

Lismore City Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023



Lismore City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Lismore City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	85
On the Financial Statements (Sect 417 [3])	88

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 2023

Statement by Councillors and Management

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:

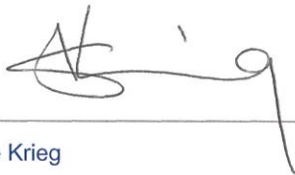
- *Local Government Act 1993* and the regulations made thereunder,
- Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- Local Government Code of Accounting Practice and Financial Reporting.

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

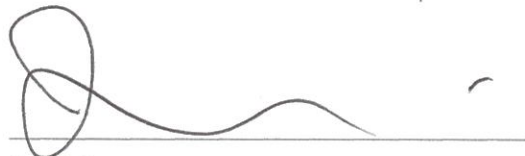
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

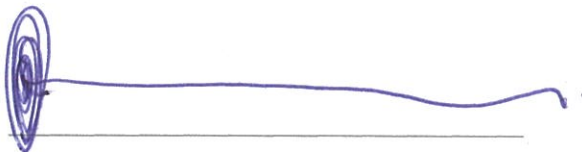
Signed in accordance with a resolution of Council made on 12 December 2023.



Steve Krieg
Mayor
12 December 2023



Jeri Hall
Councillor
12 December 2023



Jon Gibbons
General Manager
12 December 2023



Kristian Enevoldson
Responsible Accounting Officer
12 December 2023

Lismore City Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Income from continuing operations				
57,928	Rates and annual charges	B2-1	58,632	58,912
27,145	User charges and fees	B2-2	26,093	24,721
5,451	Other revenues	B2-3	6,589	10,677
10,791	Grants and contributions provided for operating purposes	B2-4	46,279	42,062
18,117	Grants and contributions provided for capital purposes	B2-4	61,211	32,286
1,062	Interest and investment income	B2-5	3,917	809
–	Net share of interests in joint ventures and associates using the equity method	D2a	149	81
120,494	Total income from continuing operations		202,870	169,548
Expenses from continuing operations				
32,577	Employee benefits and on-costs	B3-1	37,757	32,903
41,188	Materials and services	B3-2	70,909	60,171
2,263	Borrowing costs	B3-3	2,558	2,666
33,820	Depreciation, amortisation and impairment of non-financial assets	B3-4	31,170	36,713
3,541	Other expenses	B3-5	4,904	3,569
3,352	Net loss from the disposal of assets	B4-1	7,777	28,460
41	Net share of interests in joint ventures and associates using the equity method	D2a	–	–
116,782	Total expenses from continuing operations		155,075	164,482
3,712	Operating result from continuing operations		47,795	5,066
3,712	Net operating result for the year attributable to Council		47,795	5,066
(14,405)	Net operating result for the year before grants and contributions provided for capital purposes		(13,416)	(27,220)

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 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		47,795	5,066
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	76,605	86,783
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	21,448	(82,177)
Total items which will not be reclassified subsequently to the operating result		98,053	4,606
Total other comprehensive income for the year		98,053	4,606
Total comprehensive income for the year attributable to Council		145,848	9,672

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 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	42,272	30,744
Investments	C1-2	89,928	92,000
Receivables	C1-4	18,311	16,189
Inventories	C1-5	2,666	2,556
Contract assets and contract cost assets	C1-6	16,523	8,837
Other	C1-9	133	51
Total current assets		169,833	150,377
Non-current assets			
Investments	C1-2	1,000	10,000
Receivables	C1-4	3,456	3,247
Inventories	C1-5	174	174
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,822,055	1,682,613
Intangible assets	C1-8	-	29
Right of use assets	C2-1	2,202	2,875
Investments accounted for using the equity method	D2-2	1,399	1,250
Total non-current assets		1,830,286	1,700,188
Total assets		2,000,119	1,850,565
LIABILITIES			
Current liabilities			
Payables	C3-1	24,350	20,081
Contract liabilities	C3-2	21,206	14,117
Lease liabilities	C2-1	571	658
Borrowings	C3-3	5,815	5,467
Employee benefit provisions	C3-4	7,026	6,722
Provisions	C3-5	249	560
Total current liabilities		59,217	47,605
Non-current liabilities			
Lease liabilities	C2-1	1,703	2,267
Borrowings	C3-3	39,952	46,718
Employee benefit provisions	C3-4	686	251
Provisions	C3-5	10,487	11,498
Total non-current liabilities		52,828	60,734
Total liabilities		112,045	108,339
Net assets		1,888,074	1,742,226
EQUITY			
Accumulated surplus		603,170	555,375
IPPE revaluation reserve	C4-1	1,284,904	1,186,851
Total equity		1,888,074	1,742,226

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 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance		555,375	1,186,851	1,742,226	550,309	1,182,245	1,732,554
Net operating result for the year		47,795	–	47,795	5,066	–	5,066
Net Operating result for the period		47,795	–	47,795	5,066	–	5,066
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	76,605	76,605	–	86,783	86,783
– Impairment (loss) reversal relating to IPP&E	C1-7	–	21,448	21,448	–	(82,177)	(82,177)
Other comprehensive income		–	98,053	98,053	–	4,606	4,606
Total comprehensive income		47,795	98,053	145,848	5,066	4,606	9,672
Closing balance at 30 June		603,170	1,284,904	1,888,074	555,375	1,186,851	1,742,226

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 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
57,875	Rates and annual charges		60,942	57,827
27,398	User charges and fees		29,017	26,908
1,331	Interest received		2,816	995
24,835	Grants and contributions		98,888	75,767
–	Bonds, deposits and retentions received		216	–
10,273	Other		12,484	12,959
<i>Payments:</i>				
(32,667)	Payments to employees		(36,520)	(33,424)
(41,775)	Payments for materials and services		(78,759)	(65,966)
(2,274)	Borrowing costs		(3,057)	(5,395)
–	Bonds, deposits and retentions refunded		–	(581)
(3,714)	Other		(7,293)	(1,390)
41,282	Net cash provided by (or used in) operating activities	G1-1	78,734	67,700
Cash flows from investing activities				
<i>Receipts:</i>				
1,573	Sale of real estate assets		–	2,301
540	Proceeds from sale of IPPE		198	779
–	Deferred debtors receipts		10	9
<i>Payments:</i>				
–	Acquisition of term deposits		11,072	(23,000)
(52,370)	Payments for IPPE		(71,383)	(32,656)
41	Purchase of real estate assets		–	(129)
(50,216)	Net cash provided by (or used in) investing activities		(60,103)	(52,696)
Cash flows from financing activities				
<i>Payments:</i>				
(5,466)	Repayment of borrowings		(6,418)	(5,316)
–	Principal component of lease payments		(685)	(592)
(5,466)	Net cash flow provided by (used in) financing activities		(7,103)	(5,908)
(14,400)	Net change in cash and cash equivalents		11,528	9,096
16,637	Cash and cash equivalents at beginning of year		30,744	21,648
2,237	Cash and cash equivalents at end of year	C1-1	42,272	30,744
–	plus: Investments on hand at end of year ¹	C1-2	90,928	102,000
2,237	Total cash, cash equivalents and investments		133,200	132,744

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

Lismore City Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	22
B3 Costs of providing services	23
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	24
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	25
B3-5 Other expenses	27
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	32
C1 Assets we manage	32
C1-1 Cash and cash equivalents	32
C1-2 Financial investments	32
C1-3 Restricted and allocated cash, cash equivalents and investments	33
C1-4 Receivables	35
C1-5 Inventories	37
C1-6 Contract assets and Contract cost assets	38
C1-7 Infrastructure, property, plant and equipment	39
C1-8 Intangible assets	43
C1-9 Other	43
C2 Leasing activities	44
C2-1 Council as a lessee	44
C3 Liabilities of Council	47
C3-1 Payables	47
C3-2 Contract Liabilities	48
C3-3 Borrowings	49
C3-4 Employee benefit provisions	51
C3-5 Provisions	52

Lismore City Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

C4 Reserves	53
C4-1 Nature and purpose of reserves	53
D Council structure	54
D1 Results by fund	54
D1-1 Income Statement by fund	54
D1-2 Statement of Financial Position by fund	55
D2 Interests in other entities	56
D2-1 Interests in joint arrangements	56
D2-2 Interests in associates	57
E Risks and accounting uncertainties	58
E1-1 Risks relating to financial instruments held	58
E2-1 Fair value measurement	61
E3-1 Contingencies	69
F People and relationships	72
F1 Related party disclosures	72
F1-1 Key management personnel (KMP)	72
F1-2 Councillor and Mayoral fees and associated expenses	73
F2 Other relationships	73
F2-1 Audit fees	73
G Other matters	74
G1-1 Statement of Cash Flows information	74
G2-1 Commitments	75
G3-1 Events occurring after the reporting date	75
G4 Changes from prior year statements	76
G4-1 Changes in accounting estimates	76
G5 Statement of developer contributions as at 30 June 2023	77
G5-1 Summary of developer contributions	77
G5-2 Developer contributions by plan	77
G6 Statement of performance measures	80
G6-1 Statement of performance measures – consolidated results	80
G6-2 Statement of performance measures by fund	81
H Additional Council disclosures (unaudited)	83
H1-1 Statement of performance measures – consolidated results (graphs)	83

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 12 December 2023. 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 2023 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 (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 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 2023.

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
An inclusive and healthy community	10,437	21,420	26,364	22,437	(15,927)	(1,017)	6,533	18,112	136,936	126,761
A prosperous and vibrant city	2,795	2,155	9,313	4,760	(6,518)	(2,605)	2,307	1,788	4,935	4,569
Our natural environment	5,875	11,853	7,799	16,102	(1,924)	(4,249)	831	379	96,040	88,904
Our built environment	129,227	79,428	106,613	104,920	22,614	(25,492)	79,633	39,780	1,652,011	1,528,322
Leadership and participation	54,536	54,692	4,986	16,263	49,550	38,429	18,186	14,289	110,197	102,009
Total functions and activities	202,870	169,548	155,075	164,482	47,795	5,066	107,490	74,348	2,000,119	1,850,565

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	2023	2022
Ordinary rates		
Residential	21,897	21,859
Farmland	4,741	4,790
Business	5,321	5,628
Less: pensioner rebates	(717)	(695)
Rates levied to ratepayers	31,242	31,582
Pensioner rate subsidies received	383	396
Total ordinary rates	31,625	31,978
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	5,670	5,602
Stormwater management services	379	385
Water supply services	5,466	5,390
Sewerage services	14,062	14,025
Waste management services (non-domestic)	563	645
Less: pensioner rebates	(638)	(625)
Nimbin transfer station	52	52
Waste minimisation	1,123	1,123
Annual charges levied	26,677	26,597
Pensioner annual charges subsidies received:		
– Water	122	123
– Sewerage	129	133
– Domestic waste management	79	81
Total annual charges	27,007	26,934
Total rates and annual charges	58,632	58,912

Council has used 01/07/2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services	9,433	10,857
Sewerage services	79	172
Total specific user charges	9,512	11,029
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Building regulation	1,319	1,318
Section 603 certificates	79	89
Other	–	4
Dog registration fees	147	199
Health control	307	573
Planning services	723	695
Total fees and charges – statutory/regulatory	2,575	2,878
(ii) Fees and charges – other (incl. general user charges (per s608))		
Aerodrome	49	91
Caravan park	32	30
Community centres	7	5
Leisure centre	1,583	874
Parking fees	198	115
Quarry revenues	1,577	1,338
Transport for NSW works (state roads not controlled by Council)	6,069	4,396
Art gallery	6	15
Library	–	2
Parks, gardens and lakes	165	139
Public cemeteries	979	1,017
Road services	30	29
Share cropping	–	5
Sporting grounds	1	6
Other	475	461
Swimming pools	–	163
Waste disposal	2,672	1,944
Water charges	163	184
Total fees and charges – other	14,006	10,814
Total other user charges and fees	16,581	13,692
Total user charges and fees	26,093	24,721
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	10,693	11,884
User charges and fees recognised at a point in time	15,400	12,837
Total user charges and fees	26,093	24,721

B2-2 User charges and fees (continued)

Accounting policy

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	2023	2022
Rental income – other council properties	349	381
Fines – parking	100	162
Fines – other	1	20
Commissions and agency fees	–	10
Donations - Flood Appeal	169	1,528
Container Deposit Scheme	1,131	861
Insurance claims recoveries	1,669	5,252
Master games	42	–
Other	1,251	1,014
Recycling income (non-domestic)	1,873	1,369
Other events	4	80
Total other revenue	6,589	10,677

Timing of revenue recognition for other revenue

Other revenue recognised over time	349	381
Other revenue recognised at a point in time	6,240	10,296
Total other revenue	6,589	10,677

Accounting policy for other revenue

Accounting policy 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.

B2-4 Grants and contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component		1,275	2,364	–	–
Financial assistance – local roads component		2,874	1,087	–	–
Payment in advance - future year allocation ¹					
Financial assistance – general component		5,221	3,635	–	–
Financial assistance – local roads component		2,442	1,672	–	–
Amount recognised as income during current year		11,812	8,758	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies		–	889	20	5
Sewerage services		1,401	7,135	–	–
Bushfire and emergency services	B2-4	–	141	37	139
Community centres		–	–	–	43
Economic development		1,018	291	–	–
Environmental programs		355	237	–	–
Recreation and culture		–	–	5,221	3,335
Airport		–	–	358	235
Art gallery		170	232	–	–
Diesel rebate		321	270	–	–
Domestic waste management		61	61	189	81
Library services		231	175	–	–
Natural disaster funding ²		20,833	17,785	22,847	–
Street lighting		167	167	–	–
Transport (roads to recovery)		1,228	1,228	–	–
Transport (other roads and bridges funding)		–	25	20,483	18,819
Other specific grants		6,864	3,005	–	–
Health and safety		121	–	–	–
Recreation and culture		–	–	65	102
Transport for NSW contributions (regional roads, block grant)		1,697	1,663	136	136
Total special purpose grants and non-developer contributions – cash		34,467	33,304	49,356	22,895
Non-cash contributions					
Bushfire services		–	–	45	2,170
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)		–	–	5,493	2,234
Recreation and culture		–	–	14	358
Sewerage (excl. section 64 contributions)		–	–	1,876	1,054
Water supplies (excl. section 64 contributions)		–	–	577	927
Total other contributions – non-cash		–	–	8,005	6,743
Total special purpose grants and non-developer contributions (tied)		34,467	33,304	57,361	29,638
Total grants and non-developer contributions		46,279	42,062	57,361	29,638

B2-4 Grants and contributions (continued)

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Comprising:				
– Commonwealth funding	11,462	9,334	7,624	3,178
– State funding	33,988	32,714	44,545	19,615
– Other funding	829	14	5,192	6,845
	46,279	42,062	57,361	29,638

(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):

G5

Cash contributions

S 7.11 – contributions towards amenities/services	–	–	1,720	1,075
S 64 – water supply contributions	–	–	209	282
S 64 – sewerage service contributions	–	–	1,921	1,291
Total developer contributions – cash	–	–	3,850	2,648
Total developer contributions	–	–	3,850	2,648
Total contributions	–	–	3,850	2,648
Total grants and contributions	46,279	42,062	61,211	32,286

Timing of revenue recognition for grants and contributions

Grants and contributions recognised over time	20,833	17,785	22,847	–
Grants and contributions recognised at a point in time	25,446	24,277	38,364	32,286
Total grants and contributions	46,279	42,062	61,211	32,286

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 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	17,481	5,144	10,177	5,367
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	9,889	13,457	259	84
Add: Funds received and not recognised as revenue in the current year	2,126	1,731	19,079	12,386
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(13,451)	(2,851)	(84)	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,730)	–	(12,387)	(7,660)
Unspent funds at 30 June	14,315	17,481	17,044	10,177

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	–	–	8,092	7,365
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	1,722	1,117
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(705)	(390)
Unspent contributions at 30 June	–	–	9,109	8,092

Accounting policy

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	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	336	214
– Cash and investments	3,581	595
Total interest and investment income (losses)	3,917	809

Accounting policy

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	2023	2022
Salaries and wages	31,120	26,918
Employee leave entitlements	7,024	5,035
Superannuation	3,514	3,171
Workers' compensation insurance	1,048	803
Fringe benefit tax	35	26
Payroll tax	155	210
Training costs (other than salaries and wages)	506	402
Protective clothing	145	115
Total employee costs	43,547	36,680
Less: capitalised costs	(5,790)	(3,777)
Total employee costs expensed	37,757	32,903

Accounting policy

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	2023	2022
Raw materials and consumables		66,085	55,111
Audit Fees	F2-1	117	110
Councillor and Mayoral fees and associated expenses	F1-2	392	305
Electricity and heating		850	1,517
Insurance		1,702	1,417
Street lighting		373	425
Telephone and communications		398	400
Legal expenses:			
– Legal expenses: planning and development		33	5
– Legal expenses: other		542	549
Expenses from short-term leases		414	309
Expenses from leases of low value assets		3	23
Total materials and services		70,909	60,171
Total materials and services		70,909	60,171

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on leases		86	65
Interest on loans		2,097	2,436
Other debts		1	3
Total interest bearing liability costs		2,184	2,504
Total interest bearing liability costs expensed		2,184	2,504
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	374	162
Total other borrowing costs		374	162
Total borrowing costs expensed		2,558	2,666

Accounting policy

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	2023	2022
Depreciation and amortisation			
Plant and equipment	C1-7	1,821	1,729
Office equipment	C1-7	19	28
Furniture and fittings	C1-7	173	181
Land improvements (depreciable)	C1-7	1,145	2,196
Infrastructure:			
– Buildings	C1-7	982	1,533
– Other structures		1,301	1,226
– Roads		13,610	15,921
– Bridges		1,408	1,407
– Footpaths		540	448
– Stormwater drainage		705	633
– Water supply network		2,980	3,240
– Sewerage network		5,070	6,659
– Swimming pools		160	158
– Other open space/recreational assets		111	125
Right of use assets	C2-1	707	633
Other assets:			
– Other		114	107
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	147	325
– Quarry assets	C1-7,C3-5	177	154
Intangible assets	C1-8	–	10
Total depreciation and amortisation costs		31,170	36,713
Impairment / revaluation decrement of IPPE			
Land improvements (depreciable)		(22)	2,909
Infrastructure:			
– Buildings	C1-7	(19,018)	19,018
– Other structures		(48)	979
– Roads		(2,360)	31,507
– Water supply network		–	1,200
– Sewerage network		–	23,802
Other assets:			
– Heritage collections		–	2,762
Total gross IPPE impairment / revaluation decrement costs		(21,448)	82,177
Amounts taken through revaluation reserve	C1-7	21,448	(82,177)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		31,170	36,713

Accounting policy

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.

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

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.

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 has recognised the impairment to the impacted infrastructure in the year ended 30 June 2022 and reviews this each year based on works completed.

B3-5 Other expenses

\$ '000	2023	2022
Impairment of receivables		
Other	–	44
Total impairment of receivables	–	44
Other		
Contributions/levies to other levels of government		
– Emergency services levy	122	47
– NSW fire brigade levy	603	519
– NSW rural fire service levy	349	337
– Rous County Council	321	286
– Waste levy ¹	5	689
– Richmond Tweed Regional Library	1,741	1,600
– Other contributions/levies	30	46
Donations, contributions and assistance to other organisations (Section 356)	1,733	1
Total other	4,904	3,525
Total other expenses	4,904	3,569

Accounting policy

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	2023	2022
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		(469)	(1,980)
Gain (or loss) on disposal		(469)	(1,980)
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-7	198	670
Less: carrying amount of plant and equipment assets sold/written off		(173)	(1,399)
Gain (or loss) on disposal		25	(729)
Gain (or loss) on disposal of infrastructure			
Proceeds from disposal – infrastructure	C1-7	–	–
Less: carrying amount of infrastructure assets sold/written off		(5,255)	(23,430)
Gain (or loss) on disposal		(5,255)	(23,430)
Gain (or loss) on disposal of real estate assets held for sale			
Proceeds from disposal – real estate assets	C1-5	–	2,301
Less: carrying amount of real estate assets sold/written off		–	(370)
Gain (or loss) on disposal		–	1,931
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)	–
Other Structures			
Proceeds from disposal – Other Structures		–	–
Less: carrying amount of Other Structures assets sold/written off		(12)	(824)
Gain (or loss) on disposal		(12)	(824)
Land Improvements - Depreciable			
Proceeds from disposal – Land Improvements-Depreciable		–	–
Less: carrying amount of Land Improvements-Depreciable assets sold/written off		(11)	(405)
Gain (or loss) on disposal		(11)	(405)
Buildings			
Proceeds from disposal – Buildings assets		–	–
Less: carrying amount of Buildings assets sold/written off		(2,026)	(2,774)
Gain (or loss) on disposal		(2,026)	(2,774)
Other Land			
Proceeds from disposal – Other Land		–	109
Less: carrying amount of Other Land assets sold/written off		–	(358)
Gain (or loss) on disposal		–	(249)
Net gain (or loss) from disposal of assets		(7,777)	(28,460)

Accounting policy

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 by the Council 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	2023 Budget	2023 Actual	2023 ----- Variance -----		
Revenues					
Rates and annual charges	57,928	58,632	704	1%	F
User charges and fees	27,145	26,093	(1,052)	(4)%	U
Other revenues	5,451	6,589	1,138	21%	F
Council experienced two major natural disasters in February 2022 and March 2022. At the time of the budget preparation the full impact of these events was not able to be quantified. The events had significant impact on Council with many operations either closed, operating at reduced capacity, major grant income being received for emergency funding or increased costs as Council addressed emergency works.					
The major items in other revenues were:					
1. Increase revenues from insurance claims received \$1.7 million					
2. Offset lower revenue from the recycling facility being closed (\$1.2 million)					
3. Donations received from the public for the flood affected members of the community \$164k.					
4. Additional general income not budgeted \$460k					
Operating grants and contributions	10,791	46,279	35,488	329%	F
Council experienced two major natural disasters in February 2022 and March 2022. At the time of the budget preparation the full impact of these events was not able to be quantified. The events had significant impact on Council with many operations either closed, operating at reduced capacity, major grant income being received for emergency funding or increased costs as Council addressed emergency works.					
The major items being:					
- State and Federal Disaster funding to address emergency impact of the events.					
- 100% of the Financial assistance Grants for 2024 was received in advance. This was not advised until June 2023.					
Capital grants and contributions	18,117	61,211	43,094	238%	F
Council experienced two major natural disasters in February 2022 and March 2022. At the time of the budget preparation the full impact of these events was not able to be quantified. The events had significant impact on Council with many operations either closed, operating at reduced capacity, major grant income being received for emergency funding or increased costs as Council addressed emergency works.					
Funding was received for Roads, Water, Sewer essential infrastructure and for Buildings.					
Interest and investment revenue	1,062	3,917	2,855	269%	F
The increase in grant funding increased funds held by Council thus increasing the return on investments. In addition the Reserve Bank of Australia applied several increases to the cash rate, increasing it from a low of less than 1% to approx 4%. As investments matured Council was able to take advantage of the higher rates offered.					
Joint ventures and associates – net profits	–	149	149	∞	F

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	32,577	37,757	(5,180)	(16)% U
Council experienced two major natural disasters in February 2022 and March 2022. At the time of the budget preparation the full impact of these events was not able to be quantified. The events had significant impact on Council with many operations either closed, operating at reduced capacity, major grant income being received for emergency funding or increased costs as Council addressed emergency works.				
Salary and wages - increased by \$3.6 million				
Increases resulted from the application of the Resources and Capability funding from the Office of Local Government, This funding was provided to assist Council develop and implement a strategy to make it more financially viable. Under this funding Council employed trainees and additional skilled staff. Additional staff were required to address the emergency events associated with the flood.				
Employee leave entitlements increased by \$1.6 million				
The value of leave due and payable to employees for future use, due to the increased bonds rates. Workers compensation increased by \$149k and Superannuation paid by \$424k				
Materials and services	41,188	70,909	(29,721)	(72)% U
Council experienced two major natural disasters in February 2022 and March 2022. At the time of the budget preparation the full impact of these events was not able to be quantified. The events had significant impact on Council with many operations either closed, operating at reduced capacity, major grant income being received for emergency funding or increased costs as Council addressed emergency works. These costs were offset by increases in grant revenues.				
Borrowing costs	2,263	2,558	(295)	(13)% U
Remediation Liabilities associated with the Quarry and Waste Facility increased by \$373k. This comprised the Waste Facility \$268k and Quarry by \$106k				
Depreciation, amortisation and impairment of non-financial assets	33,820	31,170	2,650	8% F
Other expenses	3,541	4,904	(1,363)	(38)% U
Council experienced two major natural disasters in February 2022 and March 2022. At the time of the budget preparation the full impact of these events was not able to be quantified. The events had significant impact on Council with many operations either closed, operating at reduced capacity, major grant income being received for emergency funding or increased costs as Council addressed emergency works. These costs were offset by increases in grant revenues.				
Net losses from disposal of assets	3,352	7,777	(4,425)	(132)% U
Council experienced two major natural disasters in February 2022 and March 2022. At the time of the budget preparation the full impact of these events was not able to be quantified. The events had significant impact on Council with many operations either closed, operating at reduced capacity, major grant income being received for emergency funding or increased costs as Council addressed emergency works. Council's infrastructure was significantly damaged during these events. The impact was not foreseen during the development of the budget.				
Joint ventures and associates – net losses	41	–	41	100% F
The original budget for Richmond Tweed Regional Library forecast a loss on operations in 2023, however due to operational savings and receipts of undgeted grant funding the final result was a surplus.				

Statement of cash flows

Cash flows from operating activities	41,282	78,734	37,452	91% F
Council experienced two major natural disasters in February 2022 and March 2022. At the time of the budget preparation the full impact of these events was not able to be quantified. The events had significant impact on Council with many operations				

continued on next page ...

B5-1 Material budget variations (continued)

either closed, operating at reduced capacity, major grant income being received for emergency funding or increased costs as Council addressed emergency works.

Council received a significant increase in grant funding associated with flood event - \$98 million. Council did not know the scope of the event or the extent of funding that would be provided to address the emergency works required.

Cash flows from investing activities	(50,216)	(60,103)	(9,887)	20%	U
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Council experienced two major natural disasters in February 2022 and March 2022. At the time of the budget preparation the full impact of these events was not able to be quantified. The events had significant impact on Council with many operations either closed, operating at reduced capacity, major grant income being received for emergency funding or increased costs as Council addressed emergency works.

Increased grant funding provided more cash available to invest.

Cash flows from financing activities	(5,466)	(7,103)	(1,637)	30%	U
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Council repaid a loan facility above the amount budgeted. The loans were drawn for externally restricted works and an opportunity was available to reduce debt without incurring any loan break costs from the financial institutions.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	1,348	6,782
Cash equivalent assets		
– Deposits at call	40,924	23,962
Total cash and cash equivalents	42,272	30,744

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	42,272	30,744
Balance as per the Statement of Cash Flows	42,272	30,744

Accounting policy

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Term deposits	89,928	1,000	92,000	10,000
Total	89,928	1,000	92,000	10,000
Total financial investments	89,928	1,000	92,000	10,000
Total cash assets, cash equivalents and investments	132,200	1,000	122,744	10,000

Accounting policy

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	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	133,200	132,744
Less: Externally restricted cash, cash equivalents and investments	<u>(110,365)</u>	<u>(100,882)</u>
Cash, cash equivalents and investments not subject to external restrictions	<u>22,835</u>	<u>31,862</u>

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

\$ '000	2023	2022
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Art gallery gift account	184	106
Flood Appeal	–	1,525
Trust account	1,885	1,407
Specific purpose unexpended grants – general fund	21,206	14,117
External restrictions – included in liabilities	23,275	17,155
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	9,109	8,092
Specific purpose unexpended grants (recognised as revenue) – general fund	8,581	8,541
Specific purpose unexpended grants (recognised as revenue) – water fund	–	500
Specific purpose unexpended grants (recognised as revenue) – sewer fund	1,572	4,500
Water fund	16,731	16,451
Water supplies – employee leave entitlements	137	118
Sewer fund	46,076	39,706
Sewerage services – employee leave entitlements	148	957
Domestic waste management	–	800
Stormwater management	2,623	2,614
Waste minimisation	2,113	1,448
External restrictions – other	87,090	83,727
Total external restrictions	110,365	100,882

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	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	22,835	31,862
Less: Internally allocated cash, cash equivalents and investments	(22,834)	(31,175)
Unrestricted and unallocated cash, cash equivalents and investments	1	687
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	2,150	2,926
Carry forward and revote works	9,630	9,129
Specific purpose unexpended loans	–	291
SRV related	1,505	1,543
Emergencies	–	1,100
Economic Development	–	1,000
Public Infrastructure	9,549	15,186
Total internal allocations	22,834	31,175
\$ '000	2023	2022

(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	1	687
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C1-4 Receivables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges	3,596	1,884	4,464	1,558
Interest and extra charges	459	612	654	209
User charges and fees	2,826	631	2,890	1,102
Accrued revenues				
– Interest on investments	1,238	–	345	–
– Other income accruals	1,225	–	261	–
Deferred debtors	9	195	9	205
Loans to sporting clubs	25	97	25	122
Miscellaneous works and services	6,184	–	2,893	–
Net GST receivable	1,213	–	908	–
Tender deposits and bonds	1,450	–	1,240	–
Other debtors – Insurance Claim	–	–	2,472	–
Other debtors	136	37	78	51
Total	18,361	3,456	16,239	3,247
Less: provision for impairment				
User charges and fees	(50)	–	(50)	–
Total provision for impairment – receivables	(50)	–	(50)	–
Total net receivables	18,311	3,456	16,189	3,247

C1-4 Receivables (continued)

Accounting policy

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale	–	174	–	174
Stores and materials	1,509	–	1,247	–
Total inventories at cost	1,509	174	1,247	174
(ii) Inventories at net realisable value (NRV)				
Trading stock	1,157	–	1,309	–
Total inventories at net realisable value (NRV)	1,157	–	1,309	–
Total inventories	2,666	174	2,556	174

(i) Other disclosures

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(a) Details for real estate development				
Residential	–	174	–	174
Total real estate for resale	–	174	–	174

Accounting policy

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.

C1-6 Contract assets and Contract cost assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Contract assets	16,523	–	8,837	–
Total contract assets and contract cost assets	16,523	–	8,837	–

Contract assets

Grant Contract Assets	10,092	–	5,200	–
Contract Assets	3,583	–	2,269	–
Accrued Income	2,848	–	1,368	–
Total contract assets	16,523	–	8,837	–

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.

Accounting policy

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 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
\$ '000																
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)

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (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
\$ '000															
Capital work in progress	18,117	–	18,117	8,272	6,553	–	–	–	(13,032)	(783)	–	–	19,127	–	19,127
Plant and equipment	31,369	(19,647)	11,722	1,061	2,344	(1,396)	(1,729)	–	86	94	–	–	32,825	(20,643)	12,182
Office equipment	3,884	(3,796)	88	–	–	(3)	(28)	–	–	–	–	–	198	(141)	57
Furniture and fittings	945	(604)	341	325	11	–	(181)	–	11	–	–	–	948	(441)	507
Land:															
– Operational land	70,187	–	70,187	–	–	(2,338)	–	–	–	–	–	11,764	79,613	–	79,613
– Community land	35,278	–	35,278	–	–	–	–	–	–	–	–	4,778	40,056	–	40,056
– Land under roads (post 30/6/08)	78	–	78	–	–	–	–	–	–	–	–	–	78	–	78
Land improvements – non-depreciable	19,360	–	19,360	–	141	–	–	–	–	–	–	1,891	21,392	–	21,392
Land improvements – depreciable	35,504	(18,614)	16,890	185	63	(405)	(2,196)	(2,909)	224	–	–	4,356	41,626	(25,418)	16,208
Infrastructure:															
– Buildings	106,593	(34,509)	72,084	975	44	(2,774)	(1,533)	(19,018)	1,729	2,046	–	11,713	124,204	(58,938)	65,266
– Other structures	27,115	(10,799)	16,316	15	388	(824)	(1,226)	(979)	2,931	129	–	1,254	31,401	(13,397)	18,004
– Roads	655,733	(251,290)	404,443	11,467	1,944	(5,200)	(15,921)	(31,507)	5,549	–	–	29,611	713,852	(313,466)	400,386
– Bridges	127,488	(55,777)	71,711	344	–	–	(1,407)	–	337	–	–	5,407	137,974	(61,582)	76,392
– Footpaths	31,461	(9,158)	22,303	5	669	(203)	(448)	–	519	–	–	1,686	34,682	(10,151)	24,531
– Bulk earthworks (non-depreciable)	356,723	–	356,723	593	1,702	(375)	–	–	–	–	–	27,551	386,194	–	386,194
– Stormwater drainage	108,485	(39,547)	68,938	226	733	(28)	(633)	–	118	–	–	5,263	117,845	(43,228)	74,617
– Water supply network	286,076	(101,801)	184,275	1,923	945	(749)	(3,240)	(1,200)	287	(1,172)	(24,550)	–	277,410	(120,891)	156,519
– Sewerage network	499,581	(180,203)	319,378	510	1,081	(16,848)	(6,659)	(23,802)	1,241	(1,095)	–	5,567	447,811	(168,438)	279,373
– Swimming pools	10,938	(6,384)	4,554	–	–	–	(158)	–	–	–	–	428	12,001	(7,177)	4,824
– Other open space/recreational assets	2,135	(1,328)	807	–	–	(22)	(125)	–	–	–	–	64	2,246	(1,522)	724
Other assets:															
– Heritage collections	3,480	–	3,480	–	357	(4)	–	(2,762)	–	–	–	–	3,833	(2,762)	1,071
– Other	1,512	(234)	1,278	–	13	–	(107)	–	–	–	–	–	1,535	(351)	1,184
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	5,001	(2,733)	2,268	554	–	–	(325)	–	–	–	–	–	5,554	(3,057)	2,497
– Quarry assets	3,038	(154)	2,884	–	–	(919)	(154)	–	–	–	–	–	2,120	(309)	1,811
Total infrastructure, property, plant and equipment	2,440,081	(736,578)	1,703,503	26,455	16,988	(32,088)	(36,070)	(82,177)	–	(781)	(24,550)	111,333	2,534,525	(851,912)	1,682,613

(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)

Accounting policy

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	2023	2022
Software		
Opening values at 1 July		
Gross book value	1,590	1,590
Accumulated amortisation	(1,561)	(1,551)
Net book value – opening balance	29	39
Movements for the year		
Amortisation charges	–	(10)
Gross book value written off	(29)	–
Closing values at 30 June		
Gross book value	–	1,590
Accumulated amortisation	–	(1,561)
Total software – net book value	–	29
Total intangible assets – net book value	–	29

Accounting policy

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	133	–	51	–
Total other assets	133	–	51	–

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
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
2022			
Opening balance at 1 July	37	885	922
Additions to right-of-use assets	–	2,506	2,506
Adjustments to right-of-use assets due to re-measurement of lease liability	8	72	80
Depreciation charge	(5)	(628)	(633)
Balance at 30 June	40	2,835	2,875

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Lease liabilities	571	1,703	658	2,267
Total lease liabilities	571	1,703	658	2,267

(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
2023					
Cash flows	572	1,557	145	2,274	2,274
2022					
Cash flows	658	1,853	414	2,925	2,925

(d) Income Statement

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

\$ '000	2023	2022
	Interest on lease liabilities	86
Depreciation of right of use assets	707	633
Expenses relating to short-term leases	414	309
Expenses relating to low-value leases	3	23
	1,210	1,030

(e) Statement of Cash Flows

Total cash outflow for leases	685	592
	685	592

Accounting policy

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	2023		2022	
	Current	Non-current	Current	Non-current
Prepaid rates	3,680	–	1,912	–
Goods and services – operating expenditure	8,425	–	8,673	–
Goods and services – capital expenditure	4,514	–	4,104	–
Accrued expenses:				
– Borrowings	370	–	438	–
– Salaries and wages	1,873	–	1,375	–
– Other expenditure accruals	2,158	–	933	–
Security bonds, deposits and retentions	1,460	–	1,244	–
Contribution to works	1,870	–	1,391	–
Other	–	–	11	–
Total payables	24,350	–	20,081	–

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

\$ '000	2023	2022
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	1,440	1,244
Contributions to Works	1,870	1,391
Total payables	3,310	2,635

Accounting policy

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	19,079	-	12,386	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	2,127	-	1,731	-
Total grants received in advance		21,206	-	14,117	-
Total contract liabilities		21,206	-	14,117	-

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	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,846	4,773
Operating grants (received prior to performance obligation being satisfied)	2,093	11
Total revenue recognised that was included in the contract liability balance at the beginning of the period	4,939	4,784

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.

Accounting policy

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.

C3-3 Borrowings

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Loans – secured ¹	5,815	39,952	5,467	46,718
Total borrowings	5,815	39,952	5,467	46,718

(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	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

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	57,501	(5,316)	–	–	–	–	52,185
Lease liability (Note C2-1b)	931	(592)	2,506	–	–	80	2,925
Total liabilities from financing activities	58,432	(5,908)	2,506	–	–	80	55,110

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	750	750
Credit cards/purchase cards	250	250
Total financing arrangements	1,000	1,000
Drawn facilities		
– Credit cards/purchase cards	51	39
Total drawn financing arrangements	51	39
Undrawn facilities		
– Bank overdraft facilities	750	750
– Credit cards/purchase cards	148	211
Total undrawn financing arrangements	898	961

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)

Accounting policy

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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	3,166	–	2,776	–
Long service leave	3,780	686	3,902	251
Other leave	80	–	44	–
Total employee benefit provisions	7,026	686	6,722	251

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	2,853	3,627
	2,853	3,627

Accounting policy

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	2023	2023	2022	2022
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	249	10,487	560	11,498
Sub-total – asset remediation/restoration	249	10,487	560	11,498
Total provisions	249	10,487	560	11,498

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
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
2022		
At beginning of year	9,820	9,820
Changes to provision:		
– Revised discount rate	(1,932)	(1,932)
– Revised life	588	588
Unwinding of discount	162	162
Additional provisions	3,420	3,420
Total other provisions at end of year	12,058	12,058

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.

Accounting policy

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 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 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	38,619	5,831	14,182
User charges and fees	16,623	9,391	79
Interest and investment revenue	1,856	593	1,468
Other revenues	6,188	170	231
Grants and contributions provided for operating purposes	44,809	2	1,468
Grants and contributions provided for capital purposes	56,609	805	3,797
Share of interests in joint ventures and associates using the equity method	149	–	–
Total income from continuing operations	164,853	16,792	21,225
Expenses from continuing operations			
Employee benefits and on-costs	32,846	2,218	2,693
Materials and services	52,156	9,693	9,060
Borrowing costs	1,427	439	692
Depreciation, amortisation and impairment of non-financial assets	22,943	3,071	5,156
Other expenses	4,903	–	1
Net losses from the disposal of assets	4,729	963	2,085
Total expenses from continuing operations	119,004	16,384	19,687
Operating result from continuing operations	45,849	408	1,538
Net operating result for the year	45,849	408	1,538
Net operating result attributable to each council fund	45,849	408	1,538
Net operating result for the year before grants and contributions provided for capital purposes	(10,760)	(397)	(2,259)

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	33,934	1,736	6,602
Investments	34,602	15,132	40,194
Receivables	12,957	4,465	889
Inventories	1,880	294	492
Contract assets and contract cost assets	16,523	–	–
Other	133	–	–
Total current assets	100,029	21,627	48,177
Non-current assets			
Investments	–	–	1,000
Receivables	1,775	1,049	632
Inventories	174	–	–
Infrastructure, property, plant and equipment	1,338,362	175,557	308,136
Investments accounted for using the equity method	1,399	–	–
Right of use assets	2,147	51	4
Total non-current assets	1,343,857	176,657	309,772
Total assets	1,443,886	198,284	357,949
LIABILITIES			
Current liabilities			
Payables	23,521	489	340
Contract liabilities	19,806	–	1,400
Lease liabilities	550	17	4
Borrowings	3,625	706	1,484
Employee benefit provision	6,389	307	330
Provisions	249	–	–
Total current liabilities	54,140	1,519	3,558
Non-current liabilities			
Lease liabilities	1,670	33	–
Borrowings	15,187	8,034	16,731
Employee benefit provision	653	16	17
Provisions	10,487	–	–
Total non-current liabilities	27,997	8,083	16,748
Total liabilities	82,137	9,602	20,306
Net assets	1,361,749	188,682	337,643
EQUITY			
Accumulated surplus	501,731	36,488	64,951
Revaluation reserves	860,018	152,194	272,692
Council equity interest	1,361,749	188,682	337,643
Total equity	1,361,749	188,682	337,643

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	
			2023	2022	2023	2022
(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	2023	2022
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	72	48
Current liabilities	(14)	(11)
Property, plant and equipment	14	10
Total net assets employed – Council and jointly owned	96	71

Accounting policy

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	2023	2022
Individually immaterial associates		
Aggregate amounts of Council's share of individually immaterial:		
Profit/(loss) from continuing operations	150	81
Total comprehensive income – individually immaterial associates	150	81
Carrying amount of investments in associates that are not individually material	1,399	1,250
Council's share in the associate:	23%	23%

Accounting policy

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 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	42,272	30,744	18,272	30,744
Receivables	21,767	19,436	21,767	19,436
Investments				
– Debt securities at amortised cost	90,928	102,000	114,927	102,000
Total financial assets	154,967	152,180	154,966	152,180
Financial liabilities				
Measured at amortised cost				
Payables	24,350	20,081	24,349	20,081
Borrowings	45,767	52,185	44,136	56,375
Total financial liabilities	70,117	72,266	68,485	76,456

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 it's 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	2023	2022
<p>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.</p> <p>Impact of a 1% movement in interest rates</p>		
– Equity / Income Statement	183	307

(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 < 5 years	≥ 5 years	Total
2023				
Gross carrying amount	–	5,480	–	5,480
2022				
Gross carrying amount	–	6,022	–	6,022

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	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
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
2022							
Payables	0.00%	1,244	18,837	–	–	20,081	20,081
Borrowings	4.36%	–	5,741	21,385	27,337	54,463	52,185
Total financial liabilities		1,244	24,578	21,385	27,337	74,544	72,266

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	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Plant & Equipment		–	–	13,092	12,182	13,092	12,182
Office Equipment		–	–	37	57	37	57
Furniture & Fittings		–	–	401	507	401	507
Operational Land		78,167	79,613	–	–	78,167	79,613
Community Land		–	–	41,363	40,056	41,363	40,056
Land Under Roads (Post 30/06/08)		–	–	138	78	138	78
Land Improvement (Non-Depreciable)		–	–	22,978	21,392	22,978	21,392
Land Improvement (Depreciable)		–	–	16,952	16,208	16,952	16,208
Buildings		–	–	71,913	65,266	71,913	65,266
Other Structures		–	–	18,908	18,004	18,908	18,004
Roads		–	–	451,087	400,386	451,087	400,386
Bridges		–	–	84,416	76,392	84,416	76,392
Footpaths		–	–	28,412	24,531	28,412	24,531
Bulk Earthworks (Non-Depreciable)		–	–	410,578	386,194	410,578	386,194
Stormwater Drainage		–	–	81,273	74,617	81,273	74,617
Water Supply Network		–	–	166,869	156,519	166,869	156,519
Sewerage Network		–	–	300,272	279,373	300,272	279,373
Swimming Pools		–	–	4,996	4,824	4,996	4,824
Other Open Space/Recreational Assets		–	–	639	724	639	724
Other		–	–	1,085	1,184	1,085	1,184
Heritage Collection		–	–	1,125	1,071	1,125	1,071
Tip Assets		–	–	1,793	2,497	1,793	2,497
Quarry Assets		–	–	1,399	1,811	1,399	1,811
Total infrastructure, property, plant and equipment		78,167	79,613	1,719,726	1,583,873	1,797,893	1,663,486

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 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 Englobo methodology. This asset class is classified as Level 3 asset as significant inputs used in the Englobo valuation methodology are unobservable. This asset class was revalued as at 30 June 2023.

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

A revaluation of buildings was undertaken during the 2022/2023 financial year 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.

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

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. Useful lives were reviewed during the 2022/2023 financial year, with the most significant change being the life of the road pavement base layer increasing from 45 years to 70 years. The external review found that, on average, these assets are still held by Council and are providing a level of service well past the timeframe of 45 years (at the current levels of funding for road renewals). The estimated decrease in Council's depreciation expense as a result of the review is \$2.95 million.

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.

The last revaluation was completed by Australis Asset Advisory Group in 2018/19. 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.

E2-1 Fair value measurement (continued)

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. 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	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	12,182	11,722	57	88	507	341	40,056	35,278
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	180	–	–	–	11	844	–
Purchases (GBV)	2,903	3,405	–	–	67	336	370	–
Reinstatement cost for impaired assets	–	–	–	–	–	–	–	–
Disposals (WDV)	(172)	(1,396)	–	(3)	–	–	(469)	–
Depreciation and impairment	(1,821)	(1,729)	(19)	(28)	(173)	(181)	–	–
Impairment reversal recognised in equity	–	–	–	–	–	–	–	–
Revaluation increment/decrement to equity	–	–	–	–	–	–	562	4,778
Closing balance	13,092	12,182	38	57	401	507	41,363	40,056

\$ '000	Land under Roads Post 30/6/08		Land improvement (Depreciable)		Buildings		Other structures	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	78	78	16,208	16,890	65,266	72,084	18,004	16,316
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	476	224	–	3,775	305	3,060
Purchases (GBV)	15	–	58	248	248	1,019	658	403
Reinstatement cost for impaired assets	–	–	229	–	5,718	–	1	–
Disposals (WDV)	–	–	(11)	(405)	(2,026)	(2,774)	(12)	(824)
Depreciation and impairment	–	–	(1,145)	(5,105)	(982)	(1,533)	(1,301)	(1,226)
Impairment reversal recognised in equity	–	–	22	–	19,018	–	48	–
Revaluation increment/decrement to equity	45	–	1,114	4,356	(15,329)	(7,305)	1,205	275
Closing balance	138	78	16,951	16,208	71,913	65,266	18,908	18,004

E2-1 Fair value measurement (continued)

\$ '000	Roads		Bridges		Footpaths		Bulk earthworks (Non-Deprec)	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	400,386	404,443	76,392	71,711	24,531	22,303	386,194	356,723
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	4,439	5,549	1,249	337	–	519	–	–
Purchases (GBV)	14,287	13,411	3,826	344	3,235	674	2,374	2,295
Reinstatement cost for impaired assets	22,919	–	–	–	–	–	–	–
Disposals (WDV)	(1,187)	(5,200)	(71)	–	(221)	(203)	(803)	(375)
Depreciation and impairment	(13,610)	(15,921)	(1,408)	(1,407)	(540)	(448)	–	–
Impairment reversal recognised in equity	2,360	–	–	–	–	–	–	–
Revaluation increment/decrement to equity	21,493	(1,896)	4,428	5,407	1,407	1,686	22,813	27,551
Closing balance	451,087	400,386	84,416	76,392	28,412	24,531	410,578	386,194

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Swimming pools	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	74,617	68,938	156,519	184,275	279,373	319,378	4,824	4,554
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	327	118	75	(885)	830	146	–	–
Purchases (GBV)	2,697	959	2,038	2,868	3,494	1,591	–	–
Reinstatement cost for impaired assets	–	–	400	–	832	–	–	–
Disposals (WDV)	(31)	(28)	(967)	(749)	(2,084)	(16,848)	–	–
Depreciation and impairment	(705)	(633)	(2,980)	(3,240)	(5,070)	(6,659)	(160)	(158)
Impairment reversal recognised in equity	–	–	–	–	–	–	–	–
Revaluation increment/decrement to equity	4,368	5,263	11,784	(25,750)	22,897	(18,235)	332	428
Closing balance	81,273	74,617	166,869	156,519	300,272	279,373	4,996	4,824

E2-1 Fair value measurement (continued)

\$ '000	Other open space and recreation assets		Heritage collection		Other		Tip assets	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	724	807	1,071	3,480	1,184	1,278	2,497	2,268
Total gains or losses for the period								
Other movements								
Purchases (GBV)	–	–	14	357	55	13	–	554
Reinstatement cost for impaired assets	–	–	–	–	–	–	–	–
Disposals (WDV)	(17)	(22)	–	(4)	–	–	(557)	–
Depreciation and impairment	(111)	(125)	–	–	(114)	(107)	(147)	(325)
Impairment reversal recognised in equity	–	–	–	–	–	–	–	–
Revaluation increment/decrement to equity	43	64	–	(2,762)	–	–	–	–
Closing balance	639	724	1,085	1,071	1,125	1,184	1,793	2,497

\$ '000	Quarry assets		Land improvements (Non-Deprec)		Total	
	2023	2022	2023	2022	2023	2022
Opening balance	1,811	2,884	21,392	19,360	1,583,873	1,615,199
Transfers from/(to) another asset class	–	–	–	–	8,545	13,034
Purchases (GBV)	–	–	55	141	36,394	28,618
Reinstatement cost for impaired assets	–	–	–	–	30,099	–
Disposals (WDV)	(235)	(919)	–	–	(8,863)	(29,750)
Depreciation and impairment	(177)	(154)	–	–	(30,463)	(38,979)
Impairment reversal recognised in equity	–	–	–	–	21,448	–
Revaluation increment/decrement to equity	–	–	1,531	1,891	78,693	(4,249)
Closing balance	1,399	1,811	22,978	21,392	1,719,726	1,583,873

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 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% 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 2022. 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 Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$ 368,786.34. The last valuation of the Scheme was performed by Richard Boyfield FIAA and covers the period ended 30 June 2022.

The number of additional contributions included in the total employer contribution advised above is \$213,287.28. Council's expected contribution to the plan for the next annual reporting period is \$388,909.68.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

* 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 1.07%.

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	6.0% for FY 22/23 2.5% per annum thereafter

* Plus, promotional increases

E3-1 Contingencies (continued)

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 2023.

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.

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.

E3-1 Contingencies (continued)

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 \$1,742,500 to \$2,320,000. 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 \$290 (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 2024. 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	2023	2022
Compensation:		
Short-term benefits	1,021	1,186
Post-employment benefits	107	119
Other long-term benefits	22	12
Termination benefits	292	205
Total	1,442	1,522

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	2023	2022
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	311	235
Other Councillors' expenses (including Mayor)	20	9
Total	392	305

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
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	117	110
Remuneration for audit and other assurance services	117	110
Total Auditor-General remuneration	117	110
Total audit fees	117	110

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	47,795	5,066
Add / (less) non-cash items:		
Depreciation and amortisation	31,170	36,713
(Gain) / loss on disposal of assets	7,777	28,460
Non-cash capital grants and contributions	(8,005)	(6,743)
Unwinding of discount rates on reinstatement provisions	(431)	(162)
Share of net (profits)/losses of associates/joint ventures using the equity method	(149)	(81)
Revised discount rate	-	914
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(2,341)	(4,759)
(Increase) / decrease of inventories	(110)	(166)
(Increase) / decrease of other current assets	(82)	-
(Increase) / decrease of contract asset	(7,686)	1,705
Increase / (decrease) in payables	(248)	150
Increase / (decrease) in accrued interest payable	(68)	(45)
Increase / (decrease) in other accrued expenses payable	1,723	(401)
Increase / (decrease) in other liabilities	2,452	(373)
Increase / (decrease) in contract liabilities	7,089	6,457
Increase / (decrease) in employee benefit provision	739	(521)
Increase / (decrease) in other provisions	(891)	1,486
Net cash flows from operating activities	78,734	67,700

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	8,005	6,743
Total non-cash investing and financing activities	8,005	6,743

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
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	11,985	2,340
Bridges	9,332	–
Sporting & recreational facilities	4,824	4,348
Flood recovery	4,586	52
Fleet Purchases	1,132	40
Road infrastructure	932	9,624
Waste Facility	313	270
Buildings	285	264
Total commitments	33,389	16,938
Sources for funding of capital commitments:		
Future grants and contributions	19,340	1,746
Externally restricted reserves	11,985	2,340
Internally restricted reserves	2,064	270
Total sources of funding	33,389	16,938

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.

G4 Changes from prior year statements

G4-1 Changes in accounting estimates

Nature and effect of changes in accounting estimates on current year

Council has reassessed the useful lives of the following asset classes:

- Roads effective 1 July 2022
- Buildings effective 30 June 2023

The reassessment of useful lives has arisen due to Council's continuous asset management improvement programme. The impact of the assessment of useful life represents a change in an accounting estimate and has the following impact on annual depreciation.

– Roads YE 22/23 impact	(2,950,755)
– Buildings YE 23/24 impact	330,000

G5 Statement of developer contributions as at 30 June 2023

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Emergency Services	59	13	–	–	1	(30)	–	43	–
Community Services & Facilities	631	175	–	–	21	–	–	827	–
Public Domain Facilities	441	109	–	–	15	–	–	565	–
Open Space & Recreation Facilities	1,093	57	–	–	33	(19)	–	1,165	(1)
Cycleways Facilities	604	74	–	–	19	(18)	–	679	–
Rural North & South Traffic Management Facilities	671	267	–	–	24	–	–	962	–
Urban Traffic Management Facilities	3,515	812	–	–	116	–	–	4,443	–
Carparking	78	–	–	–	3	–	–	81	–
Stormwater	(48)	8	–	–	–	–	–	(40)	–
Street Trees	38	14	–	–	2	(2)	–	52	–
Heavy Haulage	222	139	–	–	6	(157)	–	210	–
Section 94 Plan Administration	80	54	–	–	3	(15)	–	122	–
S7.11 contributions – under a plan	7,384	1,722	–	–	243	(241)	–	9,109	(1)
Total S7.11 and S7.12 revenue under plans	7,384	1,722	–	–	243	(241)	–	9,109	(1)
S7.4 planning agreements	708	–	–	–	–	(708)	–	–	–
S64 contributions	–	2,130	–	–	–	(2,130)	–	–	–
Total contributions	8,092	3,852	–	–	243	(3,079)	–	9,109	(1)

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.

G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Emergency Services									
Bushfire	17	8	–	–	–	(15)	–	10	–
SES	42	5	–	–	1	(15)	–	33	–
Total	59	13	–	–	1	(30)	–	43	–

G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Community Services & Facilities										
CBD, North & South	631	175	-	-	21	-	-	827	-	
Total	631	175	-	-	21	-	-	827	-	
Public Domain Facilities										
Lismore CBD-Residential	416	98	-	-	14	-	-	528	-	
Lismore CBD-Commercial	25	11	-	-	1	-	-	37	-	
Total	441	109	-	-	15	-	-	565	-	
Open Space & Recreation Facilities										
Tucki Tucki - Residential	873	25	-	-	26	(19)	-	906	-	
Lismore Park	220	32	-	-	7	-	-	259	-	
Total	1,093	57	-	-	33	(19)	-	1,165	-	
Cycleways Facilities										
Cycleways	604	74	-	-	19	(18)	-	679	-	
Total	604	74	-	-	19	(18)	-	679	-	
Rural North & South Traffic Management Facilities										
Rural North & South Traffic Management Facilities	671	267	-	-	24	-	-	962	-	
Total	671	267	-	-	24	-	-	962	-	

G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Urban Traffic Management Facilities										
Residential/Commercial/Industrial	3,515	812	-	-	116	-	-	4,443	-	
Total	3,515	812	-	-	116	-	-	4,443	-	
Carparking										
Lismore & Nimbin	78	-	-	-	3	-	-	81	-	
Total	78	-	-	-	3	-	-	81	-	
Stormwater										
Residential	(48)	8	-	-	-	-	-	(40)	-	
Total	(48)	8	-	-	-	-	-	(40)	-	
Street Trees										
Residential/Commercial/Industrial	38	14	-	-	2	(2)	-	52	-	
Total	38	14	-	-	2	(2)	-	52	-	
Heavy Haulage										
Rural - Quarries	222	139	-	-	6	(157)	-	210	-	
Total	222	139	-	-	6	(157)	-	210	-	
Section 94 Plan Administration										
Section 94 Plan Administration	80	54	-	-	3	(15)	-	122	-	
Total	80	54	-	-	3	(15)	-	122	-	

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(5,788)	(4.09)%	0.88%	(9.93)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	141,510				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	95,231	46.98%	56.13%	64.37%	> 60.00%
Total continuing operating revenue ¹	202,721				
3. Unrestricted current ratio					
Current assets less all external restrictions	54,328	2.07x	2.38x	1.84x	> 1.50x
Current liabilities less specific purpose liabilities	26,286				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	27,940	2.89x	4.73x	3.04x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	9,661				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	6,551	9.95%	10.59%	9.36%	< 10.00%
Rates and annual charges collectable	65,853				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	133,200	12.04	14.14	13.33	> 3.00
Monthly payments from cash flow of operating and financing activities	11,061	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

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(5.72)%	(7.26)%	3.53%	11.08%	(1.00)%	28.98%	> 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	38.42%	50.50%	95.19%	88.39%	75.19%	59.90%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.05x	2.34x	15.24x	16.90x	14.10x	22.33x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3.20x	3.80x	2.60x	5.39x	2.36x	6.96x	> 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	8.13%	9.03%	20.78%	22.70%	9.68%	9.32%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	7.83 months	9.44 months	14.83 months	15.51 months	40.63 months	54.88 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

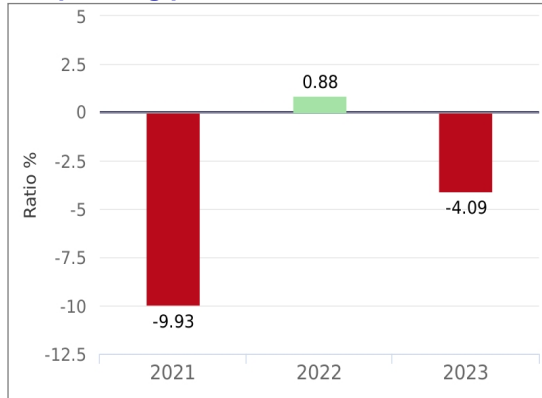
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

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 2022/23 result

2022/23 ratio (4.09)%

Council's Operating Performance Ratio was -4.09% for the 2022/2023 financial year. The positive result for the previous year was assisted by the closure of a number of Council's facilities following the February 2022 flood event. 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 a break even result over the next 10 years.

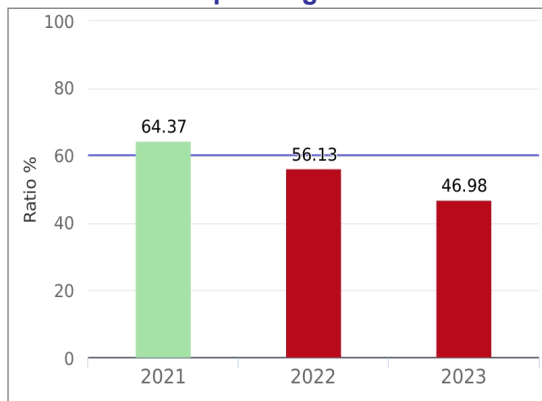
Benchmark: — > 0.00%

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 2022/23 result

2022/23 ratio 46.98%

Council's Own Source Operating Revenue ratio was 46.98% for the 2022/2023 financial year, which is below the benchmark of > 60.00%. This ratio has been adversely affected by a significant increase in grant funding following the February 2022 flood event and is expected to return to > 60.00% once restoration works have been completed and grant funding returns to business as usual levels.

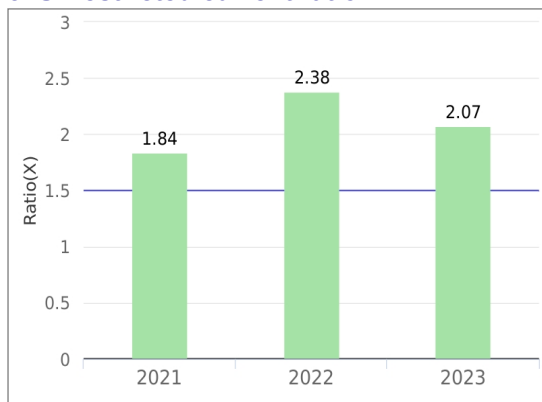
Benchmark: — > 60.00%

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 2022/23 result

2022/23 ratio 2.07x

Council's Unrestricted Current Ratio was 2.18 for the 2022/2023 financial year. This has decreased marginally from the previous year, however this ratio consistently remains above the benchmark of > 1.50x.

Benchmark: — > 1.50x

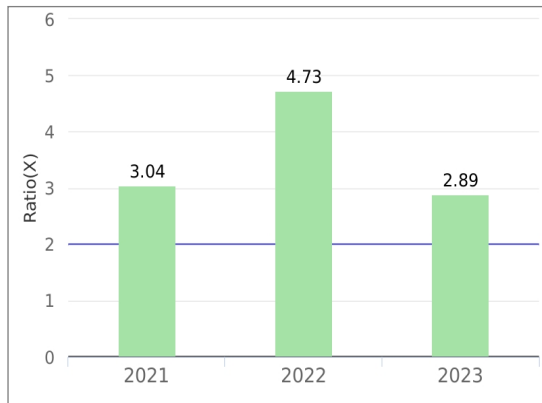
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 2.89x

Council's Debt Service Cover Ratio was 2.89x for the 2022/2023 financial year. This ratio decreased from 4.73x in the previous year, however the 2021/2022 results were favourably impacted by the closure of a number of Council's facilities following the February 2022 flood event. This ratio has returned to its previous levels and consistently remains above the benchmark of > 2.00x.

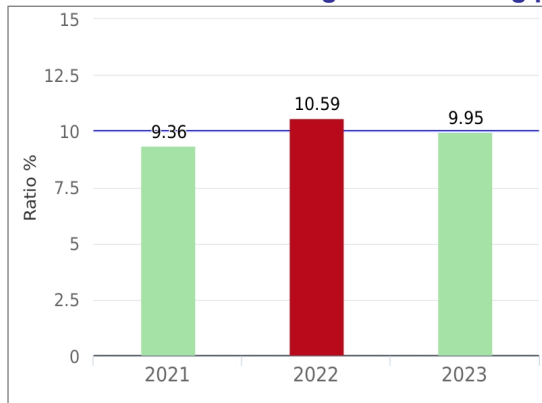
Benchmark: — > 2.00x

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 2022/23 result

2022/23 ratio 9.95%

Council's Rates and Annual Charges Outstanding percentage was 9.95% for the 2022/2023 financial year, which is back under the benchmark of < 10.00%. Notably for general fund, this ratio improved from 9.03% to 8.13%. It should be noted that Council levies its water annual charges in arrears and this adversely impacts the consolidated ratio.

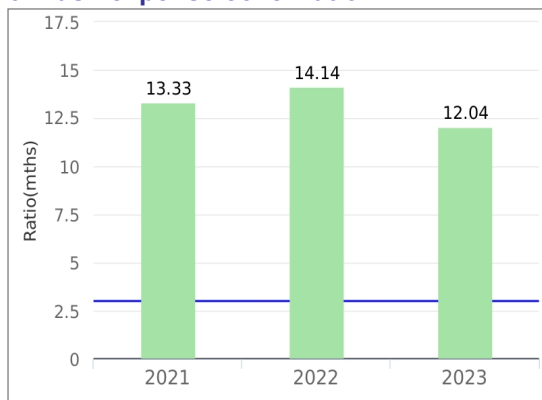
Benchmark: — < 10.00%

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 2022/23 result

2022/23 ratio 12.04 months

Council's Cash Expense Cover Ratio was 13.09 months for the 2022/2023 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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Lismore City Council

To the Councillors of Lismore City Council

Opinion

I have audited the accompanying financial statements of Lismore City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

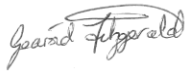
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

22 December 2023
SYDNEY



Cr Steve Krieg
 Mayor
 Lismore City Council
 PO Box 23A
 LISMORE NSW 2480

Contact: Gearoid Fitzgerald
 Phone no: 02 9275 7392
 Our ref: R008-16585809-49777

22 December 2023

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2023
 Lismore City Council**

I have audited the general purpose financial statements (GPFS) of the Lismore City Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	58.6	58.9	0.5
Grants and contributions revenue	107.5	74.4	44.5
Materials and services	70.9	60.2	17.8

Net loss from disposal of assets	7.8	28.5	72.6
Operating result from continuing operations	47.8	5.1	837.3
Net operating result before capital grants and contributions	(13.4)	(27.2)	50.7

Rates and annual charges revenue (\$58.6 million) decreased by \$0.3 million (0.5 per cent) in 2022-23. The rate peg increased by 0.70 per cent, in comparison to the prior year's rate peg increase of 2.0 per cent.

Grants and contributions revenue (\$107.5 million) increased by \$33.1 million (44.5 per cent) in 2022-23 due to increases of:

- \$1.3 million of developer contributions recognised during the year
- \$25.8 million of grants recognised relating to natural disasters
- \$3.0 million received for the financial assistance grant
- \$3.9 million of funding for other specific purpose grants

Net losses from the disposal of assets (\$7.8 million) decreased by \$20.7 million. Significant disposals were recorded in 2021-22 as a result of infrastructure assets being damaged in the February/ March 2022 flood events.

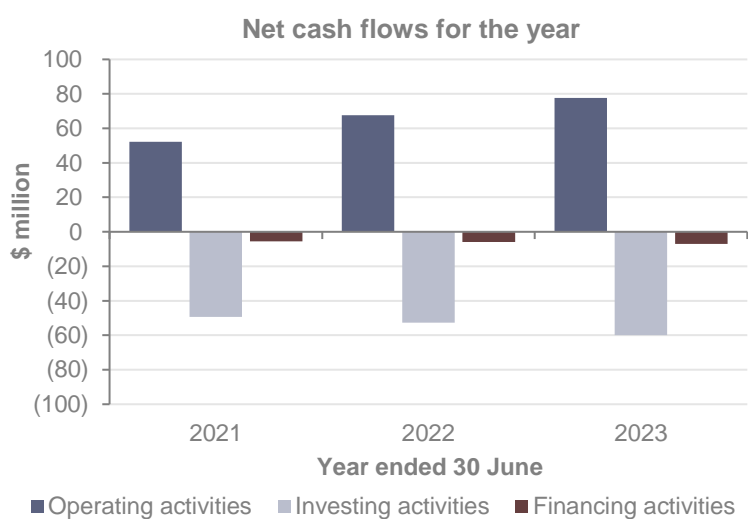
The Council's operating result from continuing operations (\$47.8 million including depreciation, amortisation and impairment expense of \$31.2 million) was \$42.7 million higher than the 2021-22 result. This is due to the abovementioned financial variations when compared to the 2021-22 financial year as well as:

- an increase of \$11.0 million in raw materials and consumables expense
- an increase of \$4.2 million in salaries and wages
- an increase in interest and investment income of \$3.1 million
- a decrease of \$5.5 million depreciation, amortisation and impairment expense

The net operating result before capital grants and contributions (\$13.4 million) improved by \$13.8 million on the 2021-22 result.

STATEMENT OF CASH FLOWS

- Net cash provided by operating activities increased by \$11.0 million. This is largely driven by an increase in grants and contributions.
- Net cash used in investing activities increased by \$7.4 million, mainly due to increased purchases / construction of infrastructure, property, plant and equipment.
- Net cash used in financing activities increased by \$1.2 million arising from increased repayments of borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	133.2	132.7	Externally restricted cash and investments increased by \$9.5 million. Externally restricted balances largely comprise of developer contributions, water and sewer funds and unexpended specific purpose grants.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change. Internally allocated cash decreased by \$9.1 million, largely due to utilisation of the public infrastructure reserves.
• External restrictions	110.4	100.9	
• Internal allocations	22.8	31.8	

PERFORMANCE

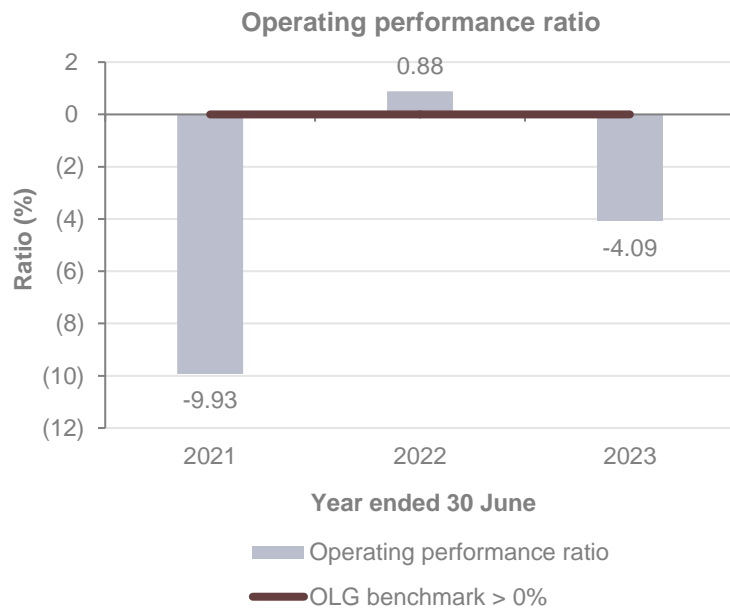
Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The Council did not meet the benchmark for the current reporting period. The current year ratio has been impacted by an increase in materials and services expenses and employee costs.

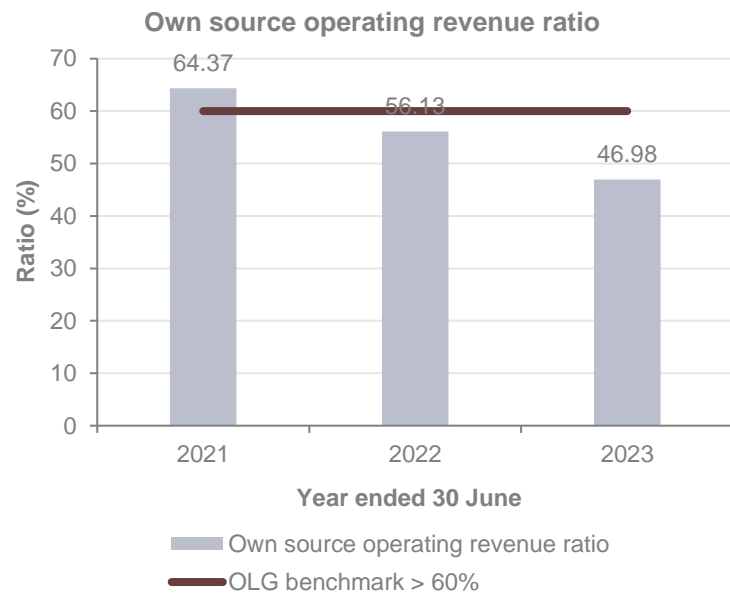
The 'operating performance ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council did not meet the benchmark for the current reporting period. This ratio has been impacted by higher levels of capital grants received when compared to the prior years.

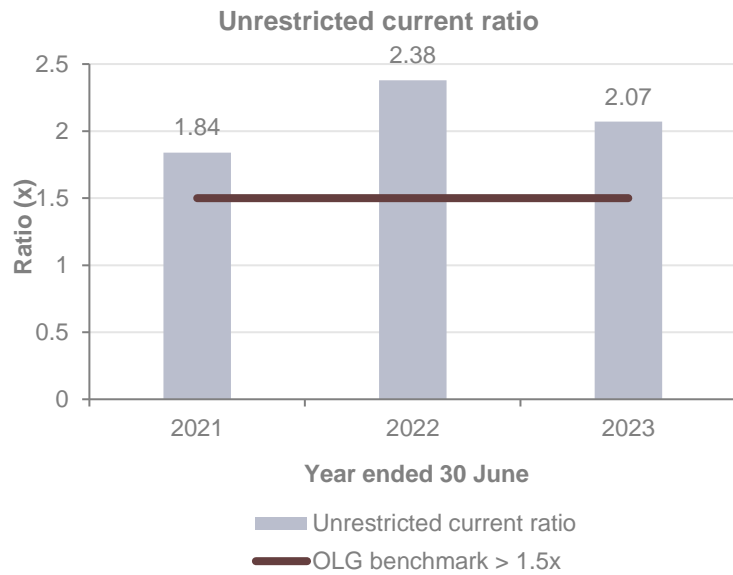
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

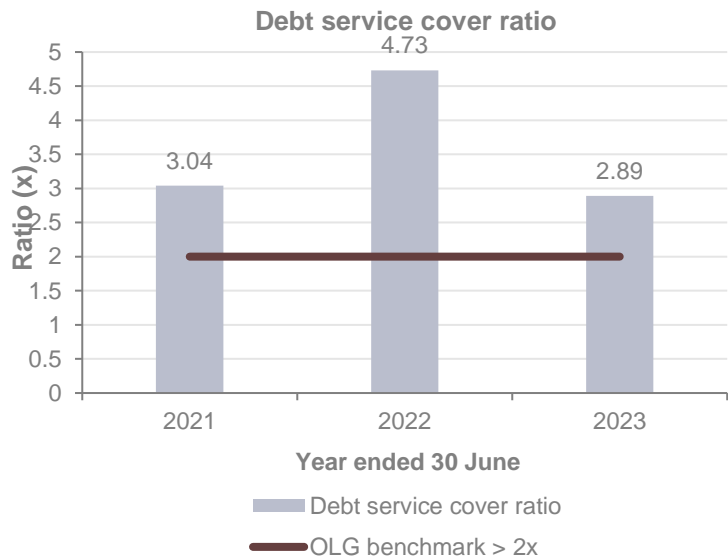
The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

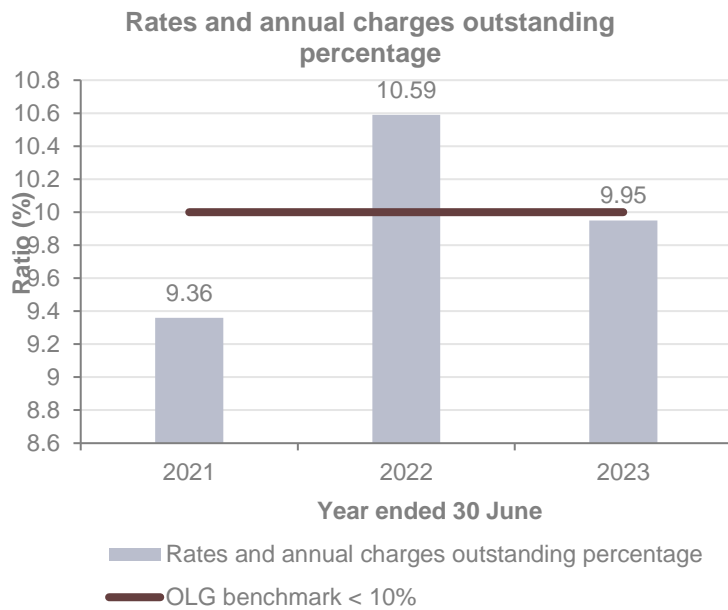
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

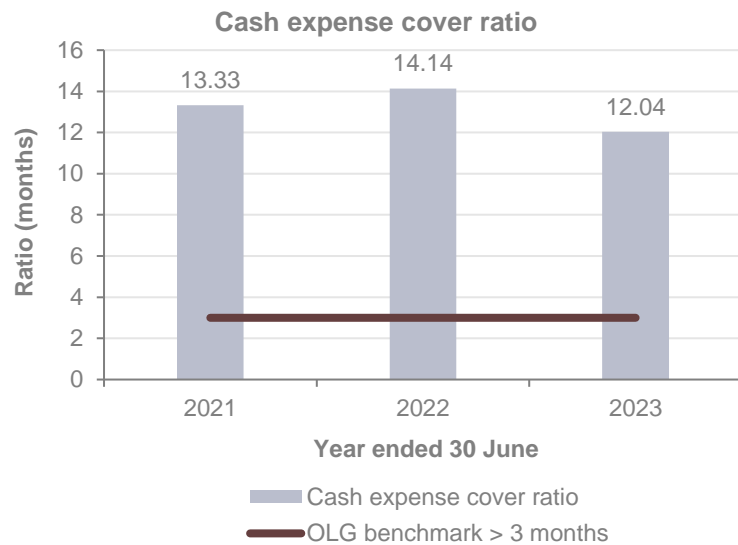
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



Infrastructure, property, plant and equipment renewals

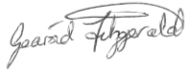
Council renewed \$28.2 million of infrastructure, property, plant and equipment during the 2022-23 financial year (2021-22 \$26.5 million). Renewal expenditure was largely incurred on roads, water, sewer and remediation of flood damaged infrastructure. A further \$23.8 million was spent on acquiring new assets including Lismore Employment Lands.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements.

The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Gearoid Fitzgerald

Delegate of the Auditor-General for New South Wales

cc: Mr Jon Gibbons, General Manager

Mr Stephen Coates, Chair, Audit, Risk and Improvement Committee

Ms Kiersten Fishburn, Secretary of the Department of Planning and Environment

Lismore City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Lismore City Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of Quarry	6
Income Statement of Waste disposal	7
Income Statement of Lismore Crematorium	8
Income Statement of Goonellabah Sports & Aquatic Centre – Gymnasium	9
Income Statement of Swimsations	10
Statement of Financial Position of water supply business activity	11
Statement of Financial Position of sewerage business activity	12
Statement of Financial Position of Quarry	13
Statement of Financial Position of Waste disposal	14
Statement of Financial Position of Lismore Crematorium	15
Statement of Financial Position of Goonellabah Sports & Aquatic Centre – Gymnasium	16
Statement of Financial Position of Swimsations	17
Note – Significant Accounting Policies	18
Auditor's Report on Special Purpose Financial Statements	21

Lismore City Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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:

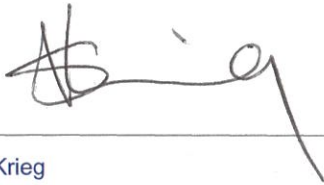
- NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- Local Government Code of Accounting Practice and Financial Reporting,
- Sections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

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

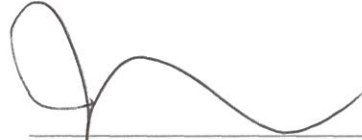
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

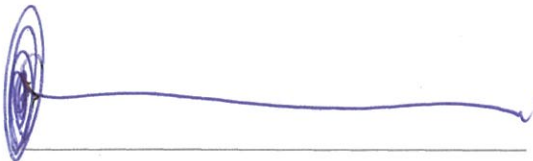
Signed in accordance with a resolution of Council made on 12 December 2023.



Steve Krieg
Mayor
12 December 2023



Jeri Hall
Councillor
12 December 2023



Jon Gibbons
General Manager
12 December 2023



Kristian Enevoldson
Responsible Accounting Officer
12 December 2023

Lismore City Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	5,831	5,562
User charges	9,391	10,824
Interest and investment income	593	146
Grants and contributions provided for operating purposes	2	1,015
Other income	170	444
Total income from continuing operations	15,987	17,991
Expenses from continuing operations		
Employee benefits and on-costs	2,218	1,856
Borrowing costs	439	492
Materials and services	3,263	4,244
Depreciation, amortisation and impairment	3,071	3,299
Water purchase charges	6,430	6,011
Net loss from the disposal of assets	963	845
Calculated taxation equivalents	69	36
Debt guarantee fee (if applicable)	296	314
Total expenses from continuing operations	16,749	17,097
Surplus (deficit) from continuing operations before capital amounts	(762)	894
Grants and contributions provided for capital purposes	805	1,214
Surplus (deficit) from continuing operations after capital amounts	43	2,108
Surplus (deficit) from all operations before tax	43	2,108
Less: corporate taxation equivalent (25%) [based on result before capital]	-	(224)
Surplus (deficit) after tax	43	1,884
Opening accumulated surplus	36,087	33,636
Adjustments for amounts unpaid:		
- Taxation equivalent payments	69	36
- Debt guarantee fees	296	314
- Corporate taxation equivalent	-	224
Less:		
- Tax equivalent dividend paid	(7)	(7)
Closing accumulated surplus	36,488	36,087
Return on capital %	(0.2)%	0.8%
Subsidy from Council	7,380	4,608
Calculation of dividend payable:		
Surplus (deficit) after tax	43	1,884
Less: capital grants and contributions (excluding developer contributions)	(805)	(1,214)
Surplus for dividend calculation purposes	-	670
Dividend calculated from surplus	-	335

Lismore City Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	14,182	13,810
User charges	79	172
Interest and investment income	1,468	253
Grants and contributions provided for operating purposes	1,468	7,299
Other income	231	172
Total income from continuing operations	17,428	21,706
Expenses from continuing operations		
Employee benefits and on-costs	2,693	2,388
Borrowing costs	692	767
Materials and services	9,060	5,255
Depreciation, amortisation and impairment	5,156	6,759
Net loss from the disposal of assets	2,085	17,523
Calculated taxation equivalents	54	57
Debt guarantee fee (if applicable)	156	169
Other expenses	1	246
Total expenses from continuing operations	19,897	33,164
Surplus (deficit) from continuing operations before capital amounts	(2,469)	(11,458)
Grants and contributions provided for capital purposes	3,797	2,345
Surplus (deficit) from continuing operations after capital amounts	1,328	(9,113)
Surplus (deficit) from all operations before tax	1,328	(9,113)
Surplus (deficit) after tax	1,328	(9,113)
Opening accumulated surplus	64,657	73,568
Prior period adjustments	(1,220)	–
Adjustments for amounts unpaid:		
– Taxation equivalent payments	54	57
– Debt guarantee fees	156	169
Less:		
– Tax equivalent dividend paid	(24)	(24)
Closing accumulated surplus	64,951	64,657
Return on capital %	(0.6)%	(3.7)%
Subsidy from Council	14,164	21,201
Calculation of dividend payable:		
Surplus (deficit) after tax	1,328	(9,113)
Less: capital grants and contributions (excluding developer contributions)	(3,797)	(2,345)
Surplus for dividend calculation purposes	–	–
Dividend calculated from surplus	–	–

Lismore City Council

Income Statement of Quarry

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
Income from continuing operations		
User charges	6,144	5,320
Grants and contributions provided for operating purposes	–	1
Other income	644	548
Total income from continuing operations	6,788	5,869
Expenses from continuing operations		
Employee benefits and on-costs	1,153	1,016
Borrowing costs	122	153
Materials and services	4,806	3,456
Depreciation, amortisation and impairment	211	304
Calculated taxation equivalents	98	101
Debt guarantee fee (if applicable)	10	16
Other expenses	79	13
Total expenses from continuing operations	6,479	5,059
Surplus (deficit) from continuing operations before capital amounts	309	810
Surplus (deficit) from continuing operations after capital amounts	309	810
Surplus (deficit) from all operations before tax	309	810
Less: corporate taxation equivalent (25%) [based on result before capital]	(77)	(203)
Surplus (deficit) after tax	232	607
Opening accumulated surplus	1,024	497
Adjustments for amounts unpaid:		
– Taxation equivalent payments	98	101
– Debt guarantee fees	10	16
– Corporate taxation equivalent	77	203
– Subsidy paid/contribution to operations	236	(336)
Less:		
Transfer to Asset Revaluation Reserve	–	(64)
Closing accumulated surplus	1,677	1,024
Return on capital %	12.9%	24.5%

Lismore City Council

Income Statement of Waste disposal

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
Income from continuing operations		
User charges	6,014	5,532
Grants and contributions provided for operating purposes	61	61
Other income	4,010	5,809
Total income from continuing operations	10,085	11,402
Expenses from continuing operations		
Employee benefits and on-costs	2,370	2,033
Borrowing costs	435	357
Materials and services	8,489	8,209
Depreciation, amortisation and impairment	663	1,088
Calculated taxation equivalents	146	149
Debt guarantee fee (if applicable)	146	165
Other expenses	73	57
Total expenses from continuing operations	12,322	12,058
Surplus (deficit) from continuing operations before capital amounts	(2,237)	(656)
Grants and contributions provided for capital purposes	189	81
Surplus (deficit) from continuing operations after capital amounts	(2,048)	(575)
Surplus (deficit) from all operations before tax	(2,048)	(575)
Surplus (deficit) after tax	(2,048)	(575)
Plus accumulated surplus	3,751	4,012
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	146	149
– Debt guarantee fees	146	165
Add:		
– Subsidy paid/contribution to operations	4,658	–
Less:		
Closing accumulated surplus	6,653	3,751
Return on capital %	(14.1)%	(2.3)%
Subsidy from Council	2,315	769

Lismore City Council

Income Statement of Lismore Crematorium

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
Income from continuing operations		
Fees	260	304
Other income	36	41
Total income from continuing operations	296	345
Expenses from continuing operations		
Employee benefits and on-costs	172	215
Materials and services	134	149
Depreciation, amortisation and impairment	13	13
Other expenses	5	4
Total expenses from continuing operations	324	381
Surplus (deficit) from continuing operations before capital amounts	(28)	(36)
Surplus (deficit) from continuing operations after capital amounts	(28)	(36)
Surplus (deficit) from all operations before tax	(28)	(36)
Surplus (deficit) after tax	(28)	(36)
Opening accumulated surplus	224	222
Adjustments for amounts unpaid:		
Add:		
– Subsidy paid/contribution to operations	68	38
Closing accumulated surplus	264	224
Return on capital %	(7.0)%	(7.1)%
Subsidy from Council	44	54

Lismore City Council

Income Statement of Goonellabah Sports & Aquatic Centre - Gymnasium

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
Income from continuing operations		
Fees	531	318
Total income from continuing operations	531	318
Expenses from continuing operations		
Employee benefits and on-costs	229	185
Materials and services	604	521
Total expenses from continuing operations	833	706
Surplus (deficit) from continuing operations before capital amounts	(302)	(388)
Surplus (deficit) from continuing operations after capital amounts	(302)	(388)
Surplus (deficit) from all operations before tax	(302)	(388)
Surplus (deficit) after tax	(302)	(388)
Add:		
– Subsidy paid/contribution to operations	302	388
Closing accumulated surplus	–	–
Subsidy from Council	302	388

Lismore City Council

Income Statement of Swimsations

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
Income from continuing operations		
Fees	489	299
Total income from continuing operations	489	299
Expenses from continuing operations		
Employee benefits and on-costs	285	224
Materials and services	374	376
Total expenses from continuing operations	659	600
Surplus (deficit) from continuing operations before capital amounts	(170)	(301)
Surplus (deficit) from continuing operations after capital amounts	(170)	(301)
Surplus (deficit) from all operations before tax	(170)	(301)
Surplus (deficit) after tax	(170)	(301)
Add:		
– Subsidy paid/contribution to operations	170	301
Closing accumulated surplus	–	–
Subsidy from Council	170	301

Lismore City Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	1,736	8,001
Investments	15,132	9,068
Receivables	4,465	4,451
Inventories	294	245
Total current assets	21,627	21,765
Non-current assets		
Right of use assets	51	38
Receivables	1,049	1,550
Infrastructure, property, plant and equipment	175,557	163,779
Total non-current assets	176,657	165,367
Total assets	198,284	187,132
LIABILITIES		
Current liabilities		
Lease liabilities	17	11
Payables	489	455
Borrowings	706	705
Employee benefit provisions	307	248
Total current liabilities	1,519	1,419
Non-current liabilities		
Lease liabilities	33	26
Borrowings	8,034	9,175
Employee benefit provisions	16	15
Total non-current liabilities	8,083	9,216
Total liabilities	9,602	10,635
Net assets	188,682	176,497
EQUITY		
Accumulated surplus	36,488	36,087
Revaluation reserves	152,194	140,410
Total equity	188,682	176,497

Lismore City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	6,602	15,356
Investments	40,194	19,807
Receivables	889	1,110
Inventories	492	489
Total current assets	48,177	36,762
Non-current assets		
Right of use assets	4	9
Investments	1,000	10,000
Receivables	632	351
Infrastructure, property, plant and equipment	308,136	287,194
Total non-current assets	309,772	297,554
Total assets	357,949	334,316
LIABILITIES		
Current liabilities		
Contract liabilities	1,400	–
Lease liabilities	4	4
Payables	340	310
Borrowings	1,484	1,271
Employee benefit provisions	330	268
Total current liabilities	3,558	1,853
Non-current liabilities		
Lease liabilities	–	4
Borrowings	16,731	18,650
Employee benefit provisions	17	17
Total non-current liabilities	16,748	18,671
Total liabilities	20,306	20,524
Net assets	337,643	313,792
EQUITY		
Accumulated surplus	64,951	64,657
Revaluation reserves	272,692	249,135
Total equity	337,643	313,792

Lismore City Council

Statement of Financial Position of Quarry

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
ASSETS		
Current assets		
Receivables	418	381
Inventories	1,000	1,160
Total current assets	1,418	1,541
Non-current assets		
Investments	772	–
Infrastructure, property, plant and equipment	3,340	3,936
Total non-current assets	4,112	3,936
Total assets	5,530	5,477
LIABILITIES		
Current liabilities		
Borrowings	145	187
Provisions	14	750
Total current liabilities	159	937
Non-current liabilities		
Borrowings	42	145
Provisions	3,301	2,784
Total non-current liabilities	3,343	2,929
Total liabilities	3,502	3,866
Net assets	2,028	1,611
EQUITY		
Accumulated surplus	1,677	1,024
Revaluation reserves	351	587
Total equity	2,028	1,611

Lismore City Council

Statement of Financial Position of Waste disposal

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
ASSETS		
Current assets		
Investments	6,395	5,468
Inventories	157	172
Total current assets	6,552	5,640
Non-current assets		
Infrastructure, property, plant and equipment	12,754	12,843
Total non-current assets	12,754	12,843
Total assets	19,306	18,483
LIABILITIES		
Current liabilities		
Borrowings	694	785
Provisions	238	216
Total current liabilities	932	1,001
Non-current liabilities		
Borrowings	4,309	5,003
Provisions	7,412	8,728
Total non-current liabilities	11,721	13,731
Total liabilities	12,653	14,732
Net assets	6,653	3,751
EQUITY		
Accumulated surplus	6,653	3,751
Total equity	6,653	3,751

Lismore City Council

Statement of Financial Position of Lismore Crematorium

as at 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	402	505
Total non-current assets	402	505
Total assets	402	505
LIABILITIES		
Current liabilities		
Employee benefit provisions	131	120
Total current liabilities	131	120
Non-current liabilities		
Employee benefit provisions	7	4
Total non-current liabilities	7	4
Total liabilities	138	124
Net assets	264	381
EQUITY		
Accumulated surplus	264	224
Revaluation reserves	-	157
Total equity	264	381

Lismore City Council

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

as at 30 June 2023

\$ '000	2023 Category 2	2022 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 2023

\$ '000	2023 Category 2	2022 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 – Significant Accounting Policies

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 – Significant Accounting Policies (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% (2021/22: 25.0%)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

Payroll tax – 5.45% (**2021/22 4.85%**) 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%. (2021/22: 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 – Significant Accounting Policies (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 4.02% at 30/6/23.

(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 2023 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.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Lismore City Council

To the Councillors of Lismore City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Lismore City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water supply business activity
- Sewerage business activity
- Quarry
- Waste disposal
- Lismore Crematorium
- Goonellabah Sports and Aquatic Centre – Gymnasium
- Swimsations.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the Significant accounting policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

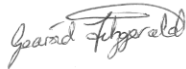
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

22 December 2023
SYDNEY

Lismore City Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Lismore City Council

Special Schedules

for the year ended 30 June 2023

Contents

Page

Special Schedules:

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2023 6

Lismore City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	32,733	32,416
Plus or minus adjustments ²	b	290	154
Notional general income	c = a + b	33,023	32,570
Permissible income calculation			
Rate peg percentage	e	0.70%	3.70%
Less expiring special variation amount	g	–	(129)
Plus rate peg amount	i = e x (c + g)	231	1,200
Sub-total	k = (c + g + h + i + j)	33,254	33,641
Plus (or minus) last year's carry forward total	l	3	841
Sub-total	n = (l + m)	3	841
Total permissible income	o = k + n	33,257	34,482
Less notional general income yield	p	32,416	34,270
Catch-up or (excess) result	q = o – p	841	212
Carry forward to next year ⁴	t = q + r + s	841	212

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).
- (4) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Lismore City Council

To the Councillors of Lismore City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Lismore City Council (the Council) for the year ending 30 June 2024.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code) and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2023'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:


- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

22 December 2023
SYDNEY

Lismore City Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 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					
Buildings	Buildings	23,527	23,527	1,804	1,292	71,913	130,987	7.0%	39.0%	15.0%	3.0%	36.0%
	Sub-total	23,527	23,527	1,804	1,292	71,913	130,987	7.0%	39.0%	15.0%	3.0%	36.0%
Other structures	Other structures	281	281	612	76	18,908	34,431	43.0%	23.0%	24.0%	2.0%	8.0%
	Sub-total	281	281	612	76	18,908	34,431	43.0%	23.0%	24.0%	2.0%	8.0%
Roads	Sealed roads	50,499	50,499	5,713	7,569	443,843	741,385	19.0%	43.0%	17.0%	7.0%	14.0%
	Unsealed roads	–	–	600	770	7,244	25,649	0.0%	0.0%	100.0%	0.0%	0.0%
	Bridges	7,028	7,028	600	504	84,416	149,233	53.0%	35.0%	2.0%	1.0%	9.0%
	Footpaths	299	299	200	185	28,412	39,660	22.0%	68.0%	8.0%	2.0%	0.0%
	Bulk earthworks	–	–	–	–	410,578	410,578	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	57,826	57,826	7,113	9,028	974,493	1,366,505	46.8%	29.1%	11.6%	4.0%	8.5%
Water supply network	Water supply network	25,687	25,687	1,782	2,241	166,869	297,824	32.0%	24.0%	20.0%	15.0%	9.0%
	Sub-total	25,687	25,687	1,782	2,241	166,869	297,824	32.0%	24.0%	20.0%	15.0%	9.0%
Sewerage network	Sewerage network	88,849	88,849	4,398	4,475	300,272	483,147	26.0%	29.0%	17.0%	9.0%	19.0%
	Sub-total	88,849	88,849	4,398	4,475	300,272	483,147	26.0%	29.0%	17.0%	9.0%	19.0%
Stormwater drainage	Stormwater drainage	1,758	1,758	495	518	81,273	127,767	67.0%	29.0%	1.0%	1.0%	2.0%
	Sub-total	1,758	1,758	495	518	81,273	127,767	67.0%	29.0%	1.0%	1.0%	2.0%

Lismore City Council

Report on infrastructure assets as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 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	2,856	2,856	616	373	4,996	12,858	2.0%	27.0%	11.0%	31.0%	29.0%
	Other Open Space/Recreation	96	96	124	119	639	2,335	8.0%	33.0%	47.0%	8.0%	4.0%
	Sub-total	2,952	2,952	740	492	5,635	15,193	2.9%	27.9%	16.5%	27.5%	25.2%
Total – all assets		200,880	200,880	16,944	18,122	1,619,363	2,455,854	39.5%	28.9%	13.5%	6.2%	11.9%

(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 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	63,351	259.01%	22.73%	76.90%	> 100.00%
Depreciation, amortisation and impairment ^{2,3}	24,459				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard ^{4,5}	200,880	12.22%	15.02%	4.56%	< 2.00%
Net carrying amount of infrastructure assets	1,643,525				
Asset maintenance ratio					
Actual asset maintenance	18,122	106.95%	80.18%	86.09%	> 100.00%
Required asset maintenance	16,944				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council ^{6,7}	200,880	8.18%	9.89%	3.18%	
Gross replacement cost	2,455,854				

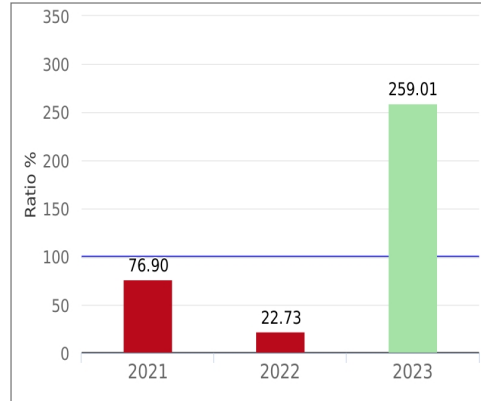
(*) All asset performance indicators are calculated using classes identified in the previous table.

- (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) 2023: Includes 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 be 124.62% for 2023.
- (3) 2022: Included impairment of \$76,506, adversely impacting the 2022 ratio as a result of the flood events in 2022. Adjusted for impairment, this ratio would have been 78.20% for 2022.
- (4) 2023: Includes 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 be 6.30% for 2023.
- (5) 2022: Included flood repair costs of \$129,440, adversely impacting this ratio as a result of the flood events in 2022. Adjusted for these, this ratio would have been 6.42% for 2022.
- (6) 2023: Includes 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 be 4.21% for 2023.
- (7) 2022: Included flood repair costs of \$129,440, adversely impacting this ratio as a result of the flood events in 2022. Adjusted for these, this ratio would have been 6.42% for 2022.

Lismore City Council

Report on infrastructure assets as at 30 June 2023

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

22/23 ratio 259.01%

Council's Buildings and infrastructure renewals ratio was 259.01% for the 2022/2023 financial year. This was favourably impacted by reinstatement costs for impaired assets and impairment reversals. Adjusted for impairment, this ratio would be 124.62%, which is still above the benchmark of 100.00%. The 2021/2022 ratio adjusted for impacts of impairment was 78.20%.

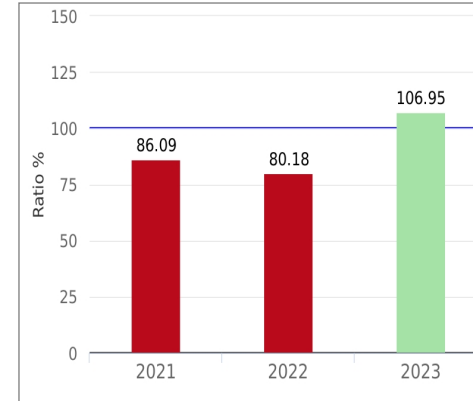
Benchmark: — > 100.00%

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

22/23 ratio 106.95%

Council's asset maintenance ratio was 106.95% for the 2022/2023 financial year, which is above the benchmark of 100%. This is a significant improvement from the previous financial year of 80.18%, where emergency flood recovery works were the primary focus following the February 2022 flood event.

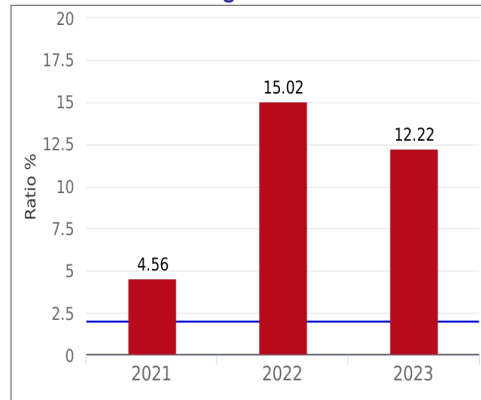
Benchmark: — > 100.00%

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

22/23 ratio 12.22%

Council's infrastructure backlog ratio was 12.22% for the 2022/2023 financial year. Adjusted for the impacts of impairment and estimated flood repair costs, this ratio would be 6.30%. The 2021/2022 ratio adjusted for impacts of impairment and flood repair costs was 6.42%. Council is working towards reducing its infrastructure backlog through the development of its asset management plans and increased funding in its long term financial plan.

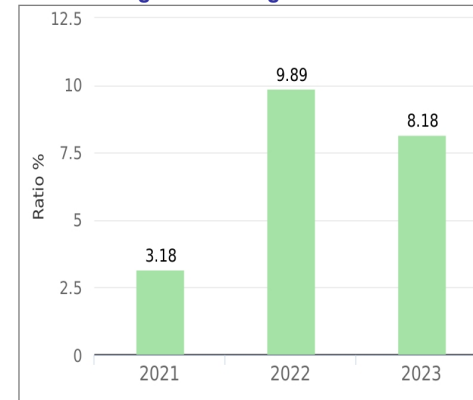
Benchmark: — < 2.00%

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

22/23 ratio 8.18%

Council's proportion of outstanding renewal works compared to the total value of assets improved to 8.18% for the 2022/2023 financial year. Ongoing flood recovery works has contributed significantly to this improvement.

Lismore City Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment ^{2,3}	335.32%	28.12%	116.20%	51.80%	99.88%	5.58%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard ^{4,5}							
Net carrying amount of infrastructure assets	7.39%	10.98%	15.04%	15.44%	29.24%	29.93%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	105.96%	90.19%	125.76%	71.40%	101.75%	58.58%	> 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	5.17%	7.50%	8.55%	8.82%	18.28%	18.81%	

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

(3) 2022: This ratio was adversely impacted by the impairment of assets as a result of the flood events of 2022. Adjusted for impairment, these ratios would have been 95.64% for General Fund, 70.99% for Water Fund and 25.51% for Sewer Fund for 2022.

(4) 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.

(5) 2022: 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 have been 4.87% for General Fund, 14.69% for Water Fund and 7.57% for Sewer Fund for 2022.

(6) 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.

Lismore City Council

Report on infrastructure assets as at 30 June 2023 (continued)

⁽⁷⁾ 2022: 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 3.33% for General Fund, 8.39% for Water Fund and 4.76% for Sewer Fund for 2022.