

MAYOR

Steve Krieg

Harper Dalton-Earls

Virginia Waters

Jeri Hall

Electra Jensen

Andrew Gordon



Andrew Bing

Gianpiero Battista

Adam Guise

Big Rob

Jasmine Knight-Smith

Council

An Extra Ordinary Meeting of the City of Lismore Council will be held at the Council Chambers on Tuesday 29 October 2024 at 10.00am

Members of Council are requested to attend.

Lismore City Council acknowledges the Widjabul Wia-bal people of the Bundjalung nation, traditional custodians of the land on which we meet.

Jon Gibbons
General Manager

22 October 2024



ETHICAL DECISION MAKING AND CONFLICTS OF INTEREST

A guiding checklist for councillors, staff and community committees

Ethical decision making

- Is the decision or conduct legal?
- Is it consistent with government policy, Council's objectives and Code of Conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Do you stand to gain personally at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

Conflict of interest

A conflict of interest is a clash between private interest and public duty. There are two types of conflict:

- Pecuniary – an interest that you have in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to yourself or another person or entity defined in part 4 of the Lismore City Council Code of Conduct with whom you are associated.
- Non-pecuniary – a private or personal interest that you have that does not amount to a pecuniary interest as defined in the Lismore City Council Code of Conduct. These commonly arise out of family or personal relationships, or out of involvement in sporting, social, religious or other cultural groups and associations, and may include an interest of a financial nature.

The test for conflict of interest

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of "corruption" – using public office for private gain.
- Important to consider public perceptions of whether you have a conflict of interest.

Identifying problems

- Do I have private interests affected by a matter I am officially involved in?
- Is my official role one of influence or perceived influence over the matter?
- Do my private interests' conflict with my official role?

Disclosure and participation in meetings

- A councillor or a member of a Council Committee who has a pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or Committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.
- The councillor or member must not be present at, or in sight of, the meeting of the Council or Committee:
 - a. at any time during which the matter is being considered or discussed by the Council or Committee, or
 - b. at any time during which the Council or Committee is voting on any question in relation to the matter.

No Knowledge - a person does not breach this clause if the person did not know and could not reasonably be expected to have known that the matter under consideration at the meeting was a matter in which he or she had a pecuniary interest.

Non-pecuniary Interests - Must be disclosed in meetings.

There are a broad range of options available for managing conflicts & the option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with. Non-pecuniary conflicts of interests must be dealt with in at least one of the following ways:

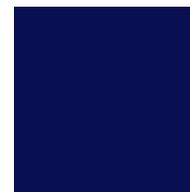
- It may be appropriate that no action be taken where the potential for conflict is minimal. However, councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. participate in discussion but not in decision making or vice versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (eg. relinquishing or divesting the personal interest that creates the conflict)
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as of the provisions in the Code of Conduct (particularly if you have a significant non-pecuniary interest)

Whilst seeking advice is generally useful, the ultimate decision rests with the person concerned.

Agenda

- 1. Opening of Meeting**
- 2. Acknowledgement of Country**
- 3. Pause for reflection**
- 4. Apologies and Applications for Leave of Absence or Attendance by Audio-Visual Link**
- 5. Disclosures of Interest**
- 6. Public Forum**
- 7. Mayoral Minute(s) and Condolence Motions**
- 8. Reports of Committees**
- 9. Matters Arising**
- 10. Reports of the General Manager**
 - 10.1 2023-2024 Reserves (Internally Restricted)6
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- 11. Notices of Motion / Questions with Notice**
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Reports of the General Manager



Report

Subject	2023-2024 Reserves (Internally Restricted)
TRIM Record No	BP24/907:AF24/3143
Prepared by	Acting Chief Financial Officer
Reason	Annual report on internally restricted reserve balances and movement and Policy review
Strategic Theme	Leadership and participation
Strategy	We provide effective management and responsible governance.
Action	Ensure the efficient and effective operation of Council.

Executive Summary

For financial reporting purposes Council must categorise its cash, cash equivalents and investments as either externally restricted or internally restricted. Funds that are externally restricted, typically by legislation, can only be used for the purpose received. Funds internally restricted can be used for any purpose determined by Council.

As internally restricted funds can be used for any purpose determined by Council, the Council adopted Policy 1.5.10 – Reserves Policy to provide guidance on the criteria to be applied for funds to be internally restricted. While specific purpose unexpended loans are also considered internally restricted funds, the fact they are borrowed for a specific purpose and typically used for that purpose results in it not being reported as reserves.

Council's Reserve Policy requires an annual report to be submitted to Council which shows reserve movements and balances for the year ending 30 June.

The policy categorised reserves as follows:

- held on behalf of other parties
- Special Rate Variation
- carry forward or revote works
- emergencies
- economic development and growth
- public infrastructure and building assets

Council has identified \$36.967 million in funding is required in internal reserves however as 30 June 2024 Council did not have sufficient unrestricted cash to fund these reserves. This is a timing issue only. At the date of the reserve calculation, 30 June 2024, Council was owed \$25 million for grant expenditure incurred and not reimbursed. It is recommended that when these grant funds are reimbursed, that these funds are applied to fully fund the identified reserves of \$36.967 million.

In accordance with the Reserves Policy and reporting requirements Council can only recognise reserves that are held as cash, therefore the Internally Restricted Reserves held as cash was \$14.026 million as at 30 June 2024.

Commentary on reserves is provided within the report and a summary and detailed listing of reserves as at 30 June 2024 is attached.

Recommendation

That:

1. Council adopts the 2023-2024 Reserves (Internally Restricted) annual report which has internally cash reserves of \$14,026,300 as of 30 June 2023
2. internal reserves used to fund grant funds owed as of 30 June 2024 be reimbursed when funding is received
3. Council readopts the Reserves Policy 1.5.10 with no amendments

Background

Policy 1.5.10 – Reserves (Internally Restricted) requires an annual report to be submitted to Council detailing all reserve movements. The purpose of this report is to satisfy that requirement.

As at 30 June 2024, the Internally Restricted Reserves totalled \$14.026 million. There has been an overall decrease in the amount of reserve from 2022-2023 of \$8.088 million.

Council had incurred costs associated with grant projects and was awaiting reimbursement of these funds as at June 2024. Council has used internally restricted reserves to fund these projects in 2024 and will receive the reimbursement in the 2025 financial year.

The total amount of funding used from internal reserves to temporarily fund grant projects whilst awaiting reimbursement was \$23 million. It is recommended when these grant funds are reimbursed, funds are used to replenish cash reserves and fully fund the projects identified within the reserve report.

Commentary

Provided below is a description of the individual reserve categories. This should be read in conjunction with the 2023-2024 Reserves (Internally Restricted) Summary attachment which shows the Reserve Balances 1 July 2023, Transfer to Reserves and Transfer from Reserves during the year, and the Reserve Balances 30 June 2024, and the 2023-2024 Reserves (Internally Restricted) Detail that shows the closing amount for all reserves held.

Included in the Reserves are the proposed Carried Forwards, Revotes and Adhocs:

- Carry forward amounts relate to where approved budgets for works, services, goods, materials and facilities have started or are contracted to start before the end of the financial year and will continue to completion in the following financial year.
- Revote amounts relate to where approved budgets have not commenced before the end of the financial year and it is intended to seek approval to proceed in the following financial year.
- Adhocs – Council has identified a project that requires funding in 2023-2024 and aligns with Council’s strategic direction.

Any adjustment to the budget or use of funds will be reported in the applicable Quarterly Budget Statement.

A copy of the proposed 2024 Carried forwards, Revotes and Adhocs has been attached for Council’s information.

Held for Other Parties – Balance \$Nil

The funds held in this reserve acknowledge that Council holds funds on behalf of other parties.

Special Rate Variation – Balance \$1,349,700

The funds held in this reserve reflect unexpended special rate variation funds or funds held to implement special rate variation purposes.

Special Rate Variation - Balance \$1,349,300

Biodiversity Management Strategy (BMS)
Promotion (Lismore)
CitySafe (Lismore)

30 June 2024 Gross Balance	Amount used to fund Grant works - interim Funding only	Cash Reserve Balances 30/06/24**
\$ 401,200	\$ -	\$ 401,200
\$ 297,700	\$ -	\$ 297,700
\$ 650,400	\$ -	\$ 650,400
\$ 1,349,300	\$ -	\$ 1,349,300

Carry Forward and Revote Works– Balance \$6,085,000

The funds held in this reserve relate to carry forward or revote amounts from 2022-2023 to 2023-2024. This list excludes carry forward or revote works funded from externally restricted funds.

	30 June 2024 Gross Balance	Amount used to fund Grant works - interim Funding only	Cash Reserve Balances 30/06/24**
Carry Forward or Revote Works - Balance \$ 6,085,000			
Art Gallery - Insurance Claim	\$ 922,500	\$ -	\$ 922,500
Art Gallery & Culture Priority Needs - Temp Fitout	\$ 106,000	\$ -	\$ 106,000
Bridges Grant Project Council Contributions	\$ 823,700	\$ 823,700	\$ -
Buildings	\$ 930,800	\$ 930,800	\$ -
Drainage Construction	\$ 507,600	\$ -	\$ 507,600
Economic Development - South Lismore Business Centre Improvements - NRRT	\$ 5,500	\$ 5,500	\$ -
Emergency Services - Flood Diversion - interest on grant projects	\$ 55,000	\$ 55,000	\$ -
Employee Leave Entitlements	\$ 3,954,200	\$ 163,600	\$ 3,790,600
FAGS General 85% paid in advance June 2024	\$ 4,674,200	\$ 4,674,200	\$ -
FAGS Roads 85% paid in advance June 2024	\$ 2,172,500	\$ 2,172,500	\$ -
Footpath Construction Program 2023/24	\$ 133,000	\$ 133,000	\$ -
Lismore Airport Airside & Lighting Upgrade	\$ 68,500	\$ 68,500	\$ -
Lismore Baths Resilient Recovery	\$ 33,500	\$ 33,500	\$ -
NRQ - Northern Rivers Quarry & Asphalt	\$ 48,400	\$ 48,400	\$ -
On Site Sewerage Management	\$ 325,000	\$ 325,000	\$ -
Parks and Open Spaces	\$ 297,200	\$ 297,200	\$ -
People & Culture - Compliance Training	\$ 216,200	\$ 216,200	\$ -
Planning - Floodplain Risk Management Plan	\$ 21,100	\$ 21,100	\$ -
Roads	\$ 3,377,900	\$ 3,377,900	\$ -
Strategic Planning - Parking Study	\$ 19,200	\$ 19,200	\$ -
Technology & Innovation	\$ 713,200	\$ 713,200	\$ -
Waste - Waste Disposal	\$ 758,300	\$ -	\$ 758,300
	\$ 20,163,500	\$ 14,078,500	\$ 6,085,000

Emergencies – Balance \$Nil

The funds held in this reserve are to provide funding for emergencies including natural disasters, pandemics, or essential/critical business failures. These funds have been used to fund grant expenditure whilst Council is waiting for reimbursement from the funding body. The target balance of this reserve is \$1,100,000.

Economic Development and Growth - Balance \$Nil

The funds held in this reserve are to provide funding to support implementation of the Economic Development Strategy and economic growth opportunities. These funds have been used to fund grant expenditure whilst Council is waiting for reimbursement from the funding body. The target balance of this reserve is \$1,000,000.

Public Infrastructure and Buildings Assets - Balance \$6,592,000

The funds held in this reserve are to provide funding for asset renewal, rehabilitation or remediation requirements excluding road infrastructure. The target balance of this reserve is \$3,000,000.

The major works included in this reserve is:

Public Infrastructure & Building Assets - Balance \$6,592,000

Base Reserve as per Policy - Public Infrastructure & Building Assets
 Affordable Housing Initiative
 Albert Park
 DA Contributions to Public Art
 Fleet Replacement
 Flood EPA advance Payment - Interest earned
 Flood Mitigation - Voluntary Property Acquisition Program
 Nimbin Caravan Park Entrance
 Pocket Park Sales Proceeds
 Rail Trail - Metal Sales held for maintenance
 Tucki Creek Corridor Acquisitions (Lismore Contributions Plan)
 Waste - 2023/24 Leachate Dam

30 June 2024 Gross Balance	Amount used to fund Grant works - interim Funding only	Cash Reserve Balances 30/06/24**
\$ 1,287,500	\$ 1,287,500	\$ -
\$ 3,713,800	\$ -	\$ 3,713,800
\$ 100,000	\$ 100,000	\$ -
\$ 49,200	\$ 49,200	\$ -
\$ 2,589,500	\$ 1,500,000	\$ 1,089,500
\$ 1,148,700	\$ -	\$ 1,148,700
\$ 122,800	\$ 122,800	\$ -
\$ 230,000	\$ 230,000	\$ -
\$ 331,100	\$ 331,100	\$ -
\$ 640,000	\$ -	\$ 640,000
\$ 442,000	\$ 442,000	\$ -
\$ 2,700,800	\$ 2,700,800	\$ -
\$ 13,355,400	\$ 6,763,400	\$ 6,592,000

Policy Review

It is a requirement of Policy 1.5.10 – Reserves (Internally Restricted) that it be reviewed once during the term of Council. Council officers have reviewed the Reserves Policy, as per the attached, and recommend no amendments.

Comments

Finance

Contained within the report.

Public consultation

Not required.

Conclusion

The Reserves are in accordance with the Reserves Policy 1.5.10 and are required to undertake works planned within the adopted 2024-2025 Operational Plan or considered to be required to address future works or projects of Council.

Attachment/s

1. [↓](#) 2023-2024 Reserves Council Summary
2. [↓](#) 2023-2024 Reserves Detail
3. [↓](#) 2023-2024 Cfwd Adhoc and revotes
4. [↓](#) Reserve Policy

<u>2023-2024 RESERVES (INTERNALLY RESTRICTED) SUMMARY</u>								
Reserve Category	Note C1 Cash Reserve Balances 1 July 2023 as per Audited Financial Statements	Amount owed by fund Grant - received 2024	Reserve Balance	Transfer to Reserves	Transfer from Reserves	Gross Balance	Amount used to fund Grant works - interim Funding only	Cash Reserve Balances 30 June 2024**
Held for Other Parties*	-	-	-	-	-	-	-	-
Special Rate Variation	1,504,700	-	1,504,700	-	155,700	1,349,000	-	1,349,000
Carry Forward or Revote Works	11,780,000	3,567,300	15,347,300	4,816,200	-	20,163,500	14,078,500	6,085,000
Emergencies	-	1,100,000	1,100,000	-	-	1,100,000	1,100,000	-
Economic Development & Growth	-	1,000,000	1,000,000	-	-	1,000,000	1,000,000	-
Public Infrastructure and Building Assets	9,549,000	7,760,500	17,309,500	-	3,954,100	13,355,400	6,763,400	6,592,000
TOTAL RESERVES	22,833,700	13,427,800	36,261,500	4,816,200	4,109,800	36,967,900	22,941,900	14,026,000

*Held for Other Parties - Excludes Richmond Tweed Regional Library

**Funds held as cash as 30 June 2024

Note

As at the 30 June 2024 Council had provided Cashflow for Grant projects and was waiting for reimbursement from the funding body.

Amount owed to Council	\$	17,219,303
Being:		
Major Grants		
Natural Disaster Roads	\$	803,000
Natural Disaster Buildings	\$	8,647,100
Building Better Regions Fund - Northern Rivers Rail Trail	\$	5,848,189
NSW 2022 Storm and Flood Recovery Package	\$	418,015
Footpaths - Active NSW	\$	308,000
Local Roads and Community Infrastructure 1	\$	1,195,000

*In accordance with Council's Reserve Policy, Council is internally restricted reserves have been used to fund this cash flow requirement
When the payments are received the reserves will be increased to reflect the true cash required.*

2023-2024 RESERVES (INTERNALLY RESTRICTED) DETAILED

	30 June 2024 Gross Balance	Amount used to fund Grant works - interim Funding only	Cash Reserve Balances 30 June 2024**
Held for Other Parties - Balance \$Nil			
\$ -	\$ -	\$ -	\$ -
Special Rate Variation - Balance \$1,349,300			
Biodiversity Management Strategy (BMS)	\$ 401,200	\$ -	\$ 401,200
Promotion (Lismore)	\$ 297,700	\$ -	\$ 297,700
CitySafe (Lismore)	\$ 650,400	\$ -	\$ 650,400
	\$ 1,349,300	\$ -	\$ 1,349,300
Carry Forward or Revote Works - Balance \$6,085,000			
Art Gallery - Insurance Claim	\$ 922,500	\$ -	\$ 922,500
Art Gallery & Culture Priority Needs - Temp Fitout	\$ 106,000	\$ -	\$ 106,000
Bridges Grant Project Council Contributions	\$ 823,700	\$ 823,700	\$ -
Buildings	\$ 930,800	\$ 930,800	\$ -
Drainage Construction	\$ 507,600	\$ -	\$ 507,600
Economic Development - South Lismore Business Centre Improvements - NRRT	\$ 5,500	\$ 5,500	\$ -
Emergency Services - Flood Diversion - interest on grant projects	\$ 55,000	\$ 55,000	\$ -
Employee Leave Entitlements	\$ 3,954,200	\$ 163,600	\$ 3,790,600
FAGS General 85% paid in advance June 2024	\$ 4,674,200	\$ 4,674,200	\$ -
FAGS Roads 85% paid in advance June 2024	\$ 2,172,500	\$ 2,172,500	\$ -
Footpath Construction Program 2023-2024	\$ 133,000	\$ 133,000	\$ -
Lismore Airport Airside & Lighting Upgrade	\$ 68,500	\$ 68,500	\$ -
Lismore Baths Resilient Recovery	\$ 33,500	\$ 33,500	\$ -
NRQ - Northern Rivers Quarry & Asphalt	\$ 48,400	\$ 48,400	\$ -
On Site Sewerage Management	\$ 325,000	\$ 325,000	\$ -
Parks and Open Spaces	\$ 297,200	\$ 297,200	\$ -
People & Culture - Compliance Training	\$ 216,200	\$ 216,200	\$ -
Planning - Floodplain Risk Management Plan	\$ 21,100	\$ 21,100	\$ -
Roads	\$ 3,377,900	\$ 3,377,900	\$ -
Strategic Planning - Parking Study	\$ 19,200	\$ 19,200	\$ -
Technology & Innovation	\$ 713,200	\$ 713,200	\$ -
Waste - Waste Disposal	\$ 758,300	\$ -	\$ 758,300
	\$ 20,163,500	\$ 14,078,500	\$ 6,085,000
Emergencies - Balance - \$Nil			
Emergencies	\$ 1,100,000	\$ 1,100,000	\$ -
	\$ 1,100,000	\$ 1,100,000	\$ -
Economic Development & Growth- \$Nil			
Economic Development & Growth	\$ 1,000,000	\$ 1,000,000	\$ -
	\$ 1,000,000	\$ 1,000,000	\$ -
Public Infrastructure & Building Assets - Balance \$6,592,000			
Base Reserve as per Policy - Public Infrastructure & Building Assets	\$ 1,287,500	\$ 1,287,500	\$ -
Affordable Housing Initiative	\$ 3,713,800	\$ -	\$ 3,713,800
Albert Park	\$ 100,000	\$ 100,000	\$ -
DA Contributions to Public Art	\$ 49,200	\$ 49,200	\$ -
Fleet Replacement	\$ 2,589,500	\$ 1,500,000	\$ 1,089,500
Flood EPA advance Payment - Interest earned	\$ 1,148,700	\$ -	\$ 1,148,700
Flood Mitigation - Voluntary Property Acquisition Program	\$ 122,800	\$ 122,800	\$ -
Nimbin Caravan Park Entrance	\$ 230,000	\$ 230,000	\$ -
Pocket Park Sales Proceeds	\$ 331,100	\$ 331,100	\$ -
Rail Trail - Metal Sales held for maintenance	\$ 640,000	\$ -	\$ 640,000
Tucki Creek Corridor Acquisitions (Lismore Contributions Plan)	\$ 442,000	\$ 442,000	\$ -
Waste - 2023-2024 Leachate Dam	\$ 2,700,800	\$ 2,700,800	\$ -
	\$ 13,355,400	\$ 6,763,400	\$ 6,592,000
Total	\$ 36,968,200	\$ 22,941,900	\$ 14,026,300

Summary

30-Jun-24

Carried Forwards			How is this Financed					
Directorate	Program	Finance Carry Forward to 2024/25	GF Carry Fwd Reserve	GF Public Infrastructure e & Bldgs	Restricted Grant Revenue 2024/2025	Restricted Unexp Grant 2023/2024	Restricted Water Reserves	Restricted Sewer Reserves
CCO	Destination and Economy	\$ 5,500	\$ 5,500					
	Enviro Strategies	\$ -						
	Liveable and Active Communities	\$ 107,164		\$ 107,164				
	Strategic Planning	\$ 169,666		\$ 169,666				
CCO Sum		\$ 282,330	\$ 5,500	\$ 276,830	\$ -	\$ -	\$ -	\$ -
CFO	People & Culture	\$ 216,247	\$ 216,247					
	Technology & Innovation	\$ 145,005	\$ 145,005					
CFO Sum		\$ 361,252	\$ 361,252	\$ -	\$ -	\$ -	\$ -	\$ -
COO	Fleet	\$ 1,090,646	\$ 1,090,646					
	Property Maintenance	\$ 3,982,798		\$ 635,711	\$ 2,706,297	\$ 640,790		
	Quarry	\$ 48,382		\$ 48,382				
	Roads & Quarry	\$ 6,178,844	\$ 1,926,824		\$ 1,671,344	\$ 2,580,675		
	Shared Services	\$ 3,226,819	\$ 106,600	\$ 9,977	\$ 3,110,242			
	Waste Disposal	\$ 745,055		\$ 745,055				
	Water & Waste	\$ 3,823,217					\$ 1,458,093	\$ 2,365,124
COO Sum		\$ 19,095,761	\$ 3,124,070	\$ 1,439,125	\$ 7,487,883	\$ 3,221,465	\$ 1,458,093	\$ 2,365,124
Grand Total		\$ 19,739,343	\$ 3,490,822	\$ 1,715,955	\$ 7,487,883	\$ 3,221,465	\$ 1,458,093	\$ 2,365,124

Revotes			How is this Financed					
Directorate	Program	Finance Revote to 2024/25	GF Carry Fwd Reserve	GF Public Infrastructure e & Bldgs	Restricted Grant Revenue 2024/2025	Restricted Unexp Grant 2023/2024	Restricted Water Reserves	Restricted Sewer Reserves
CCO	Destination and Economy	\$ -	\$ -					
CCO Sum		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CFO		\$ -	\$ -					
CFO Sum		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COO	Parks and Gardens	\$ 75,000	\$ 75,000					
	Property Maintenance	\$ 530,804	\$ 530,804					
COO Sum		\$ 605,804	\$ 605,804	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total		\$ 605,804	\$ 605,804	\$ -	\$ -	\$ -	\$ -	\$ -

Ad Hoc			How is this Financed					
Directorate	Program	Finance Carry Forward to 2024/25	GF Carry Fwd Reserve	GF Public Infrastructure e & Bldgs	Restricted Grant Revenue 2024/2025	Restricted Unexp Grant 2023/2024	Restricted Water Reserves	Restricted Sewer Reserves
CCO	Env Strategy	\$ 90,000	\$ 90,000					
CCO Sum		\$ 90,000	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ -
CFO	Technology & Innovation	\$ 575,293	\$ 575,293					
CFO Sum		\$ 575,293	\$ 575,293	\$ -	\$ -	\$ -	\$ -	\$ -
COO	Roads & Quarry	\$ 368,000	\$ 368,000					
COO Sum		\$ 368,000	\$ 368,000	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total		\$ 1,033,293	\$ 1,033,293	\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL		\$ 21,378,440	\$ 5,129,919	\$ 1,715,955	\$ 7,487,883	\$ 3,221,465	\$ 1,458,093	\$ 2,365,124
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RESERVES POLICY



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COUNCIL POLICY

NUMBER: 1.5.10

Document #: ED21/9605	Document Title: Reserves Council Policy	
Version #: 16	Developed By: Finance	Authorised by: Chief Financial Officer

RESERVES POLICY



1 Introduction

1.1 Purpose

Council controlled funds are to be reserved for the following purpose: -

- a) Funds Council holds on behalf of other parties, or
- b) Unexpended Special Rate Variation funds, or
- c) Carry forward or revote works funds, or
- d) Emergencies, or
- e) Economic development and growth, or
- f) Public infrastructure and buildings assets.

1.2 Background

This Policy is to clearly state the intended use of and management of reserve funds – cash, cash equivalents and investments – held by Council that can be used for any purpose determined by Council. For financial reporting purposes these are called 'Internal Restrictions' or 'Unrestricted' funds.

2 Procedure

2.1 Operating Guidelines

2.1.1 Funds Council holds on behalf of other parties

- a) Applies to all funds that meet this category description.

2.1.2 Unexpended Special Rate Variation funds

- a) Applies to all funds that meet this category description.

2.1.3 Carry forward or revote works funds

- a) Applies to all funds that meet this category description.

2.1.4 Emergencies

- a) Definition: To provide funding for emergencies including natural disasters, pandemics, or essential/critical business failures.
- b) Target Balance: Maximum Amount – \$1.0 million
- c) Rules of Use:
 - Must be used for renewal, rehabilitation or remediation of assets that will continue to provide functions/services specified in the Operational Plan or Delivery Program.
 - Where multiple assets seek access to funds the Council will resolve expenditure based on meeting legislative or public service obligations e.g. where the Council needs to choose between rehabilitating the quarry to get a better sale price or rehabilitating the waste facility to meet EPA requirements, the Council would choose the later as the best use of this reserve.
 - Cannot be used for other reserve purposes, unless resolved by Council and lawful.
 - Cannot be used for Sewerage or Water Fund activities.

2.2 Management

2.2.1 Council to determine all reserves movements.

2.2.2 Interest paid on reserves will be calculated using the average of opening/closing balances and CPI.

2.2.3 All reserves must be cash, cash equivalent or investment funded. There will be no internal loans or working capital components.

Document #: ED21/9605	Document Title: Reserves Council Policy
Version #: 16	Developed By: Finance
	Authorised by: Chief Financial Officer

RESERVES POLICY



2.2.4 A summary of reserve balances and movements is to be reported with each Quarterly Budget Review Statement.

2.2.5 An annual report must be presented to Council each year detailing all reserve movements.

2.2.6 The Policy is to be reviewed at least once during each Council term.

3 Document History and Version Control

Document History and Version Control				
Trim Ref	Version	Summary of Changes / Consultation	Date	By Whom
	1	Policy created	11/10/2005	Finance
ED21/9605	2-15	Various changes	10.10.2006, 24.10.2007, 21.10.2008, 20.10.2009, 26.10.2010, 27.10.2011, 23.10.2012, 08.10.2013, 14.10.2014, 13.10.2015, 10.05.2016, 11.09.2018, 26.11.2019, 13.04.2021	Council
ED21/9605	16	Changed to new template	22.10.2024	R. Munro

Document #: ED21/9605	Document Title: Reserves Council Policy	Authorised by: Chief Financial Officer
Version #: 16	Developed By: Finance	

Report

Subject	Audited Financial Statements for the year ended 30 June 2024
TRIM Record No	BP24/906:AF24/3126
Prepared by	Acting Chief Financial Officer
Reason	For council to 'form and opinion' on the Audited Financial Statements for the year ended 30 June 2024 in accordance with section 413 - Local Government Act 1993.
Strategic Theme	Leadership and participation
Strategy	We provide effective management and responsible governance.
Action	Ensure the efficient and effective operation of Council.

Executive Summary

Council is required to 'form an opinion' on the financial statements and refer the statements to Council's auditor for an independent audit, the auditor relies on this as part of the independent audit process. That is, reach a conclusion that the financial statements fairly and accurately reflect the financial outcomes of the period to 1 July 2023 to 30 June 2024. The 2024 Financial Statements represent a snapshot of Council's financial position at a point in time and reports on the performance of Council over the preceding twelve months.

The issues associated with the natural disasters 2022 are still impacting the financial performance of Council, with infrastructure and some operations not fully restored. These events caused significant damage to Council's infrastructure with work continuing to address the restoration and improvement works associated with the damage.

The following is a summary of Council's performance for 2024.

Description	OLG Benchmark	2024 ('000)	2023 ('000)	Yr on yr	%
Income Statement					
Total income from continuing operations		237,551	202,870	34,681	17.10%
Total expenses from continuing operations		142,099	155,075	(12,976)	8.37%
Operating result from continuing operations		95,452	47,795	47,657	99.71%
Net operating result for the year		95,452	47,795	47,657	99.71%
Net operating result before grants and contributions provided for capital purposes		(8,128)	(13,416)	5,288	39.42%
Statement of Financial Position					
Total current assets		235,586	169,833	65,753	38.72%
Total current liabilities		(133,350)	(59,217)	(74,133)	125.19%
Total non-current assets		2,034,010	1,830,286	203,724	11.13%
Total non-current liabilities		(48,453)	(52,828)	4,375	8.28%
Total equity		2,087,793	1,888,074	199,719	10.58%
External Borrowings	N/a	40,159	45,767	(5,608)	12.25%
Performance measures					
Unrestricted current ratio (times)	>1.5x	1.92	2.07		
Operating performance ratio (%)	>0%	-2.08	-4.09		
Debt service cover ratio (times)	>2x	3.60	2.89		
Rates and annual charges outstanding ratio (%)	<10 months	12.24%	9.95%		
Own source operating revenue ratio (%)	>60%	43.28%	46.98%		
Cash expense cover ratio (months)	>3 months	19.61 mnths	12.04 mnths		
Infrastructure renewals ratio (%)	>= 100%	192.19%	259.01%		-66.82%
Infrastructure backlog ratio	<2%	8.47%	12.32%		3.85%
Asset Maintenance Ratio	>= 100%	121.84%	106.95%		14.89%
Does not meet OLG Ratio					
Does meet OLG Ratio					

Council has a large portfolio of works programmed in the following years to address the issues around the flood not only to its own infrastructure but also the community. Council has secured significant Australian and NSW Government funding to assist in the process and to address associated cashflow issues with the restoration works.

Although the **Net operating result before grants and contributions provided for capital purposes Council** has improved year on year it still requires further attention as a continued loss is not sustainable. It is important to note that the “net operating loss” is not a “cash loss”. Includes depreciation which is a non-cash item but a reflection of the value of assets consumed to deliver service to the community.

Council has commenced a review of its long-term financial sustainability with the aim to develop a robust strategy addressing the challenges it is facing. This will include service level definitions and community engagement as part of the development of the Community Strategic Plan.

In accordance with Section 418 of the *Local Government Act 1993*, Council is required to fix a date to present the financial reports to the public no more than five (5) weeks after the auditor’s reports are given, the signed audit report is to be received by the 31 October 2024. In order to comply with the reporting requirements a meeting of Council is scheduled on the 12 November 2024.

A copy of the Draft Financial Statements for the year ended 30 June 2024 is attached.

As the Audit is still being finalised, any changes, together with the NSW Audit Office’s Engagement Closing Report and draft Report on the Conduct of the Audit, will be provided to the Committee when completed.

Recommendation

That:

1. in accordance with Section 413 (2) (c) of the *Local Government Act 1993* and clause 215 of the *Local Government (General) Regulation 2021*, adopt the Audited Financial Statements for the year ended 30 June 2023 and form an opinion based on the attached ‘Statement by Councillors and Management’ for both the General-Purpose Financial Statements and Special Purpose Financial Statements
2. delegate to the Mayor and a Councillor to sign the ‘Statement by Councillors and Management’ on behalf of Council
3. delegate to the General Manager to, on receipt of the Independent Audit Reports, submit the Audited Financial Statements to the NSW Office of Local Government.
4. in accordance with Section 705 of the *Local Government Act 1993* determine the public notice relating to the financial statements will be advertised on Council’s website and Council’s Facebook page
5. Council present the Audited Financial statements to the public on the 12 November 2024

Background

In accordance with Section 413 of the *Local Government Act 1993*, Council is required to: -

- prepare financial reports each year
- the financial reports must include:
 - a general-purpose financial report
 - any other matter prescribed by the regulations
 - a statement in the approved form by the council as to its opinion on the general-purpose financial report

- the general-purpose financial report must be prepared in accordance with this Act and the regulations and the requirements of:
 - the publications issued by the Australian Accounting Standards Board, as in force for the time being, subject to the regulations
 - such other standards as may be prescribed by the regulations

With regards to ‘any other matter prescribed by the regulation’, this refers to the *Local Government (General) Regulations 2021* and includes:

- the financial reports are to include general purpose financial statements, special purpose financial statements if applicable, and special schedules, and must be prepared in accordance with the Local Government Code of Accounting Practice and Financial Reporting
- the statement by the council must be made by resolution, and be signed by the mayor, at least one other member of the council, the responsible accounting officer, and the general manager (if not the responsible accounting officer). The statement must indicate:
 - whether or not the council’s annual financial reports have been drawn up in accordance with the Act and the Regulation
 - the Code
 - the Australian Accounting Standards issued by the Australian Accounting Standards Board
 - whether or not those reports present fairly the council’s financial position and operating result for the year
 - whether or not those reports accord with the council’s accounting and other records
 - whether or not the signatories know of anything that would make those reports false or misleading in any way and include such information and explanations as will prevent those reports from being misleading because of any qualification that is included in the statement

The Council must ensure that the statement is attached to the relevant annual financial reports.

The 2023-2024 Financial Reports have been prepared in accordance with the requirements of the *Local Government Act 1993* and the *Local Government (General) Regulations 2021*.

Understanding the Financial Reports:

The Financial Reports are broken down into three sections: -

Section	Description
General Purpose Financial Statements (GPFS)	The GPFS are the primary report used to convey the financial performance and position of a council. They present the financial information in a manner which “...provides the users with information about the reporting entity which is useful for making and evaluating decisions about the allocation of scarce resources...”. The key elements of the GPFS are the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Key Performance Indicators (KPI’s). These statements are supported by the Notes to the Financial Statements.
Special Purpose Financial Statements (SPFS)	The SPFS are prepared for Council’s nominated business activities as adopted by Council. These include Water, Sewer, Quarry, Waste Disposal, Crematorium, GASC Gymnasium and Swimsations. The purpose of these reports is to detail the performance of business activities under the principles of ‘competitive neutrality’. This reporting requires costs such as taxation equivalents and dividends to be included even though they may not actually be paid, and a return on investment to be calculated. Any subsidy from Council is also disclosed. The key elements of the SPFS are the Income Statement and Statement of Financial Position for each nominated business activity. These statements are supported by the Notes to the Special Purpose Financial Statements.
Special Schedules (SS)	The SS have been designed to meet the requirements of special purpose users.

General Purpose Financial Statements (GPFS)

The Financial Statements have three key primary statements:

Section	What does this show	What does it mean
1. Income Statement (Profit & Loss)	This shows how much Council has earned and the costs incurred. It shows over a period whether the Council has made or lost value. This does not include the purchase of assets.	An operating surplus means Council is generating sufficient revenue to fund its operating expenses. An operating surplus does not always equal an increase in cash.
2. Statement of Financial Position	This shows what Council owns, what Council owes and its net worth.	Equity - an increase in equity means Council has increased its net worth.
3. Cash Flow Statement	This shows where the cash has come from, where the cash has been spent and what is left at the end of the year.	This shows how Council is using its cash. It shows if Council has increased or decreased its cash.
Statement of performance measures	The statement of performance measures provides a snapshot of how the Council is performing or positioned financially.	Council is measured against benchmarks set by the Office of Local Government (OLG).

For clarity, where an amount is 'favourable' to Council's financial result for the year or financial position as at 30 June, it will be shown as a positive number (un-bracketed). Where an amount is 'unfavourable' to Council's financial result for the year or financial position as at 30 June, it will be shown as negative number.

2023-2024 Financial Reports in review

General Purpose Financial Statements (GPFS) - Overview

1. Income Statements (Profit & Loss) - Consolidated Operating Result

The following table displays the summarised information for the Income Statement:

Item	2023/2024 (\$'000)	% Change	2022/2023 (\$'000)
Operating Result from continuing operations	95,452	99.71%	47,795
Net operating result for the year before grants and contributions provided for capital purposes.	(8,128)	39.42%	(13,416)

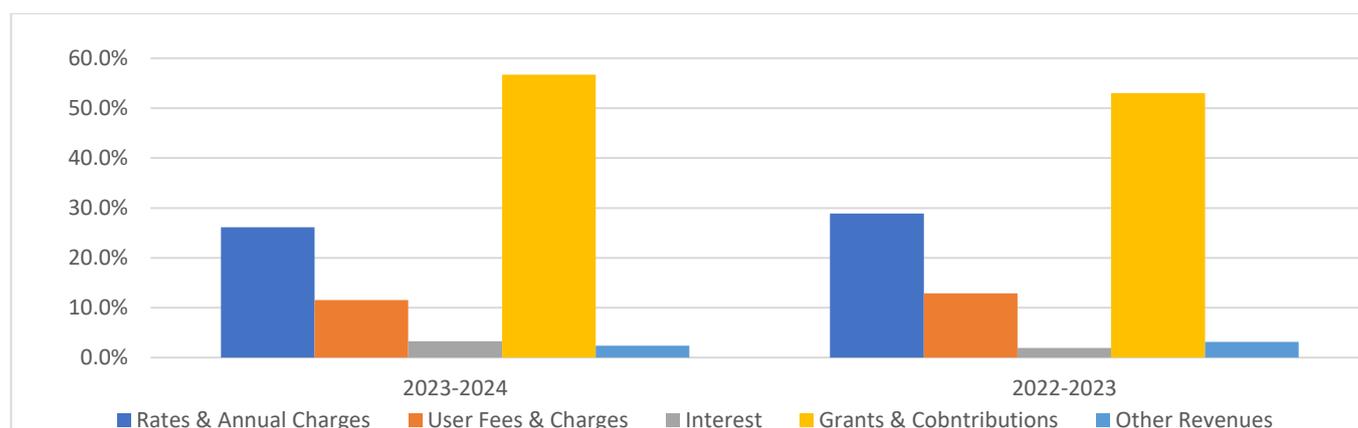
The Operating Result from continuing operations has been impacted by an increase in capital grant funding received from Federal and State Governments in response to the natural disasters of February/March 2022. Capital grant funding has been received for the restoration of Council's infrastructure (assets), the associated expense is not included in this result as it relates to Infrastructure Property Plant and Equipment which is recognised on the Statement of Financial Position. In accordance with the Accounting Standards, Council only recognises capital grants as income when it has met the grant deliverables as set out in the grant agreement. Where grants are received but the deliverable is still to be fully delivered, these funds are held as a liability within the balance sheet.

A better measure of Council’s ongoing performance is the net operating result for the year before grants and contributions provided for capital purposes. This is the measure of Council’s ongoing operating performance. Although the result has improved year on year it is still a deficit, which means Council is not adequately funding its depreciation. The target benchmark is equal or greater than \$0.

Council has commenced a review of its long-term financial sustainability with the aim to develop a robust strategy model that addresses the challenges that it is facing.

Income from continuing operations

The following graph represents the main types of income from continuing operations expressed as a percentage of total continuing operations for 2023-2024 and 2022-2023. For 2022-2023 Council’s major source of revenue was Grants and Contributions. This is reflective of the 2021-2022 natural disasters of February/March 2022 as a result of which, Council received government support to deal with the immediate emergency situation, the clean-up and to address some of the long-term restoration.

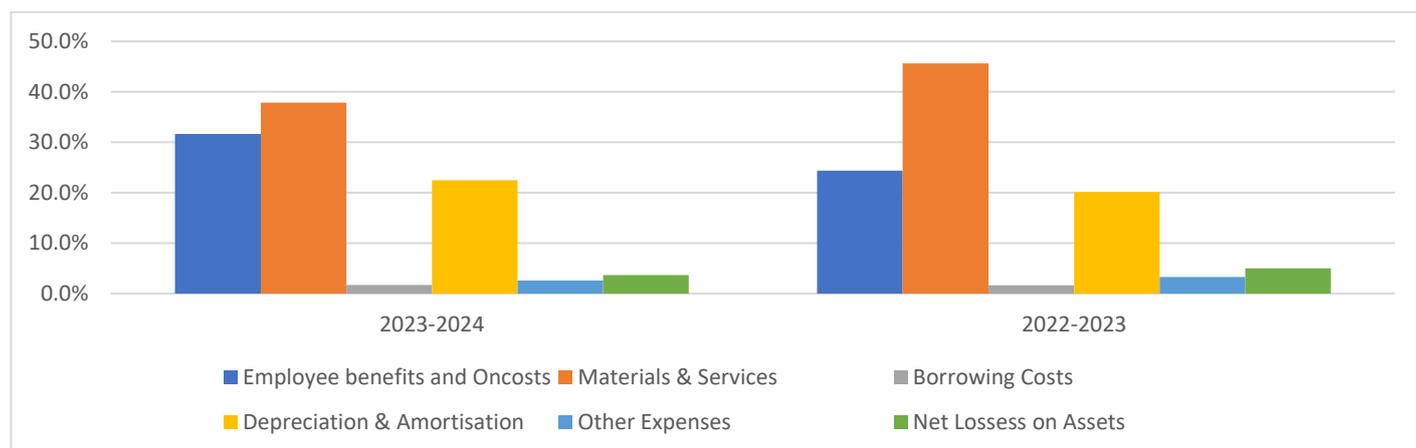


Material Revenue Movements (Refer page 4 - Annual Financial Statements)

Income statement					
Balance Name	YTD Final	YTD PY Actual	\$ Variation to Prior year	% Variation to Prior year	Analysis of Variance
	\$	\$	\$	%	
Income from continuing operations					
Rates and annual charges	62,025	58,632	3,393	6%	
User charges and fees	27,959	26,309	1,650	6%	
Other revenues	5,614	6,373	(759)	-12%	
Grants and contributions provided for operating purposes	31,158	46,279	(15,121)	-33%	The decrease in operating grants was mainly due to Council receiving reimbursements for Emergency Works and Immediate Reconstruction Works claims related to works completed in the 2022 FY in 2023 FY.
Grants and contributions provided for capital purposes	103,580	61,211	42,369	69%	This is mainly driven by capital grants funding received for natural disaster reconstruction works.
Interest and investment revenue	7,752	3,917	3,835	98%	The increase in interest and investment revenue is due to Council receiving competitive interest rates on the term deposit portfolio and \$1.459m interest on EPAR advance funding held at Council's Business Online Saver.
Net share of interests in joint ventures and associates using the equity method	-	149	(149)	-100%	
Total income	238,088	202,870	35,218		

Expenses from continuing operations

The following graph represents the types of expenses from continuing operations expressed as a percentage of total continuing operations for 2023-2024 and 2022-2023:



Material Expenses Movements (Refer page 4 - Annual Financial Statements)

Balance Name	Income statement				Analysis of Variance
	YTD Final \$	YTD PY Actual \$	\$ Variation to Prior year \$	% Variation to Prior year %	
Expenses from continuing operations					
Employee benefits and on-costs	44,911	37,757	7,154	19%	This increase in employee benefits and on-costs is based on multiple factors, such as a superannuation increase of \$1,063m, an increase in Council's workers compensation costs of \$689,032, the establishment of Council's flood portfolio, a reduction in vacancy rates, a 3.5% salary and wages increase in the Local Government employment award and an overall increase in the number of employees in various Council departments.
Materials and contracts	54,327	70,753	(16,426)	-23%	
Borrowing costs	2,427	2,558	(131)	-5%	The decrease in materials and contract costs is consistent with the reduction in operating grants revenue. In the 2023 financial year, Council still spent funds on Emergency Works and Immediate Reconstruction Works.
Depreciation and amortisation	31,943	31,170	773	2%	
Other expenses	3,687	5,060	(1,373)	-27%	The 2023 FY figure included on-going disposals in relation to the February 2022
Net losses from disposal of assets	5,258	7,777	(2,519)	-32%	
Net share of interests in joint ventures and associates using the equity method	83	-	83	100%	
Total expenses	142,636	155,075	(12,439)		
Net profit / (loss)	95,452	47,795	47,657		

Operating result by fund (Refer page 54 – Annual Financial Statement)

The consolidated operating result comprises the surpluses and deficits associated with Council’s general, wastewater and water funds.

The results of each fund are provided below:

2023-2024	General ('000)	Water ('000)	Sewer ('000)
Income from continuing operations	200,681	18,365	18,505
Expenses from continuing operations	(109,343)	(17,730)	(15,026)
Operating result from continuing operations	91,338	635	3,479
Net operating result for the year before grants and contributions provided for capital purposes.	(11,208)	353	2,727

2. Statement of Financial Position (Refer page 6 – Annual Financial Statement)

The Statement of Financial Position is used to calculate the Council’s total Equity (assets – liabilities = equity). The total equity of Council as of 30 June 2024 was \$2.088 billion. This represents a net increase in equity of \$199.72 million during the year.

	2023-2024 ('000)	% Change impact	2022-2023 ('000)
Current Assets	235,586	12.93%	169,833
Non-Current Assets	2,034,010	7.59%	1,830,286
Total Assets	2,269,596	8.03%	2,000,119
Current Liabilities	(133,350)	(24.39%)	(59,217)
Non-current Liabilities	(48,453)	13.02%	(50,828)
Total Liabilities	(181,803)	(3.42%)	(12,045)
Net Assets (Net Equity)	2,087,793	8.31%	1,888,074

Asset Movements:

Statement of Financial Position					
Balance Name	YTD Final	YTD PY Actual	\$ Variation to Prior year	% Variation to Prior year	Analysis of Variance
	\$	\$	\$	%	
CURRENT ASSETS					
Cash and cash equivalent assets	113,596	42,272	71,324	169%	The increase in cash and cash equivalent is mainly driven by the the \$86 million advance funding received for EPAR works under the tripartite agreement.
Investments	69,000	89,928	(20,928)	-23%	This is due to the reduction in term deposit investments in the 2024 financial year, as Council has been required to utilise funds for cash flow purposes, given the significant level of receivables for grants as of 30/06/2024
Receivables	25,041	18,311	6,730	37%	The increase is due to debtors outstanding as at 30/06/24 relating to grants and general debtors.
Inventories	3,322	2,666	656	25%	
Contract assets	23,889	16,523	7,366	45%	The increase in contract assets is mainly made up of accrued revenue owed to Council as at 30 June, relating to the BBRF Rail Trail project, flood recovery buildings EPAR works and other grants.
Other	738	133	605	455%	
TOTAL CURRENT ASSETS	235,586	169,833	65,753		
NON-CURRENT ASSETS					
Investments	1,000	1,000	-	0%	
Receivables	2,538	3,456	(918)	-27%	
Inventories	174	174	-	0%	
Infrastructure, property, plant & equipme	2,026,435	1,822,055	204,380	11%	The increase is manily due to capital work in progress and buildings infrastructure relating to natural disaster reconstruction works.
Intangible assets	-	-	-	100%	
Right-of-use assets	2,547	2,202	345	16%	
Investments accounted for using the equ	1,316	1,399	(83)	-6%	
TOTAL NON-CURRENT ASSETS	2,034,010	1,830,286	203,724		

Major Asset classes:

Cash, Cash Equivalents, and Investments (Note C1-1 to C1-3) (Refer page 31 33 – Annual Financial Statement)

Council has total cash, cash equivalents and investments of \$183 million as of 30 June 2024. Compared to 2022-2023, this is an increase of \$50 million. This balance includes \$74 million in advance payments to address the flood restoration works.

Liquidity:

Council cash and cash equivalents (short readily available cash) increased by \$71 million. The advance flood payments have been kept in short term deposit at call accounts to ensure that funds available to pay for flood works as they progress. Cash held as Investments have decrease by \$20.9 million.

Externally Restricted and Unrestricted:

Council's cash and investments are categorised as Externally Restricted funds (that is have restrictions placed on their use) or Internally Restricted (held for use in accordance with Council's Reserve Policy).

Externally restricted funds are generally Water, Sewer, Trust Funds, unexpended grants and S7.11 funds.

Council is required to recognise investments held at 30 June each year at their market value.

Description	Type	2024 Amount '000		2023 Amount '000	
Developer contributions	Externally Restricted	9,825		9,109	
Wastewater Services	Externally Restricted	44,534		47,796	
Water Services	Externally Restricted	13,604		16,868	
Unexpended Grants	Externally Restricted	94,482		29,787	
Stormwater Management	Externally Restricted	2,971		2,623	
Domestic Waste Management	Externally Restricted	-		-	
Other Waste Minimisation	Externally Restricted	1,592		2,113	
Art Gallery Gift Account	Externally Restricted	458		184	
Trust Fund	Externally Restricted	1,744		1885	
Total	Externally Restricted	169,570	92%	110,635	83%
Unexpended Loans	Internally Restricted	-			
Internal Reserves					
Council's Reserves policy	Internally Restricted	14,026		22,834	
Unrestricted	Unrestricted	-			
Total	Internally Restricted	14,026	8%	22,834	17%
Total		183,596		133,199	

Note – From a cash perspective Council was owed as at the 30 June \$25 million in grant funds for works that were undertaken in 2024 but had not been reimbursed by the funding body. These funds are deemed as working capital and when received will be used to increase internal reserves and to undertake works as identified in the Reserve Program.

Council has received \$14.5 million since the 30 June 2024. Council has commenced a review of its grants process, including the application for grants and sourcing a software solution to provide the real time management of grants. Council has assigned a grants officer to the grant function to ensure more control around the management of grants and the collection of grants due.

Infrastructure, Property, Plant & Equipment (Note C1-7) (Refer page 37-41 – Annual Financial Statement)

The major component of Council's Assets is its infrastructure assets. Net infrastructure, Property Plant & Equipment assets total \$2.026 billion as of 30 June 2024 and includes the listed major categories and amounts included in the table below. This represents a \$204 million increase from 2022-2023.

The significant movement in Infrastructure, Property Plant & Equipment is primarily attributed to:

- total expenditure on renewing existing asset was \$51.125 million.
- total expenditure on new assets \$35.488 million (*Note – In accordance with Accounting Standards "new assets" includes works on existing assets that extend the life of the assets or is not a replacement - like for like. A lot of the "new assets" also includes Flood restoration works on existing assets where the existing asset was required to be replaced.*)
- reinstatement of impaired assets \$50.39 million
- disposal of Assets (\$5.73) million
- depreciation (\$31.16) million
- impairment loss roads (flood assets) (\$20.8) million
- revaluation of assets \$124,949 million (stormwater was revalued, with other assets indexed)

Table of significant asset classes and movements

Infrastructure Assets	Gross Carrying Amount	Accumulated Depreciation	Net Carrying Value	Accumulated Depreciation
	(\$m)	(\$m)	(\$m)	%
WIP	97.80	0.00	97.80	0.00%
Plant & Equipment	38.20	21.07	17.13	55.16%
Land - Operational	78.17	0.00	78.17	0.00%
Land - Community	41.36	0.00	41.36	0.00%
Land - Other	72.92	30.57	42.35	41.92%
Buildings	163.62	63.60	100.02	38.87%
Roads, Bridges, Footpaths & Earthworks	1455.49	447.98	1007.51	30.78%
Stormwater Drainage	155.25	37.12	118.13	23.91%
Water Supply Network	312.92	137.43	175.49	43.92%
Wastewater Services Network	509.25	195.54	313.71	38.40%
Total	2924.96	933.31	1991.66	31.91%

Liabilities Movements (Refer page 46 - 53 – Annual Financial Statement)

CURRENT LIABILITIES

Payables	32,303	24,350	7,953	33%	<p>The increase in payables is made up of an increase in security bonds and bank guarantees held relating to natural disaster reconstruction works and capital expenditure accounts payable not due at 30/06/2024.</p> <p>This is mainly driven by \$72 million contract asset recorded at 30 June, on the \$86 million advance funding received for EPAR works under the tripartite agreement.</p>
Contract liabilities	87,753	21,206	66,547	314%	
Lease liabilities	814	571	243	43%	
Borrowings	4,932	5,815	(883)	-15%	
Employee benefit provisions	7,484	7,026	458	7%	
Provisions	64	249	(185)	-74%	
TOTAL CURRENT LIABILITIES	133,350	59,217	74,133		

NON-CURRENT LIABILITIES

Lease liabilities	1,846	1,703	143	8%	<p>The overall loan borrowings have decreased due to scheduled repayments. No new loans have been drawn.</p>
Borrowings	35,227	39,952	(4,725)	-12%	
Employee benefit provisions	675	686	(11)	-2%	
Provisions	10,705	10,487	218	2%	
TOTAL NON-CURRENT LIABILITIES	48,453	52,828	(4,375)	-8%	

Borrowings (Note C3-3) (Refer page 48 – Annual Financial Statement)

Council's total external borrowings at 30 June 2024 were \$40.159 million.

Fund	30 June 2023 \$'000	New Loans \$'000	Repayments \$'000	30 June 2024 \$'000
General Fund	18,812	-	(3,417)	15,395
Water Fund	8,740	-	(706)	8,034
Wastewater Fund	18,215	-	(1,485)	16,730
Total External Borrowings	45,757	-	(5,608)	40,159

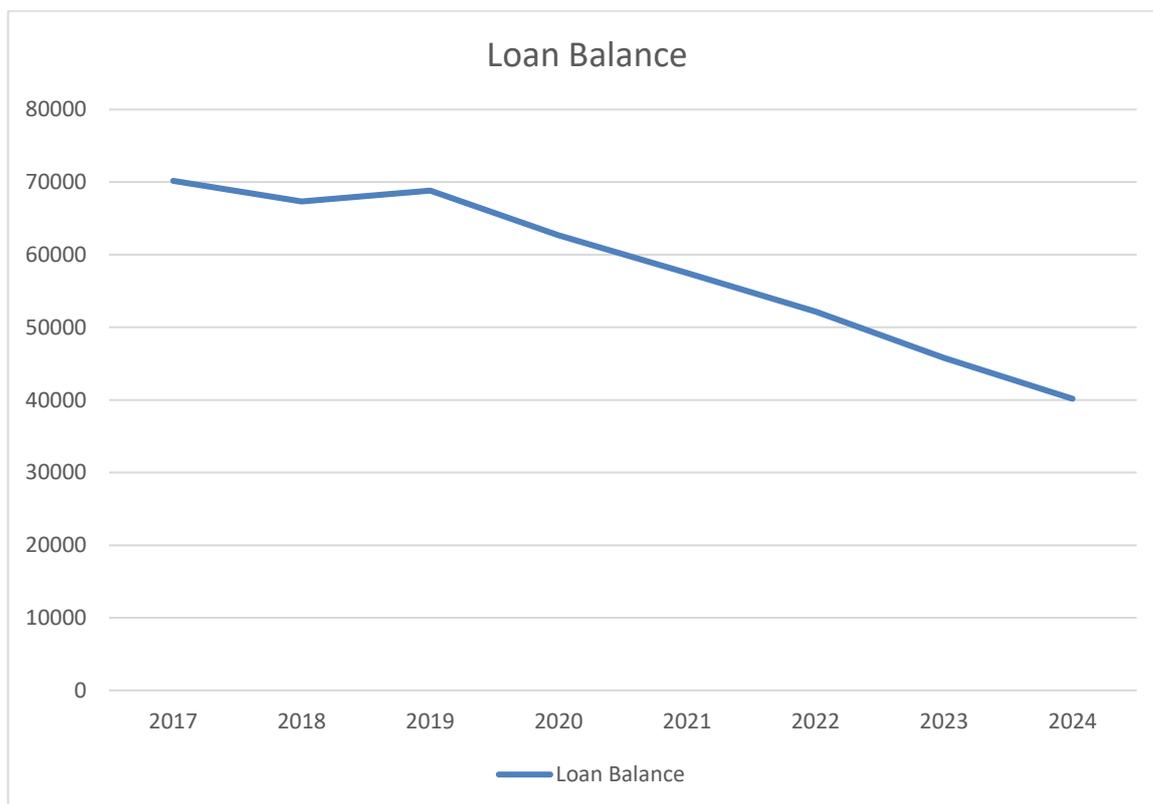
Council debt continues to decline year on year as result of meeting regular repayment schedules. There were no new borrowings drawn in 2023-2024.

External Loan Borrowings have been reducing since 2017 as is shown in the below graph.

Council has employed the following as part of its strategy to move towards financial sustainability:

Borrowings should only be sourced:

- if there is an identified source of funding for servicing the loan (that is the loan is an asset that will generate sufficient return to service over the life of the loan)
- for intergenerational assets that require significant capital with repayments to be met by the generation using the asset.
- for legacy issue that may need to be addressed as a matter of urgency.



3. Cash Flow Statement (Refer pages 8 & 74- Annual Financial Statement)

This shows where the cash has come from, where the cash has been spent and what is left at the end of the year.

Item	2023-2024	%	2022-2023	Comment
	(\$'000)	Change	(\$'000)	
Operating & Capital Receipts	285,294	39.60%	204,363	Main increase Grants & Contributions 98m
Operating Payments	(106,012)	-15.62%	(125,629)	Employee Cost up 8m material services down \$24m
Net cash result from operations	179,282	127.71%	78,734	
Cashflow from investing activities				
Net sale/(purchase) of IPPE	275	38.89%	198	
Deferred Debtors	10	0.00%	10	
Acquisition of term deposits	20,928	89.02%	11,072	
Purchase IPPE	(122,821)	72.06%	(71,383)	Flood restoration works
Net cash provided by(used) investing activities	(101,608)	69.06%	(60,103)	
Cashflow from financing activities				
New Borrowings	-	N/a	-	
Repayment of borrowings	(5,608)	-12.62%	(6,418)	As budgeted
Lease liabilities	(742)	8.32%	(685)	
Net cash provided by(used in) financing activities	(6,350)	-78.97%	(7,103)	
Net change in cash and cash equivalents	71,324	518.70%	11,528	
Cash at the start of the year	42,272	37.50%	30,744	
Closing cash position	113,596	168.73%	42,272	
Plus Investments	70,000	-23.02%	90,928	Increase in short term at call deposit to manage flood restoration.
Total cash and investments	183,596	37.83%	133,200	Advance payment Flood restoration \$71m.

Council's cash reserves have increased year on year due to an advance payment of \$75 million in relation to the flood restoration works Council is required to undertake in the next few years. If we exclude this payment Council cash reserves have declined year in year. remained steady on the previous year. From a cash perspective Council was owed as at the 30 June \$25 million in grant funds for works that were undertaken in 2024 but had not been reimbursed by the funding body. These funds are deemed as working capital and when received will be used to increase internal reserves and to undertake works as identified in the Reserve Program.

Council has received \$14.5 million since the 30 June 2024. Council has commenced a review of its grants process, including the application for grants and sourcing a software solution to provide the real time management of grants. Council has assigned a grants officer to the grant function to ensure more control around the management of grants and the collection of grants due.

4. Statement of performance measures (Note G5) (Refer pages 79–83 Annual Financial Statement)

The statement of performance measures provides a snapshot of how the Council is performing or positioned financially.

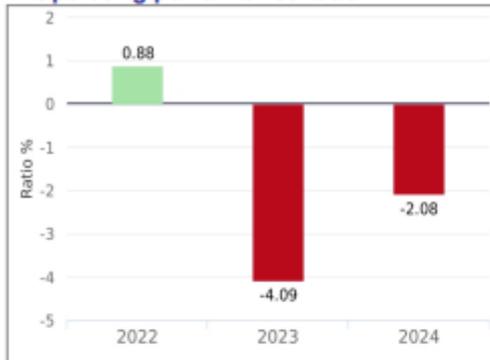
Council is measured against benchmarks set by the Office of Local Government (OLG).

Ratio	What does the ratio mean	Benchmark
Operating performance	This ratio measures the extent to which a council has succeeded in containing operating expenditure within operating revenue. It is important to emphasise that this ratio is focusing on operating performance, and hence capital grants and contributions, fair value adjustments, and reversal of revaluation decrements are excluded. Pensioner rate subsidies are included.	The benchmark is greater than 0%.
Own source operating revenue	This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves as its own source revenue increases.	The benchmark is greater than 60%
Unrestricted current ratio	The 'unrestricted current ratio' is specific to local government and is designed to represent a council's ability to meet short-term obligations as they fall due. Restrictions placed on various funding sources (e.g., Section 7.11 developer contributions, RMS contributions) complicate the traditional current ratio used to assess liquidity of businesses, as cash allocated to specific projects is restricted and cannot be used to meet a council's other operating and borrowing costs	The benchmark is greater than 1.5 times
Debt service cover ratio	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments	The benchmark is greater than two times.
Rates and annual charges outstanding	To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	The benchmark is <10% regional and Rural
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.	The benchmark is greater than three months.

The following is a summary of the performance measures for 2023-2024, 2022-2023, 2021-2022 on a consolidated basis:

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2023/24 result

2023/24 ratio (2.08)%

Council's operating performance ratio was -2.08% for the 2023/2024 financial year. The improvement in this ratio was assisted by Council receiving funding for emergency flood works where expenses were incurred in previous financial years. Through the development of its long term financial plan, Council is taking steps to address its operating performance and to move this ratio closer to the benchmark.

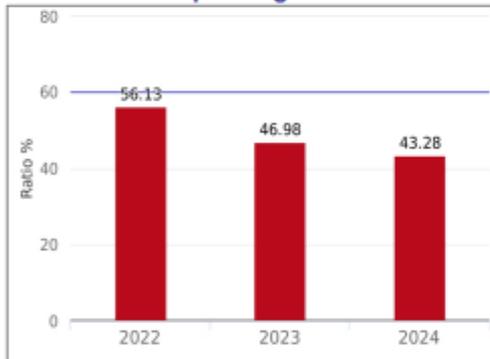
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



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 and contributions.

Commentary on 2023/24 result

2023/24 ratio 43.28%

Council's own source operating revenue ratio was 43.28% for the 2023/2024 financial year, which is below the benchmark of > 60%. This ratio is still being adversely affected by significant levels of natural disaster funding and other grants following the February 2022 flood event. This ratio is expected to return to > 60% once restoration works have been completed.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



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 2023/24 result

2023/24 ratio 1.92x

Council's unrestricted current ratio was 1.92 for the 2023/2024 financial year and remains well above the benchmark of 1.5.

Benchmark: — > 1.50x

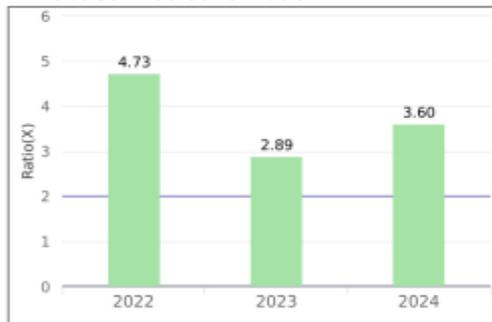
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2023/24 result

2023/24 ratio 3.60x

Council's debt service ratio was 3.60 for the 2023/2024 financial year, which is above the benchmark of > 2.0.

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 12.24%

Council's rates and annual charges outstanding percentage was 12.24% for the 2023/2024 financial year. Notably, the general fund ratio was 11.21% for the 2023/2024 financial year, increasing from 8.13% in the previous year. It should be noted that Council levies its water annual charges in arrears and this adversely impacts the consolidated ratio.

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2023/24 result

2023/24 ratio 19.61 months

Council's cash expense cover ratio was 19.61 months for the 2023/2024 financial year, which is well above the benchmark of > 3 months.

Ratio achieves benchmark

Ratio is outside benchmark

Council is above the benchmark for 3 of the six ratios and outside for the remaining 3 ratios. The Operating performance has improved year on year however still needs to be addressed as it is considered not sustainable. Council is undertaking a strategic review of options to ensure Council is Financial sustainable in the near future.

Own Source Operating Revenue Ratio is below the benchmark and is driven by the increase in grant funds received due in relation to the February/March 2022 flood events.

Rates and annual charges is outside the benchmark, this is due to the impact of the floods and will be addressed in 2024-2025.

The following table is a summary of the performance measures for 2023-2024 by fund:
(Note unfavourable to the OLG benchmark is shown in red).

Performance Measures	General	Water	Sewer	Benchmark
Operating Performance Ratio	(7.73%)	9.64%	17.24%	>0%
Own Source Operating Revenue Ratio	33.38%	98.45%	95.91%	>60%
Unrestricted Current Ratio	1.91x	16.08x	13.15x	>1.50%
Debt Service Cover Ratio	3.07x	4.84x	4.34x	>2.0x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	11.21%	19.83%	11.55%	<10.0%
Cash Expense Cover Ratio (months)	17.12 months	11.90 months	49.91 months	>3.0 months

On a fund basis Council is still favourable on all ratio except for the Operating Performance Ratio (General Fund), Own Source Operating Revenue Ratio (General Fund) and the Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage for all funds.

The Operating performance ratio for General Fund has declined from 2022-2023 but has improved for Water and Sewer.

The Own source Operating Revenue is still below benchmark for General Fund due to the large amount grant funding that was received.

The Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage for Water is the benchmark due to the billing period end date being 30 June 2024 with payments not due until after year end.

5. Special Purpose Financial Statements

Business Activities

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

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

Return on Capital

The following table provides a summary of the return on capital for Council's business activities for 2023-2024 and 2022-2023. (Note unfavourable to the OLG benchmark is shown in red).

Business Unit	Return on capital. % 2023-2024	Return on capital. % 2022-2023
Water	0.20%	(0.20%)
Wastewater	1.00%	(0.60%)
NRQ&A	(24.8%)	12.9%
Waste Disposal	(16.5%)	(14.1%)
Lismore Crematorium	2.9%	(7.0%)
GSAC – Gymnasium	N/A	N/A
GSAC – Swimsations	N/A	N/A

There is no return on capital assessment applicable to GSAC – Gymnasium and Swimsations as these operations effectively ‘lease’ space and do not own any assets.

Subsidy from Council

Council is deemed to have made a subsidy to a business activity if the capital return is less than the ‘risk free rate’. The risk-free rate is equivalent to the 10 Year Government Bond Rate applicable as at 30 June each year. For 30 June 2024, the rate was 4.30%.

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

Business Unit	\$'000	Business Unit	\$'000
Water	7,591	Waste Disposal	2,492
Sewer	10,974	Lismore Crematorium	6
Northern Rivers Quarry & Asphalt	1,082	GSAC – Gymnasium	236
GSAC – Swimsations	312		

6. Special Schedules

Infrastructure Asset Performance Indicators

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

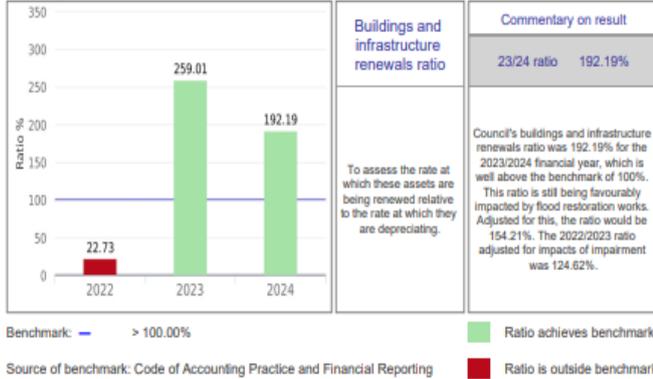
- a) Building & Infrastructure Renewal Ratio – To assess the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark is $\geq 100\%$.
- b) Infrastructure Backlog Ratio – To show what proportion the backlog is against the total value of infrastructure. The benchmark is $< 2\%$.
- c) Asset Maintenance Ratio – To compare actual versus required annual asset maintenance. The benchmark is $> 100\%$
- d) Cost to bring assets to agreed service level – Estimated cost to bring assets to an agreed service level set by Council as a percentage of the gross replacement cost of all infrastructure assets. There is no benchmark.

The following is a summary of the performance measures for 2023-2024, 2022-2023, 2021-2022 and on a consolidated basis:

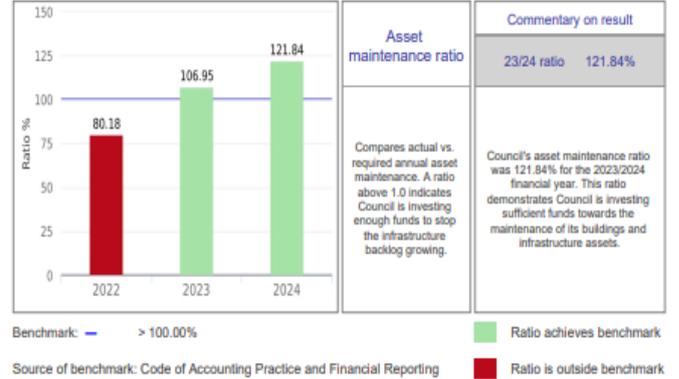
Lismore City Council

Report on infrastructure assets as at 30 June 2024

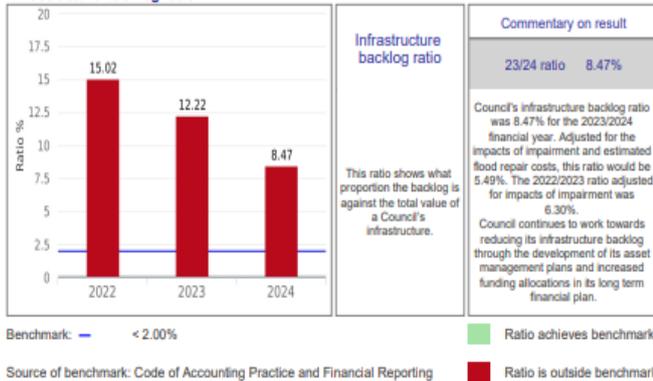
Buildings and infrastructure renewals ratio



Asset maintenance ratio



Infrastructure backlog ratio



Cost to bring assets to agreed service level



Comments

Finance

Contained within the report.

Public consultation

Section 418 of the *Local Government Act 1993* requires Council, upon receiving the audit report, to give at least 7 days public notice of the meeting at which it proposes to present its Audited Financial Statements together with the Audit Report to the public. The Audited Financial Statements for the year ended 30 June 2024 will be advertised in accordance with requirements and presented to the public at Council's 12 November 2024 meeting.

In accordance with Section 705 of the *Local Government Act 1993*, it is recommended that the public notice relating to the financial statements be advertised on Council's website and Council's Facebook page.

Members of the public can make a written submission to Council up to seven days after the meeting. Council must forward a copy of any submission received to the auditor and take any action it considers appropriate.

Attachment/s

- 1. [2023-2024 Financial Statement](#)

Lismore City Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2024



Lismore City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Lismore City Council

General Purpose Financial Statements for the year ended 30 June 2024

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Overview

Lismore City Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

43 Oliver Avenue
GOONELLABAH NSW 2480

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.lismore.nsw.gov.au.

Lismore City Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

The attached general purpose financial statements have been prepared in accordance with:

- *Local Government Act 1993* and the regulations made thereunder,
- Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these statements:

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

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

Signed in accordance with a resolution of Council made on 29 October 2024.

Steve Krieg
Mayor
29 October 2024

Jeri Hall
Councillor
29 October 2024

Jon Gibbons
General Manager
29 October 2024

John Hartley
Responsible Accounting Officer
29 October 2024

Lismore City Council | Income Statement | for the year ended 30 June 2024

Lismore City Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
61,009	Rates and annual charges	B2-1	62,025	58,632
24,359	User charges and fees	B2-2	27,422	26,309
4,395	Other revenues	B2-3	5,614	6,373
22,574	Grants and contributions provided for operating purposes	B2-4	31,158	46,279
206,564	Grants and contributions provided for capital purposes	B2-4	103,580	61,211
3,306	Interest and investment income	B2-5	7,752	3,917
–	Net share of interests in joint ventures and associates using the equity method	D2a	–	149
<u>322,207</u>	Total income from continuing operations		<u>237,551</u>	<u>202,870</u>
Expenses from continuing operations				
36,846	Employee benefits and on-costs	B3-1	44,911	37,757
47,713	Materials and services	B3-2	53,790	70,753
1,947	Borrowing costs	B3-3	2,427	2,558
34,666	Depreciation, amortisation and impairment of non-financial assets	B3-4	31,943	31,170
3,925	Other expenses	B3-5	3,687	5,060
3,409	Net loss from the disposal of assets	B4-1	5,258	7,777
29	Net share of interests in joint ventures and associates using the equity method	D2a	83	–
<u>128,535</u>	Total expenses from continuing operations		<u>142,099</u>	<u>155,075</u>
<u>193,672</u>	Operating result from continuing operations		<u>95,452</u>	<u>47,795</u>
<u>193,672</u>	Net operating result for the year attributable to Council		<u>95,452</u>	<u>47,795</u>
<u>(12,892)</u>	Net operating result for the year before grants and contributions provided for capital purposes		<u>(8,128)</u>	<u>(13,416)</u>

The above Income Statement should be read in conjunction with the accompanying notes.

Lismore City Council | Statement of Comprehensive Income | for the year ended 30 June 2024

Lismore City Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		95,452	47,795
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	124,949	76,605
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	(20,682)	21,448
Total items which will not be reclassified subsequently to the operating result		104,267	98,053
Total other comprehensive income for the year		104,267	98,053
Total comprehensive income for the year attributable to Council		199,719	145,848

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Lismore City Council | Statement of Financial Position | as at 30 June 2024

Lismore City Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	113,596	42,272
Investments	C1-2	69,000	89,928
Receivables	C1-4	25,041	18,311
Inventories	C1-5	3,322	2,666
Contract assets and contract cost assets	C1-6	23,889	16,523
Other	C1-9	738	133
Total current assets		235,586	169,833
Non-current assets			
Investments	C1-2	1,000	1,000
Receivables	C1-4	2,538	3,456
Inventories	C1-5	174	174
Infrastructure, property, plant and equipment (IPPE)	C1-7	2,026,435	1,822,055
Right of use assets	C2-1	2,547	2,202
Investments accounted for using the equity method	D2-2	1,316	1,399
Total non-current assets		2,034,010	1,830,286
Total assets		2,269,596	2,000,119
LIABILITIES			
Current liabilities			
Payables	C3-1	32,303	24,350
Contract liabilities	C3-2	87,753	21,206
Lease liabilities	C2-1	814	571
Borrowings	C3-3	4,932	5,815
Employee benefit provisions	C3-4	7,484	7,026
Provisions	C3-5	64	249
Total current liabilities		133,350	59,217
Non-current liabilities			
Lease liabilities	C2-1	1,846	1,703
Borrowings	C3-3	35,227	39,952
Employee benefit provisions	C3-4	675	686
Provisions	C3-5	10,705	10,487
Total non-current liabilities		48,453	52,828
Total liabilities		181,803	112,045
Net assets		2,087,793	1,888,074
EQUITY			
Accumulated surplus		698,622	603,170
IPPE revaluation reserve	C4-1	1,389,171	1,284,904
Total equity		2,087,793	1,888,074

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Lismore City Council | Statement of Changes in Equity | for the year ended 30 June 2024

Lismore City Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance		603,170	1,284,904	1,888,074	555,375	1,186,851	1,742,226
Net operating result for the year		95,452	–	95,452	47,795	–	47,795
Net Operating result for the period		95,452	–	95,452	47,795	–	47,795
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	124,949	124,949	–	76,605	76,605
– Impairment (loss) reversal relating to IPP&E	C1-7	–	(20,682)	(20,682)	–	21,448	21,448
Other comprehensive income		–	104,267	104,267	–	98,053	98,053
Total comprehensive income		95,452	104,267	199,719	47,795	98,053	145,848
Closing balance at 30 June		698,622	1,389,171	2,087,793	603,170	1,284,904	1,888,074

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Lismore City Council | Statement of Cash Flows | for the year ended 30 June 2024

Lismore City Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
61,009		Rates and annual charges	58,194	60,942
24,359		User charges and fees	26,998	29,017
3,306		Interest received	7,117	2,816
229,138		Grants and contributions	187,356	98,888
–		Bonds, deposits and retentions received	2,642	216
4,395		Other	2,987	12,484
<i>Payments:</i>				
(36,846)		Payments to employees	(44,523)	(36,520)
(47,713)		Payments for materials and services	(54,813)	(78,759)
(1,947)		Borrowing costs	(2,470)	(3,057)
(3,925)		Other	(4,206)	(7,293)
231,776		Net cash provided by (or used in) operating activities	179,282	78,734
		G1-1		
Cash flows from investing activities				
<i>Receipts:</i>				
1,125		Proceeds from sale of IPPE	275	198
–		Deferred debtors receipts	10	10
<i>Payments:</i>				
–		Acquisition of term deposits	20,928	11,072
(235,791)		Payments for IPPE	(122,821)	(71,383)
(234,666)		Net cash provided by (or used in) investing activities	(101,608)	(60,103)
Cash flows from financing activities				
<i>Receipts:</i>				
4,900		Proceeds from borrowings	–	–
<i>Payments:</i>				
(5,941)		Repayment of borrowings	(5,608)	(6,418)
–		Principal component of lease payments	(742)	(685)
(1,041)		Net cash flow provided by (used in) financing activities	(6,350)	(7,103)
(3,931)		Net change in cash and cash equivalents	71,324	11,528
–		Cash and cash equivalents at beginning of year	42,272	30,744
(3,931)		Cash and cash equivalents at end of year	113,596	42,272
		C1-1		
–		plus: Investments on hand at end of year ¹	70,000	90,928
(3,931)		Total cash, cash equivalents and investments	183,596	133,200
		C1-2		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Lismore City Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 29 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note B5 - Performance Against Budget

and are clearly marked.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the 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 include:

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- ii. estimated tip and quarry remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 Revenue from Contracts with Customers and / or AASB 1058 Income of Not-for-Profit Entities – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

The Consolidated Fund has been included in the financial statements of Council.

Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, 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 reports.

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Volunteer services

Council operates a range of volunteering programs whereby volunteers provide services.

Under AASB 1058 Council is required to recognise the volunteer services at fair value when the following criteria are met:

- volunteer services can be reliably measured;
- the services would be purchased if they were not donated; and
- the value would be material.

Council has assessed the volunteer services and has determined these services are not significant and not regarded as material requiring recognition in the income statement. Further, there are limitations on the ability for Council to reliably measure the services and not all volunteer services would be purchased if they were not donated.

Natural Disaster (Floods) February/March 2022.

The events of 2022 continues to have a significant impact on Council including but not limited to a disruption on its business operations, ability to deliver services, damage to infrastructure, damage to plant and equipment and significant impact on the residential and business communities of Lismore.

Council assessed the impacts of Floods on Council's financial reports and Going Concern assumption.

The following items were analysed:

- Asset impairment/changes in assumptions for impairment testing (AASB 136)
- Change in fair value of assets (AASB 13)
- Material uncertainties that cast significant doubt on the ability to continue as a going concern such as extent of the impact on future costs and revenues (AASB 101 and AASB 110) and unknown duration of the impact.
- Indirect impacts such as customers, suppliers, financiers or investments in other entities may be affected leading to impairments, increased costs or reduced revenues
- Cashflow

Council and the Community have received Commonwealth and State funding in relation to the floods which will address the issues around restoration of assets, cashflow of residents and the provision of essential services to the community.

A1-1 Basis of preparation (continued)

The restoration of Council infrastructure continued during 2024 with an anticipated completion date of December 2026.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2024.

None of these standards had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
An inclusive and healthy community	13,375	10,437	21,229	26,364	(7,854)	(15,927)	9,268	6,533	155,386	136,936
A prosperous and vibrant city	3,978	2,795	5,687	9,313	(1,709)	(6,518)	2,587	2,307	5,600	4,935
Our natural environment	14,517	5,875	19,123	7,799	(4,606)	(1,924)	151	831	108,980	96,040
Our built environment	151,439	129,227	86,063	106,613	65,376	22,614	106,508	79,633	1,874,588	1,652,011
Leadership and participation	54,242	54,536	9,997	4,986	44,245	49,550	16,224	18,186	125,042	110,197
Total functions and activities	237,551	202,870	142,099	155,075	95,452	47,795	134,738	107,490	2,269,596	2,000,119

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

An inclusive and healthy community

An inclusive and healthy community is connected to community wellbeing, a healthy lifestyle, social connections, and a feeling of belonging and acceptance.

A prosperous and vibrant city

A prosperous and vibrant city has a resilient economy with a diversity of business, a thriving cultural and artistic life, and an attractive, welcoming city centre.

Our natural environment

We value our natural environment and actively work to protect and enhance our natural assets, use our resources wisely, and grow sustainability.

Our built environment

Our built environment creates a liveable community where our basic needs and services are met now and into the future.

Leadership and participation

We are committed to good governance, empowering our community through engagement, and fostering partnerships to do more with less.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	22,965	21,897
Farmland	4,893	4,741
Business	6,055	5,321
Less: pensioner rebates	(693)	(717)
Rates levied to ratepayers	33,220	31,242
Pensioner rate subsidies received	380	383
Total ordinary rates	33,600	31,625
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	7,050	5,670
Stormwater management services	383	379
Water supply services	5,962	5,466
Sewerage services	14,508	14,062
Waste management services (non-domestic)	726	563
Less: pensioner rebates	(612)	(638)
Nimbin transfer station	54	52
Waste minimisation	–	1,123
Annual charges levied	28,071	26,677
Pensioner annual charges subsidies received:		
– Water	121	122
– Sewerage	132	129
– Domestic waste management	101	79
Total annual charges	28,425	27,007
Total rates and annual charges	62,025	58,632

Council has used 01/07/2022 year valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services	10,513	9,433
Sewerage services	584	79
Total specific user charges	11,097	9,512
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Building regulation	1,097	1,319
Section 603 certificates	129	79
Dog registration fees	120	147
Health control	543	307
Planning services	1,063	723
Total fees and charges – statutory/regulatory	2,952	2,575
(ii) Fees and charges – other (incl. general user charges (per s608))		
Aerodrome	72	49
Caravan park	348	32
Community centres	8	7
Leisure centre	1,299	1,583
Parking fees	248	198
Quarry revenues	1,200	1,577
Transport for NSW works (state roads not controlled by Council)	4,821	6,069
Art gallery	1	6
Public cemeteries	1,106	979
Road services	32	30
Sports grounds, parks and reserves	198	166
Sewerage Services	235	216
Swimming pools	280	–
Waste disposal	3,146	2,672
Water charges	234	163
Other	145	475
Total fees and charges – other	13,373	14,222
Total other user charges and fees	16,325	16,797
Total user charges and fees	27,422	26,309
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	11,634	10,693
User charges and fees recognised at a point in time	15,788	15,616
Total user charges and fees	27,422	26,309

B2-2 User charges and fees (continued)

Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

B2-3 Other revenues

\$ '000	2024	2023
Rental income – other council properties	232	133
Fines – parking	85	100
Fines – other	24	1
Commissions and agency fees	7	–
Donations - Flood Appeal	–	169
Container Deposit Scheme	1,770	1,131
Insurance claims recoveries	943	1,669
Master games	72	42
Other	1,440	1,251
Recycling income (non-domestic)	1,025	1,873
Other events	16	4
Total other revenue	5,614	6,373

Timing of revenue recognition for other revenue

Other revenue recognised over time	232	133
Other revenue recognised at a point in time	5,382	6,240
Total other revenue	5,614	6,373

Material accounting policy information for other revenue

Material accounting policy information for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory 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 occurs first.

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

Council also received public donations on behalf of the individuals impacted by the natural disaster of 2022. These funds were held in Council's Trust account. The majority of funds were distributed in the 2023 financial year, with the balance to be distributed in the 2024 financial year.

Lismore City Council | Notes to the Financial Statements 30 June 2024

B2-4 Grants and contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component		291	1,275	–	–
Financial assistance – local roads component		116	2,874	–	–
Payment in advance - future year allocation ¹					
Financial assistance – general component		4,674	5,221	–	–
Financial assistance – local roads component		2,172	2,442	–	–
Amount recognised as income during current year		7,253	11,812	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies		–	–	14	20
Sewerage services		–	1,401	–	–
Bushfire and emergency services	B2-4	–	–	12	37
Economic development		831	1,018	–	–
Environmental programs		–	355	–	–
Recreation and culture		–	–	11,561	5,286
Airport		–	–	387	358
Art gallery		149	170	–	–
Diesel rebate		178	321	–	–
Domestic waste management		78	61	–	189
Library services		167	231	75	–
Natural disaster funding ²		12,423	20,833	64,233	22,847
Street lighting		167	167	–	–
Transport (roads to recovery)		1,228	1,228	–	–
Transport (other roads and bridges funding)		3,123	–	19,605	20,483
Other specific grants and contributions		3,563	6,864	–	–
Health and safety		130	121	–	–
Transport for NSW contributions (regional roads, block grant)		1,868	1,697	–	136
Total special purpose grants and non-developer contributions – cash		23,905	34,467	95,887	49,356
Non-cash contributions					
Bushfire services		–	–	721	45
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)		–	–	5,335	5,493
Recreation and culture		–	–	12	14
Sewerage (excl. section 64 contributions)		–	–	300	1,876
Water supplies (excl. section 64 contributions)		–	–	195	577
Total other contributions – non-cash		–	–	6,563	8,005
Total special purpose grants and non-developer contributions (tied)		23,905	34,467	102,450	57,361
Total grants and non-developer contributions		31,158	46,279	102,450	57,361

Lismore City Council | Notes to the Financial Statements 30 June 2024

B2-4 Grants and contributions (continued)

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Comprising:				
– Commonwealth funding	8,659	11,462	8,671	7,624
– State funding	22,334	33,988	87,937	44,545
– Other funding	165	829	5,842	5,192
	31,158	46,279	102,450	57,361

(1) \$7.663m of the 2023-2024 Financial Assistance Grant from the Commonwealth Government was received by Council in June 2023 and hence is reported as 2022/2023 income although it relates to 2023/2024 financial year.

(2) Council received Commonwealth and State funding in relation to two Natural Disaster - February/March 2022.

Developer contributions

**Developer contributions:
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):**

G4

Cash contributions

S 7.11 – contributions towards amenities/services	–	–	605	1,720
S 64 – water supply contributions	–	–	73	209
S 64 – sewerage service contributions	–	–	452	1,921
Total developer contributions – cash	–	–	1,130	3,850
Total developer contributions	–	–	1,130	3,850
Total contributions	–	–	1,130	3,850
Total grants and contributions	31,158	46,279	103,580	61,211
Timing of revenue recognition for grants and contributions				
Grants and contributions recognised over time	–	20,833	–	22,847
Grants and contributions recognised at a point in time	31,158	25,446	103,580	38,364
Total grants and contributions	31,158	46,279	103,580	61,211

B2-4 Grants and contributions (continued)

Unspent grants

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants and contributions				
Unspent funds at 1 July	14,315	17,481	17,044	10,177
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	8,348	9,889	135	259
Add: Funds received and not recognised as revenue in the current year	2,678	2,126	85,075	19,079
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(9,889)	(13,451)	(259)	(84)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(2,126)	(1,730)	(19,079)	(12,387)
Unspent funds at 30 June	13,326	14,315	82,916	17,044

Unexpended capital grants as at year end are for projects that were not complete and will continue into the new financial year. The main projects included in unexpended capital grants are the Local Roads and Community Infrastructure Projects, road capital works projects, Albert Park refurbishment and Oakes/Crozier Ovals Upgrade.

Unspent Contributions

Unspent funds at 1 July	-	-	9,109	8,092
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	1,052	1,722
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(336)	(705)
Unspent contributions at 30 June	-	-	9,825	9,109

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include Road projects. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

B2-4 Grants and contributions (continued)

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon 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 Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	324	336
– Cash and investments	7,428	3,581
Total interest and investment income (losses)	7,752	3,917

Material accounting policy information

Interest income is recognised using the effective interest rate at the date that interest is earned.

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	36,059	31,120
Employee leave entitlements	7,139	7,024
Superannuation	4,513	3,514
Workers' compensation insurance	1,719	1,048
Fringe benefit tax	22	35
Payroll tax	271	155
Training costs (other than salaries and wages)	649	506
Protective clothing	234	145
Total employee costs	50,606	43,547
Less: capitalised costs	(5,695)	(5,790)
Total employee costs expensed	44,911	37,757

Material accounting policy information

Employee benefit expenses are recorded when the service has been provided by the employee.

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.

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.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		47,618	65,929
Audit Fees	F2-1	207	117
Councillor and Mayoral fees and associated expenses	F1-2	379	392
Electricity and heating		1,542	850
Insurance		1,879	1,702
Street lighting		466	373
Telephone and communications		433	398
Legal expenses:			
– Legal expenses: planning and development		26	33
– Legal expenses: other		592	542
Expenses from short-term leases		648	414
Expenses from leases of low value assets		–	3
Total materials and services		53,790	70,753
Total materials and services		53,790	70,753

Material accounting policy information

Expenses are recorded on an accruals basis as the Council receives the goods or services.

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on leases		90	86
Interest on loans		1,923	2,097
Other debts		–	1
Total interest bearing liability costs		2,013	2,184
Total interest bearing liability costs expensed		2,013	2,184
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	414	374
Total other borrowing costs		414	374
Total borrowing costs expensed		2,427	2,558

Material accounting policy information

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

B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment	C1-7	1,713	1,821
Office equipment	C1-7	17	19
Furniture and fittings	C1-7	105	173
Land improvements (depreciable)	C1-7	936	1,145
Infrastructure:			
– Buildings	C1-7	1,340	982
– Other structures		1,215	1,301
– Roads		13,995	13,610
– Bridges		1,552	1,408
– Footpaths		588	540
– Stormwater drainage		758	705
– Water supply network		3,088	2,980
– Sewerage network		5,239	5,070
– Swimming pools		158	160
– Other open space/recreational assets		81	111
Right of use assets	C2-1	783	707
Other assets:			
– Other		112	114
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	112	147
– Quarry assets	C1-7,C3-5	151	177
Total depreciation and amortisation costs		31,943	31,170
Impairment / revaluation decrement of IPPE			
Land improvements (depreciable)		–	(22)
Infrastructure:			
– Buildings	C1-7	–	(19,018)
– Other structures		–	(48)
– Roads		20,739	(2,360)
– Sewerage network		(57)	–
Total gross IPPE impairment / revaluation decrement costs		20,682	(21,448)
Amounts taken through revaluation reserve	C1-7	(20,682)	21,448
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		31,943	31,170

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested 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.

B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

In February and March 2022, Lismore experienced two major natural disasters, being flooding. These events had a major impact on Lismore City Council, its businesses and infrastructure. Council recognised the impairment to the impacted infrastructure in the year ended 30 June 2022. This was reviewed during the year ended 30 June 2024 based on updated cost estimates and works completed.

B3-5 Other expenses

\$ '000	2024	2023
Other		
Contributions/levies to other levels of government		
– Emergency services levy	159	122
– NSW fire brigade levy	535	603
– NSW rural fire service levy	484	349
– Rous County Council	506	477
– Waste levy ¹	–	5
– Richmond Tweed Regional Library	1,892	1,741
– Other contributions/levies	30	30
Donations, contributions and assistance to other organisations (Section 356)	81	1,733
Total other	3,687	5,060
Total other expenses	3,687	5,060

Material accounting policy information

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

(1) Council's Waste Facility was impacted as the result of two natural disasters in February/March 2022. Council did not pay NSW Waste Levy as the Cell was not operational.

B4 Gains or losses**B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		–	(469)
Gain (or loss) on disposal		–	(469)
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-7	275	198
Less: carrying amount of plant and equipment assets sold/written off		(172)	(173)
Gain (or loss) on disposal		103	25
Gain (or loss) on disposal of infrastructure			
Proceeds from disposal – infrastructure	C1-7	–	–
Less: carrying amount of infrastructure assets sold/written off		(5,361)	(7,304)
Gain (or loss) on disposal		(5,361)	(7,304)
Gain (or loss) on disposal of intangible assets			
Less: carrying amount of intangible assets sold/written off	C1-8	–	(29)
Gain (or loss) on disposal		–	(29)
Net gain (or loss) from disposal of assets		(5,258)	(7,777)

Material accounting policy information

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted on 20 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Rates and annual charges	61,009	62,025	1,016	2% F
User charges and fees	24,359	27,422	3,063	13% F
User charges and fees were over budget by \$3.063m (13%). Council undertakes contract works for maintenance of State Roads for Transport for NSW (TfNSW) and the value of these works was over the original budget by \$2.803m. The actual value of these works changes throughout the year based on work proposals submitted and works agreed to by TfNSW. Other variances were relatively minor.				
Other revenues	4,395	5,614	1,219	28% F
Other revenues were over budget by \$1.219m (28%). Council received two insurance claims in relation to the Art Gallery during the 2023/2024 financial year, in the amount of \$0.941m.				
Operating grants and contributions	22,574	31,158	8,584	38% F
Operating grants and contributions were over budget by \$8.584m (38%). The actual amount of grants and contributions are subject to significant change during the financial year, due to decisions being made by the State and Federal Governments after Council's original budget was adopted. The main reason for the decrease in operating grants was in relation to funding from the Office of Local Government for the Capability, Capacity and Recovery Roadmap, being under budget by \$5.535m. This grant funded program is continuing into the 2024/2025 and 2025/2026 financial years.				
Capital grants and contributions	206,564	103,580	(102,984)	(50)% U
Capital grants and contributions were under budget by \$102.984m. The actual amount of grants and contributions are subject to significant change during the financial year, due to decisions being made by the State and Federal Governments after Council's original budget is adopted. Council's original budget included anticipated natural disaster funding of \$180.112m, however Council only received \$64.233m, a decrease of \$115.879m. The most significant decrease was in relation to roads, being a decrease on the original budget of \$80.817m. This was mainly due to ongoing delays in funding approvals for major landslip restoration works. Significant levels of funding approvals have been received towards the end of the financial year and these works are anticipated to increase in the coming financial years. Sewerage natural disaster funding was also under budget by \$32.075m. These works are being managed by Public Works Advisory.				
Interest and investment revenue	3,306	7,752	4,446	134% F
Interest and investment revenue was over budget by \$4.446m (134%). The cash rate has remained at higher levels than originally forecast and Council has been achieving competitive returns on its term deposits. In addition, Council received \$86.0m in advance funding from Transport for NSW (TfNSW) in relation to road natural disaster works. Council has restricted these funds, however is generating significant interest revenue. These funds will be utilised on the betterment of infrastructure assets or otherwise spent in accordance with funding conditions.				
Joint ventures and associates – net profits	-	-	-	∞ F

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Expenses				
Employee benefits and on-costs	36,846	44,911	(8,065)	(22)% U
Employee benefits and on-costs were over budget by \$8.065m (22%). This included an increase in salaries and wages of \$4.939m, superannuation of \$0.999m and workers compensation insurance of \$0.671m. Salaries and wages increased approximately \$1.1m due to the Local Government Award increase of 3.5%. In addition, there were a number of vacant positions filled during 2023/2024 and new positions created with the establishment of the flood recovery portfolio, which are funded through natural disaster grants, but were initially budgeted for as capital expenditure.				
Materials and services	47,713	53,790	(6,077)	(13)% U
Materials and services were over budget by \$6.077m (13%). Council's materials and services budgets are based on a mix of internally resourced and contract works. These budgets are significantly impacted by decisions made by State and Federal Governments, as well as uncontrollable weather events and this can result in material budget variations in this item. Materials and services continued to be impacted by emergency and immediate restoration works in relation to natural disaster works, offset by grant funding, as well as additional expenditure on the State Roads maintenance contract, which was funded from additional user charges.				
Borrowing costs	1,947	2,427	(480)	(25)% U
Borrowing costs were over budget by \$480,000 (25%). Remediation liabilities associated with the Quarry and Waste disposal facility increased by \$414,000. This comprised the quarry of \$125,000 and the waste facility of \$289,000.				
Depreciation, amortisation and impairment of non-financial assets	34,666	31,943	2,723	8% F
Other expenses	3,925	3,687	238	6% F
Net losses from disposal of assets	3,409	5,258	(1,849)	(54)% U
The net loss from disposal of assets was over budget by \$1.849m (54%). The actual value of assets disposed is unknown at the time of setting the original budget, which can result in significant variances in this item.				
Joint ventures and associates – net losses	29	83	(54)	(186)% U
The net loss from joint ventures and associates was over budget by \$54,000 (186%). The original budget for the Richmond Tweed Regional Library had forecast a loss of \$29,000, however the final result reflected a loss of \$54,000.				
Statement of cash flows				
Cash flows from operating activities	231,776	179,282	(52,494)	(23)% U
Cash flows from operating activities were under budget by \$52.494m (23%). This was primarily due to a decrease of \$41.782m in grant funding received against what was budgeted. This was mainly due to delays in funding approvals for Essential Public Asset Restoration (EPAR) works. Cash flows from operating activities can vary significantly due to decisions made by State and Federal Governments after the adoption of the original budget as well as weather events and other factors. Whilst these variances are based on the original budget, Council reviews its budgets on a quarterly basis.				
Cash flows from investing activities	(234,666)	(101,608)	133,058	(57)% F
Cash flows from investing activities were under budget by \$133.058m (57%). Council's original budget included anticipated natural disaster works of \$180.112m, however actual capital expenditure was \$50.39m, a decrease of \$129.722m. This was mainly due to delays in funding approvals, with works progressing into the 2024/2025 financial year and beyond.				
Cash flows from financing activities	(1,041)	(6,350)	(5,309)	510% U
Cash flows from financing activities were over budget by \$5.309m (510%). This was mainly due to the original budget including provision for new loan borrowings of \$4.9m which had included \$3.4m for remediation works at Council's waste facility and \$1.5m for fleet purchases. Due to the deferral of remediation works at the waste facility and utilisation of internal reserves, no new loan borrowings were required for the 2023/2024 financial year.				

C Financial position**C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	6,767	1,348
Cash equivalent assets		
– Deposits at call	106,829	40,924
Total cash and cash equivalents	113,596	42,272

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	113,596	42,272
Balance as per the Statement of Cash Flows	113,596	42,272

Material accounting policy information

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Term deposits	69,000	1,000	89,928	1,000
Total	69,000	1,000	89,928	1,000
Total financial investments	69,000	1,000	89,928	1,000
Total cash assets, cash equivalents and investments	182,596	1,000	132,200	1,000

Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	183,596	133,200
Less: Externally restricted cash, cash equivalents and investments	<u>(169,570)</u>	<u>(110,365)</u>
Cash, cash equivalents and investments not subject to external restrictions	<u>14,026</u>	<u>22,835</u>

Lismore City Council | Notes to the Financial Statements 30 June 2024

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2024	2023
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External restrictions**External restrictions – included in liabilities**

External restrictions included in cash, cash equivalents and investments above comprise:

Art gallery gift account	458	184
Trust account	1,744	1,885
Specific purpose unexpended grants – general fund	87,753	21,206
External restrictions – included in liabilities	89,955	23,275

External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions – general	9,825	9,109
Specific purpose unexpended grants (recognised as revenue) – general fund	7,089	8,581
Specific purpose unexpended grants (recognised as revenue) – sewer fund	1,400	1,572
Water fund	13,450	16,731
Water supplies – employee leave entitlements	154	137
Sewer fund	42,979	46,076
Sewerage services – employee leave entitlements	155	148
Stormwater management	2,971	2,623
Waste minimisation	1,592	2,113
External restrictions – other	79,615	87,090
Total external restrictions	169,570	110,365

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2024	2023
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(b) Internal allocations**Cash, cash equivalents and investments not subject to external restrictions**

	14,026	22,835
Less: Internally allocated cash, cash equivalents and investments	(14,026)	(22,834)
Unrestricted and unallocated cash, cash equivalents and investments	–	1

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Employees leave entitlement	3,481	2,150
Carry forward and revote works	2,604	9,630
SRV related	1,349	1,505
Emergencies	–	–
Economic Development	–	–
Public Infrastructure	6,592	9,549
Total internal allocations	14,026	22,834

\$ '000	2024	2023
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	–	1
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C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	6,501	1,115	3,596	1,884
Interest and extra charges	624	191	459	612
User charges and fees	2,936	945	2,826	631
Accrued revenues				
– Interest on investments	2,129	–	1,238	–
– Other income accruals	566	–	1,225	–
Deferred debtors	9	185	9	195
Loans to sporting clubs	25	71	25	97
Miscellaneous works and services	3,779	–	6,184	–
Net GST receivable	4,428	–	1,213	–
Tender deposits and bonds	4,073	–	1,450	–
Other debtors	21	31	136	37
Total	25,091	2,538	18,361	3,456
Less: provision for impairment				
User charges and fees	(50)	–	(50)	–
Total provision for impairment – receivables	(50)	–	(50)	–
Total net receivables	25,041	2,538	18,311	3,456

C1-4 Receivables (continued)

Material accounting policy information

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Real estate for resale	–	174	–	174
Stores and materials	1,699	–	1,509	–
Total inventories at cost	1,699	174	1,509	174
(ii) Inventories at net realisable value (NRV)				
Trading stock	1,623	–	1,157	–
Total inventories at net realisable value (NRV)	1,623	–	1,157	–
Total inventories	3,322	174	2,666	174

(i) Other disclosures

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(a) Details for real estate development				
Residential	–	174	–	174
Total real estate for resale	–	174	–	174

Material accounting policy information**Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

Land held for resale

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.

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C1-6 Contract assets and Contract cost assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	23,889	-	16,523	-
Total contract assets and contract cost assets	23,889	-	16,523	-

Contract assets

Grant Contract Assets	21,263	-	10,092	-
Contract Assets	606	-	3,583	-
Accrued Income	2,020	-	2,848	-
Total contract assets	23,889	-	16,523	-

Significant changes in contract assets**Contract Assets relating to work for external parties (AASB 15)**

Increase of \$1.3M mostly relate to accrued works under contract with Transport for NSW for works on state roads.

Grant Contract Assets - Works related to Infrastructure Grants (AASB 1058 - Asset Exemption)

Increase of \$4M was a result of payments received in advance for Essential Public Asset Reconstruction works.

Accrued Income - not specific or not enforceable grants (AASB 1058)

Increase by \$1.4M was mostly due to accrual of income for works completed under natural disaster funding arrangements which were not claimed by 30 June 2023.

Material accounting policy information**Contract assets**

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period									At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	Impairment reversal (recognised in equity)	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	24,162	–	24,162	35,342	20,703	31,403	–	–	–	–	(13,756)	–	97,854	–	97,854
Plant and equipment	33,443	(20,351)	13,092	4,669	1,075	–	(172)	(1,713)	–	–	251	–	38,268	(21,066)	17,202
Office equipment	198	(161)	37	11	–	–	–	(17)	–	–	–	–	208	(177)	31
Furniture and fittings	1,016	(615)	401	93	88	–	–	(105)	–	–	138	–	1,337	(722)	615
Land:															
– Operational land	78,167	–	78,167	–	–	–	–	–	–	–	–	–	78,167	–	78,167
– Community land	41,363	–	41,363	–	–	–	–	–	–	–	–	–	41,363	–	41,363
– Land under roads (post 30/6/08)	138	–	138	–	2	–	–	–	–	–	–	1	141	–	141
Land improvements – non-depreciable	22,978	–	22,978	–	26	–	–	–	–	–	168	1,610	24,782	–	24,782
Land improvements – depreciable	44,929	(27,977)	16,952	41	–	–	(77)	(936)	–	–	328	1,117	47,994	(30,569)	17,425
Infrastructure:															
– Buildings	130,987	(59,074)	71,913	1,954	544	13,444	(559)	(1,340)	–	–	7,553	6,507	163,615	(63,599)	100,016
– Other structures	34,431	(15,523)	18,908	883	150	80	(43)	(1,215)	–	–	2,998	1,512	40,910	(17,637)	23,273
– Roads	767,034	(315,947)	451,087	2,307	9,664	2,308	(1,323)	(13,995)	(20,824)	85	1,316	23,287	820,427	(366,515)	453,912
– Bridges	149,233	(64,817)	84,416	2,458	–	–	(762)	(1,552)	–	–	–	4,541	158,106	(69,005)	89,101
– Footpaths	39,660	(11,248)	28,412	–	68	–	–	(588)	–	–	53	1,501	41,917	(12,471)	29,446
– Bulk earthworks (non-depreciable)	410,578	–	410,578	224	2,017	225	(164)	–	–	–	–	22,124	435,004	–	435,004
– Stormwater drainage	127,767	(46,494)	81,273	101	465	–	(706)	(758)	–	–	65	37,691	155,250	(37,119)	118,131
– Water supply network	297,824	(130,955)	166,869	1,448	376	2,317	(1,393)	(3,088)	–	–	495	8,468	312,921	(137,429)	175,492
– Sewerage network	483,147	(182,875)	300,272	1,421	310	613	(333)	(5,239)	–	57	391	16,214	509,245	(195,539)	313,706
– Swimming pools	12,857	(7,861)	4,996	–	–	–	–	(158)	–	–	–	336	13,751	(8,577)	5,174
– Other open space/recreational assets	2,335	(1,696)	639	14	–	–	–	(81)	–	–	–	40	2,511	(1,899)	612
Other assets:															
– Heritage collections	3,847	(2,762)	1,085	–	–	–	–	–	–	–	–	–	3,847	(2,762)	1,085
– Other	1,590	(465)	1,125	–	–	–	–	(112)	–	–	–	–	1,590	(577)	1,013
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Quarry assets	1,885	(486)	1,399	159	–	–	–	(151)	–	–	–	–	2,044	(637)	1,407
– Tip assets	4,997	(3,204)	1,793	–	–	–	(198)	(112)	–	–	–	–	4,799	(3,316)	1,483
Total infrastructure, property, plant and equipment	2,714,566	(892,511)	1,822,055	51,125	35,488	50,390	(5,730)	(31,160)	(20,824)	142	–	124,949	2,996,051	(969,616)	2,026,435

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

C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period										At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	19,127	–	19,127	6,929	8,011	–	(1,394)	–	–	(8,511)	–	–	–	24,162	–	24,162
Plant and equipment	32,825	(20,643)	12,182	2,858	45	–	(172)	(1,821)	–	–	–	–	–	33,443	(20,351)	13,092
Office equipment	198	(141)	57	–	–	–	–	(19)	–	–	–	–	–	198	(161)	37
Furniture and fittings	948	(441)	507	32	35	–	–	(173)	–	–	–	–	–	1,016	(615)	401
Land:																
– Operational land	79,613	–	79,613	–	676	–	–	–	–	810	(844)	(2,088)	–	78,167	–	78,167
– Community land	40,056	–	40,056	–	370	–	(469)	–	–	–	844	–	562	41,363	–	41,363
– Land under roads (post 30/6/08)	78	–	78	–	15	–	–	–	–	–	–	–	45	138	–	138
Land improvements – non-depreciable	21,392	–	21,392	55	–	–	–	–	–	–	–	–	1,531	22,978	–	22,978
Land improvements – depreciable	41,626	(25,418)	16,208	58	–	229	(11)	(1,145)	22	476	–	–	1,114	44,929	(27,977)	16,952
Infrastructure:																
– Buildings	124,204	(58,938)	65,266	195	53	5,718	(2,026)	(982)	19,018	–	–	(15,329)	–	130,987	(59,074)	71,913
– Other structures	31,401	(13,397)	18,004	141	517	1	(12)	(1,301)	48	305	–	–	1,205	34,431	(15,523)	18,908
– Roads	713,852	(313,466)	400,386	9,653	4,634	22,919	(1,187)	(13,610)	2,360	4,439	–	–	21,493	767,034	(315,947)	451,087
– Bridges	137,974	(61,582)	76,392	815	3,011	–	(71)	(1,408)	–	1,249	–	–	4,428	149,233	(64,817)	84,416
– Footpaths	34,682	(10,151)	24,531	1,657	1,578	–	(221)	(540)	–	–	–	–	1,407	39,660	(11,248)	28,412
– Bulk earthworks (non-depreciable)	386,194	–	386,194	185	2,189	–	(803)	–	–	–	–	–	22,813	410,578	–	410,578
– Stormwater drainage	117,845	(43,228)	74,617	128	2,569	–	(31)	(705)	–	327	–	–	4,368	127,767	(46,494)	81,273
– Water supply network	277,410	(120,891)	156,519	2,014	24	400	(967)	(2,980)	–	75	–	–	11,784	297,824	(130,955)	166,869
– Sewerage network	447,811	(168,438)	279,373	3,494	–	832	(2,084)	(5,070)	–	830	–	–	22,897	483,147	(182,875)	300,272
– Swimming pools	12,001	(7,177)	4,824	–	–	–	–	(160)	–	–	–	–	332	12,857	(7,861)	4,996
– Other open space/recreational assets	2,246	(1,522)	724	–	–	–	(17)	(111)	–	–	–	–	43	2,335	(1,696)	639
Other assets:																
– Heritage collections	3,833	(2,762)	1,071	–	14	–	–	–	–	–	–	–	–	3,847	(2,762)	1,085
– Other	1,535	(351)	1,184	–	55	–	–	(114)	–	–	–	–	–	1,590	(465)	1,125
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Tip assets	5,554	(3,057)	2,497	–	–	–	(557)	(147)	–	–	–	–	–	4,997	(3,204)	1,793
– Quarry assets	2,120	(309)	1,811	–	–	–	(235)	(177)	–	–	–	–	–	1,885	(486)	1,399
Total infrastructure, property, plant and equipment	2,534,525	(851,912)	1,682,613	28,214	23,796	30,099	(10,257)	(30,463)	21,448	–	–	(17,417)	94,022	2,714,566	(892,511)	1,822,055

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

C1-7 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning and Environment – Water.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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.

When infrastructure, property, plant and equipment are acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Pipes, Culverts & Channels	120
Reticulation pipes: PVC	80	Pits	100
Reticulation pipes: other	25 to 75	Treatment Devices	100
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 100	Bulk earthworks	infinite
Sealed roads: Base	70	Swimming pools	40
Sealed roads - sub base	90	Other open space/recreational assets	20
Unsealed Roads	45	Other Infrastructure	50
Bridge: concrete	100		
Bridge: other	100		
Kerb, gutter and footpaths	50 to 100		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

C1-7 Infrastructure, property, plant and equipment (continued)

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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

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 to the reserves are recognised within Council's Income Statement. Where the Crown Reserves are under a lease arrangement they are accounted for under AASB 16 Leases.

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting 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 firefighting equipment has been purchased or constructed". Council recognises rural fire service assets including land, buildings, plant and vehicles where it is considered that council has control of the assets. Land, buildings, plant and vehicle assets have been recognised as assets of the Council in these financial statements.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2024	2023
Software		
Opening values at 1 July		
Gross book value	-	1,590
Accumulated amortisation	-	(1,561)
Net book value – opening balance	-	29
Movements for the year		
Gross book value written off	-	(29)
Closing values at 30 June		
Total intangible assets – net book value	-	-

Material accounting policy information

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C1-9 Other

Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	738	-	133	-
Total other assets	738	-	133	-

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Buildings

Council leases land and buildings for areas of their business; the leases are generally between 1 and 5 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

The building leases contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Vehicles

Council leases vehicles and equipment with lease terms varying from 1 to 5 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets. The leases are for between 1 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

(a) Right of use assets

\$ '000	Land and Buildings	Vehicles	Total
2024			
Opening balance at 1 July	78	2,124	2,202
Additions to right-of-use assets	683	443	1,126
Adjustments to right-of-use assets due to re-measurement of lease liability	(2)	4	2
Depreciation charge	(150)	(633)	(783)
Balance at 30 June	–	2,547	2,547
2023			
Opening balance at 1 July	40	2,835	2,875
Additions to right-of-use assets	71	44	115
Adjustments to right-of-use assets due to re-measurement of lease liability	–	(6)	(6)
Depreciation charge	(33)	(749)	(782)
Balance at 30 June	78	2,124	2,202

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Lease liabilities	814	1,846	571	1,703
Total lease liabilities	814	1,846	571	1,703

(c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per
					Statement of
					Financial
					Position
2024					
Cash flows	814	1,846	1	2,661	2,660
2023					
Cash flows	572	1,557	145	2,274	2,274

(d) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2024	2023
Interest on lease liabilities	90	86
Depreciation of right of use assets	783	707
Expenses relating to short-term leases	648	414
Expenses relating to leases of low-value assets	–	3
	1,521	1,210

(e) Statement of Cash Flows

Total cash outflow for leases	742	685
	742	685

Material accounting policy information

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

C2-1 Council as a lessee (continued)

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition. Council leases some Crown and free-hold land at below market-value.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Prepaid rates	1,985	–	3,680	–
Goods and services – operating expenditure	8,058	–	8,425	–
Goods and services – capital expenditure	11,936	–	4,514	–
Accrued expenses:				
– Borrowings	341	–	370	–
– Salaries and wages	1,814	–	1,873	–
– Other expenditure accruals	2,349	–	2,158	–
Security bonds, deposits and retentions	4,102	–	1,460	–
Contribution to works	1,718	–	1,870	–
Total payables	32,303	–	24,350	–

Current payables not anticipated to be settled within the next twelve months

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	4,102	1,440
Contributions to Works	1,718	1,870
Total payables	5,820	3,310

Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables, bank and other loans and lease liabilities.

Payables

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	85,075	-	19,079	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	2,678	-	2,127	-
Total grants received in advance		87,753	-	21,206	-
Total contract liabilities		87,753	-	21,206	-

Notes

(i) Council has received funding to construct assets including sporting facilities and road infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	19,783	2,846
Operating grants (received prior to performance obligation being satisfied)	59	2,093
Total revenue recognised that was included in the contract liability balance at the beginning of the period	19,842	4,939

Significant changes in contract liabilities

The increase is mainly due to the increased number of specific capital grants with advance payments received in the 2023 financial year which were not yet expensed by the end of 30 June 2023. The most significant area that had unspent grant funds was in relation to the Natural Disasters funding received in response to the event that occurred in the Lismore region in February/March 2022.

Material accounting policy information

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

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C3-3 Borrowings

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Loans – secured ¹	4,932	35,227	5,815	39,952
Total borrowings	4,932	35,227	5,815	39,952

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	45,767	(5,608)	–	–	–	–	40,159
Lease liability (Note C2-1b)	2,274	386	–	–	–	–	2,660
Total liabilities from financing activities	48,041	(5,222)	–	–	–	–	42,819

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	52,185	(6,418)	–	–	–	–	45,767
Lease liability (Note C2-1b)	2,925	(651)	–	–	–	–	2,274
Total liabilities from financing activities	55,110	(7,069)	–	–	–	–	48,041

(b) Financing arrangements

\$ '000	2024	2023
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Total facilities

Total financing facilities available to Council at the reporting date are:

Bank overdraft facilities ¹	750	750
Credit cards/purchase cards	250	250
Total financing arrangements	1,000	1,000

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	67	51
Total drawn financing arrangements	67	51

Undrawn facilities

Undrawn financing facilities available to Council at the reporting date are:

– Bank overdraft facilities	750	750
– Credit cards/purchase cards	183	148
Total undrawn financing arrangements	933	898

Additional financing arrangements information

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

C3-3 Borrowings (continued)

Material accounting policy information

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

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

C3-4 Employee benefit provisions

\$ '000	2024		2023	2023
	Current	Non-current	Current	Non-current
Annual leave	3,608	–	3,166	–
Long service leave	3,758	675	3,780	686
Other leave	118	–	80	–
Total employee benefit provisions	7,484	675	7,026	686

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	3,381	2,853
	3,381	2,853

Material accounting policy information

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

\$ '000	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	64	10,705	249	10,487
Sub-total – asset remediation/restoration	64	10,705	249	10,487
Total provisions	64	10,705	249	10,487

Description of and movements in provisions

\$ '000	Asset remediation	Other provisions Total
2024		
At beginning of year	10,736	10,736
Changes to provision:		
– Revised discount rate	(428)	(428)
– Revised costs	567	567
– Revised life	(272)	(272)
Unwinding of discount	414	414
Amounts used (payments)	(58)	(58)
Unused amounts reversed	(192)	(192)
Total other provisions at end of year	10,769	10,769
2023		
At beginning of year	12,058	12,058
Changes to provision:		
– Revised discount rate	(805)	(805)
– Revised costs	(57)	(57)
– Revised life	(759)	(759)
Unwinding of discount	374	374
Amounts used (payments)	(71)	(71)
Unused amounts reversed	(4)	(4)
Total other provisions at end of year	10,736	10,736

Nature and purpose of provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip and quarry as a result of past operations.

Material accounting policy information

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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 a borrowing cost.

Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually

C3-5 Provisions (continued)

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

C3-5 Provisions (continued)

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.

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	41,635	5,865	14,525
User charges and fees	15,319	11,284	819
Interest and investment revenue	4,434	929	2,389
Other revenues	5,595	3	16
Grants and contributions provided for operating purposes	31,152	2	4
Grants and contributions provided for capital purposes	102,546	282	752
Total income from continuing operations	200,681	18,365	18,505
Expenses from continuing operations			
Employee benefits and on-costs	40,356	1,974	2,581
Materials and services	36,982	10,782	6,026
Borrowing costs	1,410	394	623
Depreciation, amortisation and impairment of non-financial assets	23,290	3,190	5,463
Other expenses	3,687	–	–
Net losses from the disposal of assets	3,535	1,390	333
Share of interests in joint ventures and associates using the equity method	83	–	–
Total expenses from continuing operations	109,343	17,730	15,026
Operating result from continuing operations	91,338	635	3,479
Net operating result for the year	91,338	635	3,479
Net operating result attributable to each council fund	91,338	635	3,479
Net operating result for the year before grants and contributions provided for capital purposes	(11,208)	353	2,727

Lismore City Council | Notes to the Financial Statements 30 June 2024

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	107,149	1,758	4,689
Investments	17,000	12,000	40,000
Receivables	18,600	4,284	2,157
Inventories	2,434	332	556
Contract assets and contract cost assets	23,889	–	–
Other	738	–	–
Total current assets	169,810	18,374	47,402
Non-current assets			
Investments	1,000	–	–
Receivables	793	1,558	187
Inventories	174	–	–
Infrastructure, property, plant and equipment	1,510,826	186,500	329,109
Investments accounted for using the equity method	1,316	–	–
Right of use assets	2,529	18	–
Total non-current assets	1,516,638	188,076	329,296
Total assets	1,686,448	206,450	376,698
LIABILITIES			
Current liabilities			
Payables	31,425	162	716
Contract liabilities	86,353	–	1,400
Lease liabilities	806	8	–
Borrowings	2,902	744	1,286
Employee benefit provision	6,796	344	344
Provisions	64	–	–
Total current liabilities	128,346	1,258	3,746
Non-current liabilities			
Lease liabilities	1,838	8	–
Borrowings	12,493	7,290	15,444
Employee benefit provision	636	19	20
Provisions	10,705	–	–
Total non-current liabilities	25,672	7,317	15,464
Total liabilities	154,018	8,575	19,210
Net assets	1,532,430	197,875	357,488
EQUITY			
Accumulated surplus	593,119	37,103	68,400
Revaluation reserves	939,311	160,772	289,088
Council equity interest	1,532,430	197,875	357,488
Total equity	1,532,430	197,875	357,488

D2 Interests in other entities

D2-1 Interests in joint arrangements

(ii) Joint operations

	Principal activity	Place of business	Interest in ownership		Interest in voting	
			2024	2023	2024	2023
(a) Council is involved in the following joint operations (JO's)						
Name of joint operation:						
Blue Hills Residential Estate	Development & Sale of Land	Goonellabah	50%	50%	50%	50%
North East Weight of Loads Group	Reduce Damage to Council Roads	Ballina	15%	15%	13%	13%

Council assets employed in the joint operations

\$ '000	2024	2023
Council's own assets employed in the operations		
Blue Hills Residential Estate		
Current assets:		
Inventories	15	15
Other assets	9	9
Total assets – Council owned	24	24
Council's share of assets jointly owned with other partners		
North East Weight of Loads Group		
Current assets	108	72
Current liabilities	(14)	(14)
Property, plant and equipment	9	14
Total net assets employed – Council and jointly owned	127	96

Material accounting policy information

Council has determined that it has joint operations.

Council has an interest in two joint operations, North East Weight of Loads Group (NEWLOG) and Blue Hills Residential Estate. NEWLOG is responsible for reducing damage to council roads and Blue Hills Residential Estate is responsible for the development and sale of lands.

Joint operations:

In relation to its joint operations, where the Council has the rights to the individual assets and obligations arising from the arrangement, the Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

D2-2 Interests in associates

Richmond Tweed Regional Library - The nature and extent of significant restrictions relating to associates

Council can only access or conduct business in accordance with the Deed of Agreement that became effective in 2018. Allocation of funds and cash is made by a Committee comprised of 4 member Councils, being Ballina, Byron, Tweed Shire Councils and Lismore City Council.

Richmond Tweed Regional Library

(a) Summarised financial information for individually immaterial associates

Council has incorporated the following associates into its consolidated financial statements.

Council's 25% interest in Richmond Tweed Regional Library is recognised as an associate.

\$ '000	2024	2023
Individually immaterial associates		
Aggregate amounts of Council's share of individually immaterial:		
Profit/(loss) from continuing operations	(83)	150
Total comprehensive income – individually immaterial associates	(83)	150
Carrying amount of investments in associates that are not individually material	1,316	1,399
Council's share in the associate:	23%	23%

Material accounting policy information

Interests in associates are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If Council's share of losses of an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further losses.

Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

Adjustments are made to the associates accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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 and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	113,596	42,272	113,596	18,272
Receivables	27,579	21,767	27,579	21,767
Investments				
– Debt securities at amortised cost	70,000	90,928	70,000	114,927
Total financial assets	211,175	154,967	211,175	154,966
Financial liabilities				
Measured at amortised cost				
Payables	32,303	24,350	32,303	24,349
Borrowings	40,159	45,767	43,896	44,136
Total financial liabilities	72,462	70,117	76,199	68,485

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with s625 of the *Local Government Act 1993* and Ministerial Investment Order. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **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.

E1-1 Risks relating to financial instruments held (continued)

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	402	183

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of council activities.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality

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

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2024				
Gross carrying amount	–	7,616	–	7,616
2023				
Gross carrying amount	–	5,480	–	5,480

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges, debtors and contract assets to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges, debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due. The impact is not considered material.

E1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

Payables, lease liabilities and borrowings are subject to liquidity risk; that is, 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 by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

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

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	4,102	28,201	–	–	32,303	32,303
Borrowings	4.21%	–	4,932	17,336	17,891	40,159	40,159
Total financial liabilities		4,102	33,133	17,336	17,891	72,462	72,462
2023							
Payables	0.00%	1,460	22,889	–	–	24,349	24,350
Borrowings	4.25%	–	5,987	19,483	22,240	47,710	45,767
Total financial liabilities		1,460	28,876	19,483	22,240	72,059	70,117

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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).

The tables below show the assigned level for each asset and liability held at fair value by Council.

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Infrastructure, property, plant and equipment							
	C1-7						
Plant & Equipment		–	–	17,202	13,092	17,202	13,092
Office Equipment		–	–	31	37	31	37
Furniture & Fittings		–	–	615	401	615	401
Operational Land		78,167	78,167	–	–	78,167	78,167
Community Land		–	–	41,363	41,363	41,363	41,363
Land Under Roads (Post 30/06/08)		–	–	141	138	141	138
Land Improvement (Non-Depreciable)		–	–	24,782	22,978	24,782	22,978
Land Improvement (Depreciable)		–	–	17,425	16,952	17,425	16,952
Buildings		–	–	100,016	71,913	100,016	71,913
Other Structures		–	–	23,273	18,908	23,273	18,908
Roads		–	–	453,912	451,087	453,912	451,087
Bridges		–	–	89,101	84,416	89,101	84,416
Footpaths		–	–	29,446	28,412	29,446	28,412
Bulk Earthworks (Non-Depreciable)		–	–	435,004	410,578	435,004	410,578
Stormwater Drainage		–	–	118,131	81,273	118,131	81,273
Water Supply Network		–	–	175,492	166,869	175,492	166,869
Sewerage Network		–	–	313,706	300,272	313,706	300,272
Swimming Pools		–	–	5,174	4,996	5,174	4,996
Other Open Space/Recreational Assets		–	–	612	639	612	639
Other		–	–	1,085	1,085	1,085	1,085
Heritage Collection		–	–	1,013	1,125	1,013	1,125
Tip Assets		–	–	1,407	1,793	1,407	1,793
Quarry Assets		–	–	1,483	1,399	1,483	1,399
Total infrastructure, property, plant and equipment		78,167	78,167	1,850,414	1,719,726	1,928,581	1,797,893

E2-1 Fair value measurement (continued)

Valuation techniques

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

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

These asset categories include:

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

Office Equipment – Computer equipment

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

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

Operational Land

Council's operational land includes all land classified as operational land under Local Government Act 1993. Liquid Pacific Holding P/L completed a comprehensive valuation as at June 2023. In accordance with accounting standards Council's assets are assessed on an annual basis and when required a revaluation is undertaken.

It is valued at market (highest and best use) after identifying all elements that would be taken into account by buyers and sellers in setting a price including but not limited to zoning, topography, location, size, shape, access, exposure to traffic and businesses. This asset class is categorised as Level 2 as the most significant input into this valuation approach is price per square metre. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.

Community Land

Assets within the "Community Land" class are:

a) Council owned land and

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

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer General and was last revalued at 30 June 2023.

These rates are not considered to be observable market evidence and as such they have been classified as Level 3.

Land Under Roads (post 30/6/08)

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment and Council recognised this asset for the first time in financial year 2010/11. The Land under Roads was valued in accordance with AASB 116, the Code of Accounting Practice and Financial Reporting June 2017. Values were determined using the Engloblo methodology. This asset class is classified as Level 3 asset as significant inputs used in the Engloblo valuation methodology are unobservable. This asset class was revalued as at 30 June 2024.

Land Improvements Non-Depreciable

The land improvements non-depreciable asset class consists of the runway earthworks for the Lismore Regional Airport and the Flood Channel. The last revaluation was completed by APV Valuers & Asset Management in 2020/21. The Cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are dimensions, components and type of assets.

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

Land Improvements Depreciable

The land improvements asset class consists of landscaping, mounding and land improvement assets surrounding buildings. The last revaluation was completed by APV Valuers & Asset Management in 2020/21. The Cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

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

E2-1 Fair value measurement (continued)

Buildings

The last revaluation of buildings was undertaken at June 2003 using the cost approach.

This approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. Condition assessments were undertaken by Council for the buildings that were accessible. Flood impacted buildings were not physically inspected. Flood restoration works are still in progress at 30 June 2024 and works are capitalised upon completion.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Other Structures

The other structures asset class consists of shelters, gazebos, fencing, lighting and similar assets not falling into buildings or other related classes.

The last revaluation was completed by APV Valuers & Asset Management in 2020/21. The cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

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

Roads

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

The last revaluation was completed by Council in 2019/20. The cost approach was adopted to value Council roads. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of road.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Bridges

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

The last revaluation was completed by Council in 2019/20. The cost approach was adopted to value Council bridges. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of bridge.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Footpaths

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

The last revaluation was completed by Council in 2019/20. The cost approach was adopted to value Council footpaths. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of footpath.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Bulk Earthworks

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

The last revaluation was completed by Council in 2019/20. The cost approach was adopted to value these assets. One of the significant inputs considered in the valuation of these assets is dimensions.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Stormwater Drainage

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

A revaluation of this asset class was undertaken by Morrison Low in the 2023/2024 financial year. The cost approach was adopted to value Council stormwater drainage. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of stormwater drainage.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Water Supply Network

The Water Supply Network asset class comprise reservoirs, pumping stations and water pipelines. The Network was last revalued by APV Valuers & Asset Management in 2021/22.

The cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

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

E2-1 Fair value measurement (continued)

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

E2-1 Fair value measurement (continued)

Sewerage Network

The Sewerage Network assets within this class comprise treatment works, pumping stations and, sewerage mains. The Network was last revalued by APV Valuers & Asset Management in 2021/22.

The Cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets. This asset class is categorised as Level 3 as some of the above mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore Unobservable. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Planning and Environment - Water.

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

Swimming Pools

The last revaluation was completed by APV Valuers & Asset Management in 2020/21 and the cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

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

Open Space / Recreational

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

The last revaluation was completed by APV Valuers & Asset Management in 2020/21 and the cost approach was adopted to value these assets. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of assets.

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

Heritage Collection

This asset category comprises art works. The last revaluation was completed by McWilliam & Associates Pty Ltd in 2017/18 and the fair retail replacement value method was adopted to value these assets.

Other

The Other assets within this class comprise fibre optic cabling, telecommunication poles, computer servers and switches and parking meter machines.

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

Tip Assets

The Lismore Resource Recovery Facility is located at Wyrallah Road, Lismore. The facility encompasses a landfilling operation as well as a wide range of waste disposal services, resource recovery services, recycling products and waste management educational activities. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site. Closure of the landfill site will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post closure, and fencing sensitive infrastructure. An Evaluation of costs for Landfill Closure and Post Closure Management plan is reviewed annually. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

Quarry Assets

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

Closure of the quarry sites will involve a wide range of activities including the establishment of open woodland/forest across the quarry benches and provision of access areas into the pits once completed. It will also include decommissioning and removing of infrastructure and equipment that will not be required post closure, and fencing of sensitive infrastructure. An Evaluation of costs for Quarry Closures and Post Closure Management Plan is reviewed annually. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been an increase in the value of future funds required for remediation during the reporting period.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Community Land	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	13,092	12,182	38	57	401	507	41,363	40,056
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	251	-	-	-	138	-	-	844
Purchases (GBV)	5,744	2,903	10	-	181	67	-	370
Reinstatement cost for impaired assets	-	-	-	-	-	-	-	-
Disposals (WDV)	(172)	(172)	-	-	-	-	-	(469)
Depreciation and impairment	(1,713)	(1,821)	(17)	(19)	(105)	(173)	-	-
Impairment reversal recognised in equity	-	-	-	-	-	-	-	-
Revaluation increment/decrement to equity	-	-	-	-	-	-	-	562
Closing balance	17,202	13,092	31	38	615	401	41,363	41,363

\$ '000	Land under Roads Post 30/6/08		Land improvement (Depreciable)		Buildings		Other structures	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	138	78	16,951	16,208	71,913	65,266	18,908	18,004
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	328	476	7,553	-	2,998	305
Purchases (GBV)	2	15	42	58	15,942	248	1,113	658
Reinstatement cost for impaired assets	-	-	-	229	-	5,718	-	1
Disposals (WDV)	-	-	(77)	(11)	(559)	(2,026)	(43)	(12)
Depreciation and impairment	-	-	(936)	(1,145)	(1,340)	(982)	(1,215)	(1,301)
Impairment reversal recognised in equity	-	-	-	22	-	19,018	-	48
Revaluation increment/decrement to equity	1	45	1,117	1,114	6,507	(15,329)	1,512	1,205
Closing balance	141	138	17,425	16,951	100,016	71,913	23,273	18,908

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E2-1 Fair value measurement (continued)

\$ '000	Roads		Bridges		Footpaths		Bulk earthworks (Non-Deprec)	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	451,087	400,386	84,416	76,392	28,412	24,531	410,578	386,194
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	1,316	4,439	–	1,249	53	–	–	–
Purchases (GBV)	14,279	14,287	2,458	3,826	68	3,235	2,466	2,374
Reinstatement cost for impaired assets	–	22,919	–	–	–	–	–	–
Disposals (WDV)	(1,323)	(1,187)	(762)	(71)	–	(221)	(164)	(803)
Depreciation and impairment	(13,995)	(13,610)	(1,552)	(1,408)	(588)	(540)	–	–
Impairment reversal recognised in equity	(20,739)	2,360	–	–	–	–	–	–
Revaluation increment/decrement to equity	23,287	21,493	4,541	4,428	1,501	1,407	22,124	22,813
Closing balance	453,912	451,087	89,101	84,416	29,446	28,412	435,004	410,578

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Swimming pools	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	81,273	74,617	166,869	156,519	300,272	279,373	4,996	4,824
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	65	327	495	75	391	830	–	–
Purchases (GBV)	566	2,697	4,141	2,038	1,731	3,494	–	–
Reinstatement cost for impaired assets	–	–	–	400	613	832	–	–
Disposals (WDV)	(706)	(31)	(1,393)	(967)	(333)	(2,084)	–	–
Depreciation and impairment	(758)	(705)	(3,088)	(2,980)	(5,239)	(5,070)	(158)	(160)
Impairment reversal recognised in equity	–	–	–	–	57	–	–	–
Revaluation increment/decrement to equity	37,691	4,368	8,468	11,784	16,214	22,897	336	332
Closing balance	118,131	81,273	175,492	166,869	313,706	300,272	5,174	4,996

Lismore City Council | Notes to the Financial Statements 30 June 2024

E2-1 Fair value measurement (continued)

\$ '000	Other open space and recreation assets		Heritage collection		Other		Tip assets	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	639	724	1,085	1,071	1,125	1,184	1,793	2,497
Total gains or losses for the period								
Other movements								
Purchases (GBV)	14	-	-	14	-	55	-	-
Reinstatement cost for impaired assets	-	-	-	-	-	-	-	-
Disposals (WDV)	-	(17)	-	-	-	-	(198)	(557)
Depreciation and impairment	(81)	(111)	-	-	(112)	(114)	(112)	(147)
Impairment reversal recognised in equity	-	-	-	-	-	-	-	-
Revaluation increment/decrement to equity	40	43	-	-	-	-	-	-
Closing balance	612	639	1,085	1,085	1,013	1,125	1,483	1,793

\$ '000	Quarry assets		Land improvements (Non-Deprec)		Total	
	2024	2023	2024	2023	2024	2023
Opening balance	1,399	1,811	22,978	21,392	1,719,726	1,583,873
Transfers from/(to) another asset class	-	-	168	-	13,756	8,545
Purchases (GBV)	159	-	26	55	48,942	36,394
Reinstatement cost for impaired assets	-	-	-	-	613	30,099
Disposals (WDV)	-	(235)	-	-	(5,730)	(8,863)
Depreciation and impairment	(151)	(177)	-	-	(31,160)	(30,463)
Impairment reversal recognised in equity	-	-	-	-	(20,682)	21,448
Revaluation increment/decrement to equity	-	-	1,610	1,531	124,949	78,693
Closing balance	1,407	1,399	24,782	22,978	1,850,414	1,719,726

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
 - The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
 - Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
 - The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.
- Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

Description of the funding arrangements.

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund. The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working lifetime of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times member contributions

*For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of contributions of \$20.0 million per annum for 1 January to December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.
Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan.

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses. However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council. There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up. There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2024 was \$357,283.99. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$202,930.79.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

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

The share of any funding surplus or deficit that can be attributed to Council is 0.97%.

E3-1 Contingencies (continued)

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 Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency. The key economic long-term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

*Plus, promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, will be completed by December 2024.

Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June 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.

StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

Other guarantees

A bank guarantee for \$2,240,005 has been issued to the NSW Department of Planning and Environment for a bond for the rehabilitation/biodiversity offset and conservation works relating to the Blakebrook Quarry project.

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.

S7.11 Plans

Council levies Section 7.11 Contributions upon various developments across the Council area through the required Contributions Plans.

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

E3-1 Contingencies (continued)

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 Fund.

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

Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

Ground Contamination - North Lismore Stockpile

Council is aware of an issue at one of its stockpile sites located at 6-10 Nimbin Road, North Lismore where site contamination has been identified. Technical reporting has classified the waste stockpile as 'special waste' due to the presence of bonded asbestos material. Council received a report from a suitable expert on options to remediate the site.

There are a number of remedial options available as a management response to the site contamination of varying complexity and scope (site capping to excavation and removal of waste material) and these range in cost from approximately \$1,812,200 to \$2,412,800. The upper cost is representative of a remediation strategy involving the excavation and removal of waste to a licenced waste facility. A cost/tonne of \$301.60 (plus environmental monitoring and reporting) is assumed for such works.

This rate is representative of recent clean-up costs at other sites.

Negotiations have been undertaken with NSW EPA (Appropriate Regulatory Authority) as to the preferred remediation strategy for the site. Capping of the site is the preferred remedial option however any commencement of works is being complicated by the management of land claims by the Department of Planning and Environment – Crown Lands. The land in question consists of two Crown Reserves, which are subject to existing Aboriginal Land Claims made by Ngulingah Local Aboriginal Land Council. The land was recently excised from the current Native Title Claim (Widjabul Wia-bal NSD 1213 of 2019), as the land falls within the Road Dispute tranche.

The land will be dealt with in the next native title application, expected to commence early 2025. Whilst the relevant process to resolve these claims are in progress, Council is very limited in what it can do on the site, and is unable to progress with the preferred remediation option (capping - most cost effective) of the site. Council continues to negotiate with Department of Planning and Environment – Crown Lands and NSW EPA to enable an appropriate management response to the stockpile.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,144	1,021
Post-employment benefits	122	107
Other long-term benefits	22	22
Termination benefits	-	292
Total	1,288	1,442

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g access to library or Council swimming pool by KMP) will not be disclosed.

KMP and their related parties attend various functions from time to time as part of their position held within Council. Tickets, meals and small tokens of appreciation that are provided at these functions are considered immaterial and will not be disclosed.

There have been no other material transactions between KMP and Council during the year.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
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The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	61	61
Councillors' fees	273	273
Other Councillors' expenses (including Mayor)	45	58
Total	379	392

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements	207	117
Remuneration for audit and other assurance services	207	117
Total Auditor-General remuneration	207	117
Total audit fees	207	117

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	95,452	47,795
Add / (less) non-cash items:		
Depreciation and amortisation	31,943	31,170
(Gain) / loss on disposal of assets	5,258	7,777
Non-cash capital grants and contributions	(6,563)	(8,005)
Unwinding of discount rates on reinstatement provisions	(14)	(431)
Share of net (profits)/losses of associates/joint ventures using the equity method	83	(149)
Revised discount rate	-	-
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(5,822)	(2,341)
(Increase) / decrease of inventories	(656)	(110)
(Increase) / decrease of other current assets	(605)	(82)
(Increase) / decrease of contract asset	(7,366)	(7,686)
Increase / (decrease) in payables	(367)	(248)
Increase / (decrease) in accrued interest payable	(29)	(68)
Increase / (decrease) in other accrued expenses payable	132	1,723
Increase / (decrease) in other liabilities	795	2,452
Increase / (decrease) in contract liabilities	66,547	7,089
Increase / (decrease) in employee benefit provision	447	739
Increase / (decrease) in other provisions	47	(891)
Net cash flows from operating activities	179,282	78,734

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	6,005	8,005
Total non-cash investing and financing activities	6,005	8,005

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	4,019	11,985
Bridges	2,056	9,332
Sporting & recreational facilities	7,762	4,824
Flood recovery	1,658	4,586
Fleet Purchases	3,434	1,132
Road infrastructure	25	932
Waste Facility	531	313
Buildings	12	285
Total commitments	19,497	33,389
Sources for funding of capital commitments:		
Future grants and contributions	11,704	19,340
Externally restricted reserves	4,282	11,985
Internally restricted reserves	3,511	2,064
Total sources of funding	19,497	33,389

G3-1 Events occurring after the reporting date

Council has been progressing its response to the February/March 2022 Natural Disasters. Council has received advice in relation to grant funding commitments made by the Commonwealth and NSW Governments which will fund restoration works associated with its transport infrastructure and its buildings. These works are to be completed over one to three (1-3) years. There are no other known events occurring after the reporting date that would have a significant affect on the financial report.

Lismore City Council | Notes to the Financial Statements 30 June 2024

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Emergency Services	43	5	-	-	2	(16)	-	34	-
Community Services & Facilities	827	79	-	-	42	-	-	948	-
Public Domain Facilities	565	26	-	-	28	-	-	619	-
Open Space & Recreation Facilities	1,165	14	-	-	56	(18)	-	1,217	-
Cycleways Facilities	679	30	-	-	33	(18)	-	724	-
Rural North & South Traffic Management Facilities	962	112	-	-	49	(18)	-	1,105	-
Urban Traffic Management Facilities	4,443	234	-	-	222	-	-	4,899	-
Carparking	81	-	-	-	4	-	-	85	-
Stormwater	(40)	2	-	-	-	-	-	(38)	-
Street Trees	52	15	-	-	3	-	-	70	-
Heavy Haulage	210	80	-	-	6	(269)	-	27	-
Section 94 Plan Administration	122	7	-	-	6	-	-	135	-
S7.11 contributions – under a plan	9,109	604	-	-	451	(339)	-	9,825	-
Total S7.11 and S7.12 revenue under plans	9,109	604	-	-	451	(339)	-	9,825	-
S7.4 planning agreements	-	-	-	-	-	-	-	-	-
S64 contributions	-	525	-	-	-	(525)	-	-	-
Total contributions	9,109	1,129	-	-	451	(864)	-	9,825	-

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Emergency Services									
Bushfire	10	3	-	-	-	(1)	-	12	-
SES	33	2	-	-	2	(15)	-	22	-
Total	43	5	-	-	2	(16)	-	34	-

Lismore City Council | Notes to the Financial Statements 30 June 2024

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Community Services & Facilities									
CBD, North & South	827	79	-	-	42	-	-	948	-
Total	827	79	-	-	42	-	-	948	-
Public Domain Facilities									
Lismore CBD-Residential	528	26	-	-	26	-	-	580	-
Lismore CBD-Commercial	37	-	-	-	2	-	-	39	-
Total	565	26	-	-	28	-	-	619	-
Open Space & Recreation Facilities									
Tucki Tucki - Residential	906	4	-	-	43	(18)	-	935	-
Lismore Park	259	10	-	-	13	-	-	282	-
Total	1,165	14	-	-	56	(18)	-	1,217	-
Cycleways Facilities									
Cycleways	679	30	-	-	33	(18)	-	724	-
Total	679	30	-	-	33	(18)	-	724	-
Rural North & South Traffic Management Facilities									
Rural North & South Traffic Management Facilities	962	112	-	-	49	(18)	-	1,105	-
Total	962	112	-	-	49	(18)	-	1,105	-

Lismore City Council | Notes to the Financial Statements 30 June 2024

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Urban Traffic Management Facilities									
Residential/Commercial/Industrial	4,443	234	-	-	222	-	-	4,899	-
Total	4,443	234	-	-	222	-	-	4,899	-
Carparking									
Lismore & Nimbin	81	-	-	-	4	-	-	85	-
Total	81	-	-	-	4	-	-	85	-
Stormwater									
Residential	(40)	2	-	-	-	-	-	(38)	-
Total	(40)	2	-	-	-	-	-	(38)	-
Street Trees									
Residential/Commercial/Industrial	52	15	-	-	3	-	-	70	-
Total	52	15	-	-	3	-	-	70	-
Heavy Haulage									
Rural - Quarries	210	80	-	-	6	(269)	-	27	-
Total	210	80	-	-	6	(269)	-	27	-
Section 94 Plan Administration									
Section 94 Plan Administration	122	7	-	-	6	-	-	135	-
Total	122	7	-	-	6	-	-	135	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(2,787)	(2.08)%	(4.09)%	0.88%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	133,971				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	102,813	43.28%	46.98%	56.13%	> 60.00%
Total continuing operating revenue ¹	237,551				
3. Unrestricted current ratio					
Current assets less all external restrictions	59,687	1.92x	2.07x	2.38x	> 1.50x
Current liabilities less specific purpose liabilities	31,048				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	31,583	3.60x	2.89x	4.73x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	8,777				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	8,431	12.24%	9.95%	10.59%	< 10.00%
Rates and annual charges collectable	68,900				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	183,596	19.61	12.04	14.14	> 3.00
Monthly payments from cash flow of operating and financing activities	9,363	months	months	months	months

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

Lismore City Council | Notes to the Financial Statements 30 June 2024

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(7.73)%	(5.72)%	9.64%	3.53%	17.24%	(1.00)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	33.38%	38.42%	98.45%	95.19%	95.91%	75.19%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	1.91x	2.05x	16.08x	15.24x	13.15x	14.10x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3.07x	3.20x	4.84x	2.60x	4.34x	2.36x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	11.21%	8.13%	19.83%	20.78%	11.55%	9.68%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	17.12 months	7.83 months	11.90 months	14.83 months	49.91 months	40.63 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G6-1 above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2023/24 result

2023/24 ratio (2.08)%

Council's operating performance ratio was -2.08% for the 2023/2024 financial year. The improvement in this ratio was assisted by Council receiving funding for emergency flood works where expenses were incurred in previous financial years. Through the development of its long term financial plan, Council is taking steps to address its operating performance and to move this ratio closer to the benchmark.

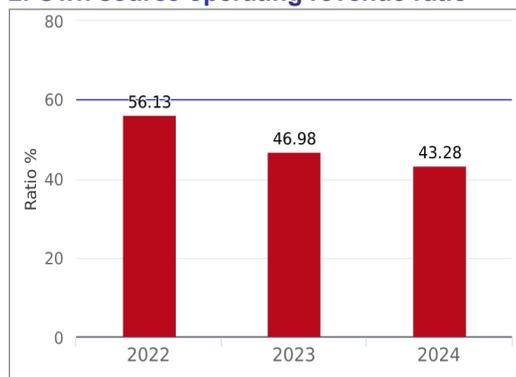
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



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 and contributions.

Commentary on 2023/24 result

2023/24 ratio 43.28%

Council's own source operating revenue ratio was 43.28% for the 2023/2024 financial year, which is below the benchmark of > 60%. This ratio is still being adversely affected by significant levels of natural disaster funding and other grants following the February 2022 flood event. This ratio is expected to return to > 60% once restoration works have been completed.

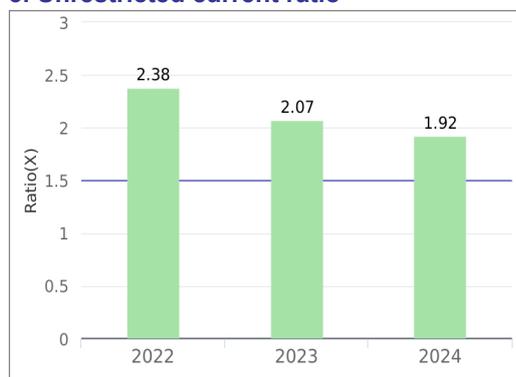
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



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 2023/24 result

2023/24 ratio 1.92x

Council's unrestricted current ratio was 1.92 for the 2023/2024 financial year and remains well above the benchmark of 1.5.

Benchmark: — > 1.50x

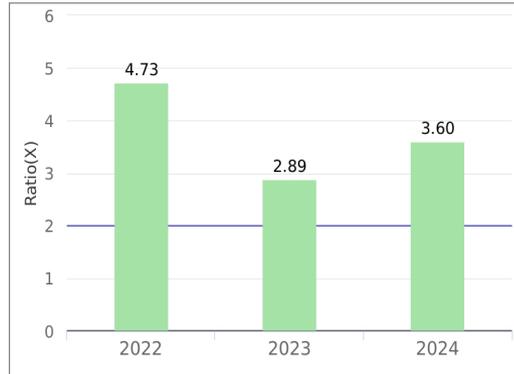
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



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 2023/24 result

2023/24 ratio 3.60x

Council's debt service ratio was 3.60 for the 2023/2024 financial year, which is above the benchmark of > 2.0.

Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 12.24%

Council's rates and annual charges outstanding percentage was 12.24% for the 2023/2024 financial year. Notably, the general fund ratio was 11.21% for the 2023/2024 financial year, increasing from 8.13% in the previous year. It should be noted that Council levies its water annual charges in arrears and this adversely impacts the consolidated ratio.

Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



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 2023/24 result

2023/24 ratio 19.61 months

Council's cash expense cover ratio was 19.61 months for the 2023/2024 financial year, which is well above the benchmark of > 3 months.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Lismore City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

Lismore City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

Lismore City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Lismore City Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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Lismore City Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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:

- NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- Local Government Code of Accounting Practice and Financial Reporting,
- Sections 3 and 4 of the NSW Department of Planning and Environment, *Water's Regulatory and assurance framework fro local water utilities*.

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 29 October 2024.

Steve Krieg
Mayor
29 October 2024

Jeri Hall
Councillor
29 October 2024

Jon Gibbons
General Manager
29 October 2024

John Hartley
Responsible Accounting Officer
29 October 2024

Lismore City Council | Income Statement of water supply business activity | for the year ended 30 June 2024

Lismore City Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	5,865	5,831
User charges	11,284	9,460
Interest and investment income	929	593
Grants and contributions provided for operating purposes	2	2
Other income	3	101
Total income from continuing operations	18,083	15,987
Expenses from continuing operations		
Employee benefits and on-costs	1,974	2,218
Borrowing costs	394	439
Materials and services	4,240	3,263
Depreciation, amortisation and impairment	3,190	3,071
Water purchase charges	6,542	6,430
Net loss from the disposal of assets	1,390	963
Calculated taxation equivalents	56	69
Debt guarantee fee (if applicable)	262	296
Total expenses from continuing operations	18,048	16,749
Surplus (deficit) from continuing operations before capital amounts	35	(762)
Grants and contributions provided for capital purposes	282	805
Surplus (deficit) from continuing operations after capital amounts	317	43
Surplus (deficit) from all operations before tax	317	43
Less: corporate taxation equivalent (25%) [based on result before capital]	(9)	–
Surplus (deficit) after tax	308	43
Opening accumulated surplus	36,488	36,087
Adjustments for amounts unpaid:		
– Taxation equivalent payments	56	69
– Debt guarantee fees	262	296
– Corporate taxation equivalent	9	–
Less:		
– Tax equivalent dividend paid	(20)	(7)
Closing accumulated surplus	37,103	36,488
Return on capital %	0.2%	(0.2)%
Subsidy from Council	7,591	7,380
Calculation of dividend payable:		
Surplus (deficit) after tax	308	43
Less: capital grants and contributions (excluding developer contributions)	(209)	(805)
Surplus for dividend calculation purposes	99	–
Dividend calculated from surplus	50	–

Lismore City Council | Income Statement of sewerage business activity | for the year ended 30 June 2024

Lismore City Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	14,525	14,182
User charges	819	295
Interest and investment income	2,389	1,468
Grants and contributions provided for operating purposes	4	1,468
Other income	16	15
Total income from continuing operations	17,753	17,428
Expenses from continuing operations		
Employee benefits and on-costs	2,581	2,693
Borrowing costs	623	692
Materials and services	6,026	9,060
Depreciation, amortisation and impairment	5,463	5,156
Net loss from the disposal of assets	333	2,085
Calculated taxation equivalents	40	54
Debt guarantee fee (if applicable)	132	156
Other expenses	-	1
Total expenses from continuing operations	15,198	19,897
Surplus (deficit) from continuing operations before capital amounts	2,555	(2,469)
Grants and contributions provided for capital purposes	752	3,797
Surplus (deficit) from continuing operations after capital amounts	3,307	1,328
Surplus (deficit) from all operations before tax	3,307	1,328
Less: corporate taxation equivalent (25%) [based on result before capital]	(639)	-
Surplus (deficit) after tax	2,668	1,328
Opening accumulated surplus	64,951	64,657
Prior period adjustments	-	(1,220)
Adjustments for amounts unpaid:		
- Taxation equivalent payments	40	54
- Debt guarantee fees	132	156
- Corporate taxation equivalent	639	-
Less:		
- Tax equivalent dividend paid	(30)	(24)
Closing accumulated surplus	68,400	64,951
Return on capital %	1.0%	(0.6)%
Subsidy from Council	10,974	14,164
Calculation of dividend payable:		
Surplus (deficit) after tax	2,668	1,328
Less: capital grants and contributions (excluding developer contributions)	(300)	(3,797)
Surplus for dividend calculation purposes	2,368	-
Dividend calculated from surplus	1,184	-

Lismore City Council | Income Statement of Quarry | for the year ended 30 June 2024

Lismore City Council

Income Statement of Quarry
for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
User charges	4,259	6,144
Other income	339	644
Total income from continuing operations	4,598	6,788
Expenses from continuing operations		
Employee benefits and on-costs	1,291	1,153
Borrowing costs	125	122
Materials and services	3,995	4,885
Depreciation, amortisation and impairment	188	211
Calculated taxation equivalents	42	98
Debt guarantee fee (if applicable)	4	10
Total expenses from continuing operations	5,645	6,479
Surplus (deficit) from continuing operations before capital amounts	(1,047)	309
Surplus (deficit) from continuing operations after capital amounts	(1,047)	309
Surplus (deficit) from all operations before tax	(1,047)	309
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(77)
Surplus (deficit) after tax	(1,047)	232
Opening accumulated surplus	1,677	1,024
Adjustments for amounts unpaid:		
– Taxation equivalent payments	42	98
– Debt guarantee fees	4	10
– Corporate taxation equivalent	–	77
– Subsidy paid/contribution to operations	1,035	236
Less:		
Transfer to Asset Revaluation Reserve	–	–
Closing accumulated surplus	1,711	1,677
Return on capital %	(24.8)%	12.9%
Subsidy from Council	1,082	–

Lismore City Council | Income Statement of Waste disposal | for the year ended 30 June 2024

Lismore City Council

Income Statement of Waste disposal
for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
User charges	8,586	6,014
Grants and contributions provided for operating purposes	78	61
Other income	2,795	4,010
Total income from continuing operations	11,459	10,085
Expenses from continuing operations		
Employee benefits and on-costs	2,434	2,370
Borrowing costs	444	435
Materials and services	10,119	8,562
Depreciation, amortisation and impairment	631	663
Calculated taxation equivalents	101	146
Debt guarantee fee (if applicable)	150	146
Total expenses from continuing operations	13,879	12,322
Surplus (deficit) from continuing operations before capital amounts	(2,420)	(2,237)
Grants and contributions provided for capital purposes	86	189
Surplus (deficit) from continuing operations after capital amounts	(2,334)	(2,048)
Surplus (deficit) from all operations before tax	(2,334)	(2,048)
Surplus (deficit) after tax	(2,334)	(2,048)
Plus accumulated surplus	6,653	3,751
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	101	146
– Debt guarantee fees	150	146
Add:		
– Subsidy paid/contribution to operations	(1,026)	4,658
Less:		
Closing accumulated surplus	3,544	6,653
Return on capital %	(16.5)%	(14.1)%
Subsidy from Council	2,492	2,315

Lismore City Council | Income Statement of Lismore Crematorium | for the year ended 30 June 2024

Lismore City Council

Income Statement of Lismore Crematorium

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
Fees	325	260
Other income	30	36
Total income from continuing operations	355	296
Expenses from continuing operations		
Employee benefits and on-costs	140	172
Materials and services	187	139
Depreciation, amortisation and impairment	16	13
Total expenses from continuing operations	343	324
Surplus (deficit) from continuing operations before capital amounts	12	(28)
Surplus (deficit) from continuing operations after capital amounts	12	(28)
Surplus (deficit) from all operations before tax	12	(28)
Less: corporate taxation equivalent (25%) [based on result before capital]	(3)	–
Surplus (deficit) after tax	9	(28)
Opening accumulated surplus	264	224
Adjustments for amounts unpaid:		
– Corporate taxation equivalent	3	–
Add:		
– Subsidy paid/contribution to operations	31	68
Closing accumulated surplus	307	264
Return on capital %	2.9%	(7.0)%
Subsidy from Council	6	44

Lismore City Council | Income Statement of Goonellabah Sports & Aquatic Centre - Gymnasium | for the year ended 30 June 2024

Lismore City Council

Income Statement of Goonellabah Sports & Aquatic Centre - Gymnasium
for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
Fees	560	531
Total income from continuing operations	560	531
Expenses from continuing operations		
Employee benefits and on-costs	236	229
Materials and services	560	604
Total expenses from continuing operations	796	833
Surplus (deficit) from continuing operations before capital amounts	(236)	(302)
Surplus (deficit) from continuing operations after capital amounts	(236)	(302)
Surplus (deficit) from all operations before tax	(236)	(302)
Surplus (deficit) after tax	(236)	(302)
Add:		
– Subsidy paid/contribution to operations	236	302
Closing accumulated surplus	–	–
Subsidy from Council	236	302

Lismore City Council | Income Statement of Swimsations | for the year ended 30 June 2024

Lismore City Council

Income Statement of Swimsations

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
Fees	461	489
Total income from continuing operations	461	489
Expenses from continuing operations		
Employee benefits and on-costs	348	285
Materials and services	425	374
Total expenses from continuing operations	773	659
Surplus (deficit) from continuing operations before capital amounts	(312)	(170)
Surplus (deficit) from continuing operations after capital amounts	(312)	(170)
Surplus (deficit) from all operations before tax	(312)	(170)
Surplus (deficit) after tax	(312)	(170)
Add:		
– Subsidy paid/contribution to operations	312	170
Closing accumulated surplus	–	–
Subsidy from Council	312	170

Lismore City Council | Statement of Financial Position of water supply business activity | as at 30 June 2024

Lismore City Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	1,758	1,736
Investments	12,000	15,132
Receivables	4,284	4,465
Inventories	332	294
Total current assets	18,374	21,627
Non-current assets		
Right of use assets	18	51
Receivables	1,558	1,049
Infrastructure, property, plant and equipment	186,500	175,557
Total non-current assets	188,076	176,657
Total assets	206,450	198,284
LIABILITIES		
Current liabilities		
Lease liabilities	8	17
Payables	162	489
Borrowings	744	706
Employee benefit provisions	344	307
Total current liabilities	1,258	1,519
Non-current liabilities		
Lease liabilities	8	33
Borrowings	7,290	8,034
Employee benefit provisions	19	16
Total non-current liabilities	7,317	8,083
Total liabilities	8,575	9,602
Net assets	197,875	188,682
EQUITY		
Accumulated surplus	37,103	36,488
Revaluation reserves	160,772	152,194
Total equity	197,875	188,682

Lismore City Council | Statement of Financial Position of sewerage business activity | as at 30 June 2024

Lismore City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	4,689	6,602
Investments	40,000	40,194
Receivables	2,157	889
Inventories	556	492
Total current assets	47,402	48,177
Non-current assets		
Right of use assets	–	4
Investments	–	1,000
Receivables	187	632
Infrastructure, property, plant and equipment	329,109	308,136
Total non-current assets	329,296	309,772
Total assets	376,698	357,949
LIABILITIES		
Current liabilities		
Contract liabilities	1,400	1,400
Lease liabilities	–	4
Payables	716	340
Borrowings	1,286	1,484
Employee benefit provisions	344	330
Total current liabilities	3,746	3,558
Non-current liabilities		
Borrowings	15,444	16,731
Employee benefit provisions	20	17
Total non-current liabilities	15,464	16,748
Total liabilities	19,210	20,306
Net assets	357,488	337,643
EQUITY		
Accumulated surplus	68,400	64,951
Revaluation reserves	289,088	272,692
Total equity	357,488	337,643

Lismore City Council | Statement of Financial Position of Quarry | as at 30 June 2024

Lismore City Council

Statement of Financial Position of Quarry

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Receivables	364	418
Inventories	1,545	1,000
Total current assets	1,909	1,418
Non-current assets		
Investments	–	772
Infrastructure, property, plant and equipment	3,725	3,340
Total non-current assets	3,725	4,112
Total assets	5,634	5,530
LIABILITIES		
Current liabilities		
Borrowings	–	145
Provisions	247	273
Total current liabilities	247	418
Non-current liabilities		
Borrowings	–	42
Provisions	3,325	3,042
Total non-current liabilities	3,325	3,084
Total liabilities	3,572	3,502
Net assets	2,062	2,028
EQUITY		
Accumulated surplus	1,711	1,677
Revaluation reserves	351	351
Total equity	2,062	2,028

Lismore City Council | Statement of Financial Position of Waste disposal | as at 30 June 2024

Lismore City Council

Statement of Financial Position of Waste disposal

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Investments	3,445	6,395
Inventories	79	157
Total current assets	3,524	6,552
Non-current assets		
Infrastructure, property, plant and equipment	12,007	12,754
Total non-current assets	12,007	12,754
Total assets	15,531	19,306
LIABILITIES		
Current liabilities		
Borrowings	577	694
Provisions	272	238
Total current liabilities	849	932
Non-current liabilities		
Borrowings	3,732	4,309
Provisions	7,406	7,412
Total non-current liabilities	11,138	11,721
Total liabilities	11,987	12,653
Net assets	3,544	6,653
EQUITY		
Accumulated surplus	3,544	6,653
Total equity	3,544	6,653

Lismore City Council | Statement of Financial Position of Lismore Crematorium | as at 30 June 2024

Lismore City Council

Statement of Financial Position of Lismore Crematorium

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	412	402
Total non-current assets	412	402
Total assets	412	402
LIABILITIES		
Current liabilities		
Employee benefit provisions	100	131
Total current liabilities	100	131
Non-current liabilities		
Employee benefit provisions	5	7
Total non-current liabilities	5	7
Total liabilities	105	138
Net assets	307	264
EQUITY		
Accumulated surplus	307	264
Total equity	307	264

Lismore City Council | Statement of Financial Position of Goonellabah Sports & Aquatic Centre - Gymnasium | as at 30 June 2024

Lismore City Council

Statement of Financial Position of Goonellabah Sports & Aquatic Centre -
Gymnasium

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Current assets		
Other	-	-
Total current assets	-	-
Non-current assets		
Infrastructure, property, plant and equipment	-	-
Total non-current assets	-	-
Total assets	-	-
LIABILITIES		
Current liabilities		
Employee benefit provisions	-	-
Total current liabilities	-	-
Non-current liabilities		
Employee benefit provisions	-	-
Total non-current liabilities	-	-
Total liabilities	-	-
Net assets	-	-
EQUITY		
Accumulated surplus	-	-
Revaluation reserves	-	-
Total equity	-	-

Lismore City Council | Statement of Financial Position of Swimsations | as at 30 June 2024

Lismore City Council

Statement of Financial Position of Swimsations

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Current assets		
Inventories	-	-
Total current assets	-	-
Non-current assets		
Infrastructure, property, plant and equipment	-	-
Total non-current assets	-	-
Total assets	-	-
LIABILITIES		
Current liabilities		
Employee benefit provisions	-	-
Total current liabilities	-	-
Non-current liabilities		
Employee benefit provisions	-	-
Total non-current liabilities	-	-
Total liabilities	-	-
Net assets	-	-
EQUITY		
Accumulated surplus	-	-
Revaluation reserves	-	-
Total equity	-	-

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements 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) and Australian Accounting Interpretations.

Councils are to provide details of any changes in accounting policies, errors or changes in accounting estimates during the year - the disclosures in G4 of Section 1 of the Code or the relevant disclosures from AASB 1060 (paragraphs 106-108 for changes in accounting policy, paragraph 109 for changes in accounting estimates or paragraph 110 for errors), can be used by the Council where these changes have occurred.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2021* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in 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 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and 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 and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

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

Category 1

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

a. Water

Provision of safe drinking water to customers

b. Sewerage

Provision of sewerage services to customers

c. Quarries

Supply of aggregate, road base and asphalt products

d. Waste Disposal

To provide waste disposal services

Category 2

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

a. Lismore Crematorium

Provide cremation services

b. Swimsations

Provide learn to swim classes

Note – Material accounting policy information (continued)

c. Goonellabah Sports and Aquatic Centre - Gymnasium

Provide gym facilities

Taxation equivalent charges

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

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

Notional rate applied (%)

Corporate income tax rate – 25% (2022/23: 25.0%)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

Payroll tax – 5.45% (**2022/23 5.45%**) on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with section 4 of Department of Planning and Environment (DPE) – Water regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to sec 3 and 4 of DPE - Water regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account 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 25%. (2022/23: 25%)

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to 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 the SPFS.

The rate applied of 25% is the equivalent corporate base rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Note – Material accounting policy information (continued)

Loan and 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 Council's borrowing rate for its business activities.

(i) 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. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

The NCP 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'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

(iii) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Section Y of DPE – Water's regulatory and assurance framework.

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section Y of DPE - Water's regulatory and assurance framework, a statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE -Water.

Lismore City Council

Special Purpose Financial Statements
for the year ended 30 June 2024

Lismore City Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Lismore City Council

Special Schedules

for the year ended 30 June 2024

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Lismore City Council | Permissible income for general rates | for the year ended 30 June 2024

Lismore City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	32,416	34,270
Plus or minus adjustments ²	b	154	57
Notional general income	c = a + b	32,570	34,327
Permissible income calculation			
Rate peg percentage	d	3.70%	4.70%
Less expiring special variation amount	e	(129)	-
Plus rate peg amount ³	f = d x (c + e)	1,200	1,613
Sub-total	g = (c + e + f)	33,641	35,940
Plus (or minus) last year's carry forward total	h	841	212
Sub-total	j = (h + i)	841	212
Total permissible income	k = g + j	34,482	36,152
Less notional general income yield	l	34,270	36,088
Catch-up or (excess) result	m = k - l	212	65
Carry forward to next year ⁶	p = m + n + o	212	65

Notes

- (1) 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.
- (2) 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 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (6) 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 Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

Permissible income for general rates

Permissible income for general rates: PLUS PDF inserted here

Council needs to uplift custom PDF here - please uplift via "PLUS PDF" choice in the Home/TOC screen

Lismore City Council | Report on infrastructure assets as at 30 June 2024

Lismore City Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2023/24 Required maintenance ^a \$ '000	2023/24 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings	7,412	7,412	1,949	2,295	105,733	163,615	37.0%	33.0%	17.0%	12.0%	1.0%
	Sub-total	7,412	7,412	1,949	2,295	100,016	163,615	37.0%	33.0%	17.0%	12.0%	1.0%
Other structures	Other structures	3,120	3,120	671	686	23,273	40,587	31.0%	30.0%	19.0%	20.0%	0.0%
	Sub-total	3,120	3,120	671	686	23,273	40,587	31.0%	30.0%	19.0%	20.0%	0.0%
Roads	Sealed roads	57,527	57,527	6,037	7,939	448,329	794,920	19.0%	43.0%	17.0%	7.0%	14.0%
	Unsealed roads	1,625	1,625	621	1,528	5,582	25,507	0.0%	0.0%	90.0%	10.0%	0.0%
	Bridges	9,354	9,354	550	495	89,101	158,106	29.0%	25.0%	34.0%	5.0%	7.0%
	Footpaths	787	787	200	193	29,446	41,917	22.0%	68.0%	8.0%	2.0%	0.0%
	Bulk earthworks	–	–	–	–	435,004	435,004	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	69,293	69,293	7,408	10,155	1,007,463	1,455,454	44.0%	28.2%	14.8%	4.6%	8.4%
Water supply network	Water supply network	27,043	27,043	1,807	2,593	175,492	312,921	33.0%	24.0%	23.0%	17.0%	3.0%
	Sub-total	27,043	27,043	1,807	2,593	175,492	312,921	33.0%	24.0%	23.0%	17.0%	3.0%
Sewerage network	Sewerage network	43,139	43,139	5,004	5,352	313,706	509,245	27.0%	36.0%	17.0%	6.0%	14.0%
	Sub-total	43,139	43,139	5,004	5,352	313,706	509,245	27.0%	36.0%	17.0%	6.0%	14.0%
Stormwater drainage	Stormwater drainage	2,100	2,100	544	596	118,131	155,250	43.0%	32.0%	23.0%	0.0%	2.0%
	Sub-total	2,100	2,100	544	596	118,131	155,250	43.0%	32.0%	23.0%	0.0%	2.0%

Lismore City Council | Report on infrastructure assets as at 30 June 2024

Lismore City Council

Report on infrastructure assets as at 30 June 2024 (continued)

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Swimming pools	3,275	3,275	660	335	5,174	13,751	0.0%	49.0%	1.0%	50.0%	0.0%
	Other Open Space/Recreation	692	692	129	129	612	2,511	0.0%	8.0%	25.0%	54.0%	13.0%
	Sub-total	3,967	3,967	789	464	5,786	16,262	0.0%	42.7%	4.7%	50.6%	2.0%
Total – all assets		156,074	156,074	18,172	22,141	1,743,867	2,653,334	38.5%	29.8%	16.8%	7.0%	7.9%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Lismore City Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2024	2024	2023	2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	93,590	192.19%	259.01%	22.73%	> 100.00%
Depreciation, amortisation and impairment ^{2,3}	48,696				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard ^{4,5}	156,074	8.47%	12.22%	15.02%	< 2.00%
Net carrying amount of infrastructure assets	1,841,721				
Asset maintenance ratio					
Actual asset maintenance	22,141	121.84%	106.95%	80.18%	> 100.00%
Required asset maintenance	18,172				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council ^{6,7}	156,074	5.88%	8.18%	9.89%	
Gross replacement cost	2,653,334				

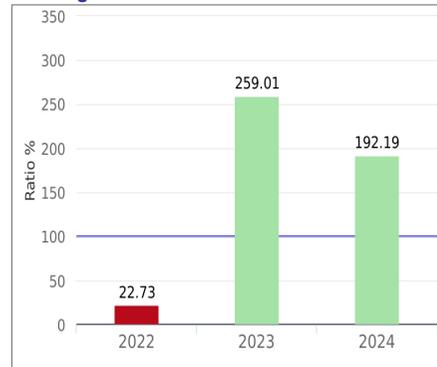
(*) All asset performance indicators are calculated using classes identified in the previous table.

- (1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.
- (2) 2024: Includes reinstatement costs for impaired assets of \$50,391 and a net impairment loss of \$20,682, favourably impacting this ratio as a result of the flood events in 2022. Adjusted for impairment, this ratio would be 154.21% for 2024.
- (3) 2023: Included reinstatement costs for impaired assets of \$29,870 and impairment reversals of \$2,408, favourably impacting this ratio as a result of the flood events in 2022. Adjusted for impairment, this ratio would have been 124.62% for 2023.
- (4) 2024: Includes flood repair costs of \$55,002, adversely impacting this ratio as a result of the flood events in 2022. Adjusted for these, this ratio would be 5.49% for 2024.
- (5) 2023: Included flood repair costs of \$97,395, adversely impacting this ratio as a result of the flood events in 2022. Adjusted for these, this ratio would have been 6.30% for 2023.
- (6) 2024: Includes flood repair costs of \$55,002, adversely impacting this ratio as a result of the flood events in 2022. Adjusted for these, this ratio would be 3.81% for 2023.
- (7) 2023: Included flood repair costs of \$97,395, adversely impacting this ratio as a result of the flood events in 2022. Adjusted for these, this ratio would have been 4.21% for 2023.

Lismore City Council

Report on infrastructure assets as at 30 June 2024

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

23/24 ratio 192.19%

Council's buildings and infrastructure renewals ratio was 192.19% for the 2023/2024 financial year, which is well above the benchmark of 100%. This ratio is still being favourably impacted by flood restoration works. Adjusted for this, the ratio would be 154.21%. The 2022/2023 ratio adjusted for impacts of impairment was 124.62%.

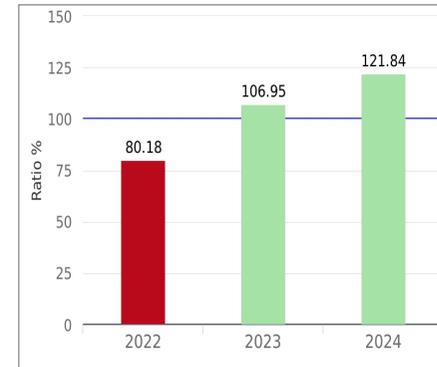
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



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 result

23/24 ratio 121.84%

Council's asset maintenance ratio was 121.84% for the 2023/2024 financial year. This ratio demonstrates Council is investing sufficient funds towards the maintenance of its buildings and infrastructure assets.

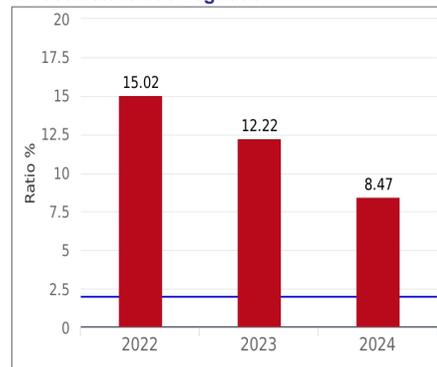
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

23/24 ratio 8.47%

Council's infrastructure backlog ratio was 8.47% for the 2023/2024 financial year. Adjusted for the impacts of impairment and estimated flood repair costs, this ratio would be 5.49%. The 2022/2023 ratio adjusted for impacts of impairment was 6.30%.

Council continues to work towards reducing its infrastructure backlog through the development of its asset management plans and increased funding allocations in its long term financial plan.

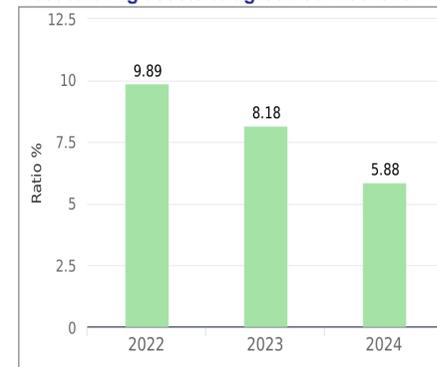
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result

23/24 ratio 5.88%

Council's proportion of outstanding renewal works compared to the total value of assets improved to 5.88% for the 2023/2024 financial year. This has been aided by ongoing flood recovery works.

Lismore City Council | Report on infrastructure assets as at 30 June 2024

Lismore City Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment ^{2,3}	194.02%	335.32%	215.96%	116.20%	164.08%	99.88%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard ^{4,5}							
Net carrying amount of infrastructure assets	6.43%	7.39%	14.91%	15.04%	13.29%	29.24%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	124.95%	105.96%	143.50%	125.76%	106.95%	101.75%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council ^{6,7}							
Gross replacement cost	4.71%	5.17%	8.57%	8.55%	8.42%	18.28%	

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(2) 2024: This ratio was favourably impacted by the reinstatement costs for impairment assets as a result of the flood events of 2022. Adjusted for this, these ratios would be 157.13% for General Fund, 141.71% for Water Fund and 150.78% for Sewer Fund for 2023.

(3) 2023: This ratio was favourably impacted by the reinstatement costs for impairment assets as a result of the flood events of 2022. Adjusted for this, these ratios would have been 139.30% for General Fund, 103.02% for Water Fund and 83.57% for Sewer Fund for 2023.

(4) 2024: This ratio was adversely impacted by the inclusion of repair costs as a result of the flood events of 2022. Adjusted for this, these ratios would be 4.72% for General Fund and 4.73% for Sewer Fund for 2024. Water Fund was not impacted.

(5) 2023: This ratio was adversely impacted by the inclusion of repair costs as a result of the flood events of 2022. Adjusted for this, these ratios would be 4.47% for General Fund, 14.57% for Water Fund and 8.68% for Sewer Fund for 2023.

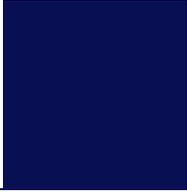
(6) 2024: This ratio was adversely impacted by the inclusion of repair costs as a result of the flood events of 2022. Adjusted for this, these ratios would be 3.23% for General Fund and 2.91% for Sewer Fund for 2024. Water Fund was not impacted.

Lismore City Council

Report on infrastructure assets as at 30 June 2024 (continued)

⁽⁷⁾ 2023: This ratio was adversely impacted by the inclusion of repair costs as a result of the flood events of 2022. Adjusted for this, these ratios would be 3.13% for General Fund, 8.29% for Water Fund and 5.42% for Sewer Fund for 2023.

Notices of Motion / Questions with Notice



Notice of Motion / Question with Notice

Councillors Adam Guise; Big Rob; Jasmine Knight-Smith have given notice of their intention to move the following rescission motion:

That Council rescind its decision of item 11.6 from the 15 October 2024 meeting.

Councillor Comment

We intend to move at the 29 October 2024 Extra Ordinary Council meeting a rescission motion on item 11.6 of the 15 October 2024 meeting.

RESOLVED that:

1. Ordinary Meetings of Council for the remainder of 2024 be held on the second Tuesday of the month commencing at 10.00am from 12 November to 10 December 2024
2. an Extra Ordinary Meeting of Council be held on Tuesday 29 October 2024 for the purposes of the Audited Financial Statements at 10.00am
3. Ordinary Meetings of Council for 2025 be held on the second Tuesday of the month commencing at 10.00am from 11 February to 9 December 2025

(Councillors Battista/Gordon) (BP24/801)

Voting for: Councillors Battista, Bing, Dalton-Earls, Gordon, Hall, Jensen and Krieg

Voting against: Councillors Guise, Knight-Smith, Rob and Waters

There are no attachments for this report. **TRIM Record No:** BP24/963:EF19/25-6