



Lautoka City Council



ANNUAL REPORT



2015

ACRONYM

3Rs	- Reduce, Reuse & Recycle
ADBS	- Acting Director Building Service
ADES	- Acting Director Engineering Service
AO	- Administration Officer
CBD	- Central Business District
CBH	- Central Board of Health
CEO	- Chief Executive Officer
CSP	- Clean School Programme
CSR	- Community Social Responsibilities
FICAC	- Fiji Independent Commission Against Corruption
DFAS	- Director Finance & Administration Services
DHS	- Director Health Services
GHP	- Good Hygiene Practices
HON	- Honorable
HORTI	- Horticulturist
HQ	- Headquarter
IRB	- International Rugby Board
IYC	- International Year of Children
LCC	- Lautoka City Council
MAFHR	- Manager Administration Finance & Human Resource
MHS	- Manager Health Service
MM	- Market Master
MOA	- Memorandum of Agreement
MOU	- Memorandum of Understanding
MPT	- Multipurpose Truck
PMS	- Parking Meter Supervisor
PO	- Prosecutor
TR	- Town Ranger
UN	- United Nation
WM	- Works Manager

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CHIEF EXECUTIVE OFFICER MESSAGE



It's my pleasure to present Lautoka City Council's Annual Report for 2015.

2015 was a Challenging Year for me as Chief Executive Officer whereas I had to assume the role of Special Administrator throughout the year in order to maintain the core functions and roles of the council.

Nevertheless, it was piece of good fortune for the council when our former Special Administrator, Honorable Mr. Parveen Bala was appointed Minister for Local Government, Housing and Environment because of his knowledge and experiences in the municipal council affairs will be a beacon that is to be recognized.

The champion vibes by the Natabua High School and Jasper William High School in April, 2015 embraced a

spirit of moving forward to conquer many challenges ahead of us. LCC was so proud of the two schools' achievements at the Coke Games resulted in the engagement of all relevant stakeholders to organize a celebration for everyone.

The council continues to embark on development opportunities within its municipality that foster economic growth and improve the city capacity in terms of industrialization, housing and business trading. With the assistance of the Fiji Embassy in Beijing, Lautoka City Council has managed to secure Sister - City Relationship with Jiangmen City in Guangdong Province, South China. I am optimistic that Lautoka will gain a lot of advantages from this sister city relationship.

Lautoka was blessed with the construction and completion of its Municipal Market new-wing and the new McDonald outlet at Vitogo Parade; the construction of new Tappoos Shopping Complex adjacent to Churchill Park and the upgrading of the Churchill

Park with construction of new synthetic athletic track. These big development will be a game-changer in our city.

Concurrently, enhancement of existing infrastructure is a must, especially on improved structures and standards compliances, thus the council will be devoting its focus on these improvements from now onwards.

At this juncture, I wish to record my personal appreciations and acknowledgements to all the council's management, staff, contractors and associated stakeholders for their enormous support and assistance rendered to ensure that we maintain the clean and tidy town top award and not to mention the continuous delivery of our municipal services to all citizens of Lautoka.

I wish everyone a Merry Christmas and Fruitful 2016

Jone Qio Nakauvadra
CHIEF EXECUTIVE OFFICE

LCC STRATEGIC FOCUS

VISION

To be the best HEALTH, SPORTS & CULTURAL tourism city in the South Pacific

MISSION

With sugar being synonymous with Lautoka City, the council will continue to promote and facilitate:

- Clean and Healthy Environment**
- Safety and Security**
- Prosperous Investment**
- Better wellbeing of Ratepayers**

VALUES

- ⇒ Leadership**
- ⇒ Integrity**
- ⇒ Transparent**
- ⇒ Responsible**
- ⇒ Cleanliness**
- ⇒ Timeliness**
- ⇒ Standardization**
- ⇒ Customer Delight**

BACKGROUND INFORMATION

CITY PROFILE

- LOCATION:** CIVIC CENTRE
169 VITOGO PARADE
LAUTOKA
- ADDRESS:** P O BOX 124, LAUTOKA
OFFICE: (679) 666 0433
MOBILE: (679) 9908559
FAX: (679) 666 3288
EMAIL: lcc@connect.com.fj
WEB: www.mylautokacity.org
- AUDITOR:** AUDITOR GENERAL
- BANKER:** BANK OF SOUTH PACIFIC
- LENDERS:** WESTPAC LAUTOKA
BANK OF SOUTH PACIFIC
BSP LIFE (FIJI) LTD
- SOLICITORS:** S B PATEL & COMPANY
MISHRA PRAKASH & ASS
NATASHA KHAN & CO
- INSURERS:** AON RISKS (FIJI)
NEW INDIA ASSURANCE CO.

HISTORICAL BACKGROUND

Legend has been passed on that within the bounds of today's Lautoka city, there lived two tribes each with a chief. As a result of an argument one day, a fight broke out between the two chiefs at a spot which is now known as "Farquhar's point". As one chief speared the other screamed "LAU-TOKA" meaning "spear -hit" or "hit to win." And so, Lautoka acquired a name.

The development of Lautoka perhaps began in 1899 when sugar milling company, Colonial Sugar Refining Company Limited made an application to the government to build a wharf at Lautoka in order to export sugar from western Viti Levu. In that year it had decided to build a sugar mill in Lautoka which was completed in 1903

ESTABLISHMENT TIMELINES

- 01st Jun.1901-declared a *Port of Entry*.
- 02nd Feb.1929-proclaimed a Township.
- 01st Jan.1944-Lautoka Town Board was formed.
- 28th Mar.1953-Lautoka Town Council was established.
- 04th Nov.1972-1st Common Roll Election & introduction wards namely Waiyavi, Simla, Tavakubu & Veitari
- 25th Feb.1977- was declared a City & known as a *Sugar City*.
- 16th Feb. 2009 – elected Councilors were replaced with interim government appointed Special Administrators such as:
- Mr. Josefa R. Vucago from February 2009 to May, 2010
 - Mr. Aisea Tuidraki from May, 2010 to July, 2010
 - Mr. Praveen Bala July 2010 to August 2014

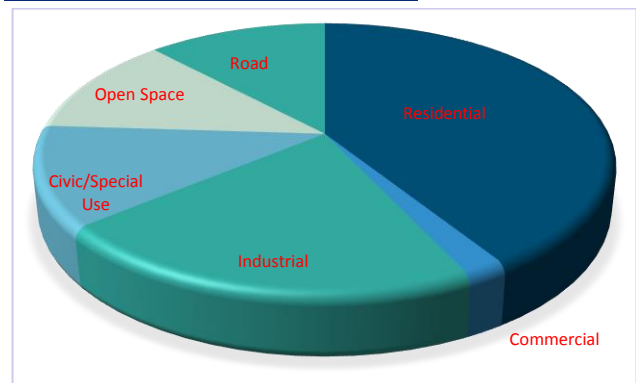
DEMOGRAPHIC DETAILS

- 8,164 – Registered Ratepayers
- 43,473 Population within City Boundary [extract 2008 Census]

GEOGRAPHICAL LOCATION

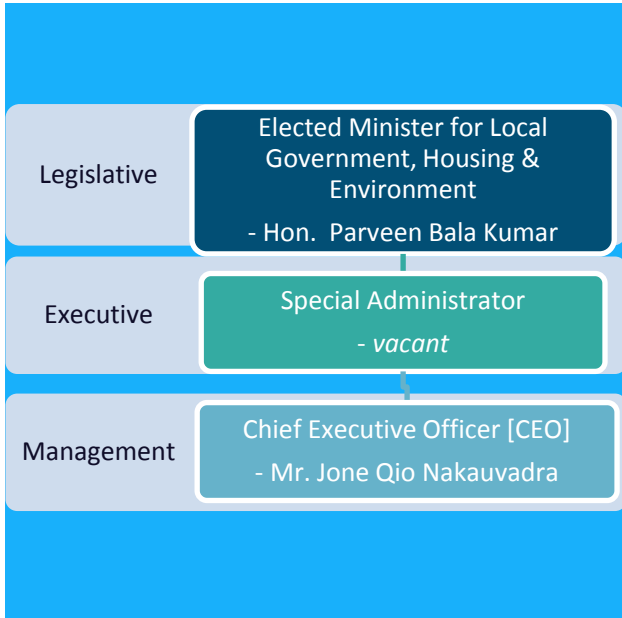
- 21km Northeast of Nadi International Airport
- Grid reference: 17° 37' 0" South, 177° 28' 0" East

ZONING ALLOCATION

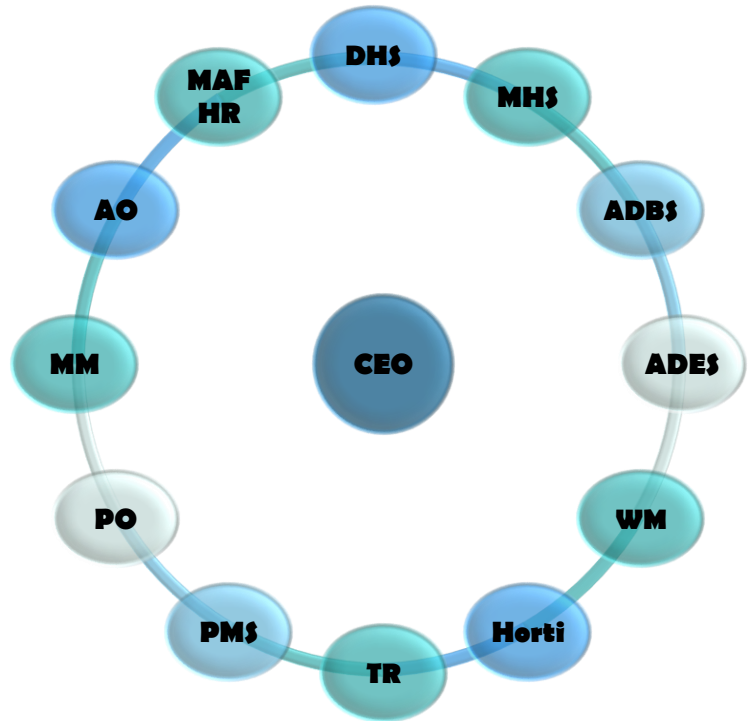


ORGANISATION STRUCTURE

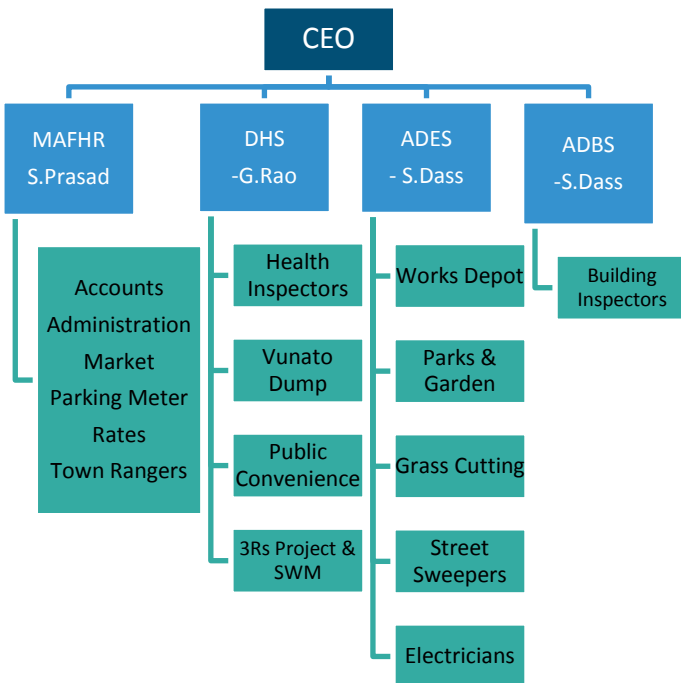
Governance Setup



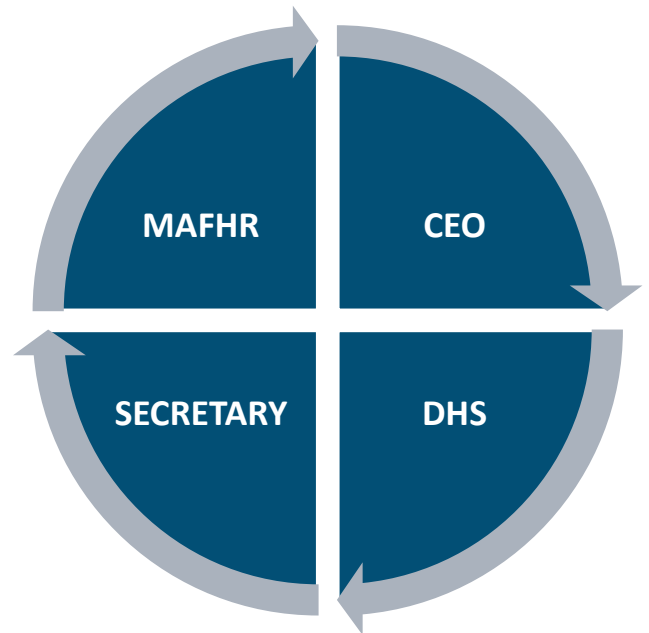
Development & Finance Committees



Management Hierarchy



Staff Board



HIGHLIGHTS FOR 2015

1. 2015 COKE GAMES OVERALL WINNER IN THE GIRLS & BOYS DIVISION BY JASPER WILLIAM HIGH SCHOOL & NATABUA HIGH SCHOOL RESPECTIVELY

Never before in the history of Fiji Secondary School Coke Game that the western division schools won both categories and whereas Natabua High claimed the boys title for the first time and Jasper Williams High retained the girls crown for the third consecutive year.



The achievements by both Lautoka secondary schools was celebrated by all citizens of Lautoka and invitation to participating western division schools.

LCC, the business houses and school's stakeholders jointly organized a celebration at Churchill Park outsidess grounds with a lot of gifts and tokens of appreciations given to participated athletes and team managements.



Assistant Minister for Youth & Sports, Hon. Iliesa Delana officiates the victory celebrations for Jasper

Williams High School by winning the 2015 Coca-Cola games overall Girls Division and Natabua High School for winning the 2015 Coca-Cola games in the overall Boys Division.



Lautoka was branded as the City of Champs during the celebrations with both school's stakeholders (parents & former students) joining the celebration parade that commenced from Shirley Park passing through the CBD area to the celebration venue.

2. OPENING OF NEW LAUTOKA MUNICIPAL MARKET EXTENSION

The new extension at Lautoka Market is to accommodate at least 200 rural vendors especially those from the Wainibuka, Ra, Nadarivatu, Navosa and the Yasawas.

The 1.5Million worth of project will benefit those vendors who used to sell their produce on the market open space and were not protected from the sun or rainy conditions



The extension works on the municipal market was done in partnership with UN Women, which has provided \$400,000 and \$0.5Million by government

HIGHLIGHTS FOR 2015

visa Challenge Funds at the Ministry of Local Government.

Lautoka Municipal market is the largest in the Western Division which caters more than 600 daily vendors and this new extension will ensure that all vendors will get equal opportunities to do business in a conducive environment and progress economically.

3. CONSTRUCTION OF TAPPOO CITY LAUTOKA COMPLEX

The Tappoo Group Fiji Limited invested \$30Million in a construction of the TappooCity Lautoka shopping complex.

The new constructed complex will be an upscale shopping mall with Tappoo department stores, speciality shops, cinema entertainment and international standard food court together with corporate booths to view Churchill Park grounds and its new gate-way.



At the ground breaking ceremony, Tappoo Group Chairman Kanti Tappoo confirmed that they are eyeing Lautoka as their latest inclusion in a series of acquisitions and investments. Tappoo City Lautoka is expected to create approximately 250 jobs during the construction phase and in excess of 300 jobs when the complex is operational.



4. OPENING OF A NEW McDonald OUTLET

The latest state-of-the-art McDonald's Lautoka restaurant was officially opened by Prime Minister Voreqe Bainimarama. The 4.5Million worth project only took four (4) months to complete and it's the fourth outlet opened nationwide.

McDonald is the world largest chain of hamburger fast food restaurant operating in over 119 countries.

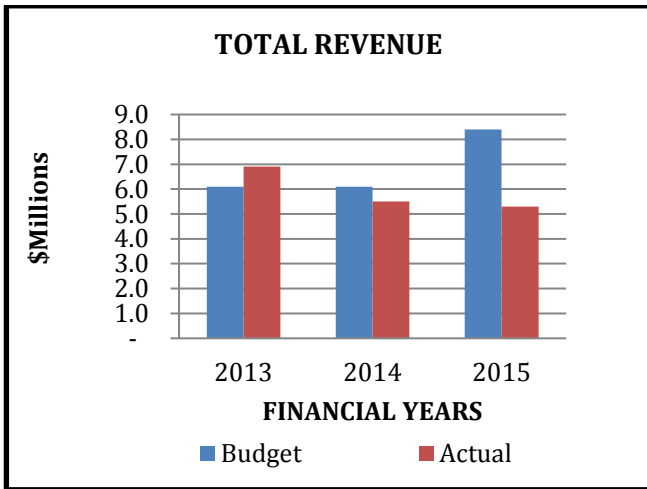


70 new jobs for local residents would be created and the modern restaurant contained state-of-the-art technology for its service delivery.

The restaurant is located at 173 Vitogo Parade between the Westpac Bank and Total Service Station.

COUNCIL'S FINANCIAL UPDATES

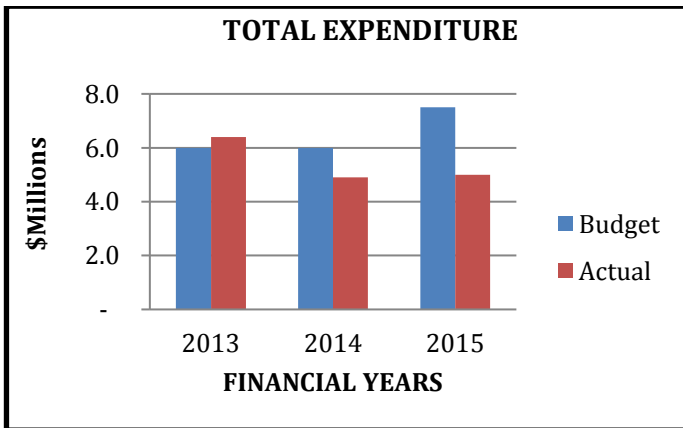
1. COUNCIL REVENUE – 2013 TO 2015



The increase budget for 2015 is attributed to the anticipated revenue from the subletting of council's open space to Tappoos City and P.Meghji's hotel development at Shirley Park.

The high figure in 2013 is attributed to the reimbursement of \$772,584 by the Fiji Road Authority (FRA) and revenue earned from the ground hire charges. Forecasted an increased revenue due to the high returns from capital projects

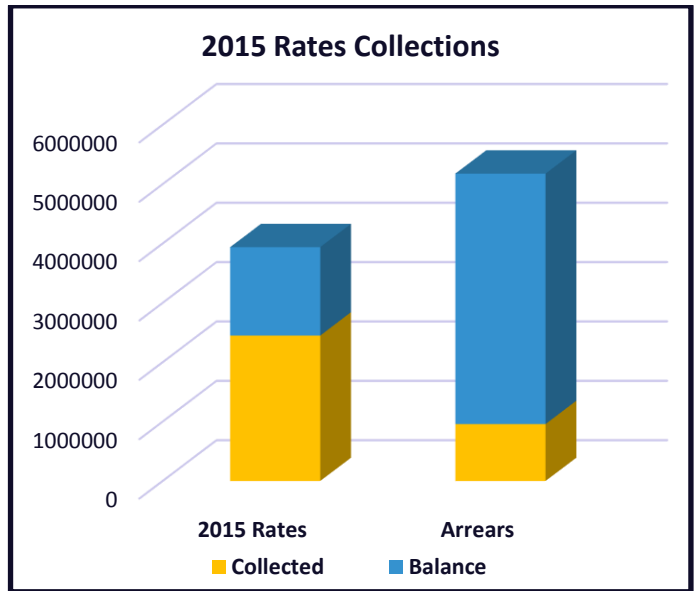
2. COUNCIL EXPENDITURE - 2013 TO 2015



The increase in actual expense on 2013 resulted from \$0.8M paid to FRA whilst only \$0.2M was budgeted. The high expenditure budget for 2015 is attributed to the provisions for doubtful debts via Town Rates whilst other expense is contained.

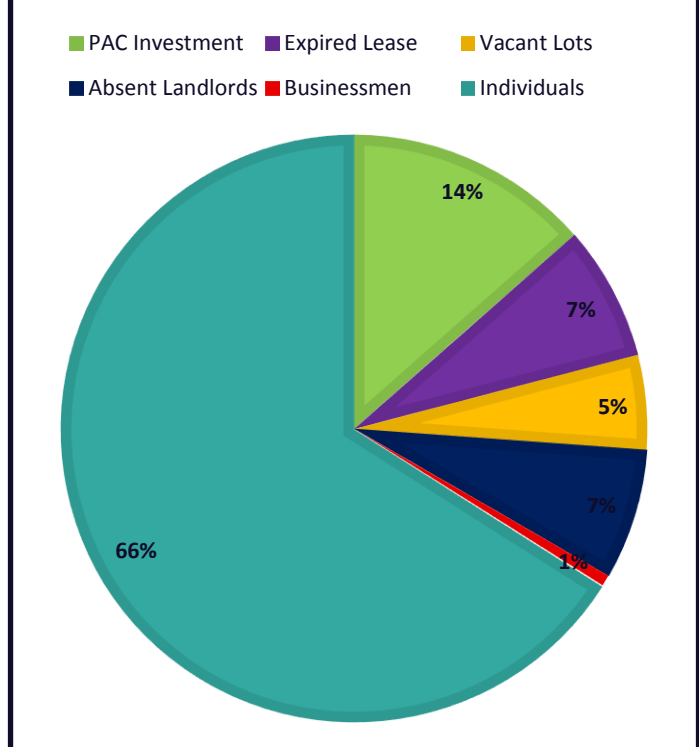
Anticipated increase in expenses on maintenance of investments.

3. TOWN RATES COLLECTIONS 2015



The increase in actual collection for 2015 Rates resulted from the 3months discount and waiver of interest for full settlement of rates in arrears whilst 2014, the council only offered 1month arrears without any waiver of interest. The said initiative only eventuates if approval is granted by the line Ministry.

% OF TOWN RATES DEFAULTERS



PUBLIC HEALTH & SAFETY COMPLIANCE

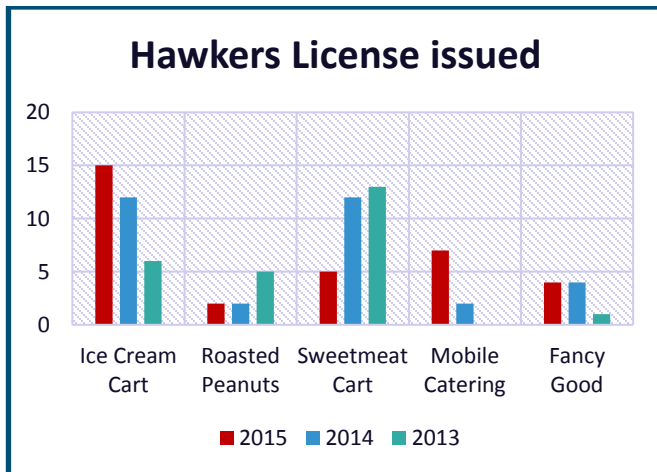
1. LICENCES & REGISTRATION OF PREMISES

Tabulated below the health business licenses issued by council for the year 2015

Types of Business	Total
Hotels/ Guest Houses	10
Restaurant and Refreshment Bars	47
Refreshment Bars/Takeaways	16
Restaurant with Liquor Licence	11
Restaurant without Liquor Licence	6
Refreshment Bars	-
Bake House with Retail Sale	2
Butcher Shop	4
Aerated Water, Ice Cream Factories	-
Confectionery/Sweet Meat Factories	1
Theatres	2
Hairdresser/Barbershop/Chiropodists	42
Billiard Tables/Amusement Centre	14
Laundries	2
Dance Halls/Night Clubs	7
Hawkers	5
Fish Retail	1
Food Processing/Packer	7
Supermarket with Liquor Licence	10
Club, Private with Liquor Licence	10
Total	197

2. HAWKERS

The bar graph illustrated the nos. of hawkers' license issues for the different business natures.

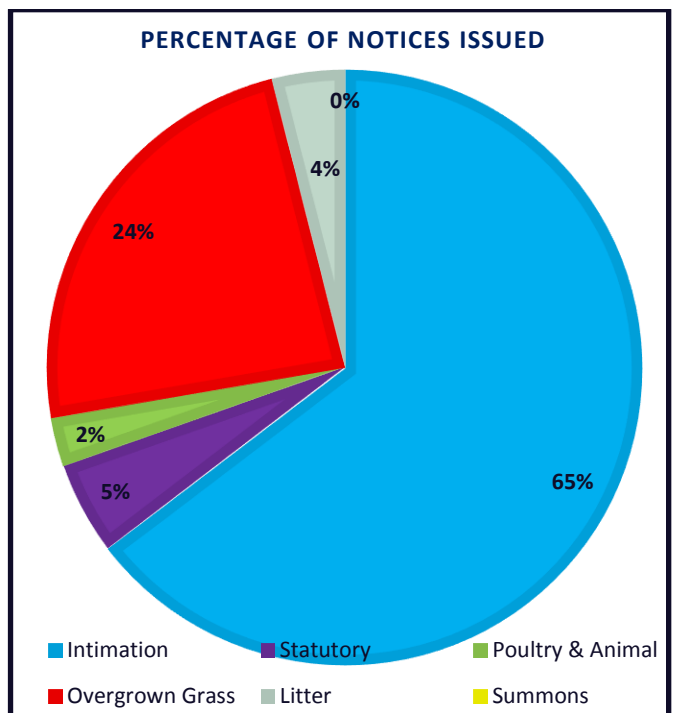


3. UNSOUND FOOD ITEMS CONDEMNED AND DESTROYED

Item	Quantity (kg)
Red Wine	499.5litres
Ice Cream	102kg
Alcohol (Beer)	6.6litres
Meat	2.58tons
Fish	8.9kg
Wheat	600kg
Onion	14.96tons
Milk (Infant)	190.8kg



4. WRITTEN NOTICES ISSUED



PUBLIC HEALTH & SAFETY COMPLIANCE

5. UPHOLDING OF FOOD SAFETY ACT

Legal proceedings were instituted against one (1) person for selling food which was unfit for human consumption under the provisions of Food Safety Act 2003.

Routine food safety works including inspection of food premises, food and water sampling, investigating food complaints, conducting awareness and health licensing works were conducted during the year.

- Total of **140 Health Licenses** were processed on behalf of Central Board of Health. Total of **\$63,880.00** in health license fees was collected and forwarded to CBH.
- Total of **55 Abatement Notices** were also issued in pursuant to section 51 of the Food Safety Act 2003

6. DOG TRAPPING EXERCISE

The dog trapping exercises are carried out in areas upon the request by ratepayers.

The trapping exercise was conducted using council's Multipurpose Truck [MPT] and two [2] employees from Vunato Dump Site.

Total of **89 dogs** were trapped and the total cost incurred by council was **\$1,820.00**.

7. DISPOSAL OF DEAD ANIMALS

Number of dead dogs disposed at the dump was **258** compared to **301 in 2014**

Number of dead cats disposed at the dump was **127** compared to **185 in 2014**

8. WASTE DISPOSAL AND MUNICIPAL GARBAGE DUMP

The garbage collection and removal services were carried out by contractors and all wastes disposed at the council's dump including refuse from market. All other refuse arising from the cleaning of streets, gutters, drains, grass cutting, mowing of road verges and parks by the council and contractors together

with all residential garden refuse and other such matters arising from private, commercial, industrial premises including condemned foods and dead animals were disposed at the council's dump.

- Total of 479 loads of refuse was collected by refuse contractor on a user pay concept and disposed at VDS.
- Total number of loads of refuse disposed at the council's dump was **13,551 loads** during the year amounting to **26,748.06 tonnes**.
- A total amount of **389.86 tonnes** of recyclable waste was removed by waste pickers.

9. ANTI-LITTER WORK:

The Litter Promulgation 2008 was enforced by the council's Litter Prevention Officers. Verbal warnings were given and on the spot fines were also imposed as provided in the Decree.

Number of fixed penalty notices and notice to attend court served	42
Number of offenders paid on spot fines	30
Number warned	600

Open Fire/Litter survey in the city area beginning from 12th to 27th May, 2015 in the evenings.



10. SUPERVISION OF CONTRACTUAL WORKS

Municipal services such as garbage collection and disposal, market cleaning, garden refuse collection and fourteen [14] public conveniences cleaning were contracted to services contractors under signed MOA.

The council generated total revenue of \$131,399.49 from the user pay concept from public conveniences.

ENVIRONMENTAL UPKEEP

1. CLEAN SCHOOL PROGRAMME

The Clean School Programme for 2015 was a great success. A total of 31 schools participated in the program, twenty (20) urban and eleven (11) rural respectively.

The award ceremony was held in November 4, 2015 at the Council Chambers. All the participating schools were awarded with Certificate of Participation and judging was carried out separately for rural and urban schools.

There were three categories in which schools were judged during the competition:

- Environment Awareness
- School Composting
- Separation and Recycling

It was noted that some of the rural schools had performed better than urban schools and it should be a challenge for the schools to do better.

The Ministry of Education has been really supportive of the clean schools program. The overall winner for the Urban School category was Lautoka Arya Samaj Primary School and Rural School by Lovu Sangam School. In 2014 both the schools were overall winners.

Tabulated herewith the Awards Winner:

Urban Schools Competition		
Environment Awareness Division	Winner	Lautoka Andhra Sangam School
	Runner Up	Lautoka Arya Samaj Primary School
School Composting Division	Winner	Lautoka Arya Samaj Primary School
	Runner Up	Lautoka Andhra Sangam School
Separation and Recycling Division	Winner	Lautoka Arya Samaj Primary School
	Runner Up	Lautoka Andhra Sangam School
Overall Winner	Lautoka Arya Samaj Primary School	
Special Award	Lautoka Andhra School	
Judges Award	Lautoka Primary School	



Rural Schools Competition		
Environment Awareness Division	Winner	Lovu Sangam School
	Runner Up	Tavarau Primary School
School Composting Division	Winner	Wairabetia Muslim Primary School
	Runner Up	Lovu Sangam School
Separation & Recycling Division	Winner	Lovu Sangam School
	Runner Up	Wairabetia Muslim Primary School
Overall Winner	Lovu Sangam School	
Special Award	Vitogo District School	
Judges Award	Lautoka Primary School	

2. ESTABLISHMENT OF HOUSEHOLD REFUSE COLLECTION POINT FOR PERI-URBAN DWELLERS

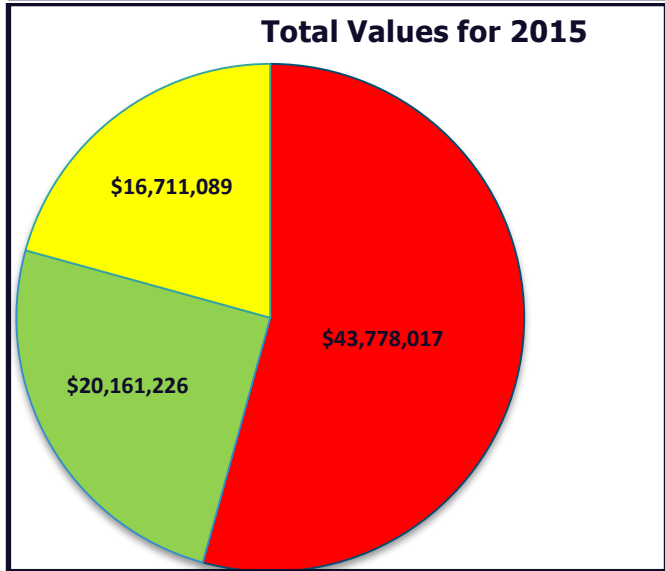
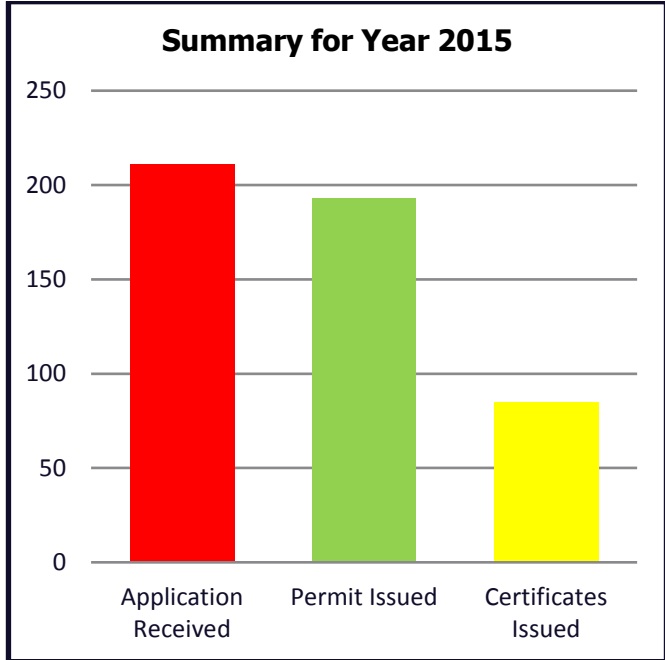
The council has constructed collecting points at informal settlement for household garbage especially those that resided along the municipal boundaries but falls on to the Rural Local Authority jurisdictions



BUILDING AND ENGINEERING REPORT

1. BUILDING APPLICATION, PERMITS & COMPLETION CERTIFICATE ISSUED

Refer graphs below to the sum of building applications received, permits issued and nos. of completion certificates after all building standards are adhered.



- Building Application Received – 211
- Building Permit Issued – 193
- Completion Certificates Issued – 85
- Outline Building Application Processed - 32
- Building Inspections – 1,726
- Building Fees Collected - \$110,156.30

2. TOWN PLANNING PROPER

Our Engineering department was merged with the Building department under the supervision of Mr. Shalendra Dass, the Acting Director Engineering & Building Services

Tabulated below are the nos. of application received, processed and approved or declined by our Engineering department for the year 2015

(a) REZONING

Nos. Received	5
Nos. Approved	8
Nos. Refused	1

(b) SUBDIVISION SCHEME

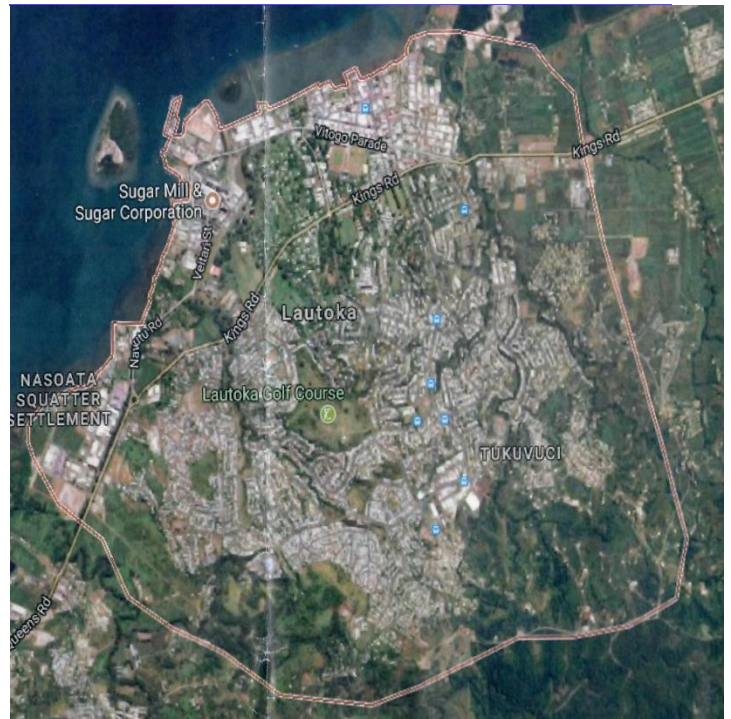
Nos. Received	7
Nos. Approved	8
Nos. Renewed	1

(c) ENGINEERING DRAWINGS

Nos. Received	2
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(d.) SURVEY PLAN

Nos. Approved	2
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INFRASTRUCTURE & BEAUTIFICATION WORKS

UPGRADING DEVELOPMENT OF CHURCHILL PARK

One of Lautoka's landmark and renowned rugby/soccer architype sporting facility has been re-develop to have a 400meter oval synthetic athletic track with the restructuring of the ground layout to meet the requirements of universal sporting bodies

The upgrading works included the demolition of the wooden pavilion on the eastern part of the ground known as Pavilion C and removal of its perimeter fence together with the re-construction of new embankment.



The layout survey of athletic tracks which inclusive of the rugby/soccer ground layouts with the installation of irrigation and drainage system within the field of play has been completed. The aforementioned works costs LCC more than \$5million which includes the construction of the synthetic track that is IAAF standards.



The initial civil works at Churchill Park was carried out by council's staff via the usage of its owned Kato Excavator and D-6 Bulldozer which are mostly used at Vunato Dump Site.



With the government financial assistance and support, the council staff worked tirelessly in trying to meet the deadlines and not to mention the expectation of its citizens and sporting bodies.



Hence, the council has to engage Vuksich & Borich (Fiji) Limited to construct the layout and basement of synthetic tracks as they are highly recognized Civil Engineering Contractors in Fiji and in the Pacific.

The council is optimistic that if weather permits, the civil works to be completed in this year whilst its opening to be at the end of the next financial year whereas the additional funding will be allocated by the government.

INFRASTRUCTURE & BEAUTIFICATION WORKS

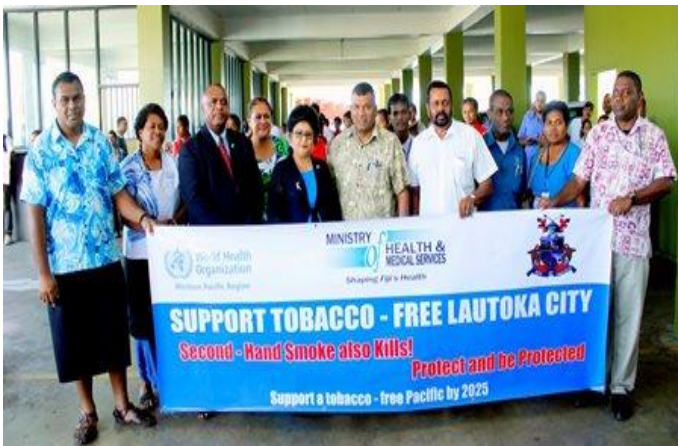
1. MUNICIPAL MARKET IMPROVEMENT

With the construction of new wing market extension at the market open space, the council is committed to improve market infrastructure such as installation of new market tables, enhance market facelift, ventilations and lighting.



The council continues to work with its market cleaning contractors in ensuring the collection and composting of market green wastes, maintaining the market cleanliness and hygiene.

LCC also recognized and worked hand-in-hand with the Lautoka Market Vendors Associations in ensuring the municipal market service delivery and also the welfare and well-being of the market vendors.



Also, in July, 2015 the Lautoka Municipal Market vicinity was declared Tobacco Free or NO SMOKING Zone by the Assistant Minister for Health and Medical Services Hon. Veena Bhatnagar.

2. BUS TERMINAL CONCRETE PAVEMENT

The improvement works at the Municipal Bus Terminal has been on hold, especially the concrete pavement since there was no allocation given via the Challenge Fund.

The council's \$700,000 project proposals submitted to the Ministry during the budget submission was not considered since first priority was given to the construction of a market new wing extension at the Market Open Space.

LCC is optimistic that the funding will be available in the near future to concrete its Bus Terminal pavement

3. COUNCIL'S ORGANISED CLEAN UP CAMPAIGNS

With the commitment to maintain the "Clean & Tidy Town" top award, the council has resolved to carry out two (2) clean-up campaigns with an incurred cost of nearly \$100,000.00

LCC also organized meetings and awareness to informal settlements residing on the peri-urban of Lautoka on solid waste management with clean & healthy environment concepts and models.

The council constructed collection points for these informal settlements so that council's garbage collection contractors also collected their household refuse.



The council effort was again recognized for the fourth year in a row at the Local Government Award Nights held at Suva Civic Center.

HUMAN RESOURCE BRIEF

1. ESTABLISHMENTS

At the end of the year, the council had following employees on its payroll:-

Department	Staff	Un-established	Total
Town Clerk's	25	5	30
City Engineer	7	89	96
Building	4	2	6
Public Health	8	16	24
Parking Meter/Car Park	12	-	12
Total	56	112	168

[2014: 127] 57 70

2. STAFF RESIGNATION

Staff: -

- (i) Mr. Koro Kama Dausoko, resigned as Director Finance & Administration Service in July 2015

3. STAFF OBITUARY

Staff: -

- (i) Mr. Atul Sharma, Prosecutor passed away in October 2015 after his service for the council since 1994.

4. STAFF LOCAL TRAININGS

Officer	Programme	Date/Venue
Esika Tubainavatu Qorovarua	Western Division Youth Stakeholder Forum to present	12 th February Tanoa Waterfront Hotel, Lautoka
Esika Tubainavatu Qorovarua	Disaster Risk Management SOP Workshop by JICA & Commissioner Western Office	19 th October Tanoa International Hotel, Nadi

5. STAFF OVERSEAS TRAININGS

Officer	Programme	Date/Venue
Abdul Israaz Khan	Seminar on Administrative Management for Local Government Official of Latin American, Caribbean & South Pacific Region	22 nd June – 12 th July Dalian City, China
Rouhit Karan Singh	Regional Workshop on Safe Communities for Violence and Injury Prevention	19 -23 rd October, Auckland, NZ
Abdul Mofid Akbar	JICA Co-Creation Program on Disaster Management on Infrastructure (Road, River & Port)	12 th May – 17 th July Kensai, Japan

6. PUBLIC HEALTH AWARENESS & TRAININGS

Date	Organisation	Topics Covered	Facilitator Representative
1 st April	Drasa Secondary School	Awareness/ CSP/OHS	MHS Rouhit Karan Singh
15 th April	Lautoka Andhra School	Environment Day	MHS Rouhit Karan Singh
15 th May	Free bird Institute	3R Practices & Landfill Management	Health Dept.
12 th June	Natabua Primary School	Environment & 3R	HI Wally A Nozomi T
23 rd Sept	Waste pickers	[OHS] WARM	MHS Rouhit Karan Singh

PHOTO GALLERY - 2015



OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



Level 1, Modyl Plaza
Karsanji St. Vatuwaqa
P. O. Box 2214, Government Buildings
Suva. Fiji



Telephone: (679) 330 9032
E-mail: info@auditorgeneral.gov.fj
Website: www.oag.gov.fj



File: 1300/1

09 February 2023

Mr. Anil Amin
The Chairman
Special Administrators
Lautoka City Council
169 Vitogo Parade
LAUTOKA

Dear Mr. Amin

LAUTOKA CITY COUNCIL

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The audited financial statements for Lautoka City Council for the year ended 31 December 2015 together with my audit report on them are enclosed.

Particulars of the errors and omission arising from the audit have been forwarded to the Management of the Council for necessary action.

Yours sincerely

Sairusi Dukuno
ACTING AUDITOR-GENERAL

cc: Mr. Mohammed Anees Khan, Chief Executive Officer, Lautoka City Council.

Encl.

LAUTOKA CITY COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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**LAUTOKA CITY COUNCIL
COUNCIL'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

The Council herewith submits the statement of financial position at 31 December 2015, the related statement of comprehensive income and statement of movements in funds of the council for the year then ended on that date and report as follows:

1. Administrators

There were no Special Administrators for Lautoka City Council during the financial year 2015 till August 2019.

The Special Administrators appointed on 26 September 2019 and up to the date of this report were:

Ms. Lala Sowane (Chair)	- appointed on 26 September and resigned after one month
Ms. Debra Sadranu (Chair)	- appointed on April 2020 till 31 July 2019
Dr. Rohit Kishore	- appointed on 26 September and resigned on February 2020
Ms. Beatrice Nast	- appointed on 26 September up till 31 July 2021
Ms. Dipti Sharma	- appointed on 26 September up till 31 July 2021
Ms. Renee Browne	- appointed on 26 September up till 31 July 2021
Mr Shaheen Ali	- appointed as Acting SA on 8 October 2021 till 15 February 2022
Mr. Anil Amin (Chair)	- appointed on 16 February 2022
Mr. Zahi Wahab	- appointed on 16 February 2022
Mr. Joeli Waqa	- appointed on 16 February 2022

Management Staff

Chief Executive Officer - Jone Q. Nakauvadra (contract expired in 2020)

Chief Executive Officer - Mohammed Anees Khan (appointed in 2020)

2. Principal Activity

The principal activity of the Council under the Local Government Act are to provide for the health, welfare and convenience of the inhabitants of Lautoka City Municipality and to preserve the amenities or credit thereof.

3. Results

The net result of the Council for the year ended 31 December 2015 amounted to comprehensive income of \$1,943,010 (2014: \$2,621,389).

4. Bad and Doubtful Debts

Prior to the completion of the Council's financial statements, the Council took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and provision for doubtful debts.

As at the date of this report, the council is not aware of any circumstances, which would render the amount written off for bad debts inadequate to any substantial extent.

5. Non-current Assets

Prior to the completion of the financial statements of the Council, the Executive Members took reasonable steps to ascertain whether any current assets were likely to realize in the ordinary course of the business their values as shown in the accounting records of the Council. Where necessary these assets have been written down or adequate provision has been made to bring the value of such assets to an amount they are expected to realize.

As at the date of this report the Directors are not aware of any circumstances which would render the values attributed to the non-current assets in the Council's financial statements misleading.

6. Basis of Accounting

The Council believes the basis of the preparation of the financial statements is appropriate and the Council will be able to continue in operation for at least twelve months from the date of this statement. Accordingly, the Council believes the classification and carrying amounts of assets and liabilities as stated in these financial statements to be appropriate.

7. Unusual Transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Council, the results of the operations of the Council during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, in the opinion of the Council, to affect substantially the results of the operations of the Council in the current financial year, other than those reflected in the financial statements.

8. Subsequent Events

a) Amendments to The Local Government Act 1972

A recent amendment made to the Local Government Act 1972 through Local Government (Budget Amendment) Act 2020 will require all Municipal Councils to update the audit of annual financial statements up to 31 July 2020 and have them all published in an English language newspaper in Fiji by 31 March 2021. As a result of the amendment, all Councils will need to prepare and submit for audit, accounts for the seven month period from 1 January to 31 July 2020.

b) COVID-19 Outbreak

Subsequent to year end, the World Health Organisation (WHO) declared the Coronavirus (COVID 19) a "Public Health Emergency of International Concern". Whilst measures and policies have been taken by the National Government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparations of 2015 financial statements is not expected to be material.

However, in financial year 2020 and beyond, it is expected that the effect of the pandemic will be substantial on our major revenue streams such as general rates, market fees and rental income. This will eventually affect the Council's operations and cash flow.

c) Business Licenses

As announced in the 2020/2021 National Budget, effective from 1 August 2020 Fiji's business license regime would be abolished and fees will no longer be collected by the Council.

d) Base Fees and Market Fees

As announced in the 2021/2022 National budget, effective from 01 August 2021 to 31 July 2022, Government will pay the market fees and base fees for taxis, minibuses, carriers, and bus operators.

Other than the above mentioned events, no other matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Council, the results of those operations or the state of affairs of the Council in financial years subsequent to the financial year.

9. Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the Council has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities or other liabilities of the Council has become or is likely to become enforceable within the year of twelve months after the end of the financial year which in the opinion of the directors will or may substantially affect the ability of the Council to meet its obligation as and when they fall due.

As at the date of this report the director are not aware of any circumstances that have arisen not otherwise dealt with in this report which could make adherence to the existing method of valuation of assets and liabilities of the Council misleading or inappropriate.

Signed for and on behalf of the Council in accordance with a resolution of the Councillors.

Dated this 31st day of January 2022.


.....
Chief Executive Officer


.....
Administrator

LAUTOKA CITY COUNCIL
STATEMENT BY COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2015

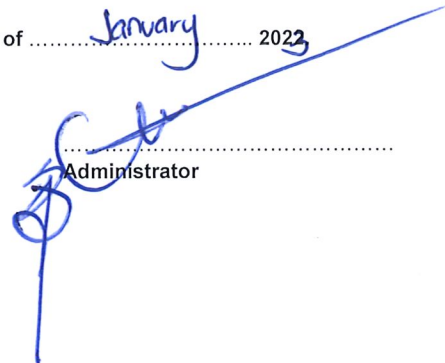
The Council, states that:

- (i) The accompanying Statement of comprehensive income is drawn up so as to give a true and fair view of the results of the Council for the year ended 31 December 2015;
- (ii) The accompanying statement of changes in accumulated funds for the year ended 31 December 2015 is drawn up so as to give a true and fair view of the movement in accumulated funds;
- (iii) The accompanying statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Council as at 31 December 2015;
- (iv) The accompanying statement of cash flow is drawn up so as to give a true and fair view of the cash flows of the Council for the year ended 31 December 2015;
- (d) At the date of this statement there are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due;
- (e) All relevant related party transactions have been recorded in the books of the Council and adequately reflected in the attached financial statements; and
- (f) The financial statements have been made out in accordance with International Financial Reporting Standards and the Local Government Act.

Signed for and on behalf of the Council in accordance with a resolution of the Councillors.

Dated this 31st day of January 2023


.....
Chief Executive Officer


.....
Administrator

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



Level 1, Modyl Plaza
Karsanji St. Vatuwaqa
P. O. Box 2214, Government Buildings
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INDEPENDENT AUDITOR'S REPORT

Lautoka City Council

Report on the Audit of the Financial Statements

I have audited the financial statements of Lautoka City Council ("the Council"), which comprise the Statement of Financial Position as at 31 December 2015, the Statement of Comprehensive Income, Statement of Changes in Accumulated Funds, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Basis for Disclaimer Opinion

1. The Council was unable to provide detailed listing and relevant supporting documents to support other receivables of \$748,914 reported in Note 12(a) of the financial statements. Consequently, I was unable to satisfy myself on the accuracy of the other receivables balance of \$748,914 reported in the Statement of Financial Position as at 31 December 2015.
2. The Council recorded rates receivables amounting to \$5,011,035 (Note 12). I note that the Council has provided a provision for doubtful debts amounting to \$1,000,000 of the gross rates receivable. No documentations were made available to substantiate the basis of management's estimation of the provision for doubtful debts. Consequently, I was not able to satisfy myself if the management's estimate of \$1,000,000 is adequate for assessing the impairment of rates receivables and whether any adjustment might have been necessary in respect of the Council's rates receivables at year end and any corresponding adjustments to the elements making up the Statement of Comprehensive Income for the year ended 31 December 2015.
3. The Council recorded total Property, Plant and Equipment (PPE) amounting to \$4,655,997 in the financial statements as at 31 December 2015. The Council was unable to provide the detailed fixed assets register to enable me to perform appropriate audit procedures to ascertain existence of PPE. In addition, the Council did not provide detail listing of work in progress of \$1,193,139 as reported in Note 17 to the financial statements. As a result, I was unable to ascertain whether Property, Plant and Equipment balance of \$4,655,997 is fairly stated in the financial statements.
4. Included in the Creditors and Accruals balance of \$758,957 (Note 13) is sundry creditors and accruals balance of \$155,432, other creditors' balance of \$296,517, security deposits balance of \$228,974 and refundable building deposits balance of \$62,034. The Council was unable to provide subsidiary ledgers and detail listings to substantiate these balances. As a result, I was unable to ascertain whether the total creditors and accruals balance of \$758,957 is fairly stated in the Statement of Financial Position as at 31 December 2015.

Basis for Disclaimer Opinion (con't)

5. The Council was unable to provide me payment vouchers, invoices and or receipts to support transactions totaling \$280,359 which are for non-payroll expenditure from the total expenditure of \$6,735,358 disclosed in the Statement of Comprehensive Income for the year ended 31 December 2015. In addition, the Council was unable to provide appropriate supporting documents to substantiate general journal entries totaling \$3,706,363 recorded in various expenses account. As a result, I was unable to verify the occurrence and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of the various expenditure account at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2015.
6. The Council was unable to provide details and reconciliations to substantiate the capital grant balance of \$809,562 (Note 16) recorded in the Statement of Financial Position as at 31 December 2015. As a result, I was unable to ascertain whether the capital grants of \$809,562 is fairly stated in the financial statements.
7. The Council was unable to provide inventory listings, annual stock-take records and reconciliations to substantiate the project supplies balance of \$63,919 recorded in the statement of financial position. In addition, there is a lack of audit trail as stock cards cannot be traced to the general ledger. Furthermore, usage of inventory was not accounted for in the general ledger and inventories purchased of \$70,319 were incorrectly included in the rates receivable balance reflected in the financial statement. I also did not observe the counting of the physical inventories at the end of the year. As a result, I am unable to ascertain if the project supplies of \$63,919 is fairly stated in the financial statements.
8. The Council was unable to provide the Value Added Tax (VAT) reconciliations to support the VAT payable balance of \$70,310 recorded in the Statement of Financial Position. As a result, I am unable to ascertain whether VAT payable balance of \$70,310 is fairly stated in the financial statements.
9. The Council did not comply with the requirements of *IAS 24 – Related Party Disclosures* by not disclosing in its financial statements details of all its related parties. In addition, the Council did not disclose nor provide details of contingent liabilities and commitments as at balance date. As a result, I was unable to determine whether any disclosures to the financial statements in respect of related parties, contingent liabilities and commitments were necessary.

Emphasis of Matter

I draw attention to Note 21(b) to the financial statements which notes the novel coronavirus (COVID-19) global pandemic subsequent to 31 December 2015 and how this has been considered by the Council in the preparation of the financial statements. As set out in Note 21(b), no adjustments have been made to the financial statements as at 31 December 2015. However, the Council notes that the impact of COVID-19 global pandemic will have a significant impact on all the major revenue streams of the Council in the financial year 2020 and beyond.

My opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the information included in the Special Administrators' report, but does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work, I conclude that there is a material misstatement of this other information, I am required to report that fact. Accordingly, I am unable to conclude whether or not the other information is materially misstated with respect to matters described in the Basis for Disclaimer of Opinion.

Responsibilities of the Management and those Charged with Governance for the Financial Statements

The Management and Special Administrators are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as the Management and Special Administrators determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management and Special Administrators are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Special Administrators either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was unable to provide a basis for an audit opinion of these financial statements.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sairusi Dukuno
ACTING AUDITOR-GENERAL



Suva, Fiji
09 February 2023

LAUTOKA CITY COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
General Fund			
<i>Revenue</i>			
Rates	3	4,111,032	4,386,586
Other Income	4	4,075,829	4,277,590
		<u>8,186,861</u>	<u>8,664,176</u>
<i>Expenditure</i>			
Personnel costs	5	2,293,736	2,176,896
Administrative and operating costs	6	1,220,576	845,397
Rate payer services	7	908,613	868,141
Depreciation and amortisation expenses		709,400	584,831
Parks, gardens and public amenities	8	647,654	740,959
Legal and professional fees		377,869	86,335
Interest		322,274	354,160
Streetlight and street maintenance costs		239,236	165,260
Principal repayment		-	438,847
Auditors remuneration		16,000	8,696
		<u>6,735,358</u>	<u>6,269,522</u>
General Fund Surplus		<u>1,451,503</u>	<u>2,394,654</u>
Parking Meter Fund			
Revenue		477,081	261,513
Expenses		30,623	34,778
Parking Meter fund surplus		<u>446,458</u>	<u>226,735</u>
Car Park Fund			
Revenue		86,099	-
Expenses		41,050	-
Car Park fund surplus		<u>45,049</u>	<u>-</u>
Other comprehensive income		-	-
Total Comprehensive Income		<u>1,943,010</u>	<u>2,621,389</u>

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements.

LAUTOKA CITY COUNCIL
 STATEMENT OF CHANGES IN ACCUMULATED FUNDS
 FOR THE YEAR ENDED 31 DECEMBER 2015

	Reserve	Parking Meter	Car Park	General Fund	Total Accumulated Funds
	\$	\$	\$	\$	\$
Balance at 1 January 2014	455,490	500,450	327,093	8,206,825	9,489,858
Surplus for the year	-	193	938	2,621,389	2,622,520
Balance as at 31 December 2014	455,490	500,643	328,031	10,828,214	12,112,378
Surplus for the year	-	446,458	45,049	1,451,503	1,943,010
Balance as at 31 December 2015	455,490	947,101	373,080	12,279,717	14,055,388

LAUTOKA CITY COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Current Assets			
Cash on hand and at bank	9(b)	6,101,704	5,799,801
Held to maturity investment	10	1,415,678	1,407,245
Project supplies	11	63,919	26,141
Receivables	12(a)	4,759,949	4,681,960
Other receivables	12(b)	65,071	36,288
Total current assets		<u>12,406,321</u>	<u>11,951,435</u>
Non-Current Assets			
Property, plant and equipment	17	4,655,997	3,432,599
Investment properties	18	6,264,984	6,480,036
Total non current assets		<u>10,920,981</u>	<u>9,912,635</u>
TOTAL ASSETS		<u>23,327,302</u>	<u>21,864,070</u>
Current Liabilities			
Creditors and accruals	13	758,957	870,620
Provisions	14	130,598	114,831
Interest bearing borrowings	15	793,010	488,672
VAT Payable		70,310	-
Total current liabilities		<u>1,752,875</u>	<u>1,474,123</u>
Non-Current Liabilities			
Provisions	14	160,370	137,606
Interest bearing borrowings	15	6,549,107	7,330,401
Capital grant in aid	16	809,562	809,562
Total non-current liabilities		<u>7,519,039</u>	<u>8,277,569</u>
TOTAL LIABILITIES		<u>9,271,914</u>	<u>9,751,692</u>
NET ASSETS		<u>14,055,388</u>	<u>12,112,378</u>
Accumulated funds			
Accumulated funds		12,279,717	10,828,214
Reserves	19	455,490	455,490
Council Trust Fund			
Parking meter funds		947,101	500,643
Car park funds		373,080	328,031
TOTAL MUNICIPAL FUNDS		<u>14,055,388</u>	<u>12,112,378</u>

Signed for and on behalf of the Council in accordance with a resolution of the Councillors.

Dated this 31st day of January 2023


.....
Chief Executive Officer


.....
Administrator

The above statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements.

LAUTOKA CITY COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		8,605,491	10,244,654
Payments to suppliers and employees		(5,778,179)	(6,645,301)
Net cash from operations		2,827,312	3,599,353
Finance costs		(322,274)	(354,160)
Net cash provided by operating activities	9(a)	<u>2,505,038</u>	<u>3,245,193</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,717,746)	(423,460)
Additions to investment properties		-	182,122
Acquisition of term deposits		(8,433)	73,875
Net cash used in investing activities		<u>(1,726,179)</u>	<u>(167,463)</u>
Cash flows from financing activities			
Repayment of term loan		(476,956)	(877,694)
Net cash used by financing activities		<u>(476,956)</u>	<u>(877,694)</u>
Net increase in cash held		301,903	2,200,036
Cash and cash equivalents at the beginning of the year		5,799,801	3,599,765
Cash and cash equivalents at the end of the year	9(b)	<u>6,101,704</u>	<u>5,799,801</u>

The above statement of cash flow is to be read in conjunction with the notes to and forming part of the financial statements.

LAUTOKA CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1.0 GENERAL INFORMATION

The financial statements of Lautoka City Council ("the Council") for the year ended 31 December 2015 were authorised for issue by the Chief Executive Officer on _____. The Council was incorporated in Fiji under the Local Government Act, 1972.

NOTE 1.1 BASIS OF PRESENTATION

The financial statements have been prepared on accrual basis under the historical cost convention using the accounting policies described below and except where stated, do not take into account current valuation of non-current assets. The financial statements are presented in Fijian dollars.

Statement of Compliance

The financial statements of Lautoka City Council have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Local Government Act. These policies have been consistently applied, unless otherwise stated.

Reporting Entity

All funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of these financial statements.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds have been eliminated.

Trust Funds

The Lautoka City Council has received parking monies in compliance with the Traffic Act and contributions from developers under the Town Planning Act. As the Council performs a custodial role, these funds are excluded from Council Funds.

NOTE 1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparations of the Council's financial statement requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

a) Cash and Cash Equivalents

Cash comprise of cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Statement of Cash Flows

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of any outstanding bank overdrafts which forms an integral part of the Council's cash management. Bank overdraft are shown in current liabilities on the statement of financial position.

Operating activities are the principal revenue producing activities of the Council. Cash flows from operating activities generally result from the transactions and other events and conditions that enter into the determination of profit or loss.

Investing activities are those activities relating to the acquisition, holding and disposal of long term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Council.

b) Inventories

Inventories, comprising of maintenance materials, concrete products, steel, iron, mechanical spares, uniforms, stationery, and miscellaneous items are valued at the lower at cost and net realizable value. Cost is assigned on a first-in-first-out basis.

NOTE 1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Trade and other receivables

Rates receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Rates receivables are initially recognised as receivables from the commencement of each rating period (inclusive of VAT where applicable). After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains or losses are recognised in the statement of comprehensive income when the receivables are derecognized or impaired, as well as through the amortisation process. Bad debts are written-off as incurred. Rates received in advance of the rating period are recognised as a liability.

d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment when that cost incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of comprehensive income as incurred.

Rates are as follows:

Leasehold land	Over the term of the lease
Buildings	2.50%
Furniture and fittings	20%
Plant and equipment	20%
Office equipment	20%
Motor vehicles	20%
Roads, footpath and drains	1%

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is recognised. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

e) Investment Property

Investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the investment property when that cost is incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the investment property as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of comprehensive income as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Building	2.50%
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Premiums on leasehold land are capitalised and amortised over the term of the lease. An item of investment property is derecognised upon disposal or when no 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 profit or loss in the year the asset is recognised. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

f) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised developments cost, are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred. The useful lives of intangible assets for the Council are assessed to be infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is renewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption in future economic benefits embodied in the asset is accounted by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expenses category consistent with the function of the intangible assets.

NOTE 1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Intangible Assets (continued)

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

g) Financial Assets

Financial assets are classified into the following categories: at fair value through profit and loss, held to maturity, available for sale, and loans and receivables. The classification is dependent on the purpose for which the financial assets are acquired.

Management determines the classification of investments at the time of the purchase and re-evaluates such designation on a regular basis. Purchases and sales of investments are recognised on the trade date, which is the date the Council commits to purchase or sell the asset. Cost of purchase includes transaction costs. The Council recognised the following financial assets:

a) Loans

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current.

b) Available for sale financial assets

Available for sale (AFS) financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables, held to maturity investments, financial assets at fair value through profit or loss. AFS assets are measured at fair value. Fair value changes on AFS assets are recognised directly in equity, other comprehensive income, except for interest on AFS assets and impairment losses. The cumulative gain or loss that was recognised in equity is recognised in profit or loss when an available for sale financial asset is derecognised.

c) Held to Maturity Investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Council has positive intention and ability to hold to maturity. Held to maturity investments are measured at amortised cost.

h) Impairment

At each reporting date, the Council reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exist, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from the other assets, the Council estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reserves, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. Reversal of impairment loss is recognised immediately in profit or loss.

Recoverable amount is the higher of the fair value less cost to sell and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. For assets carried at fair value, the impairment loss is treated as a revaluation decrease.

i) Fund Accounting

The Lautoka City Council has adopted a fund accounting system, as a considerable part of annual revenues comprises of rates for different purposes and special purpose funds as required by the Local Government Act. Accordingly, it is necessary to establish a separate fund to record the amount received, expenditure incurred and the net balance of funds available to be carried forward into the next financial year.

The identification of funds is maintained throughout the accounting system, thus providing the control necessary to ensure that each fund is used only for the purpose for which it is received.

NOTE 1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Fund Accounting (continued)

Details of Special Purpose Funds maintained by the Council are:

a) *Parking Meter Fund*

The Council, in compliance with Traffic Act, has to maintain a separate account for the operation of Parking Meters in designated areas of roads within the city.

b) *Car Park Fund*

This fund has been created for contributions received from developers under the Town Planning Act. The fund is used to construct and develop car parks.

j) Trade and Other Payables

Liabilities for other payables are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

k) Financial Liabilities

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs and have not been designated 'as at fair value through profit or loss'. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the liabilities are derecognition as well as through the amortisation process.

l) Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the Council expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

a) *Employee Entitlements*

Employee entitlements relating to wages, salaries, annual leave, long service leave and retirement benefit represents the amount which the Council has a present obligation to pay resulting from the employees services provided up to balance date.

b) *Wages and salaries, sick leave and annual leave*

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees services up to that date.

c) *Provision for long service leave*

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expect future wage and salary levels, experience of employees departures and periods of service. Expected future payments are discounted using interest rates on government guaranteed securities with terms of maturity that match, as closely as possible, the estimated future cash outflows.

NOTE 1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Leased Assets

The determination of whether an arrangement is, or contain a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Council as a lessee

Finance leases, which transfer to the Council substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are reflected in the statement of comprehensive income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Board will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

n) Revenue

Revenue is recognised in the financial statements using the accrual concept of accounting.

o) Income Tax

The Council is exempted from income tax in accordance with the provisions of Section 17(4) of the Income Tax Act.

p) Comparatives

Comparatives figures have been restated where necessary for changes in presentation in current year.

NOTE 2 FINANCIAL RISK MANAGEMENT

Overview

The Council has exposure to the following risks from its use of financial statements:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
- (iv) Capital management

This note presents information about the Councils exposure to each of the above risks, the Councils objectives, policies and processes for measuring and managing risk and the Councils management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management Framework

The board of directors has overall responsibility for the establishment and oversight of the Council's risk management framework. The Councils risk management policies are established to identify and analyse the risks faced by the Council, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Councils activities.

(i) Credit Risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Councils receivables from customers and investment securities.

LAUTOKA CITY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

Risk Management Framework (continued)

(ii) Financial Risk Management

The Council's establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss of component established for Companies of similar assets in respect of losses that have been incurred but not yet unidentified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

(iii) Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another cash financial asset. The Councils approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Councils reputation.

(iv) Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Councils income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Fair value of interest rate risk arises from the potential for a change in interest rates to cause a fluctuation in their fair value of financial instruments. The objective is to manage the interest rate risk to achieve stable and sustainable net interest earnings in the long term. In managing this risk, the Council seeks to achieve a balance between reducing risk to earnings and market value from adverse interest rate movements, and enhancing net interest income through correct anticipation of the direction and extent of interest rate changes.

(v) Interest Rate Risk

As the Councils interest bearing assets are small relative to its operations, its cash flows are substantially independent of changes in market interest rates.

NOTE 3. RATES	2015	2014
	\$	\$
General rates	2,671,632	2,511,681
Rates - applied to borrowings	<u>1,439,400</u>	<u>1,874,905</u>
	<u>4,111,032</u>	<u>4,386,586</u>

Rates revenue received by the Council are applied towards general fund expenditures and reducing the Councils borrowings by 53% and 47% respectively.

NOTE 4. OTHER INCOME

Fees, charges and rent	2,621,478	2,790,078
Other	708,508	559,346
Business license fees	384,834	448,535
Amortisation of capital grant	293,783	93,727
Interest	67,226	247,313
Premium on sub-lease of land	-	138,591
	<u>4,075,829</u>	<u>4,277,590</u>

NOTE 5. PERSONNEL COSTS

Salaries and wages	1,977,620	2,014,955
FNPF	208,401	157,752
Staff training and welfare	83,654	4,189
Security costs	23,011	-
Refund of security	1,050	-
	<u>2,293,736</u>	<u>2,176,896</u>

LAUTOKA CITY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
NOTE 6. ADMINISTRATIVE AND OPERATING COSTS		
Council expenses	308,353	335,748
General expenses	241,603	13,143
Office expenses	189,681	-
Licencing fees	68,710	-
Insurance	64,725	47,130
Printing, postage and stationery	61,048	62,798
Administrative and operating costs	55,440	-
Advertising	49,828	35,550
Motor vehicle repairs and maintenance	40,311	89,342
Lease payments	28,532	51,014
Uniforms	24,400	9,166
Fiji National University	20,848	17,478
Residential Withholding tax	20,453	-
Motor vehicle fuel	10,295	145,207
Telephone	8,329	26,443
Other expenses	7,685	345
Materials for celebrations/ events	4,619	-
Depot - rent	4,334	-
Fringe benefit tax	3,858	3,238
Subscription	2,041	2,583
Computer expenses	2,036	-
Ticket seller allowance	1,660	-
Bank charges	1,438	-
Motor vehicle - wheel tax (LTA)	349	6,212
	<u>1,220,576</u>	<u>845,397</u>
NOTE 7. RATE PAYER SERVICES		
Garbage Removal Services	309,658	380,140
Rate Payer Services	145,852	1,574
Town Planning Fees	5,861	-
Destruction of stray animals	-	6,008
Drain maintenance	447,242	480,419
	<u>908,613</u>	<u>868,141</u>
NOTE 8. PARKS, GARDENS AND PUBLIC AMENITIES		
Public convenience	165,929	236,551
City expenses	129,881	-
Market	90,354	235,263
Repairs and Maintenance	85,805	-
Electricity	65,897	18,670
Water rates	54,240	28,710
Parks, garden and public amenities	35,096	199,314
Cleaning expenses	9,688	-
Tissue and detergents	9,060	-
Hire of plant	1,704	-
Municipal car parks	-	14,901
Other expenses	-	7,550
	<u>647,654</u>	<u>740,959</u>

LAUTOKA CITY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 9. NOTES TO THE STATEMENT OF CASH FLOWS	2015 \$	2014 \$
a) Reconciliation of net surplus after tax to cash provided by operating activities: -		
Net surplus after tax	1,943,010	2,621,389
Opening balance adjustments	-	439,783
<u>Add/(Less) Non cash items/ items classified as investing:</u>		
Depreciation	709,400	584,831
<u>Change in Operating Assets and Liabilities:</u>		
(Increase) / decrease in trade and other receivables	(106,772)	1,318,964
Increase in inventories	(37,778)	(6,001)
Decrease in accounts payable	(111,663)	(1,715,763)
Increase in provisions	38,531	1,990
Increase in VAT payable	70,310	-
Cash flow provided by operating activities	<u>2,505,038</u>	<u>3,245,193</u>
b) Cash and cash equivalents consist of: -		
<u>Cash on hand and at bank</u>		
General account	1,353,034	1,130,067
Parking meter funds*	534,146	534,146
Savings account	4,152,301	4,134,588
Capital Project Account *	61,223	-
Cash on hand	1,000	1,000
	<u>6,101,704</u>	<u>5,799,801</u>

* As the Council performs a custodian role, the Capital Project cash account and Parking Meter fund account is not available for use except for the purpose of capital projects and for development of parking meters.

NOTE 10. HELD AT MATURITY INVESTMENTS

Westpac Banking Corporation	1,119,200	1,112,000
Bank of the South Pacific	296,478	295,245
	<u>1,415,678</u>	<u>1,407,245</u>

Interest earned at 2.5% from the above term deposits are credited to the General Fund.

NOTE 11. PROJECT SUPPLIES

Materials	63,919	24,515
Fuel and oil	-	1,626
	<u>63,919</u>	<u>26,141</u>

NOTE 12. RECEIVABLES

a) Rates receivables	5,011,035	5,681,960
Other receivables	748,914	-
Less: provision for doubtful accounts	(1,000,000)	(1,000,000)
	4,759,949	4,681,960
b) Other receivables	65,071	36,288
Total receivables	<u>4,825,020</u>	<u>4,718,248</u>

Movement in the provision for doubtful accounts were as follows:

Rates Receivables:		
At 1 January	1,000,000	1,000,000
Movement net	-	-
At 31 December	<u>1,000,000</u>	<u>1,000,000</u>

LAUTOKA CITY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 13. CREDITORS AND ACCRUALS	2015 \$	2014 \$
Sundry creditors and accruals	155,432	281,569
Other creditors	296,517	298,043
Security deposits	228,974	228,974
Refundable building deposits	62,034	62,034
Audit fees accrued	16,000	-
	<u>758,957</u>	<u>870,620</u>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60 day term;

Other payables are non-interest bearing and have an average term of six months.

NOTE 14. PROVISIONS

Long Service Leave

At 1 January	137,606	95,771
Net arising during the year	36,668	41,835
Net leave utilised	(13,904)	-
At 31 December	<u>160,370</u>	<u>137,606</u>

Annual Leave

At 1 January	114,831	154,676
Net arising during the year	72,816	123,567
Net leave utilised	(57,049)	(163,412)
At 31 December	<u>130,598</u>	<u>114,831</u>

Total provisions	<u>290,968</u>	<u>252,437</u>
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Disclosed as:

Current	130,598	114,831
Non-current	160,370	137,606
Total Provisions	<u>290,968</u>	<u>252,437</u>

NOTE 15. INTEREST BEARING BORROWINGS

Current

Bank of the South Pacific - General	793,010	488,672
Total current	<u>793,010</u>	<u>488,672</u>

Non-current

Bank of the South Pacific - General	6,549,107	7,330,401
Total non-current	<u>6,549,107</u>	<u>7,330,401</u>

The loan from Bank of the South Pacific are secured by pari passu debenture deeds of \$10,611,358 over all of the Councils assets and undertakings without any preference or priority of existing debentures one over another.

NOTE 16. CAPITAL GRANT

At 1 January	809,562	403,289
Addition	293,783	500,000
Released to the statement of comprehensive income	(293,783)	(93,727)
Closing balance as 31 December	<u>809,562</u>	<u>809,562</u>

LAUTOKA CITY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17. PROPERTY, PLANT AND EQUIPMENT

	Land & Building	Plant & Equipment	Furniture & Fittings	Office Equipment	Motor Vehicles	Parking Meter Equipment - WIP	Work In Progress	Total
<u>Cost</u>								
As at 31 December 2014	3,634,037	345,497	203,397	320,821	1,118,826	566,544	-	6,189,122
Additions	-	15,577	28,895	25,352	454,783	-	1,193,139	1,717,746
Disposals	-	-	-	-	-	-	-	-
As at 31 December 2015	<u>3,634,037</u>	<u>361,074</u>	<u>232,292</u>	<u>346,173</u>	<u>1,573,609</u>	<u>566,544</u>	<u>1,193,139</u>	<u>7,906,868</u>
<u>Accumulated Depreciation</u>								
As at 31 December 2014	1,165,921	254,688	199,170	279,846	856,898	-	-	2,756,523
Depreciation	90,851	71,164	7,338	44,200	280,795	-	-	494,348
Disposals	-	-	-	-	-	-	-	-
As at 31 December 2015	<u>1,256,772</u>	<u>325,852</u>	<u>206,508</u>	<u>324,046</u>	<u>1,137,693</u>	<u>-</u>	<u>-</u>	<u>3,250,871</u>
<u>Net Carrying amounts</u>								
As at 31 December 2014	<u>2,468,116</u>	<u>90,809</u>	<u>4,227</u>	<u>40,975</u>	<u>261,928</u>	<u>566,544</u>	<u>-</u>	<u>3,432,599</u>
As at 31 December 2015	<u>2,377,265</u>	<u>35,222</u>	<u>25,784</u>	<u>22,127</u>	<u>435,916</u>	<u>566,544</u>	<u>1,193,139</u>	<u>4,655,997</u>

NOTE 18. INVESTMENT PROPERTIES

	2015	2014
	\$	\$
<u>Cost</u>		
Opening balance	8,602,098	8,152,449
Additions	-	449,649
As at 31 December 2015	<u>8,602,098</u>	<u>8,602,098</u>
<u>Accumulated Depreciation</u>		
Opening balance	2,122,062	1,490,292
Depreciation	215,052	631,770
As at 31 December 2015	<u>2,337,114</u>	<u>2,122,062</u>
Net book value	<u>6,264,984</u>	<u>6,480,036</u>

NOTE 19. RESERVES

In-house cyclone reserves	418,490	418,490
Workmen's compensation reserve	9,000	9,000
Cyclone reserves	28,000	28,000
	<u>455,490</u>	<u>455,490</u>

NOTE 20. RELATED PARTIES

a) Special Administrators

There were no Special Administrators for Lautoka City Council during the financial year 2015 till August 2019.

The Special Administrators appointed on 26 September 2019 and up to the date of this report were:

Ms. Lala Sowane (Chair)	- appointed on 26 September and resigned after one month
Ms. Debra Sadranu (Chair)	- appointed on April 2020 till 31 July 2019
Dr. Rohit Kishore	- appointed on 26 September and resigned on February 2020
Ms. Beatrice Nast	- appointed on 26 September up till 31 July 2021
Ms. Dipti Sharma	- appointed on 26 September up till 31 July 2021
Ms. Renee Browne	- appointed on 26 September up till 31 July 2021
Mr Shaheen Ali	- appointed as Acting SA on 8 October 2021 till 15 February 2022
Mr. Anil Amin (Chair)	- appointed on 16 February 2022
Mr. Zahi Wahab	- appointed on 16 February 2022
Mr. Joeli Waqa	- appointed on 16 February 2022

LAUTOKA CITY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 20. RELATED PARTIES (continued)

a) Special Administrators (continued)

Special Administrators' remuneration

Administrator - Honorarium	-	21,466
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b) Transactions with Key Management Personnel

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

During the year, the Chief Executive Officer was identified as the key management personnel.

The aggregate remuneration and compensation paid to key management personnel for the financial year ended 31 December 2015 cannot be confirmed/determined.

Salary, allowances, and benefits	-	35,556
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c) Transactions with Related Parties

During the year, the Council entered into various transactions with related parties. The aggregate value of major transactions with related parties during the year is as follows:

	2015 (\$)	2014 (\$)
<u>Government of Fiji</u>		
Government grant contribution	293,783	500,000

NOTE 21. EVENTS SUBSEQUENT TO BALANCE DATE

a) Amendments to The Local Government Act 1972

A recent amendment made to the Local Government Act 1972 through Local Government (Budget Amendment) Act 2020 will require all Municipal Councils to update the audit of annual financial statements up to 31 July 2020 and have them all published in an English language newspaper in Fiji by 31 March 2021. As a result of the amendment, all Councils will need to prepare and submit for audit, accounts for the seven month period from 1 January to 31 July 2020.

b) COVID-19 Outbreak

Subsequent to year end, the World Health Organisation (WHO) declared the Coronavirus (COVID 19) a "Public Health Emergency of International Concern". Whilst measures and policies have been taken by the National Government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparations of 2015 financial statements is not expected to be material.

However, in financial year 2020 and beyond, it is expected that the effect of the pandemic will be substantial on our major revenue streams such as general rates, market fees and rental income. This will eventually affect the Council's operations and cash flow.

c) Business Licenses

As announced in the 2020/2021 National Budget, effective from 1 August 2020 Fiji's business license regime would be abolished and fees will no longer be collected by the Council.

d) Base Fees and Market Fees

As announced in the 2021/2022 National budget, effective from 01 August 2021 to 31 July 2022, Government will pay the market fees and base fees for taxis, minibuses, carriers, and bus operators.

Other than the above mentioned events, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Council, the results of those operations, or the state of affair of the Council in future financial years.

NOTE 22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Councillors and authorised for issue to members on the 31st day of January, 2023 in accordance with a resolution of the Councillors.