

Annual Financial Statements as at 30 June 2015

Integrated Planning and Reporting Framework (IPRF)

*Delivering
Services
for the
Community*



Griffith City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015



Griffith City Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 28 October 2015. Council has the power to amend and reissue these financial statements.

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2015.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

Griffith City Council

General Purpose Financial Statements for the financial year ended 30 June 2015

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

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

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

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

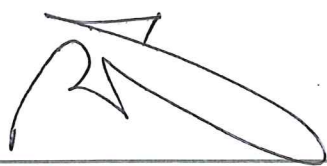
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.


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

Signed in accordance with a resolution of Council made on 13 October 2015.



Cr John Dal Broi
MAYOR

Cr Doug Curran
COUNCILLOR

Brett Stonestreet
GENERAL MANAGER

Max Turner
RESPONSIBLE ACCOUNTING OFFICER

Griffith City Council

Income Statement

for the financial year ended 30 June 2015

| Budget 2015 | \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|---|-------|----------------|----------------|
| Income from Continuing Operations | | | | |
| Revenue: | | | | |
| 27,715 | Rates & Annual Charges | 3a | 28,158 | 27,488 |
| 13,423 | User Charges & Fees | 3b | 13,388 | 12,333 |
| 1,213 | Interest & Investment Revenue | 3c | 1,275 | 1,267 |
| 956 | Other Revenues | 3d | 1,048 | 991 |
| 7,047 | Grants & Contributions provided for Operating Purposes | 3e,f | 7,877 | 5,698 |
| 3,129 | Grants & Contributions provided for Capital Purposes | 3e,f | 5,660 | 6,510 |
| Other Income: | | | | |
| 80 | Net gains from the disposal of assets | 5 | 87 | 94 |
| - | Net Share of interests in Joint Ventures & Associates using the equity method | 19 | - | 69 |
| 53,563 | Total Income from Continuing Operations | | 57,493 | 54,450 |
| Expenses from Continuing Operations | | | | |
| 21,186 | Employee Benefits & On-Costs | 4a | 22,916 | 20,765 |
| 1,633 | Borrowing Costs | 4b | 1,624 | 1,770 |
| 10,936 | Materials & Contracts | 4c | 8,937 | 9,202 |
| 9,752 | Depreciation & Amortisation | 4d | 10,931 | 10,003 |
| - | Impairment | 4d | - | - |
| 4,801 | Other Expenses | 4e | 3,972 | 4,206 |
| - | Net Share of interests in Joint Ventures & Associates using the equity method | 19 | 4 | - |
| 48,308 | Total Expenses from Continuing Operations | | 48,384 | 45,946 |
| 5,255 | Operating Result from Continuing Operations | | 9,109 | 8,504 |
| Discontinued Operations | | | | |
| - | Net Profit/(Loss) from Discontinued Operations | 24 | - | - |
| 5,255 | Net Operating Result for the Year | | 9,109 | 8,504 |
| 5,255 | Net Operating Result attributable to Council | | 9,109 | 8,504 |
| - | Net Operating Result attributable to Non-controlling Interests | | - | - |
| Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | | | | |
| 2,126 | | | 3,449 | 1,994 |

¹ Original Budget as approved by Council - refer Note 16

Griffith City Council

Statement of Comprehensive Income

for the financial year ended 30 June 2015

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|----------|----------------|----------------|
| Net Operating Result for the year (as per Income statement) | | 9,109 | 8,504 |
| Other Comprehensive Income: | | | |
| Amounts which will not be reclassified subsequently to the Operating Result | | | |
| Gain (loss) on revaluation of I,PP&E | 20b (ii) | 3,738 | 116,738 |
| Water Entitlement availal. for Temp/Perm Sale revaluation for year | 20b (ii) | 1,521 | 729 |
| Total Items which will not be reclassified subsequently to the Operating Result | | 5,259 | 117,467 |
| Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met | | | |
| Nil | | | |
| Total Other Comprehensive Income for the year | | 5,259 | 117,467 |
| Total Comprehensive Income for the Year | | 14,368 | 125,971 |
| Total Comprehensive Income attributable to Council | | 14,368 | 125,971 |
| Total Comprehensive Income attributable to Non-controlling Interests | | - | - |

Griffith City Council

Statement of Financial Position
as at 30 June 2015

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 6a | 18,718 | 9,956 |
| Investments | 6b | 9,642 | 13,256 |
| Receivables | 7 | 7,746 | 8,942 |
| Inventories | 8 | 1,366 | 1,337 |
| Other | 8 | 329 | 34 |
| Non-current assets classified as "held for sale" | 22 | - | - |
| Total Current Assets | | 37,801 | 33,525 |
| Non-Current Assets | | | |
| Investments | 6b | 6,000 | 3,000 |
| Receivables | 7 | 32 | 38 |
| Inventories | 8 | 7,032 | 5,511 |
| Infrastructure, Property, Plant & Equipment | 9 | 675,590 | 671,736 |
| Investments accounted for using the equity method | 19 | 320 | 303 |
| Investment Property | 14 | - | - |
| Intangible Assets | 25 | - | - |
| Total Non-Current Assets | | 688,974 | 680,588 |
| TOTAL ASSETS | | 726,775 | 714,113 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 10 | 5,949 | 6,418 |
| Borrowings | 10 | 1,399 | 2,033 |
| Provisions | 10 | 5,885 | 5,554 |
| Total Current Liabilities | | 13,233 | 14,005 |
| Non-Current Liabilities | | | |
| Payables | 10 | 9 | 12 |
| Borrowings | 10 | 20,670 | 21,569 |
| Provisions | 10 | 162 | 194 |
| Total Non-Current Liabilities | | 20,841 | 21,775 |
| TOTAL LIABILITIES | | 34,074 | 35,780 |
| Net Assets | | 692,701 | 678,333 |
| EQUITY | | | |
| Retained Earnings | 20 | 381,139 | 372,030 |
| Revaluation Reserves | 20 | 311,562 | 306,303 |
| Council Equity Interest | | 692,701 | 678,333 |
| Non-controlling Equity Interests | | - | - |
| Total Equity | | 692,701 | 678,333 |

Griffith City Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Interest | Non-controlling Interest | Total Equity |
|--|----------|-------------------|----------------------|------------------|--------------------------|----------------|
| 2015 | | | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 371,796 | 306,303 | 678,099 | - | 678,099 |
| a. Correction of Prior Period Errors | 20 (c) | - | - | - | - | - |
| b. Changes in Accounting Policies (prior year effects) | 20 (d) | 234 | - | 234 | - | 234 |
| Revised Opening Balance (as at 1/7/14) | | 372,030 | 306,303 | 678,333 | - | 678,333 |
| c. Net Operating Result for the Year | | 9,109 | - | 9,109 | - | 9,109 |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsve | 20b (ii) | - | 3,738 | 3,738 | - | 3,738 |
| - Revaluations: Other Reserves | 20b (ii) | - | - | - | - | - |
| - Transfers to Income Statement | 20b (ii) | - | - | - | - | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | - | - | - | - |
| - Other Movements - Water Entitlements | 20b (ii) | - | 1,521 | 1,521 | - | 1,521 |
| Other Comprehensive Income | | - | 5,259 | 5,259 | - | 5,259 |
| Total Comprehensive Income (c&d) | | 9,109 | 5,259 | 14,368 | - | 14,368 |
| e. Distributions to/(Contributions from) Non-controlling Interests | | - | - | - | - | - |
| f. Transfers between Equity | | - | - | - | - | - |
| Equity - Balance at end of the reporting period | | 381,139 | 311,562 | 692,701 | - | 692,701 |

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Interest | Non-controlling Interest | Total Equity |
|--|----------|-------------------|----------------------|------------------|--------------------------|----------------|
| 2014 | | | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 363,292 | 188,836 | 552,128 | - | 552,128 |
| a. Correction of Prior Period Errors | 20 (c) | - | - | - | - | - |
| b. Changes in Accounting Policies (prior year effects) | 20 (d) | 234 | - | 234 | - | 234 |
| Revised Opening Balance (as at 1/7/13) | | 363,526 | 188,836 | 552,362 | - | 552,362 |
| c. Net Operating Result for the Year | | 8,504 | - | 8,504 | - | 8,504 |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsve | 20b (ii) | - | 116,738 | 116,738 | - | 116,738 |
| - Revaluations: Other Reserves | 20b (ii) | - | - | - | - | - |
| - Transfers to Income Statement | 20b (ii) | - | - | - | - | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | - | - | - | - |
| - Other Movements - Water Entitlements | 20b (ii) | - | 729 | 729 | - | 729 |
| Other Comprehensive Income | | - | 117,467 | 117,467 | - | 117,467 |
| Total Comprehensive Income (c&d) | | 8,504 | 117,467 | 125,971 | - | 125,971 |
| e. Distributions to/(Contributions from) Non-controlling Interests | | - | - | - | - | - |
| f. Transfers between Equity | | - | - | - | - | - |
| Equity - Balance at end of the reporting period | | 372,030 | 306,303 | 678,333 | - | 678,333 |

Griffith City Council

Statement of Cash Flows

for the financial year ended 30 June 2015

| Budget 2015 \$ '000 | | Notes | Actual 2015 | Actual 2014 |
|---|---|-------|-----------------|-----------------|
| Cash Flows from Operating Activities | | | | |
| Receipts: | | | | |
| 27,715 | Rates & Annual Charges | | 28,261 | 27,458 |
| 13,423 | User Charges & Fees | | 15,058 | 11,726 |
| 1,257 | Investment & Interest Revenue Received | | 1,509 | 1,097 |
| 11,308 | Grants & Contributions | | 14,055 | 12,963 |
| 974 | Other | | 2,551 | 2,028 |
| Payments: | | | | |
| (21,186) | Employee Benefits & On-Costs | | (22,754) | (20,807) |
| (10,954) | Materials & Contracts | | (11,745) | (10,652) |
| (1,677) | Borrowing Costs | | (1,561) | (1,696) |
| - | Bonds, Deposits & Retention amounts refunded | | (29) | (77) |
| (5,934) | Other | | (4,625) | (4,492) |
| 14,926 | Net Cash provided (or used in) Operating Activities | 11b | 20,720 | 17,548 |
| Cash Flows from Investing Activities | | | | |
| Receipts: | | | | |
| - | Sale of Investment Securities | | 8,129 | 9,820 |
| - | Sale of Infrastructure, Property, Plant & Equipment | | 810 | 1,051 |
| 158 | Deferred Debtors Receipts | | 5 | - |
| Payments: | | | | |
| - | Purchase of Investment Securities | | (7,515) | (16,256) |
| (14,163) | Purchase of Infrastructure, Property, Plant & Equipment | | (11,770) | (13,238) |
| - | Deferred Debtors & Advances Made | | - | (3) |
| - | Contributions Paid to Joint Ventures & Associates | | (21) | - |
| (2,718) | Other Investing Activity Payments | | - | - |
| (16,723) | Net Cash provided (or used in) Investing Activities | | (10,362) | (18,626) |
| Cash Flows from Financing Activities | | | | |
| Receipts: | | | | |
| 1,000 | Proceeds from Borrowings & Advances | | - | 500 |
| - | Proceeds from Finance Leases | | - | 144 |
| Payments: | | | | |
| (2,147) | Repayment of Borrowings & Advances | | (1,495) | (2,864) |
| - | Repayment of Finance Lease Liabilities | | (101) | (254) |
| (1,147) | Net Cash Flow provided (used in) Financing Activities | | (1,596) | (2,474) |
| (2,944) | Net Increase/(Decrease) in Cash & Cash Equivalents | | 8,762 | (3,552) |
| 22,401 | plus: Cash & Cash Equivalents - beginning of year | 11a | 9,956 | 13,508 |
| 19,457 | Cash & Cash Equivalents - end of the year | 11a | 18,718 | 9,956 |
| Additional Information: | | | | |
| | plus: Investments on hand - end of year | 6b | 15,642 | 16,256 |
| | Total Cash, Cash Equivalents & Investments | | 34,360 | 26,212 |

Please refer to Note 11 for additional cash flow information

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

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Notes to the Financial Statements for the financial year ended 30 June 2015

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Additional Council Disclosures

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n/a - not applicable

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

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

(v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(ii) the write down of any Asset on the basis of Impairment (if warranted) and

(iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

(i) Estimated fair values of infrastructure, property, plant and equipment.

Critical judgements in applying Council's accounting policies

(i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

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

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

(i) The Consolidated Fund

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

unless it is required to be held in the Council's Trust Fund.

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

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

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

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

(ii) The Trust Fund

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

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

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

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

(iii) Joint Arrangements

Joint Ventures

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

Any interests in Joint Ventures are accounted for using the equity method and are carried at cost.

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

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

(iv) Associates

Council has no interest in any Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(d) Leases

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

Finance Leases

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

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

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

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

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

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

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

Initial Recognition

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

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

date of recognition (ie. date of exchange) of the asset to arrive at fair value.

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

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

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

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

Asset Revaluations (including Indexation)

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

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

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

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

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

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

Capitalisation Thresholds

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

Land

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

Plant & Equipment

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

Buildings & Land Improvements

| | |
|----------------------------|-----------|
| Park Furniture & Equipment | > \$1,000 |
|----------------------------|-----------|

Building

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

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

Water & Sewer Assets

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

Stormwater Assets

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

Transport Assets

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

| | |
|--------------------------------------|-----------|
| Bridge construction & reconstruction | > \$1,000 |
|--------------------------------------|-----------|

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Other Infrastructure Assets

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

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

Other Infrastructure Assets

| | |
|-------------------|----------|
| - Bulk earthworks | Infinite |
|-------------------|----------|

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

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

Other Equipment

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

Buildings

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

Stormwater Drainage

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

Transportation Assets

| | |
|--|------------------|
| - Sealed Roads : Surface | 15 to 20 years |
| - Sealed Roads : Structure | 20 to 120 years |
| - Unsealed roads (Structure & Surface) | 20 to 120 years |
| - Bridge : Concrete | 100 to 120 years |
| - Bridge : Other | 100 to 120 years |
| - Kerb, Gutter & Paths | 14 to 66 years |

Water & Sewer Assets

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

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

assets, their values and depreciation charges from these financial statements.

(p) Investment property

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

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

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

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

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

(s) Impairment of assets

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

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

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

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

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

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

possible reversal of the impairment at each reporting date.

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

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

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

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

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

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

employee benefit obligations disclosed under payables.

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20/02/13.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 385,444.

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

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

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

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

(ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

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

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

AASB 2014 - 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

Not applicable to Local Government per se;

None

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| Functions/Activities | Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b). | | | | | | | | | | | | |
|--|--|---------------|---------------|-------------------------------------|---------------|---------------|---|-----------------|----------------|--|---------------|---|----------------|
| | Income from Continuing Operations | | | Expenses from Continuing Operations | | | Operating Result from Continuing Operations | | | Grants included in Income from Continuing Operations | | Total Assets held (Current & Non-current) | |
| | Original Budget | Actual | Actual | Original Budget | Actual | Actual | Original Budget | Actual | Actual | Actual | Actual | Actual | Actual |
| | 2015 | 2015 | 2014 | 2015 | 2015 | 2014 | 2015 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Governance | - | 2,744 | 211 | 1,624 | 1,619 | 1,517 | (1,624) | 1,125 | (1,306) | 2,278 | - | 25,279 | 18,989 |
| Administration | 191 | 782 | 594 | 6,783 | 6,422 | 5,952 | (6,592) | (5,640) | (5,358) | 11 | 46 | 21,484 | 19,369 |
| Public Order & Safety | 389 | 457 | 438 | 865 | 912 | 821 | (476) | (455) | (383) | 165 | 175 | 3,254 | 3,293 |
| Health | 216 | 118 | 296 | 642 | 344 | 466 | (426) | (226) | (170) | (73) | 4 | 16 | 22 |
| Environment | 6,115 | 6,403 | 6,568 | 4,102 | 4,508 | 4,471 | 2,013 | 1,895 | 2,097 | 400 | 602 | 57,655 | 55,495 |
| Community Services & Education | 70 | 70 | 166 | 427 | 434 | 327 | (357) | (364) | (161) | - | - | 3,641 | 3,697 |
| Housing & Community Amenities | 1,228 | 1,313 | 1,625 | 3,857 | 3,880 | 3,893 | (2,629) | (2,567) | (2,268) | 111 | 187 | 7,034 | 8,287 |
| Water Supplies | 8,139 | 8,431 | 8,175 | 6,148 | 5,947 | 5,718 | 1,991 | 2,484 | 2,457 | 68 | 68 | 145,436 | 143,188 |
| Sewerage Services | 8,042 | 8,019 | 7,802 | 6,248 | 6,257 | 6,380 | 1,794 | 1,762 | 1,422 | 59 | 59 | 140,767 | 139,271 |
| Recreation & Culture | 1,976 | 2,425 | 2,100 | 8,033 | 7,819 | 7,680 | (6,057) | (5,394) | (5,580) | 565 | 401 | 44,299 | 44,757 |
| Mining, Manufacturing & Construction | 148 | 65 | 135 | 22 | 1 | 4 | 126 | 64 | 131 | - | - | 4 | 39 |
| Transport & Communication | 6,289 | 5,534 | 8,368 | 8,032 | 8,679 | 7,281 | (1,743) | (3,145) | 1,087 | 3,390 | 6,489 | 270,860 | 270,580 |
| Economic Affairs | 638 | 831 | 737 | 1,525 | 1,558 | 1,436 | (887) | (727) | (699) | 10 | 18 | 6,726 | 6,823 |
| Total Functions & Activities | 33,441 | 37,192 | 37,215 | 48,308 | 48,380 | 45,946 | (14,867) | (11,188) | (8,731) | 6,984 | 8,049 | 726,455 | 713,810 |
| Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method) | - | - | - | - | 4 | - | - | (4) | - | - | - | 320 | 303 |
| General Purpose Income ¹ | 20,122 | 20,301 | 17,235 | - | - | - | 20,122 | 20,301 | 17,235 | 4,999 | 2,550 | - | - |
| Operating Result from Continuing Operations | 53,563 | 57,493 | 54,450 | 48,308 | 48,384 | 45,946 | 5,255 | 9,109 | 8,504 | 11,983 | 10,599 | 726,775 | 714,113 |

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (a) Rates & Annual Charges | | | |
| Ordinary Rates | | | |
| Residential | | 7,485 | 7,287 |
| Farmland | | 4,786 | 4,641 |
| Business | | 2,438 | 2,364 |
| Total Ordinary Rates | | 14,709 | 14,292 |
| Special Rates | | | |
| Nil | | | |
| Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611) | | | |
| Domestic Waste Management Services | | 2,260 | 2,173 |
| Stormwater Management Services | | 182 | 181 |
| Water Supply Services | | 1,934 | 1,938 |
| Sewerage Services | | 6,849 | 6,618 |
| Waste Management Services (non-domestic) | | 1,122 | 1,237 |
| Kerbside Recycling | | 1,102 | 1,049 |
| Total Annual Charges | | 13,449 | 13,196 |
| TOTAL RATES & ANNUAL CHARGES | | 28,158 | 27,488 |

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (b) User Charges & Fees | | | |
| Specific User Charges (per s.502 - Specific "actual use" charges) | | | |
| Domestic Waste Management Services | | 5 | 5 |
| Water Supply Services | | 5,849 | 5,361 |
| Sewerage Services | | 711 | 708 |
| Waste Management Services (non-domestic) | | 381 | 379 |
| Total User Charges | | 6,946 | 6,453 |
| Other User Charges & Fees | | | |
| (i) Fees & Charges - Statutory & Regulatory Functions (per s.608) | | | |
| Planning & Building Regulation | | 165 | 189 |
| Private Works - Section 67 | | 137 | 89 |
| Regulatory/ Statutory Fees | | 172 | 192 |
| Registration Fees | | 28 | 22 |
| Regulatory Fees | | 123 | 108 |
| Section 149 Certificates (EPA Act) | | 102 | 93 |
| Section 603 Certificates | | 40 | 41 |
| Town Planning | | 32 | 24 |
| Water Supplies | | 236 | 208 |
| Total Fees & Charges - Statutory/Regulatory | | 1,035 | 966 |
| (ii) Fees & Charges - Other (incl. General User Charges) (per s.608) | | | |
| Aerodrome | | 661 | 619 |
| Cemeteries | | 346 | 464 |
| Engineering Services | | 1 | 2 |
| Hire of Council Chambers | | - | 1 |
| Industrial Discharge | | 42 | 36 |
| Library & Art Gallery | | 85 | 98 |
| Regional Theatre | | 279 | 281 |
| RMS (formerly RTA) Charges (State Roads not controlled by Council) | | 890 | 513 |
| Saleyards | | 567 | 554 |
| Sports Stadium | | 87 | 84 |
| Sporting Grounds | | 18 | 19 |
| Swimming Centres | | 1,177 | 1,217 |
| Tourism | | 111 | 99 |
| Waste Disposal Tipping Fees | | 1,060 | 903 |
| Museum | | 59 | - |
| Other | | 24 | 24 |
| Total Fees & Charges - Other | | 5,407 | 4,914 |
| TOTAL USER CHARGES & FEES | | 13,388 | 12,333 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|---------------------|---------------------|
| (c) Interest & Investment Revenue (incl. losses) | | | |
| Interest & Dividends | | | |
| - Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates) | | 124 | 122 |
| - Interest earned on Investments (interest & coupon payment income) | | 1,151 | 1,145 |
| <u>TOTAL INTEREST & INVESTMENT REVENUE</u> | | <u>1,275</u> | <u>1,267</u> |
| Interest Revenue is attributable to: | | | |
| Unrestricted Investments/Financial Assets: | | | |
| Overdue Rates & Annual Charges (General Fund) | | 48 | 122 |
| General Council Cash & Investments | | 545 | 271 |
| Restricted Investments/Funds - External: | | | |
| Development Contributions | | | |
| - Section 94 | | 23 | 31 |
| - Section 64 | | 99 | 140 |
| Water Fund Operations | | 226 | 337 |
| Sewerage Fund Operations | | 134 | 181 |
| Domestic Waste Management operations | | 29 | 33 |
| Griffith Health Facilities Limited/Private Hospital | | 171 | 152 |
| <u>Total Interest & Investment Revenue Recognised</u> | | <u>1,275</u> | <u>1,267</u> |
| (d) Other Revenues | | | |
| Fines - Parking | | 138 | 77 |
| Fines - Other | | 51 | 86 |
| Legal Fees Recovery - Rates & Charges (Extra Charges) | | 125 | 97 |
| Commissions & Agency Fees | | 4 | 8 |
| Lease Rental | | 264 | 303 |
| Quarry Income | | 64 | 135 |
| Recycling Income (non domestic) | | 40 | 55 |
| Refund for Constitutional Recognition of Local Government Contribution | | - | 7 |
| Resource Sharing Income | | 6 | 9 |
| Sales - General | | 12 | 7 |
| Temporary Sale of Water Allocation | | 171 | 112 |
| Work Health Safety Incentive Payment | | 116 | 60 |
| Council share in Western Riverina Library Net Assets | | 22 | - |
| Other | | 35 | 35 |
| <u>TOTAL OTHER REVENUE</u> | | <u>1,048</u> | <u>991</u> |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2015 Operating | 2014 Operating | 2015 Capital | 2014 Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| (e) Grants | | | | |
| General Purpose (Untied) | | | | |
| Financial Assistance - General Component ¹ | 3,320 | 1,643 | - | - |
| Financial Assistance - Local Roads Component ¹ | 1,519 | 747 | - | - |
| Pensioners' Rates Subsidies - General Component | 160 | 160 | - | - |
| Total General Purpose | 4,999 | 2,550 | - | - |
| ¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years. | | | | |
| Specific Purpose | | | | |
| Pensioners' Rates Subsidies: | | | | |
| - Water | 68 | 68 | - | - |
| - Sewerage | 59 | 59 | - | - |
| - Domestic Waste Management | 43 | 41 | - | - |
| Bushfire & Emergency Services | 138 | 156 | 27 | 19 |
| Economic Development | - | 8 | - | 10 |
| Employment & Training Programs | 10 | 46 | - | - |
| Environmental Protection | 64 | 53 | - | - |
| Flood Plain Study & Risk Management | 37 | 95 | - | - |
| Griffith Community Private Hospital | - | - | 2,278 | - |
| Health - Mosquito Control | 3 | 3 | - | - |
| Health - Noxious Weeds | 140 | 181 | - | - |
| Healthy Communities Initiative | (73) | - | - | - |
| Keep NSW Beautiful | - | 4 | - | - |
| LIRS Subsidy | - | 7 | - | - |
| March 2012 Emergency Event Cost Recovery | 251 | 30 | - | - |
| NSW Department of Planning | - | 80 | - | - |
| Recreation & Culture - Swimming Pool | - | - | 25 | - |
| Arts NSW - Shadow Play | 6 | 81 | - | - |
| Arts NSW - Cultural Development Program | 17 | - | - | - |
| Recreation & Culture - Community Projects | 5 | 132 | - | - |
| Recreation & Culture - Library | 92 | 82 | 200 | 16 |
| Recreation & Culture - Passive Recreation | - | - | 25 | 90 |
| Recreation & Culture - Sporting Facilities | - | - | 145 | - |
| Regional Development Australia Fund - | - | - | - | - |
| Airport Upgrade | - | - | - | 190 |
| RMS Restoration Works re: March 2012 Flood Event | - | - | - | 4,151 |
| Road Safety | 4 | 7 | - | - |
| Street Lighting | 105 | 100 | - | - |
| Transport (RTA) | 89 | - | 1,978 | 1,053 |
| Transport (Roads to Recovery) | 994 | 1,065 | - | - |
| Transport (Other Roads & Bridges Funding) | - | - | 78 | - |
| Waste & Recycling | 10 | - | 103 | 222 |
| Tourism | 10 | - | - | - |
| Council Applications Management | 2 | - | - | - |
| Museum | - | - | 50 | - |
| Other | 1 | - | - | - |
| Total Specific Purpose | 2,075 | 2,298 | 4,909 | 5,751 |
| Total Grants | 7,074 | 4,848 | 4,909 | 5,751 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2015 Operating | 2014 Operating | 2015 Capital | 2014 Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| (e) Grants (continued) | | | | |
| Grant Revenue is attributable to: | | | | |
| - Commonwealth Funding | 5,971 | 3,611 | 2,278 | 190 |
| - State Funding | 1,103 | 1,237 | 2,631 | 5,561 |
| - Other Funding | - | - | - | - |
| | 7,074 | 4,848 | 4,909 | 5,751 |
| (f) Contributions | | | | |
| Developer Contributions: | | | | |
| (s93 & s94 - EP&A Act, s64 of the LGA): | | | | |
| S 94 - Contributions towards amenities/services | - | - | 51 | 3 |
| S 94A - Fixed Development Consent Levies | - | - | 29 | 159 |
| S 64 - Water Supply Contributions | - | - | 64 | 29 |
| S 64 - Sewerage Service Contributions | - | - | 43 | 9 |
| S 64 - Stormwater Contributions | - | - | 33 | - |
| Total Developer Contributions | - | - | 220 | 200 |
| Other Contributions: | | | | |
| Administration Services | - | - | 13 | 12 |
| Bushfire Services | - | - | - | 10 |
| Charles Sturt University | 33 | 30 | - | - |
| Economic Affairs - Tourism/Events | 53 | 24 | - | - |
| Griffith Community Private Hospital | - | - | 447 | 194 |
| Health - Health Services | 22 | 23 | - | - |
| Public Order & Safety - Bushfire/SES | 77 | 92 | - | - |
| Recreation & Culture - Sporting Facilities | - | 1 | 1 | - |
| Recreation & Culture - Community Projects | 13 | 5 | - | - |
| Recreation & Culture - Library | 2 | 7 | - | - |
| Recreation & Culture - Theatre | 12 | 4 | - | - |
| Recreation & Culture - Passive Recreation | 7 | 14 | 15 | 24 |
| Roads & Bridges | - | - | 47 | 131 |
| RMS Contributions (Regional Roads, Block Grant) | 556 | 633 | - | - |
| Sewerage (excl. Section 64 contributions) | - | - | 8 | 13 |
| Water Supplies (excl. Section 64 contributions) | 11 | 17 | - | 175 |
| Museum | 4 | - | - | - |
| Noxious Weeds | 13 | - | - | - |
| Total Other Contributions | 803 | 850 | 531 | 559 |
| Total Contributions | 803 | 850 | 751 | 759 |
| TOTAL GRANTS & CONTRIBUTIONS | 7,877 | 5,698 | 5,660 | 6,510 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

| | Actual 2015 | Actual 2014 |
|--|----------------|----------------|
| \$ '000 | | |
| (g) Restrictions relating to Grants and Contributions | | |
| Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner: | | |
| Unexpended at the Close of the Previous Reporting Period | 3,706 | 3,257 |
| add: Grants & contributions recognised in the current period but not yet spent: | 140 | 449 |
| less: Grants & contributions recognised in a previous reporting period now spent: | (35) | - |
| Net Increase (Decrease) in Restricted Assets during the Period | 105 | 449 |
| Unexpended and held as Restricted Assets | 3,811 | 3,706 |
| Comprising: | | |
| - Specific Purpose Unexpended Grants | 54 | 194 |
| - Developer Contributions | 3,757 | 3,512 |
| - Other Contributions | - | - |
| | 3,811 | 3,706 |

Griffith City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (a) Employee Benefits & On-Costs | | | |
| Salaries and Wages | | 16,518 | 15,773 |
| Travelling | | 29 | 29 |
| Employee Leave Entitlements (ELE) | | 3,588 | 3,153 |
| Superannuation | | 1,970 | 1,864 |
| Workers' Compensation Insurance | | 1,115 | 1,219 |
| Fringe Benefit Tax (FBT) | | 68 | 59 |
| Payroll Tax | | 131 | 145 |
| Training Costs (other than Salaries & Wages) | | 172 | 201 |
| Educational Assistance | | 14 | 34 |
| Motor Vehicle Allowance | | 98 | 105 |
| Professional Development | | 42 | 43 |
| Staff Recruitment | | 33 | 46 |
| Total Employee Costs | | 23,778 | 22,671 |
| less: Capitalised Costs | | (862) | (1,906) |
| TOTAL EMPLOYEE COSTS EXPENSED | | 22,916 | 20,765 |
| Number of "Equivalent Full Time" Employees at year end | | 280 | 287 |
| (b) Borrowing Costs | | | |
| (i) Interest Bearing Liability Costs | | | |
| Interest on Loans | | 1,605 | 1,723 |
| Total Interest Bearing Liability Costs | | 1,605 | 1,723 |
| less: Capitalised Costs | | (44) | (27) |
| Total Interest Bearing Liability Costs Expensed | | 1,561 | 1,696 |
| (ii) Other Borrowing Costs | | | |
| Interest applicable on Interest Free (& favourable) Loans to Council | | 63 | 74 |
| Total Other Borrowing Costs | | 63 | 74 |
| TOTAL BORROWING COSTS EXPENSED | | 1,624 | 1,770 |
| (c) Materials & Contracts | | | |
| Raw Materials & Consumables | | 8,691 | 8,935 |
| Auditors Remuneration ⁽¹⁾ | | 40 | 38 |
| Legal Expenses: | | | |
| - Legal Expenses: Planning & Development | | 1 | 8 |
| - Legal Expenses: Other | | 142 | 141 |
| Operating Leases: | | | |
| - Operating Lease Rentals: Minimum Lease Payment ⁽²⁾ | | 63 | 80 |
| TOTAL MATERIALS & CONTRACTS | | 8,937 | 9,202 |

Griffith City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-------|----------------|----------------|
| (c) Materials & Contracts (continued) | | | |
| 1. Auditor Remuneration | | | |
| During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities): | | | |
| (i) Audit and Other Assurance Services | | | |
| - Audit & review of financial statements: Council's Auditor | | 40 | 38 |
| Remuneration for audit and other assurance services | | 40 | 38 |
| Total Auditor Remuneration | | 40 | 38 |
| 2. Operating Lease Payments are attributable to: | | | |
| Buildings | | 8 | - |
| Computers | | 55 | 80 |
| | | 63 | 80 |

| \$ '000 | Notes | Impairment Costs | | Depreciation/Amortisation | |
|---|-------|------------------|----------------|---------------------------|----------------|
| | | Actual 2015 | Actual 2014 | Actual 2015 | Actual 2014 |
| (d) Depreciation, Amortisation & Impairment | | | | | |
| Plant and Equipment | | - | - | 1,398 | 1,508 |
| Office Equipment | | - | - | 216 | 188 |
| Furniture & Fittings | | - | - | 59 | 58 |
| Buildings - Specialised | | - | - | 458 | 444 |
| Other Structures | | - | - | 341 | 331 |
| Infrastructure: | | | | | |
| - Roads | | - | - | 3,117 | 2,467 |
| - Bridges | | - | - | 54 | 4 |
| - Footpaths | | - | - | 207 | 259 |
| - Stormwater Drainage | | - | - | 449 | 461 |
| - Water Supply Network | | - | - | 1,859 | 1,749 |
| - Sewerage Network | | - | - | 1,648 | 1,570 |
| - Other Open Space/Recreational Assets | | - | - | 739 | 775 |
| Other Assets | | | | | |
| - Other | | - | - | 480 | 470 |
| Total Depreciation & Impairment Costs | | - | - | 11,025 | 10,284 |
| less: Capitalised Costs | | - | - | (94) | (281) |
| TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED | | - | - | 10,931 | 10,003 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-------|---------------------|---------------------|
| (e) Other Expenses | | | |
| Other Expenses for the year include the following: | | | |
| Contributions/Levies to Other Levels of Government | | | |
| - DWR Contributions | | 47 | 46 |
| - Emergency Services Levy | | 38 | 38 |
| - NSW Fire Brigade Levy | | 86 | 86 |
| - NSW Rural Fire Service Levy | | 128 | 162 |
| Councillor Expenses - Mayoral Fee | | 39 | 37 |
| Councillor Expenses - Councillors' Fees | | 215 | 203 |
| Councillors' Expenses (incl. Mayor) - Other (excluding fees above) | | 102 | 84 |
| Donations, Contributions & Assistance to other organisations (Section 356) | | | |
| - Donations, Contributions & Assistance: Griffith La Festa | | 20 | 20 |
| - Donations, Contributions & Assistance: Griffith War Memorial | | - | 9 |
| - Donations, Contributions & Assistance: Flix in the Stix | | - | 5 |
| - Donations, Contributions & Assistance: Regional Arts Board | | 17 | 17 |
| - Donations, Contributions & Assistance: RIVROC/RAMROC | | 24 | 23 |
| - Donations, Contributions & Assistance: Riverina Regional Cities Forecast ID | | 16 | 20 |
| - Donations, Contributions & Assistance: Town Band | | 7 | 7 |
| - Donations, Contributions & Assistance: WRCL | | 232 | 236 |
| - Donations, Contributions & Assistance: Other | | 85 | 82 |
| Electricity & Heating | | 1,699 | 1,932 |
| Insurance | | 669 | 612 |
| Street Lighting | | 363 | 407 |
| Telephone & Communications | | 184 | 180 |
| Other | | 1 | - |
| <u>TOTAL OTHER EXPENSES</u> | | <u>3,972</u> | <u>4,206</u> |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| Property (excl. Investment Property) | | | |
| Proceeds from Disposal - Property | | - | 330 |
| less: Carrying Amount of Property Assets Sold / Written Off | | - | (271) |
| Net Gain/(Loss) on Disposal | | - | 59 |
| Plant & Equipment | | | |
| Proceeds from Disposal - Plant & Equipment | | 810 | 705 |
| less: Carrying Amount of P&E Assets Sold / Written Off | | (723) | (624) |
| Net Gain/(Loss) on Disposal | | 87 | 81 |
| Infrastructure | | | |
| Proceeds from Disposal - Infrastructure | | - | 16 |
| less: Carrying Amount of Infrastructure Assets Sold / Written Off | | - | (62) |
| Net Gain/(Loss) on Disposal | | - | (46) |
| Financial Assets | | | |
| Proceeds from Disposal / Redemptions / Maturities - Financial Assets | | 8,129 | 9,820 |
| less: Carrying Amount of Financial Assets Sold / Redeemed / Matured | | (8,129) | (9,820) |
| Net Gain/(Loss) on Disposal | | - | - |
| NET GAIN/(LOSS) ON DISPOSAL OF ASSETS | | 87 | 94 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| | | 2015 | 2015 | 2014 | 2014 |
|--|-------|-------------------|-----------------------|-------------------|-----------------------|
| \$ '000 | Notes | Actual Current | Actual Non Current | Actual Current | Actual Non Current |
| Cash & Cash Equivalents (Note 6a) | | | | | |
| Cash on Hand and at Bank | | 6,546 | - | 7,835 | - |
| Cash-Equivalent Assets ¹ | | | | | |
| - Managed Funds | | 2,158 | - | 2,038 | - |
| - Short Term Deposits | | 10,014 | - | 83 | - |
| Total Cash & Cash Equivalents | | 18,718 | - | 9,956 | - |
| Investments (Note 6b) | | | | | |
| - Long Term Deposits | | - | 6,000 | 8,129 | 3,000 |
| - NCD's, FRN's (with Maturities > 3 months) | | 8,572 | - | 4,057 | - |
| - Other Long Term Financial Assets | | 1,070 | - | 1,070 | - |
| Total Investments | | 9,642 | 6,000 | 13,256 | 3,000 |
| TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS | | 28,360 | 6,000 | 23,212 | 3,000 |

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

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

Cash & Cash Equivalents

| | | | | |
|--|---------------|----------|--------------|----------|
| a. "At Fair Value through the Profit & Loss" | 18,718 | - | 9,956 | - |
|--|---------------|----------|--------------|----------|

Investments

| | | | | | |
|--|---------|-------|-------|--------|-------|
| a. "At Fair Value through the Profit & Loss" | | | | | |
| - "Held for Trading" | 6(b-i) | 9,642 | - | 5,127 | - |
| b. "Held to Maturity" | 6(b-ii) | - | 6,000 | 8,129 | 3,000 |
| Investments | | 9,642 | 6,000 | 13,256 | 3,000 |

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 6b. Investments (continued)

| | 2015 Actual Current | 2015 Actual Non Current | 2014 Actual Current | 2014 Actual Non Current |
|--|---------------------------|-------------------------------|---------------------------|-------------------------------|
| \$ '000 | | | | |
| Note 6(b-i) | | | | |
| Reconciliation of Investments classified as "At Fair Value through the Profit & Loss" | | | | |
| Balance at the Beginning of the Year | 5,127 | - | 9,820 | - |
| Additions | 4,515 | - | 5,127 | - |
| Disposals (sales & redemptions) | - | - | (9,820) | - |
| Balance at End of Year | 9,642 | - | 5,127 | - |
| Comprising: | | | | |
| - NCD's, FRN's (with Maturities > 3 months) | 8,572 | - | 4,057 | - |
| - Other Long Term Financial Assets | 1,070 | - | 1,070 | - |
| Total | 9,642 | - | 5,127 | - |
| Note 6(b-ii) | | | | |
| Reconciliation of Investments classified as "Held to Maturity" | | | | |
| Balance at the Beginning of the Year | 8,129 | 3,000 | - | - |
| Additions | - | 3,000 | 8,129 | 3,000 |
| Disposals (sales & redemptions) | (8,129) | - | - | - |
| Balance at End of Year | - | 6,000 | 8,129 | 3,000 |
| Comprising: | | | | |
| - Long Term Deposits | - | 6,000 | 8,129 | 3,000 |
| Total | - | 6,000 | 8,129 | 3,000 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| | 2015 Actual Current | 2015 Actual Non Current | 2014 Actual Current | 2014 Actual Non Current |
|---|---------------------------|-------------------------------|---------------------------|-------------------------------|
| \$ '000 | | | | |
| Total Cash, Cash Equivalents and Investments | 28,360 | 6,000 | 23,212 | 3,000 |
| attributable to: | | | | |
| External Restrictions (refer below) | 16,785 | 6,000 | 17,763 | - |
| Internal Restrictions (refer below) | 7,413 | - | 5,131 | - |
| Unrestricted | 4,162 | - | 318 | 3,000 |
| | 28,360 | 6,000 | 23,212 | 3,000 |

| | 2015 Opening Balance | Transfers to Restrictions | Transfers from Restrictions | 2015 Closing Balance |
|---|----------------------------|------------------------------|--------------------------------|----------------------------|
| \$ '000 | | | | |
| Details of Restrictions | | | | |
| External Restrictions - Included in Liabilities | | | | |
| Specific Purpose Unexpended Loans-General (A) | 507 | 500 | (507) | 500 |
| External Restrictions - Included in Liabilities | 507 | 500 | (507) | 500 |
| External Restrictions - Other | | | | |
| Developer Contributions - General (D) | 1,154 | 153 | (97) | 1,210 |
| Developer Contributions - Water Fund (D) | 1,650 | 122 | - | 1,772 |
| Developer Contributions - Sewer Fund (D) | 708 | 67 | - | 775 |
| Specific Purpose Unexpended Grants (F) | 194 | - | (140) | 54 |
| Water Supplies (G) | 7,033 | 1,567 | - | 8,600 |
| Sewerage Services (G) | 2,484 | 837 | - | 3,321 |
| Stormwater Management (G) | 611 | 21 | - | 632 |
| Specific Purpose Unexpended Grants - Griffith Health Facilities Limited | 3,422 | 2,499 | - | 5,921 |
| External Restrictions - Other | 17,256 | 5,266 | (237) | 22,285 |
| Total External Restrictions | 17,763 | 5,766 | (744) | 22,785 |
| Internal Restrictions | | | | |
| Plant & Vehicle Replacement | 524 | 500 | - | 1,024 |
| Infrastructure Replacement | - | 500 | - | 500 |
| Employees Leave Entitlement | 1,840 | 225 | - | 2,065 |
| Griffith Health Facilities Limited | 2,214 | 482 | - | 2,696 |
| Centenary Celebrations | 26 | 75 | - | 101 |
| Waste Services | 527 | 500 | - | 1,027 |
| Total Internal Restrictions | 5,131 | 2,282 | - | 7,413 |
| TOTAL RESTRICTIONS | 22,894 | 8,048 | (744) | 30,198 |

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 7. Receivables

| \$ '000 | Notes | 2015 | | 2014 | |
|---|-------|---------------------|------------------|---------------------|------------------|
| | | Current | Non Current | Current | Non Current |
| Purpose | | | | | |
| Rates & Annual Charges | | 2,740 | - | 2,843 | - |
| User Charges & Fees | | 3,734 | - | 4,292 | - |
| Accrued Revenues | | | | | |
| - Interest on Investments | | 139 | - | 373 | - |
| - Other Income Accruals | | 176 | - | 307 | - |
| Government Grants & Subsidies | | 1,232 | - | 1,264 | - |
| Deferred Debtors | | 16 | 32 | 15 | 38 |
| Net GST Receivable | | 305 | - | 276 | - |
| Total | | 8,342 | 32 | 9,370 | 38 |
| less: Provision for Impairment | | | | | |
| User Charges & Fees | | (596) | - | (428) | - |
| Total Provision for Impairment - Receivables | | (596) | - | (428) | - |
| <u>TOTAL NET RECEIVABLES</u> | | <u>7,746</u> | <u>32</u> | <u>8,942</u> | <u>38</u> |
| Externally Restricted Receivables | | | | | |
| Water Supply | | | | | |
| - Rates & Availability Charges | | 546 | - | 606 | - |
| - Other | | 2,164 | - | 2,124 | - |
| Sewerage Services | | | | | |
| - Rates & Availability Charges | | 2,034 | - | 2,041 | - |
| - Other | | 277 | - | 385 | - |
| Total External Restrictions | | 5,021 | - | 5,156 | - |
| Internally Restricted Receivables | | | | | |
| Nil | | | | | |
| Unrestricted Receivables | | 2,725 | 32 | 3,786 | 38 |
| TOTAL NET RECEIVABLES | | 7,746 | 32 | 8,942 | 38 |

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Griffith City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets

| \$ '000 | Notes | 2015 | | 2014 | |
|---|-------|--------------|--------------|--------------|--------------|
| | | Current | Non Current | Current | Non Current |
| Inventories | | | | | |
| Real Estate for resale (refer below) | | 728 | 2,291 | 728 | 2,291 |
| Stores & Materials | | 584 | - | 560 | - |
| Trading Stock | | 48 | - | 49 | - |
| Water Entitlement (avail. for Temporary/Permanent Sale) | | - | 4,741 | - | 3,220 |
| Other | | 6 | - | - | - |
| Total Inventories | | 1,366 | 7,032 | 1,337 | 5,511 |
| Other Assets | | | | | |
| Prepayments | | 329 | - | 34 | - |
| Total Other Assets | | 329 | - | 34 | - |
| TOTAL INVENTORIES / OTHER ASSETS | | 1,695 | 7,032 | 1,371 | 5,511 |
| Externally Restricted Assets | | | | | |
| Water | | | | | |
| Stores & Materials | | 349 | - | 343 | - |
| Real Estate for Resale | | - | 2,233 | - | 2,233 |
| Total Water | | 349 | 2,233 | 343 | 2,233 |
| Sewerage | | | | | |
| Nil | | | | | |
| Domestic Waste Management | | | | | |
| Nil | | | | | |
| Other | | | | | |
| Nil | | | | | |
| Total Externally Restricted Assets | | 349 | 2,233 | 343 | 2,233 |
| Total Internally Restricted Assets | | - | - | - | - |
| Total Unrestricted Assets | | 1,346 | 4,799 | 1,028 | 3,278 |
| TOTAL INVENTORIES & OTHER ASSETS | | 1,695 | 7,032 | 1,371 | 5,511 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets (continued)

| \$ '000 | 2015 | | 2014 | |
|--|------------|--------------|------------|--------------|
| | 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 | 728 | 2,291 | 728 | 2,291 |
| (Valued at the lower of cost and net realisable value) | | | | |
| Represented by: | | | | |
| Acquisition Costs | 728 | 2,291 | 728 | 2,291 |
| Total Costs | 728 | 2,291 | 728 | 2,291 |
| Total Real Estate for Resale | 728 | 2,291 | 728 | 2,291 |
| Movements: | | | | |
| Real Estate assets at beginning of the year | 728 | 2,291 | 728 | 2,291 |
| Total Real Estate for Resale | 728 | 2,291 | 728 | 2,291 |

(b) Inventory Write Downs

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

| \$ '000 | as at 30/6/2014 | | | | | Asset Movements during the Reporting Period | | | | | | as at 30/6/2015 | | | | |
|---|-----------------|----------------|----------------|--------------|----------------|---|---|------------------------|----------------------|---------------|--|-----------------|----------------|----------------|--------------|----------------|
| | At | At | Accumulated | | Carrying | Asset Additions | Reinstatement Costs for Impaired Assets | WDV of Asset Disposals | Depreciation Expense | WIP Transfers | Revaluation Increments to Equity (ARR) | At | At | Accumulated | | Carrying |
| | Cost | Fair Value | Dep'n | Impairment | Value | | | | | | | Cost | Fair Value | Dep'n | Impairment | Value |
| Capital Work in Progress | 1,881 | - | - | - | 1,881 | 2,296 | - | - | - | (332) | - | 3,845 | - | - | - | 3,845 |
| Plant & Equipment | - | 15,030 | 7,261 | - | 7,769 | 2,185 | - | (711) | (1,398) | - | - | - | 15,105 | 7,260 | - | 7,845 |
| Office Equipment | - | 2,176 | 1,124 | - | 1,052 | 173 | - | - | (216) | - | - | - | 2,129 | 1,120 | - | 1,009 |
| Furniture & Fittings | - | 1,395 | 833 | - | 562 | 43 | - | - | (59) | - | - | - | 1,439 | 893 | - | 546 |
| Land: | | | | | | | | | | | | | | | | |
| - Operational Land | - | 21,648 | - | - | 21,648 | - | - | - | - | - | - | - | 21,648 | - | - | 21,648 |
| - Community Land | - | 9,171 | 3 | - | 9,168 | - | - | - | - | - | - | - | 9,171 | 3 | - | 9,168 |
| Buildings - Specialised | - | 62,974 | 6,016 | - | 56,958 | 1,566 | - | - | (458) | 40 | - | - | 64,580 | 6,474 | - | 58,106 |
| Other Structures | - | 13,009 | 3,445 | - | 9,564 | 118 | - | - | (341) | - | - | - | 13,126 | 3,785 | - | 9,341 |
| Infrastructure: | | | | | | | | | | | | | | | | |
| - Roads | - | 291,135 | 40,988 | 4,501 | 245,646 | 1,697 | 2,168 | - | (3,117) | 1 | - | - | 292,835 | 44,106 | 2,334 | 246,395 |
| - Bridges | - | 5,311 | 2,194 | - | 3,117 | - | - | - | (54) | - | - | - | 5,311 | 2,248 | - | 3,063 |
| - Footpaths | - | 11,589 | 4,903 | - | 6,686 | 156 | - | - | (207) | - | - | - | 11,745 | 5,110 | - | 6,635 |
| - Stormwater Drainage | - | 56,216 | 10,536 | - | 45,680 | 101 | - | - | (449) | - | - | - | 56,317 | 10,985 | - | 45,332 |
| - Water Supply Network | - | 169,168 | 44,595 | - | 124,573 | 592 | - | - | (1,859) | 26 | 1,841 | - | 172,324 | 47,151 | - | 125,173 |
| - Sewerage Network | - | 166,961 | 38,814 | - | 128,147 | 308 | - | - | (1,648) | - | 1,897 | - | 169,773 | 41,069 | - | 128,704 |
| - Other Open Space/Recreational Assets | - | 12,900 | 7,238 | - | 5,662 | 220 | - | - | (739) | - | - | - | 13,121 | 7,978 | - | 5,143 |
| Other Assets: | | | | | | | | | | | | | | | | |
| - Other | - | 6,915 | 3,292 | - | 3,623 | 241 | - | (12) | (480) | 265 | - | - | 7,359 | 3,722 | - | 3,637 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP. | 1,881 | 845,598 | 171,242 | 4,501 | 671,736 | 9,696 | 2,168 | (723) | (11,025) | - | 3,738 | 3,845 | 855,983 | 181,904 | 2,334 | 675,590 |

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$7,297) and New Assets (\$1,192).

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000 Class of Asset | Actual 2015 | | | | Actual 2014 | | | |
|------------------------------------|----------------|------------------|----------------------|-------------------|----------------|------------------|----------------------|-------------------|
| | At Cost | At Fair Value | A/Dep & Impairm't | Carrying Value | At Cost | At Fair Value | A/Dep & Impairm't | Carrying Value |
| Water Supply | | | | | | | | |
| WIP | 71 | - | - | 71 | 26 | - | - | 26 |
| Plant & Equipment | - | 1,235 | 542 | 693 | - | 1,219 | 529 | 690 |
| Office Equipment | - | 12 | 12 | - | - | 12 | 12 | - |
| Land | | | | | | | | |
| - Operational Land | - | 1,000 | - | 1,000 | - | 1,000 | - | 1,000 |
| - Community Land | - | 340 | 3 | 337 | - | 340 | 3 | 337 |
| Buildings | - | 2,411 | 192 | 2,219 | - | 2,411 | 180 | 2,231 |
| Other Structures | - | 170 | 36 | 134 | - | 160 | 31 | 129 |
| Infrastructure | - | 172,323 | 47,151 | 125,172 | - | 169,167 | 44,595 | 124,572 |
| Other Assets | - | 678 | 533 | 145 | - | 685 | 471 | 214 |
| Total Water Supply | 71 | 178,169 | 48,469 | 129,771 | 26 | 174,994 | 45,821 | 129,199 |
| Sewerage Services | | | | | | | | |
| WIP | 250 | - | - | 250 | - | - | - | - |
| Plant & Equipment | - | 1,067 | 480 | 587 | - | 1,010 | 382 | 628 |
| Office Equipment | - | 2 | 2 | - | - | 2 | 2 | - |
| Furniture & Fittings | - | 9 | 3 | 6 | - | 9 | 1 | 8 |
| Land | | | | | | | | |
| - Operational Land | - | 2,418 | - | 2,418 | - | 2,418 | - | 2,418 |
| - Community Land | - | 267 | - | 267 | - | 267 | - | 267 |
| Buildings | - | 1,632 | 91 | 1,541 | - | 1,632 | 82 | 1,550 |
| Other Structures | - | 362 | 86 | 276 | - | 362 | 73 | 289 |
| Infrastructure | - | 169,773 | 41,069 | 128,704 | - | 166,961 | 38,814 | 128,147 |
| Other Assets | - | 775 | 464 | 311 | - | 755 | 410 | 345 |
| Total Sewerage Services | 250 | 176,305 | 42,195 | 134,360 | - | 173,416 | 39,764 | 133,652 |
| Domestic Waste Management | | | | | | | | |
| Plant & Equipment | - | 567 | 297 | 270 | - | 567 | 251 | 316 |
| Land | | | | | | | | |
| - Operational Land | - | 1,340 | - | 1,340 | - | 1,340 | - | 1,340 |
| - Community Land | - | 357 | - | 357 | - | 357 | - | 357 |
| Buildings | - | 191 | 37 | 154 | - | 191 | 35 | 156 |
| Other Assets | - | 308 | 164 | 144 | - | 295 | 130 | 165 |
| Total DWM | - | 2,763 | 498 | 2,265 | - | 2,750 | 416 | 2,334 |
| TOTAL RESTRICTED I,PP&E | 321 | 357,237 | 91,162 | 266,396 | 26 | 351,160 | 86,001 | 265,185 |

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

| \$ '000 | Notes | 2015 | | 2014 | |
|--|-------|---------------|---------------|---------------|---------------|
| | | Current | Non Current | Current | Non Current |
| Payables | | | | | |
| Goods & Services - operating expenditure | | 3,235 | - | 4,156 | - |
| Payments Received In Advance | | 992 | - | 553 | - |
| Accrued Expenses: | | | | | |
| - Other Expenditure Accruals | | 463 | 9 | 421 | 12 |
| Security Bonds, Deposits & Retentions | | 1,259 | - | 1,288 | - |
| Total Payables | | 5,949 | 9 | 6,418 | 12 |
| Borrowings | | | | | |
| Loans - Secured ¹ | | 1,399 | 20,670 | 1,932 | 21,569 |
| Finance Lease Liabilities | | - | - | 101 | - |
| Total Borrowings | | 1,399 | 20,670 | 2,033 | 21,569 |
| Provisions | | | | | |
| Employee Benefits; | | | | | |
| Annual Leave | | 1,858 | - | 1,694 | - |
| Sick Leave | | 139 | - | 159 | - |
| Long Service Leave | | 3,888 | 162 | 3,701 | 194 |
| Total Provisions | | 5,885 | 162 | 5,554 | 194 |
| Total Payables, Borrowings & Provisions | | 13,233 | 20,841 | 14,005 | 21,775 |

(i) Liabilities relating to Restricted Assets

| | 2015 | | 2014 | |
|--|---------------|---------------|---------------|---------------|
| | Current | Non Current | Current | Non Current |
| Externally Restricted Assets | | | | |
| Water | 1 | - | 1 | - |
| Sewer | 779 | 19,140 | 913 | 19,919 |
| Liabilities relating to externally restricted assets | 780 | 19,140 | 914 | 19,919 |
| Internally Restricted Assets | | | | |
| Nil | | | | |
| Total Liabilities relating to restricted assets | 780 | 19,140 | 914 | 19,919 |
| Total Liabilities relating to Unrestricted Assets | 12,453 | 1,701 | 13,091 | 1,856 |
| TOTAL PAYABLES, BORROWINGS & PROVISIONS | 13,233 | 20,841 | 14,005 | 21,775 |

¹ Loans are secured over the General Income of Council

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| | Actual 2015 | Actual 2014 |
|---|----------------|----------------|
| \$ '000 | | |
| (ii) Current Liabilities not anticipated to be settled within the next 12 months | | |
| The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months. | | |
| Provisions - Employees Benefits | 4,360 | 4,108 |
| Payables - Security Bonds, Deposits & Retentions | 1,122 | 1,151 |
| Other Liabilities: Payments Received in Advance | 275 | 211 |
| | 5,757 | 5,470 |

Note 10b. Description of and movements in Provisions

| Class of Provision | 2014 | 2015 | | | | Closing Balance as at 30/6/15 |
|--------------------|------------------------------------|--------------------------|-----------------------------|--|-------------------------------|-------------------------------------|
| | Opening Balance as at 1/7/14 | Additional Provisions | Decrease due to Payments | Remeasurement effects due to Discounting | Unused amounts reversed | |
| Annual Leave | 1,694 | 1,836 | (1,713) | 41 | - | 1,858 |
| Sick Leave | 159 | (1) | (22) | 3 | - | 139 |
| Long Service Leave | 3,895 | 753 | (666) | 68 | - | 4,050 |
| TOTAL | 5,748 | 2,588 | (2,401) | 112 | - | 6,047 |

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (a) Reconciliation of Cash Assets | | | |
| Total Cash & Cash Equivalent Assets | 6a | 18,718 | 9,956 |
| Less Bank Overdraft | 10 | - | - |
| BALANCE as per the STATEMENT of CASH FLOWS | | 18,718 | 9,956 |
| (b) Reconciliation of Net Operating Result to Cash provided from Operating Activities | | | |
| Net Operating Result from Income Statement | | 9,109 | 8,504 |
| Adjust for non cash items: | | | |
| Depreciation & Amortisation | | 10,931 | 10,003 |
| Net Losses/(Gains) on Disposal of Assets | | (87) | (94) |
| Losses/(Gains) recognised on Fair Value Re-measurements through the P&L: | | | |
| - Other (Water Licences Revaluation thru Revaluation Reserve) | | 1,521 | 729 |
| Amortisation of Premiums, Discounts & Prior Period Fair Valuations | | | |
| - Interest Exp. on Interest Free Loans received by Council (previously Fair Valued) | | 63 | 74 |
| Share of Net (Profits) or Losses of Associates/Joint Ventures | | 4 | (69) |
| +/- Movement in Operating Assets and Liabilities & Other Cash Items: | | | |
| Decrease/(Increase) in Receivables | | 1,029 | (1,432) |
| Increase/(Decrease) in Provision for Doubtful Debts | | 168 | - |
| Decrease/(Increase) in Inventories | | (1,550) | (786) |
| Decrease/(Increase) in Other Assets | | (295) | 6 |
| Increase/(Decrease) in Payables | | (921) | 501 |
| Increase/(Decrease) in other accrued Expenses Payable | | 39 | 131 |
| Increase/(Decrease) in Other Liabilities | | 410 | (128) |
| Increase/(Decrease) in Employee Leave Entitlements | | 299 | 109 |
| NET CASH PROVIDED FROM/(USED IN) | | 20,720 | 17,548 |
| OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS | | 20,720 | 17,548 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|-------|----------------|----------------|
| (c) Non-Cash Investing & Financing Activities | | | |
| Nil | | | |
| (d) Financing Arrangements | | | |
| (i) Unrestricted access was available at balance date to the following lines of credit: | | | |
| Bank Overdraft Facilities ⁽¹⁾ | | 1,000 | 1,000 |
| Credit Cards / Purchase Cards | | 79 | 71 |
| Total Financing Arrangements | | 1,079 | 1,071 |
| Amounts utilised as at Balance Date: | | | |
| - Credit Cards / Purchase Cards | | 31 | 30 |
| Total Financing Arrangements Utilised | | 31 | 30 |

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

(ii) Secured Loan Liabilities

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

Note 12. Commitments for Expenditure

(a) Capital Commitments (exclusive of GST)

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

Property, Plant & Equipment

| | | |
|--|---------------|---------------|
| Buildings | 15,991 | 17,088 |
| Total Commitments | 15,991 | 17,088 |
| These expenditures are payable as follows: | | |
| Within the next year | 15,991 | - |
| Later than one year and not later than 5 years | - | 17,088 |
| Total Payable | 15,991 | 17,088 |
| Sources for Funding of Capital Commitments: | | |
| Future Grants & Contributions | 7,374 | 11,352 |
| Unexpended Grants | 5,921 | 3,522 |
| Internally Restricted Reserves | 2,696 | 2,214 |
| Total Sources of Funding | 15,991 | 17,088 |

Details of Capital Commitments

Construction of the Griffith Community Private Hospital

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure (continued)

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|---|-----------------|-----------------------|----------------------------|
| (b) Finance Lease Commitments | | | |
| (i) Commitments under Finance Leases at the Reporting Date are payable as follows: | | | |
| Within the next year | | - | 101 |
| Later than one year and not later than 5 years | | - | - |
| Later than 5 years | | - | - |
| Total Minimum Lease Payments | | - | 101 |
| less: Future Finance Charges | | - | - |
| Amount Recognised as a Liability | | - | 101 |
| (ii) Finance Lease Liability Recognised represent; | | | |
| Current Liabilities | | - | 101 |
| Total Finance Lease Liabilities Disclosed | | - | 101 |
| (i) General Details | | | |
| Council Leases the following Property, Plant & Equipment under Finance Leases: | | | |
| | Term (Years) | Option to Purchase | Contingent Rent Clauses |
| Heavy Plant - Carrying Value | | Y/N | Y/N |
| | | | |
| Total Carrying Value at Year End | | - | 101 |

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

(e) Investment in Joint Operations - Commitments

For Capital Commitments and Other Commitments relating to Investments in Joint Operations, refer to Note 19 (c)

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000 | Amounts 2015 | Indicator 2015 | Prior Periods 20142013 | |
|---|-----------------|-------------------|---------------------------|--------|
| Local Government Industry Indicators - Consolidated | | | | |
| 1. Operating Performance Ratio | | | | |
| Total continuing operating revenue ⁽¹⁾ | | | | |
| (excl. Capital Grants & Contributions) - Operating Expenses | 3,366 | 6.50% | 3.83% | 8.00% |
| Total continuing operating revenue ⁽¹⁾ | 51,746 | | | |
| (excl. Capital Grants & Contributions) | | | | |
| 2. Own Source Operating Revenue Ratio | | | | |
| Total continuing operating revenue ⁽¹⁾ | | | | |
| (excl. ALL Grants & Contributions) | 43,869 | 76.42% | 77.51% | 67.70% |
| Total continuing operating revenue ⁽¹⁾ | 57,406 | | | |
| 3. Unrestricted Current Ratio | | | | |
| Current Assets less all External Restrictions ⁽²⁾ | 20,387 | 3.04x | 1.77 | 1.88 |
| Current Liabilities less Specific Purpose Liabilities ^(3, 4) | 6,696 | | | |
| 4. Debt Service Cover Ratio | | | | |
| Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation | 15,921 | 4.94x | 2.78 | 3.35 |
| Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement) | 3,220 | | | |
| 5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | | |
| Rates, Annual and Extra Charges Outstanding | 2,740 | 8.77% | 9.32% | 10.63% |
| Rates, Annual and Extra Charges Collectible | 31,250 | | | |
| 6. Cash Expense Cover Ratio | | | | |
| Current Year's Cash and Cash Equivalents + All Term Deposits | 24,718 | 7.01 mths | 6.20 | 6.15 |
| Payments from cash flow of operating and financing activities | 3,526 | | | |

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 & associates.

⁽²⁾ Refer Notes 6-8 inclusive.

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

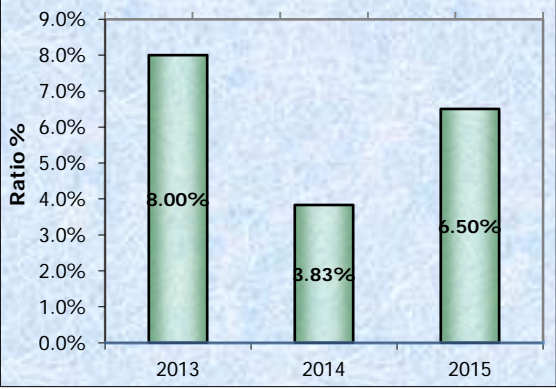
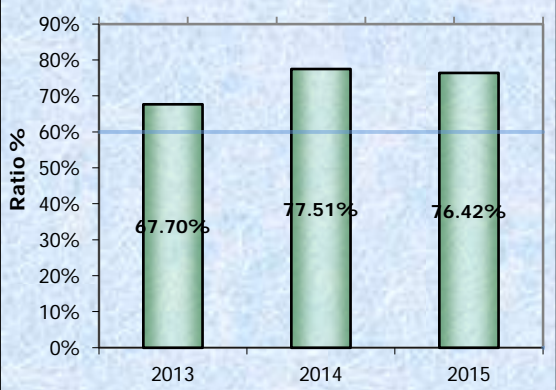
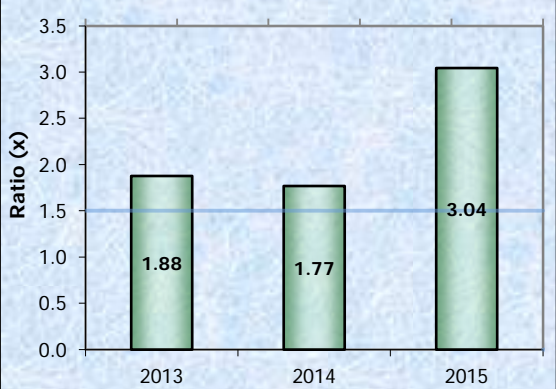
⁽³⁾ Refer to Note 10(a).

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

Griffith City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

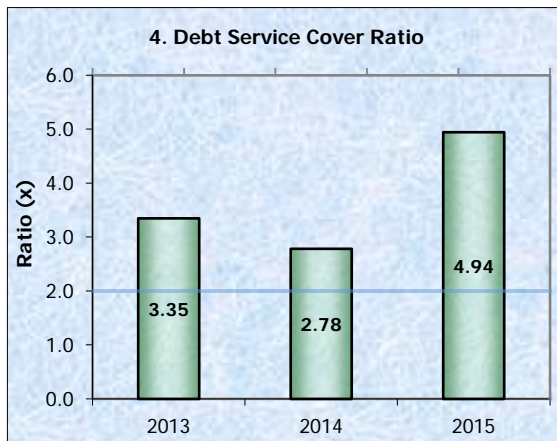
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

| | | |
|---|---|---|
| <p>1. Operating Performance Ratio</p>  <p>Benchmark: — Minimum $\geq 0.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p> | <p>Purpose of Operating Performance Ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p> | <p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 6.50%</p> <p>Council has achieved another solid operating result with a positive performance recorded in each of the past 3 financial years. Operating expenses have been well contained and base revenues maintained for the year.</p> |
| <p>2. Own Source Operating Revenue Ratio</p>  <p>Benchmark: — Minimum $\geq 60.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p> | <p>Purpose of Own Source Operating Revenue Ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.</p> | <p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 76.42%</p> <p>Council's own source revenues are comfortably above the minimum 60% benchmark. Council has a healthy rating base that is supporting a strong ratio for own source revenue.</p> |
| <p>3. Unrestricted Current Ratio</p>  <p>Benchmark: — Minimum ≥ 1.50 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p> | <p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p> | <p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 3.04x</p> <p>Council's Unrestricted Current Ratio has been on a positive improving trend in the last 3 years in particular. Council is aiming to increase this ratio further to above 2.50 on the medium term, however the ratio is comfortably in excess of the minimum 1.50 ratio.</p> |

Griffith City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

Benchmark: — Minimum ≥ 2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Purpose of Debt Service Cover Ratio

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

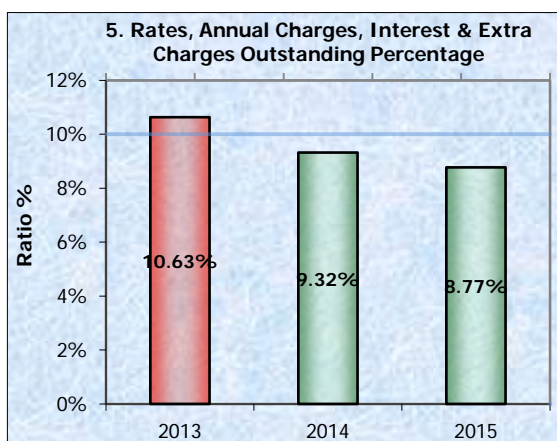
Commentary on 2014/15 Result**2014/15 Ratio 4.94x**

Council's Debt Service Cover Ratio has increased as the full effect of the servicing of the Griffith Water Reclamation Plant loan has now taken effect. The ratio should now stabilise and continue to increase.



Ratio is within Benchmark

Ratio is outside Benchmark

Benchmark: — Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Purpose of Rates & Annual Charges Outstanding Ratio

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

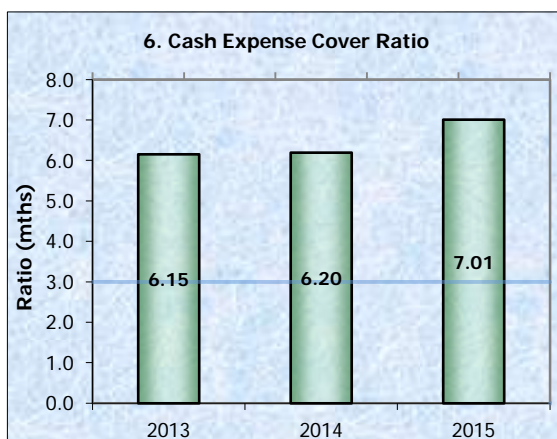
Commentary on 2014/15 Result**2014/15 Ratio 8.77%**

This ratio is impacted by the timing of Council's 3rd Trimester Water/Sewer billing which is billed in June annually but is collectible in July. The Ratio will usually be around 10% each year due to this and Council is not concerned as a result. The 2015 ratio is however within the 10% benchmark.



Ratio is within Benchmark

Ratio is outside Benchmark

Benchmark: — Minimum ≥ 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Purpose of Cash Expense Cover Ratio

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

Commentary on 2014/15 Result**2014/15 Ratio 7.01 mths**

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



Ratio is within Benchmark

Ratio is outside Benchmark

Griffith City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

| \$ '000 | Water 2015 | Sewer 2015 | General ⁵ 2015 |
|---|------------------------|---------------|------------------------------|
| Local Government Industry Indicators - by Fund | | | |
| 1. Operating Performance Ratio | | | |
| Total continuing operating revenue ⁽¹⁾ | | | |
| <u>(excl. Capital Grants & Contributions) - Operating Expenses</u> | 11.40% | 5.41% | 5.46% |
| Total continuing operating revenue ⁽¹⁾ | | | |
| (excl. Capital Grants & Contributions) | prior period: 14.02% | 6.11% | 0.34% |
| 2. Own Source Operating Revenue Ratio | | | |
| Total continuing operating revenue ⁽¹⁾ | 97.80% | 98.63% | 67.07% |
| <u>(excl. ALL Grants & Contributions)</u> | | | |
| Total continuing operating revenue ⁽¹⁾ | prior period: 96.28% | 99.62% | 68.40% |
| 3. Unrestricted Current Ratio | | | |
| Current Assets less all External Restrictions ⁽²⁾ | 11972.00x | 7.23x | 2.38x |
| <u>Current Liabilities less Specific Purpose Liabilities ^(3, 4)</u> | | | |
| | prior period: 10252.00 | 5.38 | 1.35 |
| 4. Debt Service Cover Ratio | | | |
| Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation | 3.42x | 2.53x | 11.06x |
| <u>Principal Repayments (from the Statement of Cash Flows)</u> | | | |
| + Borrowing Costs (from the Income Statement) | prior period: 2.61 | 2.45 | 3.14 |
| 5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | |
| <u>Rates, Annual and Extra Charges Outstanding</u> | 30.17% | 29.17% | 0.71% |
| Rates, Annual and Extra Charges Collectible | | | |
| | prior period: 33.35% | 23.48% | 0.98% |
| 6. Cash Expense Cover Ratio | | | |
| Current Year's Cash and Cash Equivalents | | | |
| <u>+ All Term Deposits</u> | 20.79 | 7.48 | 4.13 |
| Payments from cash flow of operating and financing activities | prior period: 18.67 | 5.61 | 3.89 |
| | mths | mths | mths |

Notes

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

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

| | Carrying Value | | Fair Value | |
|------------------------------------|----------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Financial Assets | | | | |
| Cash and Cash Equivalents | 18,718 | 9,956 | 18,718 | 9,956 |
| Investments | | | | |
| - "Held for Trading" | 9,642 | 5,127 | 9,642 | 5,127 |
| - "Held to Maturity" | 6,000 | 11,129 | 6,000 | 11,129 |
| Receivables | 7,778 | 8,980 | 7,778 | 8,980 |
| Total Financial Assets | 42,138 | 35,192 | 42,138 | 35,192 |
| Financial Liabilities | | | | |
| Payables | 4,966 | 5,877 | 4,966 | 5,877 |
| Loans / Advances | 22,069 | 23,501 | 22,069 | 23,501 |
| Lease Liabilities | - | 101 | - | 101 |
| Total Financial Liabilities | 27,035 | 29,479 | 27,035 | 29,479 |

Fair Value is determined as follows:

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

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether 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 & Investments.

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

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

| | Increase of Values/Rates | | Decrease of Values/Rates | |
|--|--------------------------|--------|--------------------------|--------|
| | Profit | Equity | Profit | Equity |
| 2015 | | | | |
| Possible impact of a 10% movement in Market Values | 964 | 964 | (964) | (964) |
| Possible impact of a 1% movement in Interest Rates | 96 | 96 | (96) | (96) |
| 2014 | | | | |
| Possible impact of a 10% movement in Market Values | 513 | 513 | (513) | (513) |
| Possible impact of a 1% movement in Interest Rates | 51 | 51 | (51) | (51) |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

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

| | 2015 Rates & Annual Charges | 2015 Other Receivables | 2014 Rates & Annual Charges | 2014 Other Receivables |
|--------------------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| (i) Ageing of Receivables - % | | | | |
| Current (not yet overdue) | 75% | 86% | 74% | 86% |
| Overdue | 25% | 14% | 26% | 14% |
| | 100% | 100% | 100% | 100% |

| | | 2015 Rates & Annual Charges | 2015 Other Receivables | 2014 Rates & Annual Charges | 2014 Other Receivables |
|---|--------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| (ii) Ageing of Receivables - value | | | | | |
| Rates & Annual Charges | Other Receivables | | | | |
| Current | Current | 2,048 | 4,821 | 2,115 | 5,612 |
| < 1 year overdue | 0 - 30 days overdue | 692 | 115 | 728 | 842 |
| 1 - 2 years overdue | 30 - 60 days overdue | - | 150 | - | 24 |
| 2 - 5 years overdue | 60 - 90 days overdue | - | 16 | - | 6 |
| > 5 years overdue | > 90 days overdue | - | 532 | - | 81 |
| | | 2,740 | 5,634 | 2,843 | 6,565 |

(iii) Movement in Provision for Impairment of Receivables

| | 2015 | 2014 |
|---|------------|------------|
| Balance at the beginning of the year | 428 | 428 |
| + new provisions recognised during the year | 168 | - |
| Balance at the end of the year | 596 | 428 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

| \$ '000 | Subject to no maturity | payable in: | | | | | | Total Cash Outflows | Actual Carrying Values |
|-----------------------------|------------------------------|-------------|---------|---------|---------|---------|---------|---------------------------|------------------------------|
| | | ≤ 1 Year | 1-2 Yrs | 2-3 Yrs | 3-4 Yrs | 4-5 Yrs | > 5 Yrs | | |
| 2015 | | | | | | | | | |
| Trade/Other Payables | 1,259 | 3,698 | 9 | - | - | - | - | 4,966 | 4,966 |
| Loans & Advances | - | 1,399 | 1,172 | 1,033 | 1,107 | 1,184 | 16,174 | 22,069 | 22,069 |
| Total Financial Liabilities | 1,259 | 5,097 | 1,181 | 1,033 | 1,107 | 1,184 | 16,174 | 27,035 | 27,035 |
| 2014 | | | | | | | | | |
| Trade/Other Payables | 1,288 | 4,577 | 12 | - | - | - | - | 5,877 | 5,877 |
| Loans & Advances | - | 1,932 | 1,399 | 1,172 | 1,016 | 978 | 17,004 | 23,501 | 23,501 |
| Lease Liabilities | - | 101 | - | - | - | - | - | 101 | 101 |
| Total Financial Liabilities | 1,288 | 6,610 | 1,411 | 1,172 | 1,016 | 978 | 17,004 | 29,479 | 29,479 |

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

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

| | 2015 | | 2014 | |
|--|-------------------|--------------------------|-------------------|--------------------------|
| | Carrying Value | Average Interest Rate | Carrying Value | Average Interest Rate |
| Trade/Other Payables | 4,966 | 0.0% | 5,877 | 0.0% |
| Loans & Advances - Fixed Interest Rate | 22,069 | 6.3% | 23,501 | 6.3% |
| Lease Liabilities | - | | 101 | 3.1% |
| | <u>27,035</u> | | <u>29,479</u> | |

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 24 June 2015.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act 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 | 2015 Budget | 2015 Actual | 2015 ----- Variance* ----- | | |
|--|----------------|----------------|-------------------------------|------|----------|
| REVENUES | | | | | |
| Rates & Annual Charges | 27,715 | 28,158 | 443 | 2% | F |
| User Charges & Fees | 13,423 | 13,388 | (35) | (0%) | U |
| Interest & Investment Revenue | 1,213 | 1,275 | 62 | 5% | F |
| Other Revenues | 956 | 1,048 | 92 | 10% | F |
| Council received a further \$56k in Work Health Safety Incentive payments than budgeted for and also a further \$71k in Temporary Water Sales. Quarry income was less than budgeted. | | | | | |
| Operating Grants & Contributions | 7,047 | 7,877 | 830 | 12% | F |
| Council received \$341k for flood restoration, and additional \$300k from Roads to Recovery and \$80k from the EPA for illegal dumping control that were unbudgeted. | | | | | |
| Capital Grants & Contributions | 3,129 | 5,660 | 2,531 | 81% | F |
| Council received \$2.725M in for the Griffith Community Private Hospital in grant funds & contributions that were not budgeted for. | | | | | |
| Net Gains from Disposal of Assets | 80 | 87 | 7 | 9% | F |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

| \$ '000 | 2015 Budget | 2015 Actual | 2015 ----- Variance* ----- | |
|--|----------------|----------------|-------------------------------|----------------|
| EXPENSES | | | | |
| Employee Benefits & On-Costs | 21,186 | 22,916 | (1,730) | (8%) U |
| Borrowing Costs | 1,633 | 1,624 | 9 | 1% F |
| Materials & Contracts | 10,936 | 8,937 | 1,999 | 18% F |
| This variation is mainly due to timing differences and council making a concentrated effort to reduce expenditure. | | | | |
| Depreciation & Amortisation | 9,752 | 10,931 | (1,179) | (12%) U |
| Differences are due to increases in depreciation in Roads, Water & Sewer after revaluations on these asset classes in 2013 and 2014. | | | | |
| Other Expenses | 4,801 | 3,972 | 829 | 17% F |
| Differences are due to higher budgets than actuals for electricity and telephne expenses. Savings have been made due to new contracts. | | | | |
| Joint Ventures & Associates - Net Losses | - | 4 | (4) | 0% U |
| No budget was recorded for Western Riverina Library Council share of profit/loss | | | | |

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

| | | | | | |
|---|-----------------|-----------------|--------------|----------------|----------|
| Cash Flows from Operating Activities | 14,926 | 20,720 | 5,794 | 38.8% | F |
| Differences in operating activites actual to budget include \$1.635M for User Fees, \$2.747 for Grants & Contributions, and a \$1.577M difference in Other Revenues. | | | | | |
| Cash Flows from Investing Activities | (16,723) | (10,362) | 6,361 | (38.0%) | F |
| Differences from investing activities actual to budget include \$614k for securities which Council does not budget for and Council underspent on Plant, Property & Equipment by \$5.111M compared to the original budget. | | | | | |
| Cash Flows from Financing Activities | (1,147) | (1,596) | (449) | 39.1% | U |
| Differences from financing activities actual compared to budget includes \$1M loan that Council did not draw down and \$101k for the finalisation of a lease that was also unbudgeted. | | | | | |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|---|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Traffic Facilities | 69 | 5 | - | 2 | - | - | 76 | - | (76) | - | - |
| Parking | (35) | - | - | - | - | - | (35) | - | - | (35) | - |
| Open Space | 70 | 35 | - | 2 | - | - | 107 | - | (107) | - | - |
| Community Facilities | 14 | 11 | - | - | - | - | 25 | - | (25) | - | - |
| S94 Contributions - under a Plan | 118 | 51 | - | 4 | - | - | 173 | - | (208) | (35) | - |
| S94A Levies - under a Plan | 536 | 29 | - | 19 | (97) | - | 487 | | | | - |
| Total S94 Revenue Under Plans | 654 | 80 | - | 23 | (97) | - | 660 | | | | - |
| S94 not under Plans | 7 | - | - | - | - | - | 7 | - | (7) | - | - |
| S64 Contributions | 2,851 | 140 | - | 99 | - | - | 3,090 | | | | |
| Total Contributions | 3,512 | 220 | - | 122 | (97) | - | 3,757 | - | (215) | (35) | - |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - CAR PARKING

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|--------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Parking | (35) | - | - | - | - | - | (35) | - | - | (35) | - |
| Total | (35) | - | - | - | - | - | (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 | Projections | | | Cumulative Internal Borrowings due/(payable) |
|--------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Open Space | 30 | 31 | - | 1 | - | - | 62 | - | (62) | - | - |
| Total | 30 | 31 | - | 1 | - | - | 62 | - | (62) | - | - |

CONTRIBUTION PLAN - COMMUNITY FACILITIES

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|----------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Community Facilities | 14 | 11 | - | - | - | - | 25 | - | (25) | - | - |
| Total | 14 | 11 | - | - | - | - | 25 | - | (25) | - | - |

CONTRIBUTION PLAN - NEIGHBOURHOOD PARKS

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|--------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Open Space | 40 | 4 | - | 1 | - | - | 45 | - | (45) | - | - |
| Total | 40 | 4 | - | 1 | - | - | 45 | - | (45) | - | - |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - TRAFFIC MANAGEMENT

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|--------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Traffic Facilities | 69 | 5 | - | 2 | - | - | 76 | - | (76) | - | - |
| Total | 69 | 5 | - | 2 | - | - | 76 | - | (76) | - | - |

S94A LEVIES - UNDER A PLAN

CONTRIBUTION SEC 94A FROM 01-07-10

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|-----------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Sec 94A from 01-07-10 | 536 | 29 | - | 19 | (97) | - | 487 | - | (487) | | - |
| Total | 536 | 29 | - | 19 | (97) | - | 487 | | | | - |

S94 CONTRIBUTIONS - NOT UNDER A PLAN

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

(iii) Landfill Restoration Provision

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

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

(iii) Rural Fire Fighting Assets

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

These assets are under the control of the Rural Fire Services to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council.

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities

\$ '000

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

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

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

Controlled Entities (Subsidiaries)

Note 19(a)

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

Joint Ventures & Associates

Note 19(b)

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

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

Joint Operations

Note 19(c)

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

Unconsolidated Structured Entities

Note 19(d)

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, Joint Arrangements and Associates not recognised

Note 19(e)

Accounting Recognition:

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

(ii) Joint Ventures and Associates as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

| | Council's Share of Net Income | | Council's Share of Net Assets | |
|----------------|-------------------------------|-----------|-------------------------------|------------|
| | Actual | Actual | Actual | Actual |
| | 2015 | 2014 | 2015 | 2014 |
| Joint Ventures | (4) | 69 | 320 | 303 |
| Associates | - | - | - | - |
| Total | (4) | 69 | 320 | 303 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(a) Controlled Entities (Subsidiaries) - being entities & operations controlled by Council

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

| Name of Operation/Entity | | Principal Activity | |
|---|--|--|----------------|
| Griffith Health Facilities Limited | | Fundraising for Griffith Community Private Hospital Griffith, NSW | |
| Interests in Subsidiary | | Ownership | |
| Council's Interest in Subsidiary | | 2015 | 2014 |
| | | 100% | 100% |
| | | Voting Rights | |
| | | 2015 | 2014 |
| | | 100% | 100% |
| Summarised Financial Information for the Subsidiary | | \$ '000 | \$ '000 |
| Summarised Statement of Comprehensive Income | | 2015 | 2014 |
| Revenue | | 482 | 200 |
| Profit for the Period | | 482 | 200 |
| Summarised Statement of Financial Position | | 2015 | 2014 |
| Current Assets | | 2,696 | 2,214 |
| Total Assets | | 2,696 | 2,214 |
| Net Assets | | 2,696 | 2,214 |
| Summarised Statement of Cash Flows | | 2015 | 2014 |
| Cash Flows from Operating Activities | | 432 | 149 |
| Cash Flows from Investing Activities | | 50 | 51 |
| Net increase (decrease) in Cash & Cash Equivalents | | 482 | 200 |

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(b) Joint Ventures and Associates

Council has incorporated the following Joint Ventures and Associates into its consolidated Financial Statements.

(a) Net Carrying Amounts - Council's Share

| Name of Entity | Nature of Relationship | Measurement Method | \$ '000 2015 | \$ '000 2014 |
|--|------------------------|--------------------|-----------------|-----------------|
| Western Riverina Library | Joint Venture | Percentage | 320 | 303 |
| Total Carrying Amounts - Material Joint Ventures and Associates | | | 320 | 303 |

(b) Details

| Name of Entity | Principal Activity | Place of Business |
|--------------------------|--|-------------------|
| Western Riverina Library | Provision of Library/Mobile Library Services | Various |

(c) Relevant Interests & Fair Values

| Name of Entity | Quoted Fair Value | | Interest in Outputs | | Interest in Ownership | | Proportion of Voting Power | |
|--------------------------|-------------------|------|---------------------|------|-----------------------|------|----------------------------|------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Western Riverina Library | 320 | 303 | 59% | 55% | 59% | 55% | 17% | 17% |

(d) Summarised Financial Information for Joint Ventures & Associates

The below data is based on unaudited management accounts.

| Statement of Financial Position | Western Riverina Library | |
|--|--------------------------|-----------------|
| | 2015 \$ '000 | 2014 \$ '000 |
| Current Assets | | |
| Cash and Cash Equivalents | 91 | 155 |
| Other Current Assets | 4 | 22 |
| Total Current Assets | 95 | 177 |
| Non-Current Assets | 469 | 393 |
| Current Liabilities | | |
| Other Current Liabilities | 17 | 16 |
| Total Current Liabilities | 17 | 16 |
| Net Assets | 547 | 554 |
| Reconciliation of the Carrying Amount | | |
| Opening Net Assets (1 July) | 553 | 426 |
| Profit/(Loss) for the period | (6) | 127 |
| Closing Net Assets | 547 | 553 |
| Council's share of Net Assets (%) | 58.5% | 54.6% |
| Council's share of Net Assets (\$) | 320 | 303 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(b) Joint Ventures and Associates (continued)

(d) Summarised Financial Information for Joint Ventures & Associates (continued)

| | Western Riverina Library | |
|---|--------------------------|--------------|
| | 2015 | 2014 |
| Statement of Comprehensive Income | | |
| Income | 379 | 510 |
| Interest Income | 3 | 4 |
| Depreciation & Amortisation | (119) | (123) |
| Other Expenses | (269) | (264) |
| Profit/(Loss) from Continuing Operations | (6) | 127 |
| Profit/(Loss) for Period | (6) | 127 |
| Total Comprehensive Income | (6) | 127 |
| Council's share of Income (%) | 58.5% | 54.6% |
| Council's share of Profit/(Loss) (\$) | (4) | 69 |
| Council's share of Comprehensive Income (\$) | (4) | 69 |

(c) Joint Operations

Council has no interest in any Joint Operations.

(d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

(e) Subsidiaries, Joint Arrangements & Associates not recognised

None.

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

| \$ '000 | Notes | Actual 2015 | Actual 2014 |
|--|--------|----------------|----------------|
| (a) Retained Earnings | | | |
| Movements in Retained Earnings were as follows: | | | |
| Balance at beginning of Year (from previous years audited accounts) | | 371,796 | 363,292 |
| a. Changes in Accounting Policies (prior period effects) | 20 (d) | 234 | 234 |
| b. Net Operating Result for the Year | | 9,109 | 8,504 |
| Balance at End of the Reporting Period | | 381,139 | 372,030 |
| (b) Reserves | | | |
| (i) Reserves are represented by: | | | |
| - Infrastructure, Property, Plant & Equipment Revaluation Reserve | | 311,562 | 306,303 |
| Total | | 311,562 | 306,303 |
| (ii) Reconciliation of movements in Reserves: | | | |
| Infrastructure, Property, Plant & Equipment Revaluation Reserve | | | |
| - Opening Balance | | 306,303 | 188,836 |
| - Revaluations for the year | 9(a) | 3,738 | 116,738 |
| - Water Entitlement avail. for Temp/Perm Sale revaluation for year | | 1,521 | 729 |
| - Balance at End of Year | | 311,562 | 306,303 |
| TOTAL VALUE OF RESERVES | | 311,562 | 306,303 |
| (iii) Nature & Purpose of Reserves | | | |
| Infrastructure, Property, Plant & Equipment Revaluation Reserve | | | |
| - The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation. | | | |
| (c) Correction of Error/s relating to a Previous Reporting Period | | | |
| Council made no correction of errors during the current reporting period. | | | |
| (d) Voluntary Changes in Accounting Policies | | | |
| GCC Share of WRL Net Assets - First Time Recognition | | 234 | - |
| In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively. | | | |
| These amounted to the following Equity Adjustments: | | | |
| - Adjustments to Closing Equity - 30/6/14 (relating to adjustments for the 30/6/14 year end) | | 234 | - |
| Total Prior Period Adjustments - Accounting Policy Changes | | 234 | - |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 21. Financial Result & Financial Position by Fund

| Income Statement by Fund \$ '000 | Actual 2015 | Actual 2015 | Actual 2015 |
|--|----------------|----------------|----------------------------|
| Continuing Operations | Water | Sewer | General¹ |
| Income from Continuing Operations | | | |
| Rates & Annual Charges | 1,810 | 6,973 | 19,375 |
| User Charges & Fees | 6,896 | 766 | 5,726 |
| Interest & Investment Revenue | 300 | 159 | 816 |
| Other Revenues | 50 | 13 | 985 |
| Grants & Contributions provided for Operating Purposes | 79 | 59 | 7,739 |
| Grants & Contributions provided for Capital Purposes | 64 | 50 | 5,546 |
| Other Income | | | |
| Net Gains from Disposal of Assets | 28 | 3 | 56 |
| Share of interests in Joint Ventures & Associates using the Equity Method | - | - | - |
| Total Income from Continuing Operations | 9,227 | 8,023 | 40,243 |
| Expenses from Continuing Operations | | | |
| Employee Benefits & on-costs | 2,038 | 1,673 | 19,205 |
| Borrowing Costs | - | 1,491 | 133 |
| Materials & Contracts | 2,967 | 1,697 | 4,273 |
| Depreciation & Amortisation | 2,077 | 1,856 | 6,998 |
| Impairment | - | - | - |
| Other Expenses | 917 | 736 | 2,319 |
| Share of interests in Joint Ventures & Associates using the Equity Method | - | - | 4 |
| Total Expenses from Continuing Operations | 7,999 | 7,453 | 32,932 |
| Operating Result from Continuing Operations | 1,228 | 570 | 7,311 |
| Discontinued Operations | | | |
| Net Profit/(Loss) from Discontinued Operations | - | - | - |
| Net Operating Result for the Year | 1,228 | 570 | 7,311 |
| Net Operating Result attributable to each Council Fund | 1,228 | 570 | 7,311 |
| Net Operating Result attributable to Non-controlling Interests | - | - | - |
| Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | 1,164 | 520 | 1,765 |

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

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

Griffith City Council

Notes to the Financial Statements
as at 30 June 2015

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

| Statement of Financial Position by Fund \$ '000 | Actual 2015 | Actual 2015 | Actual 2015 |
|--|----------------|----------------|----------------------------|
| ASSETS | Water | Sewer | General¹ |
| Current Assets | | | |
| Cash & Cash Equivalents | 10,372 | 4,096 | 4,250 |
| Investments | - | - | 9,642 |
| Receivables | 3,023 | 2,311 | 2,725 |
| Inventories | 349 | - | 1,017 |
| Other | - | - | 329 |
| Non-current assets classified as 'held for sale' | - | - | - |
| Total Current Assets | 13,744 | 6,407 | 17,963 |
| Non-Current Assets | | | |
| Investments | - | - | 6,000 |
| Receivables | 882 | - | 32 |
| Inventories | 2,233 | - | 4,799 |
| Infrastructure, Property, Plant & Equipment | 129,771 | 134,360 | 411,459 |
| Investments Accounted for using the equity method | - | - | 320 |
| Investment Property | - | - | - |
| Intangible Assets | - | - | - |
| Total Non-Current Assets | 132,886 | 134,360 | 422,610 |
| TOTAL ASSETS | 146,630 | 140,767 | 440,573 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 1 | - | 5,948 |
| Borrowings | - | 779 | 933 |
| Provisions | - | - | 5,885 |
| Total Current Liabilities | 1 | 779 | 12,766 |
| Non-Current Liabilities | | | |
| Payables | - | - | 9 |
| Borrowings | - | 19,140 | 2,412 |
| Provisions | - | - | 162 |
| Total Non-Current Liabilities | - | 19,140 | 2,583 |
| TOTAL LIABILITIES | 1 | 19,919 | 15,349 |
| Net Assets | 146,629 | 120,848 | 425,224 |
| EQUITY | | | |
| Retained Earnings | 82,373 | 63,103 | 235,663 |
| Revaluation Reserves | 64,256 | 57,745 | 189,561 |
| Total Equity | 146,629 | 120,848 | 425,224 |

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

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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

\$ '000

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

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 28/10/15.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

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

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

- the remaining useful lives of these assets being estimated at beyond 20 years and accordingly the effects of discounting the future cash outflows to present values deems the amounts immaterial,
- preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's Financial Results or Financial Position as at 30/6/15.

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

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

Griffith City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

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

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

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

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

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

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

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

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

| | | Fair Value Measurement Hierarchy | | | |
|---|--------------------------------|------------------------------------|-------------------------------------|---------------------------------------|---------|
| 2015 | | 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" | 30/06/15 | 9,642 | - | - | 9,642 |
| Total Financial Assets | | 9,642 | - | - | 9,642 |
| Infrastructure, Property, Plant & Equipment | | | | | |
| Plant & Equipment | 30/06/15 | - | - | 7,845 | 7,845 |
| Office Equipment | 30/06/15 | - | - | 1,009 | 1,009 |
| Furniture & Fittings | 30/06/15 | - | - | 546 | 546 |
| Operational Land | 30/06/13 | - | - | 21,648 | 21,648 |
| Community Land | 30/06/13 | - | - | 9,168 | 9,168 |
| Buildings - Specialised | 30/06/13 | - | - | 58,106 | 58,106 |
| Other Structures | 30/06/13 | - | - | 9,341 | 9,341 |
| Roads | 30/06/14 | - | - | 246,395 | 246,395 |
| Bridges | 30/06/14 | - | - | 3,063 | 3,063 |
| Footpaths | 30/06/14 | - | - | 6,635 | 6,635 |
| Stormwater Drainage | 30/06/15 | - | - | 45,332 | 45,332 |
| Water Supply Network | 30/06/12 | - | - | 125,173 | 125,173 |
| Sewerage Network | 30/06/12 | - | - | 128,704 | 128,704 |
| Other Open Space/Recreational Assets | 30/06/13 | - | - | 5,143 | 5,143 |
| Other | 30/06/14 | - | - | 3,637 | 3,637 |
| Total Infrastructure, Property, Plant & Equipment | | - | - | 671,745 | 671,745 |

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

| | | Fair Value Measurement Hierarchy | | | |
|---|--------------------------------|------------------------------------|-------------------------------------|---------------------------------------|---------|
| 2014 | | 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" | 30/06/14 | 5,127 | - | - | 5,127 |
| Total Financial Assets | | 5,127 | - | - | 5,127 |
| Infrastructure, Property, Plant & Equipment | | | | | |
| Plant & Equipment | 30/06/14 | - | - | 7,769 | 7,769 |
| Office Equipment | 30/06/14 | - | - | 1,052 | 1,052 |
| Furniture & Fittings | 30/06/14 | - | - | 562 | 562 |
| Operational Land | 30/06/13 | - | - | 21,648 | 21,648 |
| Community Land | 30/06/13 | - | - | 9,168 | 9,168 |
| Buildings - Specialised | 30/06/13 | - | - | 56,958 | 56,958 |
| Other Structures | 30/06/13 | - | - | 9,564 | 9,564 |
| Roads | 30/06/14 | - | - | 245,646 | 245,646 |
| Bridges | 30/06/14 | - | - | 3,117 | 3,117 |
| Footpaths | 30/06/14 | - | - | 6,686 | 6,686 |
| Stormwater Drainage | 30/06/14 | - | - | 45,680 | 45,680 |
| Water Supply Network | 30/06/12 | - | - | 124,573 | 124,573 |
| Sewerage Network | 30/06/12 | - | - | 128,147 | 128,147 |
| Other Open Space/Recreational Assets | 30/06/13 | - | - | 5,662 | 5,662 |
| Other | 30/06/14 | - | - | 3,623 | 3,623 |
| Total Infrastructure, Property, Plant & Equipment | | - | - | 669,855 | 669,855 |

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

Infrastructure, Property, Plant & Equipment

Plant & Equipment

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

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

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

- Useful life
- Residual value
- Gross replacement cost.

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

Office Equipment

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

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

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

- Useful life
- Residual value
- Gross replacement cost.

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Infrastructure, Property, Plant & Equipment (continued)

Furniture & Fittings

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

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

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

- Useful life
- Residual value
- Gross replacement cost.

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

Operational Land

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Infrastructure, Property, Plant & Equipment (continued)

Community Land

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

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

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

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

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

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

Buildings – Specialised

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Infrastructure, Property, Plant & Equipment (continued)

Other Structures

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

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

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

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

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

Roads

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

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

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Infrastructure, Property, Plant & Equipment (continued)

Bridges

Bridges includes all council owned road and foot bridges.

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

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

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

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

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

Footpaths

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

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

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Infrastructure, Property, Plant & Equipment (continued)

Stormwater Drainage

Stormwater assets including drainage pits and drainage pipes were valued by APV Valuers and Asset Management as at 30 June 2014 using the cost approach. The approach estimated the fair value for each drainage component based on calculated replacement cost and condition. Due to the nature of these assets condition was determined by service history of the assets and local knowledge which was used to calibrate age based condition models.

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

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

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

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

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

Water Supply Network

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

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

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

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

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

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

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Infrastructure, Property, Plant & Equipment (continued)

Sewerage Network

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

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

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

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

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

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

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

Other Open Space/Recreational Assets

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

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

Other Open Space/Recreational Assets (continued)

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

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

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Infrastructure, Property, Plant & Equipment (continued)

Other

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

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

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

- Useful life
- Residual value
- Gross replacement cost.

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

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

| | Plant & Equipment | Office Equipment | Furniture & Fittings | Operational Land | Total |
|----------------------------------|----------------------|---------------------|-------------------------|---------------------|---------------|
| Adoption of AASB 13 | 8,120 | 712 | 568 | 21,731 | 31,131 |
| Purchases (GBV) | 1,781 | 528 | 52 | 188 | 2,549 |
| Disposals (WDV) | (624) | - | - | (271) | (895) |
| Depreciation & Impairment | (1,508) | (188) | (58) | - | (1,754) |
| Closing Balance - 30/6/14 | 7,769 | 1,052 | 562 | 21,648 | 31,031 |
| Purchases (GBV) | 2,185 | 173 | 43 | - | 2,401 |
| Disposals (WDV) | (711) | - | - | - | (711) |
| Depreciation & Impairment | (1,398) | (216) | (59) | - | (1,673) |
| Closing Balance - 30/6/15 | 7,845 | 1,009 | 546 | 21,648 | 31,048 |

| | Community Land | Buildings - Specialised | Other Structures | Roads | Total |
|--|-------------------|----------------------------|---------------------|----------------|----------------|
| Adoption of AASB 13 | 9,168 | 55,076 | 9,553 | 131,117 | 204,914 |
| Purchases (GBV) | - | 2,326 | 342 | 3,194 | 5,862 |
| Disposals (WDV) | - | - | - | (62) | (62) |
| Depreciation & Impairment | - | (444) | (331) | (2,467) | (3,242) |
| FV Gains - Other Comprehensive Income | - | - | - | 109,466 | 109,466 |
| Reinstatement Costs of Impaired Assets | - | - | - | 4,398 | 4,398 |
| Closing Balance - 30/6/14 | 9,168 | 56,958 | 9,564 | 245,646 | 321,336 |
| Purchases (GBV) | - | 1,606 | 118 | 1,698 | 3,422 |
| Depreciation & Impairment | - | (458) | (341) | (3,117) | (3,916) |
| Reinstatement of Impaired Assets | - | - | - | 2,168 | 2,168 |
| Closing Balance - 30/6/15 | 9,168 | 58,106 | 9,341 | 246,395 | 323,010 |

Griffith City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

| | Bridges | Foothpaths | Stormwater Drainage | Water Supply Network | Total |
|---------------------------------------|--------------|--------------|------------------------|----------------------------|----------------|
| Adoption of AASB 13 | 2,488 | 11,723 | 45,573 | 118,525 | 178,309 |
| Purchases (GBV) | - | 139 | 568 | 1,415 | 2,122 |
| Depreciation & Impairment | (4) | (259) | (461) | (1,749) | (2,473) |
| FV Gains - Other Comprehensive Income | 633 | (4,917) | - | 6,382 | 2,098 |
| Closing Balance - 30/6/14 | 3,117 | 6,686 | 45,680 | 124,573 | 180,056 |
| Purchases (GBV) | - | 156 | 101 | 618 | 875 |
| Depreciation & Impairment | (54) | (207) | (449) | (1,859) | (2,569) |
| FV Gains - Other Comprehensive Income | - | - | - | 1,841 | 1,841 |
| Closing Balance - 30/6/15 | 3,063 | 6,635 | 45,332 | 125,173 | 180,203 |

| | Sewerage Network | Open Space Recreational Assets | Other Assets | Total |
|---------------------------------------|---------------------|--------------------------------------|-----------------|----------------|
| Adoption of AASB 13 | 123,905 | 6,384 | 3,873 | 134,162 |
| Purchases (GBV) | 638 | 53 | 220 | 911 |
| Depreciation & Impairment | (1,570) | (775) | (470) | (2,815) |
| FV Gains - Other Comprehensive Income | 5,174 | - | - | 5,174 |
| Closing Balance - 30/6/14 | 128,147 | 5,662 | 3,623 | 137,432 |
| Purchases (GBV) | 308 | 220 | 506 | 1,034 |
| Disposals (WDV) | - | - | (12) | (12) |
| Depreciation & Impairment | (1,648) | (739) | (480) | (2,867) |
| FV Gains - Other Comprehensive Income | 1,897 | - | - | 1,897 |
| Closing Balance - 30/6/15 | 128,704 | 5,143 | 3,637 | 137,484 |

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

b. The Valuation Process for Level 3 Fair Value Measurements

The Valuation Process for Level 3 Fair Value Measurements

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

Fair value Hierarchy

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

Fair Value- Valuation techniques

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

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

Valuation Approach and Level used by Griffith City Council

(1) Valuation techniques used to derive Fair Values

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

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

The following Level 3 inputs were used:

• Asset quantity

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

• Unit rates

For asset classes valued in house (ei Roads, Bridges, Footpaths, Water network, Sewer network, and Other) unit rate information is determined by consultation with relevant engineering and operations staff. Assets valued by external valuers APV Asset Management (Land, Buildings, Other Structures, Stormwater Drainage, Swimming pools, and Open space/ Recreational assets) the costs were determined using their extensive database of cost data and professional judgement.

Griffith City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

• Asset condition

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

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

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

• Pattern of consumption

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

• Useful life

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

• Residual value

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

• Valuation processes

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

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

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

(2). Transfers between hierarchy

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

(3). Highest and best use

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

Griffith City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 28. Council Information & Contact Details

Principal Place of Business:

1 Benerembah Street
GRIFFITH NSW 2680

Contact Details

Mailing Address:

PO Box 485
GRIFFITH NSW 2680

Opening Hours:

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

Telephone: 02 6962 8100

Facsimile: 02 6962 7161

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

Email: admin@griffith.nsw.gov.au

Officers

GENERAL MANAGER

Brett Stonestreet

RESPONSIBLE ACCOUNTING OFFICER

Max Turner

PUBLIC OFFICER

Shireen Donaldson

AUDITORS

Crowe Horwath Auswild
491 Smollett Street
Albury NSW 2640

Elected Members

MAYOR

Cr John Dal Broi

COUNCILLORS

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

Other Information

ABN: 81 274 100 792

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Griffith City Council ('the Council'), which comprises the statement of financial position as at 30 June 2015 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 28 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

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

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

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion:

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



CROWE HORWATH AUSWILD



BRADLEY D BOHUN

Partner

Dated at Albury this 28th day of October 2015.

Report on the Conduct of the Audit

Griffith City Council

For the Year Ended 30 June 2015

Contents

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| 5 | Specific Balance Sheet Items..... | 9 |
| 6 | Other Matters | 11 |

1 Report on the Conduct of Audit

We have completed our audit of the financial statements for Griffith City Council (Council) for the year ended 30 June 2015, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

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

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

Our engagement is summarised as:

| Nature of Engagement | Opinion | Basis of Preparation |
|--------------------------------------|---|---|
| General purpose financial statements | Unqualified | Going concern Not for Profit entity |
| Special purpose financial statements | Unqualified with an emphasis of matter regarding basis of preparation | National Competition Policy requirements by area of business activity |
| Special Schedule 7 | Agreed upon procedures | Report of factual findings to Council and OLG |
| Special Schedule 9 | Emphasis of matter regarding basis of preparation | OLG requirements |

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

2 Operating Result

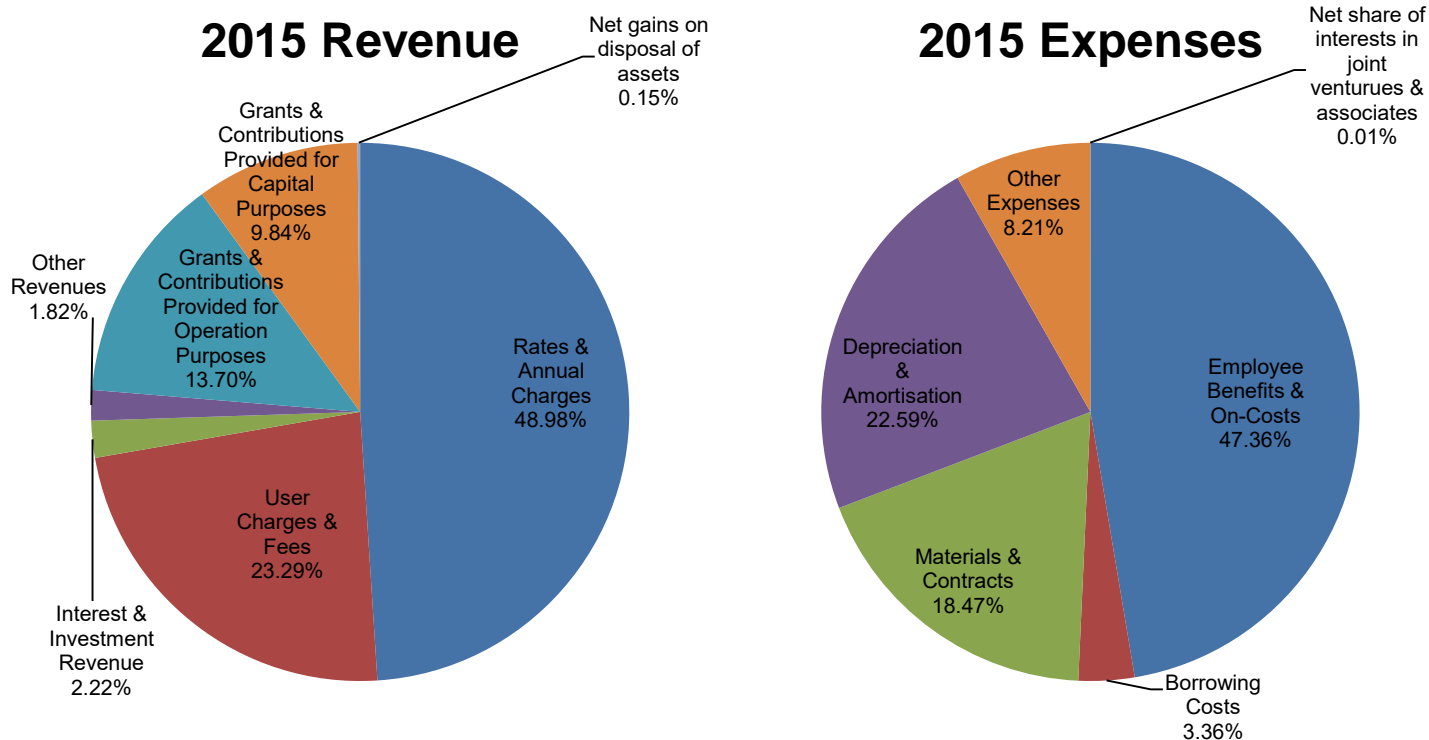
Griffith City Council is a regionally based City Council in South Central New South Wales, whose affairs are governed by:

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

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

As disclosed in the Income Statement, the Council achieved a surplus in net operating result from continuing operations (including capital contributions) of \$9,109k (2014: \$8,504k) for the year ended 30 June 2015.

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



Significant income and expense items in the current year were:

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
|--------------------------------------|----------------|----------------|----------------|
| Rates and annual charges | 28,158 | 27,488 | 26,212 |
| User charges and fees | 13,388 | 12,333 | 12,677 |
| Grants and contributions - operating | 7,877 | 5,698 | 8,159 |
| Grants and contributions - capital | 5,660 | 6,510 | 11,599 |
| Employee costs | (22,916) | (20,765) | (19,467) |
| Materials and contracts | (8,937) | (9,202) | (9,867) |
| Depreciation and amortisation | (10,931) | (10,003) | (9,622) |

The size of Council's core operations has remained relatively constant year on year. The above income and expense items all have the potential to have a significant impact on Council's operating result. A strong rating base and the timing and nature of grants received have a major influence on the reported result as demonstrated by the above. Operating grants have been impacted by a \$2.5m increase in financial assistance grants post the timing realignment applied in 2014. Capital grants and contributions in 2015 included \$2.3m in relation to the Griffith Community Private Hospital (2014: \$nil), whilst 2014 included \$4.1m of flood restoration works funding which were fully completed in 2014.

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

3 Financial Position

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

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|----------------|
| Cash and Liquid Investments | 28,360 | 26,212 | 23,328 |
| External Restrictions - included in liabilities | (500) | (507) | - |
| - not included in liabilities | (16,285) | (17,256) | (15,026) |
| Internal Restrictions - included in liabilities | (2,065) | (1,840) | (1,750) |
| - not included in liabilities | (5,348) | (3,291) | (5,363) |
| Unrestricted Cash and Investments | 4,162 | 3,318 | 1,189 |
| Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities | (4,494) | (4,576) | (5,522) |
| Unrestricted Working Capital | 332 | (1,258) | (4,333) |

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

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

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

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

4 Performance Indicators

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

4.1 Operating Performance Ratio

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

The operating performance ratio at Note 13 has strengthened this year to 6.50% due to an increase in grants and contributions provided for operating purposes.

Grants and contributions provided for operating purposes has increased due to the timing of receipt of the financial assistance grant.

4.2 Own Source Operating Revenue Ratio

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

This ratio has decreased from 77.51% in 2014 to 76.42% in 2015. However, this remains comfortably above the minimum 60.00% benchmark set by the Code of Accounting Practice and Financial Reporting.

4.3 Unrestricted Current Ratio

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

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

4.4 Debt Service Cover Ratio

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

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

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

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

This year the Council has improved from 9.32% in 2014 to 8.77% in 2015, indicating a relatively low percentage of receivables remains outstanding at year end. This remains below the benchmark of 10%. The ratio is heavily impacted by the 3rd trimester of water and sewer billing which is billed in June and due for collection in July.

4.6 Cash Expense Cover Ratio

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

Council has performed strongly in both the current and prior period, indicating a strong liquidity position with a ratio of 7.01 months (2014: 6.20 months). This remains above the minimum benchmark of 3.00 months.

4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 30 June 2015. The below allows analysis of how Council performs at a final level and would indicate the result of Council's general operations excluding its water and sewer operations.

| Indicators | Water | Sewer | General |
|---|--------------|-------------|-------------|
| Operating performance ratio | 11.40% | 5.41% | 5.46% |
| Own source operating revenue | 97.80% | 98.63% | 67.07% |
| Unrestricted current ratio | 11,972x | 7.23x | 2.38x |
| Debt service cover ratio | 3.42x | 2.53x | 11.06x |
| Rates, Annual Charges, Interest and extra charges outstanding % | 30.17% | 29.17% | 0.71% |
| Cash expense cover ratio | 20.79 months | 7.48 months | 4.13 months |

5 Specific Balance Sheet Items

5.1 Receivables

Total current receivables at 30 June 2015, net of allowance for impairment was \$7,746k (2014: \$8,942k).

This balance primarily consists of user charges and fees of \$3,734k (2014: \$4,292k) and rates and annual charges of \$2,740k (2014: \$2,843k). The percentage of rates and annual charges outstanding is referred to at Section 4.5 of this report.

The allowance for impairment at 30 June 2015 was \$596k (2014: \$428k). The allowance is specifically matched against user fees and charges outstanding. An assessment of the collectability of the receivables balance indicated the allowance was sufficient. No provision is raised against rates and annual charges as these debts are secured over the underlying property and the level of default is minimal.

5.2 Capital Expenditure

During the reporting period Council spent \$9,696k (2014: \$9,121k) on asset additions of infrastructure, property, plant and equipment. A further \$2,168k (2014: \$4,398k) was spent on reinstatement costs for impaired assets. The primary areas of capital expenditure were as follows:

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|----------------|
| Work in progress | 2,296 | 576 | 2,790 |
| Land & improvements | - | 188 | 545 |
| Buildings | 1,566 | 353 | 1,303 |
| Plant and equipment | 2,401 | 2,061 | 2,636 |
| Roads, bridges and footpaths | 1,853 | 3,094 | 4,022 |
| Stormwater drainage | 101 | 557 | 226 |
| Water supply network | 592 | 1,402 | 1,291 |
| Sewerage network | 308 | 638 | 1,627 |
| Other | 579 | 252 | 342 |
| Asset additions | 9,696 | 9,121 | 14,782 |
| Reinstatement costs for impaired assets | 2,168 | 4,398 | 2,551 |
| Total capital expenditure | 11,864 | 13,519 | 17,333 |

5.3 Borrowings

Total borrowings have decreased by \$1.4m from the prior year's balance of \$23.5m to the 2015 total balance of \$22.1m. These loans are secured over the general income of Council.

5.4 Fair Value I, PP&E

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

2011: Community land, land improvements, other structures and other assets;

2012: Water and sewer networks;

2013: Operational land and buildings;

2014: Land under roads (if applicable); and

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

In 2015 the Council only performed an indexation of water supply network and sewerage network to fair value, as roads, bridges, footpaths, drainage and bulk earthworks were revalued in 2014. This revaluation resulted in the following increments and decrements:

Water supply network: \$1,841k Increment

Sewerage network: \$1,897k Increment

As per the statement of comprehensive income the net gain on revaluation of PP&E was \$3,738k (2014: \$116,738k).

5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2015 reporting period as follows:

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

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

6 Other Matters

6.1 Management Letter

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

6.2 Independence

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

6.3 Assistance Provided

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

6.4 Reliance on the Report

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

Contact Us

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