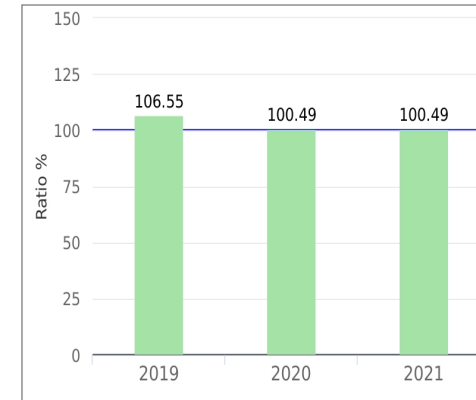
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result

20/21 ratio 100.49%

Council continues to invest in maintaining its assets to ensure an infrastructure backlog does not occur.

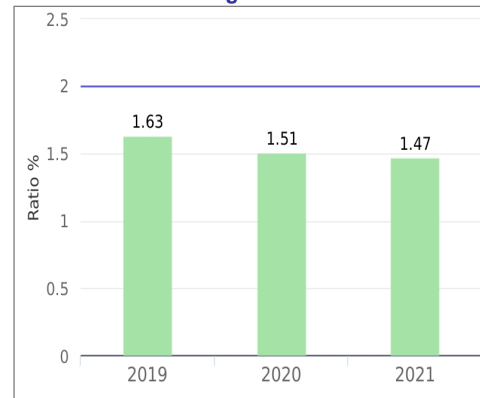
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result

20/21 ratio 1.47%

This ratio has remained stable for the past 4 years and demonstrates that Council is committed to renewing and maintaining assets to a satisfactory standard.

Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result

20/21 ratio 1.18%

Council has maintained a low ratio by maintaining its assets at an acceptable level over the last several years.

Griffith City Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	149.15%	120.27%	106.77%	78.24%	30.09%	22.05%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	0.60%	0.62%	1.79%	1.75%	4.74%	4.18%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	91.98%	91.98%	136.36%	136.36%	111.11%	111.11%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	0.52%	0.52%	1.33%	1.36%	3.20%	3.07%	
Gross replacement cost							

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.