

Fairfield City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

"...a thriving, safe and friendly place with people who support and respect each other. A community where people can be proud to live, invest and prosper."



Fairfield City Council

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

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Overview

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

(ii) Fairfield 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 29 September 2015. Council has the power to amend and reissue these financial statements.

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

More information

A review of Council's financial performance and position for the 14/15 financial year can be found at Note 28 of the financial statements.

Fairfield City Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

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

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

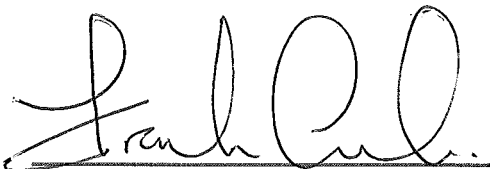
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

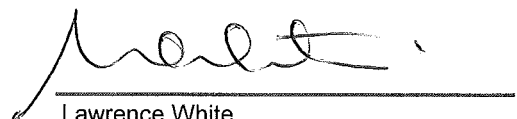
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

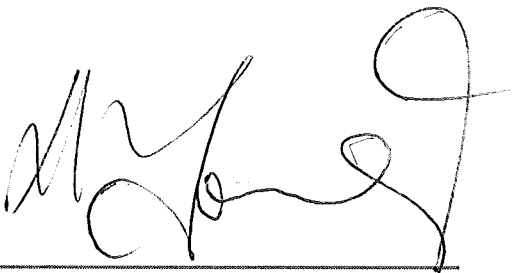
Signed in accordance with a resolution of Council made on 29 September 2015.



Frank Carbone
MAYOR



Lawrence White
COUNCILLOR



Alan Young
GENERAL MANAGER



Bradley Cutts
RESPONSIBLE ACCOUNTING OFFICER

Fairfield City Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
<i>Revenue:</i>				
99,378	Rates & Annual Charges	3a	99,572	95,092
20,606	User Charges & Fees	3b	16,873	15,808
3,472	Interest & Investment Revenue	3c	3,399	3,734
14,370	Other Revenues	3d	14,559	13,900
20,893	Grants & Contributions provided for Operating Purposes	3e,f	20,836	15,061 ²
10,490	Grants & Contributions provided for Capital Purposes	3e,f	15,279	7,997
<i>Other Income:</i>				
-	Net gains from the disposal of assets	5	1,733	178
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	222	794
169,209	Total Income from Continuing Operations		172,473	152,564
Expenses from Continuing Operations				
71,348	Employee Benefits & On-Costs	4a	67,811	64,275
103	Borrowing Costs	4b	61	121
28,270	Materials & Contracts	4c	22,285	24,830
30,343	Depreciation & Amortisation	4d	30,118	29,195
-	Impairment	4d	-	-
30,634	Other Expenses	4e	30,340	31,123
160,698	Total Expenses from Continuing Operations		150,615	149,544
8,511	Operating Result from Continuing Operations		21,858	3,020
8,511	Net Operating Result for the Year		21,858	3,020
8,511	Net Operating Result attributable to Council		21,858	3,020
(1,979)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		6,579	(4,977)

¹ Original Budget as approved by Council - refer Note 16

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

Fairfield City Council

Statement of Comprehensive Income
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		21,858	3,020
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(89,949)	-
Asset Recognition	20b (ii)	15,311	-
Total Items which will not be reclassified subsequently to the Operating Result		(74,638)	-
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		(74,638)	-
Total Comprehensive Income for the Year		(52,780)	3,020
Total Comprehensive Income attributable to Council		(52,780)	3,020

Fairfield City Council

Statement of Financial Position
as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	20,522	16,065
Investments	6b	36,181	36,672
Receivables	7	10,014	8,306
Inventories	8	481	571
Other	8	1,010	895
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		68,208	62,509
Non-Current Assets			
Investments	6b	20,000	23,290
Receivables	7	1,010	1,009
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,623,325	1,683,273
Investments accounted for using the equity method	19	5,015	4,794
Investment Property	14	11,953	12,340
Total Non-Current Assets		1,661,303	1,724,706
TOTAL ASSETS		1,729,511	1,787,215
LIABILITIES			
Current Liabilities			
Payables	10	15,509	18,872
Borrowings	10	313	306
Provisions	10	5,302	6,031
Total Current Liabilities		21,124	25,209
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	1,078	1,391
Provisions	10	17,982	18,508
Total Non-Current Liabilities		19,060	19,899
TOTAL LIABILITIES		40,184	45,108
Net Assets		1,689,327	1,742,107
EQUITY			
Retained Earnings	20	687,601	674,927
Revaluation Reserves	20	1,001,726	1,067,180
Total Equity		1,689,327	1,742,107

Fairfield City Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		674,927	1,067,180	1,742,107	-	1,742,107
a. Correction of Prior Period Errors	20(c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20(d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		674,927	1,067,180	1,742,107	-	1,742,107
c. Net Operating Result for the Year		21,858	-	21,858	-	21,858
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b(ii)	-	(89,949)	(89,949)	-	(89,949)
- Asset Recognition	20b(ii)	-	15,311	15,311	-	15,311
Other Comprehensive Income		-	(74,638)	(74,638)	-	(74,638)
Total Comprehensive Income (c&d)		21,858	(74,638)	(52,780)	-	(52,780)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity	20	(9,184)	9,184	-	-	-
Equity - Balance at end of the reporting period		687,601	1,001,726	1,689,327	-	1,689,327

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		671,907	1,067,180	1,739,087	-	1,739,087
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		671,907	1,067,180	1,739,087	-	1,739,087
c. Net Operating Result for the Year		3,020	-	3,020	-	3,020
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income (c&d)		3,020	-	3,020	-	3,020
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		674,927	1,067,180	1,742,107	-	1,742,107

Fairfield City Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
99,378	Rates & Annual Charges		99,763	95,394
20,606	User Charges & Fees		17,909	18,825
3,548	Investment & Interest Revenue Received		3,403	3,208
31,383	Grants & Contributions		37,646	23,058
-	Bonds, Deposits & Retention amounts received		198	21
14,370	Other		19,419	19,582
Payments:				
(71,348)	Employee Benefits & On-Costs		(68,745)	(65,147)
(28,270)	Materials & Contracts		(28,484)	(32,512)
(103)	Borrowing Costs		(62)	(118)
(30,634)	Other		(37,749)	(32,946)
38,930	Net Cash provided (or used in) Operating Activities	11b	43,297	29,365
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		121,119	22,500
19,781	Sale of Infrastructure, Property, Plant & Equipment	5	3,041	1,009
Payments:				
-	Purchase of Investment Securities		(117,118)	(14,500)
-	Purchase of Investment Property		-	9,593
(65,358)	Purchase of Infrastructure, Property, Plant & Equipment	9a	(45,576)	(41,592)
(45,577)	Net Cash provided (or used in) Investing Activities		(38,534)	(22,990)
Cash Flows from Financing Activities				
(8,000)	Proceeds from Borrowings & Advances		-	-
Payments:				
(341)	Repayment of Borrowings & Advances		(306)	(1,378)
(8,341)	Net Cash Flow provided (used in) Financing Activities		(306)	(1,378)
(14,988)	Net Increase/(Decrease) in Cash & Cash Equivalents		4,457	4,997
16,065	plus: Cash & Cash Equivalents - beginning of year	11a	16,065	11,068
1,077	Cash & Cash Equivalents - end of the year	11a	20,522	16,065
Additional Information:				
	plus: Investments on hand - end of year	6b	56,181	59,962
	Total Cash, Cash Equivalents & Investments		76,703	76,027

Please refer to Note 11 for additional cash flow information

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

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

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

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

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

(iv) Early adoption of Accounting Standards

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

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

(v) Basis of Accounting

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

(iii) Estimated remediation provisions.

Critical judgements in applying Council's accounting policies

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

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

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

notification that a grant has been secured, and is valued at their fair value at the date of transfer.

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

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

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

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

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

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

(i) The Consolidated Fund

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(ii) The Trust Fund

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

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

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

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

(iii) Joint Arrangements

Joint Operations (controlled assets & operations)

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

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

Joint Ventures

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

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

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

(iv) Associates

Council has no interest in any Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(d) Leases

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

Finance Leases

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

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

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

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

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

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

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.

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(e) Cash and Cash Equivalents

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

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

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Operational Land**
- **Community Land**
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Buildings – Specialised/Non Specialised**
- **Other Structures**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)
- **Bulk Earthworks**
- **Stormwater Drainage** (Internal Valuation)
- **Other Open Space/Recreational Assets**
- **Other Infrastructure**
- **Other Assets**
(as approximated by depreciated historical cost)
- **Investment Properties** – refer Note 1(p),

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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 \$,1000.

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

- Office Equipment	10 years
- Office furniture	10 years
- Computer Equipment	3 years
- Vehicles	5 years
- Heavy Plant/Road Making equip.	5 years

Other Equipment

- Park equipment	10 years
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Buildings

- Structure	40 to 80 years
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Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- Roof	40 to 50 years
- Internal	20 years
- Electrical	20 years
- Fire / Security	20 years
- Mechanical	20 years

Stormwater Assets

- Drains	100 years
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Transportation Assets

- Road Pavement	100 years
- Road Surface	30 years
- Road Furniture	20 years
- Traffic Facilities	40 years
- Car Park Pavement	100 years
- Car Park Surface	30 years
- Bridge: Concrete	100 years
- Kerb & Gutter	80 years
- Footpaths	60 years

Other Infrastructure Assets

- Park Infrastructure	30 years
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Other Assets

- Library Books	10 years
- Other Assets	10 years

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an in-house valuation based on a discounted cash flow analysis.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of “Other Income”.

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/14.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

These costs are charged to the income statement.

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

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

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

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

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

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

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

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

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property,

Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

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

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

(s) Impairment of assets

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

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

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

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

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

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson (BSc,FIA,FIAA) on 20/02/13 and covers the period ended 30/03/13.

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 1,701,901.

The amount of additional contributions included in the total employer contribution advised above is \$ 807.193.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$2,421,579 as at 30 June 2015.

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

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

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

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

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

(y) Self insurance

Council has determined to self-insure for various risks including public liability and professional indemnity.

A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10.

Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

(ab) New accounting standards and interpretations

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

Council has not adopted any of these standards early.

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

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

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

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

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

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

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

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

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

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

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

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

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

AASB 124 - Related Party Disclosures

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

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

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

associated with will be classified as related parties (and fall under the related party reporting requirements).

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

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

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

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

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

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

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

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

The amendments require:

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

- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

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

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

Not applicable to Local Government per se;

None

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Fairfield City Council

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

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	2	-	84	841	670	723	(839)	(670)	(639)	-	-	-	-
Administration	10,886	5,463	2,766	30,106	32,770	37,272	(19,220)	(27,307)	(34,506)	2,655	136	149,908	270,022
Public Order & Safety	5,477	6,123	5,293	7,196	6,623	6,532	(1,719)	(500)	(1,239)	84	160	2,390	1,734
Health	602	541	527	841	767	825	(239)	(226)	(298)	-	-	122	131
Environment	30,108	30,360	29,237	30,880	32,102	31,698	(772)	(1,742)	(2,461)	637	597	252,910	234,245
Community Services & Education	10,451	9,918	9,345	14,753	12,760	13,106	(4,302)	(2,842)	(3,761)	3,205	2,785	18,182	20,084
Housing & Community Amenities	1,678	3,952	1,524	7,052	8,160	6,207	(5,374)	(4,208)	(4,683)	2,328	534	448	436
Recreation & Culture	9,431	12,720	10,344	34,648	31,782	29,706	(25,217)	(19,062)	(19,362)	974	827	500,271	518,150
Mining, Manufacturing & Construction	783	589	633	943	905	1,105	(160)	(316)	(472)	-	-	-	-
Transport & Communication	7,205	8,565	7,151	21,581	19,345	21,063	(14,376)	(10,780)	(13,912)	4,950	3,280	757,834	703,946
Economic Affairs	8,804	6,733	6,402	11,857	4,731	1,307	(3,053)	2,002	5,095	473	58	42,431	33,673
Total Functions & Activities	85,427	84,964	73,306	160,698	150,615	149,544	(75,271)	(65,651)	(76,238)	15,306	8,377	1,724,496	1,782,421
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	222	794	-	-	-	-	222	794	-	-	5,015	4,794
General Purpose Income ¹	83,782	87,287	78,464	-	-	-	83,782	87,287	78,464	12,190	6,890	-	-
Operating Result from Continuing Operations	169,209	172,473	152,564	160,698	150,615	149,544	8,511	21,858	3,020	27,496	15,267	1,729,511	1,787,215

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Fairfield City Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		42,514	40,318
Farmland		207	184
Business		30,132	28,684
Total Ordinary Rates		72,853	69,186
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		25,210	24,308
Drainage		1,509	1,512
Section 611 Charges		-	86
Total Annual Charges		26,719	25,906
TOTAL RATES & ANNUAL CHARGES		99,572	95,092

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

Fairfield City Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		48	44
Waste Management Services (non-domestic)		556	523
Total User Charges		604	567
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Regulation		283	315
Planning & Building Regulation		717	633
Regulatory Fees		1,635	1,295
Section 149 Certificates (EPA Act)		423	368
Total Fees & Charges - Statutory/Regulatory		3,058	2,611
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Child Care		3,458	3,477
Entry Fees		2,803	2,697
Fairfield Showground		1,379	1,418
Golf Course		125	114
Library		145	157
Park Rents		226	306
Photocopying Machine Charges		19	21
Recreation Facilities		5,056	4,440
Total Fees & Charges - Other		13,211	12,630
TOTAL USER CHARGES & FEES		16,873	15,808

Fairfield City Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		267	232
- Interest earned on Investments (interest & coupon payment income)		2,913	3,080
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		219	422
TOTAL INTEREST & INVESTMENT REVENUE		3,399	3,734
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		267	232
General Council Cash & Investments		1,977	2,156
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		1,155	1,346
Total Interest & Investment Revenue Recognised		3,399	3,734
(d) Other Revenues			
Fair Value Adjustments - Investment Properties	14	153	670
Rental Income - Investment Properties	14	980	970
Rental Income - Other Council Properties		1,843	1,756
Fines		6,100	5,076
Legal Fees Recovery - Rates & Charges (Extra Charges)		317	349
Car Park Operations		2,171	2,247
Commissions & Agency Fees		168	127
Insurance Claim Recoveries		57	99
Recycling Income (non domestic)		2,770	2,605
Other		-	1
TOTAL OTHER REVENUE		14,559	13,900

Fairfield City Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance	10,417	5,139	-	-
Pensioners' Rates Subsidies - General Component	1,773	1,751	-	-
Total General Purpose	12,190	6,890	-	-
¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.				
Specific Purpose				
Bushfire & Emergency Services	84	110	-	-
Community Care	2,907	2,857	-	-
Library	813	654	-	-
Recreation & Culture	45	30	171	30
Street Lighting	902	738	-	-
Transport (Other Roads & Bridges Funding)	-	-	3,867	1,595
Other	699	188	5,818	2,175
Total Specific Purpose	5,450	4,577	9,856	3,800
Total Grants	17,640	11,467	9,856	3,800
Grant Revenue is attributable to:				
- Commonwealth Funding	10,416	5,139	4,000	-
- State Funding	7,224	6,328	5,856	3,800
	17,640	11,467	9,856	3,800

Fairfield City Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	5,423	4,197
Total Developer Contributions	17 -	-	5,423	4,197
Other Contributions:				
Child Care	3,010	2,815	-	-
RMS Contributions (Regional Roads, Block Grant)	167	741	-	-
Other	19	38	-	-
Total Other Contributions	3,196	3,594	-	-
Total Contributions	3,196	3,594	5,423	4,197
TOTAL GRANTS & CONTRIBUTIONS	20,836	15,061	15,279	7,997

\$ '000	Actual 2015	Actual 2014
(g) Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	30,264	30,389
add: Grants & contributions recognised in the current period but not yet spent:	6,722	11,830
less: Grants & contributions recognised in a previous reporting period now spent:	(4,174)	(11,955)
Net Increase (Decrease) in Restricted Assets during the Period	2,548	(125)
Unexpended and held as Restricted Assets	32,812	30,264
Comprising:		
- Specific Purpose Unexpended Grants	3,842	4,797
- Developer Contributions	28,970	25,467
	32,812	30,264

Fairfield City Council

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

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		49,072	48,154
Travelling		423	351
Employee Leave Entitlements (ELE)		8,171	7,663
Superannuation		6,272	6,122
Workers' Compensation Insurance		871	(713)
Fringe Benefit Tax (FBT)		249	352
Training Costs (other than Salaries & Wages)		372	518
Protective Clothing		215	204
Temporary Contract Labour		3,520	4,788
Other		89	92
Total Employee Costs		69,254	67,531
less: Capitalised Costs		(1,443)	(3,256)
TOTAL EMPLOYEE COSTS EXPENSED		67,811	64,275
Number of "Equivalent Full Time" Employees at year end		725	756
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		61	121
Total Interest Bearing Liability Costs Expensed		61	121
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		61	121

Fairfield City Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		12,053	13,927
Contractor & Consultancy Costs		1,786	1,907
Auditors Remuneration ⁽¹⁾		126	129
Legal Expenses:			
- Legal Expenses: Other		1,034	1,001
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment ⁽²⁾		1,250	1,051
Fuels		1,362	1,663
Increase/Decrease Stock Valuation		39	23
Information Technology		1,835	1,648
Materials Fleet Running Expenses		3,727	3,382
Stock Write Off		-	(5)
Trading Requirement Stock		130	143
Tyres		(4)	(1)
Total Materials & Contracts		23,338	24,868
less: Capitalised Costs		(1,053)	(38)
TOTAL MATERIALS & CONTRACTS		22,285	24,830
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		88	70
Remuneration for audit and other assurance services		88	70
(iii) Other Services			
- Other Services Occu Health & Safety Audit		38	59
Remuneration for other services		38	59
Total Auditor Remuneration		126	129
2. Operating Lease Payments are attributable to:			
Computers		671	592
Other		579	459
		1,250	1,051

Fairfield City Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	2,820	3,004
Office Equipment		-	-	651	459
Furniture & Fittings		-	-	34	34
Buildings - Specialised		-	-	9,461	8,895
Infrastructure:					
- Roads		-	-	8,949	12,432
- Bridges		-	-	521	-
- Footpaths		-	-	1,537	-
- Stormwater Drainage		-	-	2,280	2,241
- Kerb & Gutter		-	-	1,847	-
- Park Infrastructure		-	-	1,174	-
Other Assets					
- Library Books		-	-	736	606
- Other		-	-	108	1,524
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		-	-	30,118	29,195

Fairfield City Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising (General)		454	502
Advertising (Positions Vacant)		7	22
Bad & Doubtful Debts		(307)	358
Children Services		123	129
Commission / Rebate		670	610
Conferences		127	194
Consumables		77	79
Contributions/Levies to Other Levels of Government			
- Board of Fire Commission		1,777	1,702
- Corporation Sole EPA Act		613	596
- NSW Waste & Recycling Services		15,212	14,658
Councillor Expenses - Mayoral Fee		61	59
Councillor Expenses - Councillors' Fees		296	289
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		81	67
Donations, Contributions & Assistance to other organisations (Section 356)		102	67
Electricity & Heating		1,900	1,711
Equipment less than \$1,000		263	303
Financial Charges		376	286
Insurance		1,118	2,315
Photocopier Operating Costs		78	60
Postage		422	471
Printing & Stationery		435	357
Publicity & Promotion		668	581
Rates Collection		11	14
Street Lighting		3,162	3,193
Subscriptions & Publications		449	468
Telephone & Communications		552	526
Valuation Fees		340	328
Water Rates		740	621
Other		533	557
<u>TOTAL OTHER EXPENSES</u>		<u>30,340</u>	<u>31,123</u>

Fairfield City Council

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

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		1,573	-
less: Carrying Amount of Property Assets Sold / Written Off	9a	(356)	-
Net Gain/(Loss) on Disposal		1,217	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,468	1,009
less: Carrying Amount of P&E Assets Sold / Written Off	9a	(952)	(831)
Net Gain/(Loss) on Disposal		516	178
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		121,119	22,500
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(121,119)	(22,500)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		1,733	178

Fairfield City Council

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

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

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		6,342	-	395	-
Cash-Equivalent Assets ¹					
- Deposits at Call		14,180	-	15,670	-
Total Cash & Cash Equivalents		20,522	-	16,065	-
Investments (Note 6b)					
- Term Deposits		21,000	-	33,000	-
- Bank Bills/Bonds		3,642	-	3,428	-
- Aust Mortgaged Backed Securities		249	-	244	-
- FRN's		11,290	20,000	-	23,290
Total Investments		36,181	20,000	36,672	23,290
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		56,703	20,000	52,737	23,290

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		20,522	-	16,065	-
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Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	3,891	-	3,672	-
b. "Held to Maturity"	6(b-ii)	32,290	20,000	33,000	23,290
Investments		36,181	20,000	36,672	23,290

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	3,672	-	3,250	-
Revaluations (through the Income Statement)	219	-	422	-
Additions	3,672	-	-	-
Disposals (sales & redemptions)	(3,672)	-	-	-
Balance at End of Year	3,891	-	3,672	-
Comprising:				
- Bank Bills/Bonds	3,642	-	3,428	-
- Aust Mortgaged Backed Securities	249	-	244	-
Total	3,891	-	3,672	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	33,000	23,290	28,000	36,290
Additions	99,447	14,000	106,000	4,000
Disposals (sales & redemptions)	(100,157)	(17,290)	(101,000)	(17,000)
Balance at End of Year	32,290	20,000	33,000	23,290
Comprising:				
- Term Deposits	21,000	-	33,000	-
- FRN's	11,290	20,000	-	23,290
Total	32,290	20,000	33,000	23,290

Fairfield City Council

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

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	56,703	20,000	52,737	23,290
attributable to:				
External Restrictions (refer below)	31,869	20,000	21,703	23,290
Internal Restrictions (refer below)	20,003	-	27,628	-
Unrestricted	4,831	-	3,406	-
	56,703	20,000	52,737	23,290
2015	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance
Details of Restrictions				
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Developer Contributions - General (D)	25,467	6,578	(3,075)	28,970
Specific Purpose Unexpended Grants (F)	4,797	-	(955)	3,842
Domestic Waste Management (G)	13,019	12,041	(7,719)	17,341
Stormwater Management (G)	1,710	2,001	(1,995)	1,716
External Restrictions - Other	44,993	20,620	(13,744)	51,869
Total External Restrictions	44,993	20,620	(13,744)	51,869
Internal Restrictions				
Car Park Assets	3,044	2,189	(753)	4,480
Sustainable Resource Centre Site Development	1,474	26	(35)	1,465
Property Development	8,599	4,242	(11,858)	983
Sister City Committee	105	-	-	105
Town Funds	2,270	1,594	(1,561)	2,303
Future Capital Works	10,965	157	(7,146)	3,976
Councillors Community Fund	11	13	(5)	19
Voluntary Purchases	50	740	-	790
Sustainable Resource Centre Plant Reserve	1,094	340	(460)	974
Museum Reserve	16	1	-	17
SRV Reserve	-	5,279	(388)	4,891
Total Internal Restrictions	27,628	14,581	(22,206)	20,003
TOTAL RESTRICTIONS	72,621	35,201	(35,950)	71,872

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

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

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

Fairfield City Council

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

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,418	1,010	2,656	1,009
Accrued Revenues					
- Interest on Investments		497	-	720	-
- Other Income Accruals		1,168	-	1,269	-
Net GST Receivable		1,287	-	1,025	-
Other Debtors		5,929	-	4,232	-
Total		11,299	1,010	9,902	1,009
less: Provision for Impairment					
Rates & Annual Charges		(377)	-	(423)	-
Other Debtors		(908)	-	(1,173)	-
Total Provision for Impairment - Receivables		(1,285)	-	(1,596)	-
TOTAL NET RECEIVABLES		10,014	1,010	8,306	1,009
Externally Restricted Receivables					
Nil					
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		10,014	1,010	8,306	1,009
TOTAL NET RECEIVABLES		10,014	1,010	8,306	1,009

Notes on Debtors above:

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

Fairfield City Council

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

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		446	-	538	-
Trading Stock		35	-	33	-
Total Inventories		481	-	571	-
Other Assets					
Prepayments		1,010	-	895	-
Total Other Assets		1,010	-	895	-
<u>TOTAL INVENTORIES/ OTHER ASSETS</u>		<u>1,491</u>	<u>-</u>	<u>1,466</u>	<u>-</u>

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Other Disclosures**Inventory Write Downs**

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

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

Fairfield City Council

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

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2014				Asset Movements during the Reporting Period							as at 30/6/2015						
	At Cost	Fair Value	Accumulated Dep'n	Carrying Value	Asset Additions	WDV of Asset Disposals Note 5	Depreciation Expense Note 4d	WIP Transfers	Adjustments & Transfers	Asset Recognition Note 20a	Trfs from/(to) Inv. Properties Note 14	Revaluation Decrements to Equity (ARR) Note 20b	Revaluation Increments to Equity (ARR) Note 20b	At Cost	Fair Value	Accumulated Dep'n	Carrying Value	
\$ '000																		
Capital Work in Progress	8,651	-	-	8,651	37,787	(46)	-	(27,163)	-	-	-	-	-	19,229	-	-	19,229	
Plant & Equipment (MV, HV & MP)	-	28,561	15,546	13,015	6,355	(952)	(2,820)	-	-	-	-	-	-	-	30,880	15,282	15,598	
Office Equipment (OE, Computer & Others)	-	7,908	6,331	1,577	1,014	-	(651)	-	-	-	-	-	-	-	8,922	6,982	1,940	
Furniture & Fittings	-	341	213	128	-	-	(34)	-	-	-	-	-	-	-	341	247	94	
Land:																		
- Operational Land	-	310,451	-	310,451	-	(308)	-	2,068	(29,596)	180	360	(97,685)	-	-	185,470	-	185,470	
- Community Land	-	368,511	-	368,511	-	(2)	-	65	15,979	12,327	-	(64,498)	-	-	332,382	-	332,382	
- Land under Roads (post 30/6/08)	-	7,826	-	7,826	-	-	-	-	13,395	476	-	(544)	-	-	21,153	-	21,153	
Buildings	-	163,247	15,866	147,381	-	-	(9,461)	6,964	-	2,328	180	(146)	-	-	172,719	25,473	147,246	
Park Infrastructure (Open Space)	-	24,169	7,967	16,202	-	-	(1,174)	1,029	-	-	-	-	-	-	25,198	9,141	16,057	
Infrastructure:																		
- Roads	-	444,356	116,805	327,551	-	-	(8,949)	10,535	-	-	-	-	37,742	-	441,657	74,778	366,879	
- Bridges	-	45,793	8,515	37,278	-	-	(521)	-	-	-	-	-	4,165	-	47,093	6,171	40,922	
- Footpaths	-	87,445	16,024	71,421	-	-	(1,537)	3,375	-	-	-	-	21,633	-	109,532	14,640	94,892	
- Bulk Earthworks (non-depreciable)	-	19,323	-	19,323	-	-	-	-	222	-	-	-	4,269	-	23,814	-	23,814	
- Stormwater Drainage	-	284,815	55,219	229,596	-	-	(2,280)	1,773	-	-	-	(22,859)	-	-	249,840	43,610	206,230	
- Kerb & Gutter	-	155,189	35,107	120,082	-	-	(1,847)	980	-	-	-	-	27,974	-	178,970	31,781	147,189	
Other Assets:																		
- Library Books	-	12,449	10,419	2,030	420	-	(736)	-	-	-	-	-	-	-	12,870	11,156	1,714	
- Other	-	6,249	3,999	2,250	-	-	(108)	374	-	-	-	-	-	-	6,623	4,107	2,516	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	8,651	1,966,633	292,011	1,683,273	45,576	(1,308)	(30,118)	-	-	15,311	540	(185,732)	95,783	19,229	1,847,464	243,368	1,623,325	

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$17,239) and New Assets (\$3,187).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Fairfield City Council

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

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Domestic Waste Management								
Plant & Equipment	6,595	4,303	-	10,898	-	7,169	4,209	2,960
Land								
- Community Land	3,800	-	-	3,800	-	3,800	-	3,800
Total DWM	10,395	4,303	-	14,698	-	10,969	4,209	6,760
Car Park & Pedestrian Malls								
- Plant & Equipment	1,063	641	-	1,704	-	1,063	820	243
- Other Structures	30,836	3,657	-	34,493	-	33,629	3,473	30,156
Total Other Restrictions	31,899	4,298	-	36,197	-	34,692	4,293	30,399
TOTAL RESTRICTED I,PP&E	42,294	8,601	-	50,895	-	45,661	8,502	37,159

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.

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		4,893	-	8,848	-
Accrued Expenses:					
- Borrowings		2	-	3	-
- Salaries & Wages		2,386	-	2,166	-
- Other Expenditure Accruals		808	-	1,223	-
Security Bonds, Deposits & Retentions		6,409	-	6,211	-
Other		1,011	-	421	-
Total Payables		15,509	-	18,872	-
Borrowings					
Loans - Secured ¹		313	1,078	306	1,391
Total Borrowings		313	1,078	306	1,391
Provisions					
Employee Benefits;					
Annual Leave		2,409	3,565	2,370	3,817
Sick Leave		98	1,062	328	1,620
Long Service Leave		1,562	11,382	1,309	11,701
Sub Total - Aggregate Employee Benefits		4,069	16,009	4,007	17,138
Self Insurance - Workers Compensation		952	1,156	652	1,259
Self Insurance - Public Liability		281	817	1,372	111
Total Provisions		5,302	17,982	6,031	18,508
Total Payables, Borrowings & Provisions		21,124	19,060	25,209	19,899

(i) Liabilities relating to Restricted Assets

	2015		2014	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	1,576	-	1,621	-
Liabilities relating to externally restricted assets	1,576	-	1,621	-
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	1,576	-	1,621	-
Total Liabilities relating to Unrestricted Assets	19,548	19,060	23,588	19,899
TOTAL PAYABLES, BORROWINGS & PROVISIONS	21,124	19,060	25,209	19,899

¹: Loans are secured over the General Rating Income of Council

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

Fairfield City Council

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

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

\$ '000	Actual 2015	Actual 2014
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables - Security Bonds, Deposits & Retentions	5,384	5,217
	<u>5,384</u>	<u>5,217</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	6,187	4,094	(4,151)	(156)	-	5,974
Sick Leave	1,948	106	(869)	(25)	-	1,160
Long Service Leave	13,010	2,245	(1,909)	(402)	-	12,944
Self Insurance	3,394	(188)	-	-	-	3,206
TOTAL	24,539	6,257	(6,929)	(583)	-	23,284

- 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. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.

Fairfield City Council

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

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	20,522	16,065
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		20,522	16,065
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		21,858	3,020
Adjust for non cash items:			
Depreciation & Amortisation		30,118	29,195
Net Losses/(Gains) on Disposal of Assets		(1,733)	(178)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(219)	(422)
- Investment Properties		(153)	(670)
Share of Net (Profits) or Losses of Associates/Joint Ventures		(222)	(794)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,398)	351
Increase/(Decrease) in Provision for Doubtful Debts		(311)	358
Decrease/(Increase) in Inventories		90	12
Decrease/(Increase) in Other Assets		(115)	(647)
Increase/(Decrease) in Payables		(3,955)	1,164
Increase/(Decrease) in accrued Interest Payable		(1)	3
Increase/(Decrease) in other accrued Expenses Payable		(195)	(384)
Increase/(Decrease) in Other Liabilities		788	92
Increase/(Decrease) in Employee Leave Entitlements		(1,067)	(1,087)
Increase/(Decrease) in Other Provisions		(188)	(648)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		43,297	29,365

Fairfield City Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		1,500	1,500
Credit Cards / Purchase Cards		236	236
Total Financing Arrangements		1,736	1,736

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) Bank Guarantees

Workcover Authority of NSW for Workers Compensation Obligations \$3,439,000.00
Sydney Water Corporation Relocation of sydney Water mains Polding St & Smithfield Rd \$100,000.00
Sydney Water Corporation main adjustment Hamilton Rd \$127,050.00
Sydney Water Corporation \$20,000.00

Fairfield City Council

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

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		1,277	1,178
Plant & Equipment		2,697	998
Land		3,195	222
Other		12,285	3,732
Total Commitments		19,454	6,130
These expenditures are payable as follows:			
Within the next year		19,454	6,130
Total Payable		19,454	6,130
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		19,454	6,130
Total Sources of Funding		19,454	6,130

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)**a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:**

Within the next year		442	488
Later than one year and not later than 5 years		570	790
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		1,012	1,278

b. Non Cancellable Operating Leases include the following assets:

Computers, Motor Vehicles & Other Equipment

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

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.

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>4,252</u>	2.75%	-4.94%	0.03%
Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions)	154,867			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. ALL Grants & Contributions)</u>	<u>134,031</u>	78.77%	84.68%	81.38%
Total continuing operating revenue ⁽¹⁾	170,146			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>36,339</u>	2.57x	2.22	2.31
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>14,164</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>34,431</u>	93.82x	14.86	1490.78
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>367</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>3,051</u>	2.95%	3.27%	3.74%
Rates, Annual and Extra Charges Collectible	<u>103,398</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>20,522</u>	1.82 mths	1.46	1.05
Payments from cash flow of operating and financing activities	<u>11,279</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

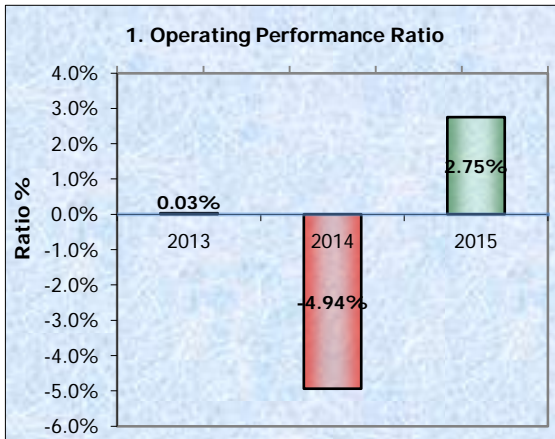
⁽³⁾ Refer to Note 10(a).

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

Fairfield City Council

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

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



Purpose of Operating Performance Ratio

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

Commentary on 2014/15 Result

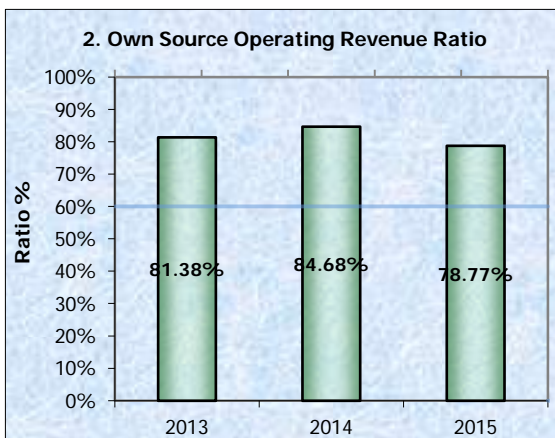
2014/15 Ratio 2.75%

Additional rate income due to Special rate variation and change in timing of Financial Assistance grant income payment to council are contributed to the positive results. Tighter expenditure control is also partly contributed to this result.

Benchmark: — Minimum $\geq 0.00\%$

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

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Own Source Operating Revenue Ratio

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

Commentary on 2014/15 Result

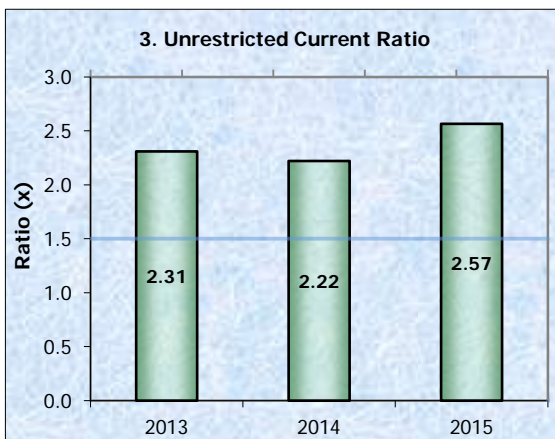
2014/15 Ratio 78.77%

Council consistently maintains this ratio well above the TCorp benchmark of 60%. It proves that the Council has more relied on own source of funding for its operation. For the last three years this ratio is in the region of 80%.

Benchmark: — Minimum $\geq 60.00\%$

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

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Unrestricted Current Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 2.57x

Council's unrestricted current ratio is 2.57 compared to Tcorp benchmark of 1.5. Council has sufficient liquid funds to meet its obligation.

Benchmark: — Minimum ≥ 1.50

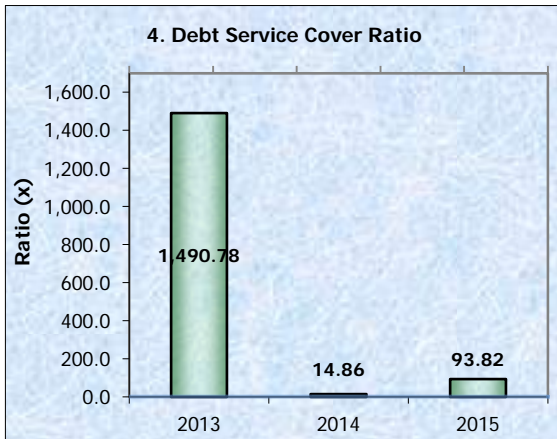
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Fairfield City Council

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

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



Purpose of Debt Service Cover Ratio

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

Commentary on 2014/15 Result

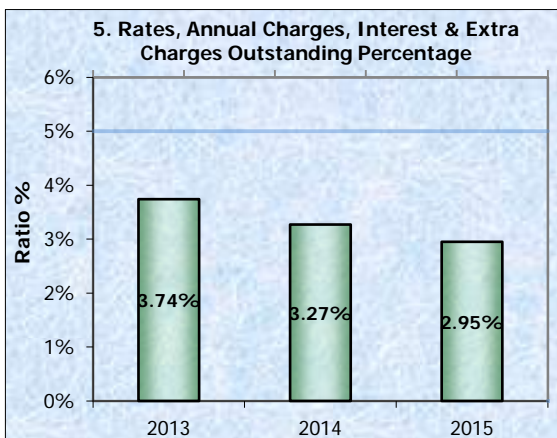
2014/15 Ratio 93.82x

Council's debt service ratio is in strong position. Council has sufficient fund to meet its debt obligation.

Benchmark: Minimum ≥ 2.00

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

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2014/15 Result

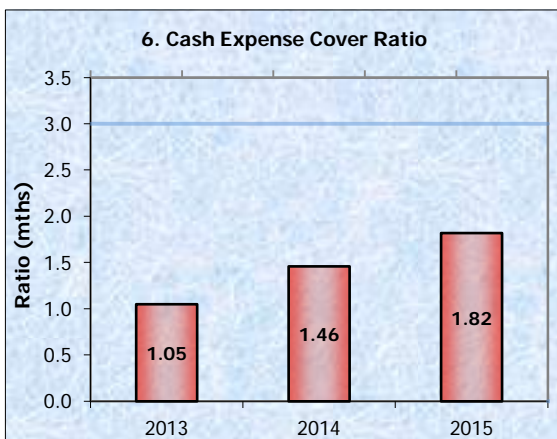
2014/15 Ratio 2.95%

Outstanding Rates, Charges and fees are 2.95% which is within industry benchmark of 5%. Improvement in this indicator continues as internal processes and debt control are refined.

Benchmark: Maximum $< 5.00\%$

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

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Cash Expense Cover Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 1.82 mths

Council's cash expenses cover ration is 1.82 months compared to Tcorp benchmark of 3 months. However council has enough funds as investment to meet its payment.

Benchmark: Minimum ≥ 3.00

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

Ratio is within Benchmark
 Ratio is outside Benchmark

Fairfield City Council

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

Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
(a) Investment Properties at Fair value			
Investment Properties on Hand		11,953	12,340
Reconciliation of Annual Movement:			
Opening Balance		12,340	20,710
- Acquisitions		-	553
- Net Gain/(Loss) from Fair Value Adjustments	3d	153	670
- Transfers from/(to) Owner Occupied (Note 9)	9a	(540)	-
- Other Movements		-	(9,593)
CLOSING BALANCE - INVESTMENT PROPERTIES		11,953	12,340

(b) Valuation Basis

The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2015 revaluations are not based on an Independent Assessment and Valuation.

(c) Contractual Obligations at Reporting Date

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

(d) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:			
- Minimum Lease Payments	3d	980	970
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(67)	(45)
Net Revenue Contribution from Investment Properties		913	925
plus:			
Fair Value Movement for year		153	670
Total Income attributable to Investment Properties		1,066	1,595

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

Fairfield City Council

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

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	20,522	16,065	20,522	16,065
Investments				
- "Held for Trading"	3,891	3,672	3,891	3,672
- "Held to Maturity"	52,290	56,290	52,290	56,290
Receivables	11,024	9,315	11,023	9,315
Total Financial Assets	87,727	85,342	87,726	85,342
Financial Liabilities				
Payables	15,509	18,872	-	18,869
Loans / Advances	1,391	1,697	-	1,701
Total Financial Liabilities	16,900	20,569	-	20,570

Fair Value is determined as follows:

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

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 10% movement in Market Values	389	389	(389)	(389)
Possible impact of a 1% movement in Interest Rates	725	725	(725)	(725)
2014				
Possible impact of a 10% movement in Market Values	367	367	(367)	(367)
Possible impact of a 1% movement in Interest Rates	720	720	(720)	(720)

Fairfield City Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	71%	33%	72%	41%
Overdue	29%	67%	28%	59%
	100%	100%	100%	100%

		2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(ii) Ageing of Receivables - value					
Rates & Annual Charges	Other Receivables				
Current	Current	2,418	2,927	2,656	2,993
< 1 year overdue	0 - 30 days overdue	1,010	4,222	1,009	1,604
1 - 2 years overdue	30 - 60 days overdue	-	688	-	525
2 - 5 years overdue	60 - 90 days overdue	-	46	-	284
> 5 years overdue	> 90 days overdue	-	998	-	1,840
		3,428	8,881	3,665	7,246

**(iii) Movement in Provision for Impairment
of Receivables**

	2015	2014
Balance at the beginning of the year	1,596	1,238
+ new provisions recognised during the year	-	358
- amounts already provided for & written off this year	(1)	-
- previous impairment losses reversed	(310)	-
Balance at the end of the year	1,285	1,596

Fairfield City Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	6,409	9,100	-	-	-	-	-	15,509	15,509
Loans & Advances	-	313	401	362	188	69	58	1,391	1,391
Total Financial Liabilities	6,409	9,413	401	362	188	69	58	16,900	16,900
2014									
Trade/Other Payables	6,211	12,661	-	-	-	-	-	18,872	18,872
Loans & Advances	-	306	317	383	366	210	115	1,697	1,697
Total Financial Liabilities	6,211	12,967	317	383	366	210	115	20,569	20,569

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	15,509	0.0%	18,872	0.0%
Loans & Advances - Fixed Interest Rate	1,391	5.5%	1,697	5.5%
	<u>16,900</u>		<u>20,569</u>	

Fairfield City Council

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

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 20 June 2014.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	99,378	99,572	194	0%	F
User Charges & Fees	20,606	16,873	(3,733)	(18%)	U
Unfavourable variance is mainly from Roads opening permit fees, Sydney Water taken over restoration from Council and lower income from childcare and showground market income.					
Interest & Investment Revenue	3,472	3,399	(73)	(2%)	U
Other Revenues	14,370	14,559	189	1%	F
Operating Grants & Contributions	20,893	20,836	(57)	(0%)	U
Capital Grants & Contributions	10,490	15,279	4,789	46%	F
Favourable variance is mainly from developer contributions.					
Net Gains from Disposal of Assets	-	1,733	1,733	0%	F
This item is not budgeted					
Joint Ventures & Associates - Net Profits	-	222	222	0%	F
This item is not budgeted					

Fairfield City Council

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

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	71,348	67,811	3,537	5%	F
Borrowing Costs	103	61	42	41%	F
It was budgeted to borrow a loan and later Council managed to fund from internal reserves.					
Materials & Contracts	28,270	22,285	5,985	21%	F
Favourable variance is due to lower maintenance and repair cost and capitalised cost.					
Depreciation & Amortisation	30,343	30,118	225	1%	F
Other Expenses	30,634	30,340	294	1%	F

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

Cash Flows from Operating Activities	38,930	43,297	4,367	11.2%	F
Budgeted cashflow not reflecting the actual.					
Cash Flows from Investing Activities	(45,577)	(38,534)	7,043	(15.5%)	F
Budgeted cashflow not reflecting the actual.					
Cash Flows from Financing Activities	(8,341)	(306)	8,035	(96.3%)	F
Budgeted cashflow not reflecting the actual.					

Fairfield City Council

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

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	4,945	-	-	207	(163)	-	4,989	-	(160)	4,829	-
Roads	82	-	-	4	-	-	86	-	-	86	-
Traffic Facilities	214	-	-	9	-	-	223	-	-	223	-
Parking	1,947	648	-	104	(1,253)	361	1,807	514	(1,198)	1,123	-
Open Space	12,041	2,606	-	539	(1,463)	-	13,723	2,074	(4,287)	11,510	-
Community Facilities	1,945	583	-	90	(415)	-	2,203	462	(929)	1,736	-
Concrete Path Paving	80	-	-	4	-	-	84	-	-	84	-
Administration	389	125	-	18	(43)	-	489	100	(80)	509	-
City Wide	25	43	-	2	-	-	70	34	-	104	-
S94 Contributions - under a Plan	21,668	4,005	-	977	(3,337)	361	23,674	3,184	(6,654)	20,204	-
S94A Levies - under a Plan	3,665	1,418	-	176	(99)	-	5,160				-
Total S94 Revenue Under Plans	25,333	5,423	-	1,153	(3,436)	361	28,834				-
S94 not under Plans	41	-	-	2	-	-	43	-	-	43	-
S64 Contributions	93	-	-	-	-	-	93	-	-	-	-
Total Contributions	25,467	5,423	-	1,155	(3,436)	361	28,970	3,184	(6,654)	20,247	-

Fairfield City Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 1999 Stormwater Drainage 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	
- Creek	577	-	-	25	(28)	-	574	-	-	574	-
- Wetherhill Park	4,368	-	-	182	(135)	-	4,415	-	(160)	4,255	-
Total	4,945	-	-	207	(163)	-	4,989	-	(160)	4,829	-

CONTRIBUTION PLAN - 1999 Roads adjacent to Open Space

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Bonnyrigg & Bonnyrigg Park & St John Park	1	-	-	-	-	-	1	-	-	1	-
	81	-	-	4	-	-	85	-	-	85	-
Total	82	-	-	4	-	-	86	-	-	86	-

CONTRIBUTION PLAN - Rural Area Upgrading & Traffic Management Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Traffic Facilities	214	-	-	9	-	-	223	-	-	223	-
Total	214	-	-	9	-	-	223	-	-	223	-

Fairfield City Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 1999 Car Parking & Associated 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	
- Parking Cabramatta	19	648	-	24	(1,035)	361	17	514	-	531	-
- Parking Fairfield	1,700	-	-	70	(2)	-	1,768	-	(1,198)	570	-
- Parking Canley Heights	228	-	-	10	(216)	-	22	-	-	22	-
Total	1,947	648	-	104	(1,253)	361	1,807	514	(1,198)	1,123	-

CONTRIBUTION PLAN - 1999 Land Acquisition for Open Space & Drainage

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	
- Land Acquisitions	8,555	54	-	358	(65)	-	8,902	43	(4,000)	4,945	-
Total	8,555	54	-	358	(65)	-	8,902	43	(4,000)	4,945	-

CONTRIBUTION PLAN - 1999 Recreation & Open Space Embellishment

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	1	3	-	1	-	-	5	2	-	7	-
- Bonnyrigg	325	-	-	14	(318)	-	21	-	-	21	-
- Cabramatta	7	10	-	1	(5)	-	13	8	-	21	-
- Fairfield	1,293	6	-	54	(956)	-	397	5	(140)	262	-
- Wetherhill Park	99	(4)	-	8	(77)	-	26	3	-	29	-
- Rural Park	55	-	-	1	(42)	-	14	-	-	14	-
Total	1,780	15	-	79	(1,398)	-	476	18	(140)	354	-

Fairfield City Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 1999 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	661	7	-	27	(415)	-	280	6	(222)	64	-
- Bonnyrigg	1	-	-	-	-	-	1	-	-	1	-
- Cabramatta	76	2	-	4	-	-	82	1	-	83	-
- Fairfield	731	1	-	31	-	-	763	1	(600)	164	-
- Wetherhill park	110	-	-	5	-	-	115	-	(107)	8	-
Total	1,579	10	-	67	(415)	-	1,241	8	(929)	320	-

CONTRIBUTION PLAN - 1999 Concrete Path Paving

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	
- Heights	80	-	-	4	-	-	84	-	-	84	-
Total	80	-	-	4	-	-	84	-	-	84	-

CONTRIBUTION PLAN NUMBER S94A

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	
- Administration	337	41	-	15	(43)	-	350	33	(80)	303	-
Total	337	41	-	15	(43)	-	350	33	(80)	303	-

Fairfield City Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN 2011 - City Wide

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	25	43	-	2	-	-	70	34	-	104	-
Total	25	43	-	2	-	-	70	34	-	104	-

CONTRIBUTION PLAN 2011 Community Facilities District

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	
- Cabramatta	8	8	-	-	-	-	16	6	-	22	-
- Fairfield/Canley Heights	61	96	-	3	-	-	160	76	-	236	-
Total	69	104	-	3	-	-	176	82	-	258	-

CONTRIBUTION PLAN 2011 Community Facilities Local

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	
- Fairfield	41	106	-	2	-	-	149	84	-	233	-
- Fairfield Heights	86	78	-	5	-	-	169	62	-	231	-
- Villawood	10	44	-	1	-	-	55	35	-	90	-
- Canley Heights	22	67	-	3	-	-	92	53	-	145	-
- Cabramatta	50	67	-	3	-	-	120	53	-	173	-
- Prairewood	88	107	-	6	-	-	201	85	-	286	-
Total	297	469	-	20	-	-	786	372	-	1,158	-

Fairfield City Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN 2011 Land Acquisition

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	
- Cabramatta	273	529	-	20	-	-	822	420	-	1,242	-
- Fairfield	520	679	-	28	-	-	1,227	539	-	1,766	-
- Western LGA	634	745	-	36	-	-	1,415	591	-	2,006	-
- Villawood	41	181	-	4	-	-	226	144	-	370	-
Total	1,468	2,134	-	88	-	-	3,690	1,694	-	5,384	-

CONTRIBUTION PLAN 2011 Open Space Embellishment

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	
- Cabramatta	42	81	-	3	-	-	126	64	-	190	-
- Fairfield	84	109	-	4	-	-	197	86	-	283	-
- Villawood	7	33	-	1	-	-	41	26	-	67	-
- Western LGA	105	180	-	6	-	-	291	143	(147)	287	-
Total	238	403	-	14	-	-	655	319	(147)	827	-

CONTRIBUTION PLAN 2011 Administration

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
- Administration	52	84	-	3	-	-	139	67	-	206	-
Total	52	84	-	3	-	-	139	67	-	206	-

Fairfield City Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - S94A

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	
- Section 94A Levy Contributions	3,665	1,418	-	176	(99)	-	5,160	1,619	(2,373)	-	-
Total	3,665	1,418	-	176	(99)	-	5,160				-

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	
- VPA 83-85 The Crescent	41	-	-	2	-	-	43	-	-	43	-
Total	41	-	-	2	-	-	43			43	-

S93F Planning Agreements

Bonnyrigg Living Community Communities

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	
- Bonnyrigg Living Community Cont	93	-	-	4	-	-	97	-	-	-	-
Total	93	-	-	4	-	-	97				-

Fairfield City Council

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

Fairfield City Council's share of the estimated deficit has been advised as \$0.807m as at 30 June 2015.

(ii) Westpool

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

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Councils contributions to the pool and the result of insurance claims within each of the Fund Years. 2014/15 Fairfield City Council's Claims Report as at 30 June 2015 total is \$1,091,517

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.

More information can be found at Note 19.

(iii) Workers Compensation Self Insurance Bank Guarantee

Council is a Self Insurer for Workers Compensation and as a condition of its Self Insurance Licence requires either a Term Deposit or Bank Guarantee to be held based on Actuarial Assessment. In June 1997 Council decided to take out a Bank Guarantee to comply with the conditions of its Self Insurance Licence.

Council's Actuarial Assessment as at 30th June 2014 requires a Bank Guarantee of \$1.9m.

(iv) Other Guarantees

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

Fairfield City Council

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

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

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.

OTHER ASSETS & LIABILITIES NOT RECOGNISED:

(i) RIDS

Fairfield City Council together with Penrith, Hawkesbury, Bankstown, The Hills Shire (formerly known as Baulkham Hills), Holroyd and Resources NSW (formerly known as the Sydney Waste Board) are in a Joint Venture known as RIDS-Regional Dumping Squad.

The objective of the project is to identify, investigate and prosecute illegal waste dumping offences and trial a range of enforcement strategies.

Each Council has equal interest in the Joint Venture and has an undertaking to annually contribute. (\$58,430 for 2014/15).

The RIDS accounts are to be prepared by Resources NSW and were not available at the time of preparing these statements in order to determine the value of Council's interest.

Council's share of the assets, liabilities, income & expenses for this JV is not considered material.

Fairfield City Council

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

Note 19. Interests in Other Entities

\$ '000

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

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

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

Controlled Entities (Subsidiaries)

Note 19(a)

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

Joint Ventures & Associates

Note 19(b)

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

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

Joint Operations

Note 19(c)

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

Unconsolidated Structured Entities

Note 19(d)

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

Subsidiaries, Joint Arrangements and Associates not recognised

Note 19(e)

Accounting Recognition:

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

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	222	794	5,015	4,794
Total	222	794	5,015	4,794

Fairfield City Council

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

Note 19. Interests in Other Entities (continued)

\$ '000

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

Council has no interest in any Controlled Entities (Subsidiaries).

(b) Joint Ventures and Associates

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

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
Westpool	Joint Venture		5,015	4,794
Total Carrying Amounts - Material Joint Ventures and Associates			5,015	4,794

(b) Details

Name of Entity	Principal Activity	Place of Business
Westpool	Self insurance	

(c) Relevant Interests & Fair Values

Name of Entity	Quoted Fair Value		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014	2015	2014
Westpool			11%	10%	17%	17%	17%	17%

(d) Summarised Financial Information for Joint Ventures & Associates

	Westpool	
	2015	2014
Statement of Financial Position		
Current Assets		
Cash and Cash Equivalents	3,093	1,739
Other Current Assets	5,591	14,079
Total Current Assets	8,684	15,818
Non-Current Assets	48,487	35,985
Current Liabilities		
Other Current Liabilities	4,742	4,087
Total Current Liabilities	4,742	4,087
Non-Current Liabilities	22,486	19,703
Net Assets	29,943	28,013
Reconciliation of the Carrying Amount		
Opening Net Assets (1 July)	28,013	28,013
Profit/(Loss) for the period	1,930	-
Closing Net Assets	29,943	28,013
Council's share of Net Assets (%)	16.8%	17.1%
Council's share of Net Assets (\$)	5,015	4,794

Fairfield City Council

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

Note 19. Interests in Other Entities (continued)

\$ '000

(b) Joint Ventures and Associates (continued)

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

	Westpool	
	2015	2014
Statement of Comprehensive Income		
Income	7,875	7,263
Interest Income	3,494	3,667
Interest Expense	(17)	(17)
Other Expenses	(9,420)	(6,492)
Profit/(Loss) from Continuing Operations	1,932	4,421
Profit/(Loss) for Period	1,932	4,421
Total Comprehensive Income	1,932	4,421
Council's share of Income (%)	11.5%	18.0%
Council's share of Profit/(Loss) (\$)	222	794
Council's share of Comprehensive Income (\$)	222	794

(c) Joint Operations

Council has no interest in any Joint Operations.

(d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

(e) Subsidiaries, Joint Arrangements & Associates not recognised

The following Subsidiaries, Joint Arrangements & Associates have not been recognised in this Financial Report.

Fairfield City Council

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

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		674,927	671,907
a. Net Operating Result for the Year		21,858	3,020
b. Transfers between Equity	20(b)	(9,184)	-
Balance at End of the Reporting Period		<u>687,601</u>	<u>674,927</u>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	1,001,726	1,067,180
Total	<u>1,001,726</u>	<u>1,067,180</u>

(ii) Reconciliation of movements in Reserves:**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- Opening Balance	1,067,180	1,067,180
- Revaluations for the year	9(a) (89,949)	-
- Transfer to Retained Earnings for Asset disposals	20(a) 9,184	-
- Asset Recognition	9(a) 15,311	-
- Balance at End of Year	<u>1,001,726</u>	<u>1,067,180</u>

TOTAL VALUE OF RESERVES

<u>1,001,726</u>	<u>1,067,180</u>
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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 Asset values due to their revaluation.

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

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

(d) Voluntary Changes in Accounting Policies

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

Fairfield City Council

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

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council utilises only a General Fund for its operations.

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

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

Note 23. Events occurring after the Reporting Date

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

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

Accordingly, the "authorised for issue" date is 29/09/15.

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

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

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

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

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

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

Fairfield City Council

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

Note 24. Discontinued Operations

\$ '000

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

Note 25. Intangible Assets

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

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

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

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

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

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

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

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

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

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held to Maturity" NAB	30/06/15	-	32,290	-	32,290
- "Held to Maturity" WBC	30/06/15	-	3,000	-	3,000
- "Held to Maturity" ANZ	30/06/15	-	9,000	-	9,000
- "Held to Maturity" CBA	30/06/15	-	5,000	-	5,000
- "Held to Maturity" Bankwest	30/06/15	-	9,000	-	9,000
- Asset Backed Securities Investment	30/06/15	-	3,642	-	3,642
- Mortgage Backed Securities	30/06/15	-	248	-	248
Cash on Hand and at Bank	30/06/15	-	14,522	-	14,522
Total Financial Assets		-	76,702	-	76,702
Financial Liabilities					
Loans / Advances	30/06/15	-	1,391	-	1,391
Payables Goods & Services	30/06/15	-	4,893	-	4,893
Payables Salaries & Wages	30/06/15	-	2,386	-	2,386
Payables Accrued Expenses	30/06/15	-	1,821	-	1,821
Payables Security Bonds, Deposits & Retentions	30/06/15	-	6,409	-	6,409
Total Financial Liabilities		-	16,900	-	16,900

Fairfield City Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Investment Properties					
167 Meadows Road, Mount Pritchard NSW 2170	30/06/15	-	2,836	-	2,836
9 Walker Place, Wetherill Park NSW 2164	30/06/15	-	4,103	-	4,103
396 Victoria Street, Wetherill Park, NSW 2164	30/06/15	-	5,014	-	5,014
Total Investment Properties		-	11,953	-	11,953
Infrastructure, Property, Plant & Equipment					
Capital Work in Progress	30/06/15	-	-	19,229	19,229
Plant & Equipment	30/06/15	-	-	15,598	15,598
Office Equipment	30/06/15	-	-	1,940	1,940
Furniture & Fittings	30/06/15	-	-	94	94
Operational Land	30/06/15	-	-	185,469	185,469
Community Land	30/06/15	-	-	332,382	332,382
Buildings	30/06/15	-	-	147,246	147,246
Park Infrastructure	30/06/15	-	-	16,057	16,057
Roads	30/06/15	-	-	411,847	411,847
Bridges	30/06/15	-	-	40,922	40,922
Footpaths	30/06/15	-	-	94,892	94,892
Stormwater Drainage	30/06/15	-	-	206,230	206,230
Kerb & Gutter	30/06/15	-	-	147,189	147,189
Library Books	30/06/15	-	-	1,714	1,714
Other Assets	30/06/15	-	-	2,516	2,516
Total Infrastructure, Property, Plant & Equipment		-	-	1,623,325	1,623,325

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held to Maturity" NAB	30/06/14	-	26,290	-	26,290
- "Held to Maturity" WBC	30/06/14	-	12,000	-	12,000
- "Held to Maturity" Rabo	30/06/14	-	3,000	-	3,000
- "Held to Maturity" ANZ	30/06/14	-	6,000	-	6,000
- "Held to Maturity" CBA	30/06/14	-	5,000	-	5,000
- "Held to Maturity" Bankwest	30/06/14	-	4,000	-	4,000
- Asset Backed Securities Investment	30/06/14	-	3,428	-	3,428
- Mortgage Backed Securities	30/06/14	-	244	-	244
Cash on Hand and at Bank	30/06/14	-	16,065	-	16,065
Total Financial Assets		-	76,027	-	76,027

Fairfield City Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Liabilities					
Loans / Advances	30/06/14	-	1,697	-	1,697
Payables Goods & Services	30/06/14	-	8,848	-	8,848
Payables Salaries & Wages	30/06/14	-	2,166	-	2,166
Payables Accrued Expenses	30/06/14	-	1,647	-	1,647
Payables Security Bonds, Deposits & Retentions	30/06/14	-	6,211	-	6,211
Total Financial Liabilities		-	20,569	-	20,569
Investment Properties					
167 Meadows Road, Mount Pritchard NSW 2170	30/06/14	-	2,800	-	2,800
9 Walker Place, Wetherill Park NSW 2164	30/06/14	-	4,050	-	4,050
396 Victoria Street, Wetherill Park, NSW 2164	30/06/14	-	4,950	-	4,950
5 Helen Street, Smithfield NSW 2164	30/06/14	-	540	-	540
Total Investment Properties		-	12,340	-	12,340
Infrastructure, Property, Plant & Equipment					
Capital Work in Progress	30/06/14	-	-	8,651	8,651
Plant & Equipment	30/06/14	-	-	13,015	13,015
Office Equipment	30/06/14	-	-	1,577	1,577
Furniture & Fittings	30/06/14	-	-	128	128
Operational Land	30/06/14	-	-	310,451	310,451
Community Land	30/06/14	-	-	368,511	368,511
Buildings	30/06/14	-	-	147,381	147,381
Park Infrastructure	30/06/14	-	-	17,262	17,262
Roads	30/06/14	-	-	354,700	354,700
Bridges	30/06/14	-	-	37,278	37,278
Footpaths	30/06/14	-	-	71,421	71,421
Stormwater Drainage	30/06/14	-	-	229,596	229,596
Kerb & Gutter	30/06/14	-	-	120,082	120,082
Library Books	30/06/14	-	-	2,030	2,030
Other Assets	30/06/14	-	-	1,190	1,190
Total Infrastructure, Property, Plant & Equipment		-	-	1,683,273	1,683,273

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

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

Fairfield City Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

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

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

Infrastructure, Property, Plant & Equipment

Asset condition ranges from 1 to 5. 1 = excellent and 0% life consumed, 2 = good condition and 25% life consumed, 3 = fair and 50% life consumed, 4 = poor and 75% life consumed and 5 = failed and 100% life consumed. Schedule 7 and note 9a presents the % of asset in each condition. Overall for this class Fairfield Council's average road condition is 1.9.

Fairfield City Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Capital Work in Progress	Plant & Equipment	Office Equipment	Furniture & Fittings	Total
Opening Balance - 1/7/13	13,612	12,446	474	153	26,685
Transfers from/(to) another asset class	(4,961)	(79)	-	-	(5,040)
Purchases (GBV)	-	4,483	1,562	9	6,054
Disposals (WDV)	-	(831)	-	-	(831)
Depreciation & Impairment	-	(3,004)	(459)	(34)	(3,497)
Closing Balance - 30/6/14	8,651	13,015	1,577	128	23,371
Transfers from/(to) another asset class	(27,163)	-	-	-	(27,163)
Purchases (GBV)	37,787	6,355	1,014	-	45,156
Disposals (WDV)	(46)	(952)	-	-	(998)
Depreciation & Impairment	-	(2,820)	(651)	(34)	(3,505)
Closing Balance - 30/6/15	19,229	15,598	1,940	94	36,861

	Operational Land	Community Land	Roads	Buildings	Total
Opening Balance - 1/7/13	307,507	360,663	575,351	152,547	1,396,068
Transfers from/(to) another asset class	(4,684)	4,684	(226,121)	(2,657)	(228,778)
Purchases (GBV)	7,628	3,164	17,902	6,389	35,083
Depreciation & Impairment	-	-	(12,432)	(8,898)	(21,330)
Closing Balance - 30/6/14	310,451	368,511	354,700	147,381	1,181,043
Transfers from/(to) another asset class	(27,168)	16,044	24,152	-	13,028
Purchases (GBV)	-	-	-	7,144	7,144
Disposals (WDV)	(308)	(2)	-	-	(310)
Depreciation & Impairment	(97,505)	(52,171)	(9,017)	(7,279)	(165,972)
FV Gains - Other Comprehensive Income	-	-	42,011	-	42,011
Closing Balance - 30/6/15	185,470	332,382	411,846	147,246	1,076,944

Fairfield City Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Bridges	Footpaths	Stormwater Drainage	Kerb & Gutter	Total
Opening Balance - 1/7/13	-	-	228,396	-	228,396
Transfers from/(to) another asset class	37,278	71,421	-	120,082	228,781
Purchases (GBV)	-	-	3,441	-	3,441
Depreciation & Impairment	-	-	(2,241)	-	(2,241)
Closing Balance - 30/6/14	37,278	71,421	229,596	120,082	458,377
Transfers from/(to) another asset class	-	3,375	1,773	980	6,128
Depreciation & Impairment	(521)	(1,537)	(25,139)	(1,847)	(29,044)
FV Gains - Other Comprehensive Income	4,165	21,633	-	27,974	53,772
Closing Balance - 30/6/15	40,922	94,892	206,230	147,189	489,233

	Library Books	Parks Infra Structure	Other Assets	Total
Opening Balance - 1/7/13	2,236	15,976	2,346	20,558
Transfers from/(to) another asset class	-	(1,060)	1,060	-
Purchases (GBV)	401	1,286	368	2,055
Depreciation & Impairment	(606)	-	(1,524)	(2,130)
Other movement	(1)	-	-	(1)
Closing Balance - 30/6/14	2,030	16,202	2,250	20,482
Transfers from/(to) another asset class	-	1,029	374	1,403
Purchases (GBV)	420	-	-	420
Depreciation & Impairment	(736)	(1,174)	(108)	(2,018)
Closing Balance - 30/6/15	1,714	16,057	2,516	20,287

(5). Highest and best use

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

Fairfield City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 28. Financial Review

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2015	2014	2013	2012	2011
Inflows:					
Rates & Annual Charges Revenue	99,572	95,092	90,994	86,425	83,523
User Charges Revenue	16,873	15,808	16,845	15,860	15,733
Interest & Investment Revenue (Losses)	3,399	3,734	3,927	5,336	5,098
Grants Income - Operating & Capital	27,496	15,267	21,812	25,323	24,865
Total Income from Continuing Operations	172,473	152,564	151,910	146,676	146,273
Sale Proceeds from I,PP&E	3,041	1,009	1,626	1,312	1,369
New Loan Borrowings & Advances	-	-	-		500
Outflows:					
Employee Benefits & On-cost Expenses	67,811	64,275	63,573	62,212	60,696
Borrowing Costs	61	121	226	377	482
Materials & Contracts Expenses	22,285	24,830	23,696	20,112	21,029
Total Expenses from Continuing Operations	150,615	149,544	143,437	135,091	132,699
Total Cash purchases of I,PP&E	45,576	41,592	30,820	30,853	34,319
Total Loan Repayments (incl. Finance Leases)	306	1,378	1,498	2,001	2,060
Operating Surplus/(Deficit) (excl. Capital Income)	6,579	(4,977)	1,609	5,611	5,578
Financial Position Figures	2015	2014	2013	2012	2011
Current Assets	68,208	62,509	52,730	59,069	72,485
Current Liabilities	21,124	25,209	42,886	42,057	46,546
Net Current Assets	47,084	37,300	9,844	17,012	25,939
Available Working Capital (Unrestricted Net Current Assets)	1,170	(6,097)	2,556	4,450	1,002
Cash & Investments - Unrestricted	4,831	3,406	9,979	7,868	6,786
Cash & Investments - Internal Restrictions	20,003	27,628	26,863	29,598	29,181
Cash & Investments - Total	76,703	76,027	78,608	79,203	79,449
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	1,391	1,697	3,075	4,573	6,574
Total Value of I,PP&E (excl. Land & Earthworks)	1,303,874	1,269,173	1,240,425	1,264,171	1,237,365
Total Accumulated Depreciation	243,368	292,011	264,037	321,638	299,885
Indicative Remaining Useful Life (as a % of GBV)	81%	77%	79%	75%	76%

Source: Published audited financial statements of Council (current year & prior year)

Fairfield City Council

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

Note 29. Council Information & Contact Details

Principal Place of Business:

86 Avoca Road
WAKELEY NSW 2176

Contact Details
Mailing Address:

PO Box 21
FAIRFIELD NSW 1860

Opening Hours:

Monday to Friday
8:30am to 4:30pm

Telephone: 02 9725 0222

Facsimile: 02 9725 4249

Internet: www.fairfieldcity.nsw.gov.au

Email: mail@fairfieldcity.nsw.gov.au

Officers
GENERAL MANAGER

Alan Young

RESPONSIBLE ACCOUNTING OFFICER

Bradley Cutts

PUBLIC OFFICER

Andrew Mcleod

AUDITORS

Pitcher Partner
GPO Box 1615
SYDNEY NSW 2001

Elected Members
MAYOR

Frank Carbone

COUNCILLORS

Lawrence White
George Barcha
Del Bennett
Milovan Karajcic
Ninos Khoshaba
Dai Le
Kien Ly
Joe Molluso
Charbel Saliba
Zaya Yoma
Nhan Tran
Ken Young

Other Information

ABN: 83 140 439 239

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
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Sydney NSW 2001
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FAIRFIELD CITY COUNCIL
Independent Audit Report to the Council
General Purpose Financial Statements for the Year ended 30 June 2015

Report on the Financial Report

We have audited the general purpose financial statements of Fairfield City Council, which comprises the Statement of Financial Position as at 30 June 2015, Statement by Councillors and Management, and the Income Statement, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Council's Responsibilities for the Financial Statements

Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the statutory requirements under the Local Government Act, 1993, and for such internal control that 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 Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement and Statement of Cash Flows, Notes 2(a), and 16 to the financial statements, estimated expenditure in note 17, additional Council disclosure notes, nor the attached Special Schedules. Accordingly, no opinion is expressed on these matters.

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fairfield City Council as of 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

Council's Responsibilities for compliance with other legal and regulatory requirements

Council is responsible for ensuring compliance with the accounting and reporting requirements of Division 2 of Part 3, Chapter 12 of the Local Government Act, 1993. This responsibility includes maintaining such accounting records as are necessary to correctly record and explain its financial transactions and its financial position, and to facilitate convenient and proper auditing of its financial statements.

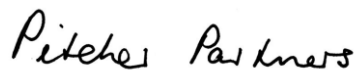
Auditor's Responsibilities under Section 417(2) of the Local Government Act, 1993

Our responsibility is to report on Council's compliance with the accounting and reporting requirements of the Local Government Act, 1993 and Local Government (General) Regulation 2005.

Auditors' Opinion on other legal and regulatory requirements

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 the Local Government (General) Regulation 2005; and
- (b) the Council's general purpose financial statements
 - i) have been prepared in accordance with the requirements of this Division and Regulation;
 - ii) are consistent with the Council's accounting records;
 - iii) present fairly the Council's financial position and the results of its operations;
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.



PITCHER PARTNERS



CARL MILLINGTON
Partner

Sydney, 29 September 2015

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 19 Martin Place
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FAIRFIELD CITY COUNCIL
INDEPENDENT AUDITORS' REPORT ON THE CONDUCT OF THE AUDIT
(Local Government Act, 1993 – Sections 417(1) and 417(3))
YEAR ENDED 30 JUNE 2015

Fairfield City Council has prepared general and special purpose financial reports for the year ended 30 June 2015 on which we issued separate audit reports to the Council dated 29 September 2015. This report has been prepared in accordance with the requirements of the Office of Local Government, and the provisions of Sections 417(1) and 417(3) of the Local Government Act, 1993.

We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the New South Wales Office of Local Government, or for any purpose other than that for which it was prepared.

Audit Conclusion

Our audit of the financial reports for the year ended 30 June 2015 resulted in unqualified independent audit reports for Council's General Purpose and Special Purpose Financial Statements.

Additional Audit Considerations and Comment

Income Statement

Summarised Income Statement

	2015 Actual	2015 Budget	* Budget	2014 Actual
	\$'000	\$'000	Variance %	\$'000
Operating result	21,858	8,511	156.8% F	3,020
Operating result before capital revenue	6,579	(1,979)	432.44% F	(4,977)
Rates & annual charges	99,572	99,378	0.19% F	95,092
Operating grants & contributions	20,836	20,893	0.27% U	15,061
Capital grants & contributions	15,279	10,490	45.65% F	7,997
Depreciation & amortisation	30,118	30,343	0.74% F	29,195

* Detailed explanations for material favourable (F) and unfavourable (U) budget variations are provided in Note 16 to the financial statements

Operating Result. Council's operating surplus increased from \$3.020M in 2014 to \$21.858M in 2015. This compared with a budgeted surplus of \$8.51M for the year. The most significant variations impacting the operating result were:

- the decline in user charges and fees mainly related to reduced road opening permits and lower revenue from showground market and childcare operations;
- a substantial increase in development activity and resulting developer contributions;
- savings experienced in expenditure on materials and contracts.

Operating Result before Capital. The operating result before Capital grants and contributions was a surplus of \$6.579M compared with the prior year deficit of \$4.977M. This compared with the original budget surplus of \$1.979M.

Rates and Annual Charges. Revenue from rates and annual charges increased to \$99.572M from \$95.092M in the prior year, and was in line with budget expectations for the year.

Grants and Contributions. Operating grants and contributions for the year totalled \$20.836M and represented 12.08% of total income from continuing operations. This compares with budget of \$20.893M. As detailed at Note 3(e) to the financial statements, this variance is due to a change in the 2014 year in government policy regarding timing of the payment of the grant.

Capital grants and contributions amounted to \$15.279M for the 2015 year and represented 8.86% of total income from continuing operations. This compares with budget of \$10.49M.

Depreciation. Included in the operating result was \$30.118M for the depreciation and amortisation of infrastructure, property, plant and equipment which increased from \$29.195M in the prior year and compared favourably with the original budget of \$30.343M. Depreciation and amortisation represents 19.99% (2014: 19.52%) of total expenses and 17.46% (2014: 19.14%) of total income for the year.

Statement of Financial Position

Council's equity at 30 June 2015 amounted to \$1,689.327M comprised of retained earnings, and reserves arising from revaluation of infrastructure assets in prior years.

The most significant impact on retained earnings during 2015 were the operating result of \$21.858M and the net reduction in infrastructure, property plant and equipment balances as a result of the revaluation conducted during the year.

At balance date Council had not utilised any of its bank overdraft facility of \$1.5M.

Movements in Cash and Cash Equivalents

Summarised Statement of Cash Flows

Activities	2015 Actual \$'000	2015 Budget \$'000	* Budget Variance %	2014 Actual \$'000
Net cash flows from operations	43,297	38,930	11.22% F	29,365
Net cash flows from investing	(38,534)	(45,577)	15.45% F	(22,990)
Net cash flows from financing	(306)	(8,341)	96.33% F	(1,378)
Net movement in cash	4,457	(14,988)	129.74%F	4,997

* Detailed explanations for material budget variations are provided in Note 16 to the financial statements

Council's cash and cash equivalent balances increased to a total of \$20.522M during the year, with \$43.297M being provided from operations, \$38.534M utilised in net investing activities for the acquisition and sale of non-current assets and investments, and \$.306M utilised for the repayment of borrowings and advances. Included in investing activities was the net receipt of \$4.0M of cash and cash equivalents from the sale of investment securities.

Total Investments and Cash Balances

Council's total cash balance at 30 June 2015 was comprised of the following:

	2015	2014
	\$'000	\$'000
Externally restricted cash	51,869	44,993
Internally restricted cash	20,003	27,628
Unrestricted cash	4,831	3,406
<i>Total Cash, Cash Equivalents and Investments</i>	76,703	76,027

Council's cash and investments balances have remained stable during the year. During the year net transfers to and from external restrictions resulted in a \$6.876M increase in externally restricted balances, primarily in developer contributions and domestic waste management. At the same time internal restrictions on cash and investments held to fund specific purposes such as car park assets were decreased by \$7.625M, mainly in property development and future capital works, while the SRV reserve was increased by a net amount of \$4.891M.

Performance Indicators and Trends

Prescribed performance indicators are included in Note 13 to the financial report and provide a comparison of the 2015 year results with prior years.

Operating performance ratio. At 2.75% this ratio is above benchmarks set by NSW TCorp and expectations of the Office of Local Government and represents a substantial improvement over the 2014 ratio of -4.94% which was affected by the change to the timing of payments of the Financial Assistance Grant in 2014.

Own source operating revenue ratio: The ratio of 78.77% continues to exceed the industry benchmark of 60% and indicates that Council's reliance on external funding sources is minimal.

Unrestricted Current Ratio. This ratio (2.57:1) is an improvement on the previous year (2.22:1), and indicates that Council has sufficient working capital to fund day-to-day operations and is above the industry benchmark of 1.5:1 established by TCorp.

Debt Service Cover Ratio. As a result of Council's minimal indebtedness the debt service ratio of 93.82 remains well above the industry benchmark of ≥ 2 .

Rates and Annual Charges Outstanding Percentage. The amount of rates uncollected at year end expressed as a percentage of the total rates and annual charges collectible was 2.95%. This improvement continues the positive trend experienced in 2014 and is well within the industry benchmark of 5%.

Cash expense cover ratio. This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. Council's ratio of 3.68 exceeds the industry benchmark of 3 and indicates that Council has sufficient liquidity to adequately fund its short term operations.

Legislative Compliance

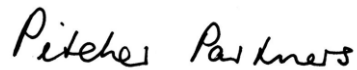
As a result of our audit we advise that no material deficiencies in the accounting records or financial reports have come to our attention during the conduct of the audit, and that Council's accounting records have been kept accurately and conscientiously and in accordance with requirements of the Local Government Act, 1993, and Regulations.

Council has complied with all statutory reporting requirements relating to Division 2 of Chapter 12 of the Local Government Act, 1993, the Code of Accounting Practice and Financial Reporting (Update 22), and other legislatively prescribed standards.

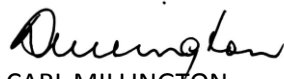
Conduct of the audit

During the conduct of our audit, a number of issues arose that required additional explanation and investigation, however we are able to report that all such issues have been appropriately attended to and there are no matters of audit significance, other than those already referred to in this report, that require mention in this or our statutory audit report.

We would like to commend the courteous and professional manner in which Council's staff has acted throughout the conduct of our audit, and their willingness to consider issues that we raised and assist us with our audit.



PITCHER PARTNERS



CARL MILLINGTON

Partner

Sydney, 29 September 2015

Fairfield City Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

"...a thriving, safe and friendly place with people who support and respect each other. A community where people can be proud to live, invest and prosper."



Fairfield City Council

Special Schedules

for the financial year ended 30 June 2015

Contents

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Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	na
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	n/a
- Notes to Special Schedules No. 3 & 5		n/a
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2015)	5
- Special Schedule No. 8	Financial Projections	n/a
- Special Schedule No. 9	Permissible Income Calculation	9

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

Background

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

Fairfield City Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	670	-	-	(670)
Administration	32,770	2,815	2,648	(27,307)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	2,362	49	-	(2,313)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	3,963	6,011	-	2,048
Animal Control	298	63	-	(235)
Other	-	-	-	-
Total Public Order & Safety	6,623	6,123	-	(500)
Health	767	541	-	(226)
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	590	480	-	(110)
Solid Waste Management	24,176	25,935	-	1,759
Street Cleaning	3,081	48	-	(3,033)
Drainage	4,253	2,343	1,554	(356)
Stormwater Management	2	-	-	(2)
Total Environment	32,102	28,806	1,554	(1,742)
Community Services and Education				
Administration & Education	1,011	19	41	(951)
Social Protection (Welfare)	758	39	-	(719)
Aged Persons and Disabled	179	84	-	(95)
Children's Services	10,812	9,735	-	(1,077)
Total Community Services & Education	12,760	9,877	41	(2,842)
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	90	-	-	(90)
Street Lighting	3,249	828	-	(2,421)
Town Planning	2,946	1,211	-	(1,735)
Other Community Amenities	1,875	402	1,511	38
Total Housing and Community Amenities	8,160	2,441	1,511	(4,208)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Fairfield City Council

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

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	7,847	738	-	(7,109)
Museums	550	98	-	(452)
Art Galleries	105	16	-	(89)
Community Centres and Halls	2,798	772	-	(2,026)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	387	-	-	(387)
Sporting Grounds and Venues	3,393	434	25	(2,934)
Swimming Pools	9,045	3,763	-	(5,282)
Parks & Gardens (Lakes)	5,253	146	696	(4,411)
Other Sport and Recreation	2,404	3,114	2,918	3,628
Total Recreation and Culture	31,782	9,081	3,639	(19,062)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	905	589	-	(316)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	905	589	-	(316)
Transport and Communication				
Urban Roads (UR) - Local	3,073	729	4,698	2,354
Urban Roads - Regional	1,847	-	-	(1,847)
Sealed Rural Roads (SRR) - Local	6,968	-	-	(6,968)
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	520	-	-	(520)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	4,726	2,172	647	(1,907)
Footpaths	1,907	141	178	(1,588)
Aerodromes	-	-	-	-
Other Transport & Communication	304	-	-	(304)
Total Transport and Communication	19,345	3,042	5,523	(10,780)
Economic Affairs				
Camping Areas & Caravan Parks	1,117	218	-	(899)
Other Economic Affairs	3,614	6,152	363	2,901
Total Economic Affairs	4,731	6,370	363	2,002
Totals – Functions	150,615	69,685	15,279	(65,651)
General Purpose Revenues ⁽²⁾		87,287		87,287
Share of interests - joint ventures & associates using the equity method	-	222		222
NET OPERATING RESULT ⁽¹⁾	150,615	157,194	15,279	21,858

(1) As reported in the Income Statement

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

Fairfield City Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2015

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year			
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total	
Loans (by Source)												
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	306	1,391	1,697	-	306	-	-	61	313	1,078	1,391	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Loans	306	1,391	1,697	-	306	-	-	61	313	1,078	1,391	-
Other Long Term Debt												
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt	306	1,391	1,697	-	306	-	-	61	313	1,078	1,391	-

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).

Fairfield City Council

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

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV									
						1	2	3	4	5					
Buildings	Council Offices / Administration Centres (All Buildings)	7,370	7,213	7,131	147,246	25%	37%								
	sub total	7,370	7,213	7,131	147,246	25.0%	37.0%	37.0%	1%	0%					
Other Structures	Other Structures	1,269	4,742	3,911	16,057	38%	50%	6%	6%	0%					
	sub total	1,269	4,742	3,911	16,057	38.0%	50.0%	6.0%	6.0%	0.0%					
Roads	Sealed Roads Surface	7,371	12,026	11,530	339,311	60%	37%	3%	0%	0%					
	Bridges	15	146	11	40,922	65%	2%	33%	0%	0%					
	Footpaths	628	1,930	2,304	94,891	66%	33%	1%	0%	0%					
	Kerb and Gutter	1,773	2,054	1,175	147,189	52%	44%	4%	0%	0%					
	Other Road Assets	439	448	298	27,568	71%	24%	5%	0%	0%					
	sub total	10,226	16,604	15,318	649,881	59.8%	35.2%	4.9%	0.0%	0.0%					
Stormwater Drainage	All Structures	206	1,280	2,101	206,230	44%	53%	3%	0%	0%					
	sub total	206	1,280	2,101	206,230	44.0%	53.0%	3.0%	0.0%	0.0%					
	TOTAL - ALL ASSETS	19,071	29,839	28,461	1,019,414	51.3%	39.3%	9.2%	0.2%	0.0%					

Fairfield City Council

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

Notes:

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

(5). **Infrastructure Asset Condition Assessment "Key"**

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

Fairfield City Council

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

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) ⁽¹⁾	<u>17,238</u>	66.89%		64.81%
Depreciation, Amortisation & Impairment	<u>25,769</u>			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>19,071</u>			
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>1,019,415</u>	1.87%		4.45%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>28,461</u>			
Required Asset Maintenance	<u>29,839</u>	0.95		0.93
4. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>44,268</u>			
Annual Depreciation	<u>30,118</u>	1.47		1.57

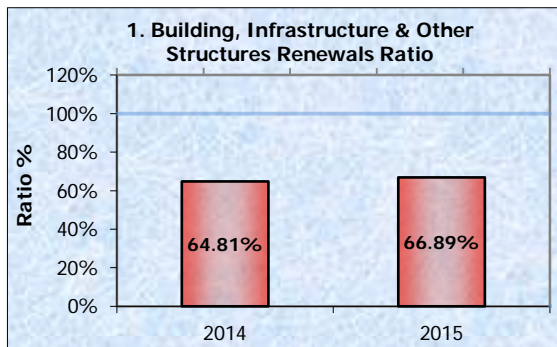
Notes

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

⁽²⁾ Written Down Value

Fairfield City Council

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



Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

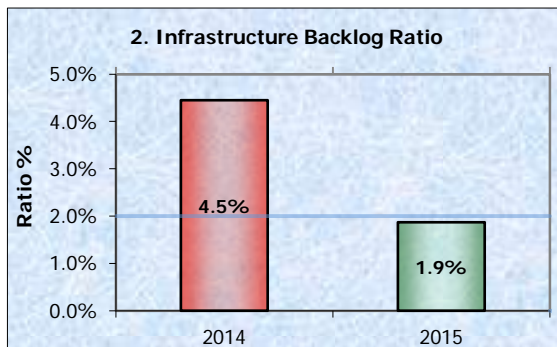
Commentary on 2014/15 Result

2014/15 Ratio 66.89%

Council's Building & Infrastructure renewals ratio is 0.66 which is lower than Tcorp bench mark of 1.

Benchmark: —— Minimum $\geq 100.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

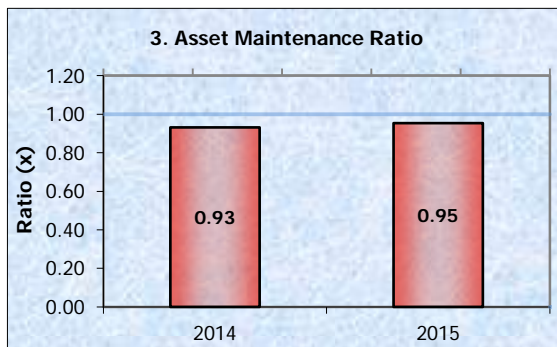
Commentary on 2014/15 Result

2014/15 Ratio 1.87%

Council's Infrastructure backlog ratio is lower than Tcorp bench mark of 2%. This means council has no major back log of renewals on infrastructure.

Benchmark: —— Maximum < 0.02
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

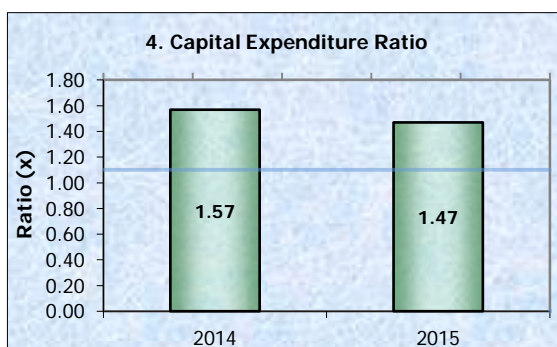
Commentary on 2014/15 Result

2014/15 Ratio 0.95 x

Council's asset maintenance ratio is slightly lower than Tcorp bench mark of 1. however council spend adequate sum on maintenance of assets.

Benchmark: —— Minimum > 1.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2014/15 Result

2014/15 Ratio 1.47 x

Council's capital expenditure ratio is 1.5 compared to Tcorp bench mark of 1.1. This ratio shows the council is spending on capital expenditure is at adequate level.

Benchmark: —— Minimum > 1.10
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark

Fairfield City Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	71,693	75,401
Plus or minus Adjustments ⁽²⁾	b	69	115
Notional General Income	c = (a + b)	<u>71,762</u>	<u>75,516</u>
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	10.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	(3,205)	-
plus Special variation amount	h = d x (c-g)	6,856	-
or plus Rate peg amount	i = c x e	-	1,812
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	<u>75,413</u>	<u>77,328</u>
plus (or minus) last year's Carry Forward Total	l	1	(4)
less Valuation Objections claimed in the previous year	m	(53)	(36)
sub-total	n = (l + m)	<u>(52)</u>	<u>(40)</u>
Total Permissible income	o = k + n	<u>75,361</u>	<u>77,288</u>
less Notional General Income Yield	p	75,401	77,307
Catch-up or (excess) result	q = o - p	<u>(40)</u>	<u>(19)</u>
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	36	19
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	<u>(4)</u>	<u>0</u>

Notes

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

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FAIRFIELD CITY COUNCIL

Special Schedule No. 9

Independent Auditors' Report to the Council for the Year ending 30 June 2016

Report on Special Schedule No. 9

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

Responsibility of Council for Special Schedule No. 9

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

Auditor's Responsibilities

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

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

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

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

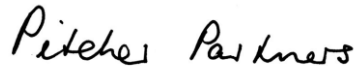
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

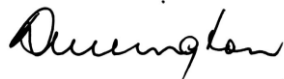
In our opinion, Special Schedule No. 9 of Fairfield City Council for the year ending 30 June 2016 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income for the year ending 30 June 2016 is presented fairly. As a result, the schedule may not be suitable for another purpose.



PITCHER PARTNERS



C R MILLINGTON
Partner

Sydney, 29 September 2015

Fairfield City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

"...a thriving, safe and friendly place with people who support and respect each other. A community where people can be proud to live, invest and prosper."



Fairfield City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
Income Statement - Water Supply Business Activity	n/a
Income Statement - Sewerage Business Activity	n/a
Income Statement - Other Business Activities	3
Statement of Financial Position - Water Supply Business Activity	n/a
Statement of Financial Position - Sewerage Business Activity	n/a
Statement of Financial Position - Other Business Activities	4
3. Notes to the Special Purpose Financial Statements	5
4. Auditor's Report	9

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).
-

Fairfield City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

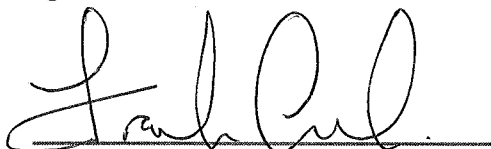
made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

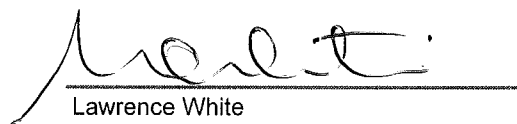
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.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

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

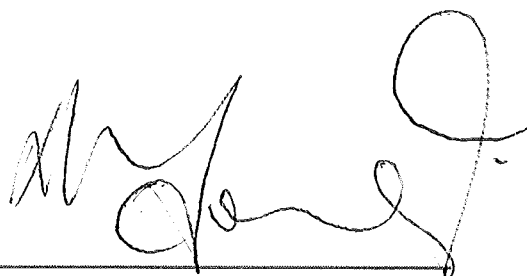
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render these Statements false or misleading in any way.**Signed in accordance with a resolution of Council made on 29 September 2015.**


Frank Carbone
MAYOR



Lawrence White
COUNCILLOR



Alan Young
GENERAL MANAGER



Bradley Cutts
RESPONSIBLE ACCOUNTING OFFICER

Fairfield City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

Sustainable
Resource Centre

Category 1

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	-	-
User charges	6,583	6,774
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	107	-
Profit from the sale of assets	-	10
Other income	38	37
Total income from continuing operations	6,728	6,821
Expenses from continuing operations		
Employee benefits and on-costs	1,086	1,059
Borrowing costs	-	-
Materials and contracts	5,039	5,069
Depreciation and impairment	450	429
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Internal Recharges	(750)	(503)
Other expenses	-	-
Total expenses from continuing operations	5,825	6,054
Surplus (deficit) from Continuing Operations before capital amounts	903	767
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	903	767
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	903	767
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(271)	(230)
SURPLUS (DEFICIT) AFTER TAX	632	537
plus Opening Retained Profits	2,982	2,215
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	271	230
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	3,885	2,982
Return on Capital %	10.6%	9.5%
Subsidy from Council	-	-

Fairfield City Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

Sustainable Resource
Centre
Category 1

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	1,983	1,983
Receivables	1,346	1,403
Inventories	26	82
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,355	3,468
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	8,500	8,092
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total Non-Current Assets	8,500	8,092
TOTAL ASSETS	11,855	11,560
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	2,117	3,248
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	2,117	3,248
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	2,117	3,248
NET ASSETS	9,738	8,312
EQUITY		
Retained earnings	3,885	2,982
Revaluation reserves	5,853	5,330
TOTAL EQUITY	9,738	8,312

Fairfield City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	6
2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	n/a

Fairfield City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

National Competition Policy

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

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

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

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

Declared Business Activities

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

Category 1

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

Sustainable Resource Centre

Facility for recycling used road materials

Category 2

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

Nil

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand 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):

Fairfield City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

Notional Rate Applied %

Corporate Income Tax Rate – 30%

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

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

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. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

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

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

Fairfield City Council

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

Note 1. Significant Accounting Policies

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

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

(iv) Dividends

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

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FAIRFIELD CITY COUNCIL
Special Purpose Financial Report
Independent Auditors' Report to the Council for the Year ended 30 June 2015

Report on the Financial Statements of Council's Declared Business Activities

We have audited the accompanying financial statements, being special purpose financial statements, of Fairfield City Council's declared business activities, which comprises the statement of financial position as at 30 June 2015 and the income statement for the year then ended, a summary of significant accounting policies, and other explanatory notes and the Statement by Councillors and Management.

Council's Responsibilities for the Financial Statements

Council is responsible for the preparation and fair presentation of the financial statements and has determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to their needs. Council's responsibility also includes such internal controls as the Council determines are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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

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

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

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fairfield City Council as of 30 June 2015 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the special purpose financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the New South Wales Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial statements to which it relates to any person other than the Council or the New South Wales Office of Local Government, or for any purpose other than that for which it was prepared.

Other Matter

Fairfield City Council has prepared a separate financial report for the year ended 30 June 2015 in accordance with Australian Accounting Standards and the Code of Accounting Practice and Financial Reporting on which we issued a separate auditor's report to the Council dated 29 September 2015.

Pitcher Partners
PITCHER PARTNERS

Cr Millington
C R MILLINGTON
Partner

Sydney, 29 September 2015