

# Griffith City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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# Griffith City Council

## General Purpose Financial Statements for the financial year ended 30 June 2013

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### Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 22 October 2013. Council has the power to amend and reissue these financial statements.

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## Griffith City Council

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

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council 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 2013.

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 NSW Division of Local Government.

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income 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 values 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 5 primary financial statements.

### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance 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 7 days and 5 weeks after the date of the Audit Report.

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

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

# Griffith City Council

## General Purpose Financial Statements

for the financial year ended 30 June 2013

## Statement by Councillors and Management

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 08 October 2013.**



Cr John Dal Broi  
MAYOR



Cr Doug Curran  
COUNCILLOR



Brett Stonestreet  
GENERAL MANAGER



Max Turner  
RESPONSIBLE ACCOUNTING OFFICER

## Griffith City Council

## Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup> 2013 \$ '000		Notes	Actual 2013	Actual 2012
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
25,850	Rates & Annual Charges	3a	26,212	25,226
12,104	User Charges & Fees	3b	12,677	11,591
882	Interest & Investment Revenue	3c	1,866	996
973	Other Revenues	3d	1,182	1,142
6,956	Grants & Contributions provided for Operating Purposes	3e,f	8,159	9,564
2,283	Grants & Contributions provided for Capital Purposes	3e,f	11,599	3,300
<b>Other Income:</b>				
-	Net gains from the disposal of assets	5	722	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>49,048</b>	<b>Total Income from Continuing Operations</b>		<b>62,417</b>	<b>51,819</b>
<b>Expenses from Continuing Operations</b>				
20,744	Employee Benefits & On-Costs	4a	19,467	21,467
435	Borrowing Costs	4b	1,934	344
10,332	Materials & Contracts	4c	9,867	10,257
8,590	Depreciation & Amortisation	4d	9,622	9,636
-	Impairment	4d	-	-
4,203	Other Expenses	4e	4,710	3,744
-	Net Losses from the Disposal of Assets	5	-	28
<b>44,304</b>	<b>Total Expenses from Continuing Operations</b>		<b>45,600</b>	<b>45,476</b>
<b>4,744</b>	<b>Operating Result from Continuing Operations</b>		<b>16,817</b>	<b>6,343</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>4,744</b>	<b>Net Operating Result for the Year</b>		<b>16,817</b>	<b>6,343</b>
4,744	Net Operating Result attributable to Council		16,817	6,343
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>2,461</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>5,218</b>	<b>3,043</b>

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

## Griffith City Council

# Statement of Comprehensive Income

for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>16,817</b>	<b>6,343</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	10,820	15,235
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(11,450)
Water Entitlement availal. for Temp/Perm Sale revaluation for year	20b (ii)	519	(288)
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>11,339</b>	<b>3,497</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>11,339</b>	<b>3,497</b>
<b>Total Comprehensive Income for the Year</b>		<b>28,156</b>	<b>9,840</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>28,156</b>	<b>9,840</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## Griffith City Council

Statement of Financial Position  
as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	13,508	4,731
Investments	6b	9,820	9,498
Receivables	7	7,507	7,934
Inventories	8	1,280	3,009
Other	8	40	410
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>32,155</b>	<b>25,582</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	38	35
Inventories	8	4,782	4,298
Infrastructure, Property, Plant & Equipment	9	552,720	534,952
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
<b>Total Non-Current Assets</b>		<b>557,540</b>	<b>539,285</b>
<b>TOTAL ASSETS</b>		<b>589,695</b>	<b>564,867</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	5,919	7,522
Borrowings	10	2,898	2,395
Provisions	10	5,487	5,748
<b>Total Current Liabilities</b>		<b>14,304</b>	<b>15,665</b>
<b>Non-Current Liabilities</b>			
Payables	10	7	7
Borrowings	10	23,104	25,028
Provisions	10	152	195
<b>Total Non-Current Liabilities</b>		<b>23,263</b>	<b>25,230</b>
<b>TOTAL LIABILITIES</b>		<b>37,567</b>	<b>40,895</b>
<b>Net Assets</b>		<b>552,128</b>	<b>523,972</b>
<b>EQUITY</b>			
Retained Earnings	20	363,292	346,475
Revaluation Reserves	20	188,836	177,497
Council Equity Interest		552,128	523,972
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>552,128</b>	<b>523,972</b>

## Griffith City Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		346,475	177,497	<b>523,972</b>	-	<b>523,972</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		<b>346,475</b>	<b>177,497</b>	<b>523,972</b>	-	<b>523,972</b>
<b>c. Net Operating Result for the Year</b>		<b>16,817</b>	-	<b>16,817</b>	-	<b>16,817</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	10,820	<b>10,820</b>	-	<b>10,820</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements - Water Entitlements	20b (ii)	-	519	<b>519</b>	-	<b>519</b>
<b>Other Comprehensive Income</b>		-	<b>11,339</b>	<b>11,339</b>	-	<b>11,339</b>
<b>Total Comprehensive Income</b> (c&d)		<b>16,817</b>	<b>11,339</b>	<b>28,156</b>	-	<b>28,156</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>363,292</b>	<b>188,836</b>	<b>552,128</b>	-	<b>552,128</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		340,132	174,000	<b>514,132</b>	-	<b>514,132</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/11)		<b>340,132</b>	<b>174,000</b>	<b>514,132</b>	-	<b>514,132</b>
<b>c. Net Operating Result for the Year</b>		<b>6,343</b>	-	<b>6,343</b>	-	<b>6,343</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	15,235	<b>15,235</b>	-	<b>15,235</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(11,450)	<b>(11,450)</b>	-	<b>(11,450)</b>
- Other Movements - Water Entitlements	20b (ii)	-	(288)	<b>(288)</b>	-	<b>(288)</b>
<b>Other Comprehensive Income</b>		-	<b>3,497</b>	<b>3,497</b>	-	<b>3,497</b>
<b>Total Comprehensive Income</b> (c&d)		<b>6,343</b>	<b>3,497</b>	<b>9,840</b>	-	<b>9,840</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>346,475</b>	<b>177,497</b>	<b>523,972</b>	-	<b>523,972</b>



## Griffith City Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
25,850	Rates & Annual Charges		26,252	24,637
12,104	User Charges & Fees		13,200	11,765
882	Investment & Interest Revenue Received		1,271	879
9,239	Grants & Contributions		19,871	12,487
-	Bonds, Deposits & Retention amounts received		-	114
973	Other		3,876	4,535
<b>Payments:</b>				
(20,744)	Employee Benefits & On-Costs		(19,771)	(20,820)
(10,332)	Materials & Contracts		(9,948)	(15,803)
(435)	Borrowing Costs		(1,856)	(259)
-	Bonds, Deposits & Retention amounts refunded		(12)	-
(4,203)	Other		(8,686)	(2,544)
<b>13,334</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>24,197</b>	<b>14,991</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		10,189	6,964
-	Sale of Real Estate Assets		2,503	-
-	Sale of Infrastructure, Property, Plant & Equipment		601	456
214	Deferred Debtors Receipts		2	33
<b>Payments:</b>				
-	Purchase of Investment Securities		(9,978)	(7,584)
(15,341)	Purchase of Infrastructure, Property, Plant & Equipment		(17,238)	(25,865)
(700)	Deferred Debtors & Advances Made		-	-
<b>(15,827)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(13,921)</b>	<b>(25,996)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
2,815	Proceeds from Borrowings & Advances		923	10,200
-	Proceeds from Finance Leases		280	-
<b>Payments:</b>				
(2,941)	Repayment of Borrowings & Advances		(2,633)	(2,312)
-	Repayment of Finance Lease Liabilities		(69)	-
<b>(126)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(1,499)</b>	<b>7,888</b>
<b>(2,619)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>8,777</b>	<b>(3,117)</b>
15,533	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	4,731	7,848
<b>12,914</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>13,508</b>	<b>4,731</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	9,820	9,498
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>23,328</b>	<b>14,229</b>

Please refer to Note 11 for additional cash flow information

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

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## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

# Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 1. Summary of Significant Accounting Policies

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

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

#### (a) Basis of preparation

##### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

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

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

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

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

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

##### (v) Basis of Accounting

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

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

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

##### (vi) Changes in Accounting Policies

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

# Griffith City Council

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

### Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

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

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

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

#### **(b) Revenue recognition**

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

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

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

Revenue is measured on major income categories as follows:

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

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

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

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

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

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

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

## Griffith City Council

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

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

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conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

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

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

#### (c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30 June 2013) and (ii) all the related operating results (for the financial year ended the 30th June 2013).

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

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

#### (i) The Consolidated Fund

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

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

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

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

# Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 1. Summary of Significant Accounting Policies

2013 financial data was unavailable at reporting date for Pioneer Park Museum and no movements applicable for 2013 have been brought to account. No adjustment has been made to 2012 comparisons.

#### (ii) The Trust Fund

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

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

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

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

#### (iii) Joint Ventures

##### Jointly Controlled Assets & Operations

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

##### Jointly Controlled Entities

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

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

#### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity),

ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships. Such entities are usually termed Associates.

#### (v) County Councils

Council is not a member of any County Councils.

#### (vi) Additional Information

Griffith City Council participates in cooperative arrangements with other Councils for the provision of library services and facilities.

The Western Riverina Community Library is not consolidated into the Griffith City Council financial reports for the year ended 30 June, 2013.

The Council does not exercise "control" over the decisions taken by the Western Riverina Community Library and under AASB 1031 "Materiality", the equity interest of the Council is not considered to be a material amount.

The financial details of Councils share of the Western Riverina Community Library are:

	2013	2012
Ownership interest	54.50%	55.36%
Proportion of voting power	16.67%	16.67%
GCC Equity opening balance	<b>\$246,302</b>	\$226,480
Movements in Investment	<b>(\$14,081)</b>	\$19,822
GCC Share in Equity	<b>\$232,221</b>	\$246,302

#### (d) Leases

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

##### Finance Leases

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



## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

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

##### Operating Leases

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

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

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

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

Cash and cash equivalents includes;

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are

incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

##### (f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

##### (ii) Loans and receivables

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

##### (iii) Held-to-maturity investments

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

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

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

##### (iv) Available-for-sale financial assets

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

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

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

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

##### Financial Assets – Reclassification

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-

trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

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

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

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

##### General Accounting & Measurement of Financial Instruments:

###### (i) Initial Recognition

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

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

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

###### (ii) Subsequent Measurement

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

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



## Griffith City Council

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

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

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

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

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

#### Impairment

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

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

#### (iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order

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

#### (g) Fair value estimation

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

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

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

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

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

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

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

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

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

# Griffith City Council

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

### Note 1. Summary of Significant Accounting Policies

#### (h) Receivables

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

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

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

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

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

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

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

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

#### (i) Inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

##### Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(External Valuation)

## Griffith City Council

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

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

- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(External Valuation)
- **Drainage Assets** (External Valuation)
- **Bulk Earthworks** (External Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(External Valuation)
- **Other Assets**  
(as approximated by depreciated historical cost)

#### Initial Recognition

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

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

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

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

#### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset,

as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

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

#### Asset Revaluations (including Indexation)

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

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

Water and sewerage network assets have not been indexed with the latest indices provided in the NSW Office of Water - Rates Reference Manual in 2013 due to the immaterial movement in value.

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

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

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

#### Capitalisation Thresholds

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

##### Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

##### Plant & Equipment

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

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
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##### Building

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

##### Other Structures

> \$1,000

##### Water & Sewer Assets

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

##### Stormwater Assets

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

##### Transport Assets

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

##### Bridge construction & reconstruction

> \$1,000

#### Depreciation

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

Land is not depreciated.

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

##### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	3 to 4 years
- Vehicles	3 to 6 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

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

##### Buildings

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

##### Stormwater Drainage

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

##### Transportation Assets

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

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

- Kerb, Gutter & Paths	14 to 66 years
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##### Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years

- Reticulation pipes : PVC	70 to 80 years
- Reticulation pipes : Other	25 to 80 years
- Pumps and telemetry	15 to 25 years

##### Other Infrastructure Assets

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

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

#### Disposal and De-recognition

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

## Griffith City Council

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

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

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Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

##### **(k) Land**

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

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

##### **(l) Land under roads**

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

##### **(m) Intangible Assets**

Council has not classified any assets as Intangible.

##### **(n) Crown Reserves**

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

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

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

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

##### **(o) Rural Fire Service assets**

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

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

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

##### **(p) Investment property**

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

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

Council has no provision for the close down, restoration and environmental clean-up costs for Tips and Quarries at financial year end.

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

Council has no “Held for Sale” non-current assets or disposal groups at financial year end.



## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### (s) Impairment of assets

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

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

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

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

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

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

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

### (t) Payables

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

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

### (u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

### (v) Borrowing costs

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

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

### (w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

# Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 1. Summary of Significant Accounting Policies

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

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

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

#### **(x) Employee benefits**

##### **(i) Short Term Obligations**

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

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting.

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

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

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

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

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

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

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

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

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

##### **(iii) Retirement benefit obligations**

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

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

#### **Defined Benefit Plans**

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

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

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

## Griffith City Council

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

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

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

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

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

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

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

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

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$1,231,633 as at 30 June 2013.

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

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

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

#### Defined Contribution Plans

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

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits and

in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2013.

#### (y) Self insurance

Council does not self insure.

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

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

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

#### Exceptions

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

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

#### (aa) Taxes

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

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



## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### Goods & Services Tax (GST)

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

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

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

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

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

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

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

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

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

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

### Applicable to Local Government with implications:

**AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to**

**Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures** (effective from 1 January 2015)

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

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

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

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

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

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

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

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

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

**AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)**

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

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

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

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

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

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

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

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

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

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

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

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

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

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

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

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

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

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

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

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

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

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

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

The amendments will have to be implemented retrospectively.

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

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

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

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

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

## Griffith City Council

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

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

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AASB 116 - clarifies the classification of servicing equipment.

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

AASB 134 - provides clarification about segment reporting.

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

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

##### (ac) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

##### (ad) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

##### (ae) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	-	-	-	-	-	-	-	385	-	18,705	6,906
Administration	384	6,552	638	8,973	7,520	8,396	(8,589)	(968)	(7,758)	3,485	50	18,902	22,061
Public Order & Safety	360	1,479	2,134	898	838	868	(538)	641	1,266	1,226	1,871	3,284	2,721
Health	123	283	385	374	535	468	(251)	(252)	(83)	-	291	22	18
Environment	5,178	5,651	5,198	4,388	4,037	4,318	790	1,614	880	301	214	7,851	6,337
Community Services & Education	191	196	190	619	461	514	(428)	(265)	(324)	265	142	3,752	2,548
Housing & Community Amenities	1,177	1,562	1,386	3,302	3,645	3,533	(2,125)	(2,083)	(2,147)	99	102	53,677	53,494
Water Supplies	7,738	8,253	7,055	4,936	5,776	5,766	2,802	2,477	1,289	207	369	135,305	134,013
Sewerage Services	7,326	7,863	7,279	4,226	6,066	4,241	3,100	1,797	3,038	54	60	134,811	134,524
Recreation & Culture	1,786	2,098	2,098	7,830	7,166	7,290	(6,044)	(5,068)	(5,192)	260	99	45,640	40,504
Mining, Manufacturing & Construction	130	322	81	5	31	18	125	291	63	-	-	39	34
Transport & Communication	5,316	8,106	5,128	7,442	7,616	8,167	(2,126)	490	(3,039)	5,288	2,394	160,849	154,815
Economic Affairs	610	756	1,034	1,311	1,524	1,897	(701)	(768)	(863)	17	323	6,858	6,892
<b>Total Functions &amp; Activities</b>	<b>30,319</b>	<b>43,121</b>	<b>32,606</b>	<b>44,304</b>	<b>45,215</b>	<b>45,476</b>	<b>(13,985)</b>	<b>(2,094)</b>	<b>(12,870)</b>	<b>11,587</b>	<b>5,915</b>	<b>589,695</b>	<b>564,867</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	18,729	18,911	19,213	-	-	-	18,729	18,911	19,213	4,662	5,676	-	-
<b>Operating Result from Continuing Operations</b>	<b>49,048</b>	<b>62,032</b>	<b>51,819</b>	<b>44,304</b>	<b>45,215</b>	<b>45,476</b>	<b>4,744</b>	<b>16,817</b>	<b>6,343</b>	<b>16,249</b>	<b>11,591</b>	<b>589,695</b>	<b>564,867</b>

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

## Griffith City Council

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

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

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

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

##### **HEALTH**

Inspection, immunisations, food control, other, administration.

##### **ENVIRONMENT**

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

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

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

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

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

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

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

Building control, quarries & pits, other.

##### **TRANSPORT & COMMUNICATION**

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

##### **ECONOMIC AFFAIRS**

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

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		6,982	6,710
Farmland		4,480	4,302
Business		2,284	2,204
<b>Total Ordinary Rates</b>		<b>13,746</b>	<b>13,216</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		2,090	2,007
Stormwater Management Services		172	165
Water Supply Services		1,890	1,720
Sewerage Services		6,417	6,324
Waste Management Services (non-domestic)		892	851
Kerbside Recycling		1,005	943
<b>Total Annual Charges</b>		<b>12,466</b>	<b>12,010</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>26,212</b>	<b>25,226</b>

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



## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		7	5
Water Supply Services		5,054	4,270
Sewerage Services		667	588
Waste Management Services (non-domestic)		220	211
<b>Total User Charges</b>		<b>5,948</b>	<b>5,074</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		172	154
Private Works - Section 67		70	131
Regulatory/ Statutory Fees		165	185
Registration Fees		49	15
Regulatory Fees		110	88
Section 149 Certificates (EPA Act)		93	86
Section 603 Certificates		35	27
Town Planning		45	25
Water Supplies		208	213
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>947</b>	<b>924</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aerodrome		604	636
Cemeteries		508	404
Engineering Services		3	5
Hire of Council Chambers		10	16
Industrial Discharge		32	22
Library & Art Gallery		91	90
Museum		-	118
Regional Theatre		271	331
RMS (formerly RTA) Charges (State Roads not controlled by Council)		1,574	1,512
Saleyards		477	365
Sports Stadium		68	83
Swimming Centres		1,185	1,188
Tourism		159	114
Waste Disposal Tipping Fees		751	674
Licence Preparation & Administration Fees		14	-
Other		35	35
<b>Total Fees &amp; Charges - Other</b>		<b>5,782</b>	<b>5,593</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>12,677</b>	<b>11,591</b>



## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		138	150
- Interest earned on Investments (interest & coupon payment income)		1,195	776
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		533	70
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>1,866</u></b>	<b><u>996</u></b>

### Interest Revenue is attributable to:

#### Unrestricted Investments/Financial Assets:

Overdue Rates & Annual Charges (General Fund)	138	150
General Council Cash & Investments	365	230

#### Restricted Investments/Funds - External:

Development Contributions		
- Section 94	169	87
- Section 64	257	94
Water Fund Operations	493	251
Sewerage Fund Operations	339	152
Domestic Waste Management operations	59	32
Griffith Health Facilities Limited/Private Hospital	46	-

<b>Total Interest &amp; Investment Revenue Recognised</b>	<b><u>1,866</u></b>	<b><u>996</u></b>
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## (d) Other Revenues

Fines - Parking	83	107
Fines - Other	94	80
Lease Rental	215	234
Legal Fees Recovery - Rates & Charges (Extra Charges)	121	149
Commissions & Agency Fees	5	7
Insurance Claim Recoveries	1	3
WHS Incentive Payment	44	42
Quarry Income	322	81
Recycling Income (non domestic)	42	38
Resource Sharing Income	28	151
Sales - General	10	8
Temporary Sale of Water Allocation	70	27
Workers Compensation Refund	67	146
Training Incentives	23	-
Other	57	69
<b><u>TOTAL OTHER REVENUE</u></b>	<b><u>1,182</u></b>	<b><u>1,142</u></b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	3,093	3,703	-	-
Financial Assistance - Local Roads Component	1,424	1,813	-	-
Pensioners' Rates Subsidies - General Component	145	160	-	-
<b>Total General Purpose</b>	<b>4,662</b>	<b>5,676</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	62	67	-	-
- Sewerage	54	60	-	-
- Domestic Waste Management	38	42	-	-
Water Supplies	42	42	103	261
Bushfire & Emergency Services	171	189	1,055	1,681
Digital Switchover Project	-	75	-	-
Economic Development	17	-	-	-
Employment & Training Programs	69	51	-	-
Environmental Protection	18	5	-	-
Flood Plain Study & Risk Management	128	57	-	-
Griffith Community Private Hospital	-	-	3,416	-
Health - Mosquito Control	3	4	-	-
Health - Noxious Weeds	114	115	-	-
Healthy Communities Initiative	146	280	-	-
March 2012 Emergency Event Cost Recovery	344	870	-	-
Recreation & Culture - Arts	74	2	-	-
Recreation & Culture - Community Projects	119	141	-	-
Recreation & Culture - Library	88	82	71	-
Recreation & Culture - Passive Recreation	-	1	12	15
Recreation & Culture - Sporting Facilities	-	-	15	-
Regional Development Australia Fund - Airport Upgrade	-	-	1,427	285
Riverina Irrigation Communities	-	248	-	-
RMS Restoration Works re: March 2012 Flood Event	-	-	2,579	-
Road Safety	8	5	-	-
Street Lighting	91	97	-	-
Transport (Roads to Recovery)	1,031	593	-	-
Transport (RTA)	-	-	292	647
<b>Total Specific Purpose</b>	<b>2,617</b>	<b>3,026</b>	<b>8,970</b>	<b>2,889</b>
<b>Total Grants</b>	<b>7,279</b>	<b>8,702</b>	<b>8,970</b>	<b>2,889</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	5,719	6,373	1,427	300
- State Funding	1,560	2,329	4,112	2,589
- Other Funding	-	-	3,431	-
	<b>7,279</b>	<b>8,702</b>	<b>8,970</b>	<b>2,889</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	84	23
S 94A - Fixed Development Consent Levies	-	-	144	170
S 64 - Water Supply Contributions	-	-	227	72
S 64 - Sewerage Service Contributions	-	-	130	44
S 64 - Stormwater Contributions	-	-	8	10
<b>Total Developer Contributions</b>	17	-	<b>593</b>	<b>319</b>
<b>Other Contributions:</b>				
Administration Services	-	-	13	-
Business Development	25	116	-	-
Charles Sturt University	30	25	-	-
Economic Affairs - Tourism/Events	12	11	-	-
Griffith Community Private Hospital	-	-	1,973	-
Health - Health Services	29	25	-	-
Kerb & Gutter	-	-	-	3
Public Order & Safety - Bushfire/SES	74	43	-	47
Recreation & Culture - Sporting Facilities	1	-	15	-
Recreation & Culture - Arts	-	5	-	-
Recreation & Culture - Community Projects	14	2	-	-
Recreation & Culture - Library	3	11	-	-
Recreation & Culture - Theatre	12	-	-	-
Recreation & Culture - Passive Recreation	22	31	11	21
Roads & Bridges	-	-	-	8
RMS Contributions (Regional Roads, Block Grant)	592	574	-	-
Sewerage (excl. Section 64 contributions)	-	-	22	13
Water Supplies (excl. Section 64 contributions)	66	17	-	-
Yenda Cemetery	-	-	2	-
Other	-	2	-	-
<b>Total Other Contributions</b>	<b>880</b>	<b>862</b>	<b>2,036</b>	<b>92</b>
<b>Total Contributions</b>	<b>880</b>	<b>862</b>	<b>2,629</b>	<b>411</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>8,159</b>	<b>9,564</b>	<b>11,599</b>	<b>3,300</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	3,473	4,935
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	1,019	25
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(1,235)	(1,487)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(216)</b>	<b>(1,462)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>3,257</b>	<b>3,473</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	114	55
- Developer Contributions	3,143	3,418
	<b>3,257</b>	<b>3,473</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		14,929	15,480
Travelling		28	40
Educational Assistance		11	32
Employee Leave Entitlements (ELE)		2,880	3,978
Superannuation		1,675	1,819
Workers' Compensation Insurance		878	646
Fringe Benefit Tax (FBT)		68	31
Motor Vehicle Allowance		95	126
Payroll Tax		98	129
Professional Development		39	60
Training Costs (other than Salaries & Wages)		172	142
Staff Recruitment		51	95
<b>Total Employee Costs</b>		<b>20,924</b>	<b>22,578</b>
less: Capitalised Costs		(1,457)	(1,111)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>19,467</b>	<b>21,467</b>
Number of "Equivalent Full Time" Employees at year end		<b>287</b>	<b>295</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Overdraft		-	1
Interest on Loans		1,875	1,621
<b>Total Interest Bearing Liability Costs</b>		<b>1,875</b>	<b>1,622</b>
less: Capitalised Costs		(19)	(1,363)
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>1,856</b>	<b>259</b>
<b>(ii) Other Borrowing Costs</b>			
Interest applicable on Interest Free (& favourable) Loans to Council		78	85
<b>Total Other Borrowing Costs</b>		<b>78</b>	<b>85</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>1,934</b>	<b>344</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		9,618	9,960
Auditors Remuneration <sup>(1)</sup>		31	33
Legal Expenses:			
- Legal Expenses: Planning & Development		7	22
- Legal Expenses: Other		205	229
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		6	13
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>9,867</u></b>	<b><u>10,257</u></b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		31	33
<b>Remuneration for audit and other assurance services</b>		<b>31</b>	<b>33</b>
<b>Total Auditor Remuneration</b>		<b>31</b>	<b>33</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		6	13
		<b>6</b>	<b>13</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,495	1,371
Office Equipment		-	-	181	164
Furniture & Fittings		-	-	62	62
Buildings - Specialised		-	-	340	340
Other Structures		-	-	1,093	955
Infrastructure:					
- Roads, Bridges & Footpaths		-	11,450	2,587	2,697
- Stormwater Drainage		-	-	461	633
- Water Supply Network		-	-	1,717	1,717
- Sewerage Network		-	-	1,367	1,312
Other Assets					
- Other		-	-	448	450
<b>Total Depreciation &amp; Impairment Costs</b>		-	<b>11,450</b>	<b>9,751</b>	<b>9,701</b>
less: Capitalised Costs		-	-	(129)	(65)
less: Impairments (to)/from ARR [Equity]	9a	-	(11,450)	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		-	-	<b>9,622</b>	<b>9,636</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		385	-
Contributions/Levies to Other Levels of Government			
- DWR Contributions		45	44
- Emergency Services Levy		38	32
- NSW Fire Brigade Levy		85	86
- NSW Rural Fire Service Levy		218	236
Councillor Expenses - Mayoral Fee		36	35
Councillor Expenses - Councillors' Fees		191	188
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		82	78
Donations, Contributions & Assistance to other organisations (Section 356)			
- Donations, Contributions & Assistance: Constitutional Recognition of Local Govt.		11	-
- Donations, Contributions & Assistance: Griffith La Festa		20	20
- Donations, Contributions & Assistance: Griffith Shed for Men		-	20
- Donations, Contributions & Assistance: Regional Arts Board		16	-
- Donations, Contributions & Assistance: Riverina Regional Cities		20	-
- Donations, Contributions & Assistance: RIVROC/RAMROC		22	21
- Donations, Contributions & Assistance: Town Band		7	-
- Donations, Contributions & Assistance: WRCL		220	214
- Donations, Contributions & Assistance: Other		106	97
Electricity & Heating		2,043	1,454
Insurance		590	545
Street Lighting		406	418
Telephone & Communications		169	256
<b>Total Other Expenses</b>		<b>4,710</b>	<b>3,744</b>
less: Capitalised Costs		-	-
<b>TOTAL OTHER EXPENSES</b>		<b>4,710</b>	<b>3,744</b>



## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		565	456
less: Carrying Amount of P&E Assets Sold / Written Off		(632)	(484)
<b>Net Gain/(Loss) on Disposal</b>		<b>(67)</b>	<b>(28)</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		2,503	-
less: Carrying Amount of Real Estate Assets Sold / Written Off		(1,714)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>789</b>	<b>-</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		10,189	6,964
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(10,189)	(6,964)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>Water Entitlement</b> (avail. for Temporary/Permanent Sale)			
Proceeds from Disposal - Water Entitlement		36	-
less: Carrying Amount of Water Entitlement Assets Sold		(36)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>722</b>	<b>(28)</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		10,642	-	1,838	-
Cash-Equivalent Assets <sup>1</sup>					
- Managed Funds		2,783	-	2,810	-
- Short Term Deposits		83	-	83	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>13,508</b>	<b>-</b>	<b>4,731</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		8,531	-	6,500	-
- NCD's, FRN's (with Maturities > 3 months)		-	-	1,547	-
- CDO's		239	-	422	-
- Other Long Term Financial Assets		1,050	-	1,029	-
<b>Total Investments</b>		<b>9,820</b>	<b>-</b>	<b>9,498</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>23,328</b>	<b>-</b>	<b>14,229</b>	<b>-</b>

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

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

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		<b>13,508</b>	<b>-</b>	<b>4,731</b>	<b>-</b>
<b>Investments</b>					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	9,820	-	9,498	-
<b>Investments</b>		<b>9,820</b>	<b>-</b>	<b>9,498</b>	<b>-</b>

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

Balance at the Beginning of the Year	9,498	-	8,808	-
Revaluations (through the Income Statement)	533	-	70	-
Additions	9,978	-	7,584	-
Disposals (sales & redemptions)	(10,189)	-	(6,964)	-
<b>Balance at End of Year</b>	<b>9,820</b>	<b>-</b>	<b>9,498</b>	<b>-</b>

### Comprising:

- NCD's, FRN's (with Maturities > 3 months)	-	-	1,547	-
- CDO's	239	-	422	-
- Other Long Term Financial Assets	9,581	-	7,529	-
<b>Total</b>	<b>9,820</b>	<b>-</b>	<b>9,498</b>	<b>-</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>23,328</b>	<b>-</b>	<b>14,229</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	15,026	-	12,052	-
Internal Restrictions (refer below)	7,113	-	2,000	-
Unrestricted	1,189	-	177	-
	<b>23,328</b>	<b>-</b>	<b>14,229</b>	<b>-</b>

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Details of Restrictions</b>				
<b>External Restrictions - Included in Liabilities</b>				
Specific Purpose Unexpended Loans-General (A)	2	-	(2)	-
<b>External Restrictions - Included in Liabilities</b>	<b>2</b>	<b>-</b>	<b>(2)</b>	<b>-</b>
<b>External Restrictions - Other</b>				
Developer Contributions - General (D)	1,774	458	(1,293)	939
Developer Contributions - Water Fund (D)	1,166	375	-	1,541
Developer Contributions - Sewer Fund (D)	478	185	-	663
Specific Purpose Unexpended Grants (F)	55	59	-	114
Water Supplies (G)	4,973	599	-	5,572
Sewerage Services (G)	3,007	-	(914)	2,093
Stormwater Management (G)	597	265	(180)	682
Specific Purpose Unexpended Grants - Griffith Health Facilities Limited (F)	-	3,422	-	3,422
<b>External Restrictions - Other</b>	<b>12,050</b>	<b>5,363</b>	<b>(2,387)</b>	<b>15,026</b>
<b>Total External Restrictions</b>	<b>12,052</b>	<b>5,363</b>	<b>(2,389)</b>	<b>15,026</b>
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	-	500	-	500
Employees Leave Entitlement	1,000	750	-	1,750
FAGS received in Advance*	1,000	2,334	(1,000)	2,334
Griffith Health Facilities Limited	-	2,014	-	2,014
Waste Services	-	500	-	500
Centenary Celebrations	-	15	-	15
<b>Total Internal Restrictions</b>	<b>2,000</b>	<b>6,113</b>	<b>(1,000)</b>	<b>7,113</b>
<b>TOTAL RESTRICTIONS</b>	<b>14,052</b>	<b>11,476</b>	<b>(3,389)</b>	<b>22,139</b>

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

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

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

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

## Griffith City Council

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

## Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		2,813	-	2,853	-
User Charges & Fees		3,211	-	3,150	-
Accrued Revenues					
- Interest on Investments		203	-	141	-
- Other Income Accruals		234	-	247	-
Government Grants & Subsidies		1,112	-	1,225	-
Deferred Debtors		12	38	17	35
Net GST Receivable		350	-	344	-
<b>Total</b>		<b>7,935</b>	<b>38</b>	<b>7,977</b>	<b>35</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(428)	-	(43)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(428)</b>	<b>-</b>	<b>(43)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>7,507</u></b>	<b><u>38</u></b>	<b><u>7,934</u></b>	<b><u>35</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		-	-	2,041	-
- Rates & Availability Charges		2	-	-	-
- Other		2,357	-	-	-
<b>Sewerage Services</b>					
- Rates & Availability Charges		1,951	-	2,231	-
- Other		351	-	-	-
<b>Total External Restrictions</b>		<b>4,661</b>	<b>-</b>	<b>4,272</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>2,846</b>	<b>38</b>	<b>3,662</b>	<b>35</b>
<b>TOTAL NET RECEIVABLES</b>		<b>7,507</b>	<b>38</b>	<b>7,934</b>	<b>35</b>

**Notes on Debtors above:**

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

## Griffith City Council

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

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		728	2,291	2,442	2,291
Stores & Materials		498	-	509	-
Trading Stock		54	-	56	-
Water Entitlement (avail. for Temporary/Permanent Sale)		-	2,491	-	2,007
Other		-	-	2	-
<b>Total Inventories</b>		<b>1,280</b>	<b>4,782</b>	<b>3,009</b>	<b>4,298</b>
<b>Other Assets</b>					
Prepayments		40	-	410	-
<b>Total Other Assets</b>		<b>40</b>	<b>-</b>	<b>410</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,320</b>	<b>4,782</b>	<b>3,419</b>	<b>4,298</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		295	-	317	-
Real Estate for Resale		-	2,233	-	2,233
Prepayments		-	-	10	-
<b>Total Water</b>		<b>295</b>	<b>2,233</b>	<b>327</b>	<b>2,233</b>
<b>Sewerage</b>					
Prepayments		-	-	10	-
<b>Total Sewerage</b>		<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>
<b>Domestic Waste Management</b>					
Nil					
<b>Other</b>					
Nil					
<b>Total Externally Restricted Assets</b>		<b>295</b>	<b>2,233</b>	<b>337</b>	<b>2,233</b>
<b>Total Internally Restricted Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>		<b>1,025</b>	<b>2,549</b>	<b>3,082</b>	<b>2,065</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,320</b>	<b>4,782</b>	<b>3,419</b>	<b>4,298</b>

## Griffith City Council

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

## Note 8. Inventories &amp; Other Assets (continued)

\$ '000	2013		2012	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
<b>(a) Details for Real Estate Development</b>				
Residential	-	2,291	-	2,291
Industrial/Commercial	728	-	2,442	-
<b>Total Real Estate for Resale</b>	<b>728</b>	<b>2,291</b>	<b>2,442</b>	<b>2,291</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	728	2,291	2,442	2,291
<b>Total Costs</b>	<b>728</b>	<b>2,291</b>	<b>2,442</b>	<b>2,291</b>
<b>Total Real Estate for Resale</b>	<b>728</b>	<b>2,291</b>	<b>2,442</b>	<b>2,291</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	2,442	2,291	2,442	2,291
- WDV of Sales (exp)	(1,714)	-	-	-
<b>Total Real Estate for Resale</b>	<b>728</b>	<b>2,291</b>	<b>2,442</b>	<b>2,291</b>

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period								as at 30/6/2013				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment												Dep'n	Impairment	
Capital Work in Progress	5,636	-	-	-	5,636	2,790	-	-	-	(4,222)	-	-	-	4,204	-	-	-	4,204
Plant & Equipment	-	13,825	6,026	-	7,799	2,445	-	(632)	(1,495)	-	3	-	-	-	14,887	6,767	-	8,120
Office Equipment	-	1,693	953	-	740	154	-	-	(181)	-	-	-	-	-	1,847	1,135	-	712
Furniture & Fittings	-	1,307	713	-	594	37	-	-	(62)	-	-	-	-	-	1,343	775	-	568
Land:																		
- Operational Land	-	20,668	-	-	20,668	545	-	-	-	-	-	-	518	-	21,731	-	-	21,731
- Community Land	-	9,171	3	-	9,168	-	-	-	-	-	-	-	-	-	9,171	3	-	9,168
Buildings - Specialised	-	51,269	6,827	-	44,442	789	-	-	(340)	1,924	-	-	8,261	-	60,648	5,572	-	55,076
Other Structures	-	23,030	8,522	-	14,508	514	-	-	(1,093)	-	-	-	2,008	-	25,514	9,577	-	15,937
Infrastructure:																		
- Roads, Bridges, Footpaths	-	192,846	40,494	11,450	140,902	4,022	2,551	-	(2,587)	440	-	-	-	-	197,308	43,081	8,899	145,328
- Stormwater Drainage	-	53,536	9,613	-	43,923	226	-	-	(461)	1,858	-	-	27	-	55,647	10,074	-	45,573
- Water Supply Network	-	157,796	38,844	-	118,952	1,291	-	-	(1,717)	-	-	(1)	-	-	159,085	40,560	-	118,525
- Sewerage Network	-	157,543	33,905	-	123,638	1,627	-	-	(1,367)	-	-	-	7	-	158,905	35,000	-	123,905
Other Assets:																		
- Other	-	6,361	2,379	-	3,982	342	-	-	(448)	-	(3)	-	-	-	6,702	2,829	-	3,873
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>5,636</b>	<b>689,045</b>	<b>148,279</b>	<b>11,450</b>	<b>534,952</b>	<b>14,782</b>	<b>2,551</b>	<b>(632)</b>	<b>(9,751)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>10,821</b>	<b>4,204</b>	<b>712,788</b>	<b>155,373</b>	<b>8,899</b>	<b>552,720</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$12,592) and New Assets (\$2,650). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).



## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	13	-	-	13	1	-	-	1
Plant & Equipment	-	1,218	440	778	-	1,150	387	763
Office Equipment	-	12	12	-	-	12	12	-
Land								
- Operational Land	-	1,000	-	1,000	-	1,000	-	1,000
- Community Land	-	340	3	337	-	340	3	337
Buildings	-	2,406	168	2,238	-	2,032	248	1,784
Other Structures	-	160	26	134	-	777	344	433
Infrastructure	-	159,085	40,561	118,524	-	157,796	38,844	118,952
Other Assets	-	662	393	269	-	-	-	-
<b>Total Water Supply</b>	<b>13</b>	<b>164,883</b>	<b>41,603</b>	<b>123,293</b>	<b>1</b>	<b>163,107</b>	<b>39,838</b>	<b>123,270</b>
<b>Sewerage Services</b>								
Plant & Equipment	-	1,010	361	649	-	988	364	624
Office Equipment	-	2	2	-	-	2	2	-
Furniture & Fittings	-	9	1	8	-	9	-	9
Land								
- Operational Land	-	2,689	-	2,689	-	2,682	-	2,682
- Community Land	-	267	-	267	-	267	-	267
Buildings	-	1,632	73	1,559	-	1,201	66	1,135
Other Structures	-	362	61	301	-	139	48	91
Infrastructure	-	158,905	34,999	123,906	-	157,543	33,905	123,638
Other Assets	-	708	337	371	-	624	274	350
<b>Total Sewerage Services</b>	<b>-</b>	<b>165,584</b>	<b>35,834</b>	<b>129,750</b>	<b>-</b>	<b>163,455</b>	<b>34,659</b>	<b>128,796</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	567	203	364	-	504	293	211
Land								
- Operational Land'	-	1,340	-	1,340	-	1,400	-	1,400
- Community Land	-	357	-	357	-	357	-	357
Buildings	-	191	33	158	-	152	29	123
Other Assets	-	269	101	168	-	260	73	187
<b>Total DWM</b>	<b>-</b>	<b>2,724</b>	<b>337</b>	<b>2,387</b>	<b>-</b>	<b>2,673</b>	<b>395</b>	<b>2,278</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>13</b>	<b>333,191</b>	<b>77,774</b>	<b>255,430</b>	<b>1</b>	<b>329,235</b>	<b>74,892</b>	<b>254,344</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
Impairment Losses recognised direct to Equity (ARR) incl:			
Roads Infrastructure - Flood Event March 2012		-	(11,450)
<b>Total Impairment Losses</b>		<b>-</b>	<b>(11,450)</b>
<u>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</u>	20 (ii)	<u>-</u>	<u>(11,450)</u>

Refer to Note 9(a) for Impairment Restoration Works totalling \$2.6M undertaken this year relating to current year or prior year Impairments.

## Griffith City Council

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

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

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		3,655	-	3,786	-
Payments Received In Advance		604	-	405	-
Accrued Expenses:					
- Other Expenditure Accruals		295	7	254	7
Security Bonds, Deposits & Retentions		1,365	-	1,377	-
Land Purchase		-	-	1,700	-
<b>Total Payables</b>		<b>5,919</b>	<b>7</b>	<b>7,522</b>	<b>7</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		2,730	23,061	2,395	25,028
Finance Lease Liabilities		168	43	-	-
<b>Total Borrowings</b>		<b>2,898</b>	<b>23,104</b>	<b>2,395</b>	<b>25,028</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		1,630	-	1,821	-
Sick Leave		184	-	210	-
Long Service Leave		3,673	152	3,717	195
<b>Total Provisions</b>		<b>5,487</b>	<b>152</b>	<b>5,748</b>	<b>195</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>14,304</b>	<b>23,263</b>	<b>15,665</b>	<b>25,230</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2013		2012	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		-	-	1	-
Sewer		1,238	20,832	1,158	22,070
Liabilities relating to externally restricted assets		1,238	20,832	1,159	22,070
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		1,238	20,832	1,159	22,070
<b>Total Liabilities relating to Unrestricted Assets</b>		13,066	2,431	14,506	3,160
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>14,304</b>	<b>23,263</b>	<b>15,665</b>	<b>25,230</b>

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

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

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,865	3,877
Payables - Security Bonds, Deposits & Retentions	1,170	1,225
Other Liabilities: Payments Received in Advance	221	234
	<b>5,256</b>	<b>5,336</b>

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

Class of Provision	2012	2013				Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,821	1,634	(1,864)	39	-	<b>1,630</b>
Sick Leave	210	95	(27)	(94)	-	<b>184</b>
Long Service Leave	3,912	586	(669)	(4)	-	<b>3,825</b>
<b>TOTAL</b>	<b>5,943</b>	<b>2,315</b>	<b>(2,560)</b>	<b>(59)</b>	<b>-</b>	<b>5,639</b>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	13,508	4,731
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>13,508</b>	<b>4,731</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>16,817</b>	<b>6,343</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		9,622	9,636
Net Losses/(Gains) on Disposal of Assets		(722)	28
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(533)	(70)
- Other (Water Licences Revaluation thru Revaluation Reserve)		519	(288)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		78	85
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		37	(1,304)
Increase/(Decrease) in Provision for Doubtful Debts		385	-
Decrease/(Increase) in Inventories		(469)	277
Decrease/(Increase) in Other Assets		370	(99)
Increase/(Decrease) in Payables		(131)	(1,999)
Increase/(Decrease) in other accrued Expenses Payable		41	(101)
Increase/(Decrease) in Other Liabilities		(1,513)	1,738
Increase/(Decrease) in Employee Leave Entitlements		(304)	745
<b>NET CASH PROVIDED FROM/(USED IN)</b>		<b>24,197</b>	<b>14,991</b>
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>24,197</b>	<b>14,991</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		1,000	1,000
Credit Cards / Purchase Cards		71	70
<b>Total Financing Arrangements</b>		<b>1,071</b>	<b>1,070</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		29	19
<b>Total Financing Arrangements Utilised</b>		<b>29</b>	<b>19</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

### (ii) Secured Loan Liabilities

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

## Note 12. Commitments for Expenditure

### (a) Capital Commitments (exclusive of GST)

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

#### Property, Plant & Equipment

Buildings	17,688	-
<b>Total Commitments</b>	<b>17,688</b>	<b>-</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	-	-
Later than one year and not later than 5 years	17,688	-
Later than 5 years	-	-
<b>Total Payable</b>	<b>17,688</b>	<b>-</b>
<b>Sources for Funding of Capital Commitments:</b>		
Unrestricted General Funds	600	-
Future Grants & Contributions	11,652	-
Unexpended Grants	3,422	-
Internally Restricted Reserves	2,014	-
<b>Total Sources of Funding</b>	<b>17,688</b>	<b>-</b>

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) Finance Lease Commitments</b>			
<b>(i) Commitments under Finance Leases at the Reporting Date are payable as follows:</b>			
Within the next year		172	-
Later than one year and not later than 5 years		43	-
Later than 5 years		-	-
<b>Total Minimum Lease Payments</b>		<b>215</b>	<b>-</b>
less: Future Finance Charges		(4)	-
<b>Amount Recognised as a Liability</b>		<b>211</b>	<b>-</b>
<b>(ii) Finance Lease Liability Recognised represent;</b>			
Current Liabilities		168	-
Non-Current Liabilities		43	-
<b>Total Finance Lease Liabilities Disclosed</b>		<b>211</b>	<b>-</b>
<b>(iii) General Details</b>			
Council Leases the following Property, Plant & Equipment under Finance Leases:			
	Term (Years)	Option to Purchase	Contingent Rent Clauses
Heavy Plant - Carrying Value	2	Y	N
<b>Total Carrying Value at Year End</b>			
		<b>211</b>	<b>-</b>

## (c) Operating Lease Commitments (Non Cancellable)

Nil

## (d) Investment Property Commitments

Nil

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

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



## Griffith City Council

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

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 20122011	
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	14,664	1.88 : 1	1.18	1.12
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	7,810			
2. Debt Service Ratio				
Debt Service Cost	4,577	9.67%	8.81%	5.77%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	47,321			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	26,212	41.99%	48.68%	52.29%
Income from Continuing Operations	62,417			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	2,813	9.59%	10.27%	8.59%
Rates, Annual & Extra Charges Collectible	29,324			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup>	12,592	194.56%	103.07%	359.43%
Depreciation, Amortisation & Impairment	6,472			

## Notes

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

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

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

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

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

## Griffith City Council

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

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

<p><b>1. Unrestricted Current Ratio</b></p> <table><tr><th>Year</th><th>Ratio : 1</th></tr><tr><td>2010</td><td>1.09</td></tr><tr><td>2011</td><td>1.12</td></tr><tr><td>2012</td><td>1.18</td></tr><tr><td>2013</td><td>1.88</td></tr></table>	Year	Ratio : 1	2010	1.09	2011	1.12	2012	1.18	2013	1.88	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>1.88 : 1</b></p> <p>Whilst this ratio demonstrates an ability to satisfy short term obligations, it should be increased to above 2.0:1 in order to be in a more comfortable range.</p>
Year	Ratio : 1											
2010	1.09											
2011	1.12											
2012	1.18											
2013	1.88											
<p><b>2. Debt Service Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>5.78%</td></tr><tr><td>2011</td><td>5.77%</td></tr><tr><td>2012</td><td>8.81%</td></tr><tr><td>2013</td><td>9.67%</td></tr></table>	Year	Ratio %	2010	5.78%	2011	5.77%	2012	8.81%	2013	9.67%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>9.67%</b></p> <p>Repayment of the \$22M in borrowings for the Water Reclamation Plant Upgrade commenced in the 2012 year which saw a significant rise in the Debt Service Ratio in the last 2 years.</p>
Year	Ratio %											
2010	5.78%											
2011	5.77%											
2012	8.81%											
2013	9.67%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>47.97%</td></tr><tr><td>2011</td><td>52.29%</td></tr><tr><td>2012</td><td>48.68%</td></tr><tr><td>2013</td><td>41.99%</td></tr></table>	Year	Ratio %	2010	47.97%	2011	52.29%	2012	48.68%	2013	41.99%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>41.99%</b></p> <p>Council depends on rates and annual charges for 42% of its total income which approximates the average Council ratio across NSW</p>
Year	Ratio %											
2010	47.97%											
2011	52.29%											
2012	48.68%											
2013	41.99%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>8.11%</td></tr><tr><td>2011</td><td>8.59%</td></tr><tr><td>2012</td><td>10.27%</td></tr><tr><td>2013</td><td>9.59%</td></tr></table>	Year	Ratio %	2010	8.11%	2011	8.59%	2012	10.27%	2013	9.59%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>9.59%</b></p> <p>Water and Sewerage accounts were raised in June but not payable until July, which is included as part of this ratio. Council has generally maintained a strong record in collecting rates and charges outstanding.</p>
Year	Ratio %											
2010	8.11%											
2011	8.59%											
2012	10.27%											
2013	9.59%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>55.40%</td></tr><tr><td>2011</td><td>359.43%</td></tr><tr><td>2012</td><td>103.07%</td></tr><tr><td>2013</td><td>194.56%</td></tr></table>	Year	Ratio %	2010	55.40%	2011	359.43%	2012	103.07%	2013	194.56%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>194.56%</b></p> <p>Council's Building &amp; Infrastructure Renewals Ratio includes water and sewer pipe replacements and relining, and road network renewals</p>
Year	Ratio %											
2010	55.40%											
2011	359.43%											
2012	103.07%											
2013	194.56%											

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	No Liabilities	<b>3.55 : 1</b>	<b>1.88 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	7406:01:00	4.53 : 1	1.18 : 1
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>0.00%</b>	<b>36.23%</b>	<b>5.67%</b>
Income from Continuing Operations			
(excl. Capital Items & Specific Purpose Grants/Contributions)	prior period:	0.00%	15.15%
		9.37%	
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>19.72%</b>	<b>83.10%</b>	<b>39.28%</b>
Income from Continuing Operations			
prior period:	22.23%	86.80%	46.70%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>0.11%</b>	<b>29.83%</b>	<b>4.09%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	0.00%	35.28%	3.15%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>74.67%</b>	<b>120.86%</b>	<b>286.00%</b>
Depreciation, Amortisation & Impairment			
prior period:	107.81%	893.94%	35.36%

## Notes

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

## Griffith City Council

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

#### Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	13,508	4,731	13,508	4,731
Investments				
- "Held for Trading"	9,820	9,498	9,820	9,498
Receivables	7,545	7,969	7,545	7,969
<b>Total Financial Assets</b>	<b>30,873</b>	<b>22,198</b>	<b>30,873</b>	<b>22,198</b>
<b>Financial Liabilities</b>				
Payables	5,322	7,124	5,322	7,124
Loans / Advances	25,791	27,423	25,791	27,423
Lease Liabilities	211	-	211	-
<b>Total Financial Liabilities</b>	<b>31,324</b>	<b>34,547</b>	<b>31,324</b>	<b>34,547</b>

Fair Value is determined as follows:

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

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 15. Financial Risk Management (continued)

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\$ '000

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### (a) Fair Value Measurements

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

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

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

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

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

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

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

<b>2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	9,581	239	-	9,820
<b>Total Financial Assets</b>	<b>9,581</b>	<b>239</b>	<b>-</b>	<b>9,820</b>
<b>2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	9,076	422	-	9,498
<b>Total Financial Assets</b>	<b>9,076</b>	<b>422</b>	<b>-</b>	<b>9,498</b>

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

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

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2013</b>				
Possible impact of a 10% movement in Market Values	24	24	(24)	(24)
Possible impact of a 1% movement in Interest Rates	2	2	(2)	(2)
<b>2012</b>				
Possible impact of a 10% movement in Market Values	197	197	(197)	(197)
Possible impact of a 1% movement in Interest Rates	20	20	(20)	(20)

# Griffith City Council

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

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

\$ '000

#### (c) Receivables

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

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

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

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

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

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

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

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

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	2,154	4,618	2,413	4,141
Past due by up to 30 days	659	542	440	608
Past due between 31 and 180 days	-	-	-	410
	<b>2,813</b>	<b>5,160</b>	<b>2,853</b>	<b>5,159</b>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2013	2012
Balance at the beginning of the year			43	43
+ new provisions recognised during the year			385	-
<b>Balance at the end of the year</b>			<b>428</b>	<b>43</b>



## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 15. Financial Risk Management (continued)

\$ '000

### (d) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total	Actual
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Cash Outflows	Carrying Values
2013									
Trade/Other Payables	1,365	3,950	7	-	-	-	-	5,322	5,322
Loans & Advances	-	2,730	1,819	1,291	1,057	914	17,980	25,791	25,791
Lease Liabilities	-	168	43	-	-	-	-	211	211
Total Financial Liabilities	1,365	6,848	1,869	1,291	1,057	914	17,980	31,324	31,324
2012									
Trade/Other Payables	1,377	5,740	7	-	-	-	-	7,124	7,124
Loans & Advances	-	2,395	2,566	1,631	1,096	851	18,894	27,433	27,423
Total Financial Liabilities	1,377	8,135	2,573	1,631	1,096	851	18,894	34,557	34,547

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	5,322	0.0%	7,124	0.0%
Loans & Advances - Fixed Interest Rate	25,791	6.3%	27,423	6.3%
Lease Liabilities	211	3.1%	-	
	<b>31,324</b>		<b>34,547</b>	

# Griffith City Council

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

### Note 16. Material Budget Variations

\$ '000

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

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

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

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

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>25,850</b>	<b>26,212</b>	<b>362</b>	1%	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>12,104</b>	<b>12,677</b>	<b>573</b>	5%	<b>F</b>
<b>Interest &amp; Investment Revenue</b>	<b>882</b>	<b>1,866</b>	<b>984</b>	112%	<b>F</b>
Council has taken a very conservative view on budgeting for investment returns. The stabilisation in global financial markets has assisted in the improvement in asset values and a recovery in investment returns.					
<b>Other Revenues</b>	<b>973</b>	<b>1,182</b>	<b>209</b>	21%	<b>F</b>
The Quarry received income of \$322K against a budget of \$130K. Other fines were also above budget by \$33K.					
<b>Operating Grants &amp; Contributions</b>	<b>6,956</b>	<b>8,159</b>	<b>1,203</b>	17%	<b>F</b>
The majority of differences for unbudgeted items in the Operating Grants & Contributions category are Dept of Health and Ageing Grant \$146K, Water Saving Initiative Grant \$42K, Arts Funding \$75K, FAG \$153K, Flood Plain Management \$86K, RMS Funding \$130K					
<b>Capital Grants &amp; Contributions</b>	<b>2,283</b>	<b>11,599</b>	<b>9,316</b>	408%	<b>F</b>
Items that were not included in the 12/13 original budget but recognised were \$5.389M for the Community Private Hospital, \$2.579M for Flood Restoration Works and \$1.055M for the new RFS Zone Administration Building.					
<b>Net Gains from Disposal of Assets</b>	<b>-</b>	<b>722</b>	<b>722</b>	0%	<b>F</b>
<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	0%	<b>F</b>
Council sold a parcel of commercial land during the year which yielded a a profit on sale of \$789K, this sale was not budgeted for.					

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>20,744</b>	<b>19,467</b>	<b>1,277</b>	<b>6% F</b>
<b>Borrowing Costs</b>	<b>435</b>	<b>1,934</b>	<b>(1,499)</b>	<b>(345%) U</b>
This is primarily due to the Griffith Waste Water Treatment Plant project being completed in the 2013 year. When an asset is completed and brought to account any ongoing interest charges must be expensed and can no longer be allocated to the asset in question.				
<b>Materials &amp; Contracts</b>	<b>10,332</b>	<b>9,867</b>	<b>465</b>	<b>5% F</b>
<b>Depreciation &amp; Amortisation</b>	<b>8,590</b>	<b>9,622</b>	<b>(1,032)</b>	<b>(12%) U</b>
Depreciation figures were higher than budgeted for the Water Supply Network due to the revaluation in 2012. Plant & Equipment depreciation was also \$165k higher than it's budget.				
<b>Other Expenses</b>	<b>4,203</b>	<b>4,710</b>	<b>(507)</b>	<b>(12%) U</b>
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash Flows from Operating Activities</b>	<b>13,334</b>	<b>24,197</b>	<b>10,863</b>	<b>81.5% F</b>
The majority of this difference is in Grants & Contributions, as described above.				
<b>Cash Flows from Investing Activities</b>	<b>(15,827)</b>	<b>(13,921)</b>	<b>1,906</b>	<b>(12.0%) F</b>
Majority of this difference is the Land Sale that was unbudgeted.				
<b>Cash Flows from Financing Activities</b>	<b>(126)</b>	<b>(1,499)</b>	<b>(1,373)</b>	<b>1089.7% U</b>
Council budgeted to draw down a loan that did not eventuate in the 12/13 year.				

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 17. Statement of Developer Contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	33	25	-	5	-	-	63	-	(63)	-	-
Parking	(44)	9	-	-	-	-	(35)	-	-	(35)	-
Open Space	21	37	-	6	-	-	64	-	(64)	-	-
Community Facilities	1,150	12	-	138	(1,288)	-	12	-	(12)	-	-
<b>S94 Contributions - under a Plan</b>	<b>1,160</b>	<b>83</b>	<b>-</b>	<b>149</b>	<b>(1,288)</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>(139)</b>	<b>(35)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>197</b>	<b>144</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>361</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>1,357</b>	<b>227</b>	<b>-</b>	<b>169</b>	<b>(1,288)</b>	<b>-</b>	<b>465</b>				<b>-</b>
S94 not under Plans	5	-	-	-	-	-	5	-	(5)	-	-
S64 Contributions	2,056	365	-	257	(5)	-	2,673				
<b>Total Contributions</b>	<b>3,418</b>	<b>592</b>	<b>-</b>	<b>426</b>	<b>(1,293)</b>	<b>-</b>	<b>3,143</b>	<b>-</b>	<b>(144)</b>	<b>(35)</b>	<b>-</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 17. Statement of Developer Contributions (continued)

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN - CAR PARKING

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	(44)	9	-	-	-	-	(35)	-	-	(35)	-
<b>Total</b>	<b>(44)</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>(35)</b>	<b>-</b>

## CONTRIBUTION PLAN - OPEN SPACE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	14	10	-	3	-	-	27	-	(27)	-	-
<b>Total</b>	<b>14</b>	<b>10</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>(27)</b>	<b>-</b>	<b>-</b>

## CONTRIBUTION PLAN - COMMUNITY FACILITIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	1,150	12	-	138	(1,288)	-	12	-	(12)	-	-
<b>Total</b>	<b>1,150</b>	<b>12</b>	<b>-</b>	<b>138</b>	<b>(1,288)</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>-</b>

## CONTRIBUTION PLAN - NEIGHBOURHOOD PARKS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	7	27	-	3	-	-	37	-	(37)	-	-
<b>Total</b>	<b>7</b>	<b>27</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>(37)</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 17. Statement of Developer Contributions (continued)

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN - TRAFFIC MANAGEMENT

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	33	25	-	5	-	-	63	-	(63)	-	-
<b>Total</b>	<b>33</b>	<b>25</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>(63)</b>	<b>-</b>	<b>-</b>

## S94A LEVIES - UNDER A PLAN

## CONTRIBUTION SEC 94A FROM 01-07-10

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Sec 94A from 01-07-10	197	144		20			361				
<b>Total</b>	<b>197</b>	<b>144</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>361</b>				<b>-</b>

## S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	5	-	-	-	-	-	5	-	(5)	-	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

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

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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



# Griffith City Council

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

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

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

###### (i) Third Party Claims

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

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

###### (ii) S94 Plans

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

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

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

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

#### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

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

#### ASSETS NOT RECOGNISED (continued):

##### (ii) Infringement Notices/Fines

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

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

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

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

##### (iii) Rural Fire Fighting Assets

Council has an ownership interest in certain rural fire appliances, plant & 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 & equipment in its assets register and a decision as to whether these assets will be transferred to the RFS or remain with Council will be clarified in a future period.

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

## Griffith City Council

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

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

\$ '000

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

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		346,475	340,132
a. Net Operating Result for the Year		16,817	6,343
<b>Balance at End of the Reporting Period</b>		<b>363,292</b>	<b>346,475</b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		188,836	177,497
<b>Total</b>		<b>188,836</b>	<b>177,497</b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		177,497	174,000
- Revaluations for the year	9(a)	10,820	15,235
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c)	-	(11,450)
- Water Entitlement avail. for Temp/Perm Sale revaluation for year		519	(288)
<b>- Balance at End of Year</b>		<b>188,836</b>	<b>177,497</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>188,836</b>	<b>177,497</b>

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

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

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

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

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

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

## Griffith City Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	1,768	6,540	17,904
User Charges & Fees	5,963	706	6,008
Interest & Investment Revenue	675	396	795
Other Revenues	38	14	1,130
Grants & Contributions provided for Operating Purposes	170	54	7,935
Grants & Contributions provided for Capital Purposes	330	153	11,116
<b>Other Income</b>			
Net Gains from Disposal of Assets	20	7	695
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>8,964</b>	<b>7,870</b>	<b>45,583</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	1,751	1,576	16,140
Borrowing Costs	-	1,646	288
Materials & Contracts	3,186	1,731	4,950
Depreciation & Amortisation	1,937	1,551	6,134
Impairment	-	-	-
Other Expenses	841	611	3,258
Interest & Investment Losses	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>7,715</b>	<b>7,115</b>	<b>30,770</b>
<b>Operating Result from Continuing Operations</b>	<b>1,249</b>	<b>755</b>	<b>14,813</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>1,249</b>	<b>755</b>	<b>14,813</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>1,249</b>	<b>755</b>	<b>14,813</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>919</b>	<b>602</b>	<b>3,697</b>

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

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

## Griffith City Council

## Notes to the Financial Statements

as at 30 June 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
	Water	Sewer	General <sup>1</sup>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	7,113	2,756	3,639
Investments	-	-	9,820
Receivables	2,563	2,302	2,642
Inventories	295	-	985
Other	-	-	40
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>9,971</b>	<b>5,058</b>	<b>17,126</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	420	-	242
Inventories	2,233	-	2,549
Infrastructure, Property, Plant & Equipment	123,293	129,750	299,677
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	-
<b>Total Non-Current Assets</b>	<b>125,946</b>	<b>129,750</b>	<b>302,468</b>
<b>TOTAL ASSETS</b>	<b>135,917</b>	<b>134,808</b>	<b>319,594</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	-	-	5,919
Borrowings	-	1,238	1,660
Provisions	-	-	5,487
<b>Total Current Liabilities</b>	<b>-</b>	<b>1,238</b>	<b>13,066</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	631
Borrowings	-	20,832	2,272
Provisions	-	-	152
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>20,832</b>	<b>3,055</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>22,070</b>	<b>16,121</b>
<b>Net Assets</b>	<b>135,917</b>	<b>112,738</b>	<b>303,473</b>
<b>EQUITY</b>			
Retained Earnings	79,884	62,064	221,344
Revaluation Reserves	56,033	50,674	82,129
<b>Total Equity</b>	<b>135,917</b>	<b>112,738</b>	<b>303,473</b>

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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\$ '000

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

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

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Events that occur between the end of the reporting period (ending 30 June 2013) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 22/10/13.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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

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

## Griffith City Council

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

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

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\$ '000

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Council has two Garbage Centres that are situated at Tharbogang and Yenda.

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

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

- the remaining useful lives of these assets being estimated at beyond 20 years and accordingly the effects of discounting the future cash outflows to present values deems the amounts immaterial,
- preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's Financial Results or Financial Position as at 30/6/13.

Accordingly, no Provision amounts have been brought to account in these Financial Statements for such future Reinstatement & Restoration Costs.

Council is currently conducting a full Environmental Report on the main Tharbogang Landfill/Quarry site and this will largely determine the size, scope and timing of any future provisions required for the remediation and rehabilitation of these sites.

## Griffith City Council

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

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

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##### Principal Place of Business:

1 Benerembah Street  
GRIFFITH NSW 2680

##### Contact Details

##### Mailing Address:

PO Box 485  
GRIFFITH NSW 2680

##### Opening Hours:

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

**Telephone:** 02 6962 8100

**Facsimile:** 02 6962 7161

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

**Email:** [admin@griffith.nsw.gov.au](mailto:admin@griffith.nsw.gov.au)

##### Officers

##### GENERAL MANAGER

Brett Stonestreet

##### RESPONSIBLE ACCOUNTING OFFICER

Max Turner

##### PUBLIC OFFICER

Shireen Donaldson

##### AUDITORS

Auswild & Co.  
4 Dugan Street  
DEAKIN ACT 2600

##### Elected Members

##### MAYOR

Cr John Dal Broi

##### COUNCILLORS

Cr Doug Curran  
Cr Anne Napoli  
Cr Christine Stead  
Cr Mike Neville  
Cr Simon Croce  
Cr Pat Cox  
Cr Bill Lancanster  
Cr Dino Zappacosta  
Cr Alison Balind  
Cr Leon Thorpe  
Cr Paul Rossetto

##### Other Information

**ABN:** 81 274 100 792





## **Independent auditor's report to the Councillors of the Griffith City Council and the Chief Executive Officer of the Division of Local Government**

We have audited the accompanying general purpose financial report of the Griffith City Council, which comprises the Statement by Councillors and Management, Statement of Financial Position as at 30<sup>th</sup> June, 2013, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

### **Councils' Responsibility for the Financial Report**

The Council is responsible for the preparation and presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

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

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

Our audit responsibility does not extend to the original budget information included in the Income Statement, Cash Flow Statement, Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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



## **Independence**

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

## **Auditor's Opinion**

In our opinion,

- (a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 Chapter 13 Part 3 Division 2; and
- (b) The general purpose financial report
  - (i) has been prepared in accordance with the requirements of this Division;
  - (ii) is consistent with the Council's accounting records;
  - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
  - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

**AUSWILD & CO.**



G.J. BRADLEY

Principal

Registered Auditor No: 1249

CANBERRA  
22<sup>nd</sup> October, 2013



# Auswild & Co

## CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

22<sup>nd</sup> October 2013

Councillor John Dal Broi  
Mayor  
Griffith City Council  
P.O. Box 485  
**GRIFFITH.** N.S.W. 2680

Dear Cr Dal Broi,

Having completed an audit examination of the books of account and associated records of the Griffith City Council for the twelve months period ended 30 June 2013 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

### BACKGROUND

Council is required to prepare two sets of financial statements for audit each year, these being:

#### General Purpose Financial Statements

These financial statements present the actual financial position and performance of the Council. Council has prepared the general purpose financial statements in accordance with:

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

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

These financial statements have been prepared in much the same manner as those of the previous year.

### Special Purpose Financial Statements

These financial statements have been prepared in accordance with the requirements of the National Competition Policy which requires separate financial statements for each declared business activity. Council's declared business activities for the 2013 financial year were:

- Water Fund Operations
- Sewer Fund Operations

The principle differences between the general purpose financial statements and the special purpose financial statements are that:

- certain taxes and other costs have been imputed in the special purpose financial statements (eg income tax and land tax),
- the special purpose financial statements contain additional disclosures such as council subsidies, return on investments and dividends paid.

### Auditor's Responsibility

As part of our role as auditor of Council, Section 415 (3) of the *Local Government Act 1993* and the *Local Government (General) Regulation* requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit. The following section of this report provides an understanding of Council's financial position as at 30 June 2013, its performance for the year then ended its cash flows and other material financial matters.

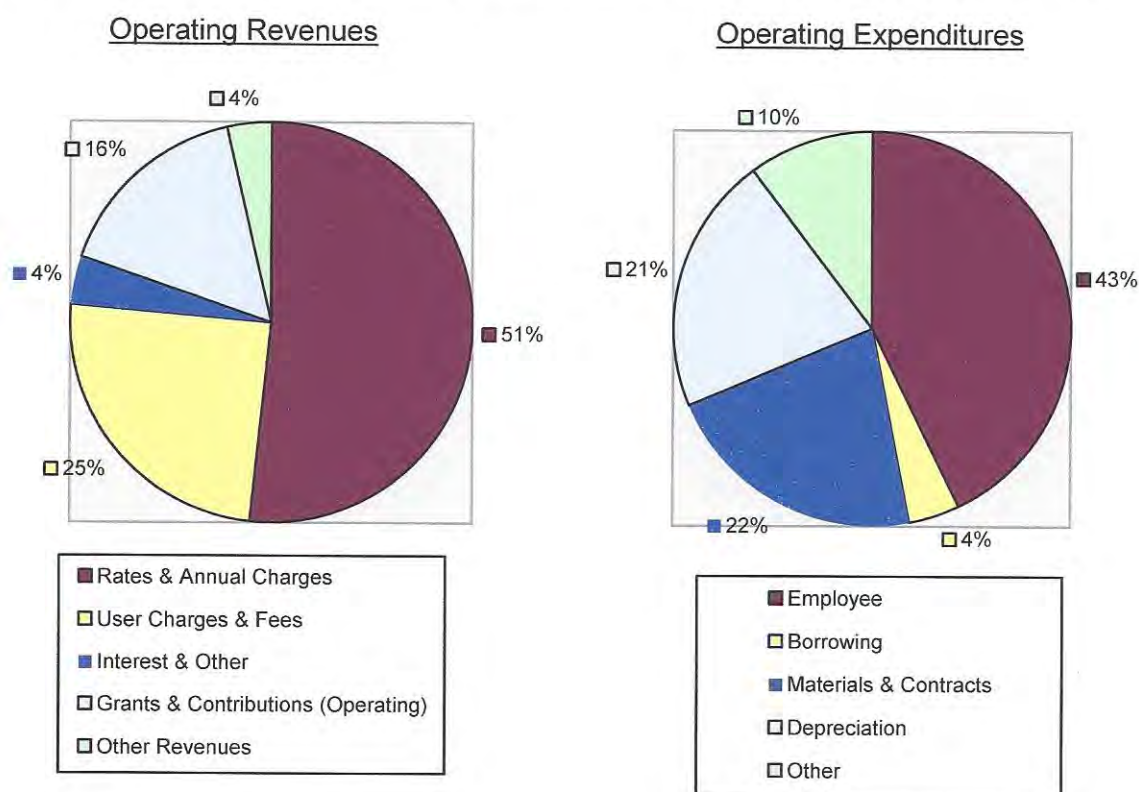


## FINANCIAL RESULTS

Council reported an operating surplus before capital grants and contributions of \$5.22 million for the year ended 30 June 2013 (2012 – surplus of \$3.04 million).

Excluding capital grants and contributions, operating revenues for the year (\$50.82 million) increased approximately 4.74% on those of the previous year (\$48.52 million) whilst during the same period operating expenses (\$45.60 million) increased approximately 2.73%.

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



In addition to operating revenues, Council received capital grants and contributions amounting to \$11.60 million (2012 - \$3.30 million).

This significant increase in capital revenue is principally due to Council bringing to account grants, contributions and donations associated with the proposed construction of the Griffith Community Private Hospital. This income amounted to \$5.39 million.

In the twelve months period to 30 June 2013 Council's operating result from continuing operations' (**including** capital grants and contributions) was a surplus of \$16.82 million compared with a surplus of \$6.34 million in the previous year.

## BUDGET COMPARISON

The net operating surplus for the year of \$16.82 million was significantly above budget expectations which anticipated a surplus of \$4.74 million.

Details of material variations between the original budget and actual results are detailed in Note 16 to the General Purpose Financial Reports. In essence the variances from the expected results have been attributed to:

### Favourable Variances

- Increased interest revenues due to conservative budget estimates and improved global markets.
- Increased Other Revenues were received for quarry operations and fines.
- The receipt of additional operational grants and contributions in relation to healthy communities (\$146,000), financial assistance grant (\$153,000), RMS works (\$130,000), flood plain management (\$86,000), water saving initiatives (\$42,000) and arts (\$75,000).
- Receipt of unbudgeted capital grants and contributions for the community private hospital (\$5.39 million), flood restoration (\$2.58 million) and the RFS Zone administration building (\$1.06 million).
- Gain on sale of assets.

### Unfavourable Variances

- Depreciation expenses for water supply network increased following their revaluation in 2012. The revaluations were not known at the time of the budget preparation.
- Increased borrowing costs due to the timing and recognition of capital projects.



## DETAILED AUDIT OBSERVATIONS

### OPERATING INCOME

#### Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$26.21 million (2012 - \$25.23 million).

In setting the **ordinary rates** for the year Council resolved to adopt the approved maximum increase available of 3.76% (3.6% rate pegging limit plus 0.16% catch-up). This action together with an increase in the number of assessments has resulted in revenues from ordinary rates increasing from \$13.22 million in 2011/2012 to \$13.75 million in the current year.

Council's **ordinary rating base** has increased by 36 assessments during the twelve months period and at year end 10,815 assessments were subject to **ordinary rates**.

Council further resolved that other major charges be amended as follows:

- Annual water access charges were subject to varying increases of between 2.00% and 3.60% depending on the meter size.
- Sewer annual access charges for residential customers were increased by 2.80% whilst non-residential customers were increased between 2.90% and 3.60% (depending on meter size).
- Sewer reclamation plant upgrade levy was increased 2.10% for residential and between 1.40% and 2.60% for non-residential customers (depending on meter size).
- Domestic waste management charges increased 3.00% whilst non-domestic charges were subject to increases between 6.80% and 7.00%.
- Domestic recycling charges increased 5.40%.

Such increases have resulted in revenues as follows:

<b><u>Annual Charges</u></b>	<b>2012</b>	<b>2013</b>
	\$	\$
Water Supply	1,720,000	1,890,000
Sewerage	6,324,000	6,417,000
Domestic Waste	2,007,000	2,090,000
Non-Domestic Waste	851,000	892,000
Recycling	943,000	1,005,000

Rebates of \$595,000 were provided to eligible pensioners and a subsidy of \$299,000 was received from the Division of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates for the year were \$138,000 (2012 - \$150,000) and outstanding rates were subject to interest at the rate of 10.00%.

### **User Charges and Fees**

Council derived \$5.95 million from **specific user charges** (2012 - \$5.07 million) and a further \$6.73 million from **fees** (2012 - \$6.52 million) imposed during the twelve months period ended 30 June 2013.

Contributing significantly to user charges and fees revenues for the year were:

#### Water Consumption Charges

Water usage charges were subject to increases of:

- ▶ 0 – 200kl increased \$0.05 to \$0.60
- ▶ > 200kl increased \$0.03 to \$1.11

These adjustments combined with increased demand resulted in revenues increasing approximately 18.36% to \$5.05 million (2012 - \$4.27 million).

#### RMS Charges

Council continues to be a major contractor for the RMS with works amounting to \$1.57 million (2012 - \$1.51 million) being undertaken on the state roads located within the Council area. Such revenues have been an integral and important component of Council's operations for many years.

Other major revenues received from user charges and fees included:-

	<b>2012</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Sewerage	588,000	667,000
Planning and Regulatory	924,000	947,000
Regional Theatre	331,000	271,000
Aquatic Centre	1,188,000	1,185,000
Tipping Fees	674,000	751,000
Cemeteries	404,000	508,000
Aerodrome	636,000	604,000
Saleyards	365,000	477,000



### Interest

Interest and investment revenues increased significantly during the twelve months period primarily in response to increased funds being available for investment.

Council's investment portfolio includes managed funds and other investments which are subject to market fluctuations. In the twelve months period to 30 June 2013 these investment products have continued to improve which has resulted in these investments being adjusted upwards by \$533,000. In accordance with the Code of Accounting Practice this valuation adjustment has been brought to account as interest revenues in the current year.

Council's interest revenue from cash and investments amounted to \$1.87 million and was earned as follows:

	2012	2013
	\$	\$
Overdue rates & charges	150,000	138,000
Investments	776,000	1,195,000
Fair Valuation Movements	70,000	533,000
	<u>996,000</u>	<u>1,866,000</u>

Interest on investments for the year represented approximately 8.69% of ordinary rating income which would be considered low by industry standards.

### Other Revenues

Griffith City Council has once again received important income from a number of non-core activities. Predominantly, such income has been earned from lease/rentals (\$215,000), parking and other fines (\$177,000), quarry income (\$322,000) and recovery of legal fees (\$121,000).

### Grants, Subsidies and Contributions

#### Operating Grants and Contributions

Operating grants and contributions amounting to \$8.16 million were received in 2012/2013 compared with \$9.56 million received in the previous year.

Council's untied Financial Assistance Grant decreased 18.11% from \$5.52 million in 2011/2012 to \$4.52 million this year. This significant decrease is attributed to the Australian Government decision to pay an advance payment in 2011/2012. The financial assistance grants received in the current year are in line with historical instalments and expectations. We do note that Griffith City Council has now received two instalments of the financial assistance grants in advance. These advance payments to Griffith City amount to \$2.33 million and have been internally restricted by Council.



Other major specific purpose grants and contributions were received for RMS Regional Roads (\$592,000), Community Projects (\$119,000), Bushfire and Emergency Services (\$171,000), Roads to Recovery (\$1.03 million), Flood Plain Study (\$128,000), Healthy Communities Initiative (\$146,000) and Noxious Weeds (\$114,000).

#### Capital Grants and Contributions

Total capital grants and contributions received for the year amounted to \$11.60 million (2012 - \$3.30 million) and principally related to Griffith Community Private Hospital (\$5.39 million), Bushfire and Emergency Services (\$1.06 million), Flood Restoration Works (\$2.58 million), Developer Contributions (\$593,000) and Airport Upgrade (\$1.43 million).

In accordance with the Code of Accounting Practice all grant and contribution monies received in 2012/2013 (both expended and unexpended) have been brought to account as income. Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attaching thereto amounted to \$1.02 million. At year end Council held unexpended grants and contributions totalling to \$3.26 million (2012 - \$3.47 million) and such funds have been identified as an externally restricted asset.

### OPERATING EXPENDITURE

Expenses from continuing operations (\$45.60 million), although marginally greater than budget expectations (\$44.30 million), were much in line with those of the previous year (\$45.48 million).

Impacting significantly on operating expenses for the year were:

#### Employee Costs

Employee costs (\$19.47 million) decreased approximately 9.32% in the twelve months period to 30 June 2013. This situation can be principally attributed to reduced "Equivalent Full Time" staff numbers which decreased from 295 in 2011/2012 to 287 as at 30<sup>th</sup> June, 2013 resulting in:

- ✦ Salaries and wages decreasing \$551,000 to \$14,929,000
- ✦ Superannuation expenses decreasing \$144,000 to \$1.68 million
- ✦ Employee leave entitlements decreasing \$1.10 million to \$2.88 million

Further, we report that Council has capitalised an additional \$346,000 of employee costs in the current year.

#### Borrowing Costs

As reported last year borrowing costs have increased significantly following the commissioning of the sewerage scheme in 2011/2012 with the allocation of all associated borrowing costs now being expensed and not capitalised. Borrowing costs amounted to \$1.93 million in the current year (2012 - \$344,000).

#### Gains/(Losses) from the Sale of Assets

The sale/disposal of Council assets in the current year has resulted in a profit of \$722,000 being brought to account (2012 – loss of \$28,000).

#### Other Expenses

Other Expenses (\$4.71 million) increased \$966,000 (25.80%) over those of the previous year primarily in relation to increased electricity and heating costs of approximately \$2.04 million (2012 - \$1.45 million).

### **ASSETS**

#### **Cash & Investments**

At balance date Council controlled cash and investments totalling \$23.33 million (2012 - \$14.23 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises specific purpose unexpended grants (\$114,000), developer contributions (\$3.14 million), water investments (\$5.57 million), sewerage investments (\$2.09 million), Griffith Health Facilities Limited (\$5.44 million), advance instalments of the financial assistance grant (\$2.33 million), employee entitlements (\$1.75 million) and monies for future works.

Externally restricted investments amounted to \$15.03 million whilst Council has "earmarked" a further \$7.11 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:

	2012	2013
	\$	\$
General Fund	2,178,000	8,302,000
Water Fund	4,973,000	5,572,000
Sewerage Fund	3,006,000	2,093,000
Externally Restricted Funds	4,072,000	7,361,000
	<u>\$14,229,000</u>	<u>\$23,328,000</u>



and comprised

	2012	2013
	\$	\$
Cash on Hand and at Bank	1,838,000	10,642,000
Short Term Deposits	83,000	83,000
Long Term Deposits	6,500,000	8,531,000
Managed Funds	2,810,000	2,783,000
NCD's and FRN's	1,547,000	NIL
Other Long Term Financial Assets	1,029,000	1,050,000
Collateralised Debt Obligations (CDOs)	422,000	239,000
	\$14,229,000	\$23,328,000

All investments have been classified as held for trading and consequently their values have been adjusted as at 30 June 2013 to reflect their market/fair values. We report that Council's investments were re-valued upwards by \$533,000 in the current year.

## Debtors

### Rates and Annual Charges

At balance date net outstanding rates, annual charges and associated interest amounted to \$2.81 million (2012 - \$2.85 million) which represented 9.59% of total receivable (2012 - 10.27%).

This relatively high percentage arrears position can be attributed to Council's billing cycle which forwards third trimester water and sewerage charges late in the year and consequently a substantial component of the arrears at year end (\$2.10 million) is current.

Unfortunately, Council's rate arrears position has again been adversely impacted by the actions of a few ratepayers who have resisted recovery action initiated by Council. We note that at year end four ratepayers collectively owed in excess of \$336,000 (2012 - \$425,000). We again encourage Council to make a concerted effort to reduce this percentage arrears to less than 5.00%.

Outstanding rates and annual charges have been subject to interest at the rate of 10.00% pa and we report that Council has determined that a provision for doubtful debts is not necessary as all arrears are secured by a charge over the land.

### User Charges

User charge debtors at years end amounted to \$3.21 million (2012 - \$3.15 million) of which \$2.64 million related to water consumption charges from the third trimester billing. As these water consumption accounts were not issued until late in the year most of these debts were current and should be collected in the normal course of business.

## **Inventories**

### Real Estate

During the current reporting period Council sold a major holding of land which realised a profit of \$789,000. At year end Council held undeveloped land with a book value of \$3.02 million.

### Water Licences

Council revalued its permanent water licences to market values at 30 June 2013 which has resulted in an increase of \$484,000 in the book values. Council's water licences are now valued at \$2.49 million (2012 - \$2.01 million) and although they are classified as a non-current asset we note that an active market exists for water trading and these licences can be traded on a temporary or permanent basis.

## **Property, Plant and Equipment (excluding real estate)**

During the year Council acquired assets to the value of \$17.33 million (2012 - \$25.93 million).

The principal items being:-

	<b>2012</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
	<b>'000's</b>	<b>'000's</b>
Works in Progress	4,207	2,790
Plant & Equipment	1,096	2,445
Buildings	713	789
Roads, Bridges & Footpaths	3,056	6,573
Sewerage	10,900	1,627
Water	1,864	1,291
Other Structures	1,699	514
Operational Land	1,885	545

The expenditure associated with buildings and infrastructure has given Council an assets renewal ratio of 194.56%. This ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating. In our opinion Council has maintained a very satisfactory assets renewal ratio with the last three years average being 219.00%

Additionally, we report that Council sold assets with a book value of \$632,000. The sale of these assets has resulted in a loss of \$67,000 being brought to account (2012 – loss of \$28,000).

Further we report that in accordance with the requirements of the Code of Accounting Practice, Council's buildings and land assets were subject to a full revaluation which is required to be conducted every five years. We report that the building and land assets were subject to external valuations which were adjusted as appropriate for known circumstances. Council's water and sewerage assets were not indexed upwards in accordance with the latest indices provided in the NSW Office of Water due to the immaterial impact on values.



These revaluations have resulted in Council's assets being revalued as follows:

Operational Land	increased \$518,000 to \$21.73 million
Buildings – Specialised	increased \$8.26 million to \$55.08 million
Other Structures	increased \$2.01 million to \$15.94 million
Stormwater Drainage	increased \$27,000 to \$45.57 million

The combined action of asset movements, reinstatements and revaluations has resulted in the value of property, plant and equipment increasing from \$534.95 million in 2011/2012 to \$552.72 million as at 30 June 2013.

Major acquisitions during the year were funded from loans, grants and contributions, and cash & investments.

### Provisions

At 30 June 2013 the Provision for Employee Accrued Entitlements totalled \$5.64 million. The components of the liability are:-

	2012 \$	2013 \$
Annual Leave	1,821,000	1,630,000
Long Service Leave	3,912,000	3,825,000
Sick Leave	210,000	184,000

The average leave entitlement per employee as at 30 June 2013 was \$19,648 (2012 - \$20,146).

At year's end Council had set aside funds amounting to \$1.75 million or 31.03% of the employees leave entitlement liability. In the twelve months period Council has increased the employee leave entitlement reserve by \$750,000. Such funds have been identified as an internally restricted asset.

### Loans and Debt Servicing

During the year Council raised new loans amounting to \$923,000, entered into a finance lease agreement for the purchase of Heavy Plant (\$280,000) and repaid principal amounting to \$2.70 million. At year end Council's outstanding borrowings and finance lease commitments amounted to \$26.0 million (2012 - \$27.42 million).

Council's external loan and finance lease liability is apportioned as follows:-

	2012 \$	2013 \$
General Fund	4,195,000	3,932,000
Water Fund	Nil	Nil
Sewerage Fund	<u>23,228,000</u>	<u>22,070,000</u>
	27,423,000	26,002,000

Council required \$4.58 million (including \$2.70 million in principal repayments) or 9.67% of its income received from operating revenues (excluding specific purpose grants, contributions and donations) to service its loan commitments in 2012/2013.

## SUMMARY

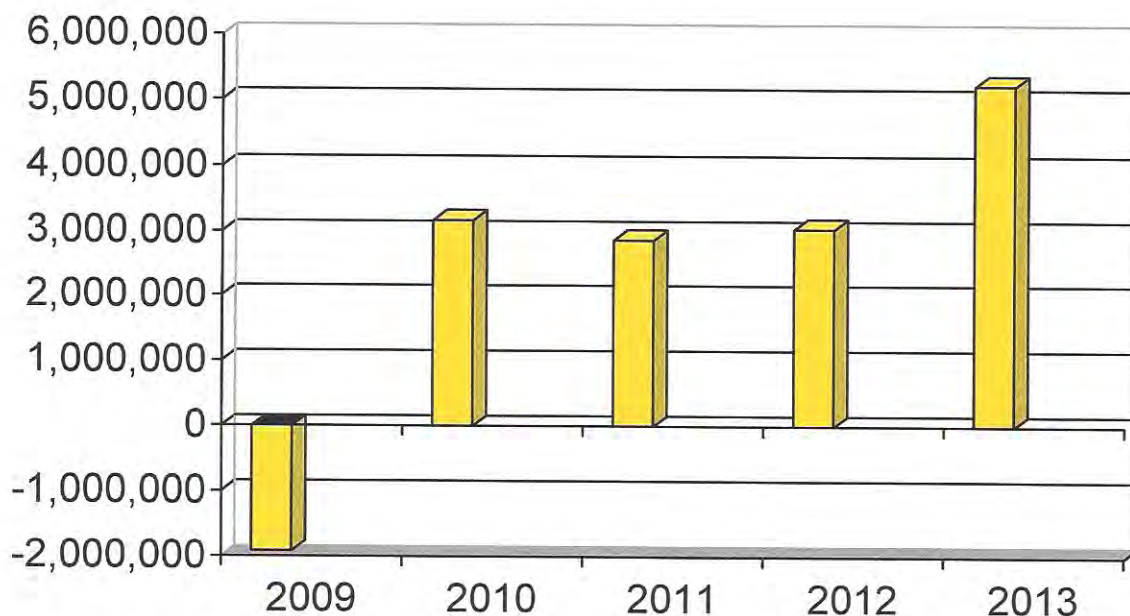
In analysing Council's financial results for the year particular attention must be given to the following:

- Operating result before capital amounts (surplus of \$5.22 million)
- Net increase in cash and investments held (\$9.10 million)
- Internal and unrestricted investments amounting to \$8.30 million
- Performance Ratios

### Operating Result

Council reported an operating surplus before capital amounts of \$5.22 million for the twelve months period to 30 June 2013. This surplus was achieved after allowing for depreciation expenses of \$9.62 million and was well above both budget expectations (surplus - \$2.46 million) and the result of the previous year (surplus - \$3.04 million).

#### Operating Surplus/Deficit before Capital Amounts





The contribution of the individual Funds to the consolidated operating result before capital grants and contributions was as follows:

	<b>Surplus/ (Deficit)</b>	
	<b>2012</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
General Fund	1,178,000	3,697,000
Water Fund	(161,000)	919,000
Sewerage Fund	<u>2,026,000</u>	<u>602,000</u>
	3,043,000	5,218,000

We note the following items that impacted significantly on the operating result this year:

*Financial Assistance Grants (decreased \$999,000)*

Council's untied Financial Assistance Grant decreased 18.11% from \$5.52 million in 2011/2012 to \$4.52 million this year. This significant decrease is attributed to the Australian Government decision to pay an advance instalment in 2011/2012. The financial assistance grants received in the current year are in line with historical instalments and expectations. We do note that Griffith City Council has now received two instalments of the financial assistance grants in advance. These advance payments to Griffith City amount to \$2.33 million and have been internally restricted by Council

*Borrowing Costs (increased \$1,590,000)*

As anticipated and reported last year, borrowing costs have increased significantly following the commissioning of the sewerage scheme in 2011/2012 with the allocation of all associated borrowing costs now being expensed and not capitalised. Borrowing costs amounted to \$1.93 million in the current year (2012 - \$344,000).

Other income and expenditure items that have materially impacted on Council's operating result for the year included:

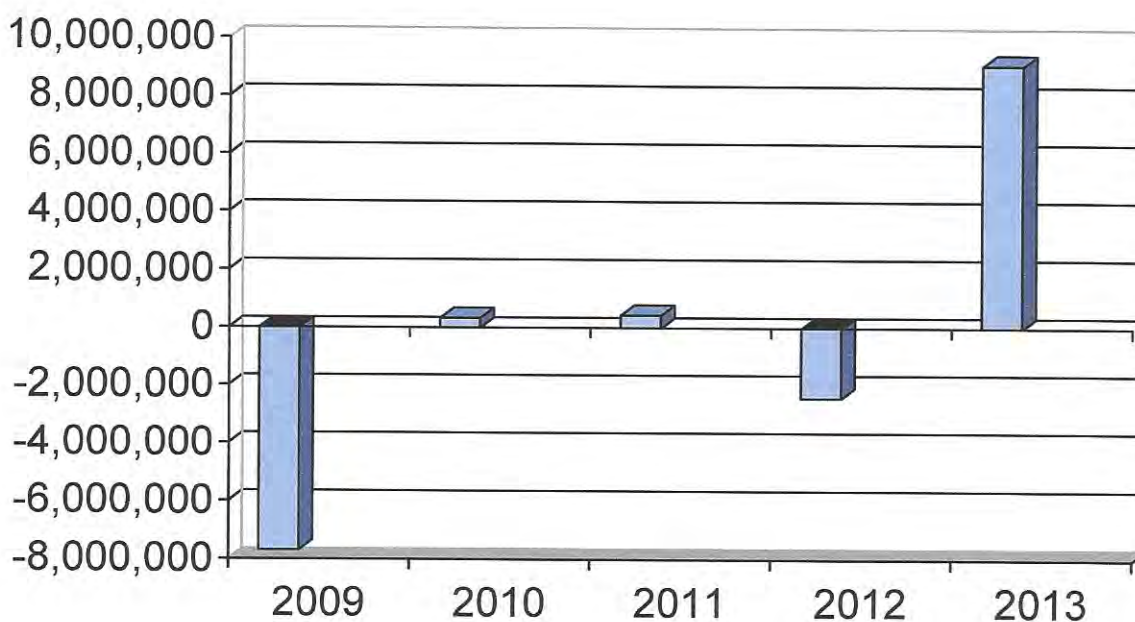
<b><u>Income</u></b>	<b>2012</b>	<b>2013</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Water Consumption	4,270,000	5,054,000	784,000
Interest	996,000	1,866,000	870,000
Specific Purpose Operating Grants	3,026,000	2,617,000	(409,000)
<b><u>Expenses</u></b>			
Raw Materials	9,960,000	9,618,000	(342,000)
Employee Costs	21,467,000	19,467,000	(2,000,000)
Electricity and Heating	1,454,000	2,043,000	589,000

## Cash Flow

Council achieved a cash surplus of \$24.20 million (2012 - \$14.99 million) from its general operating activities which together with increased borrowings (\$1.20 million) and proceeds from the sale of assets (\$3.10 million) was principally utilised to purchase assets and repay loans.

These actions have resulted in Council recording an increase in cash and investments of \$9.10 million for the year.

### Cash Flow Surplus/Deficit



Upon analysis the cash flow surplus can be identified as follows:-

Activity	Surplus/(Deficit)	
	2012 \$	2013 \$
<u>Externally Restricted</u>		
Sewerage Fund	554,000	(914,000)
Water Fund	(189,000)	599,000
Other External restrictions	(3,140,000)	3,289,000
<u>Internally Restricted and Unrestricted</u>		
General Fund	348,000	6,125,000



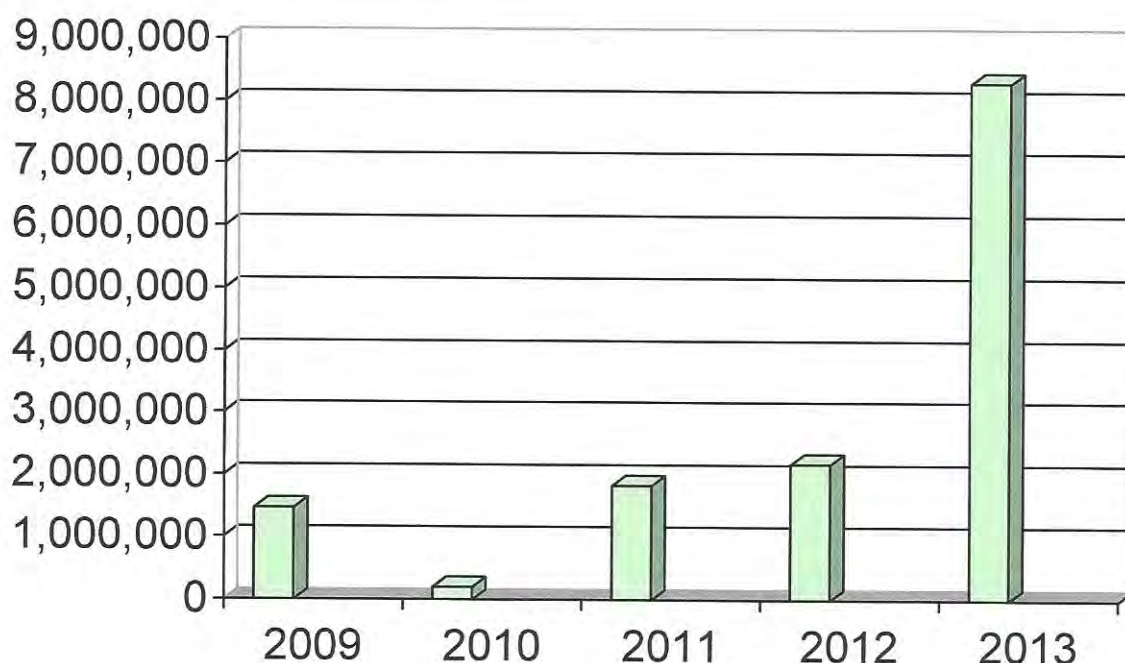
For comparative purposes, we note the following factors that have impacted on the cash flow surplus in 2012/2013.

- An advance instalment of the financial assistance grant was received in the 2011/2012.
- Loan funds amounting to \$1.20 million were taken up in the current year whilst \$2.70 million was repaid.
- Capital expenditure amounted to \$17.24 million in the current year (2012 - \$25.87 million).
- Capital grants, contributions and donations (\$5.39 million) attaching to the proposed Griffith Community Private were received.
- Total Payables decreased by \$1.60 million.

### Reserves (Internally and Unrestricted Assets)

As noted previously, Council's internal and unrestricted funds increased by \$6.13 million in the twelve months period and at year's end Council held internally restricted investments amounting to \$7.11 million whilst a further \$1.19 million was maintained as unrestricted cash.

#### Internal and Unrestricted Reserve Funds



In addition to these funds we report that the water and sewerage funds held cash and investments amounting to \$5.57 million and \$2.09 million respectively.

As illustrated, Council's reserve funds have strengthened considerably over the past year and in our opinion this has been a most important achievement.

Nevertheless, Council's reserves remain well below desired levels and we again encourage Council to continue to address this situation and adopt strategies to significantly improve internally restricted reserves in order that adequate funds are available to maintain and improve infrastructure and services. As we have consistently reported, the adequate funding of reserves is probably the greatest challenge facing local government generally.

Importantly, we note that in addition to these cash funds Council has available for sale approximately \$3.02 million of real estate and future sales (if so earmarked) will add considerable strength to Council's reserve funding. Additionally, Council holds a number of water entitlements for which an active market exists.

### Performance Ratios

Council's marginal liquidity position is reflected in the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 1.88 (2012 – 1.18).

Although Council has no plans to sell its water entitlements in the short term, we report that Council has deemed these assets to be a tradeable commodity and has included these as an asset when calculating the unrestricted current ratio. Without the inclusion of the water entitlements the unrestricted current ratio would have decreased to 1.56. Most other performance ratios however compare quite favourably with the industry generally.

In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each. Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion we wish to acknowledge the courteous assistance and co-operation extended to us by the General Manager and staff during the conduct of the audit, from whom we have obtained all the information and explanations that we required.

Yours faithfully,  
**AUSWILD & CO.**

per:



G.J. BRADLEY  
Registered Auditor No 1249