

# Lismore City Council

Financial Reports

for the year ended 30 June 2013

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Mission Statement :-

*“To work with the community to maintain Lismore  
as the regional centre in a healthy rural setting”*



# Lismore City Council

## CONTENTS

1. General Purpose Financial Statements	3
2. Special Purpose Financial Statements	87
3. Special Schedules	111
4. Financial Reports Review	132



# Lismore City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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Mission Statement :-

*“To work with the community to maintain Lismore  
as the regional centre in a healthy rural setting”*



# Lismore City Council

## General Purpose Financial Statements

for the financial year ended 30 June 2013

Contents	Page
<b>1. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	i
- On the Conduct of the Audit (Sect 417 [3])	iv
<b>2. Statement by Councillors &amp; Management</b>	<b>5</b>
<b>3. Primary Financial Statements:</b>	
- Income Statement	6
- Statement of Comprehensive Income	7
- Statement of Financial Position	8
- Statement of Changes in Equity	9
- Statement of Cash Flows	10
<b>4. Notes to the Financial Statements</b>	<b>12</b>

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations of 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 22 October 2013. Council has the power to amend and reissue these financial statements.
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**LISMORE CITY COUNCIL  
GENERAL PURPOSE FINANCIAL REPORT  
INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial report of Lismore City Council (the Council), which comprises the Statement of Financial Position as at 30 June 2013, the income statement, the statement of comprehensive income, the statement of changes in equity and the 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 Report**

The Council is responsible for the preparation of the financial report that gives a true and fair view 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 of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 report.

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.

## Auditor's Opinion

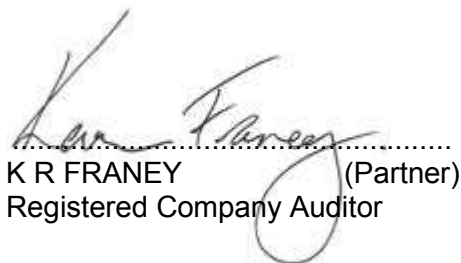
In our opinion:

- a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- b) the financial report:
  - i. has been presented in accordance with the requirements of this Division;
  - ii. is consistent with the Council's accounting records;
  - iii. presents fairly the Council's financial position as at 30 June 2013 and the results of its operations for the year then ended; and
  - iv. is in accordance with applicable Australian Accounting Standards and the Local Government (General) Regulations 2005;
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

## Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the general purpose financial report of Lismore City Council for the year ended 30 June 2013 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 report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report 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 report to confirm the information contained in this website version of the financial report.

## THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS



.....  
K R FRANEY (Partner)  
Registered Company Auditor

Dated at Lismore this 22<sup>nd</sup> day of October 2013



**Thomas Noble & Russell**  
Accountants | Auditors | Business Advisers

Lismore, 22 October 2013

Mayor and Councillors  
Lismore City Council  
Council Chambers  
Oliver Avenue  
GOONELLABAH NSW 2480

Dear Councillors


We advise that we have completed our audit of the Council's general purpose and special purpose financial reports for the year ended 30 June 2013.

In accordance with section 417 of the *Local Government Act 1993* we now report on the conduct of the audit.

Yours faithfully

**THOMAS NOBLE & RUSSELL**

Per:



.....  
K R FRANEY (Partner)  
Registered Company Auditor

**Lismore City Council**

**Report to Council under s417 of  
the Local Government Act 1993**

**30 June 2013**



Thomas  
Noble &  
Russell

Accountants | Auditors | Business Advisers





# CONTENTS

<b>1.</b>	<b>COUNCIL'S FINANCIAL REPORTING REQUIREMENTS.....</b>	<b>vi</b>
<b>2.</b>	<b>AUDITOR'S RESPONSIBILITIES .....</b>	<b>vii</b>
<b>3.</b>	<b>CONSOLIDATED OPERATING RESULT .....</b>	<b>viii</b>
	<b>3.1 Analysis of Result from Continuing Operations before Capital Amounts.....</b>	<b>viii</b>
	<b>3.2 Other Material Items Impacting the Consolidated Operating Result.....</b>	<b>x</b>
<b>4.</b>	<b>DECLARED BUSINESS ACTIVITIES UNDER THE NATIONAL COMPETITION GUIDELINES.....</b>	<b>xi</b>
<b>5.</b>	<b>STATEMENT OF FINANCIAL POSITION.....</b>	<b>xiii</b>
	<b>5.1 Cash and Investments.....</b>	<b>xiii</b>
	<b>5.2 Infrastructure, Property, Plant &amp; Equipment (I, PP&amp;E).....</b>	<b>xiv</b>
	<b>5.3 Loans Liability .....</b>	<b>xvi</b>
<b>6.</b>	<b>PERFORMANCE INDICATORS.....</b>	<b>xvii</b>
<b>7.</b>	<b>OTHER MATTERS FOR CONSIDERATION .....</b>	<b>xxiv</b>
	<b>7.1 Corporate Governance.....</b>	<b>xxiv</b>
	<b>7.2 Internal Control Environment .....</b>	<b>xxiv</b>

## 1. COUNCIL'S FINANCIAL REPORTING REQUIREMENTS

Council is required to prepare two financial reports ready for audit each year:

### *General Purpose Financial Report*

This financial report presents the financial position and performance of the Council on a consolidated basis which includes all controlled Council operations such as general, water and wastewater funds as well as domestic waste management activities. Council has prepared its general purpose financial report in accordance with the Division of Local Government Code of Accounting Practice Manual which adopts applicable Australian Accounting Standards as the framework for financial reporting.

### *Special Purpose Financial Report*

This financial report provides an understanding of the financial position and performance of Council's declared business activities as required under National Competition Policy. Council's declared business activities for the 2013 financial year were:

- Water fund operations
- Wastewater fund operations
- Quarry operations
- Waste collection operations
- Waste disposal operations
- Real estate activities
- Lismore Memorial Gardens operations
- Commercial property operations, and
- Goonellabah Sports & Aquatic Centre

Council is not required to adopt Australian Accounting Standards when preparing this financial report however the financial position and performance have been calculated by adopting applicable Accounting Standard requirements.

## 2. AUDITOR'S RESPONSIBILITIES

Council's annual financial audit engagement has been conducted in accordance with Australian Auditing Standards as well as Australian Professional and Ethical Standards.

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.

### Forming Our Audit Opinion

Our function as auditors is to examine the general purpose and special purpose financial reports presented to us by the Council to allow us to express an audit opinion. Our audit opinion does not cover:

- i) The original budget information included in:
  - The income statement;
  - The statement of cash flows; and
  - Note 2(a) to the general purpose financial statements;
- ii) Note 16 budget variation explanations in the general purpose financial report;
- iii) Note 17 forecast information contained in the general purpose financial report; and
- iv) The best practice disclosures in notes 2 & 3 to the special purpose financial statements.

As auditors of the Council we are not responsible for the preparation of the financial reports, the maintenance of accounting records or the organisation's systems of internal control. These responsibilities, together with the requirement to present financial reports, which give a true and fair view of the state of the Council's affairs and of its results are imposed on the Council and Management by the Local Government Act 1993 and the Local Government (General) Regulation 2005.

### 3. CONSOLIDATED OPERATING RESULT

Council's operating result from continuing operations for the year ended 30 June 2013 was a gain of \$1,103,000. This compares to a loss in 2012 of \$3,692,000. This result can be summarised as follows:

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Revenues from continuing operations	82,018	87,214	88,381	92,264
Expenses from continuing operations	(68,053)	(72,916)	(72,397)	(77,844)
Result from continuing operations before depreciation	13,965	14,298	15,984	14,420
Less: Depreciation expense	(20,368)	(23,209)	(23,251)	(21,065)
<b>Result from continuing operations before capital amounts</b>	<b>(6,403)</b>	<b>(8,911)</b>	<b>(7,267)</b>	<b>(6,645)</b>
Capital grants and contributions	9,747	7,620	6,801	8,861
Fair value gains / (losses) on investments	633	933	35	1,731
Consolidation of Richmond Tweed Regional Library into Lismore City Council	5,196	-	-	-
Gain on recognition of interest-free loans	2,510	-	-	-
Gain / (loss) on disposal of assets	1,024	(6,523)	(3,261)	(2,844)
Surplus / (Deficit) from all activities	12,707	(6,881)	(3,692)	1,103

#### 3.1 Analysis of Result from Continuing Operations before Capital Amounts

The deficit from continuing operations before capital amounts has decreased from \$7,267,000 in 2012 to \$6,645,000 in 2013. Some of the material components contributing to the deficit reduction include:

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
<b>REVENUE</b>		
General Rates	985	General rates revenue has increased in accordance with the rate-pegged increment plus growth in the rateable properties.
Annual Charges	787	Annual charges revenue has increased in accordance with movements in Council's fees and charges schedule as well as population growth.



Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Quarry Revenue	2,100	Increased demand for quarry product arising from the construction of the Tintenbar to Ewingsdale bypass has assisted revenue growth.
RMS Charges	1,881	The revenue generated from the provision of maintenance services to the RMS roads network is governed by the amount and nature of service requests from the RMS. The increment in ordered works revenue largely relates to the rehabilitation of the Bruxner Highway at Parrots Nest.
Interest & Investment Revenue	(576)	Council's interest and investment revenue has decreased as interest rates have reduced on multiple occasions during the financial year.
Waste Disposal	(701)	Waste disposal was restructured in 2013. Hence the decrease in revenue is the income being reclassified to "Recycling Income".
Recycling Income	1,139	As explained above, the increase is attributable by the reassigned income from waste disposal. The net increase of \$438,000 (\$1,139,000 - \$701,000) is due to improved trading conditions.
<b>EXPENSES</b>		
Employee Benefits & On-Costs	2,091	Employee costs have increased due to several factors, including 3.25% award increments and a small increase in full-time equivalent staff numbers.
Materials and Contracts	3,263	Materials and contracts expense has been influenced by additional quarry production and the delivery of services to the Roads and Maritime Services roads management programme.

### 3.2 Other Material Items Impacting the Consolidated Operating Result

Council's consolidated operating result can be influenced by transactions that may not be recurring or are unrelated to core service delivery. The 2013 consolidated operating surplus of \$1,103,000 has been impacted by the following significant items.

#### Fair Value Movement of Investments

All of Council's investments are recognised in the financial statements at their fair value. Any movements in the fair value of Council's investments are recognised as a revenue or expense in the income statement. Council receives independent valuations for each of its investments so that it may accurately report their fair value in the statement of financial position. The fair value of Council's investment portfolio has increased by \$1,731,000 during the 2013 financial year (2012: \$35,000) and this has been recognised as revenue in the income statement.

#### Net Losses from the Disposal of Infrastructure, Property, Plant & Equipment

Each year Council disposes various assets. These include the disposal of infrastructure assets in the normal course of Council's budgeted asset replacement program as well as the sale of plant and equipment and real estate. Council has realised a net loss on the disposal of infrastructure, property, plant & equipment of \$2,844,000 which is largely attributable the replacement of water infrastructure, bridge and roads infrastructure.

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Infrastructure assets replaces / scrapped				
- Transport & Drainage	-	(3,422)	(3,692)	(1,966)
- Water	(303)	(298)	-	(725)
- Wastewater	(144)	(3,463)	-	(1,070)
Profit on sale of plant and equipment	120	491	357	608
Profit on sale of real estate assets	1,351	130	74	608
Profit / (Loss) on sale of other property	-	39	-	(299)

#### Capital Grants & Contributions

Capital grants received during the year amounted to \$5,432,000 and largely consisted of grants:

- received under the Roads to Recovery scheme \$913,000; and
- received for refurbishment of the Lismore City Hall \$4,083,000.



Capital contributions received during the year totalled \$3,429,000. A downturn in economic activity is largely attributable to the reduction in revenue when compared to prior years.

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Non cash developer dedications	1,420	2,002	1,824	1,229
Section 94 Contributions - cash	579	962	592	780
Section 64 Contributions - cash	718	697	528	466
RTA Contributions	2,457	823	934	625
Other contributions	18	120	383	329
<b>TOTAL</b>	<b>5,192</b>	<b>4,604</b>	<b>4,261</b>	<b>3,429</b>

#### 4. DECLARED BUSINESS ACTIVITIES UNDER THE NATIONAL COMPETITION GUIDELINES

Under the National Competition guidelines Council is required to apply taxation equivalent principles to each declared business activity similar to those that would apply if they were operating in the commercial sector. Council declared business activities have been reported with operating details and assets disclosed on a gross basis in Council's special purpose financial report.

Council has nominated a required rate of return for each declared business activity which is calculated as the operating result plus interest expense divided by the written down value of infrastructure, property, plant & equipment. Where the return on investment is below the required rate of return, the difference is disclosed as a subsidy. Dividends represent funds used from the relevant business activity for other functions of Council. A summary of the financial performance of Council's declared business activities is detailed below:

Activity	Revenue \$'000	Expenses \$'000	Result Prior to Capital Amounts \$'000	Return on Capital %	Subsidy \$'000	Dividends Paid \$'000
<b>2012/13</b>						
Water	9,926	11,531	(1,605)	(1.8)	4,069	10
Wastewater	11,374	11,773	(399)	0.1	6,792	32
Quarry	13,755	13,672	83	8.1	-	487
Waste Collection	4,535	4,490	45	*	-	-
Waste Disposal	5,372	5,416	(44)	4.5	-	287
Lismore Memorial Gardens	1,167	935	232	10.6	-	-
Commercial Properties	200	330	(130)	(3.1)	290	-
Goonellabah Sports and Aquatic Centre	1,694	3,647	(1,953)	(7.3)	2,024	-
Industrial Land Development	608	118	490	**	-	-



- \* The activity does not have a return on capital as all assets are held in Councils plant fleet operations and are hired at commercial rates to this operation.
- \*\* The activity does not have a return on capital as all assets are held as inventory items.

### Unqualified Audit Opinion on the Special Purpose Financial Report

The special purpose financial report was issued with an unqualified audit report indicating that the financial report as presented by Council provided a true and fair view of the results and financial position of the declared business activities under the National Competition reporting requirements.

### Analysis of Material Business Activities

We provide a brief understanding of some of the material declared business activity operations for the 2013 financial year.

#### Water and Wastewater Services

The Water Supply operating deficit before capital amounts has improved by \$828,000 from the 2012 financial year.

The Wastewater operating deficit before capital amounts has improved by \$1,724,000 from the 2012 financial year.

The improvement in the operating result for Water Supply and Wastewater is largely attributable to a reduction in depreciation expense on infrastructure assets following a reassessment of asset useful lives and residual values at the end of the 2012 financial year.

#### Quarry Operations

Council's quarry operations generated a surplus of \$83,000 for the 2013 financial year. Quarry operations have been influenced by Pacific Highway upgrades. During the year the quarry operations paid a \$487,000 dividend (2012: \$487,000) to general fund in accordance with Council resolutions.

#### Goonellabah Sports & Aquatic Centre

The Goonellabah Sports & Aquatic Centre (GSAC) recorded a deficit of \$1,953,000 in the 2013 year compared to a deficit before capital of \$2,472,000 in 2012. Whilst the GSAC has recorded a significant deficit for the 2013 financial year, the result is in accordance with Council's budget. The Council also ensured that strategic actions are being undertaken such as implementing a marketing strategy and continual revision of costs and quality of service delivery in order to improve the GSAC operations.



## 5. STATEMENT OF FINANCIAL POSITION

We provide commentary on some of the material assets and liabilities appearing on Council's Statement of Financial Position as at 30 June 2013.

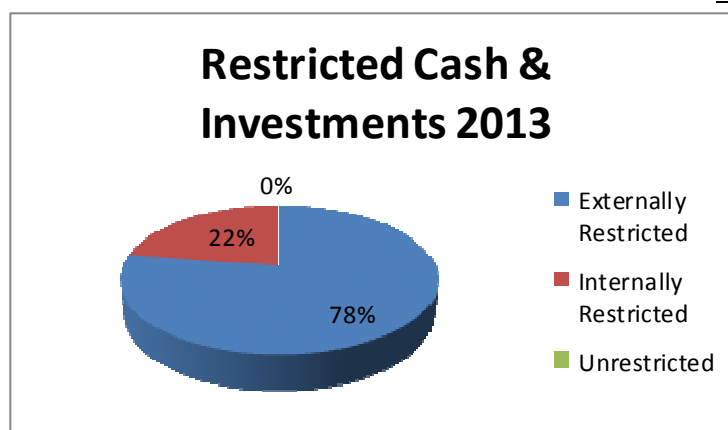
### 5.1 Cash and Investments

Council's cash and investments are carried at their fair value. Council's total cash and investments have decreased by \$3,148,000 during the 2013 financial year. A summary of the movement of Council's cash and investments is as follows:

	2011 \$'000	2012 \$'000	2013 \$'000
Fair value of investments at beginning of the year	6,757	8,440	9,208
Cash and cash equivalents at beginning of the year	37,988	31,435	32,961
Investments purchased	4,400	2,000	13,000
Increase / (Decrease) in cash and cash equivalents	(6,553)	1,526	(11,729)
Investments sold or redeemed	(3,650)	(1,267)	(6,150)
Movement in fair value	933	35	1,731
Fair value of cash, cash equivalents and investments as at balance date	39,875	42,169	39,021

The table below illustrates that cash and investments have been set aside in externally and internally restricted reserves.

	2012 \$'000	2013 \$'000
Externally Restricted Cash and Investments	29,734	30,256
Internally Restricted Cash and Investments	12,435	8,765
Unrestricted Cash and Investments	-	-
	42,169	39,021





At reporting date, Council's cash and investment portfolio consisted of the following cash assets and investment products:

	2011 \$'000	2012 \$'000	2013 \$'000
<b>Cash and Cash Equivalents</b>			
Cash on Hand and at Bank	566	555	589
Deposits at Call	4,869	7,406	5,643
Short Term Deposits	26,000	25,000	15,000
	<u>31,435</u>	<u>32,961</u>	<u>21,232</u>
<b>Investments</b>			
Managed Funds	2,078	1,554	1,237
Collateralised Debt Obligations	1,116	329	552
Equity Linked Notes	846	925	-
Long Term Deposits	4,400	5,400	15,000
Other Long Term Maturity Financial Instruments	-	1,000	1,000
	<u>8,440</u>	<u>9,208</u>	<u>17,789</u>
Total Cash and Investments at 30 June	<u>39,875</u>	<u>42,169</u>	<u>39,021</u>


Council is managing its investment portfolio in accordance with the Minister's Investment Order which is applicable to all local government authorities.

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

The largest asset or liability appearing on Council's Statement of Financial Position is I,P,PP&E. Note 9 to the general purpose financial statements provides an understanding of Council's I,P,PP&E and illustrates that Council is responsible for maintaining and improving assets with a written down value in excess of \$1billion.

Each year Council budgets to replace, renew or capitalise additional assets. An illustration of I,PP&E capitalised over the past three years is provided below:

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
<b>Non-cash Developer Dedications</b>				
Roads and Drainage Network	888	1,348	750	406
Water Supply Network	380	210	148	123
Wastewater Network	152	444	675	639
<b>Council Constructed / Purchased Assets</b>				
Assets Under Construction	11,228	6,065	10,000	2,863
Land and Buildings	1,620	872	1,025	6,182
Plant and Equipment	3,944	2,412	4,302	5,939
Roads and Drainage Network	5,971	7,050	6,636	3,697
Other Infrastructure	1,311	916	146	711



Library Books	3,985	765	790	692
Water Supply Network	1,185	1,613	1,578	2,096
Wastewater Network	797	2,700	1,263	7,022
	<u>31,461</u>	<u>24,395</u>	<u>27,313</u>	<u>30,370</u>

**Assets under construction comprises:**

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Bridges and culverts	968	2,533	1,071	-
Transport & Drainage infrastructure	5,256	1,385	142	2,526
Water infrastructure	97	53	-	4
Wastewater infrastructure	4,531	1,562	8,339	39
Other assets	376	532	448	294
	<u>11,228</u>	<u>6,065</u>	<u>10,000</u>	<u>2,863</u>

### Asset Revaluations 2013

The Division of Local Government has mandated that all infrastructure assets including land and buildings are to be recognised in Council's financial records at their fair value. Fair value represents the written-down replacement cost of each asset that is constructed using modern day equivalent materials, design and capacity.

During the year Council revalued its operational land (excludes community land) and buildings by contracting specialist asset valuers. This revaluation process, together with fair value indexing to other infrastructure assets has resulted in the written down value of assets and the asset revaluation reserve increasing by \$92,274,000.

### Asset Management

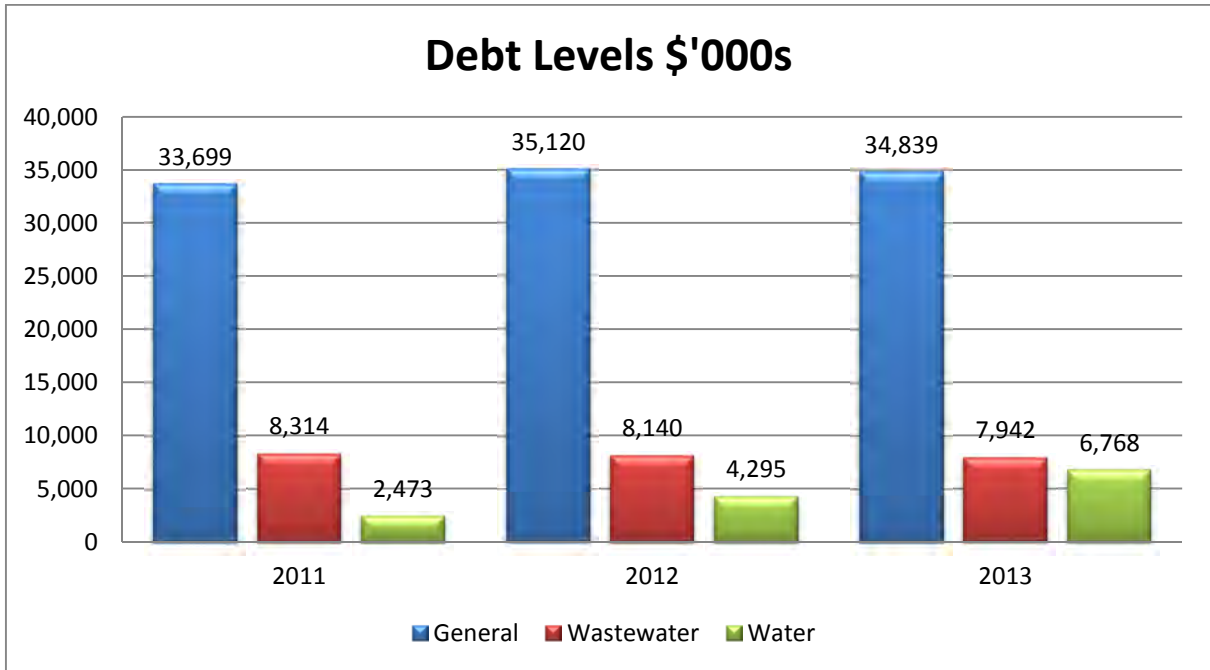
Infrastructure, property, plant and equipment represent the largest asset group on the Council's Statement of Financial Position. The management of infrastructure, property, plant and equipment is an important part of Council's objectives. To ensure Council is able to manage its large infrastructure portfolio it is important that it continues to develop asset management systems and associated resources so that revenue and borrowings are utilised effectively and efficiently and integrated strategic planning goals are achieved.

### 5.3 Loans Liability

Council has total borrowings at reporting date of \$49,549,000 increasing from \$47,555,000 in 2012. The total loan liability at reporting date is attributable to the Council's operating funds as follows:

During the 2013 financial year Council executed new borrowings of \$4,570,000, the majority of which will be used for the purposes of replacing, upgrading or purchasing infrastructure, property, plant and equipment.

In 2013, Council also renewed borrowing of \$4,154,000 and repaid principal totalling \$2,600,640. Council has budgeted to repay loans of \$5,860,845 during the 2014 financial year. The table below provides an understanding of Council's debt levels over the past three years for each fund.





## 6. PERFORMANCE INDICATORS

Council's performance can be measured using selected indicators. The local government sector utilises certain key performance indicators to measure some aspects of its financial position and performance. Note 13 to the general purpose financial statements provide details of local government sector key performance indicators on a consolidated and fund-by-fund basis. We provide an analysis of some of these key performance indicators on a fund-by-fund basis.

When interpreting the ratios below, it is important to recognize that they represent a measure of certain aspects of Council's operations at a particular point in time and do not provide a complete assessment of Council's financial performance or position nor do they consider the plans Council has in place to manage its operations into the future.

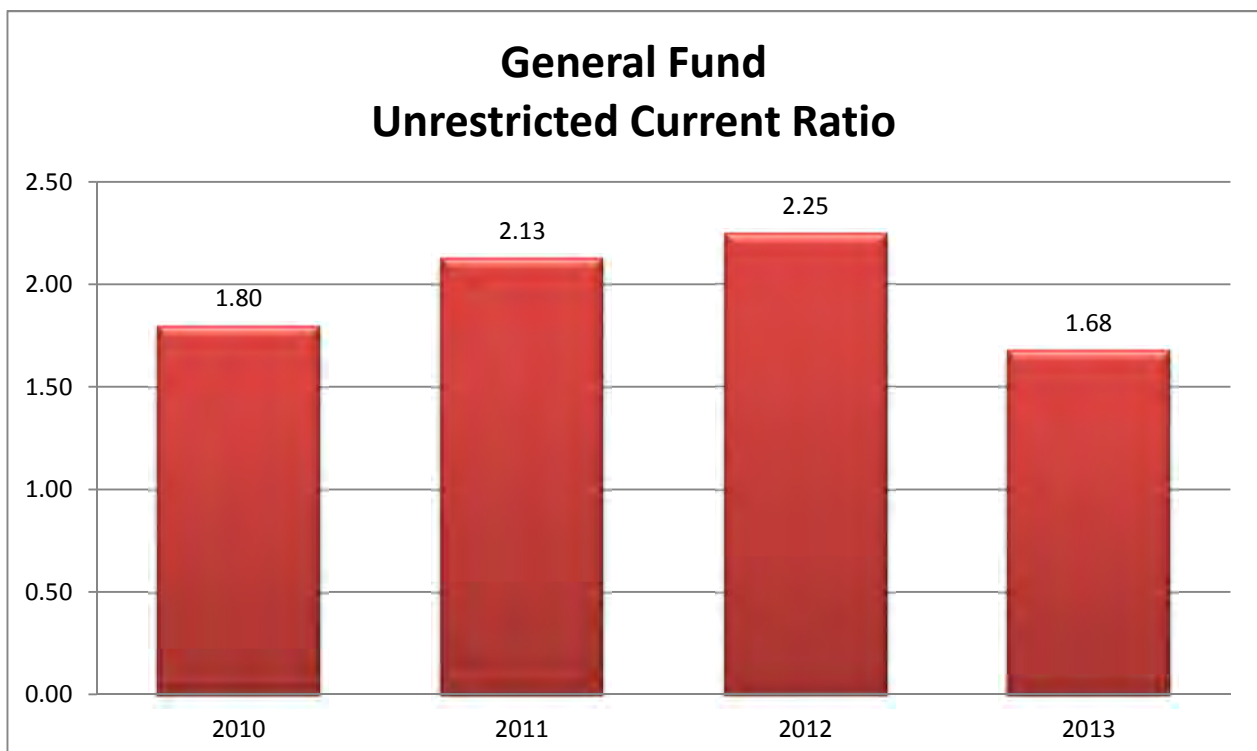
### Unrestricted Current Ratio

The unrestricted current ratio represents Council's capacity to meet its short term commitments from current assets net of externally restricted cash, investments and receivables.

Factors influencing Council's unrestricted current assets ratio include:

- Planning and budgetary controls;
- Cash management and the timing of cash flows;
- The level of internally restricted assets; and
- Credit management policies and economic circumstances

### General Fund Unrestricted Current Ratio



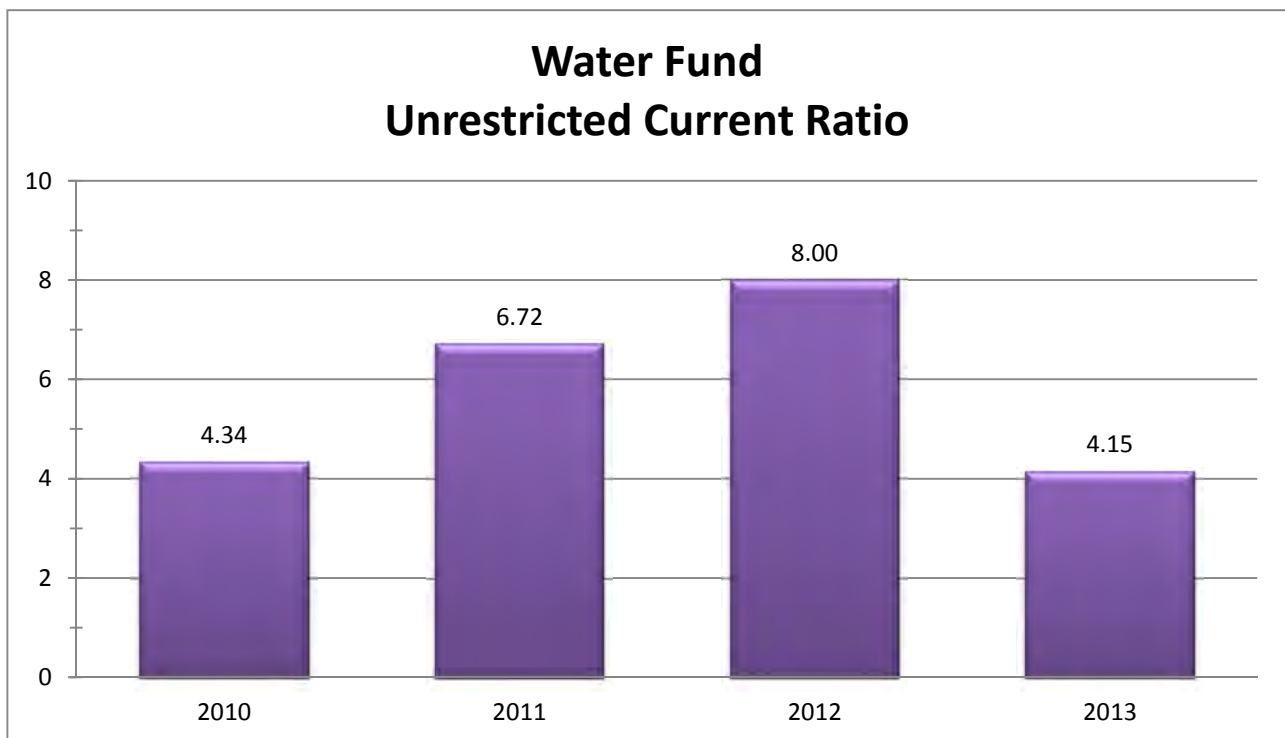


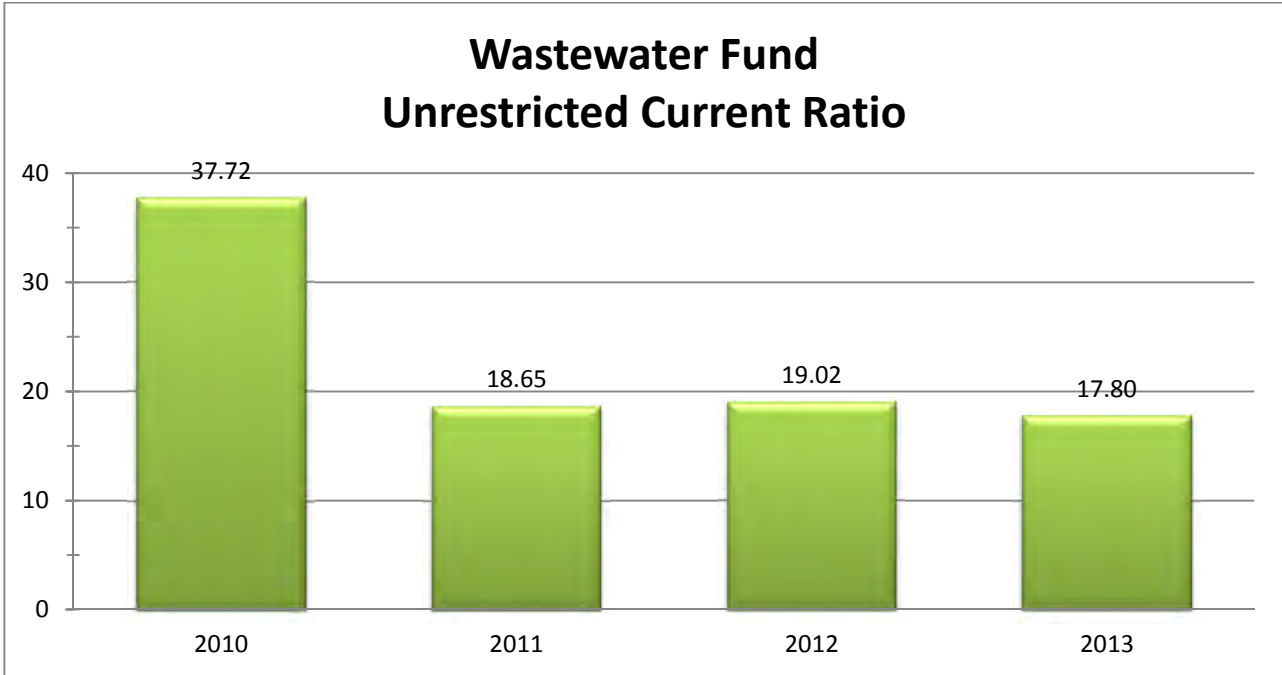
Council's general fund unrestricted current ratio has decreased from 2.25 in 2012 to 1.68 as at 30 June 2013. The reduction in this ratio has been influenced by the planned payment of \$3 million of borrowings in the next twelve months. An unrestricted current ratio of 1.68 means that Council's general fund has \$1.68 held in the form of cash and other liquid assets to satisfy every \$1 in short-term liabilities.

An unrestricted current ratio of at least 1.5 is considered to be an appropriate level to allow Council to satisfy its day-to-day commitments and absorb any unforeseen expenses or reductions in revenue.

### Wastewater and Water Fund Unrestricted Current Ratio

The unrestricted current ratio for water and wastewater activities may fluctuate significantly. Yearly movements in this ratio may result from the build-up of internal reserves and the impact of lower debt levels and will continue to fluctuate in the future as further funds are collected and then expended on infrastructure improvements.

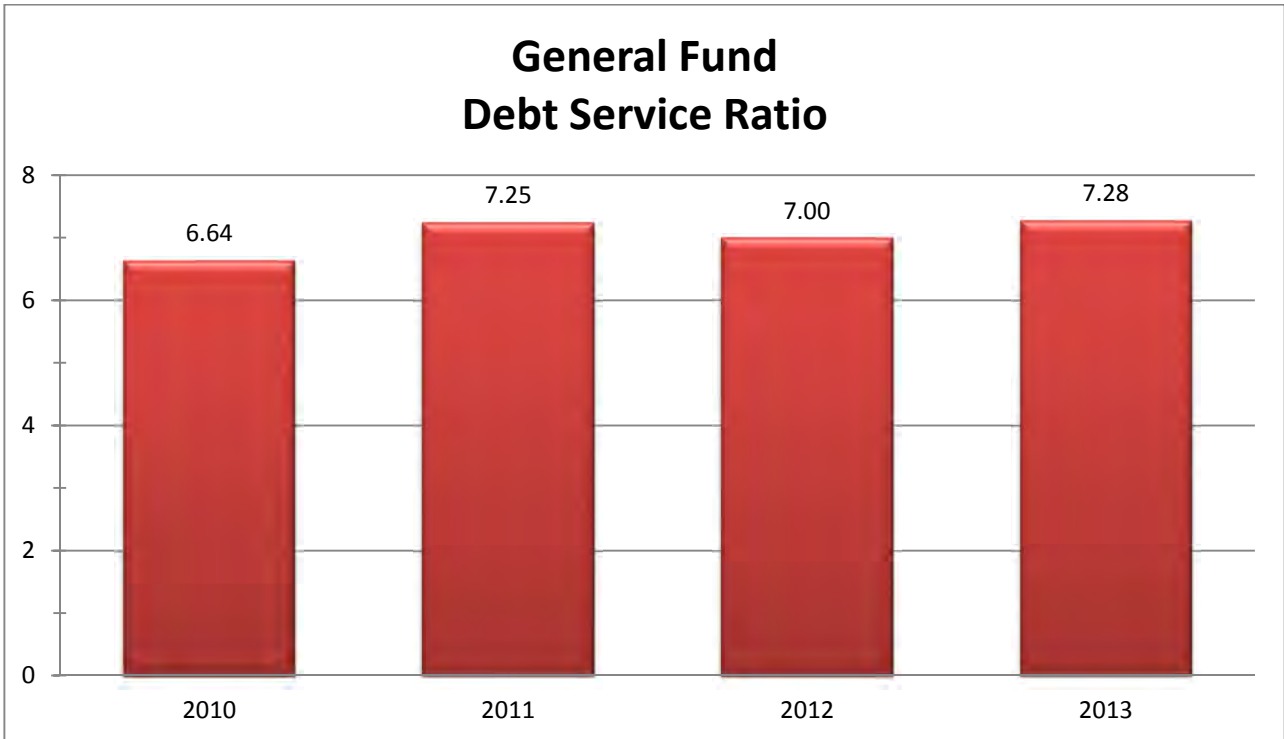




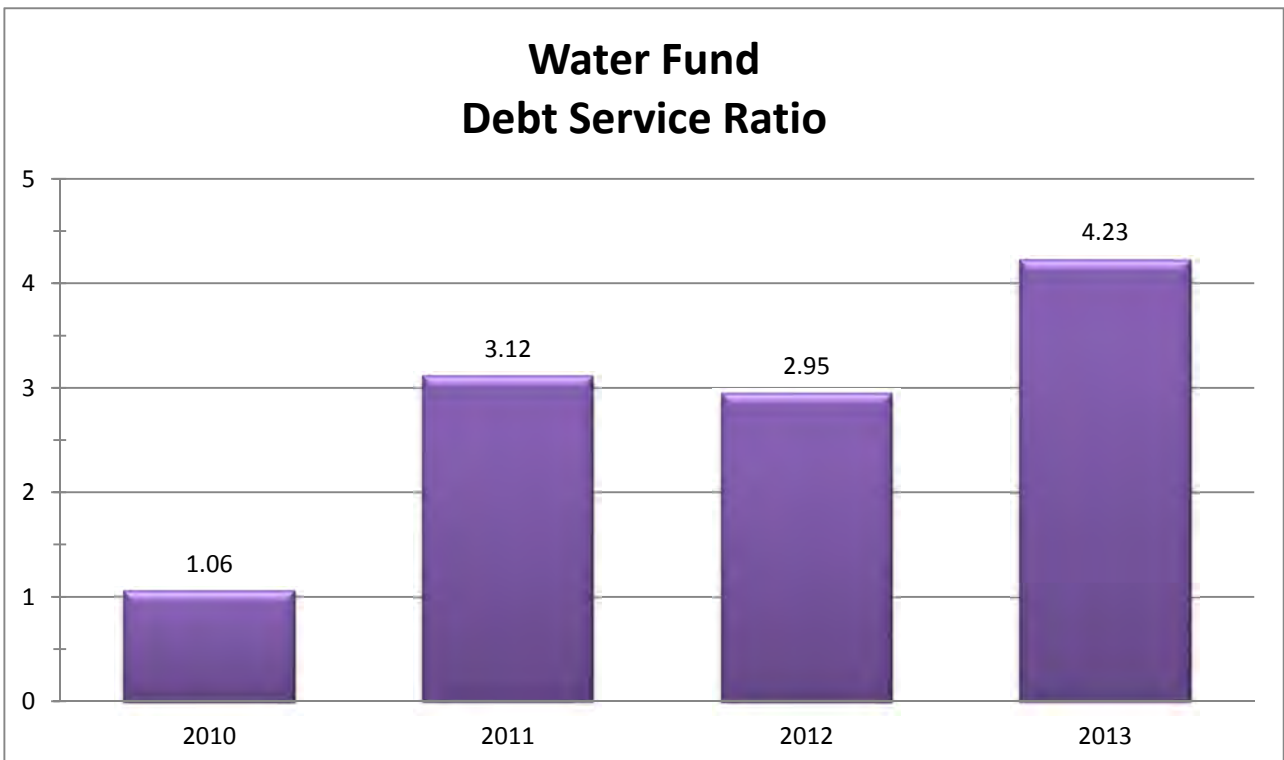
#### Debt Service Ratio

This indicator assesses the degree to which revenues from continuing operations are committed to the repayment of debt. Factors influencing a council's debt service ratio include:

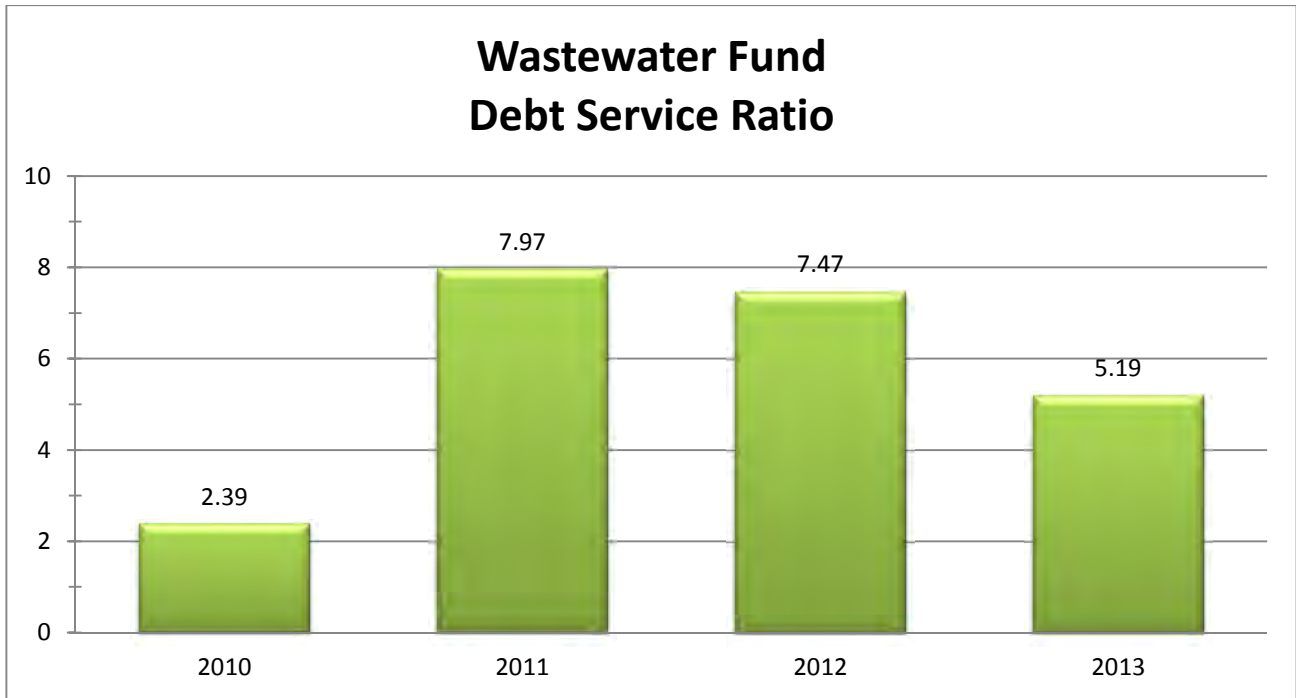
- The rate of new development in the Council area and the need to borrow to fund new infrastructure;
- Council's debt policy;
- Interest rate movements and loan terms;
- Capital investment strategies and capital contributions policies;
- The level of cash reserves available to reduce the level of borrowings; and
- The state of Council's infrastructure assets and the need to borrow to replace them.



The above graph illustrates Council's management of general fund debt service levels over the past four years. Council's general fund debt service ratio has remained relatively stable over this period of time and indicates that the amount of revenue being used to service debt is not excessive.







The above graphs illustrate the periodic borrowings to fund Council's capital works programmes for water and wastewater funds.

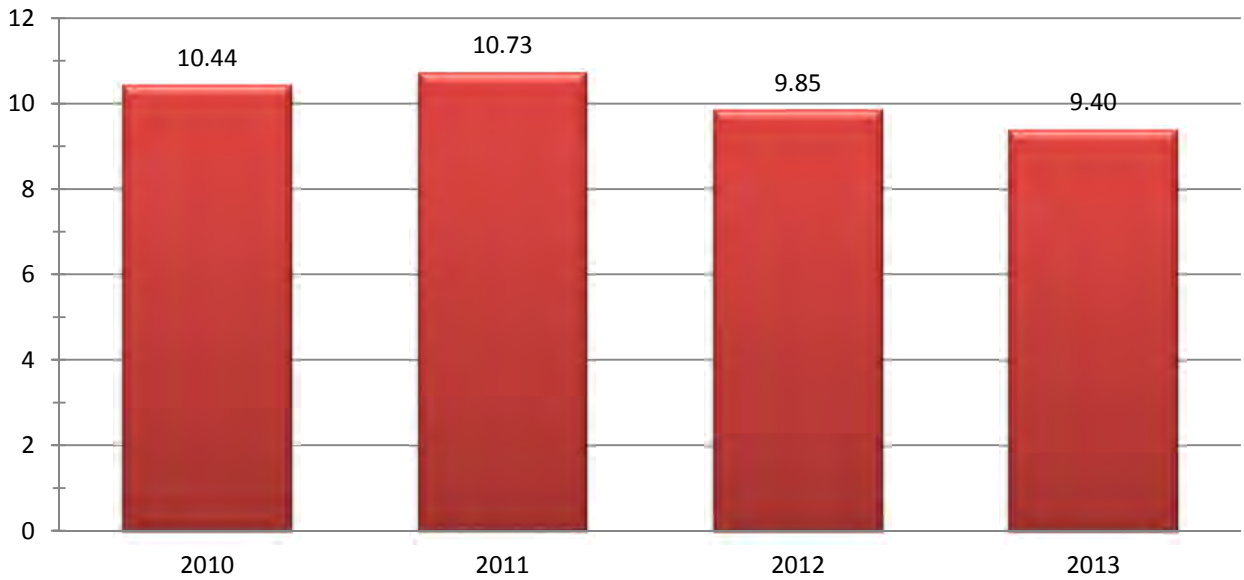
#### **Rates and Annual Charges Outstanding**

This indicator assesses the effectiveness of Council's revenue collection. Factors influencing Council's rates and annual charges outstanding ratio include:

- Council's rating policy;
- Credit management policies;
- The socioeconomic characteristics of the area; and
- Environmental factors influencing rate payers' ability to satisfy their obligations.

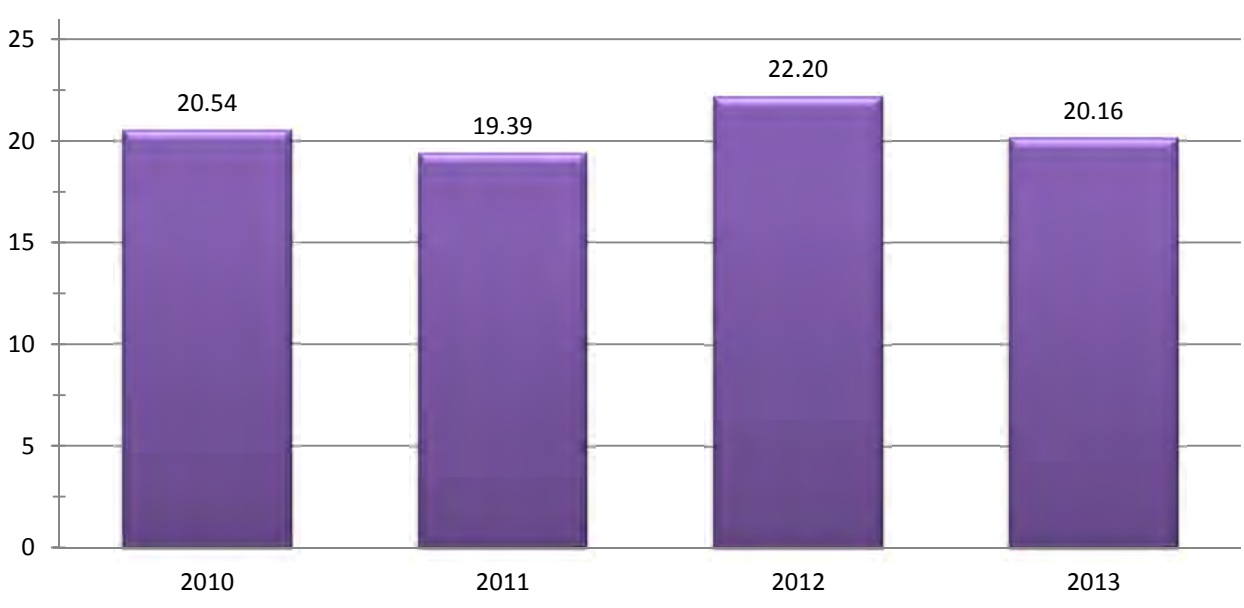


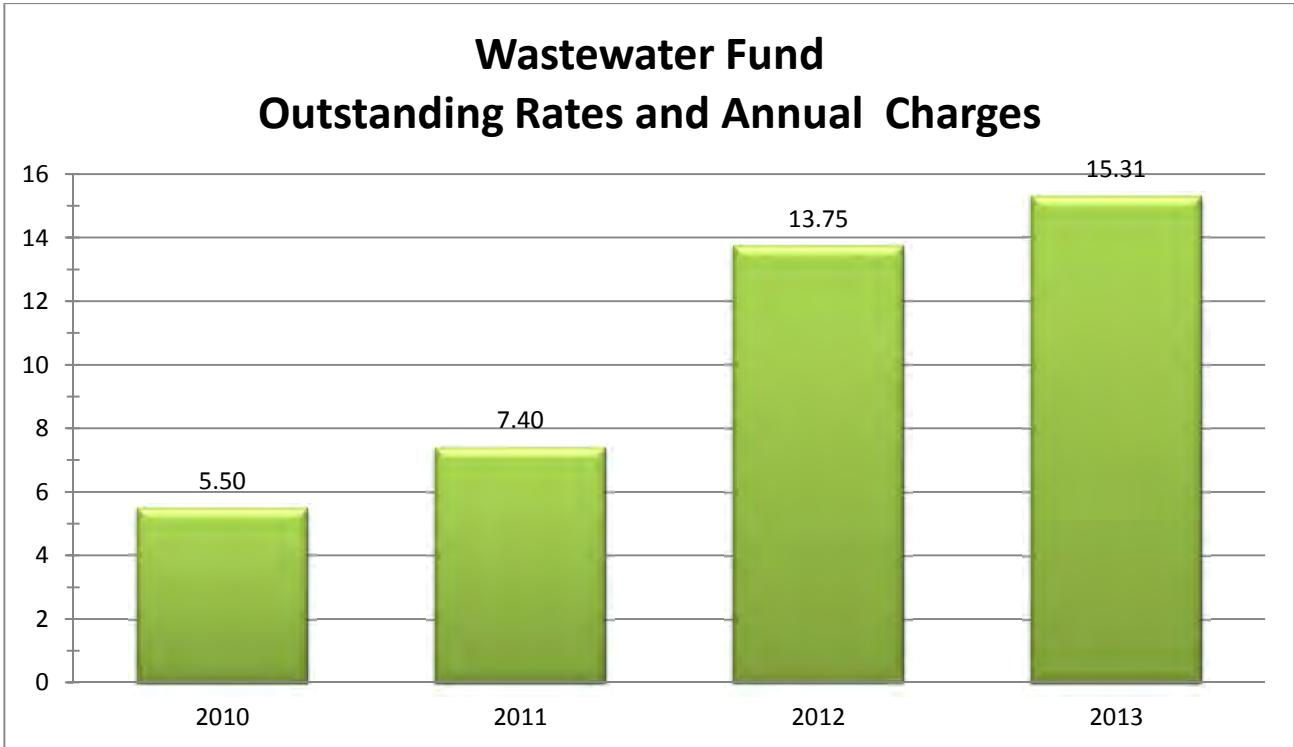
### General Fund Outstanding Rates and Annual Charges



Council's General Fund rates and annual charges outstanding percentage is 9.40% as at 30 June 2013 however is trending downwards. When compared to the Local Government Managers Association benchmarks we note that this ratio exceeds acceptable parameters however we also recognise that the current difficult economic conditions are influencing this ratio.

### Water Fund Outstanding Rates and Annual Charges

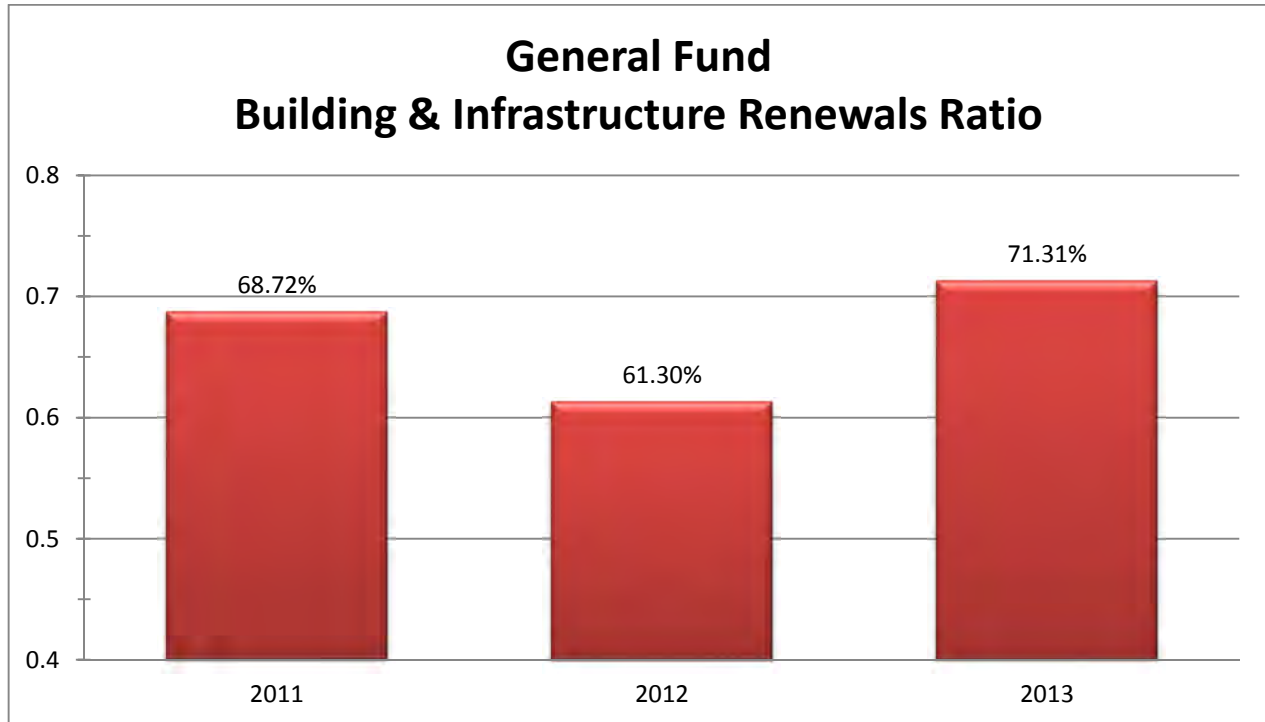




Council's rates and annual charges outstanding ratio for water and wastewater funds have both increased on 2013 and are also high. We recommend that Council review its position relating to this ratio and consider whether the appropriate amount of resources are being allocated to debt collection activities.

## Building and Infrastructure Renewals Ratio

The purpose of this ratio is to assess the rate at which assets are being renewed against the rate at which they are depreciating. Renewals are defined as the replacement of existing assets with equivalent capacity or performance as opposed to the acquisition of new assets. A buildings and infrastructure renewals ratio of less than 100% is considered to be below industry benchmarks.



## 7. OTHER MATTERS FOR CONSIDERATION

### 7.1 Corporate Governance

The Council has commenced a process to improve its governance systems by introducing the Australian Business Excellence framework. This framework is an integrated leadership and management system that will assist Council to improve its performance. Council has recently finalised the implementation of risk management systems which will assist Council to monitor and manage high risk areas of its operations. We commend Council on this initiative.

### 7.2 Internal Control Environment

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



Thomas  
Noble &  
Russell


Accountants | Auditors | Business Advisers



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 Council staff.

Yours faithfully

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

  
K R FRANEY (Partner)

# Lismore City Council

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

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

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

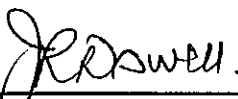
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.


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

- present fairly the Council's Operating Result and Financial Position for the year, and
- accords with Council's accounting and other records.


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

Signed in accordance with a resolution of Council made on 22 October 2013.

  
\_\_\_\_\_  
Jenny Dowell  
MAYOR

  
\_\_\_\_\_  
Neil Marks  
DEPUTY MAYOR

  
\_\_\_\_\_  
Gary Murphy  
GENERAL MANAGER

  
\_\_\_\_\_  
Rino Santin  
RESPONSIBLE ACCOUNTING OFFICER

## Lismore City Council

## Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup> 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
41,252	Rates & Annual Charges	3a	41,375	39,603
28,401	User Charges & Fees	3b	31,861	27,906
1,220	Interest & Investment Revenue	3c	3,721	2,607
1,949	Other Revenues	3d	3,018	1,808
6,958	Grants & Contributions provided for Operating Purposes	3e,f	14,306	16,492
7,972	Grants & Contributions provided for Capital Purposes	3e,f	8,861	6,801
<b>Other Income:</b>				
454	Net gains from the disposal of assets	5	-	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>88,206</b>	<b>Total Income from Continuing Operations</b>		<b>103,142</b>	<b>95,217</b>
<b>Expenses from Continuing Operations</b>				
26,975	Employee Benefits & On-Costs	4a	30,185	28,094
3,152	Borrowing Costs	4b	3,574	3,457
31,661	Materials & Contracts	4c	39,457	36,411
23,677	Depreciation & Amortisation	4d	21,065	23,251
-	Impairment	4d	-	-
4,819	Other Expenses	4e	4,914	4,435
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	2,844	3,261
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>90,284</b>	<b>Total Expenses from Continuing Operations</b>		<b>102,039</b>	<b>98,909</b>
<b>(2,078)</b>	<b>Operating Result from Continuing Operations</b>		<b>1,103</b>	<b>(3,692)</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>(2,078)</b>	<b>Net Operating Result for the Year</b>		<b>1,103</b>	<b>(3,692)</b>
(2,078)	Net Operating Result attributable to Council		1,103	(3,692)
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(10,050)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(7,758)</b>	<b>(10,493)</b>

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

## Lismore City Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>1,103</b>	<b>(3,692)</b>
<b>Other Comprehensive Income:</b>			
<i>Amounts which will not be reclassified subsequently to the Operating Result</i>			
Gain/(loss) on revaluation of I,PP&E	20b (ii)	92,274	25,603
Adjustment to correct prior period errors		-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in reserves	20b (ii)	-	-
Other Movements		-	-
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>92,274</b>	<b>25,603</b>
<i>Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met</i>			
Realised (gain)/loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Gain/(loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Realised (gain)/loss from other reserves recognised in P&L	20b (ii)	-	-
Gain/(loss) on revaluation of other reserves	20b (ii)	-	-
Other Movements in reserves	20b (ii)	-	-
Other Movements		-	-
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		<b>-</b>	<b>-</b>
<b>Total Other Comprehensive Income for the year</b>		<b>92,274</b>	<b>25,603</b>
<b>Total Comprehensive Income for the Year</b>		<b>93,377</b>	<b>21,911</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>93,377</b>	<b>21,911</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>



## Lismore City Council

## Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	21,232	32,961
Investments	6b	12,237	3,504
Receivables	7	14,878	11,794
Inventories	8	6,027	6,945
Other	8	-	37
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>54,374</b>	<b>55,241</b>
<b>Non-Current Assets</b>			
Investments	6b	5,552	5,704
Receivables	7	2,853	2,625
Inventories	8	138	115
Infrastructure, Property, Plant & Equipment	9	1,169,262	1,072,578
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	873	829
Non-current assets classified as "held for sale"	22	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>1,178,678</b>	<b>1,081,851</b>
<b>TOTAL ASSETS</b>		<b>1,233,052</b>	<b>1,137,092</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	8,700	9,226
Borrowings	10	5,861	2,544
Provisions	10	7,487	7,340
Liabilities associated with assets classified as "held for sale"	22	-	-
<b>Total Current Liabilities</b>		<b>22,048</b>	<b>19,110</b>
<b>Non-Current Liabilities</b>			
Payables	10	1,625	1,779
Borrowings	10	43,688	45,011
Provisions	10	3,722	2,600
Investments accounted for using the equity method	19	-	-
Liabilities associated with assets classified as "held for sale"	22	-	-
<b>Total Non-Current Liabilities</b>		<b>49,035</b>	<b>49,390</b>
<b>TOTAL LIABILITIES</b>		<b>71,083</b>	<b>68,500</b>
<b>Net Assets</b>		<b>1,161,969</b>	<b>1,068,592</b>
<b>EQUITY</b>			
Retained Earnings	20	616,051	614,337
Revaluation Reserves	20	545,918	454,255
Council Equity Interest		1,161,969	1,068,592
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>1,161,969</b>	<b>1,068,592</b>

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

## Lismore City Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		614,337	454,255	<b>1,068,592</b>	-	<b>1,068,592</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		<b>614,337</b>	<b>454,255</b>	<b>1,068,592</b>	-	<b>1,068,592</b>
<b>c. Net Operating Result for the Year</b>		<b>1,103</b>	-	<b>1,103</b>	-	<b>1,103</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	92,274	<b>92,274</b>	-	<b>92,274</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements ( <a href="#">enter details here</a> )	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>92,274</b>	<b>92,274</b>	-	<b>92,274</b>
<b>Total Comprehensive Income</b> (c&d)		<b>1,103</b>	<b>92,274</b>	<b>93,377</b>	-	<b>93,377</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity	20b (ii)	611	(611)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>616,051</b>	<b>545,918</b>	<b>1,161,969</b>	-	<b>1,161,969</b>
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		616,731	429,950	<b>1,046,681</b>	-	<b>1,046,681</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/11)		<b>616,731</b>	<b>429,950</b>	<b>1,046,681</b>	-	<b>1,046,681</b>
<b>c. Net Operating Result for the Year</b>		<b>(3,692)</b>	-	<b>(3,692)</b>	-	<b>(3,692)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	25,603	<b>25,603</b>	-	<b>25,603</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements ( <a href="#">enter details here</a> )	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>25,603</b>	<b>25,603</b>	-	<b>25,603</b>
<b>Total Comprehensive Income</b> (c&d)		<b>(3,692)</b>	<b>25,603</b>	<b>21,911</b>	-	<b>21,911</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity	20b (ii)	1,298	(1,298)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>614,337</b>	<b>454,255</b>	<b>1,068,592</b>	-	<b>1,068,592</b>

## Lismore City Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
41,252		Rates & Annual Charges	41,088	39,066
29,799		User Charges & Fees	34,974	30,665
1,220		Investment & Interest Revenue Received	1,962	2,735
14,179		Grants & Contributions	21,999	21,720
-		Bonds, Deposits & Retention amounts received	-	343
552		Other	3,632	6,875
<b>Payments:</b>				
(18,907)		Employee Benefits & On-Costs	(30,017)	(27,066)
(39,730)		Materials & Contracts	(45,551)	(42,779)
(3,151)		Borrowing Costs	(2,789)	(2,965)
-		Bonds, Deposits & Retention amounts refunded	(99)	-
(4,819)		Other	(4,393)	(7,353)
-		Net Cash from Boundary Adjustments	-	-
<b>20,395</b>	<b>Net Cash provided by Operating Activities</b>	11b	<b>20,806</b>	<b>21,241</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
5,257		Sale of Investment Securities	6,150	1,267
-		Sale of Investment Property	-	-
-		Sale of Real Estate Assets	1,167	140
454		Sale of Infrastructure, Property, Plant & Equipment	1,177	666
-		Sale of Shares in Companies	-	-
-		Sale of Interests in Joint Ventures & Associates	-	-
-		Sale of Disposal Groups	-	-
-		Deferred Debtors Receipts	-	79
-		Distributions Received from Joint Ventures & Associates	-	-
-		Other Investing Activity Receipts	-	-
<b>Payments:</b>				
-		Purchase of Investment Securities	(13,000)	(2,000)
-		Purchase of Investment Property	-	-
(29,240)		Purchase of Infrastructure, Property, Plant & Equipment	(29,733)	(22,774)
-		Purchase of Real Estate Assets	(88)	(162)
-		Purchase of Shares in Companies	-	-
-		Purchase of Interests in Joint Ventures & Associates	-	-
-		Deferred Debtors & Advances Made	(202)	-
-		Contributions Paid to Joint Ventures & Associates	-	-
-		Other Investing Activity Payments	-	-
<b>(23,529)</b>	<b>Net Cash used in Investing Activities</b>		<b>(34,529)</b>	<b>(22,784)</b>

## Lismore City Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget		Notes	Actual	Actual
-	\$ '000		Actual	Actual
	<b>Cash Flows from Financing Activities</b>			
	<b>Receipts:</b>			
5,670	Proceeds from Borrowings & Advances		4,570	5,327
-	Proceeds from Finance Leases		-	-
-	Other Financing Activity Receipts		-	-
	<b>Payments:</b>			
(2,536)	Repayment of Borrowings & Advances		(2,576)	(2,258)
-	Repayment of Finance Lease Liabilities		-	-
-	Distributions to Non-controlling Interests		-	-
-	Other Financing Activity Payments		-	-
<b>3,134</b>	<b>Net Cash Flow provided by Financing Activities</b>		<b>1,994</b>	<b>3,069</b>
<b>-</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(11,729)</b>	<b>1,526</b>
32,961	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	32,961	31,435
<b>32,961</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>21,232</b>	<b>32,961</b>
	Additional Information:			
	plus: <b>Investments on hand - end of year</b>	6b	17,789	9,208
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>39,021</b>	<b>42,169</b>

**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 2013

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	13
2(a)	Council Functions / Activities - Financial Information	31
2(b)	Council Functions / Activities - Component Descriptions	32
3	Income from Continuing Operations	33
4	Expenses from Continuing Operations	39
5	Gains or Losses from the Disposal of Assets	43
6(a)	Cash & Cash Equivalent Assets	44
6(b)	Investments	44
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	46
7	Receivables	48
8	Inventories & Other Assets	49
9(a)	Infrastructure, Property, Plant & Equipment	51
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	52
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	53
10(a)	Payables, Borrowings & Provisions	54
10(b)	Description of (and movements in) Provisions	55
11	Statement of Cash Flows - Additional Information	56
12	Commitments for Expenditure	58
13	Statement of Performance Measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	61
	13b Local Government Industry Indicators (by Fund)	62
14	Investment Properties	63
15	Financial Risk Management	64
16	Material Budget Variations	69
17	Statement of Developer Contributions	72
18	Contingencies and Other Liabilities/Assets not recognised	75
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	78
20	Equity - Retained Earnings and Revaluation Reserves	80
21	Financial Result & Financial Position by Fund	82
22	"Held for Sale" Non Current Assets & Disposal Groups	84
23	Events occurring after the Reporting Period	84
24	Discontinued Operations	85
25	Intangible Assets	85
26	Reinstatement, Rehabilitation & Restoration Liabilities	86

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

Under the Local Government Act, 1993 (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

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

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

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

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

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

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

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

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

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

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

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

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

Revenue is measured on major income categories as follows:

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

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

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

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

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

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

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

#### (c) Principles of Consolidation

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

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

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

#### (i) The Consolidated Fund

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

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

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

- 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.



## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

#### (iii) Joint Ventures

##### Jointly Controlled Assets & Operations

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

##### Jointly Controlled Entities

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

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

#### (iv) Associated Entities

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

Such entities are usually termed Associates.

#### (v) County Councils

Council is 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 Councils and accordingly these entities have not been consolidated or otherwise included within these financial statements.

#### (vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

#### (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.

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

##### Operating Leases

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

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

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

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

Cash and cash equivalents includes;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

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

##### Financial Assets – Reclassification

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

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

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

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

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

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

###### (i) Initial Recognition

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

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

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

###### (ii) Subsequent Measurement

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

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

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

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

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

##### Impairment

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

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

##### (iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations.

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

##### (g) Fair value estimation

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

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

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

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

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

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

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

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

##### (h) Receivables

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

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

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

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

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

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

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

##### (i) Inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

###### Acquisition of assets

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

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

- **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.

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

##### Subsequent costs

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

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

##### Asset Revaluations (including Indexation)

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

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

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

For all other assets, Council assesses at each reporting date whether there is any indication that a

revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

##### Capitalisation Thresholds

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

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

<b>Plant &amp; Equipment</b>	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

<b>Buildings &amp; Land Improvements</b>	
Park Furniture & Equipment	> \$2,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$2,000

<b>Water &amp; Sewer Assets</b>	
Reticulation extensions	> \$5,000
Other	> \$5,000

<b>Stormwater Assets</b>	
Drains & Culverts	> \$5,000
Other	> \$5,000

<b>Transport Assets</b>	
Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000
Bridge construction & reconstruction	> \$10,000

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

##### 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,P,P&E include:

<b>Plant &amp; Equipment</b>	
- 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
<b>Other Equipment</b>	
- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years
<b>Buildings</b>	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years
<b>Stormwater Drainage</b>	
- Drains	80 to 100 years
- Culverts	50 to 80 years
<b>Transportation Assets</b>	
- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years
<b>Water &amp; Sewer Assets</b>	
- 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
<b>Other Infrastructure Assets</b>	
- Bulk earthworks	Infinite

All asset residual values and useful lives are reviewed and adjusted (where 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 of assets.

##### 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.

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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 bases 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 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).



## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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 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 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.

#### **(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 statement of financial position.

A Discontinued Operation is a component of the entity 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.

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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 statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer

settlement of the liability for at least 12 months after the reporting 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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

#### (ii) Other Long Term Obligations

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

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

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

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

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

#### (iii) Retirement benefit obligations

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

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

#### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, 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 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.

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

##### Defined Contribution Plans

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

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

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

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

##### (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 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 Statement of Cash Flows are on a gross basis, ie. they are inclusive of GST where applicable.

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 UIG interpretations

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

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

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

##### **Applicable to Local Government with implications:**

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The adoption of this standard will not change the reported financial position and performance of the

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

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

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

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

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

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

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

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

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

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

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

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and

obligations are shared by the parties to the joint arrangement.

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

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

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

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

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

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

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

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

The amendments will have to be implemented retrospectively.

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

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

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

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

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

AASB 116 - clarifies the classification of servicing equipment.

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

AASB 134 - provides clarification about segment reporting.

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

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

#### (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 2013

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	-	858	758	500	(858)	(758)	(500)	-	-	49,769	-
Administration	1,463	1,910	1,269	3,383	3,397	7,522	(1,920)	(1,487)	(6,253)	489	313	72,234	69,214
Public Order & Safety	414	92	602	2,537	2,437	2,461	(2,123)	(2,345)	(1,859)	24	547	3,633	3,481
Health	346	356	346	959	940	904	(613)	(584)	(558)	-	15	1,214	1,163
Environment	8,901	8,328	7,658	8,303	8,122	6,835	598	206	823	375	343	-	-
Community Services & Education	28	331	661	730	1,369	1,393	(702)	(1,038)	(732)	278	554	1,554	1,489
Housing & Community Amenities	1,910	2,193	2,218	3,213	2,904	3,232	(1,303)	(711)	(1,014)	217	274	67,958	65,117
Water Supplies	9,558	9,808	8,959	11,723	11,367	13,039	(2,165)	(1,559)	(4,080)	154	22	79,470	76,068
Sewerage Services	10,995	12,199	11,667	12,203	11,090	10,583	(1,208)	1,109	1,084	129	126	197,309	192,417
Recreation & Culture	10,345	11,913	8,405	17,045	18,475	17,990	(6,700)	(6,562)	(9,585)	4,665	1,470	88,549	84,847
Mining, Manufacturing & Construction	7,788	10,613	8,570	7,380	10,561	8,647	408	52	(77)	316	212	18,192	17,432
Transport & Communication	7,703	12,995	11,829	19,046	27,411	22,429	(11,343)	(14,416)	(10,600)	3,464	4,428	621,991	595,988
Economic Affairs	242	455	555	2,904	3,208	3,374	(2,662)	(2,753)	(2,819)	29	36	31,179	29,876
<b>Total Functions &amp; Activities</b>	<b>59,693</b>	<b>71,193</b>	<b>62,739</b>	<b>90,284</b>	<b>102,039</b>	<b>98,909</b>	<b>(30,591)</b>	<b>(30,846)</b>	<b>(36,170)</b>	<b>10,140</b>	<b>8,340</b>	<b>1,233,052</b>	<b>1,137,092</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	28,513	31,949	32,478	-	-	-	28,513	31,949	32,478	6,529	8,526	-	-
<b>Operating Result from Continuing Operations</b>	<b>88,206</b>	<b>103,142</b>	<b>95,217</b>	<b>90,284</b>	<b>102,039</b>	<b>98,909</b>	<b>(2,078)</b>	<b>1,103</b>	<b>(3,692)</b>	<b>16,669</b>	<b>16,866</b>	<b>1,233,052</b>	<b>1,137,092</b>

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



## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

#### **GOVERNANCE**

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

#### **ADMINISTRATION**

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

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

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

#### **HEALTH**

Inspection, food control, administration, other.

#### **ENVIRONMENT**

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

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

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

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

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

#### **WATER SUPPLIES**

#### **SEWERAGE SERVICES**

#### **RECREATION & CULTURE**

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

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

Building control, quarries & pits, other.

#### **TRANSPORT & COMMUNICATION**

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

#### **ECONOMIC AFFAIRS**

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

## Lismore City Council

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

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		15,452	14,779
Farmland		3,976	3,849
Business		4,810	4,625
<b>Total Ordinary Rates</b>		<b>24,238</b>	<b>23,253</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		3,735	3,478
Stormwater Management Services		364	362
Water Supply Services		2,461	2,341
Sewerage Services		9,519	9,164
Waste Management Services (non-domestic)		397	373
Nimbin Transfer Station		47	43
Waste Reduction Charges		614	589
<b>Total Annual Charges</b>		<b>17,137</b>	<b>16,350</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>41,375</b>	<b>39,603</b>

Council has used 2009 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 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		6,670	6,067
Sewerage Services		153	180
<b>Total User Charges</b>		<b>6,823</b>	<b>6,247</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building Regulation		550	683
Dog Registration Fees		37	30
Health Control		335	322
Planning Services		348	282
Section 603 Certificates		47	46
Other		8	5
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>1,325</b>	<b>1,368</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.608)			
Aerodrome		468	491
Art Gallery		8	21
Caravan Park		19	41
Child Care		33	90
Community Centres		11	12
Farming		-	76
Library		3	3
Parks, Gardens & Lakes		231	236
Parking Fees		146	140
Public Cemeteries		1,145	1,147
Quarry Revenues		9,590	7,490
RMS (formerly RTA) Charges (State Roads not controlled by Council)		4,109	2,228
Road Services		61	55
RTRL Contributions by Member Councils		4,383	4,122
Sewerage Charges		5	5
Share Cropping		20	20
Sporting Grounds		1,586	1,487
Strategic Planning		96	78
Swimming Pools		258	221
Tourism Service Charges		71	92
Waste Disposal		1,202	1,903
Water Charges		53	86
Other		215	247
<b>Total Fees &amp; Charges - Other</b>		<b>23,713</b>	<b>20,291</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>31,861</b>	<b>27,906</b>

## Lismore City Council

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

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		391	397
- Interest earned on Investments (interest & coupon payment income)		1,599	2,175
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		1,731	35
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>3,721</u></b>	<b><u>2,607</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		391	397
General Council Cash & Investments		791	699
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		812	292
- Section 64		244	348
Water Fund Operations		288	147
Sewerage Fund Operations		1,195	724
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>3,721</u></b>	<b><u>2,607</u></b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		269	237
Fines - Parking		128	162
Fines - Other		123	117
Commissions & Agency Fees		51	69
Insurance Claim Recoveries		43	17
Master Games		67	25
Miscellaneous - Private Works		185	131
Other Events		28	12
Recycling Income (non domestic)		1,699	560
Reservation & Registration Fees		81	82
Other		344	396
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>3,018</u></b>	<b><u>1,808</u></b>

## Lismore City Council

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

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	4,375	5,862	-	-
Financial Assistance - Local Roads Component	1,747	2,280	-	-
Pensioners' Rates Subsidies - General Component	407	384	-	-
<b>Total General Purpose</b>	<b>6,529</b>	<b>8,526</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	150	20	-	-
- Sewerage	124	124	-	-
- Domestic Waste Management	92	81	-	-
Art Gallery	140	299	-	-
Bushfire & Emergency Services	-	156	-	23
Child Care	36	75	-	-
Community Services	242	479	-	-
Diesel Rebate	542	356	-	-
Environmental Protection	52	2	111	10
Library	-	-	-	1
Library Services	120	119	-	-
Natural Disaster Emergency Funding	2,528	3,372	-	-
Recreation & Culture	270	-	4,083	943
Street Lighting	167	163	-	-
Transport (Roads to Recovery)	-	-	913	913
Transport (Other Roads & Bridges Funding)	-	-	26	29
Other - Levee Construction	-	-	24	364
Other	245	554	275	257
<b>Total Specific Purpose</b>	<b>4,708</b>	<b>5,800</b>	<b>5,432</b>	<b>2,540</b>
<b>Total Grants</b>	<b>11,237</b>	<b>14,326</b>	<b>5,432</b>	<b>2,540</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	729	1,019	4,082	944
- State Funding	10,494	13,257	1,326	1,233
- Other Funding	14	50	24	363
	<b>11,237</b>	<b>14,326</b>	<b>5,432</b>	<b>2,540</b>

## Lismore City Council

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

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	780	592
S 64 - Water Supply Contributions	-	-	96	98
S 64 - Sewerage Service Contributions	-	-	370	430
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>1,246</b>	<b>1,120</b>
<b>Other Contributions:</b>				
Art Gallery	75	45	-	-
Dedications (other than by S94)	-	-	1,229	1,824
Library	40	54	83	127
Recreation & Culture	-	-	23	146
Roads & Bridges	-	-	223	110
RMS Contributions (Regional Roads, Block Grant)	2,950	2,055	625	934
Other	4	12	-	-
<b>Total Other Contributions</b>	<b>3,069</b>	<b>2,166</b>	<b>2,183</b>	<b>3,141</b>
<b>Total Contributions</b>	<b>3,069</b>	<b>2,166</b>	<b>3,429</b>	<b>4,261</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>14,306</b>	<b>16,492</b>	<b>8,861</b>	<b>6,801</b>

## Lismore City Council

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

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

\$ '000	Actual 2013	Actual 2012
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	17,257	15,795
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	3,764	4,458
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(5,055)	(2,996)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(1,291)</b>	<b>1,462</b>
<b>Unexpended and held as Restricted Assets</b>	<b>15,966</b>	<b>17,257</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	2,064	3,139
- Developer Contributions	13,902	14,118
- Other Contributions	-	-
	<b>15,966</b>	<b>17,257</b>

## Lismore City Council

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

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		22,947	20,567
Employee Leave Entitlements (ELE)		4,365	5,168
Superannuation		2,754	2,776
Workers' Compensation Insurance		742	1,342
Fringe Benefit Tax (FBT)		98	91
Payroll Tax		190	205
Training Costs (other than Salaries & Wages)		440	490
Purchases & Uniforms		-	3
<b>Total Employee Costs</b>		<b>31,536</b>	<b>30,642</b>
less: Capitalised Costs		(1,351)	(2,548)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>30,185</b>	<b>28,094</b>
Number of "Equivalent Full Time" Employees at year end		401	397
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		3,204	3,081
Other Debts		7	9
<b>Total Interest Bearing Liability Costs</b>		<b>3,211</b>	<b>3,090</b>
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>3,211</b>	<b>3,090</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	363	367
<b>Total Other Borrowing Costs</b>		<b>363</b>	<b>367</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>3,574</b>	<b>3,457</b>



## Lismore City Council

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

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		38,900	35,637
Auditors Remuneration <sup>(1)</sup>		87	54
Legal Expenses:			
- Legal Expenses: Planning & Development		195	70
- Legal Expenses: Other		32	163
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		243	487
<b>Total Materials &amp; Contracts</b>		<b>39,457</b>	<b>36,411</b>
less: Capitalised Costs		-	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>39,457</b>	<b>36,411</b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Lismore City Council		57	54
- Audit & review of financial statements: Richmond Tweed Regional Library for financials years 2010 through to 2013 inclusive.		30	-
<b>Remuneration for audit and other assurance services</b>		<b>87</b>	<b>54</b>
<b>Total Auditor Remuneration</b>		<b>87</b>	<b>54</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Motor Vehicles		130	236
Other		113	251
		<b>243</b>	<b>487</b>

## Lismore City Council

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

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
Plant and Equipment		-	-	2,856	2,800
Office Equipment		-	-	252	240
Furniture & Fittings		-	-	18	17
Property, Plant & Equipment - Leased		-	-	-	-
Land Improvements (depreciable)		-	-	311	305
Buildings - Non Specialised		-	-	-	-
Buildings - Specialised		-	-	1,731	2,259
Other Structures		-	-	349	346
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	8,362	7,771
- Stormwater Drainage		-	-	527	495
- Water Supply Network		-	-	1,691	2,541
- Sewerage Network		-	-	3,923	6,143
- Other Infrastructure		-	-	-	-
Other Assets					
- Heritage Collections		-	-	1	1
- Library Books		-	-	859	697
- Other		-	-	64	63
Asset Reinstatement Costs	9 & 26	-	-	(44)	(574)
Intangible Assets	25	-	-	165	147
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>21,065</b>	<b>23,251</b>
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>21,065</b>	<b>23,251</b>

## Lismore City Council

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

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		117	-
- Emergency Services Levy		56	43
- Far North Coast County Council (Noxious Plants)		125	121
- NSW Fire Brigade Levy		419	425
- NSW Rural Fire Service Levy		125	224
- Richmond River County Council (Flood Mitigation)		272	264
Councillor Expenses - Mayoral Fee		50	49
Councillor Expenses - Councillors' Fees		189	183
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		344	128
Donations, Contributions & Assistance to other organisations (Section 356)		233	272
Electricity & Heating		1,174	839
Insurance		922	889
Street Lighting		489	663
Telephone & Communications		399	335
<b>Total Other Expenses</b>		<b>4,914</b>	<b>4,435</b>
less: Capitalised Costs		-	-
<b>TOTAL OTHER EXPENSES</b>		<b>4,914</b>	<b>4,435</b>

## Lismore City Council

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

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		320	-
less: Carrying Amount of Property Assets Sold / Written Off		(619)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(299)</b>	<b>-</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		857	666
less: Carrying Amount of P&E Assets Sold / Written Off		(249)	(309)
<b>Net Gain/(Loss) on Disposal</b>		<b>608</b>	<b>357</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(3,761)	(3,692)
<b>Net Gain/(Loss) on Disposal</b>		<b>(3,761)</b>	<b>(3,692)</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		1,167	140
less: Carrying Amount of Real Estate Assets Sold / Written Off		(559)	(66)
<b>Net Gain/(Loss) on Disposal</b>		<b>608</b>	<b>74</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(2,844)</b>	<b>(3,261)</b>

## Lismore City Council

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

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

\$ '000	Notes	2013	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		589	-	555	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		5,643	-	7,406	-
- Short Term Deposits		15,000	-	25,000	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>21,232</b>	<b>-</b>	<b>32,961</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Managed Funds		1,237	-	-	1,554
- Long Term Deposits		11,000	4,000	3,400	2,000
- Equity Linked Notes		-	-	-	925
- CDO's		-	552	104	225
- Other Long Term Financial Assets		-	1,000	-	1,000
<b>Total Investments</b>		<b>12,237</b>	<b>5,552</b>	<b>3,504</b>	<b>5,704</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>33,469</b>	<b>5,552</b>	<b>36,465</b>	<b>5,704</b>

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

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"		<b>21,232</b>	<b>-</b>	<b>32,961</b>	<b>-</b>
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**Investments**

a. "At Fair Value through the Profit & Loss"					
- "Designated at Fair Value on Initial Recognition"	6(b-i)	12,237	5,552	3,504	5,704
<b>Investments</b>		<b>12,237</b>	<b>5,552</b>	<b>3,504</b>	<b>5,704</b>

## Lismore City Council

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

## Note 6b. Investments (continued)

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	3,504	5,704	614	7,826
Revaluations (through the Income Statement)	175	1,556	190	(155)
Additions	9,000	4,000	-	2,000
Disposals (sales & redemptions)	(3,679)	(2,471)	(700)	(567)
Transfers between Current/Non-Current	3,237	(3,237)	3,400	(3,400)
<b>Balance at End of Year</b>	<b>12,237</b>	<b>5,552</b>	<b>3,504</b>	<b>5,704</b>
<b>Comprising:</b>				
- Managed Funds	1,237	-	-	1,554
- Equity Linked Notes	-	-	-	924
- CDO's	-	552	104	226
- Other Long Term Financial Assets	11,000	5,000	3,400	3,000
<b>Total</b>	<b>12,237</b>	<b>5,552</b>	<b>3,504</b>	<b>5,704</b>

## Lismore City Council

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

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>33,469</b>	<b>5,552</b>	<b>36,465</b>	<b>5,704</b>
<b>attributable to:</b>				
External Restrictions (refer below)	24,704	5,552	24,030	5,704
Internal Restrictions (refer below)	8,765	-	12,435	-
Unrestricted	-	-	-	-
	<b>33,469</b>	<b>5,552</b>	<b>36,465</b>	<b>5,704</b>

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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## Details of Restrictions

**External Restrictions - Included in Liabilities**

Specific Purpose Unexpended Loans-Water (A)	583	762	-	1,345
Other	1,738	-	(531)	1,207
<b>External Restrictions - Included in Liabilities</b>	<b>2,321</b>	<b>762</b>	<b>(531)</b>	<b>2,552</b>

**External Restrictions - Other**

Developer Contributions - General (D)	8,045	2,302	(1,266)	9,081
Developer Contributions - Water Fund (D)	864	-	-	864
Developer Contributions - Sewer Fund (D)	5,209	-	(1,380)	3,829
Specific Purpose Unexpended Grants (F)	2,264	-	(241)	2,023
Water Supplies (G)	1,030	872	-	1,902
Water Supplies - Employee Leave Entitlements (G)	91	12	-	103
Sewerage Services (G)	9,128	-	(238)	8,890
Sewerage Services - Employee Leave Entitlements (G)	91	-	(8)	83
Domestic Waste Management (G)	44	108	-	152
Stormwater Management (G)	647	308	(178)	777
<b>External Restrictions - Other</b>	<b>27,413</b>	<b>3,602</b>	<b>(3,311)</b>	<b>27,704</b>
<b>Total External Restrictions</b>	<b>29,734</b>	<b>4,364</b>	<b>(3,842)</b>	<b>30,256</b>

## Lismore City Council

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

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,084	6,580	(7,417)	247
Employees Leave Entitlement	1,578	502	(612)	1,468
Specific Purpose Unexpended Loans (A)	1,493	1,970	(2,624)	839
Administrative Purposes	271	4,352	(4,523)	100
Aerodrome	26	99	-	125
Art Gallery	117	14	(17)	114
Asset Management	258	76	(161)	173
Child Care	4	-	-	4
Community Services	50	33	(23)	60
Economic Development & Tourism	158	436	(345)	249
Farming Operations	40	-	(15)	25
Flood Mitigation	87	5	(37)	55
Information Services	464	381	(248)	597
Lawn Cemetery / Crematorium	214	299	(513)	-
Legal Expenses	9	-	(9)	-
Leisure Activities	21	62	(21)	62
NEWLOG	42	3	-	45
Parks & Reserves	225	19	(61)	183
Special Projects	246	159	(274)	131
Sporting Grounds	14	8	-	22
Staff Development	85	12	(11)	86
Sustainable Development	207	610	(152)	665
Property Management	45	196	(171)	70
Richmond Tweed Regional Library	851	366	(188)	1,029
RTRL - Employee Leave Entitlements	514	45	(133)	426
Transport & Infrastructure	3,430	1,629	(3,199)	1,860
Waste Minimisation	49	72	-	121
Waste - Other	854	981	(1,825)	10
<b>Total Internal Restrictions</b>	<b>12,435</b>	<b>18,909</b>	<b>(22,579)</b>	<b>8,765</b>
<b>TOTAL RESTRICTIONS</b>	<b>42,169</b>	<b>23,273</b>	<b>(26,421)</b>	<b>39,021</b>

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Advances by Roads and Maritime Services (RMS) for 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.



## Lismore City Council

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

## Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges (i)		3,221	1,050	2,893	1,091
Interest & Extra Charges (iii)		895	287	841	319
User Charges & Fees		1,550	465	1,445	437
Accrued Revenues					
- Interest on Investments		329	-	323	-
- Other Income Accruals		54	-	120	-
Deferred Debtors		79	273	77	73
Net GST Receivable		763	-	658	-
Loan to Sporting Club		3	3	10	2
Miscellaneous Works & Services		2,595	-	1,957	-
Roads & Maritime Services		4,590	-	2,389	-
Tender Deposits & Bonds		908	753	1,081	679
Other Debtors		28	22	76	24
<b>Total</b>		<b>15,015</b>	<b>2,853</b>	<b>11,870</b>	<b>2,625</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees (ii)		(137)	-	(76)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(137)</b>	<b>-</b>	<b>(76)</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>14,878</b>	<b>2,853</b>	<b>11,794</b>	<b>2,625</b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		490	218	482	208
- Other		1,550	500	1,445	437
<b>Sewerage Services</b>					
- Rates & Availability Charges		1,133	339	995	368
- Other		24	-	23	-
<b>Domestic Waste Management</b>		<b>325</b>	<b>97</b>	<b>251</b>	<b>93</b>
<b>Total External Restrictions</b>		<b>3,522</b>	<b>1,154</b>	<b>3,196</b>	<b>1,106</b>
<b>Internally Restricted Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>11,356</b>	<b>1,699</b>	<b>8,598</b>	<b>1,519</b>
<b>TOTAL NET RECEIVABLES</b>		<b>14,878</b>	<b>2,853</b>	<b>11,794</b>	<b>2,625</b>

**Notes on Debtors above:**

(i) Rates & Annual Charges Outstanding are secured against the property.

(ii) A provision for other doubtful debts is made when there is objective evidence that a receivable is impaired.

(iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%).

Generally all other receivables are non interest bearing.

(iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Lismore City Council

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

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		2,740	138	3,234	115
Stores & Materials		1,042	-	1,069	-
Trading Stock		2,245	-	2,642	-
<b>Total Inventories</b>		<b>6,027</b>	<b>138</b>	<b>6,945</b>	<b>115</b>
<b>Other Assets</b>					
Prepayments		-	-	37	-
<b>Total Other Assets</b>		<b>-</b>	<b>-</b>	<b>37</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>6,027</b>	<b>138</b>	<b>6,982</b>	<b>115</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		283	-	321	-
<b>Total Water</b>		<b>283</b>	<b>-</b>	<b>321</b>	<b>-</b>
<b>Sewerage</b>					
Stores & Materials		299	-	245	-
<b>Total Sewerage</b>		<b>299</b>	<b>-</b>	<b>245</b>	<b>-</b>
<b>Total Externally Restricted Assets</b>		<b>582</b>	<b>-</b>	<b>566</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>		<b>5,445</b>	<b>138</b>	<b>6,416</b>	<b>115</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>6,027</b>	<b>138</b>	<b>6,982</b>	<b>115</b>

## Lismore City Council

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

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

\$ '000	2013		2012	
	Current	Non Current	Current	Non Current
<b>(i) Other Disclosures</b>				
<b>(a) Details for Real Estate Development</b>				
Residential	15	138	6	115
Industrial/Commercial	2,725	-	3,228	-
<b>Total Real Estate for Resale</b>	<b>2,740</b>	<b>138</b>	<b>3,234</b>	<b>115</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	427	-	708	-
Development Costs	2,313	138	2,526	115
<b>Total Costs</b>	<b>2,740</b>	<b>138</b>	<b>3,234</b>	<b>115</b>
less: Provision for Under Recovery	-	-	-	-
<b>Total Real Estate for Resale</b>	<b>2,740</b>	<b>138</b>	<b>3,234</b>	<b>115</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	3,234	115	3,253	-
- Purchases and other costs	65	23	47	115
- WDV of Sales (exp)	(559)	-	(66)	-
<b>Total Real Estate for Resale</b>	<b>2,740</b>	<b>138</b>	<b>3,234</b>	<b>115</b>

**(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;

	2013	2012
Real Estate for Resale	1,805	1,947
	<b>1,805</b>	<b>1,947</b>

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period									as at 30/6/2013				
	At	At	Accumulated		Carrying	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in P/L)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Reversal of prior period Revaluation Decrements to the P&L	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value										Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	12,737	-	-	-	12,737	2,863	-	-	-	-	(11,320)	-	-	-	4,280	-	-	-	4,280
Plant & Equipment	-	29,876	17,620	-	12,256	5,813	-	(248)	(2,856)	-	-	-	-	-	-	32,520	17,555	-	14,965
Office Equipment	-	5,761	4,997	-	764	126	-	-	(252)	-	-	-	-	-	-	5,887	5,249	-	638
Furniture & Fittings	-	595	464	-	131	-	-	-	(18)	-	-	-	-	-	-	595	482	-	113
Plant & Equipment (under Finance Lease)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Land:</b>																			
- Operational Land	-	32,575	-	-	32,575	-	-	(274)	-	-	3,875	(67)	-	42,101	-	78,210	-	-	78,210
- Community Land	-	31,232	-	-	31,232	-	-	-	-	-	(3,875)	-	-	-	-	27,357	-	-	27,357
- Land under Roads (pre 1/7/08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Land under Roads (post 30/6/08)	-	-	26	-	26	-	-	-	-	-	-	-	-	-	-	26	-	-	26
Land Improvements - non depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	16,852	7,461	-	9,391	360	-	-	(311)	-	6	-	-	-	-	17,218	7,772	-	9,446
Buildings - Non Specialised	-	1,120	644	-	476	-	-	-	-	-	-	-	132	-	-	2,306	1,698	-	608
Buildings - Specialised	-	85,728	33,008	-	52,720	5,822	-	(345)	(1,731)	-	39	-	7,759	-	-	75,322	11,058	-	64,264
Other Structures	-	25,677	9,870	-	15,807	711	-	-	(349)	-	78	-	-	-	-	26,466	10,219	-	16,247
<b>Infrastructure:</b>																			
- Roads, Bridges, Footpaths	-	498,514	148,576	-	349,938	2,983	-	(1,966)	(8,362)	-	1,436	-	-	19,138	-	527,277	164,110	-	363,167
- Bulk Earthworks (non-depreciable)	-	292,162	-	-	292,162	229	-	-	-	-	-	-	16,069	-	-	308,460	-	-	308,460
- Stormwater Drainage	-	48,322	20,747	-	27,575	485	-	-	(527)	-	40	-	-	1,403	-	51,306	22,330	-	28,976
- Water Supply Network	-	114,468	45,720	-	68,748	2,096	-	(725)	(1,691)	-	-	-	-	1,701	-	118,032	47,903	-	70,129
- Sewerage Network	-	272,673	110,117	-	162,556	7,022	-	(1,070)	(3,923)	-	9,720	-	-	4,038	-	294,373	116,030	-	178,343
- Other Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets:</b>																			
- Heritage Collections	-	82	12	-	70	-	-	-	(1)	-	-	-	-	-	-	82	13	-	69
- Library Books	-	12,414	9,133	-	3,281	692	-	-	(859)	-	(1)	-	-	-	-	13,107	9,994	-	3,113
- Other	-	261	128	-	133	-	-	-	(64)	-	-	-	-	-	-	261	192	-	69
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>																			
- Tip Asset	781	-	781	-	-	-	-	-	38	-	59	-	-	-	840	-	743	-	97
- Quarry Asset	91	-	91	-	-	-	-	-	6	-	679	-	-	-	770	-	85	-	685
- Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INFRASTRUCTURE</b>																			
<b>PROPERTY, PLANT &amp; EQUIP.</b>	<b>13,609</b>	<b>1,468,338</b>	<b>409,369</b>	<b>-</b>	<b>1,072,578</b>	<b>29,202</b>	<b>-</b>	<b>(4,628)</b>	<b>(20,900)</b>	<b>-</b>	<b>736</b>	<b>(67)</b>	<b>-</b>	<b>92,341</b>	<b>5,890</b>	<b>1,578,805</b>	<b>415,433</b>	<b>-</b>	<b>1,169,262</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$11,577 million) and New Assets (\$7,094million). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Lismore City Council

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

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	3	-	-	3	-	-	-	-
Plant & Equipment	-	1,059	470	589	-	939	587	352
Office Equipment	-	63	57	6	-	63	55	8
Land								
- Operational Land	-	2,221	-	2,221	-	1,208	-	1,208
Buildings	-	173	31	142	-	450	188	262
Other Structures	-	40	13	27	-	40	13	27
Infrastructure	-	118,032	47,903	70,129	-	114,468	45,720	68,748
<b>Total Water Supply</b>	<b>3</b>	<b>121,588</b>	<b>48,474</b>	<b>73,117</b>	<b>-</b>	<b>117,168</b>	<b>46,563</b>	<b>70,605</b>
<b>Sewerage Services</b>								
WIP	39	-	-	39	9,720	-	-	9,720
Plant & Equipment	-	1,610	873	737	-	1,487	772	715
Office Equipment	-	148	109	39	-	148	96	52
Land								
- Operational Land	-	5,404	-	5,404	-	2,362	-	2,362
Buildings	-	777	167	610	-	1,280	378	902
Other Structures	-	89	41	48	-	89	39	50
Infrastructure	-	294,735	116,393	178,342	-	272,673	110,117	162,556
<b>Total Sewerage Services</b>	<b>39</b>	<b>302,763</b>	<b>117,583</b>	<b>185,219</b>	<b>9,720</b>	<b>278,039</b>	<b>111,402</b>	<b>176,357</b>
<b>Domestic Waste Management</b>								
Land								
- Operational Land	-	-	-	-	-	111	-	111
- Improvements - depreciable	-	-	-	-	-	1,380	261	1,119
<b>Total DWM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,491</b>	<b>261</b>	<b>1,230</b>
<b>TOTAL RESTRICTED I,P,P&amp;E</b>	<b>42</b>	<b>424,351</b>	<b>166,057</b>	<b>258,336</b>	<b>9,720</b>	<b>396,698</b>	<b>158,226</b>	<b>248,192</b>

## Lismore City Council

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

#### 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 2013

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

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		3,373	-	3,368	-
Goods & Services - capital expenditure		1,975	-	2,728	-
Payments Received In Advance		17	-	18	-
Accrued Expenses:					
- Other Expenditure Accruals		2,092	-	1,379	-
Security Bonds, Deposits & Retentions		908	753	1,081	679
Contribution to Works		250	872	250	1,087
Trustee Items		85	-	402	-
Other		-	-	-	13
<b>Total Payables</b>		<b>8,700</b>	<b>1,625</b>	<b>9,226</b>	<b>1,779</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		5,861	43,688	2,544	45,011
<b>Total Borrowings</b>		<b>5,861</b>	<b>43,688</b>	<b>2,544</b>	<b>45,011</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		2,928	-	2,786	-
Long Service Leave		4,463	186	4,462	166
Other Leave		50	-	45	-
Sub Total - Aggregate Employee Benefits		7,441	186	7,293	166
Asset Remediation/Restoration (Future Works)	26	46	3,536	47	2,434
<b>Total Provisions</b>		<b>7,487</b>	<b>3,722</b>	<b>7,340</b>	<b>2,600</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>22,048</b>	<b>49,035</b>	<b>19,110</b>	<b>49,390</b>

## (i) Liabilities relating to Restricted Assets

	2013		2012	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Water	1,042	6,581	494	4,181
Sewer	586	7,752	551	7,966
Domestic Waste Management	126	3	126	2
Other	1,207	-	1,738	-
<b>Liabilities relating to externally restricted assets</b>	<b>2,961</b>	<b>14,336</b>	<b>2,909</b>	<b>12,149</b>

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

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

## Lismore City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	4,913	4,855
	<b>4,913</b>	<b>4,855</b>

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

Class of Provision	2012		2013			Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	2,786	1,681	(1,539)	-	-	2,928
Long Service Leave	4,628	508	(487)	-	-	4,649
Other Leave	45	267	(262)	-	-	50
Asset Remediation	2,481	-	-	1,101	-	3,582
<b>TOTAL</b>	<b>9,940</b>	<b>2,456</b>	<b>(2,288)</b>	<b>1,101</b>	<b>-</b>	<b>11,209</b>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. 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 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	21,232	32,961
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>21,232</b>	<b>32,961</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>1,103</b>	<b>(3,692)</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		21,065	23,251
Net Losses/(Gains) on Disposal of Assets		2,844	3,261
Non Cash Capital Grants and Contributions		(1,168)	(1,573)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(1,731)	(35)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
Unwinding of Discount Rates on Reinstatement Provisions		785	492
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(3,171)	1,598
Increase/(Decrease) in Provision for Doubtful Debts		61	(39)
Decrease/(Increase) in Inventories		424	(24)
Decrease/(Increase) in Other Assets		37	(30)
Increase/(Decrease) in Payables		5	(463)
Increase/(Decrease) in other accrued Expenses Payable		713	(1,176)
Increase/(Decrease) in Other Liabilities		(645)	130
Increase/(Decrease) in Employee Leave Entitlements		168	1,028
Increase/(Decrease) in Other Provisions		316	(1,487)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>20,806</b>	<b>21,241</b>

## Lismore City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Other Dedications		1,168	1,573
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>1,168</b>	<b>1,573</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		750	750
Credit Cards / Purchase Cards		150	85
<b>Total Financing Arrangements</b>		<b>900</b>	<b>835</b>

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

**(ii) Secured Loan Liabilities**

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

**(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 2013

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Flood Levy Construction		-	8
Southern Trunk Main		-	3,880
Lismore City Hall Redevelopment		566	-
<b>Total Commitments</b>		<b>566</b>	<b>3,888</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		566	3,888
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>566</b>	<b>3,888</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		-	8
Externally Restricted Reserves		566	3,880
<b>Total Sources of Funding</b>		<b>566</b>	<b>3,888</b>

## Lismore City Council

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

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) Finance Lease Commitments</b>			
Nil			
<b>(c) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		53	167
Later than one year and not later than 5 years		42	13
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>95</b>	<b>180</b>

**b. Non Cancellable Operating Leases include the following assets:**

Motor Vehicles, Heavy 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 2013

#### Note 12. Commitments for Expenditure (continued)

##### **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 Associates / Joint Ventures - Commitments**

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

## Lismore City Council

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

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 2012      2011	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>23,761</u>	<b>1.68 : 1</b>	2.25	2.13
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>14,208</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>5,780</u>	<b>6.68%</b>	6.64%	6.96%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<u>86,504</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>41,375</u>	<b>40.11%</b>	41.59%	39.18%
Income from Continuing Operations	<u>103,142</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>5,453</u>	<b>11.62%</b>	11.59%	10.60%
Rates, Annual & Extra Charges Collectible	<u>46,910</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<u>11,577</u>	<b>71.31%</b>	52.66%	63.76%
Depreciation, Amortisation & Impairment	<u>16,234</u>			

## Notes

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

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

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

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

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

## Lismore City Council

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

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	<b>5.44 : 1</b>	<b>17.80 : 1</b>	<b>1.68 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	8.00 : 1	19.02 : 1	2.25 : 1
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>4.23%</b>	<b>6.93%</b>	<b>6.98%</b>
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)			
prior period:	2.95%	7.47%	7.00%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>26.93%</b>	<b>77.62%</b>	<b>36.01%</b>
Income from Continuing Operations			
prior period:	28.08%	78.45%	37.40%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>20.69%</b>	<b>13.41%</b>	<b>10.07%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	22.20%	13.75%	9.85%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>123.22%</b>	<b>51.91%</b>	<b>70.21%</b>
Depreciation, Amortisation & Impairment			
prior period:	67.93%	31.55%	61.30%

## Notes

<sup>(1)</sup> 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 2013

#### Note 14. Investment Properties

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 2013

#### 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	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	21,232	32,961	21,232	32,961
Investments				
- "Designated At Fair Value on Initial Recognition"	17,789	9,208	17,789	9,208
Receivables	17,731	14,419	17,731	14,419
<b>Total Financial Assets</b>	<b>56,752</b>	<b>56,588</b>	<b>56,752</b>	<b>56,588</b>
<b>Financial Liabilities</b>				
Payables	10,308	10,987	10,308	10,987
Loans / Advances	49,549	47,555	52,059	54,088
<b>Total Financial Liabilities</b>	<b>59,857</b>	<b>58,542</b>	<b>62,367</b>	<b>65,075</b>

Fair Value is determined as follows:

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

## Lismore City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 15. Financial Risk Management (continued)

\$ '000

## (a) Fair Value Measurements

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

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

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

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

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

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

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

<b>2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Investments				
- "Designated At Fair Value on Initial Recognition"	17,237	-	552	17,789
<b>Total Financial Assets</b>	<b>17,237</b>	<b>-</b>	<b>552</b>	<b>17,789</b>
<b>2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Investments				
- "Designated At Fair Value on Initial Recognition"	8,879	-	329	9,208
<b>Total Financial Assets</b>	<b>8,879</b>	<b>-</b>	<b>329</b>	<b>9,208</b>

The following table presents the movement in Level 3 financial instruments

	<b>Liabilities</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Assets</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Opening Balance</b> (of Level 3 fair values)	-	-	329	3,194
Disposals	-	-	(1,284)	(1,267)
Change in Market Value	-	-	1,507	(1,598)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>552</b>	<b>329</b>

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

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

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2013</b>				
Possible impact of a 10% movement in Market Values	1,779	1,779	(1,779)	(1,779)
Possible impact of a 1% movement in Interest Rates	212	212	(212)	(212)
<b>2012</b>				
Possible impact of a 10% movement in Market Values	921	921	921	(921)
Possible impact of a 1% movement in Interest Rates	413	413	(413)	(413)

## Lismore City Council

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

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

\$ '000

##### (c) Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees and trade receivables relating to provision of works and services.

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:

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	11,542	-	8,647
Overdue	4,271	2,055	3,984	1,864
	<u>4,271</u>	<u>13,597</u>	<u>3,984</u>	<u>10,511</u>

## Lismore City Council

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

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

\$ '000

##### (d) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2013</b>									
Trade/Other Payables	10,308	-	-	-	-	-	-	10,308	<b>10,308</b>
Loans & Advances	-	6,227	3,121	3,055	3,264	2,956	34,059	52,682	<b>49,549</b>
<b>Total Financial Liabilities</b>	<b>10,308</b>	<b>6,227</b>	<b>3,121</b>	<b>3,055</b>	<b>3,264</b>	<b>2,956</b>	<b>34,059</b>	<b>62,990</b>	<b>59,857</b>
<b>2012</b>									
Trade/Other Payables	10,987	-	-	-	-	-	-	10,987	<b>10,987</b>
Loans & Advances	-	2,716	6,094	2,984	2,914	3,118	32,805	50,631	<b>47,555</b>
<b>Total Financial Liabilities</b>	<b>10,987</b>	<b>2,716</b>	<b>6,094</b>	<b>2,984</b>	<b>2,914</b>	<b>3,118</b>	<b>32,805</b>	<b>61,618</b>	<b>58,542</b>

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	10,308	0.0%	10,987	0.0%
Loans & Advances - Fixed Interest Rate	<u>49,549</u>	6.3%	<u>47,555</u>	6.5%
	<u>59,857</u>		<u>58,542</u>	

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 19 June 2012.

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

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

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

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	41,252	41,375	123	0%	<b>F</b>
<b>User Charges &amp; Fees</b>	28,401	31,861	3,460	12%	<b>F</b>
The major component of this variation relates to higher than forecast revenues from Quarry operations, \$2.7million, and Roads and Maritime Services for ordered works, \$1.5 million. This has been offset by lower revenue from Waste Operations of \$1 million. Waste operations was restructured in 2013 to more accurately reflect business operations with revenue reclassified to other revenues.					
<b>Interest &amp; Investment Revenue</b>	1,220	3,721	2,501	205%	<b>F</b>
The better than expected result can be attributed to a market valuation adjustment of the investment portfolio \$1.7 million (relates to investments written down in previous financial years) and a better than expected return. A higher than expected average portfolio balance and a higher interest rate return.					
<b>Other Revenues</b>	1,949	3,018	1,069	55%	<b>F</b>
The better than expected result was due to many variations with the major items identified as: Wastewater operations \$66k, Waste Operations (recycling operations) \$625k, wage subsidies received \$43k miscellaneous private works revenues \$96k, events sponsorship/revenues \$27k and revenues received in advance for the 2013 Master Games \$67k.					
<b>Operating Grants &amp; Contributions</b>	6,958	14,306	7,348	106%	<b>F</b>
Council was able to secure a number of additional grants throughout the year, including flood assistance grants, disaster recovery funds and also received the first two instalments of the 2014 Financial Assistance Grant in advance. In summary: 2014 FAGS in advanced \$2.8 million, Natural Disaster Recovery \$3.7 million, Road Toll Response and Black Spot funding \$1.5 million, Diesel Rebate \$303k, Healthy Communities Project \$145k, Art NSW \$132k, Safer Suburbs \$50k, Koala Habitat \$50k and Pensioner Rates Subsidy \$79k. Regional Roads Construction Revenues \$731k was incorrectly reported as operating grants in the original vote it was transferred to capital grants through the 2013 Quarterly Budget Review Statement.					

## Lismore City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations

\$ '000

<b>Capital Grants &amp; Contributions</b>	<b>7,972</b>	<b>8,861</b>	<b>889</b>	<b>11%</b>	<b>F</b>
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Regional Roads Construction Revenues \$731k was incorrectly reported as operating grants in the original vote it was transferred to capital grants through the 2013 Quarterly Budget Review Statement.

<b>Net Gains from Disposal of Assets</b>	<b>454</b>	<b>-</b>	<b>(454)</b>	<b>(100%)</b>	<b>U</b>
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Council achieved better than its original forecast however was required to recognise the disposal of infrastructure assets and therefore overall has a loss on disposal on of assets.

Refer Net Loss from Disposal of Assets

<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>F</b>
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**EXPENSES**

<b>Employee Benefits &amp; On-Costs</b>	<b>26,975</b>	<b>30,185</b>	<b>(3,210)</b>	<b>(12%)</b>	<b>U</b>
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Council's original estimate was incorrect, it was based on 2011 actuals and indexed for anticipated award increases. Other than salaries and oncosts, Council budgets on an overall expenditure basis and therefore material and contracts would also have been overstated. This has been corrected for future years budget estimates.

Based on Council 2012 statements and applying an award increase it would be expected the correct budget would be \$29 million.

Other budget variances include savings in workers compensation \$350,000 and additional grant funding was received as outlined previously in this note which has resulted in additional works being undertaken.

<b>Borrowing Costs</b>	<b>3,152</b>	<b>3,574</b>	<b>(422)</b>	<b>(13%)</b>	<b>U</b>
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As part of year end, Council is required to review its provision for remediation in relation to its Quarry and Waste facilities. Due to the changes in the inflation and interest rates Council was required to recognise an additional \$363k on relation to these remediation costs. This is a book value adjustment only and does not reflect a payment of a liability to an external party.

<b>Materials &amp; Contracts</b>	<b>31,661</b>	<b>39,457</b>	<b>(7,796)</b>	<b>(25%)</b>	<b>U</b>
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Additional grant funding was received as outlined previously in this note which has resulted in additional works being undertaken and expenditure incurred. Council also incurred expenses in relation to works carried forward from 2012 as reserves or unexpended grants. The balance of these funds were not known at the time of the preparation of the budget. These works will increase expenditure without increasing revenues as it has been recognised in previous years.

## Lismore City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
<b>Depreciation &amp; Amortisation</b>	<b>23,677</b>	<b>21,065</b>	<b>2,612</b>	11% <b>F</b>

Council's original budgets are prepared using the best information available, the audited financial statements of the previous year (2011). Once the current year (2012) has been completed depreciation is revised to reflect the latest information.

The major movements being:

In accordance with DLG requirements a revaluation of Water and Wastewater infrastructure was undertaken as part of the 2012 accounts, this identified that depreciation was being overstated and hence there was a reduction in the 2013 year. Wastewater was revised down by \$2.1million and Water by \$872k. In addition during 2013 Council reviewed the depreciation on its leisure activities taking into consideration the correct useful and residual value of its Leisure Facility, this resulted in a reduction in depreciation of \$414k.

All other areas were adjusted to reflect the 2012 Financial Statements.

<b>Impairment Expenses</b>	-	-	-	0% <b>F</b>
<b>Other Expenses</b>	4,819	4,914	(95)	(2%) <b>U</b>
<b>Net Losses from Disposal of Assets</b>	-	2,844	(2,844)	0% <b>U</b>

Council achieved better than original budget forecasts however was required to recognise the disposal of infrastructure assets. The assets were replaced earlier than scheduled to take advantage of grant funding and to match with Council's strategic objectives and asset management strategy.

As a result, some assets held a large WDV and therefore the following loss on disposal infrastructure was recognised: Roads and Bridges \$1.96million, Wastewater \$1.07 million and Water 725k.

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

<b>Cash Flows from Operating Activities</b>	20,395	20,806	411	2.0% <b>F</b>
<b>Cash Flows from Investing Activities</b>	(23,529)	(34,529)	(11,000)	46.8% <b>U</b>
<b>Cash Flows from Financing Activities</b>	3,134	1,994	(1,140)	(36.4%) <b>U</b>

Where works funded from loans are not to proceed or are deferred Council does not borrow these funds.

For 2013 borrowings of \$1.1million planned for the Material Recovery Facility were not drawn as this project was deferred until 2013/14.



## Lismore City Council

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

## Note 17. Statement of Developer Contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Recreation & Community Facilities	1,976	155	-	243	(31)	-	2,343	656	(1,084)	1,915	-
Car Parking	56	-	-	5	-	-	61	350	(397)	14	-
Strategic Urban Roads	3,664	340	-	345	(85)	-	4,264	22,047	(22,629)	3,682	-
Rural Fire Services	112	7	-	12	-	-	131	(2)	(63)	66	-
Footpaths/Cycleways	263	15	-	27	-	-	305	225	(368)	162	-
S.E.S.	59	5	-	6	-	-	70	12	(38)	44	-
Nimbin Traffic Management	7	1	-	-	-	-	8	27	(34)	1	-
Rural Roads	1,893	257	-	174	(297)	-	2,027	2,345	(2,318)	2,054	-
<b>S94 Contributions - under a Plan</b>	<b>8,030</b>	<b>780</b>	<b>-</b>	<b>812</b>	<b>(413)</b>	<b>-</b>	<b>9,209</b>	<b>25,660</b>	<b>(26,931)</b>	<b>7,938</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>8,030</b>	<b>780</b>	<b>-</b>	<b>812</b>	<b>(413)</b>	<b>-</b>	<b>9,209</b>				<b>-</b>
S94 not under Plans	16	-	-	-	(16)	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	6,072	466	-	244	(2,089)	-	4,693				
<b>Total Contributions</b>	<b>14,118</b>	<b>1,246</b>	<b>-</b>	<b>1,056</b>	<b>(2,518)</b>	<b>-</b>	<b>13,902</b>	<b>25,660</b>	<b>(26,931)</b>	<b>7,938</b>	<b>-</b>

## S94 CONTRIBUTIONS - UNDER A PLAN

## Recreation &amp; Community Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
City Wide	597	52	-	75	-	-	724	475	(967)	232	-
Urban Catchment (West)	8	2	-	1	-	-	11	(2)	-	9	-
- Urban Catchment (East)	831	70	-	106	-	-	1,007	(34)	-	973	-
- The Channon & District	3	-	-	-	-	-	3	-	-	3	-
- North East	19	2	-	2	-	-	23	10	(27)	6	-
- Clunes/Bexhill/Eitham	69	1	-	8	-	-	78	-	(54)	24	-
- South West	14	-	-	1	-	-	15	19	(27)	7	-
- South East	2	-	-	-	-	-	2	4	(9)	(3)	-
- Residential	236	10	-	28	(9)	-	265	173	-	438	-
- Industrial/Commercial	22	1	-	2	-	-	25	17	-	42	-
Urban Bushland	161	14	-	18	(22)	-	171	2	-	173	-
Other	14	3	-	2	-	-	19	(8)	-	11	-
<b>Total</b>	<b>1,976</b>	<b>155</b>	<b>-</b>	<b>243</b>	<b>(31)</b>	<b>-</b>	<b>2,343</b>	<b>656</b>	<b>(1,084)</b>	<b>1,915</b>	<b>-</b>

## Car Parking

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Lismore CBD	38	-	-	4	-	-	42	19	(66)	(5)	-
Nimbin Village	18	-	-	1	-	-	19	331	(331)	19	-
<b>Total</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>350</b>	<b>(397)</b>	<b>14</b>	<b>-</b>

## Lismore City Council

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

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

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## Strategic Urban Roads

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	3,664	340	-	345	(85)	-	4,264	22,047	(22,629)	3,682	-
<b>Total</b>	<b>3,664</b>	<b>340</b>	<b>-</b>	<b>345</b>	<b>(85)</b>	<b>-</b>	<b>4,264</b>	<b>22,047</b>	<b>(22,629)</b>	<b>3,682</b>	<b>-</b>

## Rural Fire 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	
All Areas	112	7	-	12	-	-	131	(2)	(63)	66	-
<b>Total</b>	<b>112</b>	<b>7</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>131</b>	<b>(2)</b>	<b>(63)</b>	<b>66</b>	<b>-</b>

## S94 CONTRIBUTIONS - UNDER A PLAN

## Footpaths/Cycleways

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	
Trunk	121	12	-	13	-	-	146	129	(197)	78	-
Internal	142	3	-	14	-	-	159	96	(171)	84	-
<b>Total</b>	<b>263</b>	<b>15</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>305</b>	<b>225</b>	<b>(368)</b>	<b>162</b>	<b>-</b>

## S.E.S.

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	
All Areas	59	5	-	6	-	-	70	12	(38)	44	-
<b>Total</b>	<b>59</b>	<b>5</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>12</b>	<b>(38)</b>	<b>44</b>	<b>-</b>

## S94 CONTRIBUTIONS - UNDER A PLAN

## Nimbin Traffic Management

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Residential/Commercial/Industrial	7	1	-	-	-	-	8	27	(34)	1	-
<b>Total</b>	<b>7</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>27</b>	<b>(34)</b>	<b>1</b>	<b>-</b>

## Rural Roads

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	1,625	249	-	148	(297)	-	1,725	2,234	(2,111)	1,848	-
Village Rural Roads	268	8	-	26	-	-	302	111	(207)	206	-
<b>Total</b>	<b>1,893</b>	<b>257</b>	<b>-</b>	<b>174</b>	<b>(297)</b>	<b>-</b>	<b>2,027</b>	<b>2,345</b>	<b>(2,318)</b>	<b>2,054</b>	<b>-</b>

## Lismore City Council

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

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

\$ '000

## S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	16	-	-	-	(16)	-	-	-	-	-	-
<b>Total</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## S64 CONTRIBUTIONS - UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
<b>Water Supplies</b>											
- Urban Reservoir	184	96	-	11	(106)	-	185	1,413	(1,526)	72	-
- Dunoon etc	302	-	-	14	(14)	-	302	358	(582)	78	-
- Clunes	283	-	-	13	(13)	-	283	1	(209)	75	-
- Nimbin & District	94	-	-	4	(4)	-	94	104	(174)	24	-
<b>sub total:</b>	<b>863</b>	<b>96</b>	<b>-</b>	<b>42</b>	<b>(137)</b>	<b>-</b>	<b>864</b>	<b>1,876</b>	<b>(2,491)</b>	<b>249</b>	<b>-</b>
<b>Sewer Supplies</b>											
- Lismore	4,940	370	-	190	(1,940)	-	3,560	4,834	(8,326)	68	-
- Nimbin	269	-	-	12	(12)	-	269	169	(450)	(12)	-
- Caniaba	-	-	-	-	-	-	-	17	(17)	-	-
<b>sub total:</b>	<b>5,209</b>	<b>370</b>	<b>-</b>	<b>202</b>	<b>(1,952)</b>	<b>-</b>	<b>3,829</b>	<b>5,020</b>	<b>(8,793)</b>	<b>56</b>	<b>-</b>
<b>Total</b>	<b>6,072</b>	<b>466</b>	<b>-</b>	<b>244</b>	<b>(2,089)</b>	<b>-</b>	<b>4,693</b>	<b>6,896</b>	<b>(11,284)</b>	<b>305</b>	<b>-</b>

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

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

Council participates in a Defined Benefit Superannuation Scheme, The Local Government Superannuation Scheme - Pool B (the Scheme), and makes contributions as determined by the Superannuation Scheme's Trustees.

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

The Scheme is a defined benefit plan, however it has been deemed to be a multi-employer fund in accordance with AASB119 because there is insufficient information to account for it as a defined benefits scheme as the assets are pooled together for all employees.

The amount of employer contributions to the defined section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2013 was \$811,480. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20th February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 a deficit still exists. Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The annual amount of additional contributions payable until the deficit is extinguished is \$415,827.

##### (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.

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

##### 2. Other Liabilities

##### (i) Third Party Claims

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

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

##### (ii) 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.

##### (iii) S94 Plans

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

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

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

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

##### (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 will 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.

##### (iv) 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.

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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\$ '000

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

##### **(v) Richmond - Tweed Regional Library (continued)**

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.

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

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

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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\$ '000

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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;

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#### **Subsidiaries**

**Note 19(a)**

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

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

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

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

#### **Joint Venture Operations**

**Note 19(c)**

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council jointly controls the operations with the other parties involved.

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

**Note 19(d)**

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

Council has no interest in any Subsidiaries.

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

##### **(i) ASSOCIATED ENTITIES**

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

## Lismore City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

## (c) Joint Venture Operations

## (a) Council is involved in the following Joint Venture Operations (JVO)

Name of Operation	Principal Activity	Councils Interests in Outputs of JVO's
Blue Hills Residential Estate	Development & Sale of Land	50%
North East Weight of Loads Group	Reducing Damage to Council Roads	15%

## (b) Council Assets employed in the Joint Venture Operations

	2013	2012
<b>1. Blue Hills Residential Estate</b>		
<b>Council's own assets employed in the Operations</b>		
<b>Current Assets:</b>		
Receivables	4	4
Inventories	15	6
<b>Non-Current Assets</b>		
Property, Plant & Equipment	4	4
<b>Total Assets - Council Owned</b>	<b>23</b>	<b>14</b>
<b>2. North East Weight of Loads Group</b>		
<b>Council's share of assets jointly owned with other partners</b>		
<b>Current Assets:</b>		
Current Assets	45	42
<b>Current Liabilities</b>	(22)	(17)
Property, Plant & Equipment	7	11
<b>Total Assets - Council Owned</b>	<b>30</b>	<b>36</b>
<b>Total Net Assets Employed - Council &amp; Jointly Owned</b>	<b>53</b>	<b>50</b>

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

All Subsidiaries, Associated Entities & Joint Ventures have been recognised in this financial report as required.



## Lismore City Council

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

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		614,337	616,731
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		1,103	(3,692)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		611	1,298
g. Other Changes		-	-
<b>Balance at End of the Reporting Period</b>		<b>616,051</b>	<b>614,337</b>

**(b) Reserves****(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	545,918	454,255
<b>Total</b>	<b>545,918</b>	<b>454,255</b>

**(ii) Reconciliation of movements in Reserves:**

<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		454,255	429,950
- Revaluations for the year	9(a)	92,274	25,603
- Transfer between Equity (Assets Disposal and RTRL revaluation reserve on incorporation with LCC)		(611)	(1,298)
<b>- Balance at End of Year</b>		<b>545,918</b>	<b>454,255</b>

<b>TOTAL VALUE OF RESERVES</b>	<b>545,918</b>	<b>454,255</b>
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**(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 Assets values due to their revaluation.

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

## Lismore City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b><u>Continuing Operations</u></b>	<b>Water</b>	<b>Sewerage</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	2,732	9,612	29,519
User Charges & Fees	6,658	158	33,153
Interest & Investment Revenue	329	1,398	1,994
Other Revenues	53	77	3,073
Grants & Contributions provided for Operating Purposes	154	129	14,023
Grants & Contributions provided for Capital Purposes	219	1,009	7,633
<b>Other Income</b>			
<b>Total Income from Continuing Operations</b>	<b>10,145</b>	<b>12,383</b>	<b>89,395</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	1,787	2,221	26,180
Borrowing Costs	293	590	2,691
Materials & Contracts	2,032	3,191	41,610
Depreciation & Amortisation	1,810	4,201	15,054
Other Expenses	4,808	359	1,149
Net Losses from the Disposal of Assets	652	1,021	1,171
<b>Total Expenses from Continuing Operations</b>	<b>11,382</b>	<b>11,583</b>	<b>87,855</b>
<b>Operating Result from Continuing Operations</b>	<b>(1,237)</b>	<b>800</b>	<b>1,540</b>
<b><u>Discontinued Operations</u></b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>(1,237)</b>	<b>800</b>	<b>1,540</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(1,237)</b>	<b>800</b>	<b>1,540</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>-</b>	<b>(1,456)</b>	<b>(6,093)</b>

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

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

## Lismore City Council

## Notes to the Financial Statements

as at 30 June 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	3,692	10,626	6,914
Investments	-	-	12,237
Receivables	2,040	1,157	11,681
Inventories	283	299	5,445
<b>Total Current Assets</b>	<b>6,015</b>	<b>12,082</b>	<b>36,277</b>
<b>Non-Current Assets</b>			
Investments	488	2,176	2,888
Receivables	718	339	1,796
Inventories	-	-	138
Infrastructure, Property, Plant & Equipment	73,117	185,219	910,926
Intangible Assets	-	-	873
<b>Total Non-Current Assets</b>	<b>74,323</b>	<b>187,734</b>	<b>916,621</b>
<b>TOTAL ASSETS</b>	<b>80,338</b>	<b>199,816</b>	<b>952,898</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	513	147	8,040
Borrowings	193	196	5,472
Provisions	302	243	6,942
<b>Total Current Liabilities</b>	<b>1,008</b>	<b>586</b>	<b>20,454</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	1,625
Borrowings	6,575	7,746	29,367
Provisions	6	6	3,710
<b>Total Non-Current Liabilities</b>	<b>6,581</b>	<b>7,752</b>	<b>34,702</b>
<b>TOTAL LIABILITIES</b>	<b>7,589</b>	<b>8,338</b>	<b>55,156</b>
<b>Net Assets</b>	<b>72,749</b>	<b>191,478</b>	<b>897,742</b>
<b>EQUITY</b>			
Retained Earnings	21,051	61,735	533,265
Revaluation Reserves	51,698	129,743	364,477
Council Equity Interest	72,749	191,478	897,742
Non-controlling Interests	-	-	-
<b>Total Equity</b>	<b>72,749</b>	<b>191,478</b>	<b>897,742</b>

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

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Council has not classified any Non-Current Assets or Disposal Groups as "Held for Sale".

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

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

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

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

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

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

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

Council has not adjusted the financial report for any "adjusting events".

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

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

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

## Lismore City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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

\$ '000

	Actual 2013 Carrying Amount	Actual 2012 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7/12)	1,466	1,415
Accumulated Amortisation (1/7/12)	(637)	(490)
<b>Net Book Value - Opening Balance</b>	<b>829</b>	<b>925</b>
<b>Movements for the year</b>		
- Purchases	209	51
- Amortisation charges	(165)	(147)
<b>Closing Values:</b>		
Gross Book Value (30/6/13)	1,675	1,466
Accumulated Amortisation (30/6/13)	(802)	(637)
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>873</u></b>	<b><u>829</u></b>

<sup>1</sup>. The Net Book Value of Intangible Assets represent:

- Software	873	829
	<b><u>873</u></b>	<b><u>829</u></b>

## Lismore City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

\$ '000

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2013	2012
Quarry Operations	2040	1,451	667
Tip Operations	2015	2,131	1,814
<b>Balance at End of the Reporting Period</b>		<b>3,582</b>	<b>2,481</b>

10(a)

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	2,481	3,476
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations	422	125
Effect of a change in other calculation estimates used	316	(1,487)
Amortisation of discount (expensed to borrowing costs)	363	367
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>3,582</b>	<b>2,481</b>

# Lismore City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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Mission Statement :-

*“To work with the community to maintain Lismore  
as the regional centre in a healthy rural setting”*





# Lismore City Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2013

Contents	Page
<b>1. Auditor's Report</b>	i
<b>2. Statement by Councillors &amp; Management</b>	89
<b>3. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	90
Income Statement - Wastewater Business Activity	91
Income Statement - Quarry Business Activity	92
Income Statement - Waste Collection Business Activity	92
Income Statement - Waste Disposal Business Activity	93
Income Statement - Real Estate Business Activity	93
Income Statement - Lismore Memorial Gardens Business Activity	94
Income Statement - Properties Held for Public Benefit Business Activity	94
Income Statement - Goonellabah Sports & Aquatic Centre Business Activity	95
Statement of Financial Position - Water Supply Business Activity	96
Statement of Financial Position - Wastewater Business Activity	97
Statement of Financial Position - Quarry Business Activity	98
Statement of Financial Position - Waste Collection Business Activity	98
Statement of Financial Position - Waste Disposal Business Activity	99
Statement of Financial Position - Real Estate Business Activity	99
Statement of Financial Position - Lismore Memorial Gardens Business Activity	100
Statement of Financial Position - Properties Held for Public Benefit Business Activity	100
Statement of Financial Position - Goonellabah Sports & Aquatic Business Activity	101
<b>4. Notes to the Special Purpose Financial Statements</b>	102

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### Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division 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).

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

We have audited the accompanying financial report, being a special purpose financial report, of Lismore City Council (the Council), which comprises the statement of financial position as at 30 June 2013, 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 Report**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation of the financial report that gives a true and fair view 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 report.

Our audit responsibility does not extend to the best practice management disclosures in note 2 and note 3 to the financial statements, 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.

## Auditor's Opinion

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

- i) has 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;
  - a) is consistent with the Council's accounting records;
  - b) presents fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2013 and the results of their operations for the year then ended;
- ii) all information relevant to the conduct of the audit has been obtained; and
- iii) there are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.


## Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the special purpose financial report of Lismore City Council for the year ended 30 June 2013 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 report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report 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 report to confirm the information contained in this website version of the financial report.

## 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 report has been prepared for the purpose of fulfilling the requirements of the NSW Division of Local Government. As a result, the financial report may not be suitable for another purpose.

## THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

  
K R FRANEY (Partner)  
Registered Company Auditor

Dated at Lismore this 22nd day of October 2013.

## Lismore City Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

### 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 Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.

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

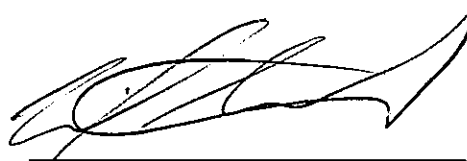
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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 22 October 2013.



Jenny Dowell  
MAYOR



Neil Marks  
DEPUTY MAYOR



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 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	2,732	2,570
User charges	6,658	6,031
Interest	329	197
Grants and contributions provided for non capital purposes	154	22
Other income	53	86
<b>Total income from continuing operations</b>	<b>9,926</b>	<b>8,906</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,787	1,548
Borrowing costs	293	193
Materials and contracts	2,032	2,065
Depreciation and impairment	1,810	2,657
Water purchase charges	4,777	4,577
Loss on sale of assets	652	148
Calculated taxation equivalents	10	10
Debt guarantee fee (if applicable)	149	129
Other expenses	31	12
<b>Total expenses from continuing operations</b>	<b>11,541</b>	<b>11,339</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(1,615)</b>	<b>(2,433)</b>
Grants and contributions provided for capital purposes	219	246
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(1,396)</b>	<b>(2,187)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(1,396)</b>	<b>(2,187)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(1,396)</b>	<b>(2,187)</b>
plus Opening Retained Profits	22,291	24,349
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments	7	-
<b>plus Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	10	10
- Debt guarantee fees	149	129
- Corporate taxation equivalent	-	-
<b>less:</b>		
- Tax Equivalent Dividend paid	(10)	(10)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>21,051</b>	<b>22,291</b>
<b>Return on Capital %</b>	<b>-1.8%</b>	<b>-3.2%</b>
<b>Subsidy from Council</b>	<b>4,079</b>	<b>4,379</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(1,396)	(2,187)
less: Capital grants and contributions (excluding developer contributions)	(123)	(148)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Lismore City Council

## Income Statement of Council's Wastewater Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	9,612	9,256
User charges	158	184
Interest	1,398	1,022
Grants and contributions provided for non capital purposes	129	126
Profit from the sale of assets	-	41
Other income	77	63
<b>Total income from continuing operations</b>	<b>11,374</b>	<b>10,692</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,221	2,047
Borrowing costs	590	625
Materials and contracts	3,191	3,440
Depreciation and impairment	4,201	6,362
Loss on sale of assets	1,021	-
Calculated taxation equivalents	32	32
Debt guarantee fee (if applicable)	158	140
Other expenses	359	191
<b>Total expenses from continuing operations</b>	<b>11,773</b>	<b>12,837</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(399)</b>	<b>(2,145)</b>
Grants and contributions provided for capital purposes	1,009	1,106
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>610</b>	<b>(1,039)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>610</b>	<b>(1,039)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>610</b>	<b>(1,039)</b>
plus Opening Retained Profits	60,957	61,856
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments	10	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	32	32
- Debt guarantee fees	158	140
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(32)	(32)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>61,735</b>	<b>60,957</b>
<b>Return on Capital %</b>	<b>0.1%</b>	<b>-0.9%</b>
<b>Subsidy from Council</b>	<b>6,792</b>	<b>6,864</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	610	(1,039)
less: Capital grants and contributions (excluding developer contributions)	(639)	(676)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Lismore City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

\$ '000	Quarry		Waste Collection	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>Income from continuing operations</b>				
Access charges	-	-	180	161
User charges	13,455	11,550	4,184	3,902
Interest	-	2	79	43
Grants and contributions provided for non capital purposes	279	205	92	81
Other income	21	71	-	-
<b>Total income from continuing operations</b>	<b>13,755</b>	<b>11,828</b>	<b>4,535</b>	<b>4,187</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	1,249	1,068	831	705
Borrowing costs	252	391	31	36
Materials and contracts	11,540	9,884	3,572	3,423
Depreciation and impairment	252	(136)	-	-
Calculated taxation equivalents	101	89	41	34
Debt guarantee fee (if applicable)	108	74	15	15
Other expenses	170	165	-	-
<b>Total expenses from continuing operations</b>	<b>13,672</b>	<b>11,535</b>	<b>4,490</b>	<b>4,213</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>83</b>	<b>293</b>	<b>45</b>	<b>(26)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>83</b>	<b>293</b>	<b>45</b>	<b>(26)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>83</b>	<b>293</b>	<b>45</b>	<b>(26)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(25)	(88)	(14)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>58</b>	<b>205</b>	<b>32</b>	<b>(26)</b>
plus Opening Retained Profits	2,822	2,659	(447)	(636)
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments	-	194	6	166
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	101	89	41	34
- Debt guarantee fees	108	74	15	15
- Corporate taxation equivalent	25	88	14	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(487)	(487)	-	-
<b>Closing Retained Profits</b>	<b>2,627</b>	<b>2,822</b>	<b>(340)</b>	<b>(447)</b>
<b>Return on Capital %</b>	<b>8.1%</b>	<b>21.8%</b>	<b>n/a</b>	<b>n/a</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Lismore City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

\$ '000	Waste Disposal		Real Estate	
	Category 1		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>Income from continuing operations</b>				
User charges	3,664	3,908	-	-
Profit from the sale of assets	-	-	608	-
Other income	1,708	850	-	-
<b>Total income from continuing operations</b>	<b>5,372</b>	<b>4,758</b>	<b>608</b>	<b>-</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	1,204	1,085	-	-
Borrowing costs	325	351	-	-
Materials and contracts	3,716	3,123	50	189
Depreciation and impairment	59	(316)	-	-
Calculated taxation equivalents	78	73	-	-
Debt guarantee fee (if applicable)	27	27	68	68
Other expenses	7	22	-	-
<b>Total expenses from continuing operations</b>	<b>5,416</b>	<b>4,365</b>	<b>118</b>	<b>257</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(44)</b>	<b>393</b>	<b>490</b>	<b>(257)</b>
Grants and contributions provided for capital purposes	275	257	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>231</b>	<b>650</b>	<b>490</b>	<b>(257)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>231</b>	<b>650</b>	<b>490</b>	<b>(257)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(118)	(147)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>231</b>	<b>532</b>	<b>343</b>	<b>(257)</b>
plus Opening Retained Profits	4,226	3,741	989	1,178
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments	-	69	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	78	73	-	-
- Debt guarantee fees	27	27	68	68
- Corporate taxation equivalent	-	118	147	-
add:				
- Subsidy Paid/Contribution To Operations	106	(47)	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(287)	(287)	-	-
<b>Closing Retained Profits</b>	<b>4,381</b>	<b>4,226</b>	<b>1,547</b>	<b>989</b>
Return on Capital %	4.5%	15.1%	n/a	n/a
Subsidy from Council	-	-	-	257



## Lismore City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

\$ '000	Lismore Memorial Gardens Category 2		Properties Held for Public Benefit (Commercial Properties) Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>Income from continuing operations</b>				
User charges*	1,145	578	-	-
Other income	22	-	200	195
<b>Total income from continuing operations</b>	<b>1,167</b>	<b>578</b>	<b>200</b>	<b>195</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	445	176	40	14
Borrowing costs	36	37	-	-
Materials and contracts	374	223	156	152
Depreciation and impairment	50	49	104	107
Calculated taxation equivalents	12	12	26	23
Debt guarantee fee (if applicable)	11	11	-	-
Other expenses	7	8	4	3
<b>Total expenses from continuing operations</b>	<b>935</b>	<b>516</b>	<b>330</b>	<b>299</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>232</b>	<b>62</b>	<b>(130)</b>	<b>(104)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>232</b>	<b>62</b>	<b>(130)</b>	<b>(104)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>232</b>	<b>62</b>	<b>(130)</b>	<b>(104)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(70)	(19)	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>162</b>	<b>43</b>	<b>(130)</b>	<b>(104)</b>
plus Opening Retained Profits	1,623	1,538	1,267	1,348
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	12	12	26	23
- Debt guarantee fees	11	11	-	-
- Corporate taxation equivalent	70	19	-	-
add:				
- Subsidy Paid/Contribution To Operations	5	-	3	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>1,883</b>	<b>1,623</b>	<b>1,166</b>	<b>1,267</b>
Return on Capital %	10.6%	5.0%	-3.1%	-4.1%
Subsidy from Council	-	-	290	181

\*2013 results are inclusive of all operations including the crematorium and cemeteries.

Prior years' comparatives only include crematorium operations.

## Lismore City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

Goonellabah Sports  
& Aquatic Centre

Category 2

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Fees	1,559	1,462
Grants and contributions provided for non capital purposes	111	-
Other income	24	24
<b>Total income from continuing operations</b>	<b>1,694</b>	<b>1,486</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	174	169
Borrowing costs	617	665
Materials and contracts	2,103	1,851
Depreciation and impairment	221	786
Calculated taxation equivalents	46	46
Debt guarantee fee (if applicable)	283	283
Other expenses	203	158
<b>Total expenses from continuing operations</b>	<b>3,647</b>	<b>3,958</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(1,953)</b>	<b>(2,472)</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(1,953)</b>	<b>(2,472)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(1,953)</b>	<b>(2,472)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(1,953)</b>	<b>(2,472)</b>
plus Opening Retained Profits	6,006	6,178
plus/less: Prior Period Adjustments		-
plus/less: Other Adjustments		-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	46	46
- Debt guarantee fees	283	283
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	1,761	1,971
less:		
- TER dividend paid		-
- Dividend paid		-
<b>Closing Retained Profits</b>	<b>6,143</b>	<b>6,006</b>
Return on Capital %	-7.3%	-11.7%
Subsidy from Council	2,024	2,275

## Lismore City Council

Statement of Financial Position - Council's Water Supply Business Activity  
as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,726	1,987
Investments	-	221
Receivables	2,040	1,927
Inventories	283	321
<b>Total Current Assets</b>	<b>6,049</b>	<b>4,456</b>
<b>Non-Current Assets</b>		
Investments	488	360
Receivables	718	645
Infrastructure, property, plant and equipment	73,117	70,607
<b>Total non-Current Assets</b>	<b>74,323</b>	<b>71,612</b>
<b>TOTAL ASSETS</b>	<b>80,372</b>	<b>76,068</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	34	20
Payables	513	56
Interest bearing liabilities	193	119
Provisions	302	299
<b>Total Current Liabilities</b>	<b>1,042</b>	<b>494</b>
<b>Non-Current Liabilities</b>		
Interest bearing liabilities	6,575	4,176
Provisions	6	5
<b>Total Non-Current Liabilities</b>	<b>6,581</b>	<b>4,181</b>
<b>TOTAL LIABILITIES</b>	<b>7,623</b>	<b>4,675</b>
<b>NET ASSETS</b>	<b>72,749</b>	<b>71,393</b>
<b>EQUITY</b>		
Retained earnings	21,051	22,291
Revaluation reserves	51,698	49,102
Council equity interest	72,749	71,393
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>72,749</b>	<b>71,393</b>

## Lismore City Council

## Statement of Financial Position - Council's Wastewater Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	10,626	11,167
Investments	-	1,241
Receivables	1,157	1,018
Inventories	299	245
<b>Total Current Assets</b>	<b>12,082</b>	<b>13,671</b>
<b>Non-Current Assets</b>		
Investments	2,176	2,020
Receivables	339	368
Infrastructure, property, plant and equipment	185,219	176,358
<b>Total non-Current Assets</b>	<b>187,734</b>	<b>178,746</b>
<b>TOTAL ASSETS</b>	<b>199,816</b>	<b>192,417</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	147	76
Interest bearing liabilities	196	185
Provisions	243	290
<b>Total Current Liabilities</b>	<b>586</b>	<b>551</b>
<b>Non-Current Liabilities</b>		
Interest bearing liabilities	7,746	7,955
Provisions	6	11
<b>Total Non-Current Liabilities</b>	<b>7,752</b>	<b>7,966</b>
<b>TOTAL LIABILITIES</b>	<b>8,338</b>	<b>8,517</b>
<b>NET ASSETS</b>	<b>191,478</b>	<b>183,900</b>
<b>EQUITY</b>		
Retained earnings	61,735	60,957
Revaluation reserves	129,743	122,943
Council equity interest	191,478	183,900
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>191,478</b>	<b>183,900</b>

## Lismore City Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

\$ '000	Quarry		Waste Collection	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>ASSETS</b>				
<b>Current Assets</b>				
Investments	-	972	210	190
Receivables	1,698	1,324	-	-
Inventories	2,348	2,823	-	-
<b>Total Current Assets</b>	<b>4,046</b>	<b>5,119</b>	<b>210</b>	<b>190</b>
<b>Non-Current Assets</b>				
Receivables	58	58	-	-
Infrastructure, property, plant and equipment	4,148	3,141	-	-
<b>Total Non-Current Assets</b>	<b>4,206</b>	<b>3,199</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>8,252</b>	<b>8,318</b>	<b>210</b>	<b>190</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Interest bearing liabilities	58	97	92	86
Provisions	234	213	139	140
<b>Total Current Liabilities</b>	<b>292</b>	<b>310</b>	<b>231</b>	<b>226</b>
<b>Non-Current Liabilities</b>				
Interest bearing liabilities	790	1,198	316	408
Provisions	1,408	624	3	3
Other Liabilities	3,135	3,364	-	-
<b>Total Non-Current Liabilities</b>	<b>5,333</b>	<b>5,186</b>	<b>319</b>	<b>411</b>
<b>TOTAL LIABILITIES</b>	<b>5,625</b>	<b>5,496</b>	<b>550</b>	<b>637</b>
<b>NET ASSETS</b>	<b>2,627</b>	<b>2,822</b>	<b>(340)</b>	<b>(447)</b>
<b>EQUITY</b>				
Retained earnings	2,627	2,822	(340)	(447)
Council equity interest	2,627	2,822	(340)	(447)
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>2,627</b>	<b>2,822</b>	<b>(340)</b>	<b>(447)</b>

## Lismore City Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

\$ '000	Waste Disposal		Real Estate	
	Category 1		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>ASSETS</b>				
<b>Current Assets</b>				
Investments	1,449	1,617	-	-
Receivables	949	877	1,140	711
<b>Total Current Assets</b>	<b>2,398</b>	<b>2,494</b>	<b>1,140</b>	<b>711</b>
<b>Non-Current Assets</b>				
Receivables	12	21	-	69
Inventories	-	-	2,627	2,909
Infrastructure, property, plant and equipment	6,283	4,938	-	-
<b>Total Non-Current Assets</b>	<b>6,295</b>	<b>4,959</b>	<b>2,627</b>	<b>2,978</b>
<b>TOTAL ASSETS</b>	<b>8,693</b>	<b>7,453</b>	<b>3,767</b>	<b>3,689</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	-	-	-	480
Interest bearing liabilities	58	54	2,220	2,220
Provisions	205	143	-	-
<b>Total Current Liabilities</b>	<b>263</b>	<b>197</b>	<b>2,220</b>	<b>2,700</b>
<b>Non-Current Liabilities</b>				
Interest bearing liabilities	776	834	-	-
Provisions	2,137	1,812	-	-
<b>Total Non-Current Liabilities</b>	<b>2,913</b>	<b>2,646</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>3,176</b>	<b>2,843</b>	<b>2,220</b>	<b>2,700</b>
<b>NET ASSETS</b>	<b>5,517</b>	<b>4,610</b>	<b>1,547</b>	<b>989</b>
<b>EQUITY</b>				
Retained earnings	4,381	4,226	1,547	989
Revaluation reserves	1,136	384	-	-
Council equity interest	<b>5,517</b>	<b>4,610</b>	<b>1,547</b>	<b>989</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>5,517</b>	<b>4,610</b>	<b>1,547</b>	<b>989</b>

## Lismore City Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

	Lismore Memorial Gardens		Properties Held for Public Benefit (Commercial Properties)	
	Category 2		Category 2	
\$ '000	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>ASSETS</b>				
<b>Current Assets</b>				
Investments	135	362	169	182
Receivables	513	-	86	64
<b>Total Current Assets</b>	<b>648</b>	<b>362</b>	<b>255</b>	<b>246</b>
<b>Non-Current Assets</b>				
Infrastructure, property, plant and equipment	2,532	2,000	4,248	2,548
<b>Total Non-Current Assets</b>	<b>2,532</b>	<b>2,000</b>	<b>4,248</b>	<b>2,548</b>
<b>TOTAL ASSETS</b>	<b>3,180</b>	<b>2,362</b>	<b>4,503</b>	<b>2,794</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	7	-	-
Interest bearing liabilities	18	16	-	-
Provisions	126	126	12	5
<b>Total Current Liabilities</b>	<b>154</b>	<b>149</b>	<b>12</b>	<b>5</b>
<b>Non-Current Liabilities</b>				
Payables	11	22	-	-
Interest bearing liabilities	327	345	-	-
Provisions	3	3	-	-
<b>Total Non-Current Liabilities</b>	<b>341</b>	<b>370</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>495</b>	<b>519</b>	<b>12</b>	<b>5</b>
<b>NET ASSETS</b>	<b>2,685</b>	<b>1,843</b>	<b>4,491</b>	<b>2,789</b>
<b>EQUITY</b>				
Retained earnings	1,883	1,623	1,166	1,267
Revaluation reserves	802	220	3,325	1,522
Council equity interest	<b>2,685</b>	<b>1,843</b>	<b>4,491</b>	<b>2,789</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>2,685</b>	<b>1,843</b>	<b>4,491</b>	<b>2,789</b>

## Lismore City Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

Goonellabah Sports &  
Aquatic Centre  
Category 2

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets</b>		
Infrastructure, property, plant and equipment	18,257	15,432
<b>Total Non-Current Assets</b>	<b>18,257</b>	<b>15,432</b>
<b>TOTAL ASSETS</b>	<b>18,257</b>	<b>15,432</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	32	-
Interest bearing liabilities	446	408
<b>Total Current Liabilities</b>	<b>478</b>	<b>408</b>
<b>Non-Current Liabilities</b>		
Payables	79	-
Interest bearing liabilities	8,561	9,018
<b>Total Non-Current Liabilities</b>	<b>8,640</b>	<b>9,018</b>
<b>TOTAL LIABILITIES</b>	<b>9,118</b>	<b>9,426</b>
<b>NET ASSETS</b>	<b>9,139</b>	<b>6,006</b>
<b>EQUITY</b>		
Retained earnings	6,143	6,006
Revaluation reserves	2,996	-
Council equity interest	9,139	6,006
<b>TOTAL EQUITY</b>	<b>9,139</b>	<b>6,006</b>



## Lismore City Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	103
2	Water Supply Business Best Practice Management disclosure requirements	106
3	Sewerage Business Best Practice Management disclosure requirements	108

## Lismore City Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division 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 Division 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:

##### 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 Collection

*Provide domestic & commercial waste collection services to customers.*

##### e. Waste Disposal

*Provide & maintain a safe area for disposing of waste*

*Supply of aggregate, road base & asphalt products.*

##### Category 2

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

##### a. Real Estate

*Development of selling industrial land*

##### b. Lismore Memorial Gardens

*Provide cremation and burial services. 2013 results are inclusive of all operations including the crematorium and cemeteries. Prior years' comparatives only include crematorium operations.*

## Lismore City Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

##### e. Properties Held for Public Benefit (Commercial Properties)

*Commercial property rentals*

##### f. Goonellabah Sports and Aquatic Centre

*Provide gym and swim 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 **\$406,000** of combined land values attracts **0%**. From \$406,001 to \$2,482,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$689,000.

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 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.

## Lismore City Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

##### 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 3.77% at 30/6/13.

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 assessments at 30 June 2013 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 2013

#### Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2013

#### 1. Calculation and Payment of Tax-Equivalents

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

(i) Calculated Tax Equivalents	-
(ii) No of assessments multiplied by \$3/assessment	40,692
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for Tax Equivalents	10,210

#### 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 multiplied by \$30/assessment, less tax equivalent charges/assessment	406,920
(iii) Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(3,854,000)

2013 Surplus	(1,519,000)	2012 Surplus	(2,335,000)	2011 Surplus	
		2012 Dividend	-	2011 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]	YES
(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	YES
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 2013Note 2. Water Supply Business  
Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013


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## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	9,817
<b>NWI F4</b>	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)]	%	69.52%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	72,529
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	8,638
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,976
<b>NWI F17</b>	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)]	%	-0.86%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  2. 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 2013

#### Note 3. Sewerage Business Best Practice Management disclosure requirements

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

**2013**

##### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	36,189
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	31,916

##### 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)	361,890
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(1,744,000)

2013 Surplus	(29,000)	2012 Surplus	(1,715,000)	2011 Surplus	
		2012 Dividend	-	2011 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 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]	NO
	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	YES
	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 2013

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013


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**National Water Initiative (NWI) Financial Performance Indicators**

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	10,986
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	185,219
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	5,804
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	6,819
<b>NWI F18</b>	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)]	%	0.53%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

<b>NWI F3</b>	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	19,130
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.43%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	8,795
<b>NWI F19</b>	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)]	%	0.14%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	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 2013Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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

2013

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

<b>NWI F22</b>	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)]	%	-0.86%
<b>NWI F23</b>	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)		> 100
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(521)
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	274

- 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.

# Lismore City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2013

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Mission Statement :-

*“To work with the community to maintain Lismore  
as the regional centre in a healthy rural setting”*



# Lismore City Council

## Special Schedules

for the financial year ended 30 June 2013

### Contents

Page

#### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	113
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	115
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	116
- Special Schedule No. 3	Water Supply - Income Statement	117
- Special Schedule No. 4	Water Supply - Statement of Financial Position	121
- Special Schedule No. 5	Sewerage Service - Income Statement	122
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	126
- Notes to Special Schedules No. 3 & 5		127
- Special Schedule No. 7	Condition of Public Works	128
- Special Schedule No. 8	Financial Projections	131

<sup>1</sup> Special Purpose Schedules are not audited.

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#### 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,
  - the Department of Environment, Climate Change and Water, and
  - the Division of Local Government (DLG).
- (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 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Governance</b>	<b>758</b>	-	-	<b>(758)</b>
<b>Administration</b>	<b>3,397</b>	<b>1,799</b>	<b>111</b>	<b>(1,487)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,133	12	36	<b>(1,085)</b>
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	524	44	-	<b>(480)</b>
Other	780	-	-	<b>(780)</b>
<b>Total Public Order &amp; Safety</b>	<b>2,437</b>	<b>56</b>	<b>36</b>	<b>(2,345)</b>
<b>Health</b>	<b>940</b>	<b>356</b>	-	<b>(584)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	334	-	-	<b>(334)</b>
Solid Waste Management	7,727	7,863	276	<b>412</b>
Street Cleaning	-	-	-	-
Drainage	-	-	189	<b>189</b>
Stormwater Management	61	-	-	<b>(61)</b>
<b>Total Environment</b>	<b>8,122</b>	<b>7,863</b>	<b>465</b>	<b>206</b>
<b>Community Services and Education</b>				
Administration & Education	180	202	-	<b>22</b>
Social Protection (Welfare)	876	55	-	<b>(821)</b>
Aged Persons and Disabled	21	4	-	<b>(17)</b>
Children's Services	292	70	-	<b>(222)</b>
<b>Total Community Services &amp; Education</b>	<b>1,369</b>	<b>331</b>	-	<b>(1,038)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	883	1,168	-	<b>285</b>
Public Conveniences	40	167	-	<b>127</b>
Street Lighting	489	-	-	<b>(489)</b>
Town Planning	1,492	702	156	<b>(634)</b>
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	<b>2,904</b>	<b>2,037</b>	<b>156</b>	<b>(711)</b>
<b>Water Supplies</b>	<b>11,367</b>	<b>9,589</b>	<b>219</b>	<b>(1,559)</b>
<b>Sewerage Services</b>	<b>11,090</b>	<b>11,190</b>	<b>1,009</b>	<b>1,109</b>

## Lismore City Council

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

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Recreation and Culture</b>				
Public Libraries	6,972	4,988	83	(1,901)
Museums	-	-	-	-
Art Galleries	715	173	60	(482)
Community Centres and Halls	507	11	-	(496)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	60	-	60
Swimming Pools	1,263	276	-	(987)
Parks & Gardens (Lakes)	4,498	457	23	(4,018)
Other Sport and Recreation	4,520	1,699	4,083	1,262
<b>Total Recreation and Culture</b>	<b>18,475</b>	<b>7,664</b>	<b>4,249</b>	<b>(6,562)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	1,204	637	-	(567)
Other Mining, Manufacturing & Construction	9,357	9,870	106	619
<b>Total Mining, Manufacturing and Const.</b>	<b>10,561</b>	<b>10,507</b>	<b>106</b>	<b>52</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	6,438	4,146	556	(1,736)
Urban Roads - Regional	601	296	456	151
Sealed Rural Roads (SRR) - Local	5,524	506	151	(4,867)
Sealed Rural Roads (SRR) - Regional	5,410	2,664	457	(2,289)
Unsealed Rural Roads (URR) - Local	2,636	2,067	-	(569)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	655	-	18	(637)
Bridges on URR - Local	1,217	-	-	(1,217)
Bridges on Regional Roads	-	-	-	-
Parking Areas	185	275	-	90
Footpaths	110	24	239	153
Aerodromes	681	484	-	(197)
Other Transport & Communication	3,954	23	633	(3,298)
<b>Total Transport and Communication</b>	<b>27,411</b>	<b>10,485</b>	<b>2,510</b>	<b>(14,416)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	80	19	-	(61)
Other Economic Affairs	3,128	436	-	(2,692)
<b>Total Economic Affairs</b>	<b>3,208</b>	<b>455</b>	-	<b>(2,753)</b>
<b>Totals – Functions</b>	<b>102,039</b>	<b>62,332</b>	<b>8,861</b>	<b>(30,846)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>	-	<b>31,949</b>	-	<b>31,949</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-	-	-
<b>NET OPERATING RESULT <sup>(1)</sup></b>	<b>102,039</b>	<b>94,281</b>	<b>8,861</b>	<b>1,103</b>

(1) As reported in the Income Statement

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

Lismore City Council

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

for the financial year ended 30 June 2013

\$'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
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	37	3,422	<b>3,459</b>	-	37	-	-	263	40	3,382	<b>3,422</b>
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	2,507	41,589	<b>44,096</b>	4,570	2,539	-	-	2,941	5,821	40,306	<b>46,127</b>
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>2,544</b>	<b>45,011</b>	<b>47,555</b>	<b>4,570</b>	<b>2,576</b>	-	-	<b>3,204</b>	<b>5,861</b>	<b>43,688</b>	<b>49,549</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>2,544</b>	<b>45,011</b>	<b>47,555</b>	<b>4,570</b>	<b>2,576</b>	<b>-</b>	<b>-</b>	<b>3,204</b>	<b>5,861</b>	<b>43,688</b>	<b>49,549</b>

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 2013

\$'000

#### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
<b>Totals</b>	-	-	-

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
<b>Totals</b>	-			-			-	-	-

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,163	1,105
b. Engineering and Supervision	435	438
<b>2. Operation and Maintenance expenses</b>		
- <b>Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- <b>Mains</b>		
c. Operation expenses	1,326	1,176
d. Maintenance expenses	-	-
- <b>Reservoirs</b>		
e. Operation expenses	31	25
f. Maintenance expenses	37	33
- <b>Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	76	99
h. Energy costs	32	-
i. Maintenance expenses	14	21
- <b>Treatment</b>		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	-	-
- <b>Other</b>		
m. Operation expenses	424	345
n. Maintenance expenses	324	393
o. Purchase of water	4,776	4,577
<b>3. Depreciation expenses</b>		
a. System assets	1,704	2,542
b. Plant and equipment	106	115
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	293	193
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)	-	-
<b>5. Total expenses</b>	<b>10,741</b>	<b>11,062</b>



## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	2,131	2,005
b. Usage charges	4,860	4,403
<b>7. Non-residential charges</b>		
a. Access (including rates)	601	565
b. Usage charges	1,798	1,628
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	329	197
<b>10. Other income</b>	53	86
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	150	20
c. Other grants	5	2
<b>12. Contributions</b>		
a. Developer charges	96	98
b. Developer provided assets	123	148
c. Other contributions	-	-
<b>13. Total income</b>	<u>10,146</u>	<u>9,152</u>
<b>14. Gain (or loss) on disposal of assets</b>	(652)	(148)
<b>15. Operating Result</b>	<u>(1,247)</u>	<u>(2,058)</u>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(1,247)	(2,058)

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	1,910	1,554
d. Plant and equipment	66	34
<b>17. Repayment of debt</b>		
a. Loans	127	70
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>2,103</b>	<b>1,658</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	2,600	1,892
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>2,600</b>	<b>1,892</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	11,420	11,833
b. Residential (unoccupied, ie. vacant lot)	207	228
c. Non-residential (occupied)	1,884	1,415
d. Non-residential (unoccupied, ie. vacant lot)	53	54
<b>25. Number of ETs for which developer charges were received</b>	70 ET	70 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 228,716	\$ 226,766

## Lismore City Council

## Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
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 <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> 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 <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
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 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

\* 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 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	376	488	864
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	1,345	-	1,345
e. Sinking fund	-	-	-
f. Other	2,005	-	2,005
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	490	218	708
c. User Charges	-	465	465
d. Other	1,550	35	1,585
<b>32. Inventories</b>	283	-	283
<b>33. Property, plant and equipment</b>			
a. System assets	-	72,529	72,529
b. Plant and equipment	-	588	588
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>6,049</b>	<b>74,323</b>	<b>80,372</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	34	-	34
<b>37. Creditors</b>	513	-	513
<b>38. Borrowings</b>			
a. Loans	193	6,575	6,768
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	302	6	308
<b>40. Total liabilities</b>	<b>1,042</b>	<b>6,581</b>	<b>7,623</b>
<b>41. NET ASSETS COMMITTED</b>	<b>5,007</b>	<b>67,742</b>	<b>72,749</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			21,051
<b>43. Asset revaluation reserve</b>			51,698
<b>44. TOTAL EQUITY</b>			<b>72,749</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			120,533
<b>46. Accumulated current cost</b> depreciation of system assets			(48,004)
<b>47. Written down current cost</b> of system assets			<b>72,529</b>

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	990	973
b. Engineering and Supervision	396	523
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	81	76
b. Maintenance expenses	1,228	1,254
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	45	37
d. Energy costs	244	175
e. Maintenance expenses	441	374
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	859	936
g. Chemical costs	336	394
h. Energy costs	102	-
i. Effluent Management	190	127
j. Biosolids Management	187	190
k. Maintenance expenses	590	550
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	115	99
<b>3. Depreciation expenses</b>		
a. System assets	3,962	6,159
b. Plant and equipment	239	203
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	590	625
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)	-	-
<b>5. Total expenses</b>	<b>10,595</b>	<b>12,695</b>

## Lismore City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	7,780	7,346
<b>7. Non-residential charges</b>		
a. Access (including rates)	1,832	1,910
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	153	184
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	1,398	1,022
<b>11. Other income</b>	82	63
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	124	124
c. Other grants	5	2
<b>13. Contributions</b>		
a. Developer charges	370	431
b. Developer provided assets	640	675
c. Other contributions	-	-
<b>14. Total income</b>	<u>12,384</u>	<u>11,757</u>
<b>15. Gain (or loss) on disposal of assets</b>	(1,021)	41
<b>16. Operating Result</b>	<u>768</u>	<u>(897)</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	768	(897)

## Lismore City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1,414	865
c. Renewals	5,113	8,798
d. Plant and equipment	292	379
<b>18. Repayment of debt</b>		
a. Loans	198	174
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>7,017</b>	<b>10,216</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	10,537	10,468
b. Residential (unoccupied, ie. vacant lot)	419	484
c. Non-residential (occupied)	1,023	1,020
d. Non-residential (unoccupied, ie. vacant lot)	84	92
<b>26. Number of ETs for which developer charges were received</b>	45 ET	70 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 222,364	\$ 221,481

# Lismore City Council

## Special Schedule No. 5 - Sewerage Cross Subsidies for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<p>a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees &amp; charges*?</p> <p>If Yes, go to 29a. If No, please report if council has removed <b>land value</b> from access charges (ie rates)?</p> <p><b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 &amp; 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.</p>	<input type="checkbox"/> YES <input type="checkbox"/>	<input type="checkbox"/>	
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<p>a. Has council completed a sewerage Development Servicing** Plan?</p> <p>b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)</p> <p>** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.</p>	<input type="checkbox"/> YES <input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text"/> -

\* 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 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	1,653	2,176	3,829
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	8,973	-	8,973
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	1,133	339	1,472
c. User Charges	24	-	24
d. Other	-	-	-
<b>33. Inventories</b>	299	-	299
<b>34. Property, plant and equipment</b>			
a. System assets	-	185,219	185,219
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>12,082</b>	<b>187,734</b>	<b>199,816</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	147	-	147
<b>39. Borrowings</b>			
a. Loans	196	7,746	7,942
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	243	6	249
<b>41. Total Liabilities</b>	<b>586</b>	<b>7,752</b>	<b>8,338</b>
<b>42. NET ASSETS COMMITTED</b>	<b>11,496</b>	<b>179,982</b>	<b>191,478</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			61,735
<b>44. Asset revaluation reserve</b>			129,743
<b>45. TOTAL EQUITY</b>			<b>191,478</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			302,440
<b>47. Accumulated current cost</b> depreciation of system assets			(117,221)
<b>48. Written down current cost</b> of system assets			<b>185,219</b>

## Lismore City Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2013

#### Administration <sup>(1)</sup>

(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 <sup>(1)</sup>

(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** <sup>(2)</sup> (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** <sup>(2)</sup> (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:

<sup>(1)</sup> 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).

<sup>(2)</sup> 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. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual <sup>(1)</sup> 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	103,142	96,779	97,135	104,768	105,354	110,353	113,267	116,612	124,352	128,519	136,259
Expenses from continuing operations	102,039	87,277	92,213	95,673	98,472	100,543	102,735	106,455	109,948	112,342	115,209
<b>Operating Result from Continuing Operations</b>	<b>1,103</b>	<b>9,502</b>	<b>4,922</b>	<b>9,095</b>	<b>6,882</b>	<b>9,810</b>	<b>10,532</b>	<b>10,157</b>	<b>14,404</b>	<b>16,177</b>	<b>21,050</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	6,832	-	-	-	-	-	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	22,370	30,693	53,852	29,414	24,553	28,342	28,021	48,686	30,337	28,638	33,892
<b>Total Capital Budget</b>	<b>29,202</b>	<b>30,693</b>	<b>53,852</b>	<b>29,414</b>	<b>24,553</b>	<b>28,342</b>	<b>28,021</b>	<b>48,686</b>	<b>30,337</b>	<b>28,638</b>	<b>33,892</b>
<b>Funded by:</b>											
- Loans	4,570	4,050	35,600	8,550	4,400	-	2,800	22,100	2,000	1,000	1,900
- Asset sales	1,177	856	1,088	1,152	1,006	1,045	1,183	1,332	576	454	821
- Reserves	2,220	16,404	5,138	3,610	3,894	6,160	4,530	7,372	4,150	3,782	3,822
- Grants/Contributions	8,861	9,050	3,047	5,846	3,401	5,457	3,515	3,574	7,385	7,446	11,260
- Recurrent revenue	12,374	333	8,979	10,256	11,852	15,680	15,993	14,308	16,226	15,956	16,089
- Other	-	-	-	-	-	-	-	-	-	-	-
	<b>29,202</b>	<b>30,693</b>	<b>53,852</b>	<b>29,414</b>	<b>24,553</b>	<b>28,342</b>	<b>28,021</b>	<b>48,686</b>	<b>30,337</b>	<b>28,638</b>	<b>33,892</b>

**Notes:**

(1) From 12/13 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

# Lismore City Council

FINANCIAL REPORTS REVIEW  
for the year ended 30 June 2013

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*“To work with the community to maintain Lismore  
as the regional centre in a healthy rural setting”*



## ***Overview***

The 2012/13 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 2012/13 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. No additional information is provided on the special schedules.

The 2012/13 Financial Reports Review also includes the Local Government Financial Health Checks (Part C). These are a range of industry accepted performance indicators used to assess a council's financial performance and financial position. These have been updated with Council's 2012/13 results and associated commentary provided.



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## **Part A: General Purpose Financial Statements**

### ***1. Income Statement***

The net operating result for 2012/13 is a \$1.103 million surplus. The following table displays the summarised information from 2010/11 to 2012/13:

<b>Item</b>	<b>2012/13 (\$'000)</b>	<b>% Change</b>	<b>2011/12 (\$'000)</b>	<b>% Change</b>	<b>2010/11 (\$'000)</b>
Revenues from continuing operations	103,142	8.32%	95,217	-0.18%	95,386
Expenses from continuing operations	102,039	3.16%	98,909	-3.28%	102,267
<b>Net operating result for the year</b>	<b>1,103</b>	<b>129.88%</b>	<b>(3,692)</b>	<b>46.34%</b>	<b>(6,881)</b>
<b>Net operating result before capital grants and contributions</b>	<b>(7,758)</b>	<b>n/a</b>	<b>(10,493)</b>	<b>n/a</b>	<b>(14,372)</b>

A summary of the movements follows:

Revenues from continuing operations being \$103.142 million with the major movements being:

- Increase in user charges and fees \$3.96 million.
- Increase in interest & investment revenues of \$1.11 million.
- Decrease in grants and contributions for operating purposes of \$2.19 million.
- Increase in grants and contributions for capital purposes of \$2.06 million.

Expenses from continuing operations of \$102.039 million with the major movements being:

- Increase in employee benefits and on-costs \$2.09 million.
- Increase in materials and contracts by \$3.05 million.
- Decrease in depreciation and amortisation by \$2.17 million.

In general, revenues from continuing operations increased by 8.32% or \$7.93 million with expenses from continuing operations also increasing by 3.16% or \$3.13 million.

The increase in user charges and fees is mainly attributable to higher than forecast revenues from Quarry Operations of \$2.7 million, and from Roads and Maritime Services for Ordered Works of \$1.5 million.

The significant increase in expenditure was mainly attributable to an increase in materials and contracts. This relates to additional works being undertaken as a result of the increased revenue for Roads and Maritime Services for Ordered Works and also increased Quarry Operations. Employee benefits and on-costs also increased during the year mainly due to an increase in the number of employees and statutory increases to the award. This was offset to a degree by a decrease in depreciation and amortisation costs due to the 2011/12 revaluation of Water and Wastewater infrastructure and review of asset useful life and residual values.

### ***2. Balance Sheet***

The Balance Sheet is used to summarise the total net assets under Council's control. As at 30 June 2013, total net assets were \$1.162 billion. During 2012/13, net assets increased by \$93.38 million from \$1.069 billion in 2011/12. This movement is mainly comprised of a \$1.103 million increase attributable to continuing operations, \$96.7 million increase in the value of Infrastructure, Property, Plant & Equipment due to the fair value valuation of buildings and operational land, and

the addition of new assets, offset by an increase of \$2 million in loan borrowings and a decrease in cash held due primarily to increased capital works.

The major component of Council's net assets is infrastructure assets. Net infrastructure assets total \$949.1 million and include the following categories and amounts:

<b>Infrastructure Assets</b>	<b>At Fair Value (FV)</b>	<b>Accumulated Depreciation</b>	<b>Written Down Value</b>	<b>Accumulated Depreciation / At FV</b>
	<b>(\$m)</b>	<b>(\$m)</b>	<b>(\$m)</b>	<b>%</b>
Roads, Bridges, Footpaths & Earthworks	835.7	164.1	671.6	19.6
Stormwater Drainage	51.3	22.3	29.0	43.5
Water Supply Network	118.0	47.9	70.1	40.6
Wastewater Services Network	294.4	116.0	178.4	39.4
<b>Total Infrastructure Assets</b>	<b>1,299.4</b>	<b>350.3</b>	<b>949.1</b>	<b>27.0</b>

### **3. Income from continuing operations (Note 3)**

Income from continuing operations increased by \$7.925 million or 8.32% compared to 2011/12. A summary of the individual categories and comparisons for the last three years is provided below:

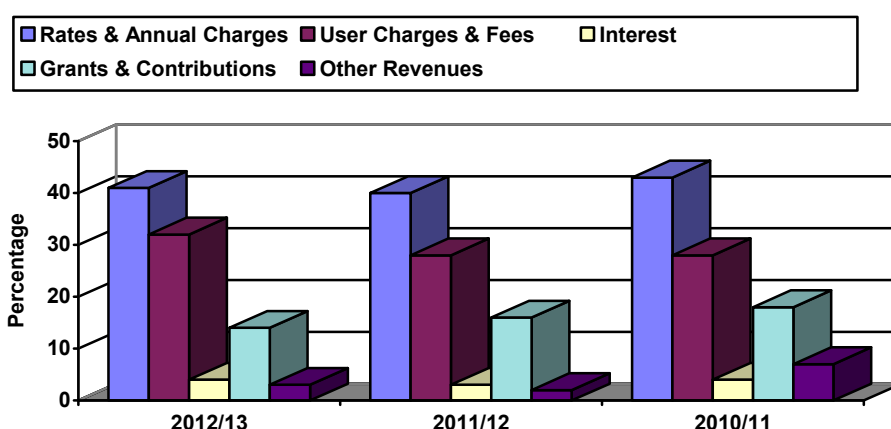
<b>Type</b>	<b>2012/13 (\$'000)</b>	<b>% Change</b>	<b>2011/12 (\$'000)</b>	<b>% Change</b>	<b>2010/11 (\$'000)</b>
Rates & Annual Charges	41,375	4.5	39,603	6.0	37,370
User Charges & Fees	31,861	14.2	27,906	(1.2)	28,259
Interest	3,721	42.7	2,607	(29.5)	3,696
Other revenues	3,018	66.9	1,808	(28.7)	2,537
Grants & Contributions – Operating	14,306	(13.3)	16,492	2.9	16,033
Grants & Contributions – Capital	8,861	30.3	6,801	(9.2)	7,491
Gain on Disposal of Assets	0	n/a	0	n/a	0
<b>Total</b>	<b>103,142</b>	<b>8.3</b>	<b>95,217</b>	<b>(0.2)</b>	<b>95,386</b>

- **Rates and Annual Charges** – Revenues from rates have increased by 4.24% which is in line with rate pegging and anticipated growth. Annual charges revenue has increased by 4.81% or \$787,000 with the major areas being Wastewater \$355,000, Water \$120,000 and Domestic Waste Management \$257,000. These increases are in line with the Operational Plan adopted by Council.
- **User Charges & Fees** – Increased by 14.2% or \$3.96 million – The major movements in these revenues were attributable to the Northern Rivers Quarry & Asphalt operations increasing by \$2.7 million and an increase in revenues from the Roads and Maritime Services (RMS) of \$1.5 million for works on roads undertaken on State Roads not controlled by Council. These increases were offset by waste operations revenue of \$1 million being reclassified as 'Other revenues'.
- **Interest** - The interest and investment return comprises interest on investments of \$1.6 million and market value adjustments on investments held of \$1.7 million. There has been an overall increase in investment returns of \$1.12 million from the 2011/12 year. This is mainly attributable to the increase in market value of investments.

- **Other revenues** – The major movement from 2011/12 is due to increased income being generated from recycling operations \$1.1 million. Historically, this income was reported as ‘User Charges & Fees’.
- **Grants & Contributions - Operating** - Grants and contributions for operating purposes decreased from 2011/12 by \$2.19 million. The major movement being a decrease in the Financial Assistance Grants of \$2.02 million due to the timing of payment from the Commonwealth not the quantum, and a decrease in Natural Disaster grants of \$844,000. This has been partially offset by an increase in contributions of \$903,000.
- **Grants & Contributions - Capital** – Grants and contributions for capital purposes increased from 2012 by \$2.06 million. Developer contributions (Section 94/64) increased slightly from last year by \$126,000 however other contributions decreased by \$832,000. Grant funding increased by \$2.89 million mainly due to the grant funds received for the Lismore City Hall refurbishment project.

The following graph represents the main types of income from continuing operations expressed as a percentage of total continuing income for 2012/13, 2011/12 and 2010/11. It clearly shows Council’s reliance on Rates and 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 \$3.13m or 3.2% from 2011/12 to 2012/13. A summary of the individual categories and comparisons for the last three years is provided below:

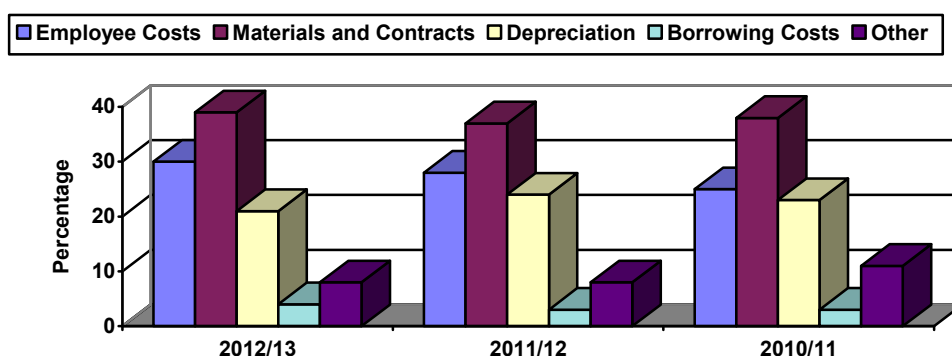
Type	2012/13 (\$'000)	% Change	2011/12 (\$'000)	% Change	2010/11 (\$'000)
Employee Costs	30,185	7.4	28,094	11.7	25,159
Borrowing Costs	3,574	3.4	3,457	(5.6)	3,662
Materials & Contracts	39,457	8.4	36,411	(7.3)	39,268
Depreciation	21,065	(9.4)	23,251	0.2	23,209
Other	4,914	10.8	4,435	(0.3)	4,446
Loss on Disposal of Assets	2,844	(12.8)	3,261	(50.0)	6,523
Interest & Investment Losses	-	n/a	-	n/a	-
<b>Total</b>	<b>102,039</b>	<b>3.2</b>	<b>98,909</b>	<b>(3.3)</b>	<b>102,267</b>

An increase compared to 2011/12 is shown for Employee Costs \$2.09 million. The majority of this increase was a result of award increases and additional employees. There was also an increase for Materials & Contracts of \$3.05 million. This was mainly attributable to increased operations at Northern Rivers Quarry & Asphalt and Ordered Works on State Roads for the RMS.

A decrease compared to 2011/12 is shown for Depreciation of \$2.19 million. The main reasons for the decrease is reduced depreciation expenses attributable to Water and Wastewater infrastructure as a result of the revaluation in 2012 and a review of useful life and residual values.

The following graph represents the types of expenses from continuing operations expressed as a percentage of total continuing expenses for 2012/13, 2011/12 and 2010/11:

**Expenses from continuing operations**



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

Council has total cash, cash equivalents and investments of \$39.02 million as at 30 June 2013. Compared to 2011/12, this is a decrease of \$3.15 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. The major movements can be attributable to Council's capital works program and specifically the completion of the Southern Trunk Main project.

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 2012/13. Based on market values, the book value of Council's investments has increased by \$1.73 million.

For 30 June 2013, all cash, cash equivalents and investments are either restricted by external legislation e.g. developer contributions - Section 94 (\$9.08 million) and Section 64 (\$4.69 million), Wastewater Services (\$8.9 million), Water Supply (\$1.9 million), Unexpended Grants (\$2.0 million) and Trust (\$1.2 million), or by Council's internal policy e.g. unexpended loans (\$839,000) and internal reserves (\$7.9 million).

### **6. Statement of performance measures (Note 13)**

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

- a) Unrestricted Current Ratio – 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.
- b) Debt Service Ratio – The amount used to repay borrowings as a percentage of total income from continuing operations excluding capital contributions and capital grants, and specific purpose contributions and grants.

- c) Rate & Annual Charges Coverage Ratio – The amount received from rates and annual charges revenues as a percentage of total income from continuing operations.
- d) Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage – 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.
- e) Building & Infrastructure Renewal Ratios – The capital expenditure on the replacement, refurbishment or upgrade to an existing asset as a percentage of total depreciation, amortisation and impairment.

The following table is a summary of the key performance indicators from 2009/10 to 2012/13:

<b>Performance Indicator</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>	<b>2009/10</b>
Unrestricted Current Ratio	1.68:1	2.25:1	2.13:1	1.80:1
Debt Service Ratio Percentage	6.68%	6.64%	6.96%	5.57%
Rate Coverage Ratio Percentage	40.11%	41.59%	39.18%	34.51%
Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage	11.62%	11.59%	10.60%	9.96%
Building & Infrastructure Renewals Ratio	71.31%	52.66%	63.76%	66.43%

Generally, Council's performance indicators are within acceptable ranges except for the Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage, and the Building, Infrastructure Renewal Ratios.

Council's liquidity position (Unrestricted Current Ratio) has deteriorated from 2.25:1 to 1.68:1. On review, a loan of \$3 million to be repaid in 2014 significantly impacts this ratio as it is a current liability. Excluding this repayment, the ratio would be 2.12:1. Regardless, a ratio greater than 1.5:1 is considered satisfactory to meet all current liabilities as and when required.

The Rates Coverage Ratio Percentage for 2012/13 when compared to 2011/12 shows a small decrease in reliance upon rates and annual charges. This will fluctuate from year to year depending on Council's ability to generate revenue from other sources.

The Rates, Annual Charges, Interest and Extra Charges Outstanding percentage has increased to 11.62%. On a fund by fund basis the percentages are General 10.07%, Water 20.69% and Wastewater 13.41%. A comprehensive approach to debt recovery has been implemented with more staffing resources allocated to in-house collection and more difficult or non compliant cases being referred to a debt collection agent for legal action. A review of Council's Rates & Charges Hardship policy and operating procedures has also taken place this year. Further changes are being considered and action planned for March 2014.

The Building & Infrastructure Renewals Ratio indicates that funds are not being expended in renewing existing assets at the same rate as depreciation. This is being addressed with the integration of the Asset Management Plans and the Long Term Financial Plan.

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## **Part B: Special Purpose Financial Statements**

### **7. Return on Capital**

Based on National Competition Policy guidelines, the following activities of Council have been nominated as business activities - Water, Wastewater, Quarry (NRQA), Waste Collection, Waste Disposal, Real Estate, Lismore Memorial Gardens, Properties Held for Public Benefit (Commercial Properties) and Goonellabah Sports & Aquatic Centre (GSAC).

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. In regards to Waste Collection and Real Estate as they have no fixed assets, a return on capital cannot be calculated (Real Estate held is classified as inventories as it is land held for resale). 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 2012/13. Based on the summary, only Wastewater, NRQA, Waste Disposal and Lismore Memorial Gardens are returning a positive return on capital:-

<b>Business Unit</b>	<b>Return % 2012/13</b>	<b>Return % 2011/12</b>
Water	-1.8	-3.2
Wastewater	0.1	-0.8
NRQ&A	8.1	21.8
Waste Collection	N/A	N/A
Waste Disposal	4.5	15.1
Real Estate	N/A	N/A
Lismore Memorial Gardens	10.6	5.0
Commercial Properties	-3.1	-4.1
GSAC	-7.3	-11.7

### **8. 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 2013 of 3.77%.

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.

<b>Business Unit</b>	<b>\$'000</b>	<b>Business Unit</b>	<b>\$'000</b>	<b>Business Unit</b>	<b>\$'000</b>
Water	4,079	Waste Collection	-	Lismore Memorial Gardens	-
Wastewater	6,792	Waste Disposal	-	Commercial Properties	290
NRQ&A	-	Real Estate	-	GSAC	2,024

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## ***9. Summary***

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

The operating result for 2012/13 has shown an improvement from the previous year due primarily to an increase in user charges & fees incomes, and a decrease in depreciation expenses.

As at 30 June 2013, Council's net infrastructure assets totalled \$949.1 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 2013-2023 be implemented to move Council towards financial sustainability and to provide increased funding for asset management requirements.

## Part C: Local Government Financial Health Checks

### Revenue Sources

#### Indicator #1 – Revenue Sources

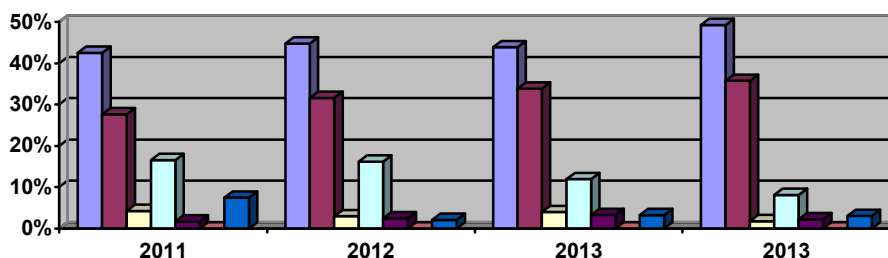
**Indicator Title:** 1.1 Sources of Total Revenue before Capital, all funds

*Indicator Definition:* Ordinary Revenue classified by source

**Indicator / Local Government Benchmark:** For Information Only

	June 2011 Actual \$'000	% Age of Total Revenue	June 2012 Actual \$'000	% Age of Total Revenue	June 2013 Actual \$'000	% Age of Total Revenue	June 2014 Forecast \$'000	% Age of Total Revenue
<b>Rates &amp; Annual Charges</b>	37,370	42.52	39,603	44.79	41,375	43.88	43,201	49.24
<b>User Charges and Fees</b>	24,262	27.60	27,906	31.56	31,861	33.79	31,309	35.69
<b>Interest</b>	3,696	4.21	2,607	2.95	3,721	3.95	1,528	1.74
<b>Grants</b>	14,578	16.59	14,326	16.20	11,237	11.92	7,101	8.09
<b>Contributions</b>	1,455	1.66	2,166	2.45	3,069	3.26	1,940	2.21
<b>Profit on Sales of Assets</b>	-	0.00	-	0.00	-	0.00	-	0.00
<b>Other</b>	6,534	7.43	1,808	2.04	3,018	3.20	2,649	3.02
<b>Total Ordinary Revenue Before Capital</b>	<b>87,895</b>	<b>100.0</b>	<b>88,416</b>	<b>100.0</b>	<b>94,281</b>	<b>100.0</b>	<b>87,728</b>	<b>100.0</b>

Commentary: The percentage of revenue derived from Rates and Annual Charges is the most significant component of Council's revenue. Council should continue to pursue other funding sources to reduce the reliance on this source of income. For example grant funds should continue to be actively sought.



### Cash / Liquidity Position

#### Indicator #2 – Cash / Liquidity Position

**Indicator Title:** 2.1 Unrestricted Current Ratio

*Indicator Definition:* Current Asset less Externally Restricted Current Assets/Current Liabilities less Specific Purpose Current Liabilities

**Indicator / Local Government Benchmark:** Greater than 2:1 - Acceptable

Between 1:1 and 2:1 – Requires Monitoring

Less than 1:1 – Corrective Action Required



	June 2011 Actual	June 2012 Actual	June 2013 Actual	June 2014 Forecast	June 2015 Forecast	June 2016 Forecast
<b>General Fund</b>	2.08	2.25	1.68	1.66	2.00	1.75



Commentary: Council's liquidity has declined from 2012 which is anticipated due to a significant loan repayment due in 2013/14. This will require constant monitoring to ensure it does not fall to an unacceptable level.

**Indicator Title:** 2.2 Available Current Assets, General funds as W&WW externally restricted  
**Indicator Definition:** a) Available Current Assets  
 a) Current Assets less Externally Restricted Assets  
**Indicator / Local Government Benchmark:** For Information Only

	June 2011 Actual \$'000	June 2012 Actual \$'000	June 2013 Actual \$'000	June 2014 Forecast \$'000	June 2015 Forecast \$'000	June 2016 Forecast \$'000
a)	23,749	25,502	23,761	17,919	20,374	23,274

Commentary: Council's available cash is expected to decline over the next few years as major works are undertaken from reserve funds held. This is in line with the 10 year budget forecasts.

**Indicator Title:** 2.3 Availability of Current Assets as a % of Total Revenue  
**Indicator Definition:** a) Available Current Assets  
 a) Available Current Assets / Ordinary Revenue before Capital  
**Indicator / Local Government Benchmark:** For Information Only

	June 2011 Actual	June 2012 Actual	June 2013 Actual	June 2014 Forecast	June 2015 Forecast	June 2016 Forecast
a)	27.02%	27.01%	25.20%	20.43%	25.76%	25.01%

Commentary: Council is in a healthy position in relation to liquidity as its cash position is constantly monitored.

## Operating Result

### Indicator #3 – Operating Result

**Indicator Title:** 3.1 Result from Continuing Operations before Capital Grants and Contributions  
**Indicator Definition:** Total Continuing Revenues less Total Continuing Expenses

**Indicator / Local Government Benchmark:** No action required  
 Position needs monitoring  
 Corrective action required



	June 2011 Actual \$'000	June 2012 Actual \$'000	June 2013 Actual \$'000	June 2014 Forecast \$'000
General Fund	-7,133	-6,186	-6,050	1,709
Water Fund	-1,853	-2,304	-1,466	528
Wastewater Fund	-5,386	-2,003	-242	-1,785
All Funds	-14,372	-10,493	-7,758	452

Commentary:  
 Council's operating result for 2012/13 has shown an improvement from the previous year, with the major movement being increase in user charges & fees and decrease in depreciation.

The operating result has been a concern and corrective action has been taken to achieve a more sustainable result. Council is currently developing its asset management plans future for the effective management of its assets.

## Asset Condition Management

### Indicator #4 – Asset Condition Management

Indicator Title:

- a. Renewal
- b. Maintenance / Maintenance Required
- c. Asset Life Position

Indicator Definition:

- a. Capital Expenditure on Existing Assets / Annual Depreciation
- b. Actual Maintenance Expended / Maintenance Level Required to Achieve Useful Life
- c. Accumulated Depreciation / Total Depreciable Asset Value

Indicator / Local Government Benchmark:

- a & b 1 to 1 – Satisfactory
- Less than 1:1 – Requires monitoring
- c For Information Only


		June 2011 Actual \$'000	June 2012 Actual \$'000	June 2013 Actual \$'000	June 2014 Forecast \$'000
General Fund	a	1.34	0.93	0.70	0.87
Water Fund	a	0.72	0.68	1.24	0.77
Wastewater Fund	a	0.52	0.32	0.52	0.96
All Funds	a	1.06	0.78	0.71	0.88
General Fund	b	0.75	0.75	0.79	0.79
Water Fund	b	1.08	1.07	0.98	0.98
Wastewater Fund	b	0.92	0.92	0.98	0.98
All Funds	b	0.85	0.84	0.88	0.88
General Fund	c	22.58%	23.16%	21.56%	24.38%
Water Fund	c	49.72%	39.94%	40.58%	41.29%
Wastewater Fund	c	47.74%	40.38%	39.42%	39.85%
All Funds	c	30.85%	27.62%	26.31%	28.79%

Commentary: This indicates that Council is not spending sufficient funds on asset renewal and maintenance. As better asset management data is being collected and assessed, this real extent of the shortfall will be quantified.

## Debt Service Ratio

### Indicator #5 – Debt Service Ratio

Indicator Title:

5.1 Debt Service Ratio

Indicator Definition:

5.1 Gross Debt Service Costs / Total Revenue from Ordinary Activities

Indicator / Local Government Benchmark:

- 5.1 <10% - Satisfactory
- 10% - 15% - Requires Monitoring
- >15% - Corrective Action Required


	June 2011 Actual	June 2012 Actual	June 2013 Actual	June 2014 Forecast	June 2015 Forecast	June 2016 Forecast
5.1	6.96%	6.64%	6.68%	10.47%	8.70%	9.62%

Commentary: Council's level of debt service is satisfactory and is reflective of a LGA that is well developed as opposed to being relatively new and experiencing significant growth. The ratio is anticipated to increase over the next three years and will be in excess of 10% in 2014. The 2014 year includes the repayment of a \$3 million interest only loan for Industrial Land Development which is to be funded from sources other than operating revenues. For the purpose of this ratio it has been included in accordance with accepted reporting requirements.

## Receivables Management

### Indicator #6 – Receivables Management

Indicator Title:

**6.1 Outstanding Rates and Charges**

Indicator Definition:

6.1 Total Outstanding Rates Charges & Fees / Rates Charges and Fees Annual Income plus Arrears

Indicator / Local Government Benchmark:

6.1 <6% - Satisfactory  
6% - 10% - Requires Monitoring  
>10% - Corrective Action Required



	June 2011 Actual	June 2012 Actual	June 2013 Actual	June 2014 Forecast	June 2015 Forecast	June 2016 Forecast
6.1	10.60%	11.59%	11.62%	11.27%	11.17%	11.17%

Commentary: Management continues to be proactive in debt recovery including the continued appointment of Executive Collections as collection agent for Council. Management is also implement practices to recover debts in a timely manner. The anomaly here is that outstanding rates and charges accrue interest at a rate of which is more than the interest earned on investments. The above indicator bases the forecasts on trends of the previous years as well as taking into account continuing actions to reduce outstanding debts.

## Accuracy / timeliness of financial data / budget / compliance

### Indicator #8 – Management Practices

Indicator Title:

**Accuracy / Timeliness of Financial Data / Budget / Compliance**

Indicator Definition:

As Indicated Below

Indicator / Local Government Benchmark:

8 to 9 Achieved – Acceptable  
5 to 7 Achieved – Requires Monitoring  
4 or Less Achieved – Corrective Action Required



	June 2010	June 2011	June 2012	June 2013
1. Financial Bottom Line (before capital matched to forecasts to a level of + or – 10%)	No	No	Yes	No
2. Receipt of an unqualified Audit Report	Yes	Yes	Yes	Yes
3. Statements lodged to meet compliance deadline.	Yes	Yes	Yes	Yes
4. Do you report monthly to management within 5 days of month end?	Yes	Yes	Yes	Yes
5. Do you report quarterly statutory within 21 days of quarter end.	No	No	No	No
6. Do you report annual statutory within 21 days of year-end.	No	No	No	No
7. Do budgets incorporate a 3-year plan where the 2 <sup>nd</sup> year becomes the base for the following year?	Yes	Yes	Yes	Yes
8. Rigour of budget review and then ongoing monthly/quarterly budget to actual results analysis.	Yes	Yes	Yes	Yes
9. Does RAO formally report to Council on the sign off of Financial Statements – Sec. 413?	Yes	Yes	Yes	Yes
	6	6	7	6

Commentary: Finance is working towards achieving more of the indicators shown above, particularly in the area of providing financial information in a shorter timeframe.

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## Re-Votes of Expenditure

### Indicator #7 – Re-Votes of Expenditure

Indicator Title:

Indicator Definition:

Indicator / Local Government Benchmark:

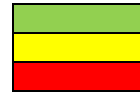
Re-Votes of Expenditure

Re-votes / Total Expenses

<2% - **Acceptable**

2% to 5% - **Requires Monitoring**

>5% - **Corrective Action Required**



June 2010	June 2011	June 2012	June 2013
5.80%	3.70%	4.40%	8.50%

Commentary: Adjustments are required during the year depending on additional grant funds being received, reserves and grants brought forward from previous years or due to revised works schedules as a result of new priorities or funding levels. All budget adjustments are reported to Council as part of the Quarterly Budget Review Statement for adoption.

## Conclusion

In relation to measuring Council's 'financial health' against the indicators prescribed, Council is in a reasonable position. However, there is room for improvement in the following areas:

- Continuing to increase funding to maintain ageing infrastructure assets
- Continue to be vigilant in recovering debts and limit exposure to bad debts
- Improve the budgeting process in relation to forecasting grants or additional revenue that may be received and spent during the year
- Reduce the timeframe for providing financial information to management and Council.