



LISMORE CITY COUNCIL FINANCIAL REPORTS

FOR THE YEAR ENDED

30 JUNE 2015

www.lismore.nsw.gov.au

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Lismore City Council acknowledges the people of the Bundjalung Nation, traditional custodians of the land on which we work.



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GENERAL PURPOSE

FINANCIAL STATEMENTS

**For the year ended
30 June 2015**

Lismore 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 Lismore City Council.
- (ii) Lismore 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 20 October 2015. Council has the power to amend and reissue these financial statements.
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**LISMORE CITY COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT**

Report on the Financial Statements

We have audited the accompanying financial statements of Lismore City Council ("the Council"), which comprises the statement of financial position as at 30 June 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by Councillors' and Management.

Council's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 auditor's 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 control relevant to the Council'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 Council's internal control. 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.

Our audit responsibility does not extend to the original budget information included in the income statement, statement of cash flows, Note 2(a), Note 16 budget variation explanations and Note 17 forecast information, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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



Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion:

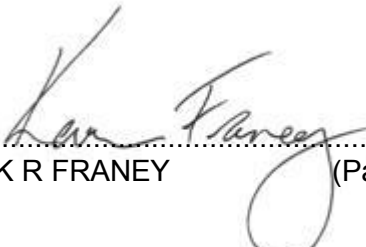
- a) The Council's accounting records have been kept in accordance with the requirements of the *Local Government Act, 1993*, Chapter 13, Part 3, Division 2;
- b) The financial statements:
 - i. Have been prepared in accordance with the requirements of this Division;
 - ii. Are consistent with the Council's accounting records;
 - iii. Present fairly, in all material respects, the Council's financial position as at 30 June 2015, and of its performance and its cash flows for the year then ended; and
 - iv. 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 in the course of the audit.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Lismore City Council for the financial year ended 30 June 2015 published in the annual report and included on Council's website. The Council is responsible for the integrity of the Council's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

Dated at Lismore this 20th day of October 2015

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**


K R FRANEY (Partner)

Lismore City Council

Report to Council under s417 of the Local Government Act 1993

30 June 2015



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We are pleased to advise that we have completed the audit of Council's financial reports for the year ended 30 June 2015, in accordance with Section 415 of the Local Government Act 1993. The financial reports that have been subject to independent audit are the:

- General purpose financial report; and
- Special purpose financial report.

1. THE AUDITOR'S ROLE & RESPONSIBILITY

Council's annual financial audit engagement has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports comply with Australian Accounting Standards as well as other statutory requirements and are free of material misstatement.

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

Our independent audit report is attached to each financial report.

This report should be read in conjunction with our audit opinion on the general purpose financial report provided under Section 417(2) of the Local Government Act 1993.

Reporting on the Conduct of the Audit

Section 417 (3) of the *Local Government Act 1993* requires us to consider and provide comment on the material items affecting the general purpose financial report and other matters pertinent to the audit. Arising from the audit, there are a number of observations we wish to raise concerning the trends in Council's finances. These observations are set out below.

2. INCOME STATEMENT

2.1 Consolidated Operating Result

Council's consolidated surplus from all activities for 2015 was \$875,000. This compares to a surplus in 2014 of \$5,746,000. This result can be summarised as follows:-

	2015 \$'000	2014 \$'000	2013 \$'000
Revenues from continuing operations	96,366	91,277	92,264
Expenses from continuing operations	(78,131)	(72,593)	(77,844)
Result from continuing operations before depreciation	18,235	18,684	14,420
Less: depreciation expense	(20,601)	(20,087)	(21,065)
Operating Deficit After Depreciation & Before Capital Revenue and Other Significant Items	(2,366)	(1,403)	(6,645)
<i>Significant items impacting the operating result:</i>			
Fair value gains on investments	12	345	1,731
Reassessment of waste facility remediation	2,302	-	-
Net Share of interests in Associated entities using the equity method	(42)	104	-
Loss on disposal of assets	(3,166)	(2,323)	(2,844)
Operating Result Before Capital Revenue	(3,260)	(3,277)	(7,758)
Capital grants and contributions	4,135	9,023	8,861
Surplus from all activities	875	5,746	1,103

Operating Deficit After Depreciation & Before Capital Revenue and Other Significant Items

The consolidated deficit after depreciation and before capital revenue and other significant items has increased by \$963,000 from \$1.403m in 2014 to \$2.366m in 2015. Some of the material factors influencing this reduction are as follows:

Account	Increase / (Decrease) \$'000	Effect on Operating Result \$'000	Reason for Increase / Decrease
Revenue			
Rates & Annual Charges	1,881	1,881	Rates revenue increased according to rate-pegging whilst annual charges are reviewed annually.

Account	Increase / (Decrease) \$'000	Effect on Operating Result \$'000	Reason for Increase / Decrease
User Charges & Fees	(1,163)	(1,163)	Largely attributable to a decline in quarry sales compared to the prior period. The effects of this reduction have been partially offset by minor increases in other user charges and fee revenue streams.
Other Revenues	1,531	1,531	Largely due to an increase in recycling income.
Operating Grants & Contributions	2,884	2,884	Part of the 2014 financial assistance grant was received and recognised as revenue in the 2013 financial year. The 2015 grant is representative of Council's normalised funding.
Expenses			
Employee costs	1,314	(1,314)	Increase in salary and wage rates and a minor increase in the number of equivalent full time employees.
Raw materials & consumables	4,544	(4,544)	Approximately \$4.3million of additional expenditure was incurred on RMS road projects for which Council had received grant income in 2014 & 2015. The Wyrallah Road waste facility has had its first full year of MRF operations, contributing an extra \$1.1 million of expenditure this year. Reduced activity in Council's quarry & asphalt operations resulted in lower expenses of \$0.5million.

Significant Items Impacting the Operating Result

The consolidated operating result has been influenced by several non-operating items which are discussed below:

Account	Effect on Operating Result \$'000	Reason for Increase / Decrease
Reassessment of Waste Facility Remediation	2,302	Council has reassessed the estimated cost to rehabilitate its Wyrallah Road waste facility using the latest phytocapping methodology. This remediation methodology introduces significant cost savings. The reduction in the provision for remediation is recognised as revenue in the 2015 financial report.
Loss on Disposal of Infrastructure, Property, Plant & Equipment	(3,166)	A loss on disposal may arise on the disposal or rehabilitation of an asset. The loss represents the written down value of the asset being disposed.

2.2 Operating Result by Fund

The consolidated operating result comprises the surpluses and deficits associated with Council's general, wastewater and water funds. The results of each fund are provided below:

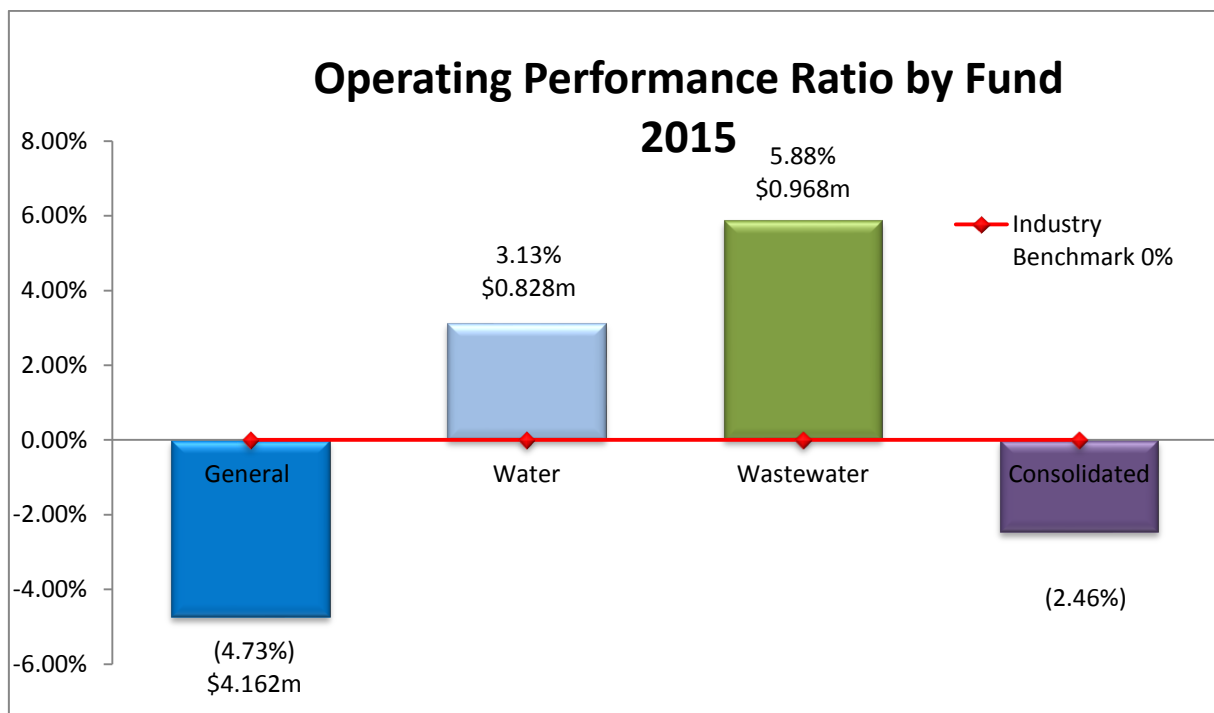
2015	General \$'000	Water \$'000	Waste Water \$'000
Revenues from continuing operations	73,066	11,890	11,860
Expenses from continuing operations	(62,951)	(9,226)	(6,465)
Result from continuing operations before depreciation	10,115	2,664	5,395
Less: depreciation expense	(14,277)	(1,836)	(4,427)
Operating (Deficit) / Surplus After Depreciation & Before Capital Revenue and Other Significant Items	(4,162)	828	968
<i>Significant items impacting the operating result:</i>			
Fair value gains on investments	12	-	-
Reassessment of waste facility remediation	2,302	-	-
Net share of interests in associated entities using the equity method	(42)	-	-
Loss on disposal of assets	(1,762)	(410)	(994)
Operating Result Before Capital Revenue	(3,652)	418	(26)
Capital grants and contributions	3,834	129	172
Surplus from all activities	182	547	146

Benchmarking Operating Performance

A key performance indicator for local government is the Operating Performance ratio.

This ratio measures a Council's achievement of containing operating expenditure within operating revenue (achieving a surplus after depreciation but before capital revenue, fair value adjustments and other non-operating items).

The benchmark is greater than 0%.



The above table illustrates that the wastewater and water fund are generating a surplus before capital revenue sufficient to fund the depreciation expense on their controlled assets. General fund is not yet generating operating surpluses to fund depreciation and needs to generate another \$4million (approx.) to reach a break-even point using the performance ratio formula.

2.3 Capital Grants & Contributions

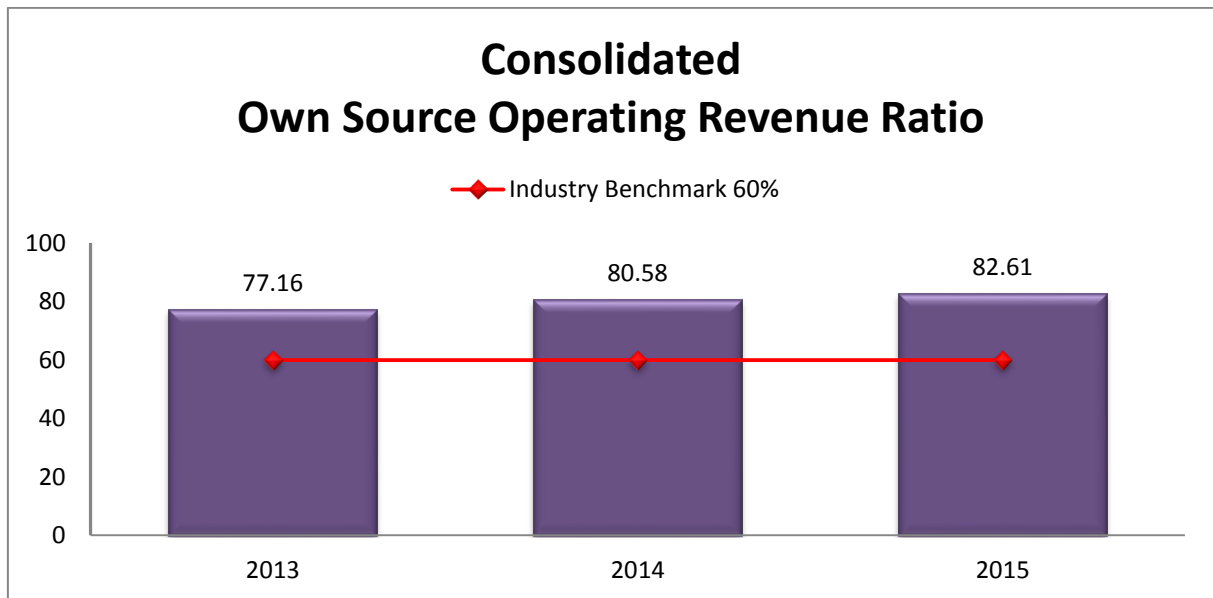
The table below provides an understanding of the nature and quantum of capital grants and contributions received during the financial year.

2015	Roads \$'000	Waste Water \$'000	Water \$'000	Other \$'000	Total \$'000
Capital Grants	320	-	-	2,152	2,472
Capital Contributions					
Cash	385	95	23	1,068	1,571
In-Kind	-	39	53	-	92
	705	134	76	3,220	4,135

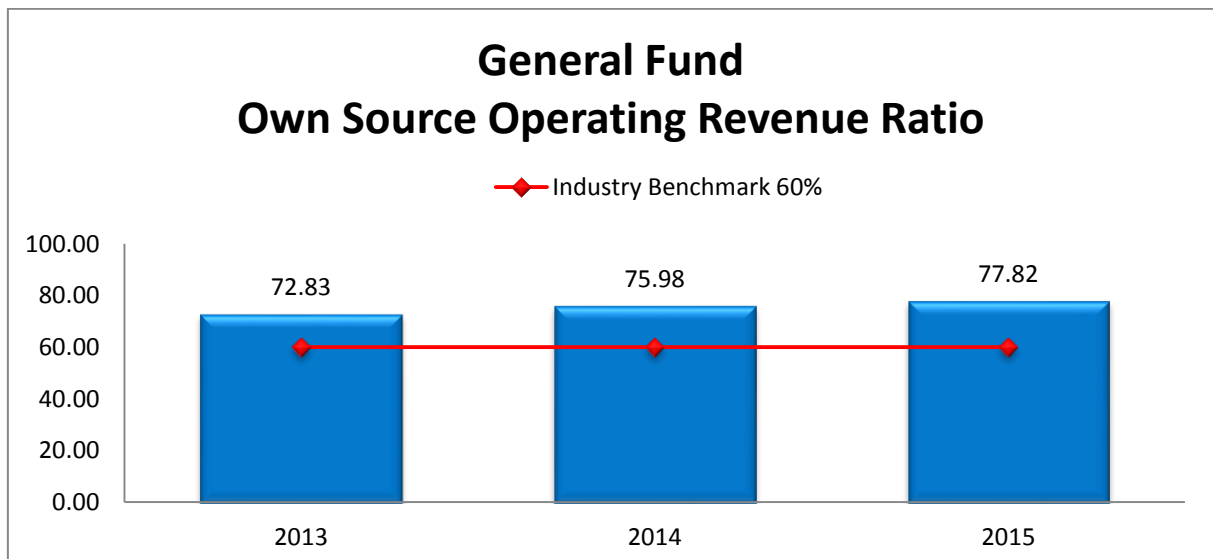
Council receives capital grants and contributions from various sources each financial year to renew existing assets as well as construct new assets. Capital contributions include developer contributions as well as asset dedications (non-cash) received by Council on the finalisation of a development.

Local Government performance benchmarking now analyses the ability of Council to generate its own revenue sources rather than over-reliance on grants and contributions (capital and operating) received from external sources. Generating revenue from own sources enables Council to maintain its assets to a level which satisfies community expectations.

The graph below illustrates that Council sources 83% of its consolidated revenue from rates, annual charges, user charges, interest etc. which exceeds industry benchmarks.



The general fund own source revenue ratio is also trending upwards and exceeds industry benchmarks.



3. STATEMENT OF FINANCIAL POSITION

Council's Statement of Financial Position (Balance Sheet) is summarised below.

	2015 \$'000	2014 \$'000	2013 \$'000
Current Assets	53,334	50,698	54,374
Non-Current Assets	1,070,517	1,086,127	1,006,312
Total Assets	1,123,851	1,136,825	1,060,686
Current Liabilities	23,845	19,954	22,048
Non-Current Liabilities	44,776	48,503	49,035
Total Liabilities	68,621	68,457	71,083
Equity	1,055,230	1,068,368	989,603

We provide commentary on some of the material assets and liabilities appearing on Council's statement of financial position as at 30 June 2015 together with related industry benchmark data.

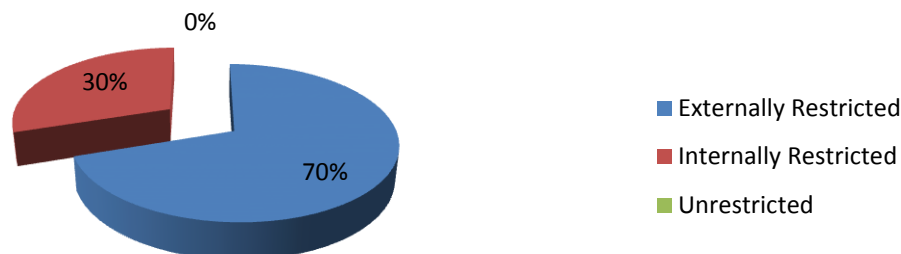
3.1 Current Assets

3.1.1 Cash & Investments

Included in Council's net current assets are cash and investments totalling \$31.582million as at 30 June 2015. Council's current cash and investments are restricted in their use as follows:

	2015 \$'000	2014 \$'000	2013 \$'000
Externally Restricted	22,093	23,813	24,704
<i>Monies can only be spent in accordance with legislation, grant agreement or developer contribution plan specifications</i>			
Internally Restricted	9,489	5,034	8,765
<i>Money set aside for special projects via Council resolution</i>			
Unrestricted	-	-	-
<i>Funds forming part of working capital used for day-to-day Council operations</i>			
	31,582	28,847	33,469

Current Restricted Cash & Investments 2015



Internally Restricted Cash

The table below illustrates Council's efforts to fund important projects and create reserves to assist absorption of any unforeseen financial shocks. Internal reserves have fluctuated between the years as Council utilises them for their intended purpose or places new internal restrictions on its cash assets.

	2015 \$'000	2014 \$'000	2013 \$'000
Infrastructure and Development			
Richmond Tweed Regional Library	1,135	1,148	1,029
Transport Infrastructure Renewal	-	706	1,860
Per Lot Subsidy Development	4,000	-	-
Plant & Equipment Renewal			
Office Building & Equipment			
Plant / Fleet Replacement	-	-	247
Employee Leave Entitlements			
Council	1,278	1,812	1,468
Richmond Tweed Regional Library	395	421	426
Other	2,681	947	3,735
Total Internal Reserves	9,489	5,034	8,765

3.1.2 Liquidity

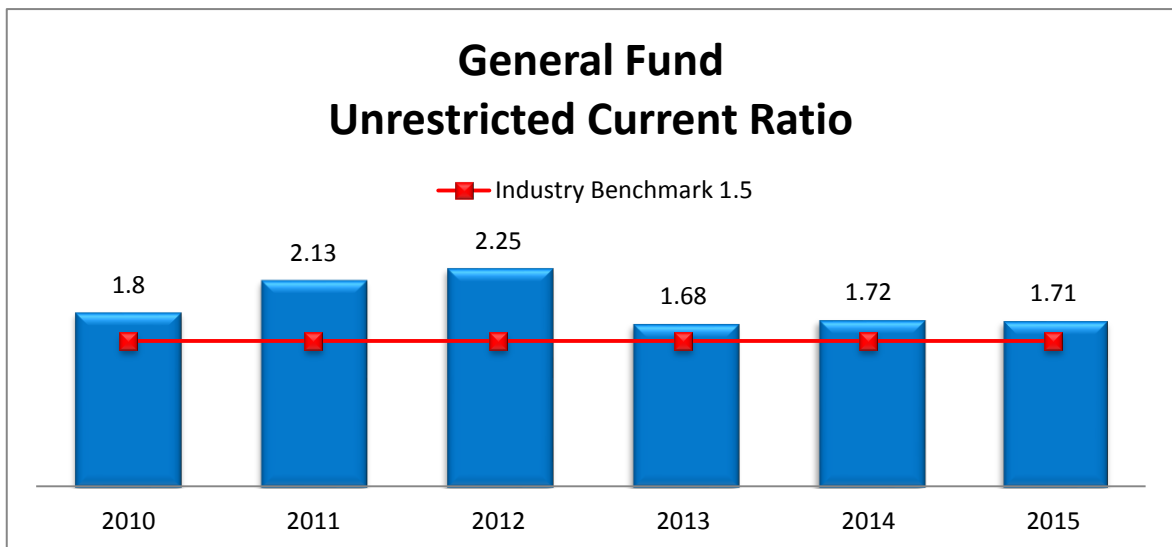
Council's unrestricted net current asset position provides a measure of the organisation's capacity / liquidity to meet its commitments from current assets net of externally restricted assets and liabilities that are not available for day-to-day operational activities.

	2015 \$'000	2014 \$'000	2013 \$'000
Unrestricted Net Current Assets	12,296	10,547	11,392

Council's unrestricted net current asset position has remained relatively static over the past three years. The following ratios provide an understanding of Council's liquidity when measured against industry benchmarks.

Unrestricted Current Ratio

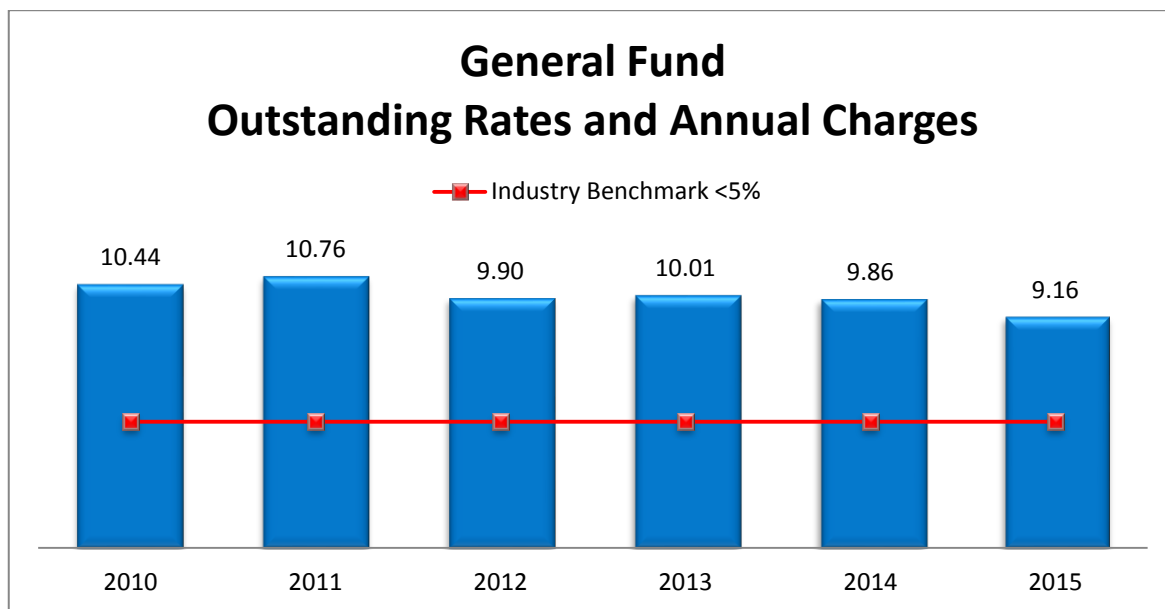
The unrestricted current ratio measures Council's liquidity. The Office of Local Government considers that this ratio should be in the range of 1.5 – 2.0.



At 30 June 2015 Council has \$1.71 in liquid current assets for every \$1 of current liabilities and is within acceptable benchmarks.

Rates and Annual Charges Outstanding Percentage

This key performance indicator assesses the effectiveness of Council's revenue collection processes. Good collection processes enhances liquidity.



The NSW Office of Local Government benchmark is

- <5% for urban and coastal councils; and
- <10% for rural councils.

General fund rates and annual charges outstanding ratio has improved from 9.86% in 2014 to 9.16% as at 30 June 2015. Reducing this ratio further will see greater cash collection and improvement to Council's liquidity position.

3.2 Non-Current Assets

3.2.1 Infrastructure, Property, Plant and Equipment (I,P,P&E)

The largest asset or liability appearing on Council's statement of financial position is I,P,P&E.

Note 9 to the general purpose financial statements provides an understanding of Council's I,P,P&E and illustrates that Council is responsible for maintaining and improving assets with a written down replacement cost in excess of \$1billion.

	Cost to Replace \$'000	WDV \$'000	Dep'n Expense \$'000	WDV as a % of Cost %	Dep'n Expense as a % of Cost %
Plant & equipment	43,978	18,345	3,227	42%	7%
Operational & community land	105,603	105,603	-	100%	-
Land improvements	18,498	10,086	325	55%	2%
Buildings & other structures	86,438	68,142	1,076	79%	1%
Other assets	15,219	2,571	740	17%	5%
Infrastructure					
Roads, bridges & footpaths	427,212	224,035	8,291	52%	2%
Bulk earthworks	304,520	304,520	-	100%	-
Stormwater drainage	76,699	50,050	529	65%	1%
Water infrastructure	125,218	72,775	1,698	58%	1%
Waste Water infrastructure	310,428	183,044	4,340	59%	1%
Other infrastructure	22,920	14,394	231	63%	1%
Work in progress	6,028	6,028	-	100%	-
	<u>1,542,761</u>	<u>1,059,593</u>	<u>20,457</u>		

Material Adjustments to Prior Year Comparative Information

The comparative information to the 2015 financial report has been amended to reflect the following matters:

a) Recognition of Regional Roads

Subsequent to the preparation of the 2014 financial report, Council identified that the independent valuation of its roads network excluded controlled regional roads. Council recognised regional roads with a written down replacement cost of \$84.3million as at 30 June 2014 and increased the infrastructure, property, plant and equipment revaluation reserve.

b) Adjustment to Road Pavement Value

Council has identified that the depth of road pavement recognised in prior years was overstated. The value of road pavement as at 1 July 2013 has been reduced by \$172.4million to reflect the fair value of the actual pavement existing in Council's road network. Retained earnings have reduced by the same.

The reduction in the value of road pavement as at 1 July 2013 has had the effect of reducing the related depreciation expense in the 2014 financial year by \$2.2million. The consolidated operating result for 2014 has increased by the same.

Council Constructed / Purchased Additions

Each year Council budgets to renew or capitalise new assets. I,P,P&E capitalised over the past two years is provided below:

	2015 \$'000	2014 \$'000	2013 \$'000
<i>Non-cash Developer Dedications</i>			
Roads and Drainage Network	-	242	406
Water & Waste Water Networks	92	29	762
<i>Council Constructed / Purchased Assets</i>			
Assets under construction	3,117	9,798	2,863
Land and Buildings	1,209	545	6,182
Plant and Equipment	1,980	5,503	5,939
Roads and Drainage Network	9,075	10,826	3,697
Library Resources	642	707	692
Water Supply Network	939	1,701	2,096
Waste Water Network	4,269	482	7,022
Other Assets	321	857	711
	<u>21,644</u>	<u>30,419</u>	<u>29,202</u>
Consisting of:			
Asset Renewals – Buildings & Infrastructure	15,199	13,423	11,577
Dedicated Assets	92	271	1,168
New Assets	<u>6,353</u>	<u>16,725</u>	<u>16,457</u>
	<u>21,644</u>	<u>30,419</u>	<u>29,202</u>

3.2.2 Asset Management Performance Indicators

As Council is responsible for managing a large infrastructure and asset portfolio, the Office of Local Government has introduced ratios designed to measure the effectiveness of asset management activities. These asset management ratios are not subject to audit.

Buildings, Infrastructure & Other Structures Renewals Ratio

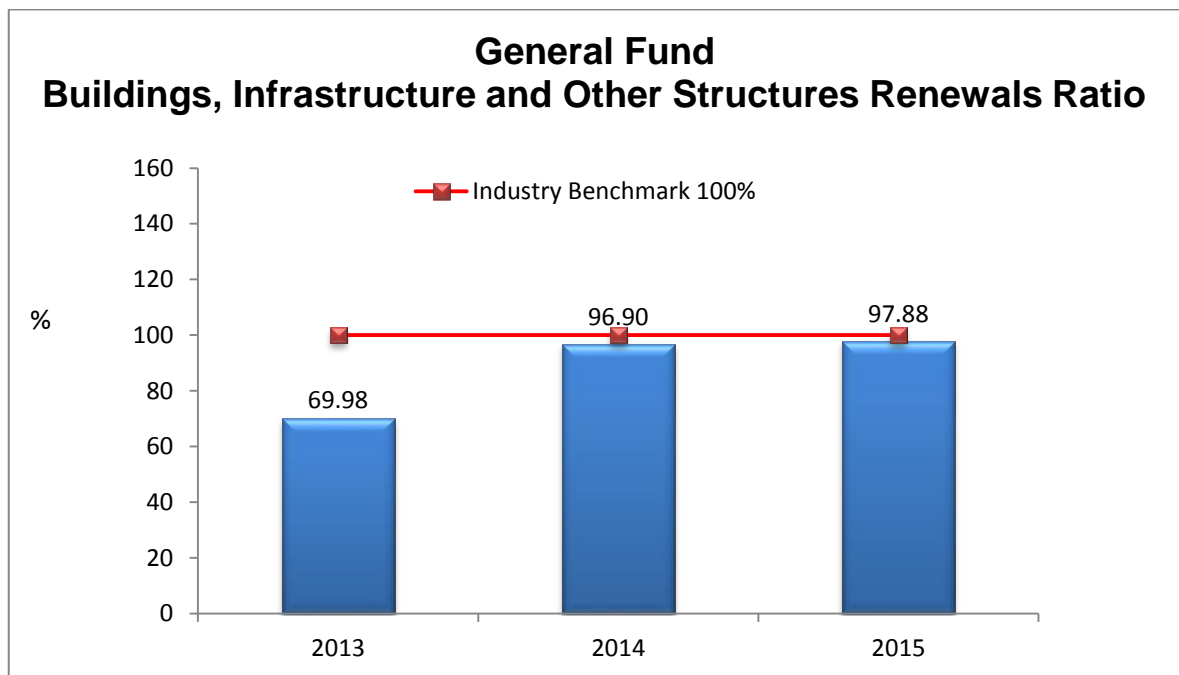
Assessing the rate at which buildings, infrastructure and other structures assets are being renewed against the rate at which they are depreciating (being consumed) is measured using the buildings, infrastructure and other structures renewals ratio.

This ratio is calculated based on replacement of existing assets with assets of equivalent capacity or performance as opposed to the acquisition of new assets or adding capacity to existing assets. Industry benchmarking recommends that asset renewals equate to the related depreciation expense or be in the range of 90-100%.

The table below illustrates that general fund building, infrastructure and other structures renewals is within the industry benchmark range for 2015. Water and sewer fund renewals can fluctuate significantly from year to year as material infrastructure works can be sporadic.

2015	Renewals Expenditure \$'000	Depreciation Expense \$'000	Renewals Surplus / (Shortfall) \$'000	Asset Renewals Ratio %
General Fund	9,899	10,113	(214)	97.88%
Wastewater Fund	4,308	4,340	(32)	99.26%
Water Fund	992	1,698	(706)	58.42%
Total	15,199	16,151		

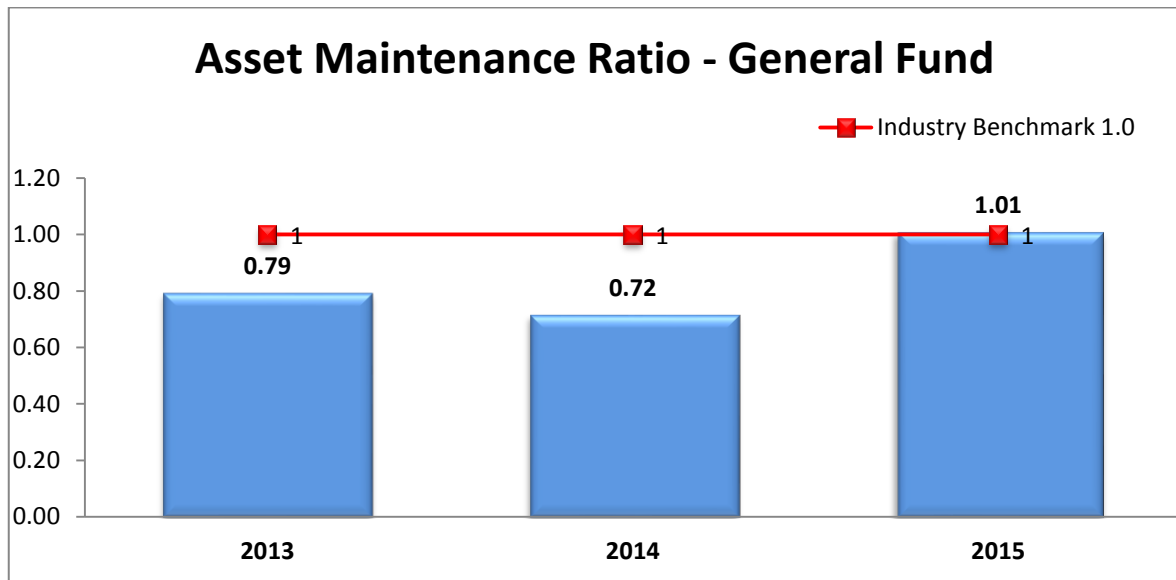
The table below shows that General Fund is maintaining its expenditure on renewing assets that is almost commensurate with the rate of consumption (depreciation).



Asset Maintenance Ratio

This ratio compares actual versus required annual asset maintenance. Actual versus estimated required maintenance to keep asset conditions at a satisfactory standard over the past three years for general fund is summarised as follows:

Asset Maintenance - General Fund	2015 \$'000	2014 \$'000	2013 \$'000
Actual Maintenance Expenditure	10,159	17,714	18,360
Estimated Required Annual Maintenance Expenditure	10,088	24,754	23,142



A ratio of above 1.0 indicates that the Council is investing enough funds within the year to stop its infrastructure maintenance backlog from growing.

In 2015 the actual asset maintenance satisfied Council's estimate of required asset maintenance.

Asset Management

Infrastructure, property, plant and equipment represent the largest asset group on the Council's Statement of Financial Position. The management of infrastructure, property, plant and equipment is an important part of Council's objectives.

The Local Government Infrastructure audit report released by the Division of Local Government in 2013 identified Lismore City Council as having weak infrastructure management practices.

The above asset management ratios indicate that Council is committing funds to maintain existing assets so they reach their intended useful lives, and replace assets at a pace that matches their consumption. In recent years Council has invested in asset management practices by obtaining independent asset management advice and improving information technology systems. Continued work is required to ensure asset management systems capture information which will inform improved asset management practices and accounting.

3.3 Liabilities

3.3.1 Loans Liability

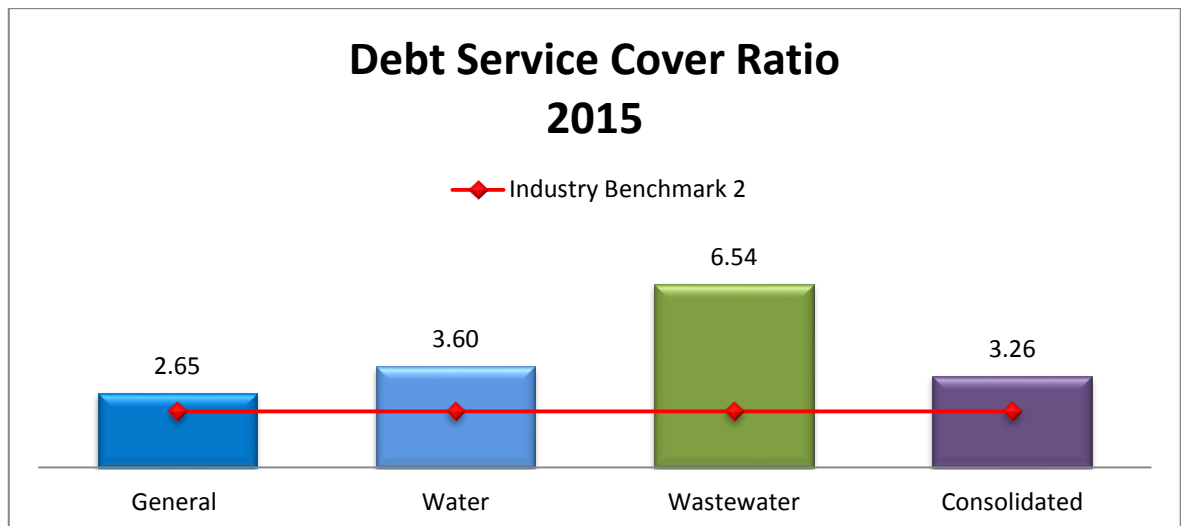
Council's Statement of Financial Position contains material liabilities such as trade & other payables, employee benefits and loans. There have not been any material movements or other matters warranting discussion on trade & other payables or employee benefits.

	2015 \$'000	2014 \$'000	2013 \$'000
Current Loan Liability	3,322	3,219	5,861
Non-Current Loan Liability	43,347	44,527	43,688
Total Loan Liability	46,669	47,746	49,549
By Fund			
General Fund	31,397	32,017	34,839
Waste Water Fund	8,409	8,651	7,942
Water Fund	6,863	7,078	6,768
Total	46,669	47,746	49,549

Total borrowings have remained relatively static over the past three years.

Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt, including interest, principal and lease payments. The benchmark for this ratio is greater than 2.



This graph indicates that Council is generating sufficient cash to satisfy its debt repayment obligations in all funds.

4. OTHER MATTERS

4.1 Internal Control Environment

No significant breakdowns of internal control were encountered during the course of our audit nor did we become aware of the existence of items comprising material error, sufficient to cause us to issue a modified audit opinion.

4.2 Audit of Asset Management Information

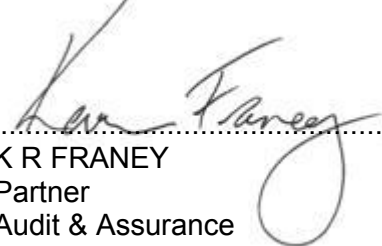
In 2016 Council's special schedule 7 will be subject to independent audit. Special schedule 7 contains asset management ratios, costs to bring assets to a satisfactory standard and information relating to actual and required maintenance expenditure levels. As this information has not been subject to independent review in prior years, it is important that Council:

- Review the information contained in special schedule 7 to ensure it is accurate;
- Have policies and procedures supporting the compilation of information that is included in special schedule 7 so that asset management ratios are calculated accurately;
- Aligns asset data collection to allow efficient compilation of the information contained in special schedule 7.

Subject to the foregoing comments the books of account and records of the Council were maintained in good order and condition and the information and explanations required during the course of our work were readily supplied by the General Manager and his staff.

Yours faithfully

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

A handwritten signature in cursive script, appearing to read 'K R Franey', is written over a horizontal dotted line.

K R FRANEY
Partner
Audit & Assurance

Lismore 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:

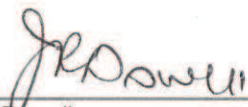
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

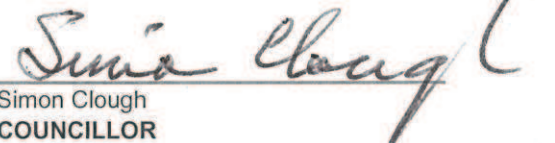
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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 20 October 2015.



Jenny Powell
MAYOR



Simon Clough
COUNCILLOR



Gary Murphy
GENERAL MANAGER



Rino Santin
RESPONSIBLE ACCOUNTING OFFICER

Lismore 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:				
45,049	Rates & Annual Charges	3a	45,443	43,562
32,522	User Charges & Fees	3b	31,875	33,038
1,732	Interest & Investment Revenue	3c	1,758	2,135
4,688	Other Revenues	3d	6,265	2,432
11,429	Grants & Contributions provided for Operating Purposes	3e,f	13,339	10,455 ²
2,066	Grants & Contributions provided for Capital Purposes	3e,f	4,135	9,023
Other Income:				
	Net gains from the disposal of assets	5	-	-
	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	104
97,486	Total Income from Continuing Operations		102,815	100,749
Expenses from Continuing Operations				
33,256	Employee Benefits & On-Costs	4a	30,007	28,693
3,799	Borrowing Costs	4b	3,278	3,700
30,629	Materials & Contracts	4c	39,862	35,318
21,306	Depreciation & Amortisation	4d	20,601	20,087
	Impairment	4d	-	-
4,985	Other Expenses	4e	4,984	4,882
	Interest & Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	3,166	2,323
	Net Share of interests in Joint Ventures & Associates using the equity method	19	42	-
93,975	Total Expenses from Continuing Operations		101,940	95,003
3,511	Operating Result from Continuing Operations		875	5,746
Discontinued Operations				
	Net Profit/(Loss) from Discontinued Operations	24	-	-
3,511	Net Operating Result for the Year		875	5,746
3,511	Net Operating Result attributable to Council		875	5,746
	Net Operating Result attributable to Non-controlling Interests		-	-
1,445	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(3,260)	(3,277)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3

Lismore 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)		875	5,746
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(14,013)	73,019
<i>Total Items which will not be reclassified subsequently to the Operating Result</i>		(14,013)	73,019
Total Other Comprehensive Income for the year		(14,013)	73,019
Total Comprehensive Income for the Year		(13,138)	78,765
Total Comprehensive Income attributable to Council		(13,138)	78,765
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Lismore City Council

Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Restated Actual 2014	Restated Actual 2013
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	16,016	17,085	21,232
Investments	6b	15,566	11,762	12,237
Receivables	7	15,159	14,811	14,878
Inventories	8	6,429	7,040	6,027
Other	8	164	-	-
Total Current Assets		53,334	50,698	54,374
Non-Current Assets				
Investments	6b	7,000	6,000	5,552
Receivables	7	3,312	2,268	2,853
Inventories	8	163	159	138
Infrastructure, Property, Plant & Equipment	9	1,059,593	1,077,065	996,896
Investments accounted for using the equity method	19	62	104	-
Intangible Assets	25	387	531	873
Total Non-Current Assets		1,070,517	1,086,127	1,006,312
TOTAL ASSETS		1,123,851	1,136,825	1,060,686
LIABILITIES				
Current Liabilities				
Payables	10	12,332	8,999	8,700
Borrowings	10	3,322	3,219	5,861
Provisions	10	8,191	7,736	7,487
Total Current Liabilities		23,845	19,954	22,048
Non-Current Liabilities				
Payables	10	-	-	1,625
Borrowings	10	43,347	44,527	43,688
Provisions	10	1,429	3,976	3,722
Total Non-Current Liabilities		44,776	48,503	49,035
TOTAL LIABILITIES		68,621	68,457	71,083
Net Assets		1,055,230	1,068,368	989,603
EQUITY				
Retained Earnings	20	450,306	449,431	443,685
Revaluation Reserves	20	604,924	618,937	545,918
Council Equity Interest		1,055,230	1,068,368	989,603
Total Equity		1,055,230	1,068,368	989,603

¹ See note 20 for details regarding the restatement arising from an error

Lismore 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)		621,797	534,616	1,156,413	-	1,156,413
a. Correction of Prior Period Errors	20 (c)	(172,366)	84,321	(88,045)		(88,045)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-		-		-
Revised Opening Balance (as at 1/7/14)		449,431	618,937	1,068,368	-	1,068,368
c. Net Operating Result for the Year		875		875	-	875
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)		(14,013)	(14,013)		(14,013)
- Revaluations: Other Reserves	20b (ii)		-	-		-
- Transfers to Income Statement	20b (ii)		-	-		-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)		-	-		-
- Other Movements (Remediation Waste))	20a	-		-		-
Other Comprehensive Income		-	(14,013)	(14,013)	-	(14,013)
Total Comprehensive Income (c&d)		875	(14,013)	(13,138)	-	(13,138)
e. Distributions to/(Contributions from) Non-controlling Interests				-	-	-
f. Transfers between Equity		-	-	-		-
Equity - Balance at end of the reporting period		450,306	604,924	1,055,230	-	1,055,230

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		616,051	545,918	1,161,969	-	1,161,969
a. Correction of Prior Period Errors	20 (c)	(172,366)	-	(172,366)	-	(172,366)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		443,685	545,918	989,603	-	989,603
c. Net Operating Result for the Year		5,746	-	5,746	-	5,746
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	73,019	73,019	-	73,019
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	73,019	73,019	-	73,019
Total Comprehensive Income (c&d)		5,746	73,019	78,765	-	78,765
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		449,431	618,937	1,068,368	-	1,068,368

Lismore 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:				
44,827	Rates & Annual Charges		45,210	43,366
34,405	User Charges & Fees		34,914	36,026
1,745	Investment & Interest Revenue Received		1,667	1,835
14,256	Grants & Contributions		17,382	19,207
	Bonds, Deposits & Retention amounts received		443	-
3,923	Other		7,581	6,303
Payments:				
(33,252)	Employee Benefits & On-Costs		(29,622)	(28,407)
(30,607)	Materials & Contracts		(41,942)	(42,364)
(3,799)	Borrowing Costs		(3,016)	(3,873)
	Bonds, Deposits & Retention amounts refunded		-	(467)
(4,984)	Other		(7,945)	(5,050)
26,514	Net Cash provided by Operating Activities	11b	24,672	26,576
Cash Flows from Investing Activities				
Receipts:				
	Sale of Investment Securities		12,500	12,642
	Sale of Real Estate Assets		-	62
1,197	Sale of Infrastructure, Property, Plant & Equipment		1,208	792
	Deferred Debtors Receipts		7	74
Payments:				
	Purchase of Investment Securities		(17,292)	(12,270)
(38,113)	Purchase of Infrastructure, Property, Plant & Equipment		(21,081)	(30,220)
	Purchase of Real Estate Assets		(6)	-
	Contributions Paid to Joint Ventures & Associates		-	-
(36,916)	Net Cash used in Investing Activities		(24,664)	(28,920)
Cash Flows from Financing Activities				
Receipts:				
14,450	Proceeds from Borrowings & Advances		2,250	4,050
Payments:				
(3,164)	Repayment of Borrowings & Advances		(3,327)	(5,853)
11,286	Net Cash Flow used in Financing Activities		(1,077)	(1,803)
884	Net Increase/(Decrease) in Cash & Cash Equivalents		(1,069)	(4,147)
17,085	plus: Cash & Cash Equivalents - beginning of year	11a	17,085	21,232
17,969	Cash & Cash Equivalents - end of the year	11a	16,016	17,085

Lismore City Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015 \$ '000	Notes	Actual	Actual
		-	-
Additional Information:			
plus: Investments on hand - end of year	6b	22,566	17,762
Total Cash, Cash Equivalents & Investments		<u>38,582</u>	<u>34,847</u>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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Lismore 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 (aa) 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,

Lismore 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)].

Roads to Recovery funding has been allocated as operating income for the 2014/15 Financial Year and the comparative moved from capital income to operating income accordingly. This change in policy has been carried out to comply with the Code of Accounting Practice where grants are to be classified depending on the purpose for which they were received, and not on the purpose for which they were spent.

(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.

(ii) Estimated useful life assessments and resulting annual depreciation expense for property, plant and equipment.

(iii) Estimated remediation provisions.

Change in Accounting Estimate – Provision for Waste Remediation

A change to the accounting estimate for the Remediation of the Waste Facility has been brought to account in the current year. New detailed calculations have been based on the EPA Guidelines for cell remediation. The ability to use the phytocapping method has been approved for the site which reduces Council's rehabilitation costs significantly to that of the traditional capping methods. The effect of adopting the phytocapping method has reduced the estimated provision for remediation by \$2.302m and increased the 2015 Net Operating Result by same.

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.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer. Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

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

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.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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 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:

- General Purpose Operations
- Water Supply
- Sewerage Service

(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 Operations (controlled assets & operations)

Joint Operations represent operational arrangements where the joint control parties 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.

The proportionate interests of Council in the assets, liabilities, income and expenses of all Joint Operation activities have been incorporated throughout the financial statements under the appropriate notes & line items.

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

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

Where Council has the power to participate in the financial and operating decisions of another entity, (ie. where Council is deemed to have "significant influence" over another entities operations but neither controls nor jointly controls the entity), then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Ventures.

Such entities are usually termed Associates.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Detailed information relating to Council's interest in Associates can be found at Note 19 (b).

(v) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

- **Rous Water**

Provision of bulk water supplies, comprising 4 constituent Council members

- **Richmond River County Council**

Provision of flood mitigation services, comprising 3 constituent Council members

- **Far North Coast Weeds**

Provision of noxious weed eradication services, comprising 6 constituent Council members

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Council/s and accordingly these entities have not been consolidated or otherwise included within these financial statements.

(d) Leases

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

Finance Leases

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

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

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

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

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

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

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

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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.

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.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

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.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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;

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

Water and sewerage network assets 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;

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Land

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

Plant & Equipment

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

Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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Building

- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs	> \$10,000
Bridge construction & reconstruction	> \$10,000

Library Resources (Excluding periodicals and eResources)	100% Capitalised
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Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$5,000

Other Infrastructure	> \$10,000
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Depreciation

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

Land is not depreciated.

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

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 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

- Pipes, Culverts & Channels	120 years
- Pits	100 years
- Treatment Devices	100 years

Transportation Assets

- Sealed Roads : Surface	12 to 25 years
- Sealed Roads : Base	45 to 75 years
- Sealed Roads : Sub Base	90 to 150 years
- Unsealed Roads	55 years
- Bridge : Concrete	100 years
- Bridge : Other	60 years
- Kerb, Gutter & Paths	50 to 100 years

Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	40 years
- Other Open Space/ Recreational Assets	20 years
- Other Infrastructure	50 years

Library Resources (Excluding periodicals and eResources)	5 years
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Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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(r) on Asset Impairment.

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial

benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(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 incorporate the

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost

estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets “held for sale”, an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets “held for sale” are not depreciated or amortised while they are classified as “held for sale”.

Non-current assets classified as “held for sale” are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as “held for sale” and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(r) Impairment of assets

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

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

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

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

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

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

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

(s) 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.

(t) 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

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

settlement of the liability for at least 12 months after the balance sheet date.

(u) Borrowing costs

Borrowing costs are expensed.

(v) 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.

(w) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick

leave expected to be wholly settled within the 12 months after the reporting period.

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

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

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.

(x) Self insurance

Council does not self insure.

(y) 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

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

(z) 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 Statement of Financial Position 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 Statement of Financial Position.

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.

(aa) 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 13 – Fair Value Measurement

The AASB Board has granted relief to Not For Profit entities relating to the disclosure (for YE14/15) of quantitative information about the “significant unobservable inputs” used in fair value measurements and the “sensitivity” of certain fair value measurements to changes in unobservable inputs where the entities decide to early adopt the standard. Accordingly Council has taken the decision to early adopt AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-For-Profit Public Sector Entities and has not made disclosures in Note 27 relating to “significant unobservable inputs” used in Fair Value measurements used and the “Sensitivity” of certain fair value measurements to changes in unobservable inputs.

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.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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).

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.

AASB 2014 - 3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

- (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

This Standard also makes an editorial correction to AASB 11.

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

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value.

Not applicable to Local Government per se;

None

(ab) Rounding of amounts

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

(ac) 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.

(ad) Disclaimer

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

Lismore City Council

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 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	-	-	-	632	536	499	(632)	(536)	(499)	-	-	40,029	40,570
Administration	1,159	1,202	1,484	1,469	2,926	2,277	(310)	(1,724)	(793)	196	499	69,768	70,709
Public Order & Safety	10	(34)	68	2,110	2,265	2,292	(2,100)	(2,299)	(2,224)	(179)		3,509	3,556
Health	399	430	420	990	981	975	(591)	(551)	(555)	18	13	1,172	1,188
Environment	13,822	14,116	9,625	12,589	11,976	10,538	1,233	2,140	(913)	596	620	-	-
Community Services & Education	35	23	234	890	798	960	(855)	(775)	(726)	20	215	1,501	1,521
Housing & Community Amenities	1,754	2,119	1,969	3,121	3,436	3,385	(1,367)	(1,317)	(1,416)	253	258	65,637	66,523
Water Supplies	11,653	11,608	10,997	11,737	11,419	11,490	(84)	189	(493)	88	493	84,198	84,517
Sewerage Services	11,799	11,827	11,402	11,445	11,732	10,991	354	95	411	128	132	208,713	210,114
Recreation & Culture	7,182	10,186	8,162	16,868	17,616	16,826	(9,686)	(7,430)	(8,664)	2,292	558	85,526	86,680
Fuel & Energy		-	-		-	-	-	-	-				
Agriculture		-	-		-	-	-	-	-				
Mining, Manufacturing & Construction	9,987	7,527	9,538	9,515	7,738	8,560	472	(211)	978	253	188	17,571	17,808
Transport & Communication	6,312	9,931	16,695	19,335	27,062	21,302	(13,023)	(17,131)	(4,607)	2,393	9,241	516,050	523,014
Economic Affairs	182	793	696	3,274	3,413	4,908	(3,092)	(2,620)	(4,212)	91	190	30,115	30,521
Total Functions & Activities	64,294	69,728	71,290	93,975	101,898	95,003	(29,681)	(32,170)	(23,713)	6,149	12,407	1,123,789	1,136,721
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)		-	104		42	-	-	(42)	104		-	62	104
General Purpose Income ¹	33,192	33,087	29,355				33,192	33,087	29,355	6,664	3,458		-
Operating Result from Continuing Operations	97,486	102,815	100,749	93,975	101,940	95,003	3,511	875	5,746	12,813	15,865	1,123,851	1,136,825

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

Lismore 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, enforcement of local government regulations, emergency services, other.

HEALTH

Inspection, food control, other, administration.

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

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.

FUEL & ENERGY - Gas Supplies

AGRICULTURE

MINING, MANUFACTURING & CONSTRUCTION

Building control, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

Lismore 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		16,496	16,034
Farmland		4,155	4,098
Business		5,192	5,079
Total Ordinary Rates		25,843	25,211
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		4,119	3,949
Stormwater Management Services		364	366
Water Supply Services		3,116	2,801
Sewerage Services		10,642	10,109
Waste Management Services (non-domestic)		531	503
Nimbin Transfer Station		52	46
Waste Minimisation		776	577
Total Annual Charges		19,600	18,351
TOTAL RATES & ANNUAL CHARGES		45,443	43,562

Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.

Lismore 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)			
Water Supply Services		8,056	7,426
Sewerage Services		197	145
Total User Charges		8,253	7,571
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Regulation		718	691
Dog Registration Fees		126	52
Health Control		401	356
Planning Services		343	366
Section 603 Certificates		65	61
Other		7	6
Total Fees & Charges - Statutory/Regulatory		1,660	1,532
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		359	417
Art Gallery		16	1
Caravan Park		24	23
Community Centres		6	6
Library		6	5
Parking Fees		113	147
Parks, Gardens & Lakes		276	217
Public Cemeteries		1,026	1,054
Quarry Revenues		6,388	8,550
RMS (formerly RTA) Charges (State Roads not controlled by Council)		3,188	3,636
RTRL Contributions by Member Councils		4,668	4,523
Road Services		81	72
Sewerage Charges		6	5
Share Cropping		20	20
Sporting Grounds		1,616	1,705
Strategic Planning		47	26
Swimming Pools		316	291
Tourism Service Charges		82	74
Waste Disposal		3,288	2,828
Water Charges		89	96
Farming		10	-
Other		337	239
Total Fees & Charges - Other		21,962	23,935
TOTAL USER CHARGES & FEES		31,875	33,038

Lismore 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)		382	404
- Interest earned on Investments (interest & coupon payment income)		1,364	1,386
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		12	341
- Fair Valuation movements in Investments (Other)		-	4
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,758</u>	<u>2,135</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		382	230
General Council Cash & Investments		198	456
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		248	386
Water Fund Operations		217	238
Sewerage Fund Operations		713	825
Total Interest & Investment Revenue Recognised		<u>1,758</u>	<u>2,135</u>
(d) Other Revenues			
Rental Income - Other Council Properties		347	321
Fines - Parking		145	183
Fines - Other		114	154
Commissions & Agency Fees		46	30
Insurance Claim Recoveries		49	8
Master Games		54	55
Miscellaneous - Private Works		245	185
Other Events		116	60
Recycling Income (non domestic)		2,360	988
Reservation & Registration Fees		92	90
Re-assessment of provisions for waste facility remediation		2,302	-
Other		395	358
<u>TOTAL OTHER REVENUE</u>		<u>6,265</u>	<u>2,432</u>

Lismore 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 4,373	2,130	-	-
Financial Assistance - Local Roads Component	1 1,871	916	-	-
Pensioners' Rates Subsidies - General Component	420	412	-	-
Total General Purpose	6,664	3,458	-	-
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	85	132	-	-
- Sewerage	124	123	-	-
- Domestic Waste Management	83	81	-	-
Water Supplies	-	-	-	357
Art Gallery	117	103	-	-
Community Services	20	215	-	-
Diesel Rebate	425	472	-	-
Environmental Protection	38	80	82	396
Levee Construction	-	-	(179)	-
Library Services	116	162	-	-
Natural Disaster Emergency Funding	1,141	2,463	-	-
Other Domestic Waste Management	-	-	379	114
Recreation & Culture	333	94	1,725	197
Street Lighting	167	167	-	-
Transport (Roads to Recovery)	883	913	-	-
Transport (Other Roads & Bridges Funding)	-	-	333	5,610
Other	145	325	132	403
Total Specific Purpose	3,677	5,330	2,472	7,077
Total Grants	10,341	8,788	2,472	7,077
Grant Revenue is attributable to:				
- Commonwealth Funding	490	657	-	5,155
- State Funding	9,798	8,109	2,421	1,922
- Other Funding	53	22	51	-
	10,341	8,788	2,472	7,077

Lismore 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
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	669	338
S 64 - Water Supply Contributions	-	-	76	29
S 64 - Sewerage Service Contributions	-	-	134	190
Total Developer Contributions	17 -	-	879	557
Other Contributions:				
Art Gallery	86	44	-	-
Bushfire Services	59	-	-	-
Dedications (other than by S94)	-	-	92	271
Library	29	105	83	176
Recreation & Culture	-	-	197	-
Roads & Bridges	-	-	160	100
RMS Contributions (Regional Roads, Block Grant)	2,816	1,512	225	842
Other	8	6	27	-
Total Other Contributions	2,998	1,667	784	1,389
Total Contributions	2,998	1,667	1,663	1,946
TOTAL GRANTS & CONTRIBUTIONS	13,339	10,455	4,135	9,023

Lismore City Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2015	Actual 2014
(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	8,982	15,966
add: Grants & contributions recognised in the current period but not yet spent:	1,672	5,241
less: Grants & contributions recognised in a previous reporting period now spent:	(4,777)	(12,225)
Net Increase (Decrease) in Restricted Assets during the Period	(3,105)	(6,984)
Unexpended and held as Restricted Assets	5,877	8,982
Comprising:		
- Specific Purpose Unexpended Grants	1,494	4,404
- Developer Contributions	4,383	4,578
- Other Contributions	-	-
	5,877	8,982

Lismore 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		24,140	22,985
Employee Leave Entitlements (ELE)		5,178	4,999
Superannuation		3,104	2,944
Workers' Compensation Insurance		821	360
Fringe Benefit Tax (FBT)		94	117
Payroll Tax		173	190
Training Costs (other than Salaries & Wages)		328	447
Total Employee Costs		33,838	32,042
less: Capitalised Costs		(3,831)	(3,349)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>30,007</u>	<u>28,693</u>
Number of "Equivalent Full Time" Employees at year end		417	400
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		3,172	3,285
Other Debts		9	39
Total Interest Bearing Liability Costs		3,181	3,324
Total Interest Bearing Liability Costs Expensed		3,181	3,324
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	97	376
Total Other Borrowing Costs		97	376
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>3,278</u>	<u>3,700</u>

Lismore 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			
Raw Materials & Consumables		39,289	34,876
Auditors Remuneration ⁽¹⁾		67	69
Legal Expenses:			
- Legal Expenses: Planning & Development		298	212
- Legal Expenses: Debt Recovery		100	36
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		108	125
Total Materials & Contracts		39,862	35,318
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>39,862</u>	<u>35,318</u>
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: Lismore City Council		57	55
- Audit & review of financial statements: Richmond Tweed Regional Library		10	14
Remuneration for audit and other assurance services		67	69
Total Auditor Remuneration		67	69
2. Operating Lease Payments are attributable to:			
Computers		108	91
Motor Vehicles		-	34
Other		-	-
		108	125

Lismore City Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	2,980	3,059
Office Equipment		-	-	229	280
Furniture & Fittings		-	-	18	18
Property, Plant & Equipment - Leased		-	-	-	-
Land Improvements (depreciable)		-	-	325	315
Buildings - Non Specialised		-	-	30	31
Buildings - Specialised		-	-	772	1,934
Other Structures		-	-	274	175
Infrastructure:					
- Roads		-	-	7,276	5,297
- Bridges		-	-	830	990
- Footpaths		-	-	185	339
- Stormwater Drainage		-	-	529	554
- Water Supply Network		-	-	1,698	1,732
- Sewerage Network		-	-	4,340	4,176
- Swimming Pools		-	-	64	87
- Other Open Space/Recreational Assets		-	-	153	168
- Other Infrastructure		-	-	-	-
Other Assets					
- Heritage Collections		-	-	1	1
- Library Books		-	-	727	737
- Other		-	-	12	65
Asset Reinstatement Costs	9 & 26	-	-	14	(5)
Intangible Assets	25	-	-	144	134
Total Depreciation & Impairment Costs		-	-	20,601	20,087
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	20,601	20,087

Lismore 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:			
Bad & Doubtful Debts		(4)	4
Contributions/Levies to Other Levels of Government		-	-
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		66	61
- NSW Fire Brigade Levy		427	428
- NSW Rural Fire Service Levy		171	137
- Far North Coast County Council (Noxious Plants)		132	130
- Richmond River County Council (Flood Mitigation)		284	279
Councillor Expenses - Mayoral Fee		52	52
Councillor Expenses - Councillors' Fees		198	192
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		120	101
Donations, Contributions & Assistance to other organisations (Section 356)		209	220
Electricity & Heating		1,607	1,416
Insurance		1,157	990
Street Lighting		218	522
Telephone & Communications		347	350
Total Other Expenses		4,984	4,882
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>4,984</u>	<u>4,882</u>

Lismore 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		288	-
less: Carrying Amount of Property Assets Sold / Written Off		(589)	-
Net Gain/(Loss) on Disposal		(301)	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		920	792
less: Carrying Amount of P&E Assets Sold / Written Off		(766)	(539)
Net Gain/(Loss) on Disposal		154	253
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(3,019)	(2,616)
Net Gain/(Loss) on Disposal		(3,019)	(2,616)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		-	40
less: Carrying Amount of Real Estate Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	40
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(3,166)	(2,323)

Lismore City Council

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

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

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,061	-	308	-
Cash-Equivalent Assets ¹					
- Deposits at Call		9,955	-	8,777	-
- Short Term Deposits		5,000	-	8,000	-
Total Cash & Cash Equivalents		16,016	-	17,085	-
Investments (Note 6b)					
- Long Term Deposits		15,566	6,000	11,274	5,000
- CDO's		-	-	488	-
- Other Long Term Financial Assets		-	1,000	-	1,000
Total Investments		15,566	7,000	11,762	6,000
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		31,582	7,000	28,847	6,000

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

Investments**a. "At Fair Value through the Profit & Loss"**

- "Designated at Fair Value on Initial Recognition"	6(b-i)	15,566	7,000	11,762	6,000
Investments		15,566	7,000	11,762	6,000

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

Lismore City Council

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

Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	11,762	6,000	12,237	5,552
Revaluations (through the Income Statement)	12		(52)	393
Additions	13,292	4,000	9,274	3,000
Disposals (sales & redemptions)	(12,500)		(12,185)	(457)
Transfers between Current/Non Current	3,000	(3,000)	2,488	(2,488)
Balance at End of Year	15,566	7,000	11,762	6,000
Comprising:				
- CDO's	-		488	-
- Other Long Term Financial Assets	15,566	7,000	11,274	6,000
Total	15,566	7,000	11,762	6,000

Lismore City Council

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

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	31,582	7,000	28,847	6,000
attributable to:				
External Restrictions (refer below)	22,093	7,000	23,813	6,000
Internal Restrictions (refer below)	9,489	-	5,034	-
Unrestricted	-	-	-	-
	31,582	7,000	28,847	6,000

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Other	785		(56)	729
External Restrictions - Included in Liabilities	785	-	(56)	729

External Restrictions - Other

Developer Contributions - General (D)	4,578	1,127	(1,322)	4,383
Specific Purpose Unexpended Grants (F)	4,158	-	(2,664)	1,494
Water Supplies (G)	3,256	1,215	-	4,471
Water Supplies - Employee Leave Entitlements (G)	100			100
Sewerage Services (G)	16,094	578	-	16,672
Sewerage Services - Employee Leave Entitlements (G)	90		(8)	82
Domestic Waste Management (G)	-	154		154
Stormwater Management (G)	752	256		1,008
External Restrictions - Other	29,028	3,330	(3,994)	28,364
Total External Restrictions	29,813	3,330	(4,050)	29,093

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Employees Leave Entitlement	1,812	143	(677)	1,278
Specific Purpose Unexpended Loans (A)	600	971	-	1,571
Administrative Purposes	-	367	(65)	302
Aerodrome	-	78	(14)	64
Art Gallery	85	39	(86)	38
Asset Management	-	247	(168)	79
Economic Development & Tourism	131	463	(455)	139
Flood Mitigation	-	62	-	62
NEWLOG	30	5	-	35
Parks & Reserves	-	94	(79)	15
Sustainable Development	-	252	(189)	63
Property Management	-	233	(159)	74
Richmond Tweed Regional Library	1,148	435	(448)	1,135
RTRL - Employee Leave Entitlements	421	-	(26)	395
Sporting Grounds	-	29	(13)	16
Transport & Infrastructure	705	2,364	(3,069)	-
Waste Minimisation	93	130	-	223
Waste - Other	9	451	(460)	-
Per lot Subsidy Development	-	4,000	-	4,000
Total Internal Restrictions	5,034	10,363	(5,908)	9,489
TOTAL RESTRICTIONS	34,847	13,693	(9,958)	38,582

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

B Advances by Roads and Maritime Services for (RMS) works on the State's classified roads.

C Self Insurance liability resulting from reported claims or incurred claims not yet reported.

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

E RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

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.

H Council has \$6.08 million in internal borrowings from funds that would otherwise have been classified as Internal Restrictions. As they are internal borrowings, they are eliminated from reporting in accordance with Australian Accounting Standards. The borrowings have been used for various purposes and will be repaid in accordance with loan repayment schedules, linked asset sales, profit generation or as cashflow permits.

Lismore 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		2,807	1,893	3,401	1,066
Interest & Extra Charges		710	450	913	280
User Charges & Fees		1,782	695	1,687	641
Accrued Revenues					
- Interest on Investments		385	-	273	-
Deferred Debtors		18	253	18	260
Loan to Sporting Club		3	2	5	-
Miscellaneous Works & Services		2,949	-	3,825	-
Net GST Receivable		831	-	441	-
Roads & Maritime Services		4,003	-	3,010	-
Tender Deposits & Bonds		1,637	-	1,194	-
Other Debtors - RTRL		58	-	151	-
Other Debtors		96	19	17	21
Total		15,279	3,312	14,935	2,268
less: Provision for Impairment					
User Charges & Fees		(120)	-	(124)	-
Total Provision for Impairment - Receivables		(120)	-	(124)	-
TOTAL NET RECEIVABLES		15,159	3,312	14,811	2,268
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		513	290	460	287
- Other		1,781	865	1,778	702
Sewerage Services					
- Rates & Availability Charges		569	419	577	154
- Other		542	-	577	146
Domestic Waste Management		337	131	339	90
Total External Restrictions		3,742	1,705	3,731	1,379
Unrestricted Receivables		11,417	1,607	11,080	889
TOTAL NET RECEIVABLES		15,159	3,312	14,811	2,268

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.

Lismore 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)		2,699	163	2,697	159
Stores & Materials		1,113	-	1,145	-
Trading Stock		2,617	-	3,198	-
Total Inventories		6,429	163	7,040	159
Other Assets					
Prepayments		164	-	-	-
Total Other Assets		164	-	-	-
TOTAL INVENTORIES / OTHER ASSETS		6,593	163	7,040	159
Externally Restricted Assets					
Water					
Stores & Materials		278	-	299	-
Total Water		278	-	299	-
Sewerage					
Stores & Materials		298	-	283	-
Total Sewerage		298	-	283	-
Total Externally Restricted Assets		576	-	582	-
Total Unrestricted Assets		6,017	163	6,458	159
TOTAL INVENTORIES & OTHER ASSETS		6,593	163	7,040	159

Lismore 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	-	163	-	159
Industrial/Commercial	2,699	-	2,697	-
Total Real Estate for Resale	2,699	163	2,697	159
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	421	6	421	6
Development Costs	2,278	157	2,276	153
Total Costs	2,699	163	2,697	159
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	2,699	163	2,697	159
Movements:				
Real Estate assets at beginning of the year	2,697	159	2,740	138
- Purchases and other costs	2	4	(28)	6
- Transfer between Current/Non Current	-	-	(15)	15
Total Real Estate for Resale	2,699	163	2,697	159

(b) Current Assets not anticipated to be settled within the next 12 months

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2015	2014
Real Estate for Resale	1,839	1,838
	1,839	1,838

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

Note 9a. Infrastructure, Property, Plant & Equipment

Class of Assets	As at 30/6/2014				Asset Movements during the Reporting Period								As at 30/6/2015				
	At	At	Accumulated		Carrying	Asset	WDV	Depreciation	WIP	Adjustments	Revaluation	Revaluation	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment											Value	Cost	
Capital Work in Progress	9,971	-	-	-	9,971	3,117			(7,060)				6,028	-	-	-	6,028
Plant & Equipment	-	34,809	17,794	-	17,015	1,980	(767)	(2,980)	2,560				-	37,166	19,358	-	17,808
Office Equipment	-	6,070	5,529	-	541	146		(229)					-	6,215	5,757	-	458
Furniture & Fittings	-	595	500	-	95	2		(18)					-	597	518	-	79
Plant & Equipment (under Finance Lease)	-	-	-	-	-			-					-	-	-	-	-
Land:																	
- Operational Land	-	78,210	-	-	78,210	172	(167)						-	78,215	-	-	78,215
- Community Land	-	27,357	-	-	27,357								-	27,357	-	-	27,357
- Land under Roads (pre 1/7/08)	-	-	-	-	-								-	-	-	-	-
- Land under Roads (post 30/6/08)	-	31	-	-	31								-	31	-	-	31
Land Improvements - non depreciable	-	-	-	-	-								-	-	-	-	-
Land Improvements - depreciable	-	18,224	8,087	-	10,137	272		(325)	2				-	18,498	8,412	-	10,086
Buildings - Non Specialised	-	2,306	556	-	1,750	19		(30)					-	2,325	586	-	1,739
Buildings - Specialised	-	74,214	14,107	-	60,107	746	(422)	(772)	108				-	74,394	14,627	-	59,767
Other Structures	-	9,304	2,810	-	6,494	1		(274)	415				-	9,719	3,083	-	6,636
Infrastructure:																	
- Roads	-	332,260	141,761	-	190,499	7,192	(1,521)	(7,276)	1,291	(2,251)	(24,508)		-	332,504	169,078	-	163,426
- Bridges	-	74,565	29,950	-	44,615	606		(830)	357	-		1,657	-	78,805	32,400	-	46,405
- Footpaths	-	15,588	1,495	-	14,093	562	(7)	(185)			(259)		-	15,903	1,699	-	14,204
- Bulk Earthworks (non-depreciable)	-	297,554	-	-	297,554	49	(37)			2,251		4,703	-	304,520	-	-	304,520
- Stormwater Drainage	-	74,929	25,731	-	49,198	665	(14)	(529)				730	-	76,699	26,649	-	50,050
- Water Supply Network	-	122,738	50,416	-	72,322	992	(429)	(1,698)	532			1,056	-	125,218	52,443	-	72,775
- Sewerage Network	-	303,249	123,566	-	179,683	4,308	(1,010)	(4,340)	1,795			2,608	-	310,428	127,384	-	183,044
- Swimming Pools	-	5,156	657	-	4,499			(64)					-	5,156	721	-	4,435
- Other Open Space/Recreational Assets	-	17,174	7,550	-	9,624	147		(153)					-	17,321	7,703	-	9,618
- Other Infrastructure	-	-	-	-	-			-					-	-	-	-	-
Other Assets:																	
- Heritage Collections	-	82	14	-	68			(1)					-	82	15	-	67
- Library Books	-	13,813	11,636	-	2,177	642		(727)					-	14,456	12,364	-	2,092
- Other	-	655	257	-	398	26		(12)					-	681	269	-	412
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																	
- Tip Assets	-	842	734	-	108			-		162			-	270	-	-	270
- Quarry Assets	-	607	88	-	519			(14)		(434)			-	173	102	-	71
- Other Assets	-	-	-	-	-			-					-	-	-	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	9,971	1,510,332	443,238	-	1,077,065	21,644	(4,374)	(20,457)	-	(272)	(24,767)	10,754	6,028	1,536,733	483,168	-	1,059,593

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$19.30m) and New Assets (\$459,000). 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.

Lismore City Council

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

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

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	230			230	673	-	-	673
Plant & Equipment		1,139	486	653	-	1,098	541	557
Office Equipment		63	60	3	-	63	59	4
Furniture & Fittings				-	-	-	-	-
Land								
- Operational Land		2,221		2,221	-	2,221	-	2,221
- Community Land				-	-	-	-	-
- Improvements non-depreciable				-	-	-	-	-
- Improvements - depreciable				-	-	-	-	-
Buildings		24	10	14	-	206	44	162
Other Structures		7	2	5	-	7	1	6
Infrastructure		125,218	52,444	72,774	-	122,738	50,416	72,322
Other Assets				-	-	-	-	-
Total Water Supply	230	128,672	53,002	75,900	673	126,333	51,061	75,945
Sewerage Services								
WIP	488			488	2,140	-	-	2,140
Plant & Equipment		1,622	1,153	469	-	1,765	1,121	644
Office Equipment		148	135	13	-	148	122	26
Furniture & Fittings				-	-	-	-	-
Land								
- Operational Land		5,404		5,404	-	5,404	-	5,404
- Community Land				-	-	-	-	-
- Improvements non-depreciable				-	-	-	-	-
- Improvements - depreciable				-	-	-	-	-
Buildings		858	189	669	-	777	176	601
Other Structures		89	45	44	-	89	43	46
Infrastructure		310,428	127,384	183,044	-	303,249	123,566	179,683
Other Assets				-	-	-	-	-
Total Sewerage Services	488	318,549	128,906	190,131	2,140	311,432	125,028	188,544
TOTAL RESTRICTED I,PP&E	718	447,221	181,908	266,031	2,813	437,765	176,089	264,489

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.

Lismore 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		6,181	-	3,505	-
Goods & Services - capital expenditure		1,733	-	1,534	-
Payments Received In Advance		98	-	25	-
Accrued Expenses:					
- Other Expenditure Accruals		1,954	-	1,956	-
Contribution to Works		729	-	731	-
Security Bonds, Deposits & Retentions		1,637	-	1,194	-
Trustee Items		-	-	54	-
Total Payables		12,332	-	8,999	-
Borrowings					
Loans - Secured ¹		3,322	43,347	3,219	44,527
Total Borrowings		3,322	43,347	3,219	44,527
Provisions					
Employee Benefits;					
Annual Leave		3,095	-	3,096	-
Long Service Leave		4,905	223	4,530	223
Other Leave		75	-	64	-
Sub Total - Aggregate Employee Benefits		8,075	223	7,690	223
Asset Remediation/Restoration (Future Works)	26	116	1,206	46	3,753
Total Provisions		8,191	1,429	7,736	3,976
Total Payables, Borrowings & Provisions		23,845	44,776	19,954	48,503

(i) Liabilities relating to Restricted Assets

	2015		2014	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	658	6,647	352	7,177
Sewer	666	8,179	920	8,402
Domestic Waste Management	136	3	147	3
Other	729	-	785	-
Liabilities relating to externally restricted assets	2,189	14,829	2,204	15,582
Total Liabilities relating to restricted assets	2,189	14,829	2,204	15,582
Total Liabilities relating to Unrestricted Assets	21,656	29,947	17,750	32,921
TOTAL PAYABLES, BORROWINGS & PROVISIONS	23,845	44,776	19,954	48,503

¹ Loans are secured over the General Rating Income of Council

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

Lismore City Council

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

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

\$ '000	Actual 2015	Actual 2014
(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	5,392	5,089
Payables - Security Bonds, Deposits & Retentions	1,637	636
	7,029	5,725

Note 10b. Description of and movements in Provisions

Nil

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	
Asset Remediation	3,799	(2,477)				1,322
TOTAL	3,799	(2,477)	-	-	-	1,322

- a. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Lismore 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	16,016	17,085
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		16,016	17,085
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		875	5,746
Adjust for non cash items:			
Depreciation & Amortisation		20,601	20,087
Net Losses/(Gains) on Disposal of Assets		3,166	2,323
Non Cash Capital Grants and Contributions		(92)	(271)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(12)	(345)
- Other - Change in accounting estimates - Waste Remediation		-	-
Unwinding of Discount Rates on Reinstatement Provisions		262	(173)
Share of Net (Profits) or Losses of Associates/Joint Ventures		42	(104)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,395)	591
Increase/(Decrease) in Provision for Doubtful Debts		(4)	(13)
Decrease/(Increase) in Inventories		613	(1,056)
Decrease/(Increase) in Other Assets		(164)	-
Increase/(Decrease) in Payables		2,676	132
Increase/(Decrease) in Other Accrued Expenses Payable		(2)	(136)
Increase/(Decrease) in Other Liabilities		460	(881)
Increase/(Decrease) in Employee Leave Entitlements		385	286
Increase/(Decrease) in Other Provisions		(2,739)	390
NET CASH PROVIDED BY OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		24,672	26,576

Lismore 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			
Other Dedications		92	271
Total Non-Cash Investing & Financing Activities		92	271
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		750	750
Credit Cards / Purchase Cards		150	150
Total Financing Arrangements		900	900

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

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Lismore City Council

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

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(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			
Lismore City Hall Redevelopment		-	126
Total Commitments		-	126
These expenditures are payable as follows:			
Within the next year		-	126
Total Payable		-	126
Sources for Funding of Capital Commitments:			
Externally Restricted Reserves		-	126
Total Sources of Funding		-	126

Lismore 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			
Nil			
(c) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		203	99
Later than one year and not later than 5 years		437	138
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		640	237

b. Non Cancellable Operating Leases include the following assets:

Light Plant, Office Rentals

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Lismore 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
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Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(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)

Lismore 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	Indicator	Prior Periods	
	2015	2015	2014	2013
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>(2,366)</u>	-2.46%	-1.54%	-7.18%
Total continuing operating revenue ⁽¹⁾	96,366			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. ALL Grants & Contributions)</u>	<u>83,027</u>	82.61%	80.58%	77.16%
Total continuing operating revenue ⁽¹⁾	100,501			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>25,084</u>	1.71x	1.72	1.67
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>14,627</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>21,513</u>	3.26x	2.34	2.93
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>6,605</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>5,860</u>	11.38%	11.45%	11.62%
Rates, Annual and Extra Charges Collectible	<u>51,485</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>37,582</u>	5.25 mths	4.65	5.09
Payments from cash flow of operating and financing activities	<u>7,154</u>			

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).

Lismore 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⁾ (excl. Capital Grants & Contributions) - Operating Expenses	3.13%	5.88%	-4.73%
Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions)	prior period: -0.89%	2.36%	-2.27%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾ (excl. ALL Grants & Contributions)	98.19%	97.51%	77.82%
Total continuing operating revenue ⁽¹⁾	prior period: 95.42%	96.93%	75.98%
3. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽²⁾	9.60x	22.71x	1.71x
Current Liabilities less Specific Purpose Liabilities ^(3,4)	prior period: 8.15	16.16	1.72
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	3.60x	6.54x	2.65x
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	prior period: 3.13	6.58	1.87
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual and Extra Charges Outstanding	22.39%	13.81%	9.16%
Rates, Annual and Extra Charges Collectible	prior period: 23.29%	12.12%	9.86%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents + All Term Deposits	5.81 mths	10.12 mths	2.80 mths
Payments from cash flow of operating and financing activities	prior period: 3.57	23.98	2.94

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.

Lismore City Council

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

Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
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Council has not classified any Land or Buildings as "Investment Properties"

Lismore City Council

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

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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	16,016	17,085	16,016	17,085
Investments				
- "Designated At Fair Value on Initial Recognition"	22,566	17,762	22,566	17,762
Receivables	18,471	17,079	18,471	17,079
Total Financial Assets	57,053	51,926	57,053	51,926
Financial Liabilities				
Payables	12,234	8,974	12,234	8,974
Loans / Advances	46,669	47,746	48,646	50,986
Total Financial Liabilities	58,903	56,720	60,880	59,960

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

Lismore 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 it's 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	2,256	2,256	(2,256)	(2,256)
Possible impact of a 1% movement in Interest Rates	160	160	(160)	(160)
2014				
Possible impact of a 10% movement in Market Values	1,776	1,776	(1,776)	(1,776)
Possible impact of a 1% movement in Interest Rates	171	171	(171)	(171)

Lismore 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.

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)	100%	84%	0%	80%
Overdue		16%	100%	20%
	100%	100%	100%	100%
(ii) Ageing of Receivables - value				
Rates & Annual Charges	Other Receivables		Rates & Annual Charges	Other Receivables
Current	Current	-	-	10,233
< 1 year overdue	0 - 30 days overdue	4,700	4,467	1,493
1 - 2 years overdue	30 - 60 days overdue			673
2 - 5 years overdue	60 - 90 days overdue			225
> 5 years overdue	> 90 days overdue			112
		4,700	4,467	12,736

* No ageing information is available for Rates & Annual Charges

Lismore 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	12,234							12,234	12,234
Loans & Advances		3,528	3,753	3,484	3,658	6,546	28,535	49,504	46,669
Total Financial Liabilities	12,234	3,528	3,753	3,484	3,658	6,546	28,535	61,738	58,903
2014									
Trade/Other Payables	8,974	-	-	-	-	-	-	8,974	8,974
Loans & Advances	-	3,425	3,342	3,560	3,284	3,450	33,648	50,709	47,746
Total Financial Liabilities	8,974	3,425	3,342	3,560	3,284	3,450	33,648	59,683	56,720

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	12,234	0.0%	8,974	0.0%
Loans & Advances - Fixed Interest Rate	46,669	6.1%	47,746	6.2%
	<u>58,903</u>		<u>56,720</u>	

Lismore 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 17 June 2014.

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	45,049	45,443	394	1%	F
User Charges & Fees	32,522	31,875	(647)	(2%)	U
Interest & Investment Revenue	1,732	1,758	26	2%	F
Other Revenues	4,688	6,265	1,577	34%	F
Revenues associated with Waste Organics and Waste Resource Recovery were lower than the forecast budget by \$1.26 million, this has been offset by associated operating costs. Additional revenues were received from events \$164k, insurance refunds received in the period of \$84k and private works revenue \$156k.					
Operating Grants & Contributions	11,429	13,339	1,910	17%	F
Council's adopted budget included North East Waste revenues. This is now treated as a JV therefore the revenues and expenses have been reversed (\$1.3m). Financial Assistance grant was lower than budget by (\$104k). Additional Revenues for Natural Disaster funding \$1.44m, Roads \$1.5m and Diesel Rebate \$124k.					
Capital Grants & Contributions	2,066	4,135	2,069	100%	F
Council received additional grant funding for the Clifford Park upgrade \$1.7m, Transit Centre \$188k, contribution to works at sporting fields \$197k, Waste projects \$234k, Cycleway \$160k. Additional Sec 94 of \$249k, offset by lower Sec 64 contributions of (\$90) and lower non-cash dedication of assets of (\$550k).					
Net Gains from Disposal of Assets	-	-	-	0%	F
Joint Ventures & Associates - Net Profits	-	-	-	0%	F

Lismore 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	33,256	30,007	3,249	10%	F
Borrowing Costs	3,799	3,278	521	14%	F
Council achieved a better loan rate than budgeted and delayed its borrowing program until later in the 2015 year. In addition Council revised the loan program adopted as scheduled works were not commenced as anticipated. \$5.3m and \$6.9m in Water and Wastewater borrowings were not drawn down in the year.					
Materials & Contracts	30,629	39,862	(9,233)	(30%)	U
Council received funding in relation to Building Better Regional Cities Scheme. These works were originally treated as capital however a further assessment identified \$4.6m were RMS assets. Expenses associated with additional grant funding and works carried forward from 2014 funded from reserves/grants.					
Depreciation & Amortisation	21,306	20,601	705	3%	F
Other Expenses	4,985	4,984	1	0%	F
Net Losses from Disposal of Assets	-	3,166	(3,166)	0%	U
Asset were replaced earlier than scheduled to match Council's strategic objectives and asset management strategy. As a result some asset held large WDV and therefore a loss on disposal was recognised. Losses were not known at the time of budget preparation, however Council amended its budget in the March QBRS on estimates.					
Joint Ventures & Associates - Net Losses	-	42	(42)	0%	U

Lismore 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*	
Budget Variations relating to Council's Cash Flow Statement include:				
Cash Flows from Operating Activities	26,514	24,672	(1,842)	(6.9%) U
No Budget Variation Details Are Required - Variance is < 10%				
Capital works programmed for 2015 were deferred until future periods. These included Water projects \$6.9m and Wastewater projects of \$9.673 million. Council was able to purchase additional investments of \$4.8m due the Council funds allocated for these works not being expended in 2015.				
Cash Flows from Investing Activities	(36,916)	(24,664)	12,252	(33.2%) F
Loans funds of \$5.3m and \$6.9m in Water and Wastewater were not drawn in 2015 as the programmed major capital works have been deferred.				
Cash Flows from Financing Activities	11,286	(1,077)	(12,363)	(109.5%) U

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	
Emergency Services	218	6	-	12	-	-	236	-	(236)	-	-
Community Services & Facilities	146	8	-	8	-	-	162	216	(378)	-	-
Public Domain Facilities	-	2	-	-	-	-	2	845	(847)	-	-
Open Space & Recreation Facilities	928	55	-	46	(172)	-	857	170	(1,027)	-	-
Cycleways Facilities	324	4	-	18	-	-	346	505	(851)	-	-
Rural North & South Traffic Management	2,055	239	-	118	-	-	2,412	24,348	(26,760)	-	-
Urban Traffic Management Facilities	557	349	-	27	(885)	-	48	13,384	(13,432)	-	-
Carparking	64	-	-	4	-	-	68	-	(68)	-	-
Stormwater	-	-	-	-	(32)	-	(32)	100	(68)	-	-
Street Trees	286	5	-	15	(23)	-	283	-	(283)	-	-
Heavy Haulage	-	-	-	-	-	-	-	-	-	-	-
Section 94 Plan Administration	-	1	-	-	-	-	1	274	(275)	-	-
S94 Contributions - under a Plan	4,578	669	-	248	(1,112)	-	4,383	39,842	(44,225)	-	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				
Total S94 Revenue Under Plans	4,578	669	-	248	(1,112)	-	4,383				
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	-	210	-	-	(210)	-	-				
Total Contributions	4,578	879	-	248	(1,322)	-	4,383	39,842	(44,225)	-	-

Financial Statements 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Emergency Services

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	
Bushfire	142	3		8			153		(153)	-	
SES	76	3		4			83		(83)	-	
Total	218	6	-	12	-	-	236	-	(236)	-	-

Community Services & 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	
CBD, North & South	146	8		8			162	216	(378)	-	
Total	146	8	-	8	-	-	162	216	(378)	-	-

S94 CONTRIBUTIONS - UNDER A PLAN

Public Domain 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	
Lismore CBD-Residential	-	2					2	608	(610)	-	
Lismore CBD-Commercial	-	-					-	237	(237)	-	
Total	-	2	-	-	-	-	2	845	(847)	-	-

Open Space & Recreation 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	
Tucki Tucki - Residential	348	24		13	(172)		213	63	(276)	-	
Lismore Park	580	31		33			644	107	(751)	-	
Total	928	55	-	46	(172)	-	857	170	(1,027)	-	-

Financial Statements 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Cycleways 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	
Cycleways	324	4		18			346	505	(851)	-	
Total	324	4	-	18	-	-	346	505	(851)	-	-

Rural North & South Traffic Management 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	
Rural - North	778	44		43			865	8,522	(9,387)	-	
Rural - South	768	24		42			834	8,522	(9,356)	-	
Rural - Quarries	509	171		33			713	7,304	(8,017)	-	
	-						-			-	
Total	2,055	239	-	118	-	-	2,412	24,348	(26,760)	-	-

S94 CONTRIBUTIONS - UNDER A PLAN

Urban Traffic Management 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	
Residential/Commercial/Industrial	557	349		27	(885)		48	13,384	(13,432)	-	
Total	557	349	-	27	(885)	-	48	13,384	(13,432)	-	-

Carparking

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	
Lismore & Nimbin	64			4			68		(68)	-	
Total	64	-	-	4	-	-	68	-	(68)	-	-

Financial Statements 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Stormwater

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Expended in Advance	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Residential	-				(32)		(32)	100	(68)		
Commercial	-				-		-	-	-		
Industrial	-				-		-	-	-		
Total	-	-	-	-	(32)	-	(32)	100	(68)	-	-

Street Trees

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	
Residential/Commercial/Industrial	286	5		15	(23)		283		(283)	-	
	-						-			-	
Total	286	5	-	15	(23)	-	283	-	(283)	-	-

Financial Statements 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Section 94 Plan Administration

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	
Residential/Commercial/Industrial	-	1					1	274	(275)	-	
	-						-			-	
	-						-			-	
Total	-	1	-	-	-	-	1	274	(275)	-	-

S64 Contributions

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	
Water Supplies											
- Urban Reservoir	-	76			(76)		-				
- Dunoon etc	-						-				
- Clunes	-						-				
- Nimbin & District	-						-				
sub total:	-						-				
Sewer Supplies											
- Lismore	-	134			(134)		-				
- Nimbin	-						-				
- Caniaba	-						-				
sub total:	-						-				
Total	-	210	-	-	(210)	-	-				-

Financial Statements 2015

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

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 a defined benefits superannuation scheme called the Local Government Superannuation Scheme – Pool B (Scheme). Pooled Employers form a sub-group of the Scheme with over 170 employers supporting over 7,000 employees and ex-employees.

The Scheme is considered to be a defined benefit multi-employer plan for the following reasons:

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

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Scheme.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate.

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$48.7 million per annum, apportioned according to each employer's share of the accrued liabilities as at 30 June 2009. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2009.

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

Each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

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

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

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

The expected contribution to the Scheme for the next annual reporting period is \$923,852.28.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2015 is:

Employer reserves only*	\$ millions	Asset Coverage
Assets	1,707.43	
Past Service Liabilities	1,729.46	98.70%
Vested Benefits	1,761.55	96.92%

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

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

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

Investment return	7.0% per annum
Salary inflation*	4.0% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

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

The implications are that additional contributions are estimated to remain in place until 30 June 2016 (i.e. \$463,098 p.a. x 1 = \$463,098 additional contributions remaining).

It is estimated that Council's level of participation in the Scheme compared with other participating Pooled Employers is 0.95%.

(ii) Statewide Mutual Limited

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

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

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

(iii) StateCover Mutual 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.

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) NORPOOL Insurance Claim

For the period 31/12/93 - 30/6/97, the firm HIH was the underwriter for NORPOOL in respect to claims from \$100,000 to \$20M. The collapse of HIH leaves NORPOOL & ultimately Council exposed to such claims.

A similar situation arises in respect to claims between \$2M and \$20M for the period 30/6/97 - 30/6/99. For the period 30/6/97 - 30/6/00, a London firm, Independent Insurance Company Ltd, provided coverage for 50% of any claim up to \$2M. This company has been placed in liquidation.

At this stage, Council is unaware of any outstanding claims relating to these periods of insurances.

The liability period extends to 30 June 2021.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

(iii) S94 Plans

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

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

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

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

(iv) Potential Land Acquisitions due to Planning

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council may be required to purchase these land parcels. At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

(v) Richmond Tweed Regional Library

Council along with other local government authorities have entered into an agreement to operate a regional library, known as the Richmond Tweed Regional Library.

Annually, Council contributes to the library to fund activities based upon a prescribed formula.

As the "Executive Council" of the Richmond Tweed Regional Library, all financial reporting is consolidated into Lismore City Council's financial statements.

In the event that Council wished to withdraw from the agreement, the assets and liabilities of the library

attributable to Council would be determined by the State Library Board of NSW.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

Lismore 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 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	-	-	-	-
Associates	(42)	104	62	104
Total	(42)	104	62	104

Lismore 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

(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	2015	2014
North East Waste Forum ⁽¹⁾	Associate	Equity Method	62	104
Total Carrying Amounts - Material Joint Ventures and Associates			62	104

⁽¹⁾ Council along with other local government authorities have entered into an agreement to jointly exercise waste and resource management strategies for the region. Annually, each member Council contributes to the NEWF based upon a prescribed formula to fund regional activities. In addition, Lismore City Council may receive specific purpose grants on behalf of NEWF to undertake specific projects.

(b) Details

Name of Entity	Principal Activity	Place of Business
North East Waste Forum	Regional waste and resource management strategies.	Australia

(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
North East Waste Forum	14%	14%	14%	14%	14%	14%	14%	14%

(d) Summarised Financial Information for Joint Ventures & Associates

	North East Waste Forum	
	2015	2014
Statement of Financial Position		
Current Assets		
Cash and Cash Equivalents	443	743
Other Current Assets		
Total Current Assets	443	743
Net Assets	443	743
Reconciliation of the Carrying Amount		
Opening Net Assets (1 July)	743	639
Profit/(Loss) for the period	(300)	104
Closing Net Assets	443	743
Council's share of Net Assets (%)	14.0%	14.0%
Council's share of Net Assets (\$)	62	104

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

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

	North East Waste Forum	
	2015	2014
Statement of Comprehensive Income		
Income	1,111	1,436
Other Expenses	(1,411)	(693)
Profit/(Loss) from Continuing Operations	(300)	743
Profit/(Loss) for Period	(300)	743
Total Comprehensive Income	(300)	743
Council's share of Income (%)	14.0%	14.0%
Council's share of Profit/(Loss) (\$)	(42)	104
Council's share of Comprehensive Income (\$)	(42)	104
Dividends received by Council	-	-

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Joint Operations

(a) Council is involved in the following Joint Operations (JO's)

Name of Joint Operation	Principal Activity	Place of Business	Interest in Ownership		Interest in Voting	
			2015	2014	2015	2014
Blue Hills Residential Estate	Development & Sale of Land		50%	50%	50%	50%
North East Weight of Loads Group	Reduce Damage to Council Roads		15%	15%	15%	15%

(b) Council Assets employed in the Joint Operations

	2015	2014
Blue Hills Residential Estate		
Council's own assets employed in the Operations		
Current Assets:		
Inventories	15	15
Non-Current Assets		
Other Assets	8	8
Total Assets - Council Owned	23	23
North East Weight of Loads Group		
Council's share of assets jointly owned with other partners		
Current Assets	42	37
Current Liabilities	(24)	(22)
Property, Plant & Equipment	6	8
Total Assets - Shared with other Partners	24	23
Total Net Assets Employed - Council & Jointly Owned	47	46

(d) Unconsolidated Structured Entities

All Subsidiaries, Joint Arrangements and Associates have been recognised in this Financial Report.

Lismore 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)		621,797	616,051
a. Correction of Prior Period Errors	20 (c)	(172,366)	(172,366)
d. Net Operating Result for the Year		875	5,746
Balance at End of the Reporting Period		450,306	449,431
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		604,924	534,616
Total		604,924	534,616
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		534,616	545,918
- Revaluations for the year	9(a)	(14,013)	(11,302)
- Correction of Prior Period Errors	20(c)	84,321	-
- Balance at End of Year		604,924	534,616
TOTAL VALUE OF RESERVES		604,924	534,616

* refer to note 20 c) iii) Recognition of Regional Roads for further explanation

(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.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
i) Adjustment to Road Pavement Value		(172,366)	
Council has identified that the depth of road pavement recognised in prior years was overstated. The value of road pavement as at 1 July 2013 has been reduced by \$172,366 million to reflect the fair value of the actual pavement existing in Council road network. Retained earnings has been reduced by the same. An adjustment of \$170.166 million has been made against retained earnings as at 30 June 2014. Depreciation has been restated for 2014 by \$2.2 million to reflect the adjustment as at 01/07/2013.			
ii) Expenses relating to Road Pavement			
The reduction in the value of road pavement as at 1 July 2013 has had the effect of reducing the related depreciation expense in the 2014 financial year by \$2.2 million. The consolidated operating result for 2014 has been increased by the same.			
iii) Recognition of Regional Roads		84,321	
Subsequent to the preparation of the 2014 Financial Report, Council identified that the independent valuation of its roads network excluded controlled regional roads. Council recognised regional roads with a written down replacement cost of \$84,321 million as at 30 June 2014 and increased the Infrastructure, property plant and equipment revaluation reserve.			
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/13		(172,366)	
<small>(relating to adjustments for the 30/6/13 reporting year end and prior periods)</small>			
- Adjustments to Closing Equity - 30/6/14		84,321	
<small>(relating to adjustments for the 30/6/14 year end)</small>			
Total Prior Period Adjustments - Prior Period Errors		(88,045)	-

(d) Voluntary Changes in Accounting Policies

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

Lismore 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
	Water	Sewer	General¹
Continuing Operations			
Income from Continuing Operations			
Rates & Annual Charges	3,373	10,768	31,302
User Charges & Fees	8,123	197	24,005
Interest & Investment Revenue	217	713	828
Other Revenues	89	54	6,122
Grants & Contributions provided for Operating Purposes	88	128	13,123
Grants & Contributions provided for Capital Purposes	129	172	3,834
Total Income from Continuing Operations	12,019	12,032	79,214
Expenses from Continuing Operations			
Employee Benefits & on-costs	1,970	2,368	25,669
Borrowing Costs	469	622	2,187
Materials & Contracts	1,800	2,907	30,703
Depreciation & Amortisation	1,836	4,488	14,277
Other Expenses	4,987	507	4,392
Net Losses from the Disposal of Assets	410	994	1,762
Share of interests in Joint Ventures & Associates using the Equity Method			42
Total Expenses from Continuing Operations	11,472	11,886	79,032
Operating Result from Continuing Operations	547	146	182
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	547	146	182
Net Operating Result attributable to each Council Fund	547	146	182
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	418	(26)	(3,652)

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.

Lismore 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	Actual 2015
ASSETS		Water	Sewer	General¹
Current Assets				
Cash & Cash Equivalents		1,897	6,955	7,164
Investments		1,845	6,759	6,962
Receivables		2,294	1,111	11,754
Inventories		278	298	5,853
Other		-	-	164
Total Current Assets	-	6,314	15,123	31,897
Non-Current Assets				
Investments		829	3,040	3,131
Receivables		1,155	419	1,738
Inventories		-	-	163
Infrastructure, Property, Plant & Equipment		75,900	190,131	793,562
Investments Accounted for using the equity method		-	-	62
Intangible Assets		-	-	387
Total Non-Current Assets	-	77,884	193,590	799,043
TOTAL ASSETS	-	84,198	208,713	830,940
LIABILITIES				
Current Liabilities				
Payables		134	163	12,035
Borrowings		234	252	2,836
Provisions		290	251	7,650
Total Current Liabilities	-	658	666	22,521
Non-Current Liabilities				
Borrowings		6,629	8,157	28,561
Provisions		18	22	1,389
Total Non-Current Liabilities	-	6,647	8,179	29,950
TOTAL LIABILITIES	-	7,305	8,845	52,471
Net Assets	-	76,893	199,868	778,469
EQUITY				
Retained Earnings		22,193	62,630	365,483
Revaluation Reserves		54,700	137,238	412,986
Council Equity Interest	-	76,893	199,868	778,469
Non-controlling Interests		-	-	-
Total Equity	-	76,893	199,868	778,469

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.

Lismore 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

	2015	2015	2014	2014
\$ '000	Current	Non Current	Current	Non Current

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 20/10/15.

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".

Lismore City Council

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

Note 25. Intangible Assets

\$ '000	Actual 2015	Actual 2014
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	1,467	1,675
Accumulated Amortisation (1/7)	(936)	(802)
Net Book Value - Opening Balance	531	873
Movements for the year		
- Purchases	-	(209)
- Amortisation charges	(144)	(133)
Closing Values:		
Gross Book Value (30/6)	1,467	1,467
Accumulated Amortisation (30/6)	(1,080)	(936)
Accumulated Impairment (30/6)	-	-
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u> ¹	<u>387</u>	<u>531</u>

¹ The Net Book Value of Intangible Assets represent:

- Software	387	531
	387	531

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2015	2014
Quarry Operations	2040	1,052	1,390
Tip Operations	2016	270	2,409
Balance at End of the Reporting Period	10(a)	1,322	3,799

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- The timing of the remediation works
- existing technology
- current prices
- anticipated remediation works based on EPA Guidelines

Reconciliation of movement in Provision for year:

Balance at beginning of year	3,799	3,582
Effect of a change in discount rates used in PV calculations	165	(549)
Effect of a change in other calculation estimates used	(2,739)	390
Amortisation of discount (expensed to borrowing costs)	97	376
Total - Reinstatement, rehabilitation and restoration provision	1,322	3,799

Provisions for close down and restoration and for environmental clean up costs – Tips and Quarries**Restoration**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Lismore City Council

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities (continued)

\$ '000

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results. During the year Council received approval to remediate its waste facility in a more cost effective manner. This has resulted in a reduction to the provision for rehabilitation. Refer to Note 1(a) (vii) for details.

Lismore 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

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:

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/2014			17,808	17,808
Office Equipment	30/06/2014			458	458
Furniture & Fittings	30/06/2014			79	79
Operational Land	30/06/2013		78,215		78,215
Community Land	30/06/2011			27,357	27,357
Land Under Roads (Post 30/06/08)	30/06/2011			31	31
Land Improvement (Depreciable)	30/06/2011			10,086	10,086
Buildings - Non Specialised	30/06/2013			1,739	1,739
Buildings - Specialised	30/06/2013			59,767	59,767
Other Structures	30/06/2011			6,636	6,636
Roads	30/06/2014			163,426	163,426
Bridges	30/06/2014			46,405	46,405
Footpaths	30/06/2014			14,204	14,204
Bulk Earthworks (Non-Depreciable)	30/06/2014			304,520	304,520
Stormwater Drainage	30/06/2014			50,050	50,050
Water Supply Network	30/06/2012			72,775	72,775
Sewerage Network	30/06/2012			183,044	183,044
Swimming Pools	30/06/2011			4,435	4,435
Other Open Space/Recreational Assets	30/06/2011			9,618	9,618
Other Infrastructure	30/06/2011			-	-
Heritage Collection	30/06/2014			67	67
Library Books	30/06/2014			2,092	2,092
Other	30/06/2014			412	412
Tip Assets	30/06/2014			270	270
Quarry Assets	30/06/2014			71	71
Total Infrastructure, Property, Plant & Equipm		-	78,215	975,350	1,053,565

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000					
2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Designated At Fair Value on Initial Recognition"	30/6/14	17,762	-	-	17,762
Total Financial Assets		17,762	-	-	17,762
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/6/14			17,015	17,015
Office Equipment	30/6/14			541	541
Furniture & Fittings	30/6/14			95	95
Operational Land	30/6/13		78,210	-	78,210
Community Land	30/6/11			27,357	27,357
Land Under Roads (Post 30/06/08)	30/6/11			31	31
Land Improvement (Depreciable)	30/6/11			10,137	10,137
Buildings - Non Specialised	30/6/13			1,750	1,750
Buildings - Specialised	30/6/13			60,107	60,107
Other Structures	30/6/11			6,494	6,494
Roads	30/6/14			315,471	315,471
Bridges	30/6/14			44,153	44,153
Footpaths	30/6/14			14,093	14,093
Bulk Earthworks (Non-Depreciable)	30/6/14			258,889	258,889
Stormwater Drainage	30/6/14			49,198	49,198
Water Supply Network	30/6/12			72,322	72,322
Sewerage Network	30/6/12			179,683	179,683
Swimming Pools	30/6/11			4,499	4,499
Other Open Space/Recreational Assets	30/6/11			9,624	9,624
Other Infrastructure	30/6/11			-	-
Heritage Collection	30/6/14			68	68
Library Books	30/6/14			2,177	2,177
Other	30/6/14			398	398
Tip Assets	30/6/14			108	108
Quarry Assets	30/6/14			519	519
Total Infrastructure, Property, Plant & Equipme		-	78,210	#####	1,152,939

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(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.

(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, Office Equipment and Furniture & Fittings

These asset categories include:

Plant & Equipment – Motor vehicles, trucks, mowers, rollers, earthmoving equipment

Office Equipment – Computer equipment

Furniture & Fittings – Chairs, desks, cabinets, display systems

These assets are carried at cost which approximates to fair value due to the nature of these items. The cost of these assets are based on current invoices and contracts which are observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market therefore placing these assets in Level 3. Valuation techniques remained the same for this reporting period.

Operational Land

Council's operational land includes all land classified as operational land under Local Government Act 1993 APV Valuers & Asset Management Pty Ltd completed the last valuation in June 2013. Council's operational land value is assessed every year and revalued every five years. It is valued at market (highest and best use) after identifying all elements that would be taken into account by buyers and sellers in setting a price including but not limited to zoning, topography, location, size, shape, access, exposure to traffic and businesses. This asset class is categorised as Level 2 as the most significant input into this valuation approach is price per square metre. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.

Community Land

Assets within the "Community Land" class are:

a) Council owned land and

b) Care Control Management land [Crown] of which Council derives current and future economic benefits arising from the use of the land asset.

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer General.

These rates are not considered to be observable market evidence and as such they have been classified as Level 3. Valuation techniques remain the same for this reporting period.

Land Under Roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment and Council recognised this asset for the first time in financial year 2010/11. The Land under Roads was valued in accordance with AASB 116, the Code of Accounting Practice and Financial Reporting June 2015. Values were determined using the Engloblo methodology. This asset class is classified as as Level 3 asset as significant inputs used in the Engloblo valuation methodology are unobservable. Valuation techniques remained the same for this reporting period.

Land Improvements Depreciable

The land improvements asset class consists of landscaping, mounding and land improvement assets surrounding buildings. The last revaluation was completed by Rushton AssetVal Pty Ltd in 2010/11. The Cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Buildings - Non Specialised and Specialised

Council engaged APV Valuations and Asset Management Pty Ltd to value all buildings in 2012/13 using the cost approach. This approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2) 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. Valuation techniques remained the same for this reporting period.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

Other Structures

The other structure asset class consists of garages, gazebos, shelters, fencing, lighting, etc. assets.

The last revaluation was completed by Rushton AssetVal Pty Ltd in 2010/11 and the cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Roads

Council's roads are componentised into the pavement, surface, base, sub base, seal and major culverts.

The last revaluation was completed by Jeff Roorda & Associates Pty Ltd in 2014/15. The cost approach was adopted to value Council roads. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of road.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Bridges

Council's bridges register consists of all vehicle access bridges.

The last revaluation was completed by Jeff Roorda & Associates Pty Ltd in 2014/15. The cost approach was adopted to value Council bridges. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of bridge.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Footpaths

Council's footpath register consists of all pedestrian walkways and cycleways within the Council area.

The last revaluation was completed by Jeff Roorda & Associates Pty Ltd in 2014/15. The cost approach was adopted to value Council footpaths. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of footpath.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Lismore 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)**Bulk Earthworks**

Council's bulk earthworks are located within the road reserve of all Council roads.

The last revaluation was completed by Jeff Roorda & Associates Pty Ltd in 2013/14. The cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Stormwater Drainage

The Stormwater Drainage asset class consists of Council's pits, pipes, culverts, channels and treatment devices.

The last revaluation was completed by Jeff Roorda & Associates Pty Ltd in 2013/14. The cost approach was adopted to value Council stormwater drainage. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of stormwater drainage.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Water Supply Network

The Water Supply Network asset class comprise reservoirs, pumping stations and water pipelines. The Network is revalued every five years with the last revaluation by AssetVal Pty Ltd in 2012/13. The cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

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

Sewerage Network

The Sewerage Network assets within this class comprise treatment works, pumping stations and, sewerage mains.

The Network is revalued every five years with the last revaluation by AssetVal Pty Ltd in 2012/13. The cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

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

Swimming Pools

The last revaluation was completed by Rushton AssetVal Pty Ltd in 2010/11 and the cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Open Space / Recreational

The Open Space/Recreation assets within this class comprise playground equipment, equipment and landscaping.

The last revaluation was completed by Rushton AssetVal Pty Ltd in 2010/11 and the cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Heritage Collection

This asset category comprises art works. These assets are carried at cost but are disclosed at fair value due to the nature of these items. The cost of these assets are based on invoices and contracts which are observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market therefore placing these assets in Level 3. Valuation techniques remained the same for this reporting period.

Library Books

This asset category comprises of assets such as library books, CD's and DVD's.

These assets are valued at cost but are disclosed at fair value in the notes due to the nature of the items. The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market therefore placing these assets in Level 3. Valuation techniques remained the same for this reporting period.

Other

The Other assets within this class comprise design works on a future art gallery and fibre optic cabling.

These assets are valued at cost but are disclosed at fair value in the notes due to the nature of the items. The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market therefore placing these assets in Level 3. Valuation techniques remained the same for this reporting period.

Lismore City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

Tip Assets

The Lismore Resource Recovery Facility is located at Wyrallah Road, Lismore. The facility encompasses a landfilling operation as well as a wide range of waste disposal services, resource recovery services, recycling products and waste management educational activities. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site.

Closure of the landfill site will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post closure, and fencing sensitive infrastructure.

An Evaluation of costs for Landfill Closure and Post Closure Management plan is reviewed annually.

The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

Quarry Assets

There are 6 quarries located within the local government area. These facilities encompass quarry operations currently in use as well as old unused facilities currently being used for stockpiling. It has been recognised that there will be significant costs associated with the closure and post closure management of the quarry sites.

Closure of the quarry sites will involve a wide range of activities including the establishment of open woodland/forest across the quarry benches and provision of access areas into the pits once completed. It will also include decommissioning and removing of infrastructure and equipment that will not be required post closure, and fencing of sensitive infrastructure. An Evaluation of costs for Quarry Closures and Post Closure Management Plan is reviewed annually. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

Lismore 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	Community Land	Total
Opening Balance - 1/7/13	-	-	-	-	-
Adoption of AASB 13	14,965	638	113	27,357	43,073
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	145	-	-	-	145
Purchases (GBV)	5,503	183	-	-	5,686
Disposals (WDV)	(539)	-	-	-	(539)
Depreciation & Impairment	(3,059)	(280)	(18)	-	(3,357)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/14	17,015	541	95	27,357	45,008
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	2,560	-	-	-	2,560
Purchases (GBV)	1,980	146	2	-	2,128
Disposals (WDV)	(767)	-	-	-	(767)
Depreciation & Impairment	(2,980)	(229)	(18)	-	(3,227)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/15	17,808	458	79	27,357	45,702

Lismore 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)

	Land Under Roads (Post 30/6/08)	Land Improvements (Depreciable)	Buildings Non- Specialised	Buildings- Specialised	Total
Opening Balance - 1/7/13	-	-	-	-	-
Adoption of AASB 13	26	9,446	1,781	61,510	72,763
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	22	22
Purchases (GBV)	-	36	-	509	545
Disposals (WDV)	-	-	-	-	-
Depreciation & Impairment	-	(315)	(31)	(1,934)	(2,280)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	970	-	-	970
Revaluation Increments to Equity	5	-	-	-	5
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/14	31	10,137	1,750	60,107	72,025
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	2	-	108	110
Purchases (GBV)	-	272	19	746	1,037
Disposals (WDV)	-	-	-	(422)	(422)
Depreciation & Impairment	-	(325)	(30)	(772)	(1,127)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	-	-	-	-
Revaluation Increments to Equity	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/15	31	10,086	1,739	59,767	71,623

Lismore 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)

	Other Structures	Roads	Bridges	Footpaths	Total
Opening Balance - 1/7/13	-	-	-	-	-
Adoption of AASB 13	6,522	290,612	61,336	11,219	369,689
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	(167)	-	-	-	(167)
Purchases (GBV)	122	9,929	268	-	10,319
Disposals (WDV)	-	(1,821)	(86)	-	(1,907)
Depreciation & Impairment	(175)	(7,497)	(990)	(339)	(9,001)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	192	1,697	790	91	2,770
Revaluation Increments to Equity	-	22,551	(17,165)	3,122	8,508
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/14	6,494	315,471	44,153	14,093	380,211
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	415	(2,251)	-	-	(1,836)
Purchases (GBV)	1	7,192	606	562	8,361
Disposals (WDV)	-	(1,521)	-	(7)	(1,528)
Depreciation & Impairment	(274)	(7,276)	(830)	(185)	(8,565)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	1,291	357	-	1,648
Revaluation Increments to Equity	-	(24,508)	-	-	(24,508)
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/15	6,636	288,398	44,286	14,463	353,783

Lismore 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)

	Bulk Earthworks (Non-Deprec)	Stormwater Drainage	Water Supply Network	Sewerage Network	Total
Opening Balance - 1/7/13	-	-	-	-	-
Adoption of AASB 13	308,460	28,976	70,129	178,343	585,908
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	68	561	1,701	482	2,812
Disposals (WDV)	-	-	(470)	(238)	(708)
Depreciation & Impairment	-	(554)	(1,732)	(4,176)	(6,462)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	358	-	-	358
Revaluation Increments to Equity	(49,639)	19,857	2,694	5,272	(21,816)
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/14	258,889	49,198	72,322	179,683	560,092
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	2,251	-	-	-	2,251
Purchases (GBV)	49	665	992	4,308	6,014
Disposals (WDV)	(37)	(14)	(429)	(1,010)	(1,490)
Depreciation & Impairment	-	(529)	(1,698)	(4,340)	(6,567)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	-	532	1,795	2,327
Revaluation Increments to Equity	4,703	730	1,056	2,608	9,097
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/15	265,855	50,050	72,775	183,044	571,724

Lismore 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)

	Swimming Pools	Other Open Space & Recreation Assets	Heritage Collection	Library Books	Total
Opening Balance - 1/7/13	-	-	-	-	-
Adoption of AASB 13	1,679	9,627	69	3,113	14,488
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	-	156	-	707	863
Disposals (WDV)	-	-	-	-	-
Depreciation & Impairment	(87)	(168)	(1)	(737)	(993)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	9	-	-	9
Revaluation Increments to Equity	2,907	-	-	(906)	2,001
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/14	4,499	9,624	68	2,177	16,368
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-
Purchases (GBV)	-	147	-	642	789
Disposals (WDV)	-	-	-	-	-
Depreciation & Impairment	(64)	(153)	(1)	(727)	(945)
FV Gains - Other Comprehensive Income	-	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-	-
WIP Transfers	-	-	-	-	-
Revaluation Increments to Equity	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Other movement (details here)	-	-	-	-	-
Closing Balance - 30/6/15	4,435	9,618	67	2,092	16,212

Lismore 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)

	Other	Tip Assets	Quarry Assets	Total
Opening Balance - 1/7/13	-	-	-	-
Adoption of AASB 13	69	97	685	851
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-
Purchases (GBV)	394	2	-	396
Disposals (WDV)	-	-	-	-
Depreciation & Impairment	(65)	8	(3)	(60)
FV Gains - Other Comprehensive Income	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-
WIP Transfers	-	-	-	-
Revaluation Increments to Equity	-	-	-	-
Amortisation Adjustment	-	1	(163)	(162)
Other movement (details here)	-	-	-	-
Closing Balance - 30/6/14	398	108	519	1,025
Adoption of AASB 13	-	-	-	-
Transfers from/(to) Level 1 FV hierarchy 27 4(b)	-	-	-	-
Transfers from/(to) Level 2 FV hierarchy 27 4(b)	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-
Purchases (GBV)	26	-	-	26
Disposals (WDV)	-	-	-	-
Depreciation & Impairment	(12)	-	(14)	(26)
FV Gains - Other Comprehensive Income	-	-	-	-
FV Gains - Income Statement ¹	-	-	-	-
WIP Transfers	-	-	-	-
Revaluation Increments to Equity	-	-	-	-
Amortisation Adjustment	-	-	-	-
Other movement (details here)	-	-	-	-
Closing Balance - 30/6/15	412	108	505	1,025

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

During the year, there were no transfers into or out of Level 3 Fair Value Hierarchy for recurring fair value measurements.

(5). Highest and best use

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



SPECIAL PURPOSE

FINANCIAL STATEMENTS

**For the year ended
30 June 2015**

Lismore City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

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Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.
- Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.
- These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).
- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-



**LISMORE CITY COUNCIL
SPECIAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT**

Report on the Financial Statements

We have audited the accompanying financial statements, being special purpose financial statements, of Lismore City Council ("the Council"), which comprises the statement of financial position as at 30 June 2015, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors' and Management.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Local Government Act 1993* and meet the needs of the NSW Office of Local Government. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 auditor's 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 control relevant to the Council'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 Council's internal control. 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.

Our audit responsibility does not extend to the best practice management disclosures in note 2 and note 3, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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



Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the special purpose financial statements of Lismore City Council:

- a) Have been prepared in accordance with the requirements of those applicable Australian Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting;
 - i. Are consistent with the Council's accounting records;
 - ii. Present fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2015 and the results of their operations for the year then ended;
- b) All information relevant to the conduct of the audit has been obtained; and
- c) There are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

Basis of Accounting

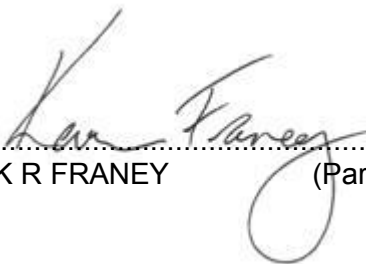
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the NSW Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Lismore City Council for the financial year ended 30 June 2015 published in the annual report and included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

Dated at Lismore this 20th day of October 2015

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**


K R FRANEY (Partner)

Lismore City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

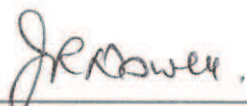
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Office of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 20 October 2015.



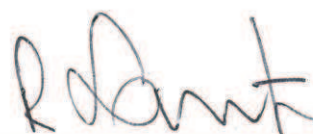
Jenny Dowell
MAYOR



Simon Clough
COUNCILLOR



Gary Murphy
GENERAL MANAGER



Rino Santin
RESPONSIBLE ACCOUNTING OFFICER

Lismore City Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	3,373	3,055
User charges	8,123	7,498
Fees	-	-
Interest	217	238
Grants and contributions provided for non capital purposes	88	136
Profit from the sale of assets	-	-
Other income	89	96
Total income from continuing operations	11,890	11,023
Expenses from continuing operations		
Employee benefits and on-costs	1,970	1,937
Borrowing costs	469	449
Materials and contracts	1,800	1,888
Depreciation and impairment	1,836	1,850
Water purchase charges	4,902	4,867
Loss on sale of assets	410	448
Calculated taxation equivalents	8	8
Debt guarantee fee (if applicable)	212	203
Other expenses	85	109
Total expenses from continuing operations	11,692	11,759
Surplus (deficit) from Continuing Operations before capital amounts	198	(736)
Grants and contributions provided for capital purposes	129	386
Surplus (deficit) from Continuing Operations after capital amounts	327	(350)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	327	(350)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(59)	-
SURPLUS (DEFICIT) AFTER TAX	268	(350)
plus Opening Retained Profits	21,654	21,051
plus/less: Prior Period Adjustments		-
plus/less: Other Adjustments		750
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	8	8
- Debt guarantee fees	212	203
- Corporate taxation equivalent	59	-
less:		
- Tax Equivalent Dividend paid	(8)	(8)
- Surplus dividend paid		-
Closing Retained Profits	22,193	21,654
Return on Capital %	0.9%	-0.4%
Subsidy from Council	1,625	2,991
Calculation of dividend payable:		
Surplus (deficit) after tax	268	(350)
less: Capital grants and contributions (excluding developer contributions)	-	(357)
Surplus for dividend calculation purposes	268	-
Potential Dividend calculated from surplus	134	-

Lismore City Council

Income Statement of Council's Wastewater Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	10,768	10,213
User charges	197	145
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	713	825
Grants and contributions provided for non capital purposes	128	132
Profit from the sale of assets	-	-
Other income	54	59
Total income from continuing operations	11,860	11,374
Expenses from continuing operations		
Employee benefits and on-costs	2,368	2,183
Borrowing costs	622	592
Materials and contracts	2,907	3,216
Depreciation and impairment	4,488	4,427
Loss on sale of assets	994	242
Calculated taxation equivalents	29	30
Debt guarantee fee (if applicable)	157	135
Other expenses	507	512
Total expenses from continuing operations	12,072	11,337
Surplus (deficit) from Continuing Operations before capital amounts	(212)	37
Grants and contributions provided for capital purposes	172	219
Surplus (deficit) from Continuing Operations after capital amounts	(40)	256
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(40)	256
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(11)
SURPLUS (DEFICIT) AFTER TAX	(40)	245
plus Opening Retained Profits	62,513	61,735
plus/less: Prior Period Adjustments		-
plus/less: Other Adjustments		387
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	29	30
- Debt guarantee fees	157	135
- Corporate taxation equivalent	-	11
less:		
- Tax Equivalent Dividend paid	(29)	(30)
- Surplus dividend paid	-	-
Closing Retained Profits	62,630	62,513
Return on Capital %	0.2%	0.3%
Subsidy from Council	5,332	6,083
Calculation of dividend payable:		
Surplus (deficit) after tax	(40)	245
less: Capital grants and contributions (excluding developer contributions)	-	(29)
Surplus for dividend calculation purposes	-	216
Potential Dividend calculated from surplus	-	108

Lismore City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

\$ '000	Quarry		Waste Disposal	
	Category 1		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	12,804	14,773	5,059	4,622
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	247	180	-	-
Profit from the sale of assets	-	-	-	-
Other income	21	42	5,656	1,739
Total income from continuing operations	13,072	14,995	10,715	6,361
Expenses from continuing operations				
Employee benefits and on-costs	1,587	1,578	1,440	1,160
Borrowing costs	310	248	128	340
Materials and contracts	11,408	11,887	5,956	5,084
Depreciation and impairment	85	115	101	94
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	113	116	90	78
Debt guarantee fee (if applicable)	99	75	73	26
Other expenses	115	150	9	7
Total expenses from continuing operations	13,717	14,169	7,797	6,789
Surplus (deficit) from Continuing Operations before capital amounts	(645)	826	2,918	(428)
Grants and contributions provided for capital purposes	-	-	447	403
Surplus (deficit) from Continuing Operations after capital amounts	(645)	826	3,365	(25)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(645)	826	3,365	(25)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(248)	(875)	-
SURPLUS (DEFICIT) AFTER TAX	(645)	578	2,490	(25)
plus Opening Retained Profits	3,175	2,627	4,375	4,381
plus/less: Prior Period Adjustments		-		-
plus/less: Other Adjustments		(71)	-	(30)
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	113	116	90	78
- Debt guarantee fees	99	75	73	26
- Corporate taxation equivalent	-	248	875	-
add:				
- Subsidy Paid/Contribution To Operations		-		232
less:				
- TER dividend paid		-		-
- Dividend paid	(398)	(398)	(414)	(287)
Closing Retained Profits	2,344	3,175	7,489	4,375
Return on Capital %	-5.9%	18.6%	28.3%	-0.9%
Subsidy from Council	507	-	-	423

Lismore City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

	Lismore Crematorium		Goonellabah Sports & Aquatic Centre - Gymnasium	
	Category 2		Category 2	
\$ '000	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	426	436	513	542
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	26	26
Total income from continuing operations	426	436	539	568
Expenses from continuing operations				
Employee benefits and on-costs	166	157	45	74
Borrowing costs	-	-	-	-
Materials and contracts	175	175	869	792
Depreciation and impairment	9	9	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	-	-	12	12
Total expenses from continuing operations	350	341	926	878
Surplus (deficit) from Continuing Operations before capital amounts	76	95	(387)	(310)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	76	95	(387)	(310)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	76	95	(387)	(310)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(23)	(29)	-	-
SURPLUS (DEFICIT) AFTER TAX	53	67	(387)	(310)
plus Opening Retained Profits	721	626	-	-
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	23	29	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	387	310
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	797	721	-	-
Return on Capital %	23.2%	28.2%	n/a	n/a
Subsidy from Council	-	-	387	310

Lismore City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

Goonellabah Sports
& Aquatic Centre -
Learn to Swim
Category 2

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	-	-
User charges	-	-
Fees	527	572
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	527	572
Expenses from continuing operations		
Employee benefits and on-costs	-	-
Borrowing costs	-	-
Materials and contracts	683	621
Depreciation and impairment	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	18	19
Total expenses from continuing operations	701	640
Surplus (deficit) from Continuing Operations before capital amounts	(174)	(68)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(174)	(68)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(174)	(68)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(174)	(68)
plus Opening Retained Profits	-	-
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	174	68
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	-	-
Return on Capital %	n/a	n/a
Subsidy from Council	174	68

Lismore City Council

Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	1,897	2,809
Investments	1,845	-
Receivables	2,294	2,238
Inventories	278	299
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	6,314	5,346
Non-Current Assets		
Investments	829	547
Receivables	1,155	989
Inventories	-	-
Infrastructure, property, plant and equipment	75,900	75,945
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	77,884	77,481
TOTAL ASSETS	84,198	82,827
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	134	119
Interest bearing liabilities	234	219
Provisions	290	318
Total Current Liabilities	658	656
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	6,629	6,859
Provisions	18	14
Total Non-Current Liabilities	6,647	6,873
TOTAL LIABILITIES	7,305	7,529
NET ASSETS	76,893	75,298
EQUITY		
Retained earnings	22,193	21,654
Revaluation reserves	54,700	53,644
Council equity interest	76,893	75,298
Non-controlling equity interest	-	-
TOTAL EQUITY	76,893	75,298

Lismore City Council

Statement of Financial Position - Council's Wastewater Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	6,955	13,432
Investments	6,759	-
Receivables	1,111	1,154
Inventories	298	283
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	15,123	14,869
Non-Current Assets		
Investments	3,040	2,752
Receivables	419	300
Inventories	-	-
Infrastructure, property, plant and equipment	190,131	188,544
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	193,590	191,596
TOTAL ASSETS	208,713	206,465
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	163	370
Interest bearing liabilities	252	249
Provisions	251	301
Total Current Liabilities	666	920
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	8,157	8,402
Provisions	22	-
Total Non-Current Liabilities	8,179	8,402
TOTAL LIABILITIES	8,845	9,322
NET ASSETS	199,868	197,143
EQUITY		
Retained earnings	62,630	62,513
Revaluation reserves	137,238	134,630
Council equity interest	199,868	197,143
Non-controlling equity interest	-	-
TOTAL EQUITY	199,868	197,143

Lismore City Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

\$ '000	Quarry		Waste Disposal	
	Category 1		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	-	-
Investments	200	200	2,013	617
Receivables	1,653	2,776	-	-
Inventories	2,785	3,392	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	4,638	6,368	2,013	617
Non-Current Assets				
Investments	-	-	-	-
Receivables	5	40	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	5,698	5,764	10,755	9,412
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	5,703	5,804	10,755	9,412
TOTAL ASSETS	10,341	12,172	12,768	10,029
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	159	168	314	163
Provisions	272	248	266	227
Total Current Liabilities	431	416	580	390
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	1,504	1,732	3,293	1,714
Provisions	1,012	1,236	-	-
Other Liabilities	4,880	5,443	270	2,414
Total Non-Current Liabilities	7,396	8,411	3,563	4,128
TOTAL LIABILITIES	7,827	8,827	4,143	4,518
NET ASSETS	2,514	3,345	8,625	5,511
EQUITY				
Retained earnings	2,344	3,175	7,489	4,375
Revaluation reserves	170	170	1,136	1,136
Council equity interest	2,514	3,345	8,625	5,511
Non-controlling equity interest	-	-	-	-
TOTAL EQUITY	2,514	3,345	8,625	5,511

Lismore City Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

\$ '000	Lismore Crematorium		Goonellabah Sports & Aquatic Centre - Gymnasium	
	Category 2		Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	-	649	-	-
Investments	-	-	-	-
Receivables	739	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	739	649	-	-
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	328	337	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	328	337	-	-
TOTAL ASSETS	1,067	986	-	-
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	132	127	-	-
Total Current Liabilities	132	127	-	-
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	4	4	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	4	4	-	-
TOTAL LIABILITIES	136	131	-	-
NET ASSETS	931	855	-	-
EQUITY				
Retained earnings	797	721	-	-
Revaluation reserves	134	134	-	-
Council equity interest	931	855	-	-
Non-controlling equity interest	-	-	-	-
TOTAL EQUITY	931	855	-	-

Lismore City Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

Goonellabah Sports &
Aquatic Centre - Learn to
Swim

Category 2

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	-
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	-	-
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	-	-
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total Non-Current Assets	-	-
TOTAL ASSETS	-	-
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	-	-
EQUITY		
Retained earnings	-	-
Revaluation reserves	-	-
Council equity interest	-	-
Non-controlling equity interest	-	-
TOTAL EQUITY	-	-

Lismore City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	117
2	Water Supply Business Best Practice Management disclosure requirements	121
3	Sewerage Business Best Practice Management disclosure requirements	123

Lismore City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

These financial statements are Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

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

Declared Business Activities

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

In 2015 Council has assessed whether all of its activities should be preparing special purpose financial reporting using the criteria provided under the neutrality and national competition policy (NCP) guidelines.

The table below provides an understanding of Council's declared business units identified by the assessment process:

2014	2015
Business Unit	Business Unit
Water Supply	Water Supply
Wastewater Services	Wastewater Services
Northern Rivers Quarry & Asphalt	Northern Rivers Quarry & Asphalt
Waste Disposal	Waste Disposal
Lismore Memorial Gardens	Lismore Memorial Gardens – Crematorium
Goonellabah Sports & Aquatic Centre	N/a
Real Estate Development	N/a
Waste Collection	N/a
Properties Held for Public Benefit	N/a
N/a	Goonellabah Sports & Aquatic Centre – Learn to Swim
N/a	Goonellabah Sports & Aquatic Centre – Gymnasium

Lismore City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

Category 1

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

a. Water

Provision of safe drinking water to customers

b. Wastewater

Provision of sewerage waste services to customers

c. Quarries

Supply of aggregate, road base & asphalt products

d. Waste Disposal

Provide & maintain a safe area for disposing of waste

Category 2

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

a. Lismore Memorial Gardens - Crematorium

Provide cremation services.

b. Goonellabah Sports and Aquatic Centre – Learn to Swim & Gymnasium

Provide learn to swim classes and gym facilities

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council

nominated business activities and are reflected in these financial statements.

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

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

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts as would be applied by a

Lismore City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of

return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15.

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

(iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage

Lismore City Council

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

Note 1. Significant Accounting Policies

assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

Lismore City Council

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

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in **WHOLE DOLLARS** (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	220,000
(ii)	No of assessments multiplied by \$3/assessment	40,917
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	40,917
(iv)	Amounts actually paid for Tax Equivalents	8,091

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	133,800												
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	368,253												
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(1,958,400)												
<table border="1"> <tr> <td>2015 Surplus</td> <td>267,600</td> <td>2014 Surplus</td> <td>(707,000)</td> <td>2013 Surplus</td> <td>(1,519,000)</td> </tr> <tr> <td></td> <td></td> <td>2014 Dividend</td> <td>-</td> <td>2013 Dividend</td> <td>-</td> </tr> </table>			2015 Surplus	267,600	2014 Surplus	(707,000)	2013 Surplus	(1,519,000)			2014 Dividend	-	2013 Dividend	-
2015 Surplus	267,600	2014 Surplus	(707,000)	2013 Surplus	(1,519,000)									
		2014 Dividend	-	2013 Dividend	-									
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a												
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-												

3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	N/A
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Lismore City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	11,801
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	69.92%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	75,248
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	8,765
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,246
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	1.58%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Lismore City Council

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

Note 3. Sewerage Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in **WHOLE DOLLARS** (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	186,000
(ii)	No of assessments multiplied by \$3/assessment	36,555
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	36,555
(iv)	Amounts actually paid for Tax Equivalents	29,427

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	328,995
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	146,900

2015 Surplus	(40,000)	2014 Surplus	215,900	2013 Surplus	(29,000)
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	NO
	(c) Trade Waste [Item 2(d) in Table 1]	NO
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Lismore City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	11,319
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	190,131
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	5,812
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	4,693
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.54%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	21,716
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.97%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	5,939
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.83%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Lismore City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-2.19%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		14
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	617
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	210

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



SPECIAL SCHEDULES

**For the year ended
30 June 2015**

Lismore City Council

Special Schedules

for the financial year ended 30 June 2015

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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Lismore City Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	536	-	-	(536)
Administration	2,926	1,202	-	(1,724)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,163	6	(173)	(1,330)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	548	133	-	(415)
Other	554	-	-	(554)
Total Public Order & Safety	2,265	139	(173)	(2,299)
Health	981	430	-	(551)
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	296	46	-	(250)
Solid Waste Management	11,601	13,560	510	2,469
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	79	-	-	(79)
Total Environment	11,976	13,606	510	2,140
Community Services and Education				
Administration & Education	237	21	-	(216)
Social Protection (Welfare)	439	-	-	(439)
Aged Persons and Disabled	9	-	-	(9)
Children's Services	113	2	-	(111)
Total Community Services & Education	798	23	-	(775)
Housing and Community Amenities				
Public Cemeteries	928	1,053	-	125
Public Conveniences	-	-	-	-
Street Lighting	504	167	-	(337)
Town Planning	2,004	695	204	(1,105)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	3,436	1,915	204	(1,317)
Water Supplies	11,419	11,479	129	189
Sewerage Services	11,732	11,654	173	95

Lismore City Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	7,117	5,259	84	(1,774)
Museums	-	-	-	-
Art Galleries	625	195	27	(403)
Community Centres and Halls	573	6	-	(567)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	115	-	115
Swimming Pools	1,149	316	-	(833)
Parks & Gardens (Lakes)	4,053	562	1,922	(1,569)
Other Sport and Recreation	4,099	1,700	-	(2,399)
Total Recreation and Culture	17,616	8,153	2,033	(7,430)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,231	820	-	(411)
Other Mining, Manufacturing & Construction	6,507	6,635	72	200
Total Mining, Manufacturing and Const.	7,738	7,455	72	(211)
Transport and Communication				
Urban Roads (UR) - Local	5,233	3,268	219	(1,746)
Urban Roads - Regional	4,572	727	145	(3,700)
Sealed Rural Roads (SRR) - Local	5,657	228	164	(5,265)
Sealed Rural Roads (SRR) - Regional	1,861	3,007	-	1,146
Unsealed Rural Roads (URR) - Local	2,532	938	-	(1,594)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	570	-	-	(570)
Bridges on URR - Local	1,059	-	-	(1,059)
Bridges on Regional Roads	-	-	-	-
Parking Areas	237	259	-	22
Footpaths	105	-	164	59
Aerodromes	519	375	-	(144)
Other Transport & Communication	4,717	24	413	(4,280)
Total Transport and Communication	27,062	8,826	1,105	(17,131)
Economic Affairs				
Camping Areas & Caravan Parks	32	33	-	1
Other Economic Affairs	3,381	678	82	(2,621)
Total Economic Affairs	3,413	711	82	(2,620)
Totals – Functions	101,898	65,593	4,135	(32,170)
General Purpose Revenues ⁽²⁾		33,087		33,087
Share of interests - joint ventures & associates using the equity method	42	-		(42)
NET OPERATING RESULT ⁽¹⁾	101,940	98,680	4,135	875

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Lismore City Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-								
Treasury Corporation	42	3,340	3,382		42			257	46	3,294	3,340
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	3,177	41,187	44,364	2,250	3,286			2,915	3,276	40,052	43,328
Other	-	-	-							-	-
Total Loans	3,219	44,527	47,746	2,250	3,328	-	-	3,172	3,322	43,346	46,668
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	3,219	44,527	47,746	2,250	3,328	-	-	3,172	3,322	43,346	46,668

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Lismore City Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]

for the financial year ended 30 June 2015

\$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General			
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
Totals	-	-	-

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Totals							-	-	-

Lismore City Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	1,101	1,451
b. Engineering and Supervision	492	363
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	996	1,437
d. Maintenance expenses	-	-
- Reservoirs		
e. Operation expenses	32	12
f. Maintenance expenses	14	22
- Pumping Stations		
g. Operation expenses (excluding energy costs)	9	17
h. Energy costs	86	100
i. Maintenance expenses	13	18
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	-	-
- Other		
m. Operation expenses	341	296
n. Maintenance expenses	779	226
o. Purchase of water	4,902	4,867
3. Depreciation expenses		
a. System assets	1,700	1,736
b. Plant and equipment	135	114
4. Miscellaneous expenses		
a. Interest expenses	469	449
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	11,069	11,108

Lismore City Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	2,551	2,383
b. Usage charges	5,929	5,474
7. Non-residential charges		
a. Access (including rates)	822	672
b. Usage charges	2,193	2,024
8. Extra charges	-	-
9. Interest income	217	238
10. Other income	89	96
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	357
b. Grants for pensioner rebates	86	132
c. Other grants	2	4
12. Contributions		
a. Developer charges	76	29
b. Developer provided assets	53	-
c. Other contributions	-	-
13. Total income	12,018	11,409
14. Gain (or loss) on disposal of assets	(410)	(448)
15. Operating Result	539	(147)
15a. Operating Result (less grants for acquisition of assets)	539	(504)

Lismore City Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	1,192	2,233
d. Plant and equipment	54	56
17. Repayment of debt		
a. Loans	215	189
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	1,461	2,478
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	500
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	500
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	11,774	11,840
b. Residential (unoccupied, ie. vacant lot)	184	215
c. Non-residential (occupied)	1,633	1,508
d. Non-residential (unoccupied, ie. vacant lot)	48	52
25. Number of ETs for which developer charges were received	14 ET	48 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 233,962	\$ 231,465

Lismore City Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			-
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			-
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			-
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2014/15 (page 47 of Guidelines)			117,610
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			117,610

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Lismore City Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,742	829	4,571
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	513	290	803
c. User Charges	1,236	695	1,931
d. Other	545	170	715
32. Inventories	278	-	278
33. Property, plant and equipment			
a. System assets	-	75,248	75,248
b. Plant and equipment	-	652	652
34. Other assets	-	-	-
35. Total assets	6,314	77,884	84,198
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	134	-	134
38. Borrowings			
a. Loans	234	6,629	6,863
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	290	18	308
40. Total liabilities	658	6,647	7,305
41. NET ASSETS COMMITTED	5,656	71,237	76,893
EQUITY			
42. Accumulated surplus			22,194
43. Asset revaluation reserve			54,699
44. TOTAL EQUITY			76,893
Note to system assets:			
45. Current replacement cost of system assets			127,764
46. Accumulated current cost depreciation of system assets			(52,516)
47. Written down current cost of system assets			75,248

Lismore City Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	1,140	1,086
b. Engineering and Supervision	529	466
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	81	96
b. Maintenance expenses	795	1,135
- Pumping Stations		
c. Operation expenses (excluding energy costs)	41	40
d. Energy costs	167	184
e. Maintenance expenses	355	422
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	887	678
g. Chemical costs	418	352
h. Energy costs	299	304
i. Effluent Management	115	125
j. Biosolids Management	123	369
k. Maintenance expenses	689	579
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	173	105
3. Depreciation expenses		
a. System assets	4,364	4,200
b. Plant and equipment	124	227
4. Miscellaneous expenses		
a. Interest expenses	622	592
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	10,922	10,960

Lismore City Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges (including rates)	8,675	8,236
7. Non-residential charges		
a. Access (including rates)	2,093	1,977
b. Usage charges	-	-
8. Trade Waste Charges		
a. Annual Fees	198	145
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	713	825
11. Other income	53	59
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	124	123
c. Other grants	4	9
13. Contributions		
a. Developer charges	133	190
b. Developer provided assets	39	29
c. Other contributions	-	-
14. Total income	<u>12,032</u>	<u>11,593</u>
15. Gain (or loss) on disposal of assets	(994)	(242)
16. Operating Result	<u>116</u>	<u>391</u>
16a. Operating Result (less grants for acquisition of assets)	116	391

Lismore City Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	236	961
c. Renewals	4,335	1,571
d. Plant and equipment	122	125
18. Repayment of debt		
a. Loans	242	190
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	4,935	2,847
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	900
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	900
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	10,714	10,655
b. Residential (unoccupied, ie. vacant lot)	353	395
c. Non-residential (occupied)	1,031	1,017
d. Non-residential (unoccupied, ie. vacant lot)	87	85
26. Number of ETs for which developer charges were received	10 ET	23 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 226,579	\$ 223,800

Lismore City Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/> NO	
If Yes, go to 29a. If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/> YES	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			909,025
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			256,250
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2013/14 (page 47 of Guidelines)			31,089
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			1,196,364

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Lismore City Council

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	13,714	3,040	16,754
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	569	419	988
c. User Charges	-	-	-
d. Other	542	-	542
33. Inventories	298	-	298
34. Property, plant and equipment			
a. System assets	-	190,131	190,131
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	<u>15,123</u>	<u>193,590</u>	<u>208,713</u>
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	163	-	163
39. Borrowings			
a. Loans	252	8,157	8,409
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	251	22	273
41. Total Liabilities	<u>666</u>	<u>8,179</u>	<u>8,845</u>
42. NET ASSETS COMMITTED	<u>14,457</u>	<u>185,411</u>	<u>199,868</u>
EQUITY			
42. Accumulated surplus			62,630
44. Asset revaluation reserve			137,238
45. TOTAL EQUITY			<u>199,868</u>
Note to system assets:			
46. Current replacement cost of system assets			319,038
47. Accumulated current cost depreciation of system assets			(128,907)
48. Written down current cost of system assets			<u>190,131</u>

Lismore City Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2015

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment Losses (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Lismore City Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices / Administration Centres	875	61	37	8,197	16%	18%	65%	1%	0%
	Council Works Depot	1,495	20	11	15,365	45%	17%	23%	15%	0%
	Council Public Halls	84	67	39	9,888	94%	4%	0%	2%	0%
	Libraries	942	40	26	2,274	8%	14%	64%	14%	0%
	Cultural Facilities									
	Other Buildings	887	408	249	17,180	85%	1%	3%	11%	0%
	Specialised Buildings									
	Council Houses	29	3	1	263	0%	21%	79%	0%	0%
	Toilet Blocks/Amenities	454	67	40	7,194	45%	26%	16%	13%	0%
	Art Gallery	171	7	6	1,145	10%	5%	72%	13%	0%
	Other				-					
	sub total	4,937	673	409	61,506	58.0%	11.3%	21.2%	9.6%	0.0%
Other Structures	Other Structures	764	191	***	6,636	***	***	***	***	
	sub total	764	191	-	6,636					
Roads	Sealed Roads Surface	18,999	383	479	13,637	42%	16%	22%	11%	9%
	Sealed Roads Structure	52,854	3,608	4,308	119,091	19%	44%	28%	7%	2%
	Unsealed Roads	4,782	601	694	4,554	0%	56%	18%	26%	0%
	Bridges	9,411	328	414	46,404	51%	33%	13%	2%	1%
	Footpaths	901	164	226	14,204	82%	17%	1%		0%
	Kerb and Gutter	-	109	121	25,211	83%	17%			0%
	Carparks	1,317	273	332	934	21%	37%	22%	20%	0%
	sub total	88,264	5,466	6,574	224,035	37.8%	35.5%	19.4%	5.4%	1.8%

Special Schedules 2015

Lismore City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Water Supply Network	Dams/Weirs	-	4	4	612		100%			0%
	Mains	11,576	1,237	1,103	59,456	48%	38%	12%	2%	0%
	Reservoirs	2,875	72	64	6,976	3%	64%	27%	6%	0%
	Pumping Station/s	118	47	42	980	4%	85%	9%	2%	0%
	Treatment	-	3	3	65	100%				0%
	Meters	-	341	304	4,681		100%			0%
	Other				5					100%
	sub total	14,569	1,704	1,520	72,775	39.6%	45.6%	12.5%	2.2%	0.0%
Sewerage Network	Mains	17,896	1,025	943	108,071	43%	45%	10%	2%	0%
	Pumping Station/s	4,443	391	359	25,821	32%	26%	41%	1%	0%
	Treatment	7,274	965	887	37,455	36%	36%	24%	4%	0%
	Tunnels	957	1	-	11,032		84%	16%		0%
	Other				665					100%
	sub total	30,570	2,382	2,189	183,044	37.3%	42.7%	17.6%	2.1%	0.4%

Special Schedules 2015

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Stormwater Drainage	Stormwater Conduits	4,491	207	194	44,675	18%	63%	19%		0%
	Inlet and Junction Pits	1,156	25	23	5,300	43%	46%	6%	5%	0%
	Head Walls	-	1	1	6	100%				0%
	Stormwater Treatment Devices	-	1	1	69	96%	4%			0%
	sub total	5,647	234	219	50,050	20.8%	61.1%	17.6%	0.5%	0.0%
Open Space/ Recreational Assets	Swimming Pools	741	***	178	4,435					100%
	Other Open Spaces	1,606	3,524	2,779	9,618					100%
	Other									
	sub total	2,347	3,524	2,957	14,053	0.0%	0.0%	0.0%	0.0%	100.0%

*** No Data Available

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Lismore City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) ⁽¹⁾	15,199	94.11%	86.70%	71.31%
Depreciation, Amortisation & Impairment	16,151			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	147,098	23.64%	3.70%	3.18%
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	622,185			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	13,868	0.98	0.75	0.88
Required Asset Maintenance	14,174			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	17,270	0.84	1.36	1.17
Annual Depreciation	20,601			

Notes

⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

⁽²⁾ Written Down Value

Lismore City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Water 2015	Sewer 2015	General ⁽¹⁾ 2015
Infrastructure Asset Performance Indicators By Fund			
1. Building, Infrastructure & Other Structures			
Renewals Ratio			
Asset Renewals			
<u>(Building, Infrastructure & Other Structures)⁽²⁾</u>	58.42%	99.26%	97.88%
Depreciation, Amortisation & Impairment			
	prior period: 98.21%	11.54%	117.39%
2. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition			
<u>Total value⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets</u>	20.02%	16.70%	27.83%
	prior period: 12.44%	3.99%	1.95%
3. Asset Maintenance Ratio			
Actual Asset Maintenance			
<u>Required Asset Maintenance</u>	0.89	0.92	1.01
	prior period: 0.95	0.71	0.72
4. Capital Expenditure Ratio			
Annual Capital Expenditure			
<u>Annual Depreciation</u>	0.91	1.27	0.69
	prior period: 0.98	0.55	1.67

Notes

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

⁽²⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

⁽³⁾ Written Down Value

Lismore City Council

Special Schedule No. 8 - Financial Projections as at 30 June 2015

Special Schedule 8 data is now being collected in the Financial Data Return.

Lismore City Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	26,237	26,927
Plus or minus Adjustments ⁽²⁾	b	84	66
Notional General Income	c = (a + b)	26,321	26,993
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	-
or plus Rate peg amount	i = c x e	605	648
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	26,926	27,641
plus (or minus) last year's Carry Forward Total	l	1	0
less Valuation Objections claimed in the previous year	m	-	-
sub-total	n = (l + m)	1	0
Total Permissible income	o = k + n	26,927	27,641
less Notional General Income Yield	p	26,927	27,642
Catch-up or (excess) result	q = o - p	0	(1)
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	0	(1)

Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.



Thomas Noble & Russell
Accountants | Auditors | Business Advisers

**LISMORE CITY COUNCIL
SPECIAL SCHEDULE NO 9
INDEPENDENT AUDITOR'S REPORT**

REPORT ON SPECIAL SCHEDULE NO 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Lismore City Council for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the *Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23*. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 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 Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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Independence

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

Audit Opinion

In our opinion, Special Schedule No. 9 of Lismore City Council for 2015/16 is properly drawn up in accordance with the requirements of the NSW Office of Local Government and in accordance with the books and records of the Council.

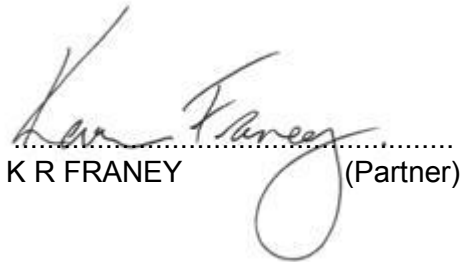
Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the NSW Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

Dated at Lismore this 22th day of October 2015

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

Per:

A handwritten signature in cursive script, appearing to read 'K R Franey', is written over a horizontal dotted line. Below the signature, the text 'K R FRANEY (Partner)' is printed.

K R FRANEY (Partner)



FINANCIAL REPORTS REVIEW

**For the year ended
30 June 2015**

Overview

The 2014/15 Financial Reports have been prepared in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1993, Local Government (General) Regulations 2005 and the Local Government Code of Accounting Practice and Financial Reporting. The Local Government Code of Accounting Practice and Financial Reporting applying to all NSW council's requires the preparation and fair presentation of general purpose financial statements, special purpose financial statements and special schedules.

The purpose of the 2014/15 Financial Reports Review is to provide commentary and interpretation on the reported results.

The primary report used to convey the financial position of a council are the General Purpose Financial Statements (Part A). This report presents the financial information in a manner which "...provides the users with information about the reporting entity which is useful for making and evaluating decisions about the allocation of scarce resources..."

Financial reports are also prepared for nominated business activities in the form of Special Purpose Financial Statements (Part B). The purpose of these reports is to detail the performance of business activities under the principles of 'competitive neutrality'. To achieve this, costs such as taxation equivalents, dividends and return on investment are included even though they may not be actually paid. Also, any subsidy from Council is disclosed.

Finally, there are special schedules which provide information in a different format or for specific purposes which meets the needs of mainly government users. However, additional information is provided in relation to the Special Schedule 7 – Infrastructure Asset Performance Indicators.

Part A: General Purpose Financial Statements

1. Income Statement

Income Statement

The net operating result for 2014/15 is an \$875,000 surplus. The following table displays the summarised information from 2012/13 to 2014/15:

Item	2014/15 (\$'000)	% Change	2013/14 (\$'000)	% Change	2012/13 (\$'000)
Income from continuing operations	102,815	2.05%	100,749	(2.32%)	103,142
Expenses from continuing operations	101,940	7.30%	95,003	(6.90%)	102,039
Net operating result for the year	875	(84.77%)	5,746	420.94%	1,103
Net operating result before capital grants and contributions	(3,260)	0.52%	(3,277)	57.76%	(7,758)

A summary of the major movements follows:

For income from continuing operations:

- Decrease in user charges & fees (\$1.16) million.
- Increase in rates & annual charges \$1.88 million.
- Decrease in interest & investment revenues (\$0.38) million.
- Increase in grants & contributions for operating purposes \$2.88 million.
- Decrease in grants & contributions for capital purposes (\$4.88) million.
- Increase in other revenue of \$3.83 million.

For expenses from continuing operations:

- Increase in employee benefits & on-costs (\$1.31) million.
- Increase in materials & contracts by (\$4.54) million.
- Decrease in depreciation & amortisation by \$514,000.

In general, income from continuing operations has increased by 2.05% or \$2.066 million with expenses from continuing operations increasing by 7.30% or \$6.937 million.

The significant increase in expenses reflects the fact that for 2014/15 expenses for materials & contracts and employee benefits & on-costs are primarily inflated due to the significant additional works undertaken for Road & Maritime Services (RMS) and the Building Better Regional Cities projects.

2. Statement of Financial Position

The Statement of Financial Position is used to summarise the total net assets (assets – liabilities = net assets/equity) under Council's control. As at 30 June 2015, total net assets were \$1.055 billion. During 2014/15, net assets decreased by (\$13.14) million from \$1.068 billion in 2013/14. The main contributor was the decrease in Infrastructure, Property, Plant & Equipment assets of (\$17.47) million for 2014/15. This was as a result of an adjustment to the revaluation of transport assets as at 30/6/2015.

The major component of Council's net assets is infrastructure assets. Net infrastructure assets total \$848.5 million and include the following categories and amounts:

Infrastructure Assets	At Fair Value (FV) (\$m)	Accumulated Depreciation (\$m)	Written Down Value (\$m)	Accumulated Depreciation/ At FV %
Roads, Bridges, Footpaths & Earthworks	731.7	203.2	528.5	27.8
Stormwater Drainage	76.7	26.6	50.1	34.7
Water Supply Network	125.2	52.4	72.8	41.9
Wastewater Services Network	310.4	127.4	183.0	41.0
Swimming Pools	5.2	0.7	4.5	13.5
Other Open Space/Recreational Assets	17.3	7.7	9.6	44.5
Total Infrastructure Assets	1,266.5	418.0	848.5	33.0

3. Income from continuing operations (Note 3)

Income from continuing operations increased by \$2.07 million or 2.05% compared to 2013/14. A summary of the individual categories and comparisons for the last three years is provided below:

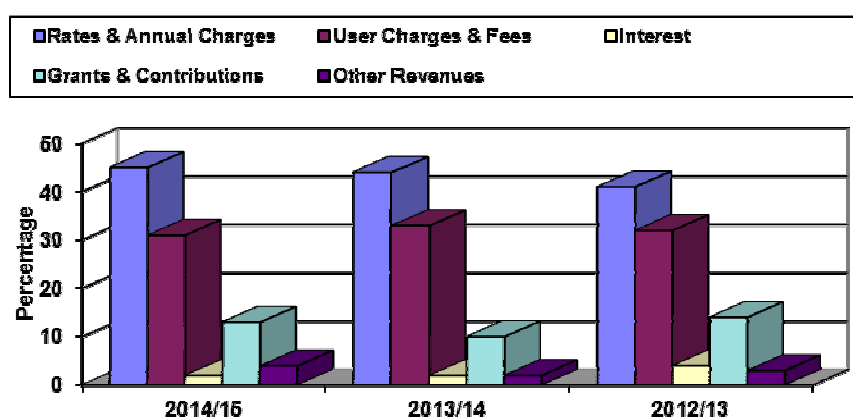
Type	2014/15 (\$'000)	% Change	2013/14 (\$'000)	% Change	2012/13 (\$'000)
Rates & Annual Charges	45,443	4.32	43,562	5.29	41,375
User Charges & Fees	31,875	(3.52)	33,038	3.69	31,861
Interest	1,758	(17.66)	2,135	(42.62)	3,721
Other revenues	6,265	157.61	2,432	(19.42)	3,018
Grants & Contributions – Operating	13,339	27.58	10,455	(26.92)	14,306
Grants & Contributions – Capital	4,135	(54.17)	9,023	1.83	8,861
Gain on Disposal of Assets	0	n/a	0	n/a	0
Net share of interests in Joint Ventures & Associated Entities	0	n/a	104	n/a	0
Total	102,815	2.05	100,749	(2.32)	103,142

- **Rates & Annual Charges** – Income from rates have increased by 2.51% which is in line with rate pegging and anticipated growth. Annual charges have increased by 6.81% or \$1.2 million with the major areas being Wastewater \$533,000, Water \$315,000, Waste Minimisation \$199,000 and Domestic Waste Management \$170,000. These increases are in line with the expectations from the 1 Year Plan – 2014/15.
- **User Charges & Fees** – Decreased by (3.5%) or (\$1.16) million. The major movements in these incomes were attributable to an increase in Waste Disposal charges \$460,000, an increase in Water Supply service charges \$630,000, offset by a decrease in Northern Rivers Quarry & Asphalt fees (\$2.16) million and a decrease in Roads & Maritime Services (RMS) charges of (\$448,000) for works on roads undertaken on State Roads not controlled by Council.
- **Interest** – The interest and investment return comprises interest on investments of \$1.4 million and market value adjustments on investments held of \$12,000. There has been an overall decrease in investment returns of (\$351,000) compared to 2013/14. This is mainly attributable to reduced interest rates available in the market place.
- **Other revenues** – The major movements from 2013/14 are an increase in income generated from recycling operations \$1.37 million and the reassessment in the provision for waste facility remediation of \$2.30 million.

- **Grants & Contributions – Operating** – Grants and contributions for operating purposes increased from 2013/14 by \$2.88 million. The major movement is an increase in the Financial Assistance Grants of \$3.20 million. This relates to the timing of payment from the Commonwealth which meant there was only 50% of the funding physically received in the 2013/14 year compared to the full amount in 2014/15. An increase of \$1.30 million in contributions for RMS is also a major factor in the overall increase. This was offset by a decrease in Natural Disaster Emergency Funding from RMS of (\$1.32) million.
- **Grants & Contributions – Capital** – Grants and contributions for capital purposes decreased from 2013/14 by (\$4.89) million. The grant funding decrease was mainly due to the Building Better Regional Cities project of \$5.013 million being received in 2013/14. Developer contributions (Section 94/64) increased from last year by \$322,000 while other contributions decreased by (\$605,000).

The following graph represents the main types of income from continuing operations expressed as a percentage of total continuing operations for 2014/15, 2013/14 and 2012/13. It clearly shows Council's reliance on Rates & Annual Charges: -

Major income types as a % of total income from continuing operations



4. Expenses from continuing operations (Note 4)

Expenses from continuing operations have increased by (\$6.94) million or 7.3% from 2013/14 to 2014/15. A summary of the individual categories and comparisons for the last three years is provided below:

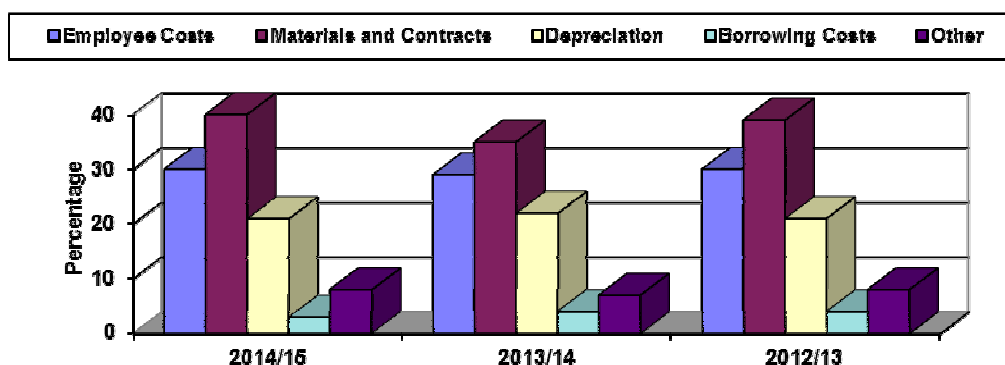
Type	2014/15 (\$'000)	% Change	2013/14 (\$'000)	% Change	2012/13 (\$'000)
Employee Costs	30,007	4.58	28,693	(4.94)	30,185
Borrowing Costs	3,278	(11.41)	3,700	3.53	3,574
Materials & Contracts	39,862	12.87	35,318	(10.49)	39,457
Depreciation	20,601	2.56	20,087	(4.64)	21,065
Other	4,984	2.09	4,882	(0.65)	4,914
Loss on Disposal of Assets	3,166	36.29	2,323	(18.320)	2,844
Net share of interests in Joint Ventures & Associated Entities	42	n/a	0	n/a	0
Total	101,940	7.30	95,003	(6.90)	102,039

An increase compared to 2013/14 is shown for Employee Costs of (\$1.31) million. The majority of this increase was a result of costs relating to infrastructure works on roads not capitalised as they are not owned by Council. This mainly related to the Building Better Regional Cities project. An increase is also shown for Materials & Contracts of (\$4.54) million. This increase is also mainly in relation to the Building Better Regional Cities Grant project.

An increase compared to 2013/14 is shown for Depreciation of (\$514,000). The main reason for the increase is the application of the transport assets revaluation completed in 2013/14 and reassessed in 2014/15. The reassessment carried out in 2014/15 was due to the 2013/14 revaluation not including all infrastructure assets and the roads sub-base being deleted for most sealed roads.

The following graph represents the types of expenses from continuing operations expressed as a percentage of total continuing expenses for 2014/15, 2013/14 and 2012/13:

Expenses from continuing operations



5. Cash, Cash Equivalents and Investments (Note 6a, 6b & 6c)

Council has total cash, cash equivalents and investments of \$38.58 million as at 30 June 2015. Compared to 2013/14, this is an increase of \$3.74 million. Typically, Council's total cash, cash equivalents and investments are reasonably stable, but can fluctuate depending on the timing of cash flows and investment decisions.

Council is required to recognise investments held at 30 June each year at their market value. As with previous years, volatility within financial markets continued during 2014/15. Based on market values, the book value of Council's investments has increased by approximately \$12,000.

For 30 June 2015, all cash, cash equivalents and investments are either restricted by external legislation e.g. developer contributions - Section 94 \$4.38 million, Wastewater Services \$16.75 million, Water Supply Services \$4.57 million, Unexpended Grants \$1.49 million, Stormwater Management \$1.01 million, Domestic Waste Management \$154,000 and Trust Fund \$729,000, or by Council's internal policy e.g. unexpended loans \$1.57 million and internal reserves \$7.92 million.

6. Statement of performance measurements (Note 13)

To clarify the meaning and implication, a simple definition of each indicator is listed below:

- a) Operating Performance Ratio – This ratio measures Council's achievement of containing operating expenditure within operating revenue. The benchmark is greater than 0%.
- b) Own Source Operating Revenue Ratio – This ratio measures fiscal flexibility. It measures Council's reliance on external funding sources such as operating grants and contributions. Council's financial flexibility improves the higher the level of its own source revenue. The benchmark is greater than 60%.
- c) Unrestricted Current Ratio – This ratio represents Council's ability to meet short term obligations as they fall due. It is the total cash or cash convertible assets available to meet liabilities within the next twelve months, or current period, expressed on a dollar for dollar basis excluding assets and liabilities. The benchmark is greater than 1.5.

- d) Debt Service Cover Ratio – This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than 2.
- e) Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage – This ratio is to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts. This percentage is based on the amount outstanding as a percentage of the amount to be collected for rates and annual charges for the current year and outstanding from previous years. The benchmark for this ratio is <10% for Council.
- f) Cash Expenses Cover Ratio – This liquidity ratio indicated the number of months Council can continue paying for its immediate expenses without additional cash inflows. The benchmark is greater than 3 months.

The following table is a summary of the key performance indicators from 2012/13 to 2014/15:

Performance Indicator	2014/15	2013/14	2012/13
Operating Performance Ratio	(2.46%)	(1.54%)	(7.18%)
Own Source Operating Revenue Ratio	82.61%	80.58%	77.16%
Unrestricted Current Ratio	1.71x	1.72x	1.67x
Debt Service Cover Ratio	3.26x	2.34x	2.93x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	11.38%	11.45%	11.62%
Cash Expense Cover Ratio (months)	5.25	4.65	5.09

Commentary on all performance indicator results is provided below:-

- a) Operating Performance Ratio – Unfavourable. The result is below the benchmark. On review, the trend is of improving results and this reflects the financial sustainability and infrastructure assets focus adopted by Council in Imagine Lismore.
- b) Own Source Operating Revenue – Favourable. The result is above the benchmark and has improved over the last three years.
- c) Unrestricted Current Ratio – Favourable. This result is above the benchmark.
- d) Debt Service Cover Ratio – Favourable. This result is above the benchmark.
- e) Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage – Unfavourable. This result is above the benchmark, but for 2014/15 there has been a small improvement. On a fund by fund basis the percentages are Rates 9.16%, Water 22.39% and Wastewater 13.81%. A comprehensive approach to debt recovery has been implemented and continued improvement is anticipated over time.
- f) Cash Expenses Cover Ratio – Favourable. This result is above the benchmark.

7. Prior Period Adjustments

A number of prior period adjustments are also reported in the 2014/15 Financial Reports. They relate the following items:-

i) Recognition of Infrastructure (Regional Roads) – \$84.321 million

Subsequent to the finalisation of the 2013/14 Financial Report, it was reported that the independent revaluation of the transport network as at 30 June 2014 did not include regional roads. Changes to the 2013/14 Financial Reports were not required but the changes were to be recognised as part of the 2014/15 Financial Reports.

The Regional Roads are now recognised with a written down replacement cost of \$84.321 million as at 30 June 2014 and increased the Infrastructure Revaluation Reserve by a corresponding amount reported in the 2014/15 Financial Reports.

ii) Adjustment to Infrastructure (Road Pavement) Value – (\$172.366) million

The 2014/15 revaluation of transport assets identified that the reported depth of road pavement in prior years was overstated as most sealed roads do not have a subbase. As a result, the value of road pavement as at 1 July 2013 was reduced by \$172.366 million to correctly reflect the fair value of actual pavement in the Council’s road network.

To offset this adjustment, \$170.166 million reduction against Retained Earnings and \$2.2 million reduction in Depreciation Expenses have been recognised in 2013/14.

iii) Adjustment to Depreciation Expenses – \$2.2 million

The adjustment to Infrastructure (Road Pavement) as at 1 July 2013 has the effect of reducing the related depreciation expense in 2013/14 by \$2.2 million. As a result, the Net Operating Result for 2013/14 has been increased by a corresponding amount.

Part B: Special Purpose Financial Statements

8. Return on Capital

Based on National Competition Policy guidelines, the following activities of Council have been nominated as business activities - Water, Wastewater, Quarry (NRQ&A), Waste Disposal, Lismore Crematorium and Goonellabah Sports & Aquatic Centre (Gymnasium and Learn to Swim).

National Competition Policy guidelines stipulate that Council must declare Water and Wastewater as business activities, even though there is some dispute as to whether these funds operate for commercial benefit or to ensure an essential service is provided at a reasonable cost. The other activities have been declared as they meet the criteria established for business activities, primarily because there are competitors in the market place for which Council actively competes for market share.

The following table provides a summary of the return on capital for Council’s business activities during 2014/15.

Business Unit	Return % 2014/15	Return % 2013/14
Water	0.9	(0.4)
Wastewater	0.2	0.3
NRQ&A	(5.9)	18.6
Waste Disposal	28.3	(0.9)
Lismore Crematorium	23.2	28.2
GSAC - Gymnasium	n/a	n/a
GSAC – Learn to Swim	n/a	n/a

9. Subsidy from Council

Council is deemed to have made a subsidy to a business unit if the capital return is less than the ‘risk free rate’. The risk free rate is considered to be equivalent to the 10 Year Government Bond Rate applicable at 30 June 2015 of 3.02%.

Summarised below are the calculated subsidies applicable to these business units. This is based on competitive neutrality guidelines and reflects the ‘true cost’ of Council’s subsidy. It is important to note that this is not a direct cash contribution from Council.

Business Unit	\$'000	Business Unit	\$'000
Water	1,625	Waste Disposal	-
Wastewater	5,332	Lismore Crematorium	-
NRQ&A	507	GSAC - Gymnasium	387
GSAC – Learn to Swim	174		

Part C: Special Schedules

10. Infrastructure Asset Performance Indicators

To clarify the meaning and implication, a simple definition of each indicator is listed below:

- a) Building, Infrastructure & Other Structures Renewal Ratio – To assess the rate at which these assets are being renewed against the rate at which they are depreciating.
- b) Infrastructure Backlog Ratio – To show what proportion the backlog is against the total value of infrastructure.
- c) Asset Maintenance Ratio – To compare actual versus required annual asset maintenance. A ratio of above 1.0 indicates that Council is investing enough funds within the year to stop the Infrastructure Backlog from growing.
- d) Capital Expenditure Ratio – To indicate the extent to which Council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets. The benchmark is greater than 1.1.

The following table is a summary of the key performance indicators from 2012/13 to 2014/15:

Performance Indicator	2014/15	2013/14	2012/13
Building, Infrastructure & Other Structures Renewal Ratio	94.11%	86.70%	71.31%
Infrastructure Backlog Ratio	23.64%	3.70%	3.18%
Asset Maintenance Ratio	0.98	0.75	0.88
Capital Expenditure Ratio	0.84	1.36	1.17

Commentary on all performance indicator results is provided below:-

- a) Building, Infrastructure & Other Structures Renewal Ratio – Unfavourable. The result is below the benchmark of 100% which indicates that funds are not being expended in renewing existing assets at the same rate as depreciation. This is being address with the integration of the Asset Management Plans and the Long Term Financial Plan.
- b) Infrastructure Backlog Ratio – Unfavourable. Council has an infrastructure backlog of 23.64% of its total asset value.
- c) Asset Maintenance Ratio – Unfavourable. This result is below the benchmark of 1.0. This has increased in 2014/15 which means that Council has invested more funds within the year to stop the Infrastructure Backlog from growing.
- d) Capital Expenditure Ratio – Unfavourable. The result is below the benchmark of 1.1 which means Council is not forecasting to expand its asset base.

11. Summary

Council remains in a sound financial position with cash, cash equivalents and investments at reasonable levels, key performance indicators mostly within acceptable ranges and liabilities such as loans at a manageable level.

The Net Operating Result for 2014/15 has shown a decrease from the previous year due primarily to an increase in employee costs and materials & contracts along with a decrease in grants & contributions provided for capital purposes and user fees & charges. This has been offset by a small increase in rates & annual charges and grants & contributions provided for operating purposes.

As at 30 June 2015, Council's net infrastructure assets totalled \$848.5 million. To provide adequate funding to replace this infrastructure as and when required, Council must achieve a surplus 'Net operating result for the year before capital grants and contributions'.

Having an agreed position on asset management requirements and integrating these into a long term financial plan are likely to have a significant impact on Council's financial ability to provide a broad range of works and services on an ongoing basis.

It is considered essential that the actions planned in the Long Term Financial Plan 2015-2025 be implemented to move Council towards financial sustainability and to provide increased funding for asset management requirements.