

Griffith City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018



Griffith City Council

General Purpose Financial Statements for the year ended 30 June 2018

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors and Management	3
3. Primary Financial Statements:	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
– On the Financial Statements (Sect 417 [2])	81
– On the Conduct of the Audit (Sect 417 [3])	84

Overview

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

1 Benerembah Street
GRIFFITH NSW 2680

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

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

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

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

Griffith City Council

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

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

About the Councillor/Management Statement

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

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

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

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

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

Griffith City Council

General Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

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

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

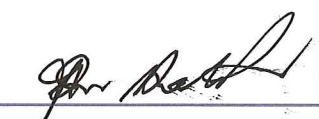
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

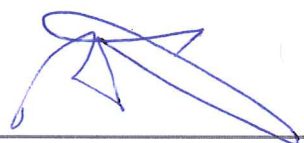
Signed in accordance with a resolution of Council made on 23 October 2018.



Cr John Dal Broi

Mayor

23 October 2018



Brett Stonestreet

General Manager

23 October 2018



Cr Doug Curran

Councillor

23 October 2018



Max Turner

Responsible Accounting Officer

23 October 2018

Griffith City Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
Revenue:				
29,702	Rates and annual charges	3a	30,592	29,896
15,060	User charges and fees	3b	16,815	14,548
1,086	Interest and investment revenue	3c	1,460	1,422
1,502	Other revenues	3d	2,171	1,314
9,032	Grants and contributions provided for operating purposes	3e,f	9,180	11,693
6,892	Grants and contributions provided for capital purposes	3e,f	3,760	4,614
Other income:				
—	Net gains from the disposal of assets	5	180	339
—	Net share of interests in joint ventures and associates using the equity method	17	5	—
63,274	Total income from continuing operations		64,163	63,826
Expenses from continuing operations				
24,162	Employee benefits and on-costs	4a	23,039	21,653
1,391	Borrowing costs	4b	1,392	1,470
11,359	Materials and contracts	4c	12,684	11,227
11,424	Depreciation and amortisation	4d	12,592	11,168
4,484	Other expenses	4e	4,097	4,488
52,820	Total expenses from continuing operations		53,804	50,006
10,454	Operating result from continuing operations		10,359	13,820
10,454	Net operating result for the year		10,359	13,820
10,454	Net operating result attributable to Council		10,359	13,820
Net operating result for the year before grants and contributions provided for capital purposes				
3,562			6,599	9,206

Griffith City Council

Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		10,359	13,820
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	(18,211)	(12,043)
Other comprehensive income – joint ventures and associates	15b	(3)	9
Water entitlement available for temp/perm sale revaluation for year		2,423	97
Total items which will not be reclassified subsequently to the operating result		(18,125)	(11,937)
Total other comprehensive income for the year		(18,125)	(11,937)
Total comprehensive income for the year		(7,766)	1,883
Total comprehensive income attributable to Council		(7,766)	1,883

Griffith City Council

Statement of Financial Position
as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	26,572	19,639
Investments	6b	18,847	17,404
Receivables	7	8,545	7,514
Inventories	8	3,767	3,702
Other	8	19	90
Total current assets		57,750	48,349
Non-current assets			
Investments	6b	—	4,000
Receivables	7	8	13
Infrastructure, property, plant and equipment	9	680,906	698,142
Intangible assets	12	8,296	5,825
Investments accounted for using the equity method	15	341	339
Total non-current assets		689,551	708,319
TOTAL ASSETS		747,301	756,668
LIABILITIES			
Current liabilities			
Payables	11	4,934	5,156
Income received in advance	11	823	1,018
Borrowings	11	1,134	1,060
Provisions	12	6,141	6,298
Total current liabilities		13,032	13,532
Non-current liabilities			
Borrowings	11	17,381	18,515
Provisions	12	203	170
Total non-current liabilities		17,584	18,685
TOTAL LIABILITIES		30,616	32,217
Net assets		716,685	724,451
EQUITY			
Accumulated surplus	13	420,071	410,815
Revaluation reserves	13	296,614	313,636
Council equity interest		716,685	724,451
Total equity		716,685	724,451

Griffith City Council

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018	IPP&E	Total equity	2017	IPP&E	Total equity
		Accumulated surplus	revaluation reserve		Accumulated surplus	revaluation reserve	
Opening balance		410,815	313,636	724,451	396,986	325,582	722,568
Net operating result for the year		10,359	–	10,359	13,820	–	13,820
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	9a	–	(18,211)	(18,211)	–	(12,043)	(12,043)
– Impairment loss (relating to IPP&E)	10a	–	(2,334)	(2,334)	–	–	–
– Joint ventures and associates	15b	(3)	–	(3)	9	–	9
– Other movements – water entitlements (reval reserves)		–	2,423	2,423	–	97	97
– Other revaluation reserves movements		(1,100)	1,100	–	–	–	–
Other comprehensive income		(1,103)	(17,022)	(18,125)	9	(11,946)	(11,937)
Total comprehensive income (c&d)		9,256	(17,022)	(7,766)	13,829	(11,946)	1,883
Equity – balance at end of the reporting period		420,071	296,614	716,685	410,815	313,636	724,451

Griffith City Council

Statement of Cash Flows
for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
Receipts:				
29,702	Rates and annual charges		30,309	29,885
15,060	User charges and fees		16,838	14,910
1,086	Investment and interest revenue received		1,449	1,424
15,925	Grants and contributions		12,940	16,307
–	Bonds, deposits and retention amounts received		12	46
1,502	Other		6,704	3,564
Payments:				
(24,162)	Employee benefits and on-costs		(23,245)	(21,819)
(11,359)	Materials and contracts		(16,041)	(14,515)
(1,391)	Borrowing costs		(1,357)	(1,425)
(4,484)	Other		(3,953)	(4,434)
21,879	Net cash provided (or used in) operating activities	14b	23,656	23,943
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		3,500	3,000
–	Sale of infrastructure, property, plant and equipment		699	1,156
9	Deferred debtors receipts		7	12
Payments:				
–	Purchase of investment securities		(943)	(3,578)
(26,236)	Purchase of infrastructure, property, plant and equipment		(18,891)	(20,903)
(26,227)	Net cash provided (or used in) investing activities		(15,628)	(20,313)
Cash flows from financing activities				
Receipts:				
3,300	Proceeds from borrowings and advances		–	–
–	Proceeds from finance leases		–	48
Payments:				
(1,083)	Repayment of borrowings and advances		(1,067)	(1,217)
–	Repayment of finance lease liabilities		(28)	(18)
2,217	Net cash flow provided (used in) financing activities		(1,095)	(1,187)
(2,131)	Net increase/(decrease) in cash and cash equivalents		6,933	2,443
34,475	Plus: cash and cash equivalents – beginning of year	14a	19,639	17,196
32,344	Cash and cash equivalents – end of the year	14a	26,572	19,639
Additional Information:				
	plus: Investments on hand – end of year	6b	18,847	21,404
	Total cash, cash equivalents and investments		45,419	41,043

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Basis of preparation	10
2(a)	Council functions/activities – financial information	13
2(b)	Council functions/activities – component descriptions	14
3	Income from continuing operations	15
4	Expenses from continuing operations	22
5	Gains or losses from the disposal of assets	26
6(a)	Cash and cash equivalent assets	26
6(b)	Investments	27
6(c)	Restricted cash, cash equivalents and investments – details	28
7	Receivables	29
8	Inventories and other assets	30
9(a)	Infrastructure, property, plant and equipment	32
9(b)	Externally restricted infrastructure, property, plant and equipment	35
9(c)	Infrastructure, property, plant and equipment – current year impairments	35
10	Intangible assets	36
11	Payables and borrowings	37
12	Provisions	40
13	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	41
14	Statement of cash flows – additional information	42
15	Interests in other entities	42
16	Commitments for expenditure	45
17	Contingencies and other liabilities/assets not recognised	47
18	Financial risk management	51
19	Material budget variations	55
20	Fair value measurement	57
21	Related party transactions	70
22	Statement of developer contributions	71
23	Financial result and financial position by fund	74
24(a)	Statement of performance measures – consolidated results	77
24(b)	Statement of performance measures – by fund	78
Additional council disclosures (unaudited)		
25	Council information and contact details	80

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 23/10/2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity for the purpose of preparing these financial statements.

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

Full dollars have been used in Note 21 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 19 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

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

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (ii) estimated tip remediation provisions – refer Note 12,
- (iii) employee benefit provisions – refer Note 12.

Significant judgements in applying the Council's accounting policies

- (iv) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

Monies and other assets received by Council

(a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

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

(b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets 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 other assets subject to Council's control have been included in these reports.

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

Goods and Services Tax (GST)

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

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

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

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

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 and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Governance	608	656	1,940	2,489	(1,332)	(1,833)	–	767	19,176	26,237
Administration	233	608	6,558	5,159	(6,325)	(4,551)	15	4	32,659	29,612
Public order and safety	893	499	1,091	1,065	(198)	(566)	103	113	3,994	3,449
Health	165	148	472	528	(307)	(380)	–	–	27	65
Environment	8,000	7,202	5,155	5,326	2,845	1,876	514	253	56,980	61,196
Community services and education	64	106	421	464	(357)	(358)	–	–	3,252	3,587
Housing and community amenities	1,693	1,721	4,149	3,767	(2,456)	(2,046)	122	114	13,179	14,531
Water supplies	10,399	9,588	6,506	5,948	3,893	3,640	65	68	158,313	152,178
Sewerage services	9,917	9,139	6,652	6,766	3,265	2,373	961	271	132,239	143,189
Recreation and culture	3,327	3,244	9,290	8,317	(5,963)	(5,073)	594	890	43,543	44,092
Mining, manufacturing and construction	79	141	12	–	67	141	–	–	41	42
Transport and communication	5,981	6,263	9,599	8,534	(3,618)	(2,271)	3,445	3,845	280,026	271,582
Economic affairs	1,000	770	1,959	1,643	(959)	(873)	69	21	3,872	6,908
General purpose revenue	21,804	23,741	–	–	21,804	23,741	5,420	7,646	–	–
Total functions and activities	64,163	63,826	53,804	50,006	10,359	13,820	11,308	13,992	747,301	756,668

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

Administration

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

Public order and safety

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

Health

Includes immunisation, food control, health centres etc.

Environment

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

Community services and education

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

Housing and community amenities

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

Water supplies

Sewerage services

Recreation and culture

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

Mining, manufacturing and construction

Includes building control, quarries and pits.

Transport and communication

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

Economic affairs

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

General purpose revenue

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

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Ordinary rates		
Residential	7,953	7,921
Farmland	5,096	5,025
Business	2,670	2,548
Total ordinary rates	15,719	15,494
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	2,550	2,448
Stormwater management services	187	186
Water supply services	2,193	1,995
Sewerage services	7,461	7,332
Waste management services (non-domestic)	1,248	1,249
Kerbside recycling	1,234	1,192
Total annual charges	14,873	14,402
TOTAL RATES AND ANNUAL CHARGES	30,592	29,896

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and annual charges

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

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees		
Specific user charges (per s.502 – specific ‘actual use’ charges)		
Domestic waste management services	4	3
Water supply services	7,257	5,985
Sewerage services	896	765
Waste management services (non-domestic)	418	281
Total specific user charges	8,575	7,034
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	207	208
Private works – section 67	100	136
Regulatory/ statutory fees	204	201
Registration fees	89	16
Regulatory fees	121	120
Section 149 certificates (EPA Act)	91	83
Section 603 certificates	49	45
Town planning	68	60
Water supplies	277	271
Total fees and charges – statutory/regulatory	1,206	1,140
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	747	723
Cemeteries	765	471
Engineering services	3	10
Housing and community amenities	7	–
Industrial discharge	29	77
Library and art gallery	90	102
Museum	99	93
Regional theatre	608	389
RMS (formerly RTA) charges (state roads not controlled by Council)	911	1,017
Saleyards	534	507
Sporting grounds	21	14
Sports stadium	87	103
Swimming centres	1,591	1,430
Tourism	226	124
Waste disposal tipping fees	1,295	1,284
Other	21	30
Total fees and charges – other	7,034	6,374
TOTAL USER CHARGES AND FEES	16,815	14,548

Accounting policy for user charges and fees

User charges and fees are recognised as revenue when the service has been provided.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	58	67
– Cash and investments	1,402	1,355
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>1,460</u>	<u>1,422</u>
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	22	9
General Council cash and investments	643	592
Restricted investments/funds – external:		
Development contributions		
– Section 7.11 & 7.12	32	21
– Section 64	129	91
Water fund operations	460	480
Sewerage fund operations	167	179
Domestic waste management operations	7	24
Griffith Health Facilities Limited/private hospital	–	26
<u>Total interest and investment revenue recognised</u>	<u>1,460</u>	<u>1,422</u>

Accounting policy for interest and investment revenue

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(d) Other revenues		
Art Gallery	6	–
Fines – parking	237	207
Fines – other	118	112
Legal fees recovery – rates and charges (extra charges)	123	114
Commissions and agency fees	6	10
DA fees – advertising and notification	18	28
Lease rental	403	332
Noxious Weeds	4	–
Quarry income	79	141
Rebate Workers Comp	48	–
Recycling income (non-domestic)	47	21
Sales – general	10	19
Sewer Sundry	7	–
Temporary sale of "Town" water allocation	724	122
Temporary sale of water allocation	234	118
Waste Management	2	–
Work health safety incentive payment	70	68
Other	35	22
<u>TOTAL OTHER REVENUE</u>	<u>2,171</u>	<u>1,314</u>

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,814	3,427	–	–
Financial assistance – local roads component	791	1,514	–	–
Payment in advance – future year allocation				
Financial assistance – general component	1,861	1,772	–	–
Financial assistance – local roads component	813	778	–	–
Other				
Pensioners' rates subsidies – general component	141	155	–	–
Total general purpose	5,420	7,646	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	65	68	–	–
– Sewerage	57	59	–	–
– Domestic waste management	39	41	–	–
Sewerage services	–	–	904	212
Arts NSW – cultural development program	28	–	–	–
Arts NSW – shadow play	–	135	–	–
Bushfire and emergency services	93	113	10	–
Community building partnership	–	–	–	8
Economic development	69	21	–	–
Employment and training programs	12	4	–	–
Environmental protection	–	13	–	–
Fixing country roads	–	–	–	925
Flood plain study and risk management	–	–	315	61
Griffith community private hospital	–	–	–	750
Health – Council Roadside Reserve (CRR)	37	–	–	–
Health – mosquito control	3	4	–	–
Health – noxious weeds	120	119	–	–
Library	46	–	–	–
LIRS subsidy	–	15	–	–
Museums and galleries of NSW	–	–	–	10
Public reserves management fund program	–	44	65	315
Recreation and culture – community projects	8	36	–	–
Recreation and culture – library	96	87	–	150
Recreation and culture – passive recreation	–	–	33	105
Recreation and culture – theatre	3	–	148	–
Regional Tourism Infrastructure Fund (RTIF)	–	–	–	285
Road safety	14	5	–	–
Street lighting	111	109	–	–
Stronger communities program	–	–	296	–
Transport (RTA)	–	500	1,358	411
Transport (roads to recovery)	1,958	1,724	–	–
Waste and recycling	–	–	–	17
Total specific purpose	2,759	3,097	3,129	3,249
Total grants	8,179	10,743	3,129	3,249
Grant revenue is attributable to:				
– Commonwealth funding	1,977	9,330	–	750
– State funding	5,662	1,413	3,129	2,499
– Other funding	540	–	–	–
	8,179	10,743	3,129	3,249

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(f) Contributions					
Developer contributions:					
(s7.4 & s7.11 – EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	4	12
S 7.12 – fixed development consent levies		–	–	(93)	314
S 64 – water supply contributions		–	–	195	468
S 64 – sewerage service contributions		–	–	89	323
S 64 – stormwater contributions		–	–	4	32
Total developer contributions – cash		–	–	199	1,149
Total developer contributions	22	–	–	199	1,149
Other contributions:					
Cash contributions					
Administration services		–	–	–	18
Charles Sturt university		–	29	–	–
Economic affairs – tourism/events		84	35	–	26
Fire emergency services levy		(5)	87	272	–
Griffith community private hospital		–	–	–	68
Health – health services		25	27	–	–
Museum		4	2	–	58
Public order and safety – bushfire/ses		85	84	–	–
Recreation and culture – arts		–	5	–	3
Recreation and culture – community projects		6	8	–	–
Recreation and culture – library		8	2	–	–
Recreation and culture – passive recreation		10	30	52	18
Recreation and culture – theatre		38	28	–	–
Roads and bridges		–	–	86	–
RMS contributions (regional roads, block grant)		709	506	–	–
Sewerage (excl. section 64 contributions)		–	–	22	22
Strategic planning		–	–	–	2
Waste management		–	–	–	1
Water supplies (excl. section 64 contributions)		37	107	–	–
Total other contributions – cash		1,001	950	432	216
Total other contributions		1,001	950	432	216
Total contributions		1,001	950	631	1,365
TOTAL GRANTS AND CONTRIBUTIONS		9,180	11,693	3,760	4,614

Accounting policy for contributions

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed above.

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

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	108	–
Add: operating grants recognised in the current period but not yet spent	99	108
Less: operating grants recognised in a previous reporting period now spent	(61)	–
Unexpended and held as restricted assets (operating grants)	146	108
Capital grants		
Unexpended at the close of the previous reporting period	643	–
Add: capital grants recognised in the current period but not yet spent	498	643
Less: capital grants recognised in a previous reporting period now spent	(410)	–
Unexpended and held as restricted assets (capital grants)	731	643
Contributions		
Unexpended at the close of the previous reporting period	6,107	5,018
Add: contributions recognised in the current period but not yet spent	453	1,150
Less: contributions recognised in a previous reporting period now spent	(179)	(61)
Unexpended and held as restricted assets (contributions)	6,381	6,107

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	2018	2017
(a) Employee benefits and on-costs		
Salaries and wages	18,444	17,378
Educational assistance	17	12
Employee leave entitlements (ELE)	2,565	2,744
Fringe benefit tax (FBT)	76	69
Motor vehicle allowance	40	47
Payroll tax	140	139
Professional development	16	21
Staff recruitment	81	63
Superannuation	2,023	1,987
Training costs (other than salaries and wages)	262	260
Travel expenses	23	21
Workers' compensation insurance	588	511
Total employee costs	24,275	23,252
Less: capitalised costs	(1,236)	(1,599)
TOTAL EMPLOYEE COSTS EXPENSED	23,039	21,653
Number of 'full-time equivalent' employees (FTE) at year end	279	287

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Superannuation plans

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 17 for more information.

(b) Borrowing costs	2018	2017
(i) Interest bearing liability costs		
Interest on loans	1,357	1,425
Total interest bearing liability costs expensed	1,357	1,425
(ii) Other borrowing costs		
Interest applicable on interest free (and favourable) loans to Council	35	45
Total other borrowing costs	35	45
TOTAL BORROWING COSTS EXPENSED	1,392	1,470

Accounting policy for borrowing costs

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

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	12,242	10,815
Auditors remuneration ⁽²⁾	54	50
Legal expenses:		
– Legal expenses: planning and development	29	113
– Legal expenses: other	304	195
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽¹⁾	55	54
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>12,684</u>	<u>11,227</u>

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee 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.

1. Operating lease payments are attributable to:

Buildings	11	12
Computers	44	42
	<u>55</u>	<u>54</u>

2. Auditor remuneration

During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council – NSW Auditor-General:**(i) Audit and other assurance services**

Audit and review of financial statements	49	48
Remuneration for audit and other assurance services	<u>49</u>	<u>48</u>
Total Auditor-General remuneration	<u>49</u>	<u>48</u>

Non NSW Auditor-General audit firms:**(i) Audit and other assurance services**

Audit and review of financial statements	5	2
Remuneration for audit and other assurance services	<u>5</u>	<u>2</u>
Total remuneration of non NSW Auditor-General audit firms	<u>5</u>	<u>2</u>
Total Auditor remuneration	<u>54</u>	<u>50</u>

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(d) Depreciation, amortisation and impairment		
Depreciation and amortisation		
Plant and equipment	1,397	1,439
Office equipment	169	175
Furniture and fittings	74	64
Infrastructure:		
– Buildings – specialised	713	645
– Other structures	579	459
– Roads	3,470	3,403
– Bridges	46	55
– Footpaths	235	225
– Stormwater drainage	786	517
– Water supply network	2,140	1,937
– Sewerage network	2,125	1,723
– Other open space/recreational assets	564	278
Other assets:		
– Other	379	381
Total gross depreciation and amortisation costs	12,677	11,301
Less: capitalised costs	(85)	(133)
Total depreciation and amortisation costs	12,592	11,168
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED		
	12,592	11,168

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets and Note 10 for intangible assets.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(e) Other expenses		
Bad and doubtful debts	122	12
Contributions/levies to other levels of government		
– DWR contributions	49	49
– Emergency services levy (includes FRNSW, SES, and RFS levies)	20	48
– NSW fire brigade levy	95	91
– NSW rural fire service levy	266	259
Councillor expenses – mayoral fee	42	41
Councillor expenses – councillors' fees	229	219
Councillors' expenses (incl. mayor) – other (excluding fees above)	119	109
Donations, contributions and assistance to other organisations (Section 356)		
– Donations, contributions and assistance: Annual Sikh games	10	10
– Donations, contributions and assistance: Community grant program	62	56
– Donations, contributions and assistance: Regional arts board	18	18
– Donations, contributions and assistance: RIVROC/RAMROC	25	25
– Donations, contributions and assistance: Riverina regional cities forecast ID	36	36
– Donations, contributions and assistance: St Vincents private hospital	–	400
– Donations, contributions and assistance: WRCL	272	255
– Donations, contributions and assistance: Other	61	61
– Donations, contributions and assistance: Events	31	–
Electricity and heating	1,579	1,552
Insurance	372	584
Street lighting	474	452
Telephone and communications	215	211
<u>TOTAL OTHER EXPENSES</u>	<u>4,097</u>	<u>4,488</u>

Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Property (excl. investment property)	9		
Proceeds from disposal – property		–	85
Net gain/(loss) on disposal		–	85
Plant and equipment	9		
Proceeds from disposal – plant and equipment		699	1,071
Less: carrying amount of plant and equipment assets sold/written off		(519)	(817)
Net gain/(loss) on disposal		180	254
Financial assets	6		
Proceeds from disposal/redemptions/maturities – financial assets		3,500	3,000
Less: carrying amount of financial assets sold/redeemed/matured		(3,500)	(3,000)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		180	339

Accounting policy for disposal of assets

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

Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
Cash and cash equivalents		
Cash on hand and at bank	4,935	10,721
Cash-equivalent assets		
– Managed funds	14,963	2,400
– Short-term deposits	6,674	6,518
Total cash and cash equivalents	26,572	19,639

Accounting policy for cash and cash equivalents

For Statement of Cash Flows 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 Statement of Financial Position.

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
Investments				
a. 'At fair value through the profit and loss'				
– 'Held for trading'	12,847	–	15,404	–
b. 'Held to maturity'	6,000	–	2,000	4,000
Total investments	18,847	–	17,404	4,000
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	45,419	–	37,043	4,000
Financial assets at fair value through the profit and loss				
NCD's, FRN's (with maturities > 3 months)	12,847	–	15,404	–
Total	12,847	–	15,404	–
Held to maturity investments				
Long term deposits	6,000	–	2,000	4,000
Total	6,000	–	2,000	4,000

Accounting policy for investments

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	45,419	–	37,043	4,000
Attributable to:				
External restrictions (refer below)	29,691	–	22,588	4,000
Internal restrictions (refer below)	11,242	–	10,859	–
Unrestricted	4,486	–	3,596	–
	45,419	–	37,043	4,000

\$ '000	2018	2017
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Details of restrictions

External restrictions – other

Developer contributions – general	1,794	1,915
Developer contributions – water fund	3,003	2,736
Developer contributions – sewer fund	1,584	1,456
Specific purpose unexpended grants	877	751
Water supplies	16,176	13,890
Sewerage services	5,573	5,173
Stormwater management	683	666
Specific purpose unexpended grants – Griffith Health Facilities Limited	1	1
External restrictions – other	29,691	26,588
Total external restrictions	29,691	26,588

Internal restrictions

Plant and vehicle replacement	1,050	1,023
Infrastructure replacement (buildings)	1,050	1,023
Employees leave entitlement	2,100	2,046
Facilities reserve	525	511
Floodplain and drainage mitigation reserve	525	511
Griffith Health Facilities Limited	22	24
Major projects reserve	1,016	990
Parks and gardens infrastructure reserve	240	234
Roads reserve	468	456
Waste services	4,246	4,041
Total internal restrictions	11,242	10,859
TOTAL RESTRICTIONS	40,933	37,447

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	2,488	–	2,205	–
User charges and fees	5,055	–	4,310	–
Accrued revenues				
– Interest on investments	148	–	137	–
– Other income accruals	757	–	557	–
Deferred debtors	5	8	7	13
Government grants and subsidies	364	–	364	–
Net GST receivable	444	–	530	–
Total	9,261	8	8,110	13
Less: provision for impairment				
User charges and fees	(716)	–	(596)	–
Total provision for impairment – receivables	(716)	–	(596)	–
<u>TOTAL NET RECEIVABLES</u>	<u>8,545</u>	<u>8</u>	<u>7,514</u>	<u>13</u>
Externally restricted receivables				
Water supply				
– Other	3,587	1	2,840	–
Sewerage services				
– Rates and availability charges	2,044	–	1,849	–
– Other	346	–	309	–
Total external restrictions	5,977	1	4,998	–
Unrestricted receivables	2,568	7	2,516	13
<u>TOTAL NET RECEIVABLES</u>	<u>8,545</u>	<u>8</u>	<u>7,514</u>	<u>13</u>
Movement in provision for impairment of receivables			2018	2017
Balance at the beginning of the year			596	596
+ new provisions recognised during the year			120	–
Balance at the end of the year			716	596

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables (continued)

Impairment

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale (refer below)	3,019	—	3,019	—
Stores and materials	666	—	614	—
Trading stock	69	—	59	—
Other	13	—	10	—
Total inventories at cost	3,767	—	3,702	—
TOTAL INVENTORIES	3,767	—	3,702	—
(b) Other assets				
Prepayments	19	—	90	—
TOTAL OTHER ASSETS	19	—	90	—
Externally restricted assets				
Water				
Stores and materials	335	—	326	—
Real estate for resale	2,233	—	2,233	—
Total water	2,568	—	2,559	—
Total externally restricted assets	2,568	—	2,559	—
Total unrestricted assets	1,218	—	1,233	—
TOTAL INVENTORIES AND OTHER ASSETS	3,786	—	3,792	—

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 8. Inventories and other assets (continued)

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(i) Other disclosures				
(a) Details for real estate development				
Residential	2,291	—	2,291	—
Industrial/commercial	728	—	728	—
Total real estate for resale	3,019	—	3,019	—
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	3,019	—	3,019	—
Total costs	3,019	—	3,019	—
Total real estate for resale	3,019	—	3,019	—
Movements:				
Real estate assets at beginning of the year	3,019	—	3,019	—
Total real estate for resale	3,019	—	3,019	—

Accounting policy**Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory held for distribution

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

Real estate held for resale/capitalisation of borrowing costs

Real estate held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of real estate held for resale are those costs that would have been avoided if 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.

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2017			Asset movements during the reporting period										as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Impairment loss (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	5,587	–	5,587	–	7,715	–	–	–	–	(3,323)	–	–	–	9,979	–	9,979
Plant and equipment	18,167	9,451	8,716	2,658	–	–	(518)	(1,397)	–	–	–	–	–	17,104	7,645	9,459
Office equipment	2,331	1,337	994	399	–	–	(1)	(169)	–	6	–	–	–	2,639	1,410	1,229
Furniture and fittings	2,169	1,008	1,161	107	–	–	–	(74)	–	2	–	–	–	2,276	1,080	1,196
Land:																
– Operational land	21,648	–	21,648	–	–	–	–	–	–	–	–	(5,665)	–	15,983	–	15,983
– Community land	9,171	3	9,168	–	–	–	–	–	–	–	–	–	–	9,171	3	9,168
Infrastructure:																
– Buildings – specialised	87,152	9,701	77,451	503	–	–	–	(713)	–	140	(1,587)	(19,132)	–	82,418	25,756	56,662
– Other structures	15,753	3,044	12,709	433	–	–	–	(579)	–	73	(489)	(4,893)	–	9,530	2,276	7,254
– Roads	304,823	54,395	250,428	1,898	–	1,030	–	(3,470)	(2,334)	2,645	(523)	–	–	305,507	55,833	249,674
– Bridges	5,388	2,378	3,010	–	–	–	–	(46)	–	–	(545)	–	–	4,546	2,127	2,419
– Footpaths	12,829	5,782	7,047	164	–	–	–	(235)	–	–	490	–	–	13,758	6,292	7,466
– Stormwater drainage	67,989	13,751	54,238	223	–	–	–	(786)	–	–	(3,418)	–	–	64,687	14,430	50,257
– Water supply network	176,111	49,324	126,787	710	–	–	–	(2,140)	–	355	–	–	2,590	180,846	52,544	128,302
– Sewerage network	169,073	54,821	114,252	–	118	–	–	(2,125)	–	102	–	–	2,341	172,830	58,142	114,688
– Other open space/recreational assets	9,306	7,424	1,882	297	–	–	–	(564)	–	–	6,072	–	6,548	22,285	8,050	14,235
Other assets:																
– Other	6,934	3,870	3,064	–	250	–	–	(379)	–	–	–	–	–	7,163	4,228	2,935
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	914,431	216,289	698,142	7,392	8,083	1,030	(519)	(12,677)	(2,334)	–	–	(29,690)	11,479	920,722	239,816	680,906

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every 5 years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment (continued)

Land under roads

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

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

Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the Reserves remains with the Crown, Council retains operational control of the Reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the Reserves are dedicated.

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

Rural Fire Service assets

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "*all 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*".

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

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

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

\$ '000 Class of asset	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	489	–	489	462	–	462
Plant and equipment	1,760	572	1,188	1,290	663	627
Land						
– Operational land	1,158	–	1,158	1,000	–	1,000
– Community land	340	3	337	340	3	337
Buildings	2,668	945	1,723	2,540	218	2,322
Other structures	3	–	3	200	47	153
Infrastructure	180,846	52,544	128,302	178,509	51,723	126,786
Other assets	791	654	137	721	625	96
Total water supply	188,055	54,718	133,337	185,062	53,279	131,783
Sewerage services						
WIP	3,068	–	3,068	647	–	647
Plant and equipment	1,124	580	544	1,118	528	590
Office equipment	178	3	175	3	3	–
Furniture and fittings	9	6	3	9	5	4
Land						
– Operational land	2,508	–	2,508	2,418	–	2,418
– Community land	267	–	267	267	–	267
Buildings	1,693	277	1,416	1,640	109	1,531
Other structures	22	8	14	367	110	257
Infrastructure	172,830	58,142	114,688	159,362	45,111	114,251
Other assets	912	658	254	849	594	255
Total sewerage services	182,611	59,674	122,937	166,680	46,460	120,220
Domestic waste management						
Plant and equipment	675	432	243	675	342	333
Land						
– Operational land	1,408	–	1,408	1,340	–	1,340
– Community land	357	–	357	357	–	357
Buildings	229	50	179	191	41	150
Other assets	387	253	134	358	224	134
Total DWM	3,056	735	2,321	2,921	607	2,314
TOTAL RESTRICTED IPP&E	373,722	115,127	258,595	354,663	100,346	254,317

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

\$ '000	Notes	2018	2017
Reversals of impairment losses previously recognised direct to equity (ARR):			
Flood affected roads		(2,334)	–
Total impairment reversals		(2,334)	–
IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR)		(2,334)	–

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 10. Intangible assets

\$ '000	2018	2017
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
Opening values:		
Gross book value (1/7)	5,825	5,728
Net book value – opening balance	5,825	5,728
Movements for the year		
– Purchases	48	–
– Fair value movement (revaluation)	2,423	97
Closing values:		
Gross book value (30/6)	8,296	5,825
<u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u> ¹	<u>8,296</u>	<u>5,825</u>
¹ The net book value of intangible assets represent:		
– Water Entitlements	8,296	5,825
	8,296	5,825

Accounting policy for intangible assets

Water Licences

Council holds a number of high and general security water licences which it recognises as an intangible asset.

The water licences are individually tradable on the open water licence sales market.

The licences were obtained principally through land acquisitions where the water licence was attached to the land.

The water licences are now individually separated from the land and can be sold on a permanent or temporary transfer basis.

At present Council only trades the water entitlement associated with the water licences on a temporary basis. Income received from the sales of water entitlements are disclosed as other revenue.

The licences are recorded in Council's accounts at fair value based on market valuations obtained from the open water licence sales market at balance date.

No amortisation costs are applicable, as high and general security water licences have an indefinite life.

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

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

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	3,491	–	3,776	–
Accrued expenses:				
– Other expenditure accruals	112	–	61	–
Security bonds, deposits and retentions	1,331	–	1,319	–
Total payables	4,934	–	5,156	–
Income received in advance				
Payments received in advance	823	–	1,018	–
Total income received in advance	823	–	1,018	–
Borrowings				
Loans – secured ¹	1,107	17,359	1,033	18,465
Finance lease liabilities	27	22	27	50
Total borrowings	1,134	17,381	1,060	18,515
TOTAL PAYABLES AND BORROWINGS	6,891	17,381	7,234	18,515

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	4	–	2	–
Sewer	822	16,836	766	17,659
Payables and borrowings relating to externally restricted assets	826	16,836	768	17,659
Total payables and borrowings relating to restricted assets	826	16,836	768	17,659
Total payables and borrowings relating to unrestricted assets	6,065	545	6,466	856
TOTAL PAYABLES AND BORROWINGS	6,891	17,381	7,234	18,515

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

\$ '000	2018	2017
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(b) Current payables and borrowings not anticipated to be settled within the next twelve months

The following payables and borrowings, even though classified as current, are not expected to be settled in the next 12 months.

Payables – security bonds, deposits and retentions	1,161	1,144
Other liabilities: payments received in advance	247	252
	1,408	1,396

(c) Changes in liabilities arising from financing activities

Class of borrowings	2017	Non-cash changes				2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	19,498	(1,032)	–	–	–	18,466
Finance lease liabilities	77	(28)	–	–	–	49
TOTAL	19,575	(1,060)	–	–	–	18,515

\$ '000	2018	2017
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(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities ⁽¹⁾	1,000	1,000
Credit cards/purchase cards	90	90
Total financing arrangements	1,090	1,090

Drawn facilities as at balance date:

– Credit cards/purchase cards	33	23
Total drawn financing arrangements	33	23

Undrawn facilities as at balance date:

– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	57	67
Total undrawn financing arrangements	1,057	1,067

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

Accounting policy for payables and borrowings

Payables

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

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

Finance leases

Leases of property, plant and equipment where Council, as lessee, 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 fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged 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.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 12. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	2,089	–	2,031	–
Sick leave	128	–	133	–
Long service leave	3,760	198	3,991	166
Sub-total – aggregate employee benefits	5,977	198	6,155	166
Other provisions:				
Accrued expenses	164	5	143	4
Sub-total – other provisions	164	5	143	4
<u>TOTAL PROVISIONS</u>	<u>6,141</u>	<u>203</u>	<u>6,298</u>	<u>170</u>

(a) Provisions relating to restricted assets

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

\$ '000	2018	2017
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(b) Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	3,973	4,163
	<u>3,973</u>	<u>4,163</u>

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

Accounting policy for provisions

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

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

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

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	26,572	19,639
Balance as per the Statement of Cash Flows		26,572	19,639
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		10,359	13,820
Adjust for non-cash items:			
Depreciation and amortisation		12,592	11,168
Net losses/(gains) on disposal of assets		(180)	(339)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Other: Water Licences Revaluation through Revaluation Reserve		2,423	91
Amortisation of premiums, discounts and prior period fair valuations			
– Interest exp. on interest-free loans received by Council (previously fair valued)		35	45
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(1,153)	(925)
Increase/(decrease) in provision for doubtful debts		120	–
Decrease/(increase) in inventories		(65)	(94)
Decrease/(increase) in other assets		71	40
Increase/(decrease) in payables		(285)	20
Increase/(decrease) in other accrued expenses payable		51	14
Increase/(decrease) in other liabilities		(183)	218
Increase/(decrease) in employee leave entitlements		(146)	(115)
Increase/(decrease) in other provisions		22	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		23,656	23,943

Note 15. Interests in other entities

\$ '000			
	Council's share of net income		Council's share of net assets
	2018	2017	2018
			2017
Joint ventures	5	–	341
Total	5	–	341

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 15. Interests in other entities (continued)

\$ '000

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

Name of operation/entity	Principal activity				
Griffith Health Facilities Limited	Fundraising for Griffith Community Private Hospital Griffith, NSW				
		Ownership		Voting rights	
Interests in Subsidiary		2018	2017	2018	2017
Council's interest in Subsidiary		100%	100%	100%	100%

Summarised financial information for the Subsidiary

Summarised statement of comprehensive income	2018	2017
Revenue	–	140
Expenses	–	(2,960)
Profit for the period	–	(2,820)
Total comprehensive income ⁽¹⁾	–	(2,820)

Summarised statement of financial position	2018	2017
Current assets	22	22
Total assets	22	22
Net assets ⁽²⁾	22	22

Summarised statement of cash flows	2018	2017
Cash flows from operating activities	–	(2,977)
Cash flows from investing activities	–	17
Net increase (decrease) in cash and cash equivalents	–	(2,960)

Accounting policy for subsidiaries

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 15. Interests in other entities (continued)

\$ '000

(b) Joint arrangements

(i) Joint ventures

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

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2018	2017
Western Riverina Library	Joint Venture	Percentage	341	339
Total carrying amounts – material joint ventures			341	339

(b) Details

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

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2018	2017	2018	2017	2018	2017	2018	2017
Western Riverina Library	n/a	n/a	62%	62%	62%	62%	17%	17%

(d) Summarised financial information for joint ventures

	Western Riverina Library	
	2018	2017
Statement of financial position		
Current assets		
Cash and cash equivalents	129	112
Other current assets	2	10
Non-current assets	439	442
Current liabilities		
Other current liabilities	19	18
Net assets	551	546
Reconciliation of the carrying amount		
Opening net assets (1 July)	546	547
Profit/(loss) for the period	5	(1)
Closing net assets	551	546
Council's share of net assets (%)	61.9%	62.0%
Council's share of net assets (\$)	341	339

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 15. Interests in other entities (continued)

\$ '000

(i) Joint ventures (continued)

Western Riverina Library

	2018	2017
Statement of comprehensive income		
Income	440	421
Interest income	3	3
Depreciation and amortisation	(108)	(111)
Other expenses	(330)	(314)
Profit/(loss) for period	5	(1)
Total comprehensive income	5	(1)
Share of income – Council (%)	61.9%	62.0%
Profit/(loss) – Council (\$)	3	–
Total comprehensive income – Council (\$)	3	–

Note 16. Commitments for expenditure

\$ '000

2018

2017

(a) Capital commitments (exclusive of GST)

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

Property, plant and equipment

Plant and equipment	407	–
Lake Wyangan, Nericon & Tharbogang Villages Sewerage Scheme	1,317	310
Above Ground Refuelling Facility	20	297
Reinstatement of Decommissioned Flood Gates	1,014	–
Land Purchase - Detention Basin	387	–
Total commitments	3,145	607

These expenditures are payable as follows:

Within the next year	3,145	607
Total payable	3,145	607

Sources for funding of capital commitments:

Unrestricted general funds	1,191	477
Future grants and contributions	1,229	130
Section 7.11 and 64 funds/reserves	387	–
Internally restricted reserves	338	–
Total sources of funding	3,145	607

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 16. Commitments for expenditure (continued)

\$ '000	2018	2017			
(b) Finance lease commitments					
(i) Commitments under finance leases at the reporting date are payable as follows:					
Within the next year	27	27			
Later than one year and not later than 5 years	22	50			
Total minimum lease payments	49	77			
Amount recognised as a liability	49	77			
(ii) Finance lease liability recognised represent;					
Current liabilities	27	27			
Non-current liabilities	22	50			
Total finance lease liabilities disclosed	49	77			
(iii) General details					
Council leases the following property, plant and equipment under finance leases:					
	Term (years)	Option to purchase	Contingent rent clauses		
Other equipment/assets	4	Y	N	49	77
Total carrying value at year end				49	77

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme and makes contributions as determined by the superannuation scheme's trustees.

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

While the scheme's most recent full actuarial review indicated that the net assets of the scheme were sufficient to meet the accrued benefits of the scheme's defined benefit member category, member councils are required to make contributions in future years where the scheme goes into deficit (as has occurred in previous years).

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of any 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 planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purposes of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

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

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

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

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2018 was **\$ 227,279.28**.

The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ended 30 June 2017.

Council's expected contributions to the Fund for the next annual reporting period is **\$ 165,310.44**.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

Employer reserves only *	\$ millions	Asset Coverage
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around **0.24%** of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 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.

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(iii) StateCover Limited (continued)

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.

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) 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.

ASSETS NOT RECOGNISED:

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

ASSETS NOT RECOGNISED (continued):

(ii) Infringement notices/fines

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

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

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

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

(iii) Rural fire fighting assets

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

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

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

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

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 18. Financial risk management

\$ '000

Risk management

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

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

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

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

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

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

	Carrying value		Fair value	
	2018	2017	2018	2017
Financial assets				
Cash and cash equivalents	26,572	19,639	26,572	19,639
Investments				
– 'Held for trading'	12,847	15,404	12,847	15,404
– 'Held to maturity'	6,000	6,000	6,000	6,000
Receivables	8,553	7,527	8,551	7,527
Total financial assets	53,972	48,570	53,970	48,570
Financial liabilities				
Payables	4,934	5,156	–	5,156
Loans/advances	18,466	19,498	18,466	19,498
Lease liabilities	49	77	49	77
Total financial liabilities	23,449	24,731	18,515	24,731

Fair value is determined as follows:

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

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

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

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

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

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 10% movement in market values	1,285	1,285	(1,285)	(1,285)
Possible impact of a 1% movement in interest rates	129	129	(129)	(129)
2017				
Possible impact of a 10% movement in market values	1,540	1,540	(1,540)	(1,540)
Possible impact of a 1% movement in interest rates	154	154	(154)	(154)

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. 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 and annual charges at higher than market rates which further encourages the payment of debt.

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

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

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

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

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	94%	90%	90%	93%
Overdue	6%	10%	10%	7%
	100%	100%	100%	100%

(ii) Ageing of receivables – value

	2018	2017
Rates and annual charges		
Current	2,352	1,995
< 1 year overdue	86	199
1 – 2 years overdue	50	11
	2,488	2,205
Other receivables		
Current	6,089	5,525
0 – 30 days overdue	627	246
31 – 60 days overdue	–	85
61 – 90 days overdue	2	–
> 91 days overdue	63	62
	6,781	5,918

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
2018							
Trade/other payables	0.00%	1,331	3,602	–	–	4,933	4,934
Loans and advances	6.30%	–	2,423	14,602	8,758	25,783	18,466
Lease liabilities	9.40%	–	29	23	–	52	49
Total financial liabilities		1,331	6,054	14,625	8,758	30,768	23,449
2017							
Trade/other payables	0.00%	1,319	3,837	–	–	5,156	5,156
Loans and advances	6.30%	–	2,423	16,254	10,881	29,558	19,498
Lease liabilities	9.40%	–	29	65	–	94	77
Total financial liabilities		1,319	6,289	16,319	10,881	34,808	24,731

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 13 June 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

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

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
REVENUES				
Rates and annual charges	29,702	30,592	890	3% F
User charges and fees	15,060	16,815	1,755	12% F
Council had higher than expected potable water sales (\$910k), cemetery vault sales (\$237k), Box Office sales at the Theatre (\$177k) and increased Landfill user charges of \$517k.				
Interest and investment revenue	1,086	1,460	374	34% F
Council conservatively budgets for interest and investment revenue. Investments have returned a better than anticipated yield.				
Other revenues	1,502	2,171	669	45% F
Council received an additional \$218k in temporary water sales, and additional \$162k in fine income, \$58k in workers compensation rebates and incentives, \$33k additional recycling income and \$50k additional lease income.				
Operating grants and contributions	9,032	9,180	148	2% F
Capital grants and contributions	6,892	3,760	(3,132)	(45%) U
Council received \$620k less than was budgeted for developer contributions in 2018. \$685k less than was budgeted for an Drainage grant, \$630 for Disaster Relief Funding, \$2M from the National Stronger Regions Fund and \$154k less from Restart NSW due to timing of some capital works.				
Net gains from disposal of assets	–	180	180	0% F
Council does not budget for the disposal of assets.				

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
EXPENSES				
Employee benefits and on-costs	24,162	23,039	1,123	5% F
Borrowing costs	1,391	1,392	(1)	(0%) U
Materials and contracts	11,359	12,684	(1,325)	(12%) U
This variation is mainly due to the split of between wages and materials on works carried out in the 2018 year.				
Depreciation and amortisation	11,424	12,592	(1,168)	(10%) U
Council has higher than budget depreciation in water infrastructure, sewer infrastructure and drainage infrastructure after revaluations in the 2017 year. These asset classes had depreciation that was approximately \$900k more than was originally budgeted for.				
Other expenses	4,484	4,097	387	9% F

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

Cash flows from operating activities	21,879	23,656	1,777	8.1% F
Cash flows from investing activities	(26,227)	(15,628)	10,599	(40.4%) F
Council does not budget for purchase/sale of investments, \$2.6M. Council also does not budget for the sale of infrastructure, property, plant and equipment, \$700k. Council spent (\$8.4M) less than budget on the purchase of infrastructure, property, plant and equipment due to timing differences on some projects.				
Cash flows from financing activities	2,217	(1,095)	(3,312)	(149.4%) U
Council had budget to draw down loan funds of \$3.3M but did not draw down any loan funds				

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 20. 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

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

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

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

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

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

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

Fair value measurements		Fair value measurement hierarchy			
2018		Level 1	Level 2	Level 3	Total
	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– ‘Held for trading’	30/06/18	12,847	–	–	12,847
Total financial assets		12,847	–	–	12,847
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/18	–	–	9,459	9,459
Office equipment	30/06/18	–	–	1,229	1,229
Furniture and fittings	30/06/18	–	–	1,196	1,196
Operational land	30/06/18	–	–	15,983	15,983
Community land	30/06/18	–	–	9,168	9,168
Buildings – specialised	30/06/18	–	–	56,662	56,662
Other structures	30/06/18	–	–	7,254	7,254
Roads	30/06/14	–	–	249,674	249,674
Bridges	30/06/14	–	–	2,419	2,419
Footpaths	30/06/14	–	–	7,466	7,466
Stormwater drainage	30/06/16	–	–	50,257	50,257
Water supply network	30/06/18	–	–	128,302	128,302
Sewerage network	30/06/18	–	–	114,688	114,688
Other open space/recreational assets	30/06/18	–	–	14,235	14,235
Other	30/06/14	–	–	2,935	2,935
Total infrastructure, property, plant and equipment		–	–	670,927	670,927

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

		Fair value measurement hierarchy			Total
		Level 1	Level 2	Level 3	
2017	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– ‘Held for trading’	30/06/17	15,404	–	–	15,404
Total financial assets		15,404	–	–	15,404
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/16	–	–	8,716	8,716
Office equipment	30/06/16	–	–	994	994
Furniture and fittings	30/06/16	–	–	1,161	1,161
Operational land	30/06/13	–	–	21,648	21,648
Community land	30/06/13	–	–	9,168	9,168
Buildings – specialised	30/06/13	–	–	77,451	77,451
Other structures	30/06/13	–	–	12,709	12,709
Roads	30/06/14	–	–	250,428	250,428
Bridges	30/06/14	–	–	3,010	3,010
Footpaths	30/06/14	–	–	7,047	7,047
Stormwater drainage	30/06/16	–	–	54,238	54,238
Water supply network	30/06/17	–	–	126,787	126,787
Sewerage network	30/06/17	–	–	114,252	114,252
Other open space/recreational assets	30/06/13	–	–	1,882	1,882
Other	30/06/14	–	–	3,064	3,064
Total infrastructure, property, plant and equipment		–	–	692,555	692,555

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

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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

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

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

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

Plant & Equipment

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

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

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

- Useful life
- Residual value
- Gross replacement cost.

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

Office Equipment

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

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

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

- Useful life
- Residual value
- Gross replacement cost

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

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.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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

Operational Land

Operational land was valued by Australis Asset Advisory.

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

The Valuer has assessed Land assets utilising valuation techniques that maximise the use of observable data and under the principles of Highest and Best Use.

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

- Analysis of price movements in local property markets during the year (reviewing market transactions).
- Registered sales from the Queensland Titles Office, via the RP Data service.
- Discussions with local and active agents.
- Current property listings.

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

- Access
- Shape
- Use or zoning
- Topography
- Vegetation
- Current built form over the land e.g. Concrete drainage structures
- Easement/encumbrances where available, as identified in spatial data
- Possible contamination
- Flooding

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

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

- Any adjustments made for Level 3 assets due to zoning, use or significant restriction, have been determined based on the Valuer's review of case law, discussion with industry experts, Local Government policies for land valuation, PHD studies, sales analysis as well as professional opinion.

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 2018 and was performed by internally.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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

Operational land was valued by Australis Asset Advisory.

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 Australis Asset Advisory as at 30 June 2018 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 year ended 30 June 2018

Note 20. Fair value measurement (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values (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 year ended 30 June 2018

Note 20. Fair value measurement (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values (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 include drainage pits, pipelines, stormwater detention basins and open channels. These assets were valued in house in 2016 following an extensive review data available in council's GIS, Works as execute documentation and cross cheking via field inspections. Due to the nature of these assets in most cases condition was determined by service history of the assets and local knowledge which was used to calibrate age based condition models.

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

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values (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 Odysseus-imc Pty Ltd as at 30 June 2017 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 Odysseus-imc Pty Ltd as at 30 June 2017 using the cost approach. The approach estimated the replacement cost for each asset component based on calculated replacement cost and condition. Due to the nature of these assets condition was determined by service history of the assets and local knowledge which was used to calibrate age based condition models.

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

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

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

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

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

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

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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

Other Open Space/Recreational Assets

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

The valuation methodology used by Australis as at 30 June 2018. The approach estimated the replacement cost for each asset by physically inspecting them and componentising into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

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

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

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

Other

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

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

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

- Useful life
 - Residual value
 - Gross replacement cost
-

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

a. The following tables present the changes in level 3 fair value asset classes.

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Total
Opening balance – 1/7/16	7,495	994	574	21,648	30,711
Purchases (GBV)	3,475	175	651	–	4,301
Disposals (WDV)	(815)	–	–	–	(815)
Depreciation and impairment	(1,439)	(175)	(64)	–	(1,678)
Closing balance – 30/6/17	8,716	994	1,161	21,648	32,519
Purchases (GBV)	2,658	405	109	–	3,172
Disposals (WDV)	(518)	(1)	–	–	(519)
Depreciation and impairment	(1,397)	(169)	(74)	(5,665)	(7,305)
Closing balance – 30/6/18	9,459	1,229	1,196	15,983	27,867

	Community land	Buildings – specialised	Other structures	Roads	Total
Opening balance – 1/7/16	9,168	57,989	9,580	247,652	324,389
Transfers from/(to) another asset class	–	1,794	1,795	2,107	5,696
Purchases (GBV)	–	18,312	2,144	4,072	24,528
Depreciation and impairment	–	(645)	(459)	(3,403)	(4,507)
FV gains – other comprehensive income	–	1	(351)	–	(350)
Closing balance – 30/6/17	9,168	77,451	12,709	250,428	349,756
Transfers from/(to) another asset class	–	(1,587)	(489)	(523)	(2,599)
Purchases (GBV)	–	643	506	5,573	6,722
Depreciation and impairment	–	(713)	(579)	(3,470)	(4,762)
FV gains – other comprehensive income	–	(19,132)	(4,893)	–	(24,025)
Impairment reversal	–	–	–	(2,334)	(2,334)
Closing balance – 30/6/18	9,168	56,662	7,254	249,674	322,758

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Bridges	Foothpaths	Stormwater drainage	Water supply network	Total
Opening balance – 1/7/16	3,009	6,641	54,035	125,929	189,614
Purchases (GBV)	–	119	103	1,572	1,794
Depreciation and impairment	(55)	(225)	(517)	(1,937)	(2,734)
FV gains – other comprehensive income	56	512	617	1,223	2,408
Closing balance – 30/6/17	3,010	7,047	54,238	126,787	191,082
Transfers from/(to) another asset class	(545)	490	(3,418)	–	(3,473)
Purchases (GBV)	–	164	223	1,065	1,452
Depreciation and impairment	(46)	(235)	(786)	(2,140)	(3,207)
FV gains – other comprehensive income	–	–	–	2,590	2,590
Closing balance – 30/6/18	2,419	7,466	50,257	128,302	188,444

	Sewerage Network	Open Space Recreational Assets	Other Assets	Total
Opening balance – 1/7/16	129,720	6,773	3,628	140,121
Transfers from/(to) another asset class	–	(5,232)	(464)	(5,696)
Purchases (GBV)	629	346	285	1,260
Disposals (WDV)	–	–	(2)	(2)
Depreciation and impairment	(1,723)	(278)	(381)	(2,382)
FV gains – other comprehensive income	(14,374)	273	–	(14,101)
Rounding from 2016	–	–	(2)	(2)
Closing balance – 30/6/17	114,252	1,882	3,064	119,198
Transfers from/(to) another asset class	–	6,072	–	6,072
Purchases (GBV)	220	297	250	767
Depreciation and impairment	(2,125)	(564)	(379)	(3,068)
FV gains – other comprehensive income	2,341	6,548	–	8,889
Closing balance – 30/6/18	114,688	14,235	2,935	131,858

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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

b. The valuation process for level 3 fair value measurements

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

Fair value Hierarchy

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

Fair Value Valuation techniques

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

- **Cost Approach:**
A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost)
- **Income Approach:**
Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.
- **Market Approach:**
A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

Valuation Approach and Level used by Griffith City Council

(1) Valuation techniques used to derive Fair Values

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

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

The following Level 3 inputs were used:

• Asset quantity

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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

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

Valuation Approach and Level used by Griffith City Council (continued)

• 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 Australis and APV (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.

• 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 for all assets is straight line

• Useful life

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

• Residual value

Residual value is based on the estimated amount that would currently obtain from disposal of the asset. Residual values are used for accounting for recycling of component materials for some assets. This is due to the legacy interpretation of residual value and it will be phased out in the revaluation of transport assets. scheduled for EOY 2019.

• 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.

(5). Highest and best use

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions

\$ '000

a. Key management personnel

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

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

Compensation:	2018	2017
Short-term benefits	1,206	1,270
Post-employment benefits	85	89
Other long-term benefits	30	25
Termination benefits	–	7
Total	1,321	1,391

b. Other transactions with KMP and their related parties

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

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	100	–	–	3	–	–	103	–
Parking	(35)	–	–	–	–	–	(35)	–
Open space	260	3	–	6	–	–	269	–
Community facilities	74	1	–	2	–	–	77	–
S7.11 contributions – under a plan	399	4	–	11	–	–	414	–
S7.12 levies – under a plan	816	160	–	21	(253)	–	744	–
Total S7.11 and S7.12 revenue under plans	1,215	164	–	32	(253)	–	1,158	–
S7.11 not under plans	7	–	–	–	–	–	7	–
S64 contributions	4,885	288	–	129	(86)	–	5,216	–
Total contributions	6,107	452	–	161	(339)	–	6,381	–

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - CAR PARKING

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

CONTRIBUTION PLAN - OPEN SPACE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	198	3	–	5	–	–	206	–
Total	198	3	–	5	–	–	206	–

CONTRIBUTION PLAN - COMMUNITY FACILITIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	74	1	–	2	–	–	77	–
Total	74	1	–	2	–	–	77	–

CONTRIBUTION PLAN - NEIGHBOURHOOD PARKS

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	62	–	–	1	–	–	63	–
Total	62	–	–	1	–	–	63	–

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - TRAFFIC MANAGEMENT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	100	–	–	3	–	–	103	–
Total	100	–	–	3	–	–	103	–

S7.12 LEVIES – UNDER A PLAN

Sec 94A from 01-07-10

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Sec 94A from 01-07-10	816	160	–	21	(253)	–	744	–
Total	816	160	–	21	(253)	–	744	–

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	7	–	–	–	–	–	7	–
Total	7	–	–	–	–	–	7	–

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23. Financial result and financial position by fund

Income Statement by fund			
\$ '000	2018	2018	2018
Continuing operations	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges	1,967	7,687	20,938
User charges and fees	8,584	927	7,304
Interest and investment revenue	548	205	707
Other revenues	223	20	1,928
Grants and contributions provided for operating purposes	102	57	9,021
Grants and contributions provided for capital purposes	195	1,022	2,543
Other income			
Net gains from disposal of assets	51	3	126
Total income from continuing operations	11,670	9,921	42,572
Expenses from continuing operations			
Employee benefits and on-costs	2,096	1,618	19,325
Borrowing costs	–	1,324	68
Materials and contracts	3,739	2,289	6,656
Depreciation and amortisation	2,299	2,292	8,001
Other expenses	677	423	2,997
Total expenses from continuing operations	8,811	7,946	37,047
Operating result from continuing operations	2,859	1,975	5,525
Net operating result attributable to each council fund	2,859	1,975	5,525
Net operating result for the year before grants and contributions provided for capital purposes	2,664	953	2,982

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

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

Griffith City Council

Notes to the Financial Statements
as at 30 June 2018

Note 23. Financial result and financial position by fund (continued)

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	19,179	7,157	19,083
Receivables	3,869	2,390	2,567
Inventories	2,568	–	1,199
Other	–	–	19
Total current assets	25,616	9,547	22,868
Non-current assets			
Receivables	543	–	8
Infrastructure, property, plant and equipment	133,337	122,937	424,632
Investments accounted for using the equity method	–	–	341
Intangible assets	–	–	8,296
Total non-current assets	133,880	122,937	433,277
TOTAL ASSETS	159,496	132,484	456,145
LIABILITIES			
Current liabilities			
Payables	4	–	5,211
Income received in advance	–	–	823
Borrowings	–	822	312
Provisions	–	–	6,141
Total current liabilities	4	822	12,487
Non-current liabilities			
Payables	–	–	543
Borrowings	–	16,836	545
Provisions	–	–	203
Total non-current liabilities	–	16,836	1,291
TOTAL LIABILITIES	4	17,658	13,778
Net assets	159,492	114,826	442,367
EQUITY			
Accumulated surplus	89,817	67,223	263,031
Revaluation reserves	69,675	47,603	179,336
Total equity	159,492	114,826	442,367

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

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

Griffith City Council

Notes to the Financial Statements
as at 30 June 2018

Note 23. Financial result and financial position by fund (continued)

\$ '000

Details of individual internal loans for the year ended 30 June 2018
(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans		Council ID / Ref	Council ID / Ref
Borrower (by purpose)		Animal Control - Pound	Governance (Building)
Lender (by purpose)		Water Fund	Water Fund
Date of minister's approval		26/10/17	24/04/15
Date raised		1/11/17	24/04/15
Term (years)		5	5
Dates of maturity		1/11/22	24/04/20
Rate of interest		1.87%	2.35%
Amount originally raised		500	900
Total repaid during year (principal and interest)		52	191
Principal outstanding at end of year		452	373

Griffith City Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 24(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	6,414	10.65%	15.06%	10.81%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	60,218				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	51,038	79.77%	74.31%	71.65%	> 60.00%
Total continuing operating revenue ⁽¹⁾	63,978				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	19,514	2.86x	2.53x	3.19x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	6,825				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	20,398	8.20x	7.95x	6.12x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,487				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	2,488	7.54%	6.83%	6.88%	< 10% regional & rural
Rates, annual and extra charges collectible	32,978				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	32,572	8.55 mths	7.1 mths	6.5 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	3,808				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Notes 11 and 12.

⁽⁴⁾ Refer to Note 11(b) and 12(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(b). Statement of performance measures – by fund

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
less operating expenses							
<hr/>							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	7.48%	15.70%	22.18%	19.25%	9.96%	7.28%	> 0.00%
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
<hr/>							
Total continuing operating revenue ⁽¹⁾	72.88%	66.23%	96.87%	91.71%	89.13%	93.19%	> 60.00%
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾							
<hr/>							
Current liabilities less specific purpose liabilities ^(3, 4)	2.86x	2.53x	5653.00x	7,644.50x	9.69x	9.57x	> 1.5x

Notes

^{(1) - (4)} Refer to Notes at Note 24b above.⁽⁵⁾ General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Griffith City Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	27.77x	21.98x	0.00x	0.00x	2.16x	1.88x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	1.90%	1.55%	0.00%	0.00%	26.59%	24.82%	< 10% regional & rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	2.29	2.49	34.94	25.75	13.26	11.73	> 3 months
Monthly payments from cash flow of operating and financing activities	months	months	months	months	months	months	

Notes

(1) Refer to Notes at Note 24b above.

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

Griffith City Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 25. Council information and contact details

Principal place of business:

1 Benerembah Street
GRIFFITH NSW 2680

Contact details

Mailing address:

PO Box 485
GRIFFITH NSW 2680

Opening hours:

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

Telephone: 02 6962 8100

Facsimile: 02 6962 7161

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

Email: admin@griffith.nsw.gov.au

Officers

GENERAL MANAGER

Brett Stonestreet

Elected members

MAYOR

Cr John Dal Broi

RESPONSIBLE ACCOUNTING OFFICER

Max Turner

AUDITORS

Audit Office of NSW
15/1 Margaret Street
Sydney NSW 2000

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

Other information

ABN: 81 274 100 792



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Griffith City Council

To the Councillors of the Griffith City Council

Opinion

I have audited the accompanying financial report of Griffith City Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Lawrissa Chan
Director, Financial Audit Services

26 October 2018
SYDNEY

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

Contact: Lawrissa Chan
Phone no: 02 9275 7255
Our ref: D1825223/1733

26 October 2018

Dear John

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Griffith City Council**







I have audited the general purpose financial statements of the Griffith City Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

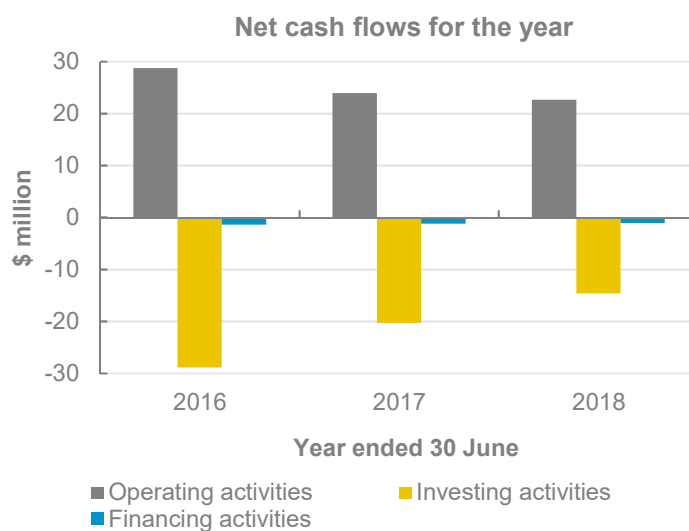
	2018 \$m	2017 \$m	Variance %
Rates and annual charges revenue	30.6	29.9	 2.3
User charges and fees	16.8	14.5	 15.9
Grants and contributions revenue	12.9	16.3	 20.9
Employee benefits and on-costs	23.0	21.7	 6.0
Operating result for the year	10.4	13.8	 24.6
Net operating result before capital amounts	6.6	9.2	 28.3

The following comments are made in respect of Council's operating result for the year:

- Rates and annual charges revenue was \$30.6 million (\$29.9 million for the year ended 30 June 2017). The movement is mainly due to the permissible rate increase of 1.5 per cent granted by the Minister for Local Government and the rise in the total number of rateable properties.
- User charges and fees revenue was \$16.8 million (\$14.5 million for the year ended 30 June 2017). The movement is mainly attributable to the increase in water usage.
- Grants and contributions revenue was \$12.9 million (\$16.3 million for the year ended 30 June 2017). The movement is mainly due to the reduction in the financial assistance grants from the Commonwealth Government of \$2.2 million.
- Council's employee benefits and on-cost expenses was \$23.0 million (\$21.7 million for the year ended 30 June 2017). The increase is consistent with the *Local Government State Award 2017* which applies to Council's employees.
- Council's operating result for the year was a surplus of \$10.4 million (\$13.8 million surplus for the year ended 30 June 2017). The net operating result before capital grants and contributions was \$6.6 million (\$9.2 million for the year ended 30 June 2017). The reduction were mainly due to the increase in employee benefits and on-cost expenses and the decrease in operational grants received during the year.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$26.6 million (\$19.6 million for the year ended 30 June 2017). There was a net increase in cash and cash equivalents of \$6.9 million at 30 June 2018.
- Net cash provided by operating activities has decreased by \$1.3 million. This is mainly due to the decrease in cash receipts from grants and contributions of \$3.4 million, which is offset by the increase in cash receipts from user charges and fees of \$1.9 million.
- Net cash used in investing activities has decreased by \$5.7 million. This is largely due to \$3.0 million decrease in the cash outflow for the purchase of infrastructure, property, plant and equipment and \$2.6 million decrease in the cash outflow for the purchase of investment securities during the year.
- Net cash used in financing activities has slightly decreased by \$0.1 million. This is due to the reduction of \$0.1 mil of repayment of borrowings and advances in the current year.



FINANCIAL POSITION

Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$'000	\$'000	
External restrictions	29,691	26,588	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. The movement in external restrictions is primarily due to the additional receipt of \$2.3 million for the Council's water supply programs. Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The movement in internal restrictions is primarily due to an additional restriction of \$0.2 million relating to waste services. Unrestricted cash and investments was \$4.5 million which is available to provide liquidity for day-to-day operations of the Council. The movement in unrestricted cash is mainly due to less cash used in investing and financing activities resulting in positive cash flows.
Internal restrictions	11,242	10,859	
Unrestricted	4,486	3,596	
Cash and investments	45,419	41,043	

Debt

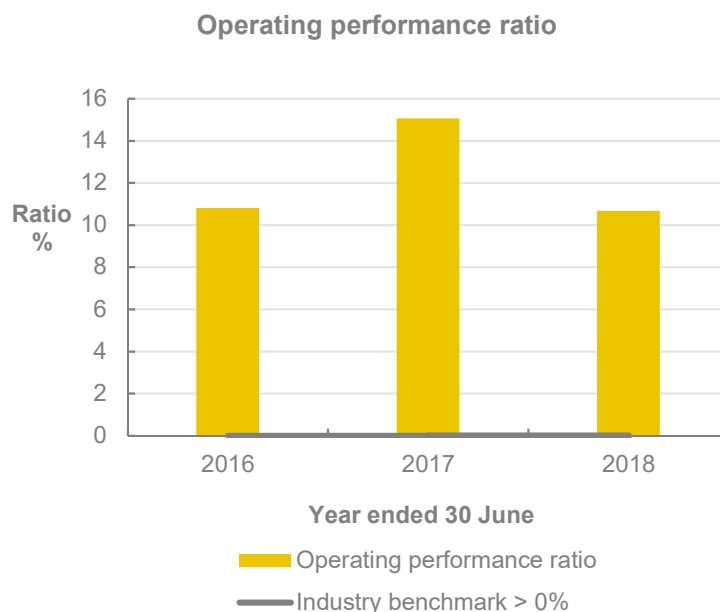
- Council has \$18.5 million of borrowings as at 30 June 2018 (2017: \$19.6 million).
- Council have an overdraft facility of \$1million which was undrawn as at 30 June 2018.

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 24 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

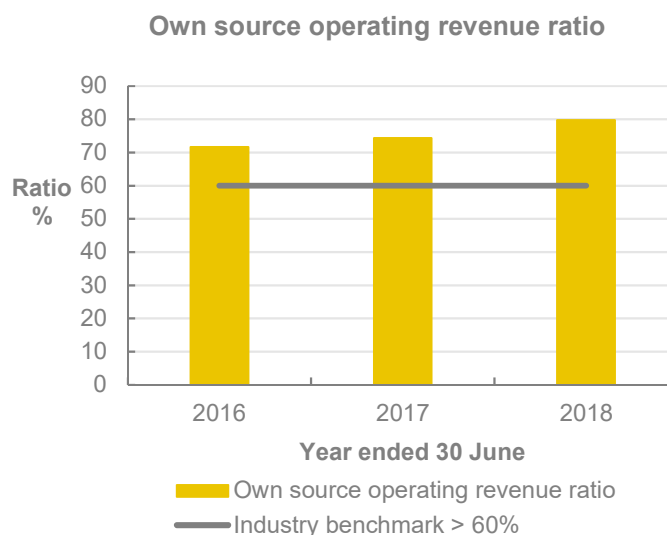
Operating performance ratio

- The 'operating performance ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than 0%.
- The operating performance ratio of 10.7% is above the industry benchmark of greater than 0%. This indicates the Council can contain operating expenditure within operating revenue.
- The operating performance ratio decreased to 10.7% (2017: 15.1%) due to the reduction in operating grant income in the current financial year.



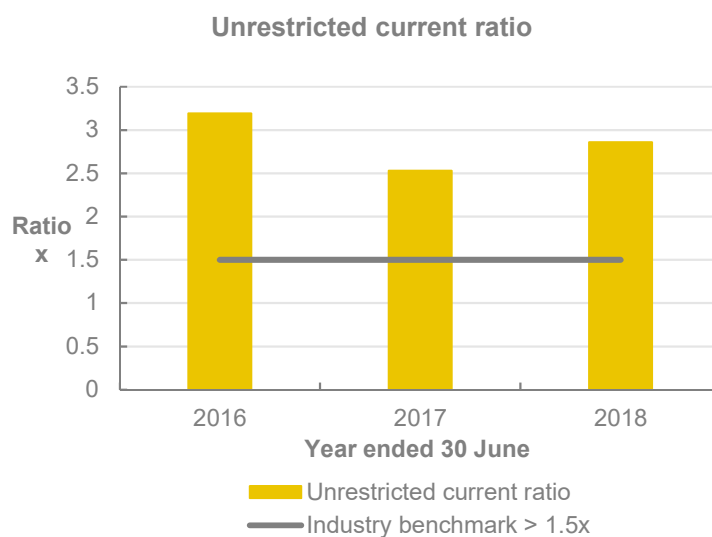
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60%.
- The Council's own source operating revenue ratio of 79.8% is above the industry benchmark of 60%. This indicates that the Council is less reliant on external funding sources, such as grants and contributions.
- The own source operating revenue ratio of 79.8% (2017: 74.3%) increased due to the reduction in grants revenue.



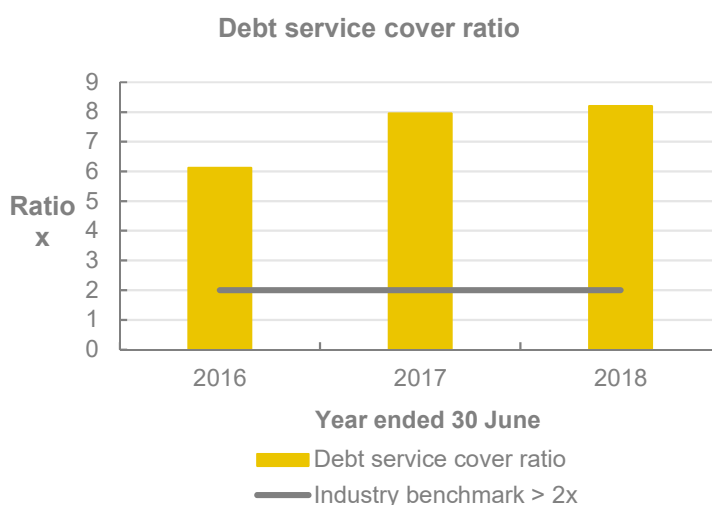
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council's liquidity ratio of 2.9 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio of 2.9 times (2017: 2.5 times) has increased due to the increase in current assets in the cash, investments and receivables in the current financial year.



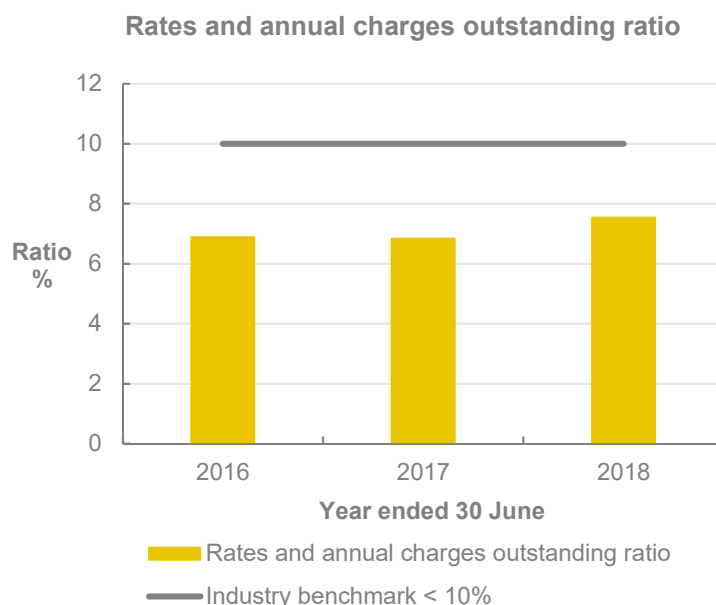
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council's debt service cover ratio of 8.2 times is greater than the industry benchmark of greater than 2 times. The ratio indicates that the Council has adequate operating cash to fund its debt obligations.
- The Council's 'debt service cover ratio' has remained consistent compared with the prior year.



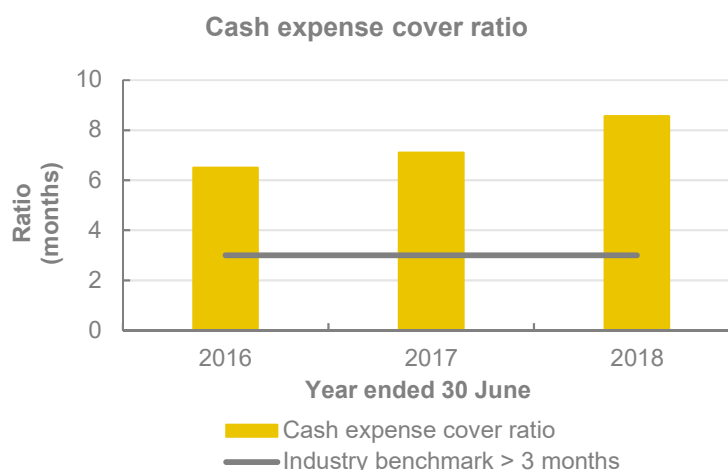
Rates and annual charges outstanding ratio

- The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10% for regional and rural Councils.
- The Council's rates and annual charges outstanding ratio of 7.5% is within the industry benchmark of less than 10% for regional and rural councils.
- The rates and annual charges ratio has remained consistent over the last three years, indicating that the Council's rate recovery measures continue to be effective in collecting and reducing outstanding debts.



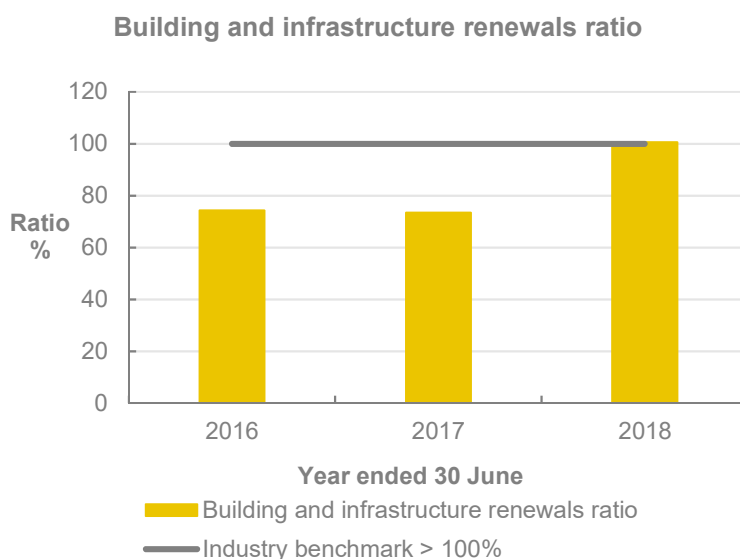
Cash expense cover ratio

- The cash expense cover ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council's cash expense cover ratio was 8.6 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 8.6 months of operating cash expenditure without additional cash inflows at 30 June 2018.
- The Council's cash expense cover ratio increased to 8.6 months (2017: 7.1 months) due to positive cash flows from 2018 of \$6.9 million.



Building and infrastructure renewals ratio (unaudited)

- The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100%.
- This ratio is sourced from Council's Special Schedule 7 which has not been audited.
- The Council's building and infrastructure renewals ratio of 100.6% is above the industry benchmark of greater than 100%.
- The 'building and infrastructure renewals ratio' increased to 100.6% (2017: 73.4%) in 2018 due to an increase in asset renewals.



OTHER MATTERS

New accounting standards implemented

AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 11(c).

Legislative compliance

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

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



Lawrissa Chan
Director, Financial Audit Services

cc: Brett Stonestreet, General Manager
Max Turner, Director, Business, Cultural and Financial Services
Stuart Heffer, Chairperson, Audit, Risk and Improvement Committee
Tim Hurst, Chief Executive of the Office of Local Government