

# Griffith City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

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# Griffith City Council

## General Purpose Financial Statements for the financial year ended 30 June 2014

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### Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for 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 30 October 2014. 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 2014

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

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

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

#### 4. The Statement of Changes in Equity

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

#### 5. The Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

### Who uses the Financial Statements?

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

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

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

# Griffith City Council

## General Purpose Financial Statements

for the financial year ended 30 June 2014

## Statement by Councillors and Management

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

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

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

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

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

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

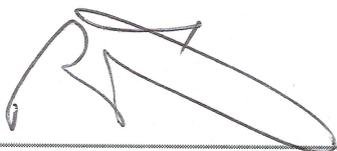
**Signed in accordance with a resolution of Council made on 14 October 2014.**



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 2014

Budget <sup>1</sup> 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
26,934	Rates & Annual Charges	3a	27,488	26,212
12,948	User Charges & Fees	3b	12,333	12,677
1,341	Interest & Investment Revenue	3c	1,267	1,866
768	Other Revenues	3d	991	1,182
7,692	Grants & Contributions provided for Operating Purposes	3e,f	5,698	8,159
4,828	Grants & Contributions provided for Capital Purposes	3e,f	6,510	11,599
<i>Other Income:</i>				
-	Net gains from the disposal of assets	5	94	722
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>54,511</b>	<b>Total Income from Continuing Operations</b>		<b>54,381</b>	<b>62,417</b>
<b>Expenses from Continuing Operations</b>				
21,110	Employee Benefits & On-Costs	4a	20,765	19,467
1,784	Borrowing Costs	4b	1,770	1,934
10,991	Materials & Contracts	4c	9,202	9,867
9,725	Depreciation & Amortisation	4d	10,003	9,622
-	Impairment	4d	-	-
4,643	Other Expenses	4e	4,206	4,710
<b>48,253</b>	<b>Total Expenses from Continuing Operations</b>		<b>45,946</b>	<b>45,600</b>
<b>6,258</b>	<b>Operating Result from Continuing Operations</b>		<b>8,435</b>	<b>16,817</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>6,258</b>	<b>Net Operating Result for the Year</b>		<b>8,435</b>	<b>16,817</b>
6,258	Net Operating Result attributable to Council		8,435	16,817
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>1,430</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>1,925</b>	<b>5,218</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

## Griffith City Council

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>8,435</b>	<b>16,817</b>
<b>Other Comprehensive Income:</b>			
<i>Amounts which will not be reclassified subsequently to the Operating Result</i>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	116,738	10,820
Water Entitlement availal. for Temp/Perm Sale revaluation for year	20b (ii)	729	519
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>117,467</b>	<b>11,339</b>
<i>Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met</i>			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>117,467</b>	<b>11,339</b>
<b>Total Comprehensive Income for the Year</b>		<b>125,902</b>	<b>28,156</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>125,902</b>	<b>28,156</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 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	9,956	13,508
Investments	6b	16,256	9,820
Receivables	7	8,942	7,507
Inventories	8	1,337	1,280
Other	8	34	40
<b>Total Current Assets</b>		<b>36,525</b>	<b>32,155</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	38	38
Inventories	8	5,511	4,782
Infrastructure, Property, Plant & Equipment	9	671,736	552,720
<b>Total Non-Current Assets</b>		<b>677,285</b>	<b>557,540</b>
<b>TOTAL ASSETS</b>		<b>713,810</b>	<b>589,695</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	6,418	5,919
Borrowings	10	2,033	2,898
Provisions	10	5,554	5,487
<b>Total Current Liabilities</b>		<b>14,005</b>	<b>14,304</b>
<b>Non-Current Liabilities</b>			
Payables	10	12	7
Borrowings	10	21,569	23,104
Provisions	10	194	152
<b>Total Non-Current Liabilities</b>		<b>21,775</b>	<b>23,263</b>
<b>TOTAL LIABILITIES</b>		<b>35,780</b>	<b>37,567</b>
<b>Net Assets</b>		<b>678,030</b>	<b>552,128</b>
<b>EQUITY</b>			
Retained Earnings	20	371,727	363,292
Revaluation Reserves	20	306,303	188,836
Council Equity Interest		678,030	552,128
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>678,030</b>	<b>552,128</b>

## Griffith City Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		363,292	188,836	<b>552,128</b>	-	<b>552,128</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/13)</b>		<b>363,292</b>	<b>188,836</b>	<b>552,128</b>	-	<b>552,128</b>
<b>c. Net Operating Result for the Year</b>		<b>8,435</b>	-	<b>8,435</b>	-	<b>8,435</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	116,738	<b>116,738</b>	-	<b>116,738</b>
- Other Movements - Water Entitlements	20b (ii)	-	729	<b>729</b>	-	<b>729</b>
<b>Other Comprehensive Income</b>		-	<b>117,467</b>	<b>117,467</b>	-	<b>117,467</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>8,435</b>	<b>117,467</b>	<b>125,902</b>	-	<b>125,902</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>371,727</b>	<b>306,303</b>	<b>678,030</b>	-	<b>678,030</b>

\$ '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 (as at 1/7/12)</b>		<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>
- 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 (c&amp;d)</b>		<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>

## Griffith City Council

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
26,934	Rates & Annual Charges		27,458	26,252
12,948	User Charges & Fees		11,726	13,200
1,341	Investment & Interest Revenue Received		1,097	1,271
12,520	Grants & Contributions		12,963	19,871
768	Other		2,028	3,876
<b>Payments:</b>				
(21,110)	Employee Benefits & On-Costs		(20,807)	(19,771)
(10,991)	Materials & Contracts		(10,652)	(9,948)
(1,784)	Borrowing Costs		(1,696)	(1,856)
-	Bonds, Deposits & Retention amounts refunded		(77)	(12)
(4,643)	Other		(4,492)	(8,686)
<b>15,983</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>17,548</b>	<b>24,197</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		9,820	10,189
-	Sale of Real Estate Assets		-	2,503
805	Sale of Infrastructure, Property, Plant & Equipment		1,051	601
10	Deferred Debtors Receipts		-	2
<b>Payments:</b>				
-	Purchase of Investment Securities		(16,256)	(9,978)
(15,193)	Purchase of Infrastructure, Property, Plant & Equipment		(13,238)	(17,238)
	Deferred Debtors & Advances Made		(3)	-
<b>(14,378)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(18,626)</b>	<b>(13,921)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
500	Proceeds from Borrowings & Advances		500	923
-	Proceeds from Finance Leases		144	280
<b>Payments:</b>				
(2,892)	Repayment of Borrowings & Advances		(2,864)	(2,633)
-	Repayment of Finance Lease Liabilities		(254)	(69)
<b>(2,392)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(2,474)</b>	<b>(1,499)</b>
<b>(787)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(3,552)</b>	<b>8,777</b>
13,062	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	13,508	4,731
<b>12,275</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>9,956</b>	<b>13,508</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	16,256	9,820
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>26,212</b>	<b>23,328</b>

Please refer to Note 11 for additional cash flow information

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

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

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

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

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

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

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

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

##### (v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

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

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

There have also been no changes in accounting policies when compared with previous financial statements 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 Council and that are believed to be reasonable under the circumstances.

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

Council makes estimates and assumptions concerning the future.

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

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

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

##### **Critical judgements in applying Council'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 it and specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

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

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

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

rateable property or, where earlier, upon receipt of the rates.

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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

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

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

#### Interest and Rents

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

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

#### Dividend Income

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

#### Other Income

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

#### (c) Principles of Consolidation

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

##### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust 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, 2014.

The Council does not exercise "control" over the decisions taken by the Western Riverina Community

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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:

	<b>2014</b>	2013
Ownership interest	55.81%	54.50%
Proportion of voting power	16.67%	16.67%
GCC Equity opening balance	<b>\$232,221</b>	\$246,302
Movements in Investment	<b>\$76,733</b>	
		(\$14,081)
GCC Share in Equity	<b>\$308,954</b>	\$232,221

#### (d) Leases

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

##### Finance Leases

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

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

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

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

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

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

##### Operating Leases

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

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

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

#### (e) Cash and Cash Equivalents

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

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

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

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

##### **(ii) Loans and receivables**

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

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

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

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council’s management 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.

## Griffith City Council

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

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

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

###### (i) Initial Recognition

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

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

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

###### (ii) Subsequent Measurement

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

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

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

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

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.

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

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

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

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

#### **(h) Receivables**

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

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

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.

## Griffith City Council

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

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

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

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

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

##### Acquisition of assets

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

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

- **Water and Sewerage Networks**  
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – 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, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

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

#### Capitalisation Thresholds

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

##### Land

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

##### Plant & 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
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##### 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
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Reseal/Re-sheet & major repairs:	> \$1,000
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Bridge construction & reconstruction	> \$1,000
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#### Depreciation

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

Land is not depreciated.

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

##### Plant & 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

## Griffith City Council

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

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

- Pumps and telemetry 15 to 25 years

#### Other Infrastructure Assets

- Bulk earthworks Infinite

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

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

#### Disposal and De-recognition

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

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

#### (k) Land

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

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

#### (l) Land under roads

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

Council has elected 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.

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

Council has no “Held for Sale” con-current assets or disposal groups at the reporting date.

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

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

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;

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

##### **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.

##### **(iii) 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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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 30/6/14.

##### (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).

##### 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 interpretations

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

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

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

**Applicable to Local Government with implications:**

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional***

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

**disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments** (effective from 1 January 2017)

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

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

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

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

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

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

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

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

**AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets** (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

**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 for 30 June 2015 Financial Statements for not-for-profit entities)

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 2014

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

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

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

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

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

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

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

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

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

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

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

None

There are no other standards that are "not yet effective" and expected to have a material impact on Council 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.

# Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	-	211	-	1,512	1,517	-	(1,512)	(1,306)	-	8,042	-	18,989	18,705
Administration	155	594	6,937	6,861	5,952	7,905	(6,706)	(5,358)	(968)	-	3,870	19,369	18,902
Public Order & Safety	517	438	1,479	847	821	838	(330)	(383)	641	-	1,226	3,293	3,284
Health	135	296	283	388	466	535	(253)	(170)	(252)	-	-	22	22
Environment	6,043	6,568	5,651	4,487	4,471	4,037	1,556	2,097	1,614	-	301	55,495	53,677
Community Services & Education	107	166	196	439	327	461	(332)	(161)	(265)	-	265	3,697	3,752
Housing & Community Amenities	1,284	1,625	1,562	3,980	3,893	3,645	(2,696)	(2,268)	(2,083)	-	99	8,287	7,851
Water Supplies	8,120	8,175	8,253	5,842	5,718	5,776	2,278	2,457	2,477	-	207	143,188	135,305
Sewerage Services	7,834	7,802	7,863	6,248	6,380	6,066	1,586	1,422	1,797	-	54	139,271	134,811
Recreation & Culture	1,664	2,031	2,098	7,910	7,680	7,166	(6,246)	(5,649)	(5,068)	-	260	44,757	45,640
Mining, Manufacturing & Construction	48	135	322	16	4	31	32	131	291	-	-	39	39
Transport & Communication	8,219	8,368	8,106	8,349	7,281	7,616	(130)	1,087	490	-	5,288	270,580	160,849
Economic Affairs	598	737	756	1,374	1,436	1,524	(776)	(699)	(768)	-	17	6,823	6,858
<b>Total Functions &amp; Activities</b>	<b>34,724</b>	<b>37,146</b>	<b>43,506</b>	<b>48,253</b>	<b>45,946</b>	<b>45,600</b>	<b>(13,529)</b>	<b>(8,800)</b>	<b>(2,094)</b>	<b>8,042</b>	<b>11,587</b>	<b>713,810</b>	<b>589,695</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	19,787	17,235	18,911	-	-	-	19,787	17,235	18,911	2,550	4,662	-	-
<b>Operating Result from Continuing Operations</b>	<b>54,511</b>	<b>54,381</b>	<b>62,417</b>	<b>48,253</b>	<b>45,946</b>	<b>45,600</b>	<b>6,258</b>	<b>8,435</b>	<b>16,817</b>	<b>10,592</b>	<b>16,249</b>	<b>713,810</b>	<b>589,695</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 2014

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

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

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

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

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

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

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

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

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

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

Building control, abattoirs, quarries & pits, other.

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

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

##### **ECONOMIC AFFAIRS**

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

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		7,287	6,982
Farmland		4,641	4,480
Business		2,364	2,284
<b>Total Ordinary Rates</b>		<b>14,292</b>	<b>13,746</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		2,173	2,090
Stormwater Management Services		181	172
Water Supply Services		1,938	1,890
Sewerage Services		6,618	6,417
Waste Management Services (non-domestic)		1,237	892
Kerbside Recycling		1,049	1,005
<b>Total Annual Charges</b>		<b>13,196</b>	<b>12,466</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>27,488</b>	<b>26,212</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 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		5	7
Water Supply Services		5,361	5,054
Sewerage Services		708	667
Waste Management Services (non-domestic)		379	220
<b>Total User Charges</b>		<b>6,453</b>	<b>5,948</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		189	172
Private Works - Section 67		89	70
Regulatory/ Statutory Fees		192	165
Registration Fees		22	49
Regulatory Fees		108	110
Section 149 Certificates (EPA Act)		93	93
Section 603 Certificates		41	35
Town Planning		24	45
Water Supplies		208	208
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>966</b>	<b>947</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aerodrome		619	604
Cemeteries		464	508
Engineering Services		2	3
Hire of Council Chambers		1	10
Industrial Discharge		36	32
Library & Art Gallery		98	91
Regional Theatre		281	271
RMS (formerly RTA) Charges (State Roads not controlled by Council)		513	1,574
Saleyards		554	477
Sports Stadium		84	68
Swimming Centres		1,217	1,185
Tourism		99	159
Waste Disposal Tipping Fees		903	751
Licence Preparation & Administration Fees		-	14
Sporting Grounds		19	-
Other		24	35
<b>Total Fees &amp; Charges - Other</b>		<b>4,914</b>	<b>5,782</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>12,333</b>	<b>12,677</b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		122	138
- Interest earned on Investments (interest & coupon payment income)		1,145	1,195
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	533
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>1,267</b>	<b>1,866</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		122	138
General Council Cash & Investments		271	365
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		31	169
- Section 64		140	257
Water Fund Operations		337	493
Sewerage Fund Operations		181	339
Domestic Waste Management operations		33	59
Griffith Health Facilities Limited/Private Hospital		152	46
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>1,267</b>	<b>1,866</b>
<b>(d) Other Revenues</b>			
Fines - Parking		77	83
Fines - Other		86	94
Lease Rental		303	215
Legal Fees Recovery - Rates & Charges (Extra Charges)		97	121
Commissions & Agency Fees		8	5
Insurance Claim Recoveries		-	1
WHS Incentive Payment		60	44
Quarry Income		135	322
Recycling Income (non domestic)		55	42
Resource Sharing Income		9	28
Sales - General		119	10
Temporary Sale of Water Allocation		-	70
Workers Compensation Refund		-	67
Training Incentives		-	23
Refund for Constitutional Recognition of Local Government Contribution		7	-
Other		35	57
<b>TOTAL OTHER REVENUE</b>		<b>991</b>	<b>1,182</b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,643	3,093	-	-
Financial Assistance - Local Roads Component	747	1,424	-	-
Pensioners' Rates Subsidies - General Component	160	145	-	-
<b>Total General Purpose</b>	<b>2,550</b>	<b>4,662</b>	<b>-</b>	<b>-</b>
<sup>1</sup> The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.				
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	68	62	-	-
- Sewerage	59	54	-	-
- Domestic Waste Management	41	38	-	-
Water Supplies	-	42	-	103
Bushfire & Emergency Services	156	171	19	1,055
Economic Development	8	17	10	-
Employment & Training Programs	46	69	-	-
Environmental Protection	53	18	-	-
Flood Plain Study & Risk Management	95	128	-	-
Griffith Community Private Hospital	-	-	-	3,416
Health - Mosquito Control	3	3	-	-
Health - Noxious Weeds	181	114	-	-
Healthy Communities Initiative	-	146	-	-
March 2012 Emergency Event Cost Recovery	30	344	-	-
Recreation & Culture - Arts	81	74	-	-
Recreation & Culture - Community Projects	132	119	-	-
Recreation & Culture - Library	82	88	16	71
Recreation & Culture - Passive Recreation	-	-	90	12
Recreation & Culture - Sporting Facilities	-	-	-	15
Regional Development Australia Fund - Airport Upgrade	-	-	190	1,427
RMS Restoration Works re: March 2012 Flood Event	-	-	4,151	2,579
Road Safety	7	8	-	-
Street Lighting	100	91	-	-
Transport (Roads to Recovery)	1,065	1,031	-	-
Transport (RTA)	-	-	1,053	292
Keep NSW Beautiful	4	-	-	-
NSW Department of Planning	80	-	-	-
Waste & Recycling	-	-	222	-
<b>Total Specific Purpose</b>	<b>2,291</b>	<b>2,617</b>	<b>5,751</b>	<b>8,970</b>
<b>Total Grants</b>	<b>4,841</b>	<b>7,279</b>	<b>5,751</b>	<b>8,970</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	3,611	5,719	190	1,427
- State Funding	1,230	1,560	5,561	4,112
- Other Funding	-	-	-	3,431
	<b>4,841</b>	<b>7,279</b>	<b>5,751</b>	<b>8,970</b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<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	-	-	3	84
S 94A - Fixed Development Consent Levies	-	-	159	144
S 64 - Water Supply Contributions	-	-	29	227
S 64 - Sewerage Service Contributions	-	-	9	130
S 64 - Stormwater Contributions	-	-	-	8
<b>Total Developer Contributions</b>	17	-	<b>200</b>	<b>593</b>
<b>Other Contributions:</b>				
Administration Services	-	-	12	13
Bushfire Services	-	-	10	-
Business Development	-	25	-	-
Charles Sturt University	30	30	-	-
Economic Affairs - Tourism/Events	24	12	-	-
Griffith Community Private Hospital	-	-	194	1,973
Health - Health Services	23	29	-	-
LIRS Subsidy	7	-	-	-
Public Order & Safety - Bushfire/SES	92	74	-	-
Recreation & Culture - Sporting Facilities	1	1	-	15
Recreation & Culture - Community Projects	5	14	-	-
Recreation & Culture - Library	7	3	-	-
Recreation & Culture - Theatre	4	12	-	-
Recreation & Culture - Passive Recreation	14	22	24	11
Roads & Bridges	-	-	131	-
RMS Contributions (Regional Roads, Block Grant)	633	592	-	-
Sewerage (excl. Section 64 contributions)	-	-	13	22
Water Supplies (excl. Section 64 contributions)	17	66	175	-
Yenda Cemetery	-	-	-	2
<b>Total Other Contributions</b>	<b>857</b>	<b>880</b>	<b>559</b>	<b>2,036</b>
<b>Total Contributions</b>	<b>857</b>	<b>880</b>	<b>759</b>	<b>2,629</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>5,698</b>	<b>8,159</b>	<b>6,510</b>	<b>11,599</b>

## Griffith City Council

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

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

\$ '000	Actual 2014	Actual 2013
<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	3,257	3,473
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	449	1,019
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	-	(1,235)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>449</b>	<b>(216)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>3,706</b>	<b>3,257</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	194	114
- Developer Contributions	3,512	3,143
	<b>3,706</b>	<b>3,257</b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		15,773	14,929
Travelling		29	28
Educational Assistance		34	11
Employee Leave Entitlements (ELE)		3,153	2,880
Superannuation		1,864	1,675
Workers' Compensation Insurance		1,219	878
Fringe Benefit Tax (FBT)		59	68
Motor Vehicle Allowance		105	95
Payroll Tax		145	98
Professional Development		43	39
Training Costs (other than Salaries & Wages)		201	172
Staff Recruitment		46	51
<b>Total Employee Costs</b>		<b>22,671</b>	<b>20,924</b>
less: Capitalised Costs		(1,906)	(1,457)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>20,765</b>	<b>19,467</b>
Number of "Equivalent Full Time" Employees at year end		<b>287</b>	<b>287</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		1,723	1,875
<b>Total Interest Bearing Liability Costs</b>		<b>1,723</b>	<b>1,875</b>
less: Capitalised Costs		(27)	(19)
<b>Total Interest Bearing Liability Costs Expended</b>		<b>1,696</b>	<b>1,856</b>
<b>(ii) Other Borrowing Costs</b>			
Interest applicable on Interest Free (& favourable) Loans to Council		74	78
<b>Total Other Borrowing Costs</b>		<b>74</b>	<b>78</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>1,770</b>	<b>1,934</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		8,935	9,618
Auditors Remuneration <sup>(1)</sup>		38	31
Legal Expenses:			
- Legal Expenses: Planning & Development		8	7
- Legal Expenses: Other		141	205
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		80	6
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>9,202</b>	<b>9,867</b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Materials &amp; Contracts (continued)</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		38	31
<b>Remuneration for audit and other assurance services</b>		<b>38</b>	<b>31</b>
<b>Total Auditor Remuneration</b>		<b>38</b>	<b>31</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		80	6
		<b>80</b>	<b>6</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	1,508	1,495
Office Equipment		-	-	188	181
Furniture & Fittings		-	-	58	62
Buildings - Specialised		-	-	444	340
Other Structures		-	-	331	302
Infrastructure:					
- Roads		-	-	2,467	2,326
- Bridges		-	-	4	4
- Footpaths		-	-	259	257
- Stormwater Drainage		-	-	461	461
- Water Supply Network		-	-	1,749	1,717
- Sewerage Network		-	-	1,570	1,367
- Other Open Space/Recreational Assets		-	-	775	791
Other Assets					
- Other		-	-	470	448
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>10,284</b>	<b>9,751</b>
less: Capitalised Costs		-	-	(281)	(129)
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>10,003</b>	<b>9,622</b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<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		46	45
- Emergency Services Levy		38	38
- NSW Fire Brigade Levy		86	85
- NSW Rural Fire Service Levy		162	218
Councillor Expenses - Mayoral Fee		37	36
Councillor Expenses - Councillors' Fees		203	191
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		84	82
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 War Memorial		9	-
- Donations, Contributions & Assistance: Flix in the Stix		5	-
- Donations, Contributions & Assistance: Regional Arts Board		17	16
- Donations, Contributions & Assistance: Riverina Regional Cities		-	20
- Donations, Contributions & Assistance: RIVROC/RAMROC		23	22
- Donations, Contributions & Assistance: Riverina Regional Cities Forecast ID		20	-
- Donations, Contributions & Assistance: Town Band		7	7
- Donations, Contributions & Assistance: WRCL		236	220
- Donations, Contributions & Assistance: Other		82	106
Electricity & Heating		1,932	2,043
Insurance		612	590
Street Lighting		407	406
Telephone & Communications		180	169
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>4,206</u></b>	<b><u>4,710</u></b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		330	-
less: Carrying Amount of Property Assets Sold / Written Off		(271)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>59</b>	<b>-</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		705	565
less: Carrying Amount of P&E Assets Sold / Written Off		(624)	(632)
<b>Net Gain/(Loss) on Disposal</b>		<b>81</b>	<b>(67)</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		16	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(62)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(46)</b>	<b>-</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>-</b>	<b>789</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		9,820	10,189
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(9,820)	(10,189)
<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>94</b>	<b>722</b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		7,835	-	10,642	-
Cash-Equivalent Assets <sup>1</sup>					
- Managed Funds		2,038	-	2,783	-
- Short Term Deposits		83	-	83	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>9,956</b>	<b>-</b>	<b>13,508</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		11,129	-	8,531	-
- NCD's, FRN's (with Maturities > 3 months)		4,057	-	-	-
- CDO's		-	-	239	-
- Other Long Term Financial Assets		1,070	-	1,050	-
<b>Total Investments</b>		<b>16,256</b>	<b>-</b>	<b>9,820</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>26,212</b>	<b>-</b>	<b>23,328</b>	<b>-</b>

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

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"		<b>9,956</b>	<b>-</b>	<b>13,508</b>	<b>-</b>
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**Investments**

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	5,127	-	9,820	-
b. "Held to Maturity"	6(b-ii)	11,129	-	-	-
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
<b>Investments</b>		<b>16,256</b>	<b>-</b>	<b>9,820</b>	<b>-</b>

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

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6b. Investments (continued)

\$ '000	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	9,820	-	9,498	-
Revaluations (through the Income Statement)	-	-	533	-
Additions	5,127	-	9,978	-
Disposals (sales & redemptions)	(9,820)	-	(10,189)	-
<b>Balance at End of Year</b>	<b>5,127</b>	<b>-</b>	<b>9,820</b>	<b>-</b>
<b>Comprising:</b>				
- NCD's, FRN's (with Maturities > 3 months)	4,057	-	-	-
- CDO's	-	-	239	-
- Other Long Term Financial Assets	1,070	-	9,581	-
<b>Total</b>	<b>5,127</b>	<b>-</b>	<b>9,820</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Additions	11,129	-	-	-
<b>Balance at End of Year</b>	<b>11,129</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprising:</b>				
- Long Term Deposits	11,129	-	-	-
<b>Total</b>	<b>11,129</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil				

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>26,212</b>	<b>-</b>	<b>23,328</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	17,763	-	15,026	-
Internal Restrictions (refer below)	5,131	-	7,113	-
Unrestricted	3,318	-	1,189	-
	<b>26,212</b>	<b>-</b>	<b>23,328</b>	<b>-</b>

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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## Details of Restrictions

**External Restrictions - Included in Liabilities**

Specific Purpose Unexpended Loans-General (A)	-	507	-	507
<b>External Restrictions - Included in Liabilities</b>	<b>-</b>	<b>507</b>	<b>-</b>	<b>507</b>

**External Restrictions - Other**

Developer Contributions - General (D)	939	217	(2)	1,154
Developer Contributions - Water Fund (D)	1,541	109	-	1,650
Developer Contributions - Sewer Fund (D)	663	45	-	708
Specific Purpose Unexpended Grants (F)	114	80	-	194
Water Supplies (G)	5,572	1,461	-	7,033
Sewerage Services (G)	2,093	391	-	2,484
Stormwater Management (G)	682	37	(108)	611
Specific Purpose Unexpended Grants - Griffith Health Facilities Limited (F)	3,422	-	-	3,422
<b>External Restrictions - Other</b>	<b>15,026</b>	<b>2,340</b>	<b>(110)</b>	<b>17,256</b>
<b>Total External Restrictions</b>	<b>15,026</b>	<b>2,847</b>	<b>(110)</b>	<b>17,763</b>

**Internal Restrictions**

Plant & Vehicle Replacement	500	24	-	524
Employees Leave Entitlement	1,750	90	-	1,840
FAGS received in Advance	2,334	-	(2,334)	-
Griffith Health Facilities Limited	2,014	200	-	2,214
Centenary Celebrations	15	11	-	26
Waste Services	500	27	-	527
<b>Total Internal Restrictions</b>	<b>7,113</b>	<b>352</b>	<b>(2,334)</b>	<b>5,131</b>
<b>TOTAL RESTRICTIONS</b>	<b>22,139</b>	<b>3,199</b>	<b>(2,444)</b>	<b>22,894</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 2014

## Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		2,843	-	2,813	-
User Charges & Fees		4,292	-	3,211	-
Accrued Revenues					
- Interest on Investments		373	-	203	-
- Other Income Accruals		307	-	234	-
Government Grants & Subsidies		1,264	-	1,112	-
Deferred Debtors		15	38	12	38
Net GST Receivable		276	-	350	-
<b>Total</b>		<b>9,370</b>	<b>38</b>	<b>7,935</b>	<b>38</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(428)	-	(428)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(428)</b>	<b>-</b>	<b>(428)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>8,942</u></b>	<b><u>38</u></b>	<b><u>7,507</u></b>	<b><u>38</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		606	-	2	-
- Other		2,124	-	2,357	-
<b>Sewerage Services</b>					
- Rates & Availability Charges		2,041	-	1,951	-
- Other		385	-	351	-
<b>Total External Restrictions</b>		<b>5,156</b>	<b>-</b>	<b>4,661</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>3,786</b>	<b>38</b>	<b>2,846</b>	<b>38</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>8,942</u></b>	<b><u>38</u></b>	<b><u>7,507</u></b>	<b><u>38</u></b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Griffith City Council

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

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		728	2,291	728	2,291
Stores & Materials		560	-	498	-
Trading Stock		49	-	54	-
Water Entitlement (avail. for Temporary/Permanent Sale)		-	3,220	-	2,491
<b>Total Inventories</b>		<b>1,337</b>	<b>5,511</b>	<b>1,280</b>	<b>4,782</b>
<b>Other Assets</b>					
Prepayments		34	-	40	-
<b>Total Other Assets</b>		<b>34</b>	<b>-</b>	<b>40</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,371</b>	<b>5,511</b>	<b>1,320</b>	<b>4,782</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		343	-	295	-
Real Estate for Resale		-	2,233	-	2,233
Prepayments		-	-	-	-
<b>Total Water</b>		<b>343</b>	<b>2,233</b>	<b>295</b>	<b>2,233</b>
<b>Sewerage</b>					
Nil					
<b>Domestic Waste Management</b>					
Nil					
<b>Other</b>					
Nil					
<b>Total Externally Restricted Assets</b>		<b>343</b>	<b>2,233</b>	<b>295</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>1,028</b>	<b>3,278</b>	<b>1,025</b>	<b>2,549</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,371</b>	<b>5,511</b>	<b>1,320</b>	<b>4,782</b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>(i) Other Disclosures</b>				
<b>(a) Details for Real Estate Development</b>				
Residential	-	2,291	-	2,291
Industrial/Commercial	728	-	728	-
<b>Total Real Estate for Resale</b>	<b>728</b>	<b>2,291</b>	<b>728</b>	<b>2,291</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	728	2,291	728	2,291
<b>Total Costs</b>	<b>728</b>	<b>2,291</b>	<b>728</b>	<b>2,291</b>
<b>Total Real Estate for Resale</b>	<b>728</b>	<b>2,291</b>	<b>728</b>	<b>2,291</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	728	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>728</b>	<b>2,291</b>

**(b) Inventory Write Downs**

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

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

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period							as at 30/6/2014				
	At	At	Accumulated		Carrying	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value								Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	4,204	-	-	-	4,204	576	-	-	-	(2,899)	-	-	1,881	-	-	-	1,881
Plant & Equipment	-	14,887	6,767	-	8,120	1,781	-	(624)	(1,508)	-	-	-	-	15,030	7,261	-	7,769
Office Equipment	-	1,847	1,135	-	712	228	-	-	(188)	300	-	-	-	2,176	1,124	-	1,052
Furniture & Fittings	-	1,343	775	-	568	52	-	-	(58)	-	-	-	-	1,395	833	-	562
<b>Land:</b>																	
- Operational Land	-	21,731	-	-	21,731	188	-	(271)	-	-	-	-	-	21,648	-	-	21,648
- Community Land	-	9,171	3	-	9,168	-	-	-	-	-	-	-	-	9,171	3	-	9,168
Buildings - Specialised	-	60,648	5,572	-	55,076	249	-	-	(444)	2,077	-	-	-	62,974	6,016	-	56,958
Other Structures	-	12,667	3,114	-	9,553	104	-	-	(331)	238	-	-	-	13,009	3,445	-	9,564
<b>Infrastructure:</b>																	
- Roads	-	179,201	39,185	8,899	131,117	2,955	4,398	(62)	(2,467)	239	-	109,466	-	291,135	40,988	4,501	245,646
- Bridges	-	2,618	130	-	2,488	-	-	-	(4)	-	-	633	-	5,311	2,194	-	3,117
- Footpaths	-	15,489	3,766	-	11,723	139	-	-	(259)	-	(4,917)	-	-	11,589	4,903	-	6,686
- Stormwater Drainage	-	55,647	10,074	-	45,573	557	-	-	(461)	11	-	-	-	56,216	10,536	-	45,680
- Water Supply Network	-	159,085	40,560	-	118,525	1,402	-	-	(1,749)	13	-	6,382	-	169,168	44,595	-	124,573
- Sewerage Network	-	158,905	35,000	-	123,905	638	-	-	(1,570)	-	-	5,174	-	166,961	38,814	-	128,147
- Other Open Space/Recreational Assets	-	12,847	6,463	-	6,384	32	-	-	(775)	21	-	-	-	12,900	7,238	-	5,662
<b>Other Assets:</b>																	
- Other	-	6,702	2,829	-	3,873	220	-	-	(470)	-	-	-	-	6,915	3,292	-	3,623
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>4,204</b>	<b>712,788</b>	<b>155,373</b>	<b>8,899</b>	<b>552,720</b>	<b>9,121</b>	<b>4,398</b>	<b>(957)</b>	<b>(10,284)</b>	<b>-</b>	<b>(4,917)</b>	<b>121,655</b>	<b>1,881</b>	<b>845,598</b>	<b>171,242</b>	<b>4,501</b>	<b>671,736</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$12,539) and New Assets (\$400). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000 Class of Asset	Actual 2014				Actual 2013			
	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	26	-	-	26	13	-	-	13
Plant & Equipment	-	1,219	529	690	-	1,218	440	778
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	-	2,411	180	2,231	-	2,406	168	2,238
Other Structures	-	160	31	129	-	160	26	134
Infrastructure	-	169,167	44,595	124,572	-	159,085	40,561	118,524
Other Assets	-	685	471	214	-	662	393	269
<b>Total Water Supply</b>	<b>26</b>	<b>174,994</b>	<b>45,821</b>	<b>129,199</b>	<b>13</b>	<b>164,883</b>	<b>41,603</b>	<b>123,293</b>
<b>Sewerage Services</b>								
Plant & Equipment	-	1,010	382	628	-	1,010	361	649
Office Equipment	-	2	2	-	-	2	2	-
Furniture & Fittings	-	9	1	8	-	9	1	8
Land								
- Operational Land	-	2,418	-	2,418	-	2,689	-	2,689
- Community Land	-	267	-	267	-	267	-	267
Buildings	-	1,632	82	1,550	-	1,632	73	1,559
Other Structures	-	362	73	289	-	362	61	301
Infrastructure	-	166,961	38,814	128,147	-	158,905	34,999	123,906
Other Assets	-	755	410	345	-	708	337	371
<b>Total Sewerage Services</b>	<b>-</b>	<b>173,416</b>	<b>39,764</b>	<b>133,652</b>	<b>-</b>	<b>165,584</b>	<b>35,834</b>	<b>129,750</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	567	251	316	-	567	203	364
Land								
- Operational Land	-	1,340	-	1,340	-	1,340	-	1,340
- Community Land	-	357	-	357	-	357	-	357
Buildings	-	191	35	156	-	191	33	158
Other Assets	-	295	130	165	-	269	101	168
<b>Total DWM</b>	<b>-</b>	<b>2,750</b>	<b>416</b>	<b>2,334</b>	<b>-</b>	<b>2,724</b>	<b>337</b>	<b>2,387</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>26</b>	<b>351,160</b>	<b>86,001</b>	<b>265,185</b>	<b>13</b>	<b>333,191</b>	<b>77,774</b>	<b>255,430</b>

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

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

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		4,156	-	3,655	-
Payments Received In Advance		553	-	604	-
Accrued Expenses:					
- Other Expenditure Accruals		421	12	295	7
Security Bonds, Deposits & Retentions		1,288	-	1,365	-
<b>Total Payables</b>		<b>6,418</b>	<b>12</b>	<b>5,919</b>	<b>7</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		1,932	21,569	2,730	23,061
Finance Lease Liabilities		101	-	168	43
<b>Total Borrowings</b>		<b>2,033</b>	<b>21,569</b>	<b>2,898</b>	<b>23,104</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		1,694	-	1,630	-
Sick Leave		159	-	184	-
Long Service Leave		3,701	194	3,673	152
<b>Total Provisions</b>		<b>5,554</b>	<b>194</b>	<b>5,487</b>	<b>152</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>14,005</b>	<b>21,775</b>	<b>14,304</b>	<b>23,263</b>

## (i) Liabilities relating to Restricted Assets

	2014		2013	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Water	1	-	-	-
Sewer	913	19,919	1,238	20,832
Liabilities relating to externally restricted assets	914	19,919	1,238	20,832
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	914	19,919	1,238	20,832
<b>Total Liabilities relating to Unrestricted Assets</b>	13,091	1,856	13,066	2,431
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>	<b>14,005</b>	<b>21,775</b>	<b>14,304</b>	<b>23,263</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 2014

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

\$ '000	Actual 2014	Actual 2013
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	4,108	3,865
Payables - Security Bonds, Deposits & Retentions	1,151	1,170
Other Liabilities: Payments Received in Advance	211	221
	<u>5,470</u>	<u>5,256</u>

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

Class of Provision	2013		2014			
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	1,630	1,267	(1,229)	26	-	1,694
Sick Leave	184	59	(28)	(56)	-	159
Long Service Leave	3,825	548	(476)	(2)	-	3,895
<b>TOTAL</b>	<u>5,639</u>	<u>1,874</u>	<u>(1,733)</u>	<u>(32)</u>	<u>-</u>	<u>5,748</u>

- 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 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	9,956	13,508
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>9,956</b>	<b>13,508</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>8,435</b>	<b>16,817</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		10,003	9,622
Net Losses/(Gains) on Disposal of Assets		(94)	(722)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		-	(533)
- Other (Water Licences Revaluation thru Revaluation Reserve)		729	519
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		74	78
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(1,432)	37
Increase/(Decrease) in Provision for Doubtful Debts		-	385
Decrease/(Increase) in Inventories		(786)	(469)
Decrease/(Increase) in Other Assets		6	370
Increase/(Decrease) in Payables		501	(131)
Increase/(Decrease) in other accrued Expenses Payable		131	41
Increase/(Decrease) in Other Liabilities		(128)	(1,513)
Increase/(Decrease) in Employee Leave Entitlements		109	(304)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>17,548</b>	<b>24,197</b>
<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	71
<b>Total Financing Arrangements</b>		<b>1,071</b>	<b>1,071</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		30	29
<b>Total Financing Arrangements Utilised</b>		<b>30</b>	<b>29</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.

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013	
<b>(a) Capital Commitments (exclusive of GST)</b>				
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:				
<b>Property, Plant &amp; Equipment</b>				
Buildings		17,088	17,688	
<b>Total Commitments</b>		<b>17,088</b>	<b>17,688</b>	
<b>These expenditures are payable as follows:</b>				
Later than one year and not later than 5 years		17,088	17,688	
<b>Total Payable</b>		<b>17,088</b>	<b>17,688</b>	
<b>Sources for Funding of Capital Commitments:</b>				
Unrestricted General Funds		-	600	
Future Grants & Contributions		11,352	11,652	
Unexpended Grants		3,522	3,422	
Internally Restricted Reserves		2,214	2,014	
<b>Total Sources of Funding</b>		<b>17,088</b>	<b>17,688</b>	
<b>Details of Capital Commitments</b>				
Construction of Griffith Community Private Hospital				
<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		101	172	
Later than one year and not later than 5 years		-	43	
<b>Total Minimum Lease Payments</b>		<b>101</b>	<b>215</b>	
less: Future Finance Charges		-	(4)	
<b>Amount Recognised as a Liability</b>		<b>101</b>	<b>211</b>	
<b>(ii) Finance Lease Liability Recognised represent;</b>				
Current Liabilities		101	168	
Non-Current Liabilities		-	43	
<b>Total Finance Lease Liabilities Disclosed</b>		<b>101</b>	<b>211</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>101</b> <b>211</b>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013      2012	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>1,831</u>	<b>3.83%</b>	8.00%	6.14%
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions)	<u>47,777</u>			
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(less ALL Grants &amp; Contributions)</u>	<u>42,079</u>	<b>77.51%</b>	67.70%	75.14%
Total continuing operating revenue <sup>(1)</sup>	<u>54,287</u>			
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>16,483</u>	<b>2.16 : 1</b>	1.88	1.18
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>7,621</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>13,604</u>	<b>2.78</b>	3.35	4.88
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	<u>4,888</u>			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>2,843</u>	<b>9.32%</b>	10.63%	10.27%
Rates, Annual and Extra Charges Collectible	<u>30,520</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>21,085</u>	<b>6.20</b>	6.15	3.23
Payments from cash flow of operating and financing activities	<u>3,404</u>			

## Notes

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

<sup>(2)</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>(3)</sup> Refer to Note 10(a).

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

# Griffith City Council

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

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



**Purpose of Operating Performance Ratio**

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

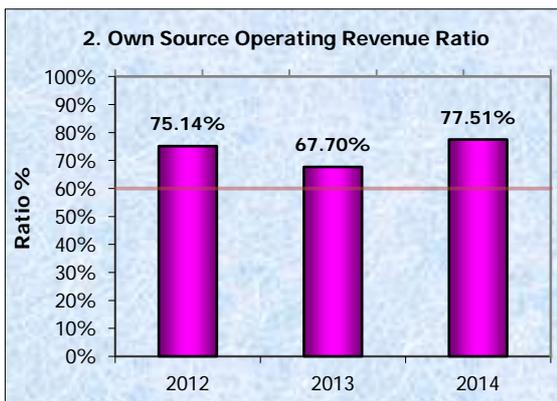
**Commentary on 2013/14 Result**

**2013/14 Ratio 3.83%**

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

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



**Purpose of Own Source Operating Revenue Ratio**

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

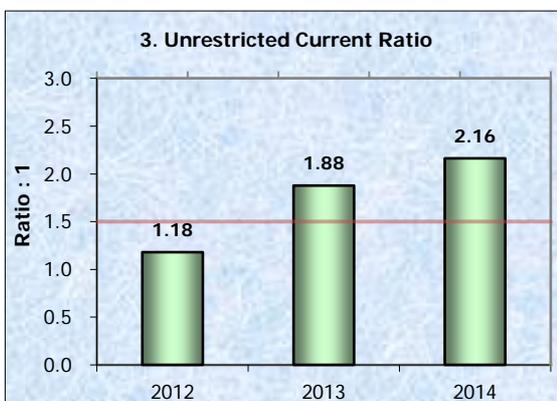
**Commentary on 2013/14 Result**

**2013/14 Ratio 77.51%**

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

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



**Purpose of Unrestricted Current Ratio**

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

**Commentary on 2013/14 Result**

**2013/14 Ratio 2.16 : 1**

Council's Unrestricted Current Ratio has been on a positive improving trend in the last 2 years in particular. Council is aiming to increase this ratio further to above 2.50 on the medium term, however the ratio is comfortably in excess of the minimum 1.50 ratio.

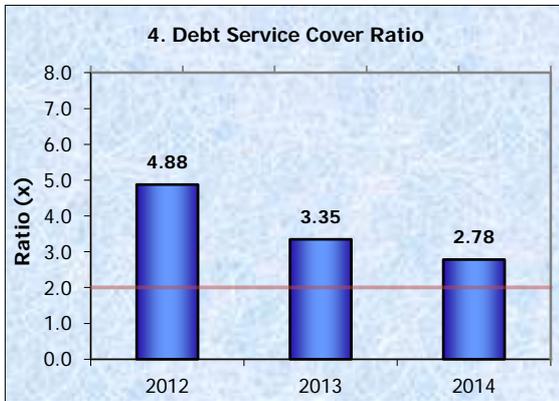
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

# Griffith City Council

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

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



— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

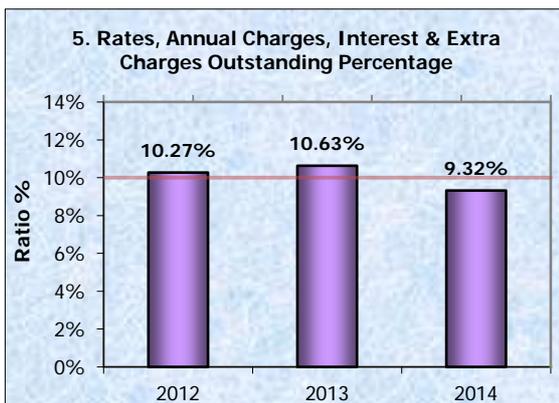
#### Purpose of Debt Service Cover Ratio

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

#### Commentary on 2013/14 Result

**2013/14 Ratio 2.78**

Council's Debt Service Cover Ratio has decreased somewhat over the last 3 years as the full effect of the servicing of the Griffith Water Reclamation Plant loan takes effect. The ratio should now stabilise and remain above the 2.0% benchmark minimum.



— Maximum 10.00%

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

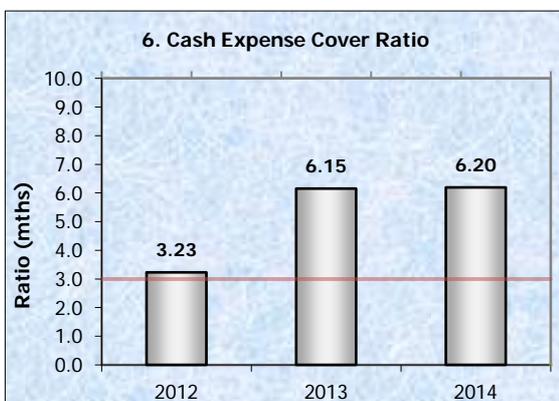
#### Purpose of Rates & Annual Charges Outstanding Ratio

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

#### Commentary on 2013/14 Result

**2013/14 Ratio 9.32%**

This ratio is impacted by the timing of Council's 3rd Trimester Water/Sewer billing which is billed in June annually but is collectible in July. The Ratio will usually be around 10% each year due to this and Council is not concerned as a result. The 2014 ratio is however within the 10% benchmark.



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

#### Purpose of Cash Expense Cover Ratio

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

#### Commentary on Result

**2013/14 Ratio 6.20**

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

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Water 2014	Sewer 2014	General <sup>5</sup> 2014
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>14.02%</b>	<b>6.11%</b>	<b>0.34%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period: 10.64%	8.07%	7.29%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(less ALL Grants &amp; Contributions)</u>	<b>96.28%</b>	<b>99.62%</b>	<b>68.40%</b>
Total continuing operating revenue <sup>(1)</sup>			
	prior period: 93.86%	97.37%	57.14%
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions<sup>(2)</sup></u>	<b>10252.00</b>		
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<b>: 1</b>	<b>5.38 : 1</b>	<b>2.18 : 1</b>
	prior period: No Liabilities	4.09	1.56
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)			
<u>Principal Repayments (from the Statement of Cash Flows)</u>	<b>0.00</b>	<b>2.45</b>	<b>1.97</b>
+ Borrowing Interest Costs (from the Income Statement)			
	prior period: 0.00	1.36	4.83
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>33.35%</b>	<b>23.48%</b>	<b>0.98%</b>
Rates, Annual and Extra Charges Collectible			
	prior period: 0.00%	0.00%	15.70%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents including All Term Deposits			
<u>Payments from cash flow of operating and financing activities</u> x12	<b>18.67</b>	<b>5.61</b>	<b>3.89</b>
	prior period: 0.00	0.00	3.40

## Notes

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### 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	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	9,956	13,508	9,956	13,508
Investments				
- "Held for Trading"	5,127	9,820	16,256	9,820
- "Held to Maturity"	11,129	-	-	-
Receivables	8,980	7,545	8,980	7,545
<b>Total Financial Assets</b>	<b>35,192</b>	<b>30,873</b>	<b>35,192</b>	<b>30,873</b>
<b>Financial Liabilities</b>				
Payables	5,877	5,322	5,876	5,322
Loans / Advances	23,501	25,791	23,501	25,791
Lease Liabilities	101	211	101	211
<b>Total Financial Liabilities</b>	<b>29,479</b>	<b>31,324</b>	<b>29,478</b>	<b>31,324</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.

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2014</b>				
Possible impact of a 10% movement in Market Values	513	513	(513)	(513)
Possible impact of a 1% movement in Interest Rates	51	51	(51)	(51)
<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)

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

**(b) Receivables**

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

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

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

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

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:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	74%	86%	77%	89%
Overdue	26%	14%	23%	11%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	2,115	5,612	2,154	4,618
Past due by up to 30 days	728	842	659	542
Past due between 31 and 60 days	-	24	-	-
Past due between 61 and 90 days	-	6	-	-
Past due by more than 90 days	-	81	-	-
	<u>2,843</u>	<u>6,565</u>	<u>2,813</u>	<u>5,160</u>
<b>(iii) Movement in Provision for Impairment of Receivables</b>			<b>2014</b>	<b>2013</b>
Balance at the beginning of the year			428	43
+ new provisions recognised during the year			-	385
<b>Balance at the end of the year</b>			<u>428</u>	<u>428</u>

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2014</b>									
Trade/Other Payables	1,288	4,577	12	-	-	-	-	5,877	5,877
Loans & Advances	-	1,932	1,399	1,172	1,016	978	17,004	23,501	23,501
Lease Liabilities	-	101	-	-	-	-	-	101	101
<b>Total Financial Liabilities</b>	<b>1,288</b>	<b>6,610</b>	<b>1,411</b>	<b>1,172</b>	<b>1,016</b>	<b>978</b>	<b>17,004</b>	<b>29,479</b>	<b>29,479</b>
<b>2013</b>									
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
<b>Total Financial Liabilities</b>	<b>1,365</b>	<b>6,848</b>	<b>1,869</b>	<b>1,291</b>	<b>1,057</b>	<b>914</b>	<b>17,980</b>	<b>31,324</b>	<b>31,324</b>

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	5,877	0.0%	5,322	0.0%
Loans & Advances - Fixed Interest Rate	23,501	6.3%	25,791	6.3%
Lease Liabilities	101	3.1%	211	3.1%
	<u>29,479</u>		<u>31,324</u>	

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 11 June 2013.

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

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

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

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

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

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>REVENUES</b>					
Rates & Annual Charges	26,934	27,488	554	2%	<b>F</b>
User Charges & Fees	12,948	12,333	(615)	(5%)	<b>U</b>
Interest & Investment Revenue	1,341	1,267	(74)	(6%)	<b>U</b>
Other Revenues	768	991	223	29%	<b>F</b>
Increased lease rentals of \$109K and Quarry income of \$135K					
Operating Grants & Contributions	7,692	5,698	(1,994)	(26%)	<b>U</b>
FAG difference due to the removal of forward funding - \$1.67M in General and \$785K for the Road component. Council received \$255K in additional operating grant funds that were not originally budgeted for.					
Capital Grants & Contributions	4,828	6,510	1,682	35%	<b>F</b>
RMS provided an additional \$895K than originally budgeted for. A further \$461K in Grant Funds were received for capital projects that were not originally budgeted for.					
Net Gains from Disposal of Assets	-	94	94	0%	<b>F</b>
Council does not budget for Net Gains on Disposal of Assets					

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>EXPENSES</b>					
Employee Benefits & On-Costs	21,110	20,765	345	2%	F
Borrowing Costs	1,784	1,770	14	1%	F
Materials & Contracts	10,991	9,202	1,789	16%	F
This variation is mainly due to timing and also some projects not commencing in 2014 due to FAG timing adjustments.					
Depreciation & Amortisation	9,725	10,003	(278)	(3%)	U
Other Expenses	4,643	4,206	437	9%	F

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

Cash Flows from Operating Activities	15,983	17,548	1,565	9.8%	F
Cash Flows from Investing Activities	(14,378)	(18,626)	(4,248)	29.5%	U
No budget allocation is made for the maturity and reinvestment of funds placed under investment. Purchases of Plant, Property and Equipment were also less than anticipated.					
Cash Flows from Financing Activities	(2,392)	(2,474)	(82)	3.4%	U

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

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

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

**SUMMARY OF CONTRIBUTIONS & LEVIES**

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	63	1	-	5	-	-	69	-	(69)	-	-
Parking	(35)	-	-	-	-	-	(35)	-	-	(35)	-
Open Space	64	1	-	5	-	-	70	-	(70)	-	-
Community Facilities	12	1	-	1	-	-	14	-	(14)	-	-
<b>S94 Contributions - under a Plan</b>	<b>104</b>	<b>3</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>-</b>	<b>(153)</b>	<b>(35)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>361</b>	<b>159</b>	<b>-</b>	<b>18</b>	<b>(2)</b>	<b>-</b>	<b>536</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>465</b>	<b>162</b>	<b>-</b>	<b>29</b>	<b>(2)</b>	<b>-</b>	<b>654</b>				<b>-</b>
S94 not under Plans	5	-	-	2	-	-	7	-	(7)	-	-
S64 Contributions	2,673	38	-	140	-	-	2,851				
<b>Total Contributions</b>	<b>3,143</b>	<b>200</b>	<b>-</b>	<b>171</b>	<b>(2)</b>	<b>-</b>	<b>3,512</b>	<b>-</b>	<b>(160)</b>	<b>(35)</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

CONTRIBUTION PLAN - 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	(35)	-	-	-	-	-	(35)	-	-	(35)	-
<b>Total</b>	<b>(35)</b>	<b>-</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	27	1	-	2	-	-	30	-	(30)	-	-
<b>Total</b>	<b>27</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>(30)</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	12	1	-	1	-	-	14	-	(14)	-	-
<b>Total</b>	<b>12</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>(14)</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	37	-	-	3	-	-	40	-	(40)	-	-
<b>Total</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>(40)</b>	<b>-</b>	<b>-</b>

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

CONTRIBUTION PLAN - 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	63	1	-	5	-	-	69	-	(69)	-	-
<b>Total</b>	<b>63</b>	<b>1</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>-</b>	<b>(69)</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	361	159	-	18	(2)	-	536	-	-	-	-
<b>Total</b>	<b>361</b>	<b>159</b>	<b>-</b>	<b>18</b>	<b>(2)</b>	<b>-</b>	<b>536</b>	<b>-</b>	<b>-</b>	<b>-</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	-	-	2	-	-	7	-	(7)	-	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>(7)</b>	<b>-</b>	<b>-</b>

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

##### (i) Third Party Claims

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

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

##### (ii) S94 Plans

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

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

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

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

##### (iii) Landfill Restoration Provision

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

##### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

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

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

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

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

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

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

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

Council has an ownership interest in certain rural fire appliances, plant & 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 2014

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

\$ '000

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

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

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

##### **Subsidiaries**

**Note 19(a)**

Operational Arrangements where Councils Control (but not necessarily Interest) exceeds 50%

##### **Associated Entities & Joint Venture Entities**

**Note 19(b) (i)&(ii)**

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

##### **Joint Venture Operations**

**Note 19(c)**

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

##### **Subsidiaries, Associated Entities and Joint Ventures Not Recognised**

**Note 19(d)**

#### (a) Subsidiaries (ie. Entities & Operations controlled by Council)

Council has no interest in any Subsidiaries.

#### (b) Associated Entities & Joint Venture Entities

Council has no interest in any Associated Entities & Joint Venture Entities.

#### (c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

#### (d) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

The following Subsidiaries, Associated Entities & Joint Ventures have not been recognised in this Financial Report.

Name of Entity/Operation	Principal Activity/Type of Entity	2014 Net Profit	2014 Net Assets
Western Riverina Library	Joint Library Operations	77	309

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		363,292	346,475
a. Net Operating Result for the Year		8,435	16,817
<b>Balance at End of the Reporting Period</b>		<b>371,727</b>	<b>363,292</b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		306,303	188,836
<b>Total</b>		<b>306,303</b>	<b>188,836</b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		188,836	177,497
- Revaluations for the year	9(a)	116,738	10,820
- Water Entitlement avail. for Temp/Perm Sale revaluation for year		729	519
<b>- Balance at End of Year</b>		<b>306,303</b>	<b>188,836</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>306,303</b>	<b>188,836</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 2014

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

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
<b><u>Continuing Operations</u></b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	1,815	6,741	18,932
User Charges & Fees	6,317	750	5,266
Interest & Investment Revenue	418	216	633
Other Revenues	49	13	929
Grants & Contributions provided for Operating Purposes	84	59	5,555
Grants & Contributions provided for Capital Purposes	204	30	6,276
<b>Other Income</b>			
Net Gains from Disposal of Assets	12	87	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>8,899</b>	<b>7,896</b>	<b>37,591</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	1,926	1,690	17,149
Borrowing Costs	-	1,565	205
Materials & Contracts	2,815	1,705	4,682
Depreciation & Amortisation	1,992	1,784	6,227
Impairment	-	-	-
Other Expenses	764	561	2,881
Net Losses from the Disposal of Assets	-	-	5
<b>Total Expenses from Continuing Operations</b>	<b>7,497</b>	<b>7,305</b>	<b>31,149</b>
<b>Operating Result from Continuing Operations</b>	<b>1,402</b>	<b>591</b>	<b>6,442</b>
<b><u>Discontinued Operations</u></b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>1,402</b>	<b>591</b>	<b>6,442</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>1,402</b>	<b>591</b>	<b>6,442</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>1,198</b>	<b>561</b>	<b>166</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 2014

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

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	8,683	3,191	14,338
Investments	-	-	-
Receivables	2,876	2,427	3,785
Inventories	343	-	994
Other	-	-	34
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>11,902</b>	<b>5,618</b>	<b>19,151</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	295	-	38
Inventories	2,233	-	3,278
Infrastructure, Property, Plant & Equipment	129,199	133,652	408,885
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>131,727</b>	<b>133,652</b>	<b>412,201</b>
<b>TOTAL ASSETS</b>	<b>143,629</b>	<b>139,270</b>	<b>431,352</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	1	-	6,563
Borrowings	-	913	1,120
Provisions	-	-	5,554
<b>Total Current Liabilities</b>	<b>1</b>	<b>913</b>	<b>13,237</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	307
Borrowings	-	19,919	1,650
Provisions	-	-	194
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>19,919</b>	<b>2,151</b>
<b>TOTAL LIABILITIES</b>	<b>1</b>	<b>20,832</b>	<b>15,388</b>
<b>Net Assets</b>	<b>143,628</b>	<b>118,438</b>	<b>415,964</b>
<b>EQUITY</b>			
Retained Earnings	81,212	62,591	227,924
Revaluation Reserves	62,416	55,847	188,040
<b>Total Equity</b>	<b>143,628</b>	<b>118,438</b>	<b>415,964</b>

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### 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 Date

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

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

Accordingly, the "authorised for issue" date is 30/10/14.

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

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

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

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

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

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

#### Note 24. Discontinued Operations

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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 2014

#### 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 30/6/14.

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 2014

## Note 27. Fair Value Measurement

\$ '000

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

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

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

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

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

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

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

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

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Financial Assets</b>					
Investments					
- "Held for Trading"	30/06/14	5,127	-	-	5,127
<b>Total Financial Assets</b>		<b>5,127</b>	<b>-</b>	<b>-</b>	<b>5,127</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	30/06/14	-	-	7,769	7,769
Office Equipment	30/06/14	-	-	1,052	1,052
Furniture & Fittings	30/06/14	-	-	562	562
Operational Land	30/06/13	-	-	21,648	21,648
Community Land	30/06/13	-	-	9,168	9,168
Buildings - Specialised	30/06/13	-	-	56,958	56,958
Other Structures	30/06/13	-	-	9,564	9,564
Roads	30/06/14	-	-	245,646	245,646
Bridges	30/06/14	-	-	3,117	3,117
Footpaths	30/06/14	-	-	6,686	6,686
Stormwater Drainage	30/06/08	-	-	45,680	45,680
Water Supply Network	30/06/12	-	-	124,573	124,573
Sewerage Network	30/06/12	-	-	128,147	128,147
Other Open Space/Recreational Assets	30/06/13	-	-	5,662	5,662
Other	30/06/14	-	-	3,623	3,623
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>669,855</b>	<b>669,855</b>

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

#### Infrastructure, Property, Plant & Equipment

##### Plant & Equipment

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

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

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

- Useful life
- Residual value
- Gross replacement cost.

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

##### Office Equipment

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

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

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

- Useful life
- Residual value
- Gross replacement cost.

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

## Griffith City Council

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

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Furniture & Fittings

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

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

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

- Useful life
- Residual value
- Gross replacement cost.

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

##### Operational Land

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

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

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

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

##### Community Land

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

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Community Land (continued)

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

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

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

##### Buildings – Specialised

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

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

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

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

##### Other Structures

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

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

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

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Roads

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

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

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

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

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

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

##### Bridges

Bridges includes all council owned road and foot bridges.

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

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

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

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

###### Footpaths

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

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

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

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

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

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

###### Stormwater Drainage

Stormwater assets including drainage pits and drainage pipes were valued by APV Valuers and Asset Management as at 30 June 2008 using the cost approach. The approach estimated the fair value for each drainage component based on calculated replacement cost and condition. Due to the nature of these assets condition was determined by service history of the assets and local knowledge which was used to calibrate age based condition models.

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

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

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

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Water Supply Network

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

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

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

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

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

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

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

##### Sewerage Network

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

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

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

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

## Griffith City Council

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

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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

##### **Infrastructure, Property, Plant & Equipment (continued)**

##### **Sewerage Network (continued)**

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

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

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

##### **Other Open Space/Recreational Assets**

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

The valuation methodology used by APV as at 30 June 2008. The approach estimated the replacement cost for each asset by physically inspecting them and componentising into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

## Griffith City Council

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

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Other Open Space/Recreational Assets (continued)

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

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

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

##### Other

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

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

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

- Useful life
- Residual value
- Gross replacement cost.

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

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Total
Adoption of AASB 13	8,120	712	568	21,731	31,131
Purchases (GBV)	1,781	528	52	188	2,549
Disposals (WDV)	(624)	-	-	(271)	(895)
Depreciation & Impairment	(1,508)	(188)	(58)	-	(1,754)
<b>Closing Balance - 30/6/14</b>	<b>7,769</b>	<b>1,052</b>	<b>562</b>	<b>21,648</b>	<b>31,031</b>

	Community Land	Buildings - Specialised	Other Structures	Roads	Total
Adoption of AASB 13	9,168	55,076	9,553	131,117	204,914
Purchases (GBV)	-	2,326	342	3,194	5,862
Disposals (WDV)	-	-	-	(62)	(62)
Depreciation & Impairment	-	(444)	(331)	(2,467)	(3,242)
FV Gains - Other Comprehensive Income	-	-	-	109,466	109,466
Reinstatement Costs of Impaired Assets	-	-	-	4,398	4,398
<b>Closing Balance - 30/6/14</b>	<b>9,168</b>	<b>56,958</b>	<b>9,564</b>	<b>245,646</b>	<b>321,336</b>

	Bridges	Foothpaths	Stormwater Drainage	Water Supply Network	Total
Adoption of AASB 13	2,488	11,723	45,573	118,525	178,309
Purchases (GBV)	-	139	568	1,415	2,122
Depreciation & Impairment	(4)	(259)	(461)	(1,749)	(2,473)
FV Gains - Other Comprehensive Income	633	(4,917)	-	6,382	2,098
<b>Closing Balance - 30/6/14</b>	<b>3,117</b>	<b>6,686</b>	<b>45,680</b>	<b>124,573</b>	<b>180,056</b>

	Sewerage Network	Open Space Recreational Assets	Other Assets	Total
Adoption of AASB 13	123,905	6,384	3,873	134,162
Purchases (GBV)	638	53	220	911
Depreciation & Impairment	(1,570)	(775)	(470)	(2,815)
FV Gains - Other Comprehensive Income	5,174	-	-	5,174
<b>Closing Balance - 30/6/14</b>	<b>128,147</b>	<b>5,662</b>	<b>3,623</b>	<b>137,432</b>

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

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

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I,PP&amp;E</b> Plant & Equipment	7,769	Cost approach	Asset Quantity Useful life Residual Value Gross replacement cost	All inputs Vary widely between assets. Lives Range from 3 to 15 years	Significant changes in the estimated unit price would result in significant changes to fair value measurement.
Office Equipment	1,052	Cost approach	Asset Quantity Useful life Residual Value Gross replacement cost	All inputs Vary widely between assets. Lives Range from 3 to 10 years	Significant changes in the estimated unit price would result in significant changes to fair value measurement.
Furniture & Fittings	562	Cost approach	Asset Quantity Useful life Residual Value Gross replacement cost	All inputs Vary widely between assets. Lives Range from 10 to 20 years	Significant changes in the estimated unit price would result in significant changes to fair value measurement.
Operational Land	21,648	Cost approach	Asset Quantity Price per Square Metre	Values were provided by APV Valuers & Asset Management at the land parcel level	Significant changes in the estimated unit price would result in significant changes to fair value measurement.
Community Land	9,168	Cost approach	Asset Quantity Price per Square Metre	Values were provided by APV Valuers & Asset Management at the land parcel level	Significant changes in the estimated unit price would result in significant changes to fair value measurement.

## Griffith City Council

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

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I,PP&amp;E (continued)</b>					
Buildings - Specialised	56,958	Cost approach	Consumption rate Future Economic Benefit Condition Useful life Gross Replacement Cost	Values were provided by APV Valuers & Asset Management at the Building component level Lives range from 15 to 90 years	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Structures	9,564	Cost approach	Consumption rate Future Economic Benefit Condition Useful life Gross Replacement Cost	Values were provided by APV Valuers & Asset Management at the structure component level Lives range from 15 to 90 years	Significant changes in the estimated unit price would result in significant changes to fair value measurement.
Roads	245,646	Cost approach	Consumption rate Future Economic Benefit Condition Useful life Gross Replacement Cost Residual Value	All inputs Vary widely between assets.  Formation rate \$3.36 Pavement unit rates \$20.4 to \$41.6 Surface rate: \$3.13 to \$110/m2	Significant changes in the estimated unit price would result in significant changes to fair value measurement.

## Griffith City Council

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

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued) Bridges	3,117	Cost approach	Consumption rate Future Economic Benefit Condition Useful life Gross Replacement Cost	All inputs Vary widely between assets.  Substructure rate \$1050 to \$5091/m2  Superstructure rate \$2062/m2	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Footpaths	6,686	Cost approach	Consumption rate Future Economic Benefit Condition Useful life Gross Replacement Cost	Unit rate \$133/m2 Useful life 80 years All other inputs Vary widely between assets.	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Stormwater Drainage	45,680	Cost approach	Consumption rate Future Economic Benefit Condition Useful life Gross Replacement Cost	All inputs Vary widely between assets. Lives Range from 50 to 100 years	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Water Supply Network	124,573	Cost approach	Consumption rate Future Economic Benefit Condition Useful life Gross Replacement Cost	All inputs Vary widely between assets. Lives Range from 15 to 100 years	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

## Griffith City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued) Sewerage Network	128,147	Cost approach	Consumption rate Future Economic Benefit Condition Useful life Gross Replacement Cost	All inputs Vary widely between assets. Lives Range from 15 to 80 years	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Open Space/Recreational Assets	5,662	Cost approach	Consumption rate Future Economic Benefit Condition Useful life Gross Replacement Cost	All inputs Vary widely between assets. Lives Range from 5 to 20 years	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other	3,623	Cost approach	Asset Quantity Useful life Residual Value Gross replacement cost	All inputs Vary widely between assets. Lives Range 10 to 15 years	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

## Griffith City Council

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

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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

##### d. The Valuation Process for Level 3 Fair Value Measurements

###### The Valuation Process for Level 3 Fair Value Measurements

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

###### Fair value Hierarchy

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

###### Fair Value- Valuation techniques

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

- Cost Approach:

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

- Income Approach:

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

- Market Approach:

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

###### Valuation Approach and Level used buy Griffith City Council

###### (1) Valuation techniques used to derive Fair Values

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

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

The following Level 3 inputs were used:

- **Asset quantity**

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

- **Unit rates**

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

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

## Griffith City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### d. The Valuation Process for Level 3 Fair Value Measurements (continued)

###### • Asset condition

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

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

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

###### • Pattern of consumption

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

###### • Useful life

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

###### • Residual value

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

###### • Valuation processes

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

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

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

#### (2). Transfers between hierarchy

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

#### (3). Highest and best use

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

## Griffith City Council

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

#### Note 28. 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:** <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**

Crowe Horwath Auswild  
491 Smollett Street  
Albury NSW 2640

**Elected Members****MAYOR**

Cr John Dal Broi

**COUNCILLORS**

Cr Doug Curran  
Cr Anne Napoli  
Cr Christine Stead  
Cr Mike Neville  
Cr Simon Croce  
Cr 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 AUDIT REPORT TO GRIFFITH CITY COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)**

### **SCOPE**

We have audited the accompanying financial statements of Griffith City Council ('the Council'), which comprises the statement of financial position as at 30 June 2014 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 28 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

### **COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

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

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

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

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, statement of cash flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. Our audit opinion does not extend to cover the projections data in Note 17 and accordingly, we express no opinion on them.

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

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

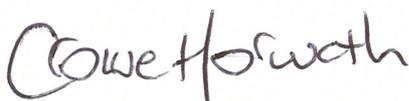
#### INDEPENDENCE

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

#### AUDITOR'S OPINION

In our opinion:

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



**CROWE HORWATH AUSWILD**



**BRADLEY D BOHUN**

Partner

Dated at Albury this 30<sup>th</sup> day of October 2014.

# Report on the Conduct of the Audit

Griffith City Council

For the Year Ended 30 June 2014

**October 2014**

# Contents

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# 1 Report on the Conduct of Audit

We have completed our audit of the financial statements for Griffith City Council (Council) for the year ended 30 June 2014, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council.

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

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

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

## 2 Operating Result

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

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

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

As disclosed in the Income Statement, the Council achieved a surplus in net operating result from continuing operations (including capital contributions) of \$8,435k (2013: \$16,817k) for the year ended 30 June 2014.

Significant income and expense items in the current year were:

	2014 \$'000	2013 \$'000
Rates and annual charges	27,488	26,212
User charges and fees	12,333	12,677
Grants and contributions - operating	5,698	8,159
Grants and contributions - capital	6,510	11,599
Employee costs	(20,765)	(19,467)
Materials and contracts	(9,202)	(9,867)
Depreciation and amortisation	(10,003)	(9,622)

The size of Council's core operations has remained relatively constant year on year. The above income and expense items all have the potential to have a significant impact on Council's operating result. A strong rating base and the timing and nature of grants received have a major influence on the reported result as demonstrated by the above. Operating grants have been impacted by a one off reduction due to the Financial Assistance Grant no longer being paid 50% in advance as had occurred in the prior year. Capital grants and contributions in the prior year included \$5.4m in relation to the Griffith Community Private Hospital.

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

## 3 Financial Position

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

	2014 \$'000	2013 \$'000
Cash and Liquid Investments	26,212	23,328
External Restrictions - included in liabilities	507	-
- not included in liabilities	(17,256)	(15,026)
Internal Restrictions - included in liabilities	(1,840)	(1,750)
- not included in liabilities	(3,291)	(5,363)
<b>Unrestricted Cash and Investments</b>	<b>3,318</b>	<b>1,189</b>
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	(5,092)	(5,522)
<b>Unrestricted Working Capital</b>	<b>(1,774)</b>	<b>(4,333)</b>

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

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

The above calculation includes internal restrictions which are discretionary, however Note 13a(ii) of the general purpose financial statements and section 4.3 of this report only capture restrictions to facilitate comparison across NSW Local Government. On the basis of inclusion Council has a negative unrestricted working capital ratio.

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

## 4 Performance Indicators

Refer to Note 13 of the financial statements.

### 4.1 Operating Performance Ratio

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

The operating performance ratio at Note 13 has weakened this year to 3.83% due to a reduction in grants and contributions provided for operating and capital purposes.

Grants and contributions provided for operating purposes has decreased due to the financial assistance grant no longer being paid in advance, this does not represent a loss of income but is instead a timing difference.

Grants and contributions provided for capital purposes have reduced due to funding and contributions for the Griffith Community Private Hospital being received in 2013.

### 4.2 Own Source Operating Revenue Ratio

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

This ratio has increased in 2014 from 67.70% in 2013 to 77.51% in 2014. This is comfortably above the minimum 60.00% benchmark set by the Code of Accounting Practice and Financial Reporting.

### 4.3 Unrestricted Current Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council.

The liquidity ratio at Note 13 shows a strengthened liquidity position compared to the prior year, the Council continues to report a result in excess of the 1.5:1 minimum. We understand Council aims to increase this further to ensure Council remains sustainable.

### 4.4 Debt Service Cover Ratio

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

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

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

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

This year the Council has performed better than the benchmark. Improving from 10.63% in 2013 to 9.32% in 2014, indicating a relatively low percentage of receivables remains outstanding at year end. The ratio is heavily impacted by the 3<sup>rd</sup> trimester of water and sewer billing which is billed in June and due for collection in July, thus inflating this result.

#### 4.6 Cash Expense Cover Ratio

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

Council has performed strongly in both the current and prior period, indicating a strong liquidity position with a ratio of 6.20:1 (2013: 6.15).

## 5 Specific Balance Sheet Items

### 5.1 Receivables

Total current receivables at 30 June 2014, net of allowance for impairment was \$8,942k (2013: \$7,507k).

This balance primarily consists of user charges and fees of \$4,292k (2013: \$3,211k) and rates and annual charges of \$2,843k (2013: \$2,813k). The percentage of rates and annual charges outstanding is referred to at Section 4.5 of this report.

The allowance for impairment at 30 June 2014 was \$428k (2013: \$428k). The allowance is specifically matched against user fees and charges outstanding. An assessment of the collectability of the receivables balance indicated the allowance was sufficient. No provision is raised against rates and annual charges as these debts are secured over the underlying property and the level of default is minimal.

### 5.2 Capital Expenditure

During the reporting period Council spent \$9,121k (2013: \$14,782) on asset additions of infrastructure, property, plant and equipment. A further \$4,398k (2013: \$2,551) was spent on reinstatement costs for impaired assets. The primary areas of capital expenditure were as follows:

	2014 \$'000	2013 \$'000
Work in progress	576	2,790
Land & improvements	188	545
Buildings	353	1,303
Plant and equipment	2,061	2,636
Roads, bridges and footpaths	3,094	4,022
Stormwater drainage	557	226
Water supply network	1,402	1,291
Sewerage network	638	1,627
Other	252	342
<b>Asset additions</b>	<b>9,121</b>	<b>14,782</b>
Reinstatement costs for impaired assets	4,398	2,551
<b>Total capital expenditure</b>	<b>13,519</b>	<b>17,333</b>

### 5.3 Borrowings

Total borrowings have decreased by \$2.4m from the prior year's balance of \$26m to the 2014 total balance of \$23.6m. These loans are secured over the general Rating Income of Council.

### 5.4 Fair Value I,PP&E

In 2014 the Council performed a revaluation of all roads, stormwater drainage, water supply network and sewerage network to fair value. This revaluation resulted in the following increments and decrements:

Roads:	\$109,466k	Increment
Bridges:	\$633k	Increment
Stormwater drainage:	\$4,917k	Decrement
Water supply network:	\$6,382k	Increment
Sewerage network:	\$5,174k	Increment

As per the statement of comprehensive income the net gain on revaluation of I,PP&E was \$116,738k (2013: \$10,820k).

The Roads increment was primarily the result of a new methodology process which included a consultant surveying 100% of sealed roads and 30% of unsealed roads.

### 5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2014 reporting period as follows:

- *AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017).*
- *AASB 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 2014)*
- *AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for Council's 30 June 2015 financial statements)*

Council is of the view that AASB 9 and AASB 10 will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

## 6 Other Matters

### 6.1 Independence

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

### 6.2 Reliance on the Report

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

## Contact Us

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