

An aerial photograph of a suburban area. In the foreground, there is a large construction site with a dirt road and several excavated pits. To the left, there are several large industrial or commercial buildings with grey roofs. The background shows a residential neighborhood with houses and trees, and a green field with a baseball field in the distance.

Lismore City Council Financial Reports

For The Year Ended 30 June 2022

Lismore City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Lismore City Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

43 Oliver Avenue
GOONELLABAH NSW 2480

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

Lismore City Council

General Purpose Financial Statements

for the year ended 30 June 2022

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:

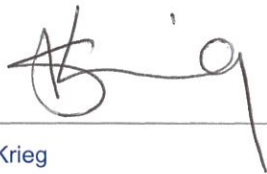
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

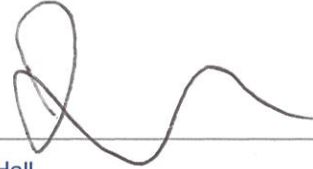
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

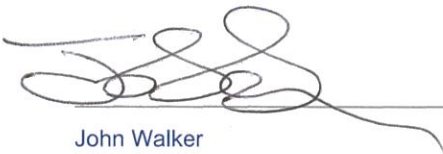
Signed in accordance with a resolution of Council made on 13 December 2022.



Steve Krieg
Mayor
13 December 2022



Jeri Hall
Councillor
13 December 2022



John Walker
General Manager
13 December 2022



John Hartley
Responsible Accounting Officer
13 December 2022

Lismore City Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		5,066	18,671
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	86,783	33,395
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	(82,177)	–
Total items which will not be reclassified subsequently to the operating result		4,606	33,395
Total other comprehensive income for the year		4,606	33,395
Total comprehensive income for the year attributable to Council		9,672	52,066

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 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	30,744	21,648
Investments	C1-2	92,000	73,000
Receivables	C1-4	16,189	11,632
Inventories	C1-5	2,556	2,630
Contract assets and contract cost assets	C1-6	8,837	10,542
Other	C1-11	51	51
Total current assets		150,377	119,503
Non-current assets			
Investments	C1-2	10,000	6,000
Receivables	C1-4	3,247	3,054
Inventories	C1-5	174	174
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,682,613	1,703,503
Intangible assets	C1-8	29	39
Right of use assets	C2-1	2,875	922
Investments accounted for using the equity method	D2-2	1,250	1,169
Total non-current assets		1,700,188	1,714,861
Total assets		1,850,565	1,834,364
LIABILITIES			
Current liabilities			
Payables	C3-1	20,081	18,404
Contract liabilities	C3-2	14,117	7,660
Lease liabilities	C2-1	658	335
Borrowings	C3-3	5,467	5,316
Employee benefit provisions	C3-4	6,722	7,248
Provisions	C3-5	560	499
Total current liabilities		47,605	39,462
Non-current liabilities			
Lease liabilities	C2-1	2,267	596
Borrowings	C3-3	46,718	52,185
Employee benefit provisions	C3-4	251	246
Provisions	C3-5	11,498	9,321
Total non-current liabilities		60,734	62,348
Total liabilities		108,339	101,810
Net assets		1,742,226	1,732,554
EQUITY			
Accumulated surplus		555,375	550,309
IPPE revaluation reserve	C4-1	1,186,851	1,182,245
Total equity		1,742,226	1,732,554

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 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance		550,309	1,182,245	1,732,554	531,638	1,148,850	1,680,488
Net operating result for the year		5,066	–	5,066	18,671	–	18,671
Net Operating result for the period		5,066	–	5,066	18,671	–	18,671
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	86,783	86,783	–	33,395	33,395
– Impairment (loss) reversal relating to IPP&E	C1-7	–	(82,177)	(82,177)	–	–	–
Other comprehensive income		–	4,606	4,606	–	33,395	33,395
Total comprehensive income		5,066	4,606	9,672	18,671	33,395	52,066
Closing balance at 30 June		555,375	1,186,851	1,742,226	550,309	1,182,245	1,732,554

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 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
57,812	Rates and annual charges		57,827	56,776
33,906	User charges and fees		26,908	30,842
733	Interest received		995	1,359
51,174	Grants and contributions		75,767	36,981
10,178	Other		12,959	11,241
<i>Payments:</i>				
(39,695)	Payments to employees		(33,424)	(30,760)
(46,625)	Payments for materials and services		(65,966)	(45,835)
(2,488)	Borrowing costs		(5,395)	(4,062)
–	Bonds, deposits and retentions refunded		(581)	(91)
(10,481)	Other		(1,390)	(4,216)
54,514	Net cash provided by (or used in) operating activities	G1-1	67,700	52,235
Cash flows from investing activities				
<i>Receipts:</i>				
3,663	Sale of investments		–	–
2,540	Sale of real estate assets		2,301	–
–	Proceeds from sale of IPPE		779	1,401
–	Deferred debtors receipts		9	10
<i>Payments:</i>				
–	Purchase of investments		–	(17,000)
–	Acquisition of term deposits		(23,000)	–
(64,888)	Payments for IPPE		(32,656)	(33,715)
–	Purchase of real estate assets		(129)	–
(58,685)	Net cash provided by (or used in) investing activities		(52,696)	(49,304)
Cash flows from financing activities				
<i>Receipts:</i>				
945	Proceeds from borrowings		–	–
<i>Payments:</i>				
(5,457)	Repayment of borrowings		(5,316)	(5,179)
–	Principal component of lease payments		(592)	(440)
(4,512)	Net cash flow provided by (used in) financing activities		(5,908)	(5,619)
(8,683)	Net change in cash and cash equivalents		9,096	(2,688)
20,486	Cash and cash equivalents at beginning of year		21,648	24,336
11,803	Cash and cash equivalents at end of year	C1-1	30,744	21,648
57,755	plus: Investments on hand at end of year	C1-2	102,000	79,000
69,558	Total cash, cash equivalents and investments		132,744	100,648

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

Lismore City Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 13 December 2022. 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.

Coronavirus (COVID 19) Impact

Council is required to assess whether and how it may be affected by COVID 19 and the impact on its Financial Reports.

Council first experienced a disruption in business practices early in 2019 and that continued throughout the Financial Year ended 30 June 2022. Various services and activities were impacted however Council continued to operate and provide services without a material increase in costs. An increase in Information Technology costs continued to support staff working remotely and improve community access to online services however this was largely offset by vacant positions and lower spend on staff costs.

Council undertook an analysis of the potential impacts of COVID 19 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)
- Change in net realisable value of inventory (AASB 102)

A1-1 Basis of preparation (continued)

- Increased costs and/or reduced demand requiring provision for onerous contracts (AASB 137), reassessment of variable consideration, including refund liabilities (AASB 15)
- Changes in expected credit losses for loans and other financial assets (AASB 9)
- 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.

While it was difficult to determine what the ongoing impact of COVID 19 on Council and the community we operate in, no material impact was identified and Council continues to operate as a going concern.

Natural Disaster (Floods) February/March 2022.

Council is required to assess whether and how it may be affected by the natural disasters of February and March 2022, including the impact on its Financial Reports, impacts to Council's business and revenues streams and the potential cashflow impact. The events have had a significant impact on Council including but not limited to a disruption in 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 undertook an analysis of 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.

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 2022 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 1st July 2021.

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
An inclusive and healthy community	21,420	7,050	22,437	28,574	(1,017)	(21,524)	18,112	3,312	126,761	15,310
A prosperous and vibrant city	2,155	1,094	4,760	3,769	(2,605)	(2,675)	1,788	715	4,569	130,650
Our natural environment	11,853	26,371	16,102	23,014	(4,249)	3,357	379	19,591	88,904	90,880
Our built environment	79,428	70,892	104,920	58,486	(25,492)	12,406	39,780	21,545	1,528,322	1,581,222
Leadership and participation	54,692	37,473	16,263	10,366	38,429	27,107	14,289	5,763	102,009	16,302
Total functions and activities	169,548	142,880	164,482	124,209	5,066	18,671	74,348	50,926	1,850,565	1,834,364

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	2022	2021
Ordinary rates		
Residential	21,859	21,084
Farmland	4,790	4,715
Business	5,628	5,843
Less: pensioner rebates	(695)	(699)
Rates levied to ratepayers	31,582	30,943
Pensioner rate subsidies received	396	410
Total ordinary rates	31,978	31,353
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	5,602	5,319
Stormwater management services	385	375
Water supply services	5,390	4,866
Sewerage services	14,025	13,610
Waste management services (non-domestic)	645	594
Less: pensioner rebates	(625)	(635)
Nimbin transfer station	52	55
Waste minimisation	1,123	1,067
Annual charges levied	26,597	25,251
Pensioner subsidies received:		
– Water	123	122
– Sewerage	133	136
– Domestic waste management	81	84
Total annual charges	26,934	25,593
Total rates and annual charges	58,912	56,946

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	2022	2021
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Water supply services	10,857	10,119
Sewerage services	172	232
Total specific user charges	11,029	10,351
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Building regulation	1,318	2,084
Section 603 certificates	89	107
Other	4	13
Dog registration fees	199	256
Health control	573	536
Planning services	695	669
Total fees and charges – statutory/regulatory	2,878	3,665
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	91	81
Caravan park	30	29
Community centres	5	5
Leisure centre	874	1,270
Parking fees	115	195
Quarry revenues	1,338	1,583
Transport for NSW works (state roads not controlled by Council)	4,396	4,767
Art gallery	15	56
Library	2	5
Parks, gardens and lakes	139	208
Public cemeteries	1,017	1,056
Road services	29	51
Share cropping	5	–
Sporting grounds	6	18
Other	461	554
Swimming pools	163	240
Waste disposal	1,944	4,435
Water charges	184	228
Total fees and charges – other	10,814	14,781
Total other user charges and fees	13,692	18,446
Total user charges and fees	24,721	28,797
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	11,884	11,341
User charges and fees recognised at a point in time	12,837	17,456
Total user charges and fees	24,721	28,797

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	2022	2021
Rental income – other council properties	381	530
Fines – parking	162	102
Fines – other	20	12
Commissions and agency fees	10	20
Donations - Flood Appeal	1,528	–
Container Deposit Scheme	861	1,100
Insurance claims recoveries	5,252	670
Master games	–	76
Other	1,014	1,427
Recycling income (non-domestic)	1,369	1,315
Other events	80	172
Total other revenue	10,677	5,424

Timing of revenue recognition for other revenue

Other revenue recognised over time	381	530
Other revenue recognised at a point in time	10,296	4,894
Total other revenue	10,677	5,424

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 received insurance refunds for the Waste fire (event occurred in a previous financial year) and for damage incurred as result of two Natural disasters (flooding) that occurred in February and March 2022.

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 and will be distributed in the 2023 year.

B2-4 Grants and contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component		2,364	2,345	–	–
Financial assistance – local roads component		1,087	665	–	–
Payment in advance - future year allocation ¹					
Financial assistance – general component		3,635	2,251	–	–
Financial assistance – local roads component		1,672	1,096	–	–
Amount recognised as income during current year		8,758	6,357	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies		889	–	5	44
Sewerage services		7,135	–	–	–
Bushfire and emergency services	B2-4	141	590	139	43
Community centres		–	–	43	227
Economic development		291	630	–	–
Environmental programs		237	(771)	–	–
Floodplain management		–	–	–	2,655
Recreation and culture		–	29	3,335	2,928
Airport		–	–	235	230
Art gallery		232	176	–	–
Diesel rebate		270	265	–	–
Domestic waste management		61	24	81	–
Library services		175	171	–	–
Natural disaster emergency funding ²		17,785	6,577	–	–
Street lighting		167	167	–	–
Transport (roads to recovery)		1,228	1,228	–	–
Transport (other roads and bridges funding)		25	13	18,819	14,194
Other specific grants		3,005	164	–	26
Recreation and culture		–	–	102	58
Transport for NSW contributions (regional roads, block grant)		1,663	1,663	136	136
Total special purpose grants and non-developer contributions – cash		33,304	10,926	22,895	20,541
Non-cash contributions					
Bushfire services		–	–	2,170	–
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)		–	–	2,234	6,666
Recreation and culture		–	–	358	–
Sewerage (excl. section 64 contributions)		–	–	1,054	1,692
Water supplies (excl. section 64 contributions)		–	–	927	1,541
Total other contributions – non-cash		–	–	6,743	9,899
Total special purpose grants and non-developer contributions (tied)		33,304	10,926	29,638	30,440
Total grants and non-developer contributions		42,062	17,283	29,638	30,440

B2-4 Grants and contributions (continued)

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Comprising:				
– Commonwealth funding	9,334	6,847	3,178	2,035
– State funding	32,714	10,426	19,615	18,447
– Other funding	14	10	6,845	9,958
	42,062	17,283	29,638	30,440

(1) \$5.309m of the 2022-2023 Financial Assistance Grant from Commonwealth Government was received by Council in June 2022 and hence is reported as 2021-2022 income although it relates to 2022-2023 financial year.

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

Developer contributions

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

G4

Cash contributions

S 7.11 – contributions towards amenities/services	–	–	1,075	1,462
S 64 – water supply contributions	–	–	282	220
S 64 – sewerage service contributions	–	–	1,291	1,521
Total developer contributions – cash	–	–	2,648	3,203
Total developer contributions	–	–	2,648	3,203
Total contributions	–	–	2,648	3,203
Total grants and contributions	42,062	17,283	32,286	33,643

Timing of revenue recognition for grants and contributions

Grants and contributions recognised over time	17,785	6,577	–	20,001
Grants and contributions recognised at a point in time	24,277	10,706	32,286	13,642
Total grants and contributions	42,062	17,283	32,286	33,643

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 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	5,144	4,337	5,367	1,988
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	13,457	2,817	84	–
Add: Funds received and not recognised as revenue in the current year	1,731	–	12,386	7,660
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,851)	(2,010)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(7,660)	(4,281)
Unspent funds at 30 June	17,481	5,144	10,177	5,367

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	–	–	7,365	6,076
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	1,117	1,430
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(390)	(141)
Unspent contributions at 30 June	–	–	8,092	7,365

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	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	214	114
– Cash and investments	595	727
Total interest and investment income (losses)	809	841

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	2022	2021
Salaries and wages	26,918	25,668
Employee leave entitlements	5,035	5,087
Superannuation	3,171	2,988
Workers' compensation insurance	803	688
Fringe benefit tax	26	13
Payroll tax	210	190
Training costs (other than salaries and wages)	402	301
Protective clothing	115	–
Total employee costs	36,680	34,935
Less: capitalised costs	(3,777)	(4,277)
Total employee costs expensed	32,903	30,658

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	2022	2021
Raw materials and consumables		55,111	39,634
Audit Fees	F2-1	110	111
Councillor and Mayoral fees and associated expenses	F1-2	305	289
Electricity and heating		1,517	1,463
Insurance		1,417	1,354
Street lighting		425	503
Telephone and communications		400	315
Legal expenses:			
– Legal expenses: planning and development		5	268
– Legal expenses: other		549	1,486
Expenses from short-term leases		309	270
Expenses from leases of low value assets		23	2
Total materials and services		60,171	45,695
Total materials and services		60,171	45,695

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on leases		65	33
Interest on loans		2,436	2,653
Other debts		3	2
Total interest bearing liability costs		2,504	2,688
Total interest bearing liability costs expensed		2,504	2,688
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	162	667
Total other borrowing costs		162	667
Total borrowing costs expensed		2,666	3,355

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	2022	2021
Depreciation and amortisation			
Plant and equipment	C1-7	1,729	1,993
Office equipment	C1-7	28	11
Furniture and fittings	C1-7	181	108
Land improvements (depreciable)	C1-7	2,196	1,522
Infrastructure:			
– Buildings	C1-7	1,533	1,921
– Other structures		1,226	814
– Roads		15,921	15,404
– Bridges		1,407	1,373
– Footpaths		448	433
– Stormwater drainage		633	594
– Water supply network		3,240	3,203
– Sewerage network		6,659	6,431
– Swimming pools		158	66
– Other open space/recreational assets		125	70
Right of use assets	C2-1	633	430
Other assets:			
– Other		107	57
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	325	241
– Quarry assets	C1-7,C3-5	154	62
Intangible assets	C1-8	10	28
Total depreciation and amortisation costs		36,713	34,761
Impairment / revaluation decrement of IPPE			
Land improvements (depreciable)		2,909	–
Infrastructure:			
– Buildings	C1-7	19,018	–
– Other structures		979	–
– Roads		31,507	–
– Water supply network		1,200	–
– Sewerage network		23,802	–
Other assets:			
– Heritage collections		2,762	–
Total gross IPPE impairment / revaluation decrement costs		82,177	–
Amounts taken through revaluation reserve	C1-7	(82,177)	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		36,713	34,761

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.

B3-5 Other expenses

\$ '000	2022	2021
Impairment of receivables		
Other	44	–
Total impairment of receivables	44	–
Other		
Contributions/levies to other levels of government		
– Emergency services levy	47	85
– NSW fire brigade levy	519	570
– NSW rural fire service levy	337	345
– Rous County Council	286	259
– Waste levy ¹	689	2,544
– Richmond Tweed Regional Library	1,600	1,670
– Other contributions/levies	46	–
Donations, contributions and assistance to other organisations (Section 356)	1	205
Total other	3,525	5,678
Total other expenses	3,569	5,678

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	2022	2021
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	198
Less: carrying amount of property assets sold/written off		<u>(1,980)</u>	<u>(48)</u>
Gain (or loss) on disposal		(1,980)	150
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		670	1,203
Less: carrying amount of plant and equipment assets sold/written off		<u>(1,399)</u>	<u>(1,118)</u>
Gain (or loss) on disposal		(729)	85
Gain (or loss) on disposal of infrastructure			
	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		<u>(23,430)</u>	<u>(3,833)</u>
Gain (or loss) on disposal		(23,430)	(3,833)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		2,301	–
Less: carrying amount of real estate assets sold/written off		<u>(370)</u>	<u>–</u>
Gain (or loss) on disposal		1,931	–
Other Structures			
Proceeds from disposal – Other Structures		–	–
Less: carrying amount of Other Structures assets sold/written off		<u>(824)</u>	<u>(167)</u>
Gain (or loss) on disposal		(824)	(167)
Land Improvements - Depreciable			
Proceeds from disposal – Land Improvements-Depreciable		–	–
Less: carrying amount of Land Improvements-Depreciable assets sold/written off		<u>(405)</u>	<u>(86)</u>
Gain (or loss) on disposal		(405)	(86)
Buildings			
Proceeds from disposal – Buildings assets		–	–
Less: carrying amount of Buildings assets sold/written off		<u>(2,774)</u>	<u>(57)</u>
Gain (or loss) on disposal		(2,774)	(57)
Other Land			
Proceeds from disposal – Other Land		109	–
Less: carrying amount of Other Land assets sold/written off		<u>(358)</u>	<u>(154)</u>
Gain (or loss) on disposal		(249)	(154)
Net gain (or loss) from disposal of assets		(28,460)	(4,062)

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 15/06/2021 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.

Council suffered two significant flooding events in February and March 2022, which caused damage to Council's infrastructure, and disrupted Council operations. Council's operational revenues were lower than budgeted, grants and contributions were higher as a result of additional Commonwealth and State funding received, significant infrastructure damage occurred which required assets to be written off and there were increased operational costs associated with emergency works and clean up costs.

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	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
User charges and fees	34,046	24,721	(9,325)	(27)% U
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. This has resulted in a variance to Council's adopted budget. User fees & charges, income from sales of products (Waste and Quarry), delivery of services and income from rental of its facilities was significantly lower than the original budget forecasts.				
Other revenues	7,451	10,677	3,226	43% F
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's income from sales of Waste products was lower than budget by \$2.6 million. This was offset by insurance receipts received by Council in relation to the Floods of 2022 and the finalisation of Council's Waste fire insurance claim from a previous year, in total \$5.2 million insurance funds were received in 2022.				
Operating grants and contributions	15,081	42,062	26,981	179% F
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. This has resulted in a variance to Council's adopted budget. Council has received a number of State and Commonwealth grants to address emergency issues and the clean up. In addition Council received 75% of the 2023 Financial Assistance Grants (Roads and General) in advance. This additional funding was not included the adopted 2023 budget.				
Capital grants and contributions	35,931	32,286	(3,645)	(10)% U
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. Capital Grants - Grant projects planned were delayed due to Council's flood response.				
Interest and investment revenue	603	809	206	34% F
Council's investment portfolio was higher than forecast throughout the year, this coupled with the major increases in the cash rate applied by the Reserve Bank of Australia (RBA) resulted in higher than anticipated interest revenues. The original interest forecast was based on the RBA monetary statements in which it was expected that the cash rate would remain low until 2024.				
Joint ventures and associates – net profits	(137)	81	218	(159)% F
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. This has resulted in a variance to Council's adopted budget. The operations of Richmond Tweed Regional Library was impacted and thus operations were not in line with original budget expectations.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	39,841	32,903	6,938	17% F
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. This has resulted in a variance to Council's adopted budget. Council's original budget was based on full employment in accordance with management's expectations on resources required to deliver its proposed services. During the financial year 2022 Council experienced a 10-13% vacancy rate on its organisational structure which resulted in lower than expected employee costs to budget.				
Materials and services	51,367	60,171	(8,804)	(17)% U
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. This has resulted in a variance to Council's adopted budget. In response to the flood event Council received additional operating grants to deal with emergency issues and to assist Council to address delivery of essential services to the community. The additional costs included contract staff to temporarily fill vacant roles, emergency works associated with flood works, and emergency clean up costs.				
Depreciation, amortisation and impairment of non-financial assets	32,899	36,713	(3,814)	(12)% U
Council's budgeted depreciation is based on the previous years and indexed accordingly. At the time of the preparation of the 2022 budget, revaluations and/or adjustments to depreciation expenses identified during the finalisation of the year end process for 2021 had not been identified nor included in the budget estimates. The major variations are Water & Wastewater infrastructure \$763k higher, land improvements \$785k and other structures higher than budget by \$591k.				
Other expenses	5,582	3,569	2,013	36% F
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. This has resulted in a variance to Council's adopted budget. The major movement related to the NSW Waste levy. Council's Waste facility was closed and waste was being diverted to other sites. This resulted in savings in the budgeted NSW Waste levy as this is based on the product that is disposed of in the Council waste cell.				
Net losses from disposal of assets	2,761	28,460	(25,699)	(931)% U
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's assets were significantly impacted by the flood, with a number of assets damaged beyond repair thus requiring disposal.				
Statement of cash flows				
Cash flows from operating activities	54,514	67,700	13,186	24% F
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. This has resulted in a variance to Council's adopted budget. Council received a number of grants associated with emergency works which has increased cash, this was partially offset by increases in operating expenses. Revenues overall were down, due to Council's businesses not operating for 5 months or operating in a limited capacity. Council also received unbudgeted insurance income of \$5.2 million, with \$2.4 million of this related to a waste facility fire in previous financial year, with the balance relating to the flood events of February/March 2022. Flood insurance works are to be undertaken in 2023.				
Cash flows from investing activities	(58,685)	(52,696)	5,989	(10)% F
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. Capital works planned for 2022 were delayed as Council concentrated on emergency work.				
Cash flows from financing activities	(4,512)	(5,908)	(1,396)	31% U
Council did not borrow from external sources as outlined within the adopted 2022 Operational Plan. Council was able to fund this through internal reserves - \$945,000.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	6,782	801
Cash equivalent assets		
– Deposits at call	23,962	20,847
Total cash and cash equivalents	30,744	21,648

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	30,744	21,648
Balance as per the Statement of Cash Flows	30,744	21,648

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Term deposits	92,000	10,000	73,000	6,000
Total	92,000	10,000	73,000	6,000
Total financial investments	92,000	10,000	73,000	6,000
Total cash assets, cash equivalents and investments	122,744	10,000	94,648	6,000

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	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	132,744	100,648
Less: Externally restricted cash, cash equivalents and investments	<u>(100,882)</u>	<u>(74,051)</u>
Cash, cash equivalents and investments not subject to external restrictions	<u>31,862</u>	<u>26,597</u>

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

\$ '000	2022	2021
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Art gallery gift account	106	45
Flood Appeal	1,525	–
Trust account	1,407	1,400
Specific purpose unexpended grants – general fund	14,117	7,660
External restrictions – included in liabilities	17,155	9,105
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	8,092	7,365
Specific purpose unexpended grants (recognised as revenue) – general fund	8,541	2,851
Specific purpose unexpended grants (recognised as revenue) – water fund	500	–
Specific purpose unexpended grants (recognised as revenue) – sewer fund	4,500	–
Water fund	16,451	14,496
Water supplies – employee leave entitlements	118	113
Sewer fund	39,706	35,182
Sewerage services – employee leave entitlements	957	118
Domestic waste management	800	1,828
Stormwater management	2,614	2,186
Waste minimisation	1,448	807
External restrictions – other	83,727	64,946
Total external restrictions	100,882	74,051

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	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	31,862	26,597
Less: Internally allocated cash, cash equivalents and investments	(31,175)	(26,597)
Unrestricted and unallocated cash, cash equivalents and investments	687	–
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	2,926	3,057
Carry forward and revote works	9,129	11,020
Specific purpose unexpended loans	291	1,225
SRV related	1,543	1,099
Emergencies	1,100	1,100
Economic Development	1,000	1,000
Public Infrastructure	15,186	8,096
Total internal allocations	31,175	26,597
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	687	–

C1-4 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	4,464	1,558	3,269	1,471
Interest and extra charges	654	209	751	382
User charges and fees	2,890	1,102	2,881	826
Accrued revenues				
– Interest on investments	345	–	261	–
– Other income accruals	261	–	–	–
Deferred debtors	9	205	8	215
Loans to sporting clubs	25	122	25	148
Miscellaneous works and services	2,893	–	1,475	–
Net GST receivable	908	–	1,127	–
Tender deposits and bonds	1,240	–	1,805	–
Other debtors – Insurance Claim	2,472	–	–	–
Other debtors	78	51	80	12
Total	16,239	3,247	11,682	3,054
Less: provision for impairment				
User charges and fees	(50)	–	(50)	–
Total provision for impairment – receivables	(50)	–	(50)	–
Total net receivables	16,189	3,247	11,632	3,054

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale	–	174	240	174
Stores and materials	1,247	–	1,144	–
Total inventories at cost	1,247	174	1,384	174
(ii) Inventories at net realisable value (NRV)				
Trading stock	1,309	–	1,246	–
Total inventories at net realisable value (NRV)	1,309	–	1,246	–
Total inventories	2,556	174	2,630	174

(i) Other disclosures

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(a) Details for real estate development				
Residential	–	174	–	174
Industrial/commercial	–	–	240	–
Total real estate for resale	–	174	240	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	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Contract assets	8,837	–	10,542	–
Total contract assets and contract cost assets	8,837	–	10,542	–

Contract assets

Grant Contract Assets	5,200	–	9,380	–
Contract Assets	2,269	–	905	–
Accrued Income	1,368	–	257	–
Total contract assets	8,837	–	10,542	–

Significant changes in contract assets

Contract Assets relating to work for external parties (AASB 15)

Increase by \$1.3 million mostly relates to accrued works under contract with Transport for NSW for works carried out on State Roads.

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

Decrease by \$4.1 million due to specific grants for contract or capital works on council's assets such as Fixing Local Roads, Bridge Program and Natural Disaster works.

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

Increase of \$1.1 million mostly in relation to works undertaken as a result of the Natural disasters of February and March 2022.

Accounting policy

Contract assets

Contract assets represent Council's 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 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)

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	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	15,809	–	15,809	10,334	2,584	–	–	(10,373)	(237)	–	–	18,117	–	18,117
Plant and equipment	33,730	(19,257)	14,473	195	39	(1,117)	(1,993)	–	125	–	–	31,369	(19,647)	11,722
Office equipment	3,833	(3,789)	44	–	55	–	(11)	–	–	–	–	3,884	(3,796)	88
Furniture and fittings	744	(495)	249	13	–	–	(108)	187	–	–	–	945	(604)	341
Land:														
– Operational land	70,140	–	70,140	–	–	(110)	–	3	154	–	–	70,187	–	70,187
– Community land	35,086	–	35,086	–	–	(62)	–	–	(154)	–	408	35,278	–	35,278
– Land under roads (post 30/6/08)	67	–	67	–	–	–	–	–	–	–	11	78	–	78
Land improvements – non-depreciable	11,369	–	11,369	–	2,655	–	–	4,820	–	–	516	19,360	–	19,360
Land improvements – depreciable	30,354	(14,186)	16,168	3	36	(86)	(1,522)	–	(304)	–	2,595	35,504	(18,614)	16,890
Infrastructure:														
– Buildings	105,873	(32,846)	73,027	621	–	(57)	(1,921)	414	–	–	–	106,593	(34,509)	72,084
– Other structures	24,298	(6,552)	17,746	214	411	(167)	(814)	333	(45)	(1,362)	–	27,115	(10,799)	16,316
– Roads	628,941	(231,210)	397,731	7,236	4,097	(2,059)	(15,404)	1,930	–	–	10,912	655,733	(251,290)	404,443
– Bridges	123,356	(52,837)	70,519	362	–	–	(1,373)	189	–	–	2,014	127,488	(55,777)	71,711
– Footpaths	30,169	(8,498)	21,671	66	382	(79)	(433)	70	–	–	626	31,461	(9,158)	22,303
– Bulk earthworks (non-depreciable)	343,882	–	343,882	32	2,810	(52)	–	–	–	–	10,051	356,723	–	356,723
– Stormwater drainage	103,104	(37,843)	65,261	47	2,263	–	(594)	90	–	–	1,871	108,485	(39,547)	68,938
– Water supply network	283,578	(100,614)	182,964	2,518	1,586	(1,571)	(3,203)	301	–	–	1,680	286,076	(101,801)	184,275
– Sewerage network	491,912	(173,960)	317,952	1,877	1,756	(61)	(6,431)	1,373	–	–	2,912	499,581	(180,203)	319,378
– Swimming pools	5,520	(1,922)	3,598	–	–	–	(66)	–	45	–	977	10,938	(6,384)	4,554
– Other open space/recreational assets	1,723	(1,000)	723	–	–	(30)	(70)	–	–	–	184	2,135	(1,328)	807
Other assets:														
– Heritage collections	3,480	–	3,480	–	–	–	–	–	–	–	–	3,480	–	3,480
– Other	1,061	(438)	623	49	–	–	(57)	663	–	–	–	1,512	(234)	1,278
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	4,423	(2,492)	1,931	–	–	–	(241)	–	578	–	–	5,001	(2,733)	2,268
– Quarry assets	989	(84)	905	–	–	–	(62)	–	2,041	–	–	3,038	(154)	2,884
Total infrastructure, property, plant and equipment	2,353,441	(688,023)	1,665,418	23,567	18,674	(5,451)	(34,303)	–	2,203	(1,362)	34,757	2,440,081	(736,578)	1,703,503

(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	45	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	2022	2021
Software		
Opening values at 1 July		
Gross book value	1,590	1,590
Accumulated amortisation	(1,551)	(1,523)
Net book value – opening balance	39	67
Movements for the year		
Amortisation charges	(10)	(28)
Closing values at 30 June		
Gross book value	1,590	1,590
Accumulated amortisation	(1,561)	(1,551)
Total software – net book value	29	39
Total intangible assets – net book value	29	39

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.

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
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
2021			
Opening balance at 1 July	44	768	812
Additions to right-of-use assets	–	540	540
Depreciation charge	(7)	(423)	(430)
Balance at 30 June	37	885	922

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	658	2,267	335	596
Total lease liabilities	658	2,267	335	596

(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
2022					
Cash flows	658	1,853	414	2,925	2,925
2021					
Cash flows	335	556	40	931	931

(d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	65	33
Depreciation of right of use assets	633	430
Expenses relating to short-term leases	309	270
Expenses relating to low-value leases	23	2
	1,030	735

(e) Statement of Cash Flows

Total cash outflow for leases	592	440
	592	440

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	2022		2021	
	Current	Non-current	Current	Non-current
Prepaid rates	1,912	–	1,715	–
Goods and services – operating expenditure	8,673	–	8,523	–
Goods and services – capital expenditure	4,104	–	1,758	–
Accrued expenses:				
– Borrowings	438	–	483	–
– Other expenditure accruals	2,308	–	2,709	–
Security bonds, deposits and retentions	1,244	–	1,825	–
Contribution to works	1,391	–	1,387	–
Other	11	–	4	–
Total payables	20,081	–	18,404	–

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

\$ '000	2022	2021
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	1,244	1,825
Contributions to Works	1,391	1,387
Total payables	2,635	3,212

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	12,386	-	5,485	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,731	-	2,175	-
Total grants received in advance		14,117	-	7,660	-
Total contract liabilities		14,117	-	7,660	-

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	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	4,773	1,205
Operating grants (received prior to performance obligation being satisfied)	11	2,560
Total revenue recognised that was included in the contract liability balance at the beginning of the period	4,784	3,765

Significant changes in contract liabilities

The increase in contract liabilities is mainly due to an increase in the amount of grants with advance payments received in the 2022 financial year. 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	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured ¹	5,467	46,718	5,316	52,185
Total borrowings	5,467	46,718	5,316	52,185

(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	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

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	62,680	(5,179)	–	–	–	–	57,501
Lease liability (Note C2-1b)	831	(440)	540	–	–	–	931
Total liabilities from financing activities	63,511	(5,619)	540	–	–	–	58,432

(b) Financing arrangements

\$ '000	2022	2021
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	39	34
Total drawn financing arrangements	39	34
Undrawn facilities		
– Bank overdraft facilities	750	750
– Credit cards/purchase cards	211	216
Total undrawn financing arrangements	961	966

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	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	2,776	–	2,779	–
Long service leave	3,902	251	4,441	246
Other leave	44	–	28	–
Total employee benefit provisions	6,722	251	7,248	246

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	3,627	4,257
	3,627	4,257

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	2022	2022	2021	2021
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	560	11,498	499	9,321
Sub-total – asset remediation/restoration	560	11,498	499	9,321
Total provisions	560	11,498	499	9,321

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
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
2021		
At beginning of year	6,713	6,713
Changes to provision:		
– Revised discount rate	3,092	3,092
Unwinding of discount	(667)	(667)
Additional provisions	682	682
Total other provisions at end of year	9,820	9,820

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 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	39,540	5,562	13,810
User charges and fees	13,725	10,824	172
Interest and investment revenue	410	146	253
Other revenues	10,061	444	172
Grants and contributions provided for operating purposes	33,748	1,015	7,299
Grants and contributions provided for capital purposes	28,727	1,214	2,345
Share of interests in joint ventures and associates using the equity method	81	–	–
Total income from continuing operations	126,292	19,205	24,051
Expenses from continuing operations			
Employee benefits and on-costs	28,659	1,856	2,388
Materials and services	44,661	10,255	5,255
Borrowing costs	1,407	492	767
Depreciation, amortisation and impairment of non-financial assets	26,655	3,299	6,759
Other expenses	3,323	–	246
Net losses from the disposal of assets	10,092	845	17,523
Total expenses from continuing operations	114,797	16,747	32,938
Operating result from continuing operations	11,495	2,458	(8,887)
Net operating result for the year	11,495	2,458	(8,887)
Net operating result attributable to each council fund	11,495	2,458	(8,887)
Net operating result for the year before grants and contributions provided for capital purposes	(17,232)	1,244	(11,232)

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	7,387	8,001	15,356
Investments	63,125	9,068	19,807
Receivables	10,628	4,451	1,110
Inventories	1,822	245	489
Contract assets and contract cost assets	8,837	–	–
Other	51	–	–
Total current assets	91,850	21,765	36,762
Non-current assets			
Investments	–	–	10,000
Receivables	1,346	1,550	351
Inventories	174	–	–
Infrastructure, property, plant and equipment	1,231,678	163,779	287,156
Investments accounted for using the equity method	1,250	–	–
Intangible assets	29	–	–
Right of use assets	2,790	38	47
Total non-current assets	1,237,267	165,367	297,554
Total assets	1,329,117	187,132	334,316
LIABILITIES			
Current liabilities			
Payables	19,316	455	310
Contract liabilities	14,117	–	–
Lease liabilities	643	11	4
Borrowings	3,491	705	1,271
Employee benefit provision	6,206	248	268
Provisions	560	–	–
Total current liabilities	44,333	1,419	1,853
Non-current liabilities			
Lease liabilities	2,237	26	4
Borrowings	18,893	9,175	18,650
Employee benefit provision	219	15	17
Provisions	11,498	–	–
Total non-current liabilities	32,847	9,216	18,671
Total liabilities	77,180	10,635	20,524
Net assets	1,251,937	176,497	313,792
EQUITY			
Accumulated surplus	454,631	36,087	64,657
Revaluation reserves	797,306	140,410	249,135
Council equity interest	1,251,937	176,497	313,792
Total equity	1,251,937	176,497	313,792

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	
			2022	2021	2022	2021
(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	2022	2021
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	48	54
Current liabilities	(11)	(30)
Property, plant and equipment	10	3
Total net assets employed – Council and jointly owned	71	51

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	2022	2021
Individually immaterial associates		
Aggregate amounts of Council's share of individually immaterial:		
Profit/(loss) from continuing operations	81	(54)
Total comprehensive income – individually immaterial associates	81	(54)
Carrying amount of investments in associates that are not individually material	1,250	1,169
Council's share in the associate:	25%	25%

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 2022	Carrying value 2021	Fair value 2022	Fair value 2021
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	30,744	21,648	30,744	21,648
Receivables	19,436	14,686	19,436	14,686
Investments				
– Debt securities at amortised cost	102,000	79,000	102,000	79,000
Total financial assets	152,180	115,334	152,180	115,334
Financial liabilities				
Measured at amortised cost				
Payables	20,081	18,404	20,081	18,404
Borrowings	52,185	57,501	56,375	61,761
Total financial liabilities	72,266	75,905	76,456	80,165

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	2022	2021
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The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates

– Equity / Income Statement	307	217
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(b) Credit risk

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

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2022				
Gross carrying amount	–	6,022	–	6,022
2021				
Gross carrying amount	–	4,740	–	4,740

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
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
2021							
Payables	0.00%	1,825	14,864	–	–	16,689	18,404
Borrowings	4.42%	–	5,537	22,379	32,130	60,046	57,501
Total financial liabilities		1,825	20,401	22,379	32,130	76,735	75,905

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	
		2022	2021	2022	2021	2022	2021
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Plant & Equipment		–	–	12,182	11,722	12,182	11,722
Office Equipment		–	–	57	88	57	88
Furniture & Fittings		–	–	507	341	507	341
Operational Land		79,613	70,187	–	–	79,613	70,187
Community Land		–	–	40,056	35,278	40,056	35,278
Land Under Roads (Post 30/06/08)		–	–	78	78	78	78
Land Improvement (Non-Depreciable)		–	–	21,392	19,360	21,392	19,360
Land Improvement (Depreciable)		–	–	16,208	16,890	16,208	16,890
Buildings		–	–	65,266	72,084	65,266	72,084
Other Structures		–	–	18,004	16,316	18,004	16,316
Roads		–	–	400,386	404,443	400,386	404,443
Bridges		–	–	76,392	71,711	76,392	71,711
Footpaths		–	–	24,531	22,303	24,531	22,303
Bulk Earthworks (Non-Depreciable)		–	–	386,194	356,723	386,194	356,723
Stormwater Drainage		–	–	74,617	68,938	74,617	68,938
Water Supply Network		–	–	156,519	184,274	156,519	184,274
Sewerage Network		–	–	279,373	319,378	279,373	319,378
Swimming Pools		–	–	4,824	4,554	4,824	4,554
Other Open Space/Recreational Assets		–	–	724	807	724	807
Other		–	–	1,184	1,278	1,184	1,278
Heritage Collection		–	–	1,071	3,480	1,071	3,480
Tip Assets		–	–	2,497	2,268	2,497	2,268
Quarry Assets		–	–	1,811	2,884	1,811	2,884
Total infrastructure, property, plant and equipment		79,613	70,187	1,583,873	1,615,198	1,663,486	1,685,385

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 in June 2018. 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 2020.

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.

Valuation techniques remained the same for this reporting period.

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.

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 by Council in 2017/18 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. All buildings were physically inspected and the unit rates based on square metres could be supported from market evidence.

Other inputs required extensive professional judgement and impacted on the final determination of fair value.

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.

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.

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	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	11,722	14,473	88	44	341	249	35,278	35,086
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	180	125	–	–	11	187	–	(154)
Purchases (GBV)	3,405	234	–	55	336	13	–	–
Disposals (WDV)	(1,396)	(1,117)	(3)	–	–	–	–	(62)
Depreciation and impairment	(1,729)	(1,993)	(28)	(11)	(181)	(108)	–	–
Revaluation increment/decrement to equity	–	–	–	–	–	–	4,778	408
Closing balance	12,182	11,722	57	88	507	341	40,056	35,278

\$ '000	Land under Roads Post 30/6/08		Land improvement (Depreciable)		Buildings		Other structures	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	78	67	16,890	16,168	72,084	73,027	16,316	17,746
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	224	(304)	3,775	414	3,060	288
Purchases (GBV)	–	–	248	39	1,019	621	403	625
Disposals (WDV)	–	–	(405)	(86)	(2,774)	(57)	(824)	(167)
Depreciation and impairment	–	–	(5,105)	(1,522)	(1,533)	(1,921)	(1,226)	(814)
Revaluation increment/decrement to equity	–	11	4,356	2,595	(7,305)	–	275	(1,362)
Closing balance	78	78	16,208	16,890	65,266	72,084	18,004	16,316

E2-1 Fair value measurement (continued)

\$ '000	Roads		Bridges		Footpaths		Bulk earthworks (Non-Deprec)	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	404,443	397,731	71,711	70,519	22,303	21,671	356,723	343,882
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	5,549	1,930	337	189	519	70	–	–
Purchases (GBV)	13,411	11,333	344	362	674	448	2,295	2,842
Disposals (WDV)	(5,200)	(2,059)	–	–	(203)	(79)	(375)	(52)
Depreciation and impairment	(15,921)	(15,404)	(1,407)	(1,373)	(448)	(433)	–	–
Revaluation increment/decrement to equity	(1,896)	10,912	5,407	2,014	1,686	626	27,551	10,051
Closing balance	400,386	404,443	76,392	71,711	24,531	22,303	386,194	356,723

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Swimming pools	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	68,938	65,261	184,275	182,964	319,378	317,952	4,554	3,598
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	118	90	(885)	301	146	1,373	–	45
Purchases (GBV)	959	2,310	2,868	4,104	1,591	3,633	–	–
Disposals (WDV)	(28)	–	(749)	(1,571)	(16,848)	(61)	–	–
Depreciation and impairment	(633)	(594)	(3,240)	(3,203)	(6,659)	(6,431)	(158)	(66)
Revaluation increment/decrement to equity	5,263	1,871	(25,750)	1,680	(18,235)	2,912	428	977
Closing balance	74,617	68,938	156,519	184,275	279,373	319,378	4,824	4,554

E2-1 Fair value measurement (continued)

\$ '000	Other open space and recreation assets		Heritage collection		Other		Tip assets	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	807	723	3,480	3,480	1,278	623	2,268	1,931
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	-	-	-	663	-	578
Purchases (GBV)	-	-	357	-	13	49	554	-
Disposals (WDV)	(22)	(30)	(4)	-	-	-	-	-
Depreciation and impairment	(125)	(70)	-	-	(107)	(57)	(325)	(241)
Revaluation increment/decrement to equity	64	184	(2,762)	-	-	-	-	-
Closing balance	724	807	1,071	3,480	1,184	1,278	2,497	2,268

\$ '000	Quarry assets		Land improvements (Non-Deprec)		Total	
	2022	2021	2022	2021	2022	2021
Opening balance	2,884	905	19,360	11,369	1,615,199	1,579,469
Transfers from/(to) another asset class	-	2,041	-	4,820	13,034	12,656
Purchases (GBV)	-	-	141	2,655	28,618	29,323
Disposals (WDV)	(919)	-	-	-	(29,750)	(5,341)
Depreciation and impairment	(154)	(62)	-	-	(38,979)	(34,303)
Revaluation increment/decrement to equity	-	-	1,891	516	(4,249)	33,395
Closing balance	1,811	2,884	21,392	19,360	1,583,873	1,615,199

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 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2021, and \$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 2021. 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 2022 was \$ 641,336.00. The last valuation of the Scheme was performed by Richard Boyfield FIAA and covers the period ended 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$390,000.00. Council's expected contribution to the plan for the next annual reporting period is \$639,251.52.

E3-1 Contingencies (continued)

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

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

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

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	5.5% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus, promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, will be completed by December 2022.

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 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

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 \$2,163,177 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.

E3-1 Contingencies (continued)

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.

Ground Contamination - North Lismore Stockpile

Council is aware of an issue at one of its stockpile sites in 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, Industry and Environment – Crown Lands. The land in question is Crown Land and subject to an incomplete Aboriginal Land Claim. 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 next year. 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	2022	2021
Compensation:		
Short-term benefits	1,186	1,130
Post-employment benefits	119	160
Other long-term benefits	12	3
Termination benefits	205	239
Total	1,522	1,532

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	2022	2021
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	43
Councillors' fees	235	236
Other Councillors' expenses (including Mayor)	9	10
Total	305	289

F2 Other relationships

F2-1 Audit fees

\$ '000	2022	2021
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	110	111
Remuneration for audit and other assurance services	110	111
Total Auditor-General remuneration	110	111
Total audit fees	110	111

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
Net operating result from Income Statement	5,066	18,671
Add / (less) non-cash items:		
Depreciation and amortisation	36,713	34,761
(Gain) / loss on disposal of assets	28,460	4,062
Non-cash capital grants and contributions	(6,743)	(9,899)
Unwinding of discount rates on reinstatement provisions	(162)	(667)
Share of net (profits)/losses of associates/joint ventures using the equity method	(81)	54
Revised discount rate	914	3,092
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(4,759)	816
(Increase) / decrease of inventories	(166)	426
(Increase) / decrease of other current assets	-	17
(Increase) / decrease of contract asset	1,705	(7,425)
Increase / (decrease) in payables	150	3,881
Increase / (decrease) in accrued interest payable	(45)	(40)
Increase / (decrease) in other accrued expenses payable	(401)	419
Increase / (decrease) in other liabilities	(373)	108
Increase / (decrease) in contract liabilities	6,457	3,379
Increase / (decrease) in employee benefit provision	(521)	(102)
Increase / (decrease) in other provisions	1,486	682
Net cash flows from operating activities	67,700	52,235

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	6,743	9,899
Total non-cash investing and financing activities	6,743	9,899

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
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	2,340	449
Plant and equipment – Truck & Trailers	264	–
Lismore Regional Airport	40	22
Albert Park Redevelopment	52	184
Flood Diversion Channel	–	182
Oakes/Crozier Upgrade	4,348	332
Road infrastructure	9,624	4,773
Waste Facility	270	–
Total commitments	16,938	5,942

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 Statement of developer contributions as at 30 June 2022

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Emergency Services	84	5	–	–	(30)	–	59	–
Community Services & Facilities	583	45	–	3	–	–	631	–
Public Domain Facilities	347	92	–	2	–	–	441	–
Open Space & Recreation Facilities	1,043	44	–	6	–	–	1,093	–
Cycleways Facilities	523	78	–	3	–	–	604	–
Rural North & South Traffic Management Facilities	513	155	–	3	–	–	671	–
Urban Traffic Management Facilities	3,093	404	–	18	–	–	3,515	–
Carparking	78	–	–	–	–	–	78	–
Stormwater	(54)	6	–	–	–	–	(48)	–
Street Trees	52	–	–	–	(14)	–	38	–
Heavy Haulage	116	191	–	1	(86)	–	222	–
Section 94 Plan Administration	30	56	–	(6)	–	–	80	–
S7.11 contributions – under a plan	6,408	1,076	–	30	(130)	–	7,384	–
Total S7.11 and S7.12 revenue under plans	6,408	1,076	–	30	(130)	–	7,384	–
S7.4 planning agreements	957	–	–	4	(253)	–	708	–
S64 contributions	–	1,573	–	–	(1,573)	–	–	–
Total contributions	7,365	2,649	–	34	(1,956)	–	8,092	–

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Emergency Services								
Bushfire	29	3	–	–	(15)	–	17	–
SES	55	2	–	–	(15)	–	42	–
Total	84	5	–	–	(30)	–	59	–

Community Services & Facilities

continued on next page ...

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CBD, North & South	583	45	-	3	-	-	631	-
Total	583	45	-	3	-	-	631	-
Public Domain Facilities								
Lismore CBD-Residential	322	92	-	2	-	-	416	-
Lismore CBD-Commercial	25	-	-	-	-	-	25	-
Total	347	92	-	2	-	-	441	-
Open Space & Recreation Facilities								
Tucki Tucki - Residential	857	11	-	5	-	-	873	-
Lismore Park	186	33	-	1	-	-	220	-
Total	1,043	44	-	6	-	-	1,093	-
Cycleways Facilities								
Cycleways	523	78	-	3	-	-	604	-
Total	523	78	-	3	-	-	604	-
Rural North & South Traffic Management Facilities								
Rural North & South Traffic Management Facilities	513	155	-	3	-	-	671	-
Total	513	155	-	3	-	-	671	-

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Urban Traffic Management Facilities								
Residential/Commercial/Industrial	3,093	404	-	18	-	-	3,515	-
Total	3,093	404	-	18	-	-	3,515	-
Carparking								
Lismore & Nimbin	78	-	-	-	-	-	78	-
Total	78	-	-	-	-	-	78	-
Stormwater								
Residential	(54)	6	-	-	-	-	(48)	-
Total	(54)	6	-	-	-	-	(48)	-
Street Trees								
Residential/Commercial/Industrial	52	-	-	-	(14)	-	38	-
Total	52	-	-	-	(14)	-	38	-
Heavy Haulage								
Rural - Quarries	116	191	-	1	(86)	-	222	-
Total	116	191	-	1	(86)	-	222	-
Section 94 Plan Administration								
Section 94 Plan Administration	30	56	-	(6)	-	-	80	-
Total	30	56	-	(6)	-	-	80	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,203	0.88%	(9.93)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	137,181			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	95,119	56.13%	64.37%	> 60.00%
Total continuing operating revenue ¹	169,467			
3. Unrestricted current ratio				
Current assets less all external restrictions	53,200	2.38x	1.84x	> 1.50x
Current liabilities less specific purpose liabilities	22,374			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	40,582	4.73x	3.04x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	8,574			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	6,885	10.59%	9.36%	< 10.00%
Rates and annual charges collectable	64,999			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	132,744	14.14 months	13.33 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	9,389			

(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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(7.26)%	(16.17)%	11.08%	22.21%	28.98%	(10.72)%	> 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	50.50%	57.61%	88.39%	88.98%	59.90%	81.12%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.34x	1.84x	16.90x	14.98x	22.33x	16.49x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3.90x	2.59x	5.07x	6.33x	6.84x	2.57x	> 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	9.03%	7.67%	22.70%	22.48%	9.32%	8.26%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	9.44 months	8.51 months	15.51 months	17.31 months	54.88 months	47.55 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



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 the 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 2022, the Statement of Financial Position as at 30 June 2022, 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 2022, 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).

I have fulfilled my other ethical responsibilities in accordance with 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 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 2022 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.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang
Delegate of the Auditor-General for New South Wales

23 December 2022
SYDNEY



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

Contact: Reiky Jiang
Phone no: 02 9275 7281
Our ref: D2227604/ 1754

23 December 2022

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2022 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 2022 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 2022 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.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

High risk audit observations

Council has not yet resolved a number of long outstanding audit recommendations which will be reported as high risk management letter findings in 2021-22. These matters relate to IT user access management and monitoring of compliance with laws and regulations.

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	58.9	56.9	3.5

Grants and contributions revenue	74.3	50.9	46.0
Employee benefits and on-costs	32.9	30.7	7.2
Materials and services	60.2	45.7	31.7
Net loss from the disposal of assets	28.5	4.1	595.1
Operating result from continuing operations	5.1	18.7	72.7
Net operating result before capital grants and contributions	(27.2)	(15.0)	81.3

The Council's operating result from continuing operations (\$5.1 million including depreciation and amortisation expense of \$36.7 million) was \$13.6 million lower than the 2020–21 result. The decrease is largely attributed to the following:

- Rates and annual charges revenue (\$58.9 million) increased by \$2.0 million (3.5 per cent) in 2021–22. Rates revenue increased by the allowable rating increase of 2.0 per cent.
- Grants and contributions revenue (\$74.3 million) increased by \$23.4 million (46.0 per cent) in 2021–22. This is mainly due to an increase in specific purpose operating grants of \$22.3 million for natural disaster emergency funding, including emergency works to damage sustained to water and sewerage infrastructure arising from the February / March 2022 floods. Council also received an increase of \$2.4 million in financial assistance grant funding.
- Other revenue (\$10.7 million) increased by \$5.3 million compared to 2020-21 mainly due to insurance claims received relating to a fire event at the waste facility and motor vehicle claims arising from the February / March 2022 flood events.
- Materials and services expense (\$60.2 million) increased by \$14.5 million (31.7 per cent) in 2021–22. Additional raw materials and consumables costs were incurred largely relating to flood recovery activities.
- Net losses from the disposal of assets (\$28.5 million) increased by \$24.4 million as a result of significant infrastructure assets being damaged in the February / March 2022 flood events.

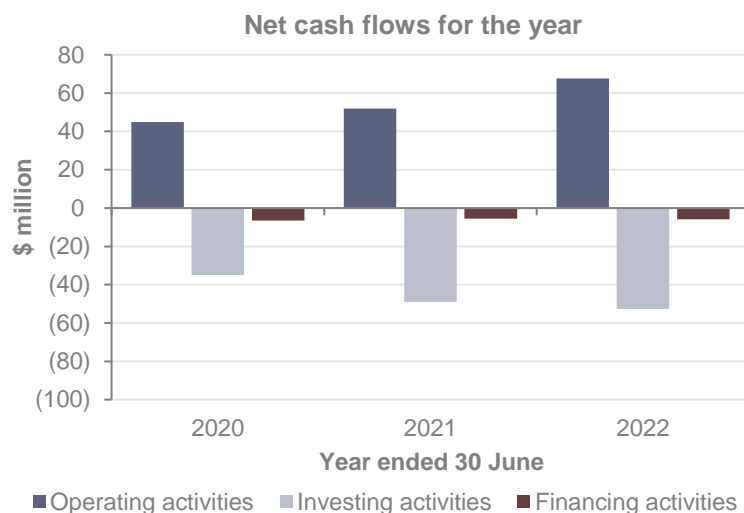
The net operating result before capital grants and contributions has decreased by \$12.2 million compared to the 2020–21 result.

STATEMENT OF CASH FLOWS

Net cash provided by operating activities increased by \$15.5 million driven by an increase in grant funding received.

Net cash used in investing activities increased by \$3.4 million, mainly due to increased investment in financial assets.

Net cash from financing activities has increased by \$0.3 million due to increased repayments of borrowings and leases.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	132.7	100.6	Externally restricted cash and investments increased by \$26.8 million, primarily due to the increase in specific purpose unexpended grants, which largely related to natural disaster recovery.
Restricted and allocated cash, cash equivalents and investments:			Internally allocated cash and investments increased by \$4.6 million, largely due to a \$7.1 million increase in public infrastructure allocations, partially offset by a \$1.9 million decrease in carry over works.
• External restrictions	100.9	74.1	
• Internal allocations	31.2	26.6	

PERFORMANCE

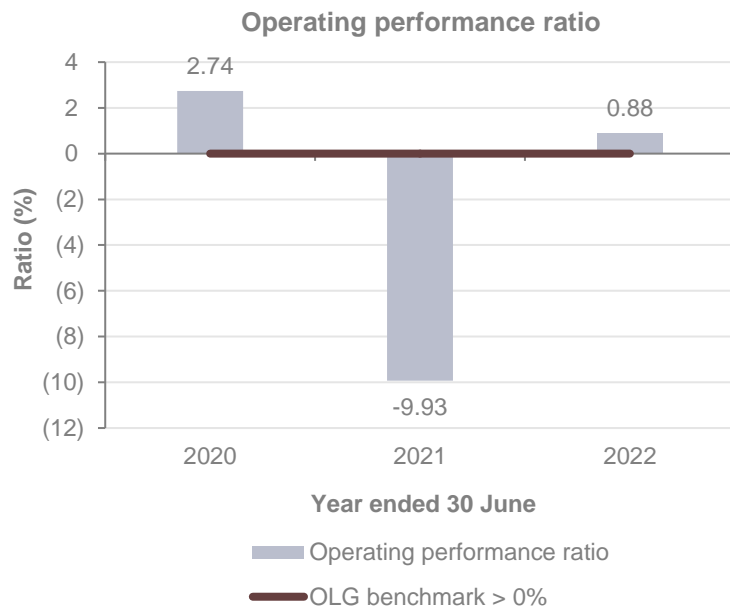
Performance measures

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 met the OLG benchmark for the current reporting period. The prior year's ratio was impacted by a deterioration in Council's operating result (before all capital items).

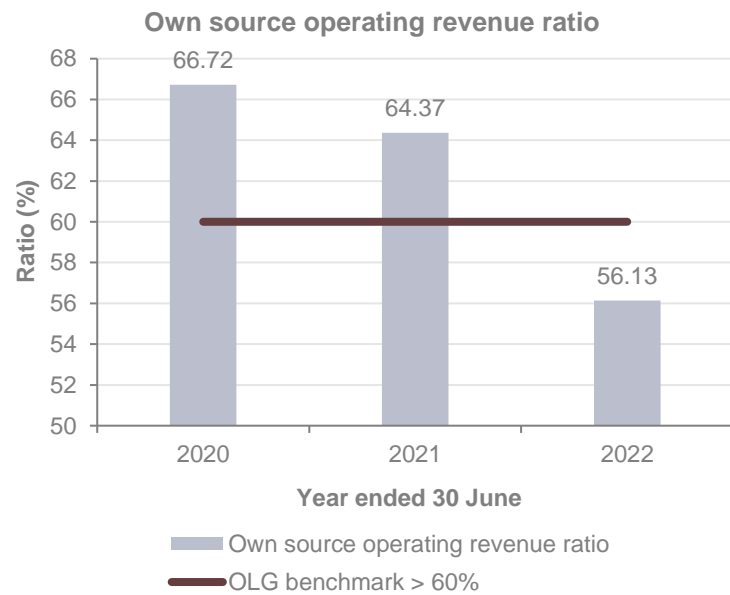
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council did not meet the OLG benchmark for the current reporting period. This ratio has been impacted by higher level of operating grants received due to natural disasters in 2021-22.

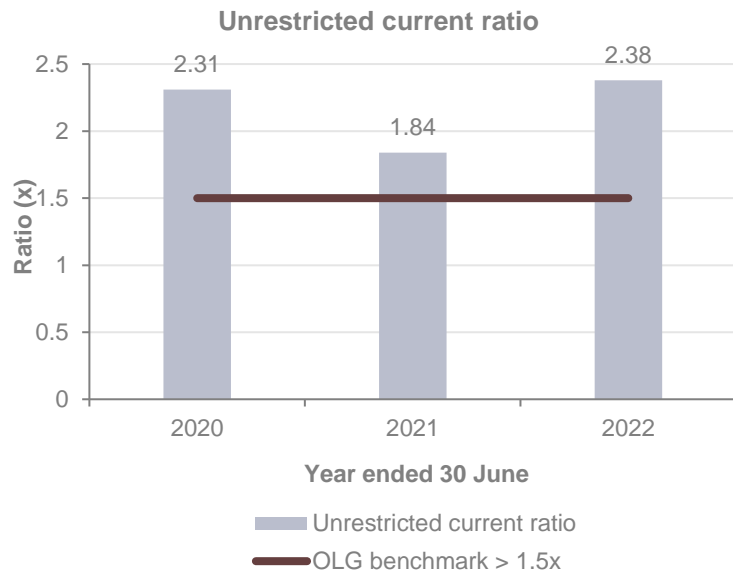
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council exceeded the OLG benchmark for the current reporting period. An increase in internally allocated cash and investments has strengthened the Council's liquidity.

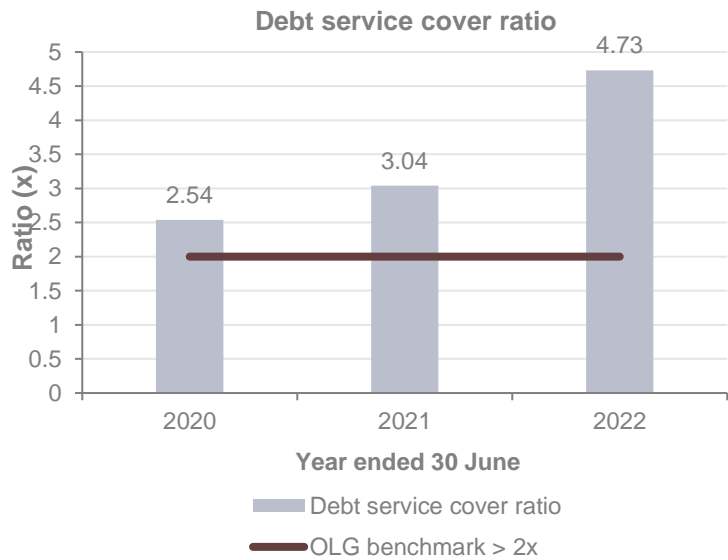
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

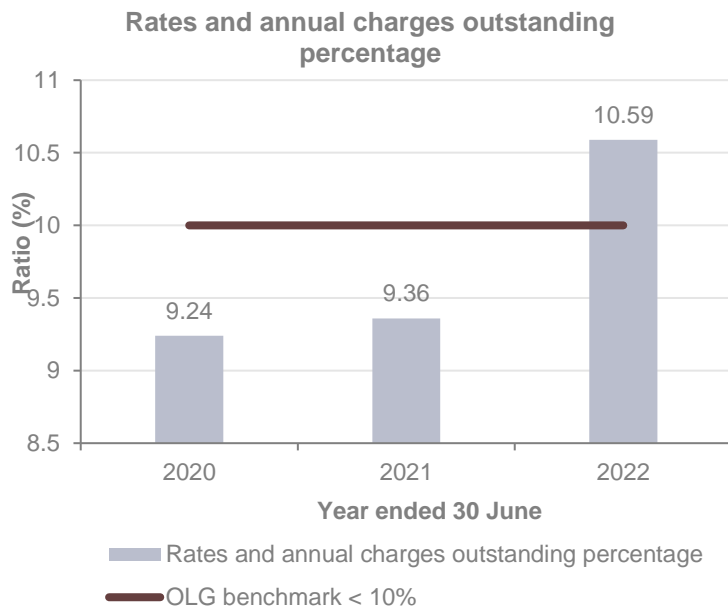
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

The Council did not meet the OLG benchmark for the current reporting period. This ratio has been impacted by an increase in rates and annual charges related debtors after recent natural disaster events.

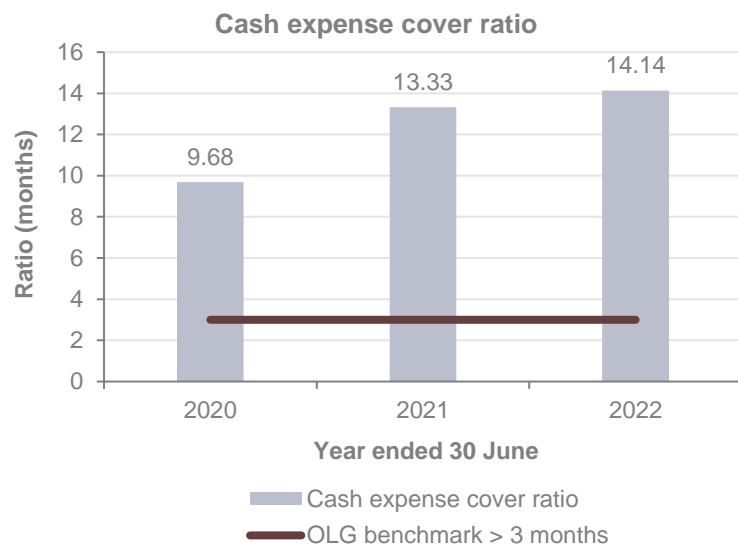
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

The Council exceeded the OLG 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

The Council's asset renewal expenditure in the 2021-22 year was \$26.5 million (2020-21: \$23.6 million). In 2021-22, renewal projects included the Albert Park redevelopment and road resurfacing programs.

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.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang
Delegate of the Auditor-General for New South Wales

cc: John Walker, General Manager
Stephen Coates, Chair of the Audit, Risk & Improvement Committee
Michael Cassel, Secretary of the Department of Planning and Environment

Lismore City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Lismore City Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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Lismore City Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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:

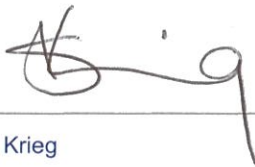
- the NSW Government Policy Statement *'Application of National Competition Policy to Local Government'*,
- the Division of Local Government Guidelines *'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality'*,
- the Local Government *Code of Accounting Practice and Financial Reporting*,
- the NSW Office of Water *Best-Practice Management of Water and Sewerage Guidelines*.

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

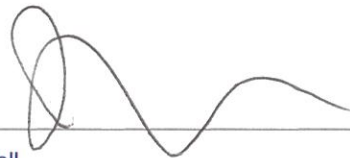
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

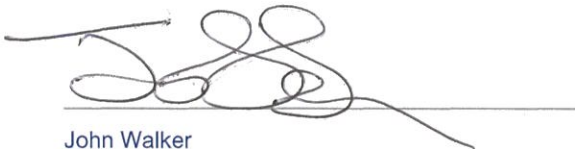
Signed in accordance with a resolution of Council made on 13 December 2022.



Steve Krieg
Mayor
13 December 2022



Jeri Hall
Councillor
13 December 2022



John Walker
General Manager
13 December 2022



John Hartley
Responsible Accounting Officer
13 December 2022

Lismore City Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	5,562	5,075
User charges	10,824	10,092
Interest and investment income	146	156
Grants and contributions provided for operating purposes	1,015	124
Net gain from the disposal of assets	–	22
Other income	444	228
Total income from continuing operations	17,991	15,697
Expenses from continuing operations		
Employee benefits and on-costs	1,856	1,750
Borrowing costs	492	517
Materials and services	4,244	1,145
Depreciation, amortisation and impairment	3,299	3,242
Water purchase charges	6,011	5,441
Net loss from the disposal of assets	845	1,571
Calculated taxation equivalents	36	36
Debt guarantee fee (if applicable)	314	331
Other expenses	–	94
Total expenses from continuing operations	17,097	14,127
Surplus (deficit) from continuing operations before capital amounts	894	1,570
Grants and contributions provided for capital purposes	1,214	1,805
Surplus (deficit) from continuing operations after capital amounts	2,108	3,375
Surplus (deficit) from all operations before tax	2,108	3,375
Less: corporate taxation equivalent (25%) [based on result before capital]	(224)	(408)
Surplus (deficit) after tax	1,884	2,967
Plus accumulated surplus	33,636	29,903
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	36	36
– Debt guarantee fees	314	331
– Corporate taxation equivalent	225	408
Less:		
– Tax equivalent dividend paid	(7)	(9)
Closing accumulated surplus	36,088	33,636
Return on capital %	0.8%	1.1%
Subsidy from Council	4,608	729
Calculation of dividend payable:		
Surplus (deficit) after tax	1,884	2,967
Less: capital grants and contributions (excluding developer contributions)	(1,214)	(1,585)
Surplus for dividend calculation purposes	670	1,382
Potential dividend calculated from surplus	335	691

Lismore City Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	13,810	13,543
User charges	172	296
Interest and investment income	253	322
Grants and contributions provided for operating purposes	7,299	141
Net gain from the disposal of assets	–	21
Other income	172	228
Total income from continuing operations	21,706	14,551
Expenses from continuing operations		
Employee benefits and on-costs	2,388	2,475
Borrowing costs	767	812
Materials and services	5,255	6,010
Depreciation, amortisation and impairment	6,759	6,560
Net loss from the disposal of assets	17,523	–
Calculated taxation equivalents	57	57
Debt guarantee fee (if applicable)	169	665
Other expenses	246	233
Total expenses from continuing operations	33,164	16,812
Surplus (deficit) from continuing operations before capital amounts	(11,458)	(2,261)
Grants and contributions provided for capital purposes	2,345	3,213
Surplus (deficit) from continuing operations after capital amounts	(9,113)	952
Surplus (deficit) from all operations before tax	(9,113)	952
Surplus (deficit) after tax	(9,113)	952
Plus accumulated surplus	73,568	71,919
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	57	57
– Debt guarantee fees	169	665
Less:		
– Tax equivalent dividend paid	(24)	(25)
Closing accumulated surplus	64,657	73,568
Return on capital %	(3.7)%	(0.4)%
Subsidy from Council	21,201	6,314
Calculation of dividend payable:		
Surplus (deficit) after tax	(9,113)	952
Less: capital grants and contributions (excluding developer contributions)	(2,345)	(1,692)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Lismore City Council

Income Statement of Quarry

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
Income from continuing operations		
User charges	5,320	2,973
Grants and contributions provided for operating purposes	1	11
Other income	548	793
Total income from continuing operations	5,869	3,777
Expenses from continuing operations		
Employee benefits and on-costs	1,016	1,028
Borrowing costs	153	134
Materials and services	3,456	3,492
Depreciation, amortisation and impairment	304	100
Calculated taxation equivalents	101	100
Debt guarantee fee (if applicable)	16	21
Other expenses	13	88
Total expenses from continuing operations	5,059	4,963
Surplus (deficit) from continuing operations before capital amounts	810	(1,186)
Surplus (deficit) from continuing operations after capital amounts	810	(1,186)
Surplus (deficit) from all operations before tax	810	(1,186)
Less: corporate taxation equivalent (25%) [based on result before capital]	(203)	–
Surplus (deficit) after tax	607	(1,186)
Plus accumulated surplus	497	1,702
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	101	100
– Debt guarantee fees	16	21
– Corporate taxation equivalent	203	–
– Subsidy paid/contribution to operations	(336)	–
Less:		
Transfer to Asset Revaluation Reserve	(64)	(140)
Closing accumulated surplus	1,024	497
Return on capital %	24.5%	(24.4)%
Subsidy from Council	–	1,116

Lismore City Council

Income Statement of Waste disposal

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 ¹ Category 1
Income from continuing operations		
User charges	5,532	7,680
Grants and contributions provided for operating purposes	61	24
Other income	5,809	4,122
Total income from continuing operations	11,402	11,826
Expenses from continuing operations		
Employee benefits and on-costs	2,033	2,304
Borrowing costs	357	800
Materials and services	8,209	10,301
Depreciation, amortisation and impairment	1,088	1,163
Calculated taxation equivalents	149	158
Debt guarantee fee (if applicable)	165	183
Other expenses	57	62
Total expenses from continuing operations	12,058	14,971
Surplus (deficit) from continuing operations before capital amounts	(656)	(3,145)
Grants and contributions provided for capital purposes	81	(18)
Surplus (deficit) from continuing operations after capital amounts	(575)	(3,163)
Surplus (deficit) from all operations before tax	(575)	(3,163)
Surplus (deficit) after tax	(575)	(3,163)
Plus accumulated surplus	4,012	3,366
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	149	158
– Debt guarantee fees	165	183
Add:		
– Subsidy paid/contribution to operations	–	3,468
Less:		
Closing accumulated surplus	3,751	4,012
Return on capital %	(2.3)%	(15.8)%
Subsidy from Council	769	3,862

(1) See prior period error note for details regarding restated 2021 comparatives.

Lismore City Council

Income Statement of Lismore Crematorium

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
Fees	304	298
Other income	41	40
Total income from continuing operations	345	338
Expenses from continuing operations		
Employee benefits and on-costs	215	171
Materials and services	149	148
Depreciation, amortisation and impairment	13	18
Other expenses	4	5
Total expenses from continuing operations	381	342
Surplus (deficit) from continuing operations before capital amounts	(36)	(4)
Surplus (deficit) from continuing operations after capital amounts	(36)	(4)
Surplus (deficit) from all operations before tax	(36)	(4)
Surplus (deficit) after tax	(36)	(4)
Plus accumulated surplus	222	226
Plus adjustments for amounts unpaid:		
Add:		
– Subsidy paid/contribution to operations	38	–
Closing accumulated surplus	224	222
Return on capital %	(7.1)%	(0.9)%
Subsidy from Council	54	11

Lismore City Council

Income Statement of Goonellabah Sports & Aquatic Centre - Gymnasium

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
Fees	318	478
Total income from continuing operations	318	478
Expenses from continuing operations		
Employee benefits and on-costs	185	211
Materials and services	521	535
Total expenses from continuing operations	706	746
Surplus (deficit) from continuing operations before capital amounts	(388)	(268)
Surplus (deficit) from continuing operations after capital amounts	(388)	(268)
Surplus (deficit) from all operations before tax	(388)	(268)
Surplus (deficit) after tax	(388)	(268)
Add:		
– Subsidy paid/contribution to operations	388	268
Closing accumulated surplus	–	–
Subsidy from Council	388	268

Lismore City Council

Income Statement of Swimsations

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
Fees	299	473
Total income from continuing operations	299	473
Expenses from continuing operations		
Employee benefits and on-costs	224	310
Materials and services	376	337
Total expenses from continuing operations	600	647
Surplus (deficit) from continuing operations before capital amounts	(301)	(174)
Surplus (deficit) from continuing operations after capital amounts	(301)	(174)
Surplus (deficit) from all operations before tax	(301)	(174)
Surplus (deficit) after tax	(301)	(174)
Add:		
– Subsidy paid/contribution to operations	301	174
Closing accumulated surplus	–	–
Subsidy from Council	301	174

Lismore City Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	8,001	5,541
Investments	9,068	9,068
Receivables	4,451	4,142
Inventories	245	273
Total current assets	21,765	19,024
Non-current assets		
Right of use assets	38	42
Receivables	1,550	1,157
Infrastructure, property, plant and equipment	163,779	188,968
Other	-	9
Total non-current assets	165,367	190,176
Total assets	187,132	209,200
LIABILITIES		
Current liabilities		
Lease liabilities	11	9
Payables	455	359
Borrowings	705	598
Employee benefit provisions	248	324
Total current liabilities	1,419	1,290
Non-current liabilities		
Lease liabilities	26	33
Borrowings	9,175	9,880
Employee benefit provisions	15	17
Total non-current liabilities	9,216	9,930
Total liabilities	10,635	11,220
Net assets	176,497	197,980
EQUITY		
Accumulated surplus	36,087	33,636
Revaluation reserves	140,410	164,344
Total equity	176,497	197,980

Lismore City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	15,356	5,493
Investments	19,807	23,807
Receivables	1,110	836
Inventories	489	378
Total current assets	36,762	30,514
Non-current assets		
Right of use assets	47	38
Investments	10,000	6,000
Receivables	351	428
Infrastructure, property, plant and equipment	287,156	326,532
Other	-	7
Total non-current assets	297,554	333,005
Total assets	334,316	363,519
LIABILITIES		
Current liabilities		
Lease liabilities	4	7
Payables	310	320
Borrowings	1,271	1,219
Employee benefit provisions	268	339
Total current liabilities	1,853	1,885
Non-current liabilities		
Lease liabilities	4	-
Borrowings	18,650	19,921
Employee benefit provisions	17	18
Total non-current liabilities	18,671	19,939
Total liabilities	20,524	21,824
Net assets	313,792	341,695
EQUITY		
Accumulated surplus	64,657	73,568
Revaluation reserves	249,135	268,127
Total equity	313,792	341,695

Lismore City Council

Statement of Financial Position of Quarry

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
ASSETS		
Current assets		
Receivables	381	287
Inventories	1,160	877
Total current assets	1,541	1,164
Non-current assets		
Infrastructure, property, plant and equipment	3,936	4,318
Total non-current assets	3,936	4,318
Total assets	5,477	5,482
LIABILITIES		
Current liabilities		
Borrowings	187	195
Provisions	750	687
Total current liabilities	937	882
Non-current liabilities		
Borrowings	145	332
Provisions	2,784	3,631
Total non-current liabilities	2,929	3,963
Total liabilities	3,866	4,845
Net assets	1,611	637
EQUITY		
Accumulated surplus	1,024	497
Revaluation reserves	587	140
Total equity	1,611	637

Lismore City Council

Statement of Financial Position of Waste disposal

as at 30 June 2022

\$ '000	2022 Category 1	2021 ¹ Category 1
ASSETS		
Current assets		
Investments	5,468	2,907
Inventories	172	394
Total current assets	5,640	3,301
Non-current assets		
Infrastructure, property, plant and equipment	12,843	14,853
Total non-current assets	12,843	14,853
Total assets	18,483	18,154
LIABILITIES		
Current liabilities		
Borrowings	785	752
Provisions	216	270
Total current liabilities	1,001	1,022
Non-current liabilities		
Borrowings	5,003	5,788
Provisions	8,728	5,704
Total non-current liabilities	13,731	11,492
Total liabilities	14,732	12,514
Net assets	3,751	5,640
EQUITY		
Accumulated surplus	3,751	4,012
Revaluation reserves	-	1,628
Total equity	3,751	5,640

(1) See prior period error note for details regarding restated 2021 comparatives.

Lismore City Council

Statement of Financial Position of Lismore Crematorium

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	505	450
Total non-current assets	505	450
Total assets	505	450
LIABILITIES		
Current liabilities		
Employee benefit provisions	120	90
Total current liabilities	120	90
Non-current liabilities		
Employee benefit provisions	4	2
Total non-current liabilities	4	2
Total liabilities	124	92
Net assets	381	358
EQUITY		
Accumulated surplus	224	222
Revaluation reserves	157	136
Total equity	381	358

Lismore City Council

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

as at 30 June 2022

\$ '000	2022 Category 2	2021 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 2022

\$ '000	2022 Category 2	2021 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	-	-

Lismore City Council

Prior period error - Waste disposal business activity

for the year ended 30 June 2022

Correction of errors

Nature of prior-period error

During the 2021/2022 financial reporting period, Council's waste facility was significantly impacted by major flooding. In calculating the impairment of Council's landfill cell, it was identified there was an error in the revaluation of this depreciable land improvement asset in the 2020/2021 financial reporting year. This asset has been revalued at 1 July 2021 and subsequently impaired to correctly restate its fair value at 30 June 2021.

It was determined that this should be treated as a prior period error as the asset value was incorrectly stated at 30 June 2021.

Comparatives have been changed to reflect the correction of errors. The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020 to correct useful lives and depreciation expense) and taking the adjustment through to accumulated surplus at 30 June 2021. The impact on each line item is shown in the tables below.

Adjustments to the comparative figures for the year ended 30 June 2021

Income Statement

\$ '000	Original Balance 30 June 2021	Impact Increase/ (decrease)	Restated Balance 30 June 2021
Depreciation, amortisation and impairment	1,376	(213)	1,163
Revaluation decrement	1,127	(1,127)	-
Total expenses from continuing operations	16,311	(1,340)	14,971
Surplus (deficit) from continuing operations before capital amounts	(4,485)	1,340	(3,145)
Surplus (deficit) from continuing operations after capital amounts	(4,503)	1,340	(3,163)
Surplus (deficit) from all operations before tax	(4,503)	1,340	(3,163)
Surplus (deficit) after tax	(4,503)	1,340	(3,163)
Closing accumulated surplus	2,672	1,340	4,012
Return on capital %	-31.0%	15.2%	-15.8%

Statement of Financial Position

\$ '000	Original Balance 30 June 2021	Impact Increase/ (decrease)	Restated Balance 30 June 2021
Infrastructure, property, plant and equipment	11,885	2,968	14,853
Total non-current assets	11,885	2,968	14,853
Total assets	15,186	2,968	18,154
Net Assets	2,672	2,968	5,640
Accumulated surplus	2,672	1,340	4,012
Revaluation reserves	-	1,628	1,628
Total equity	2,672	2,968	5,640

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.

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

c. Goonellabah Sports and Aquatic Centre - Gymnasium

Provide gym facilities

Note – Significant Accounting Policies (continued)

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% (2020/21: 26.0%)

Land tax – the first \$822,000 of combined land values attracts **0%**. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning and Environment – Water guidelines, 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 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 the Department of Planning and Environment – Water guidelines 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%. (2020/21: 26.%)

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.

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.

Note – Significant Accounting Policies (continued)

(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 3.66% at 30/6/22.

(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 Department of Planning, Industry and Environment – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Planning and Environment – 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 the 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 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water supply business activity
- Sewerage business activity
- Quarry
- Waste disposal
- Lismore Crematorium
- Coonellabah 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 2022, 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 2021–22 (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).

I have fulfilled my other ethical responsibilities in accordance with 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 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 2022 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:

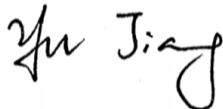
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.



Reiky Jiang
Delegate of the Auditor-General for New South Wales

24 January 2023
SYDNEY

Lismore City Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

Lismore City Council

Special Schedules

for the year ended 30 June 2022

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Lismore City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	31,936	32,733
Plus or minus adjustments ²	b	157	290
Notional general income	c = a + b	32,093	33,023
Permissible income calculation			
Rate peg percentage	e	2.00%	0.70%
Plus rate peg amount	i = e x (c + g)	642	231
Sub-total	k = (c + g + h + i + j)	32,735	33,254
Plus (or minus) last year's carry forward total	l	1	3
Sub-total	n = (l + m)	1	3
Total permissible income	o = k + n	32,736	33,257
Less notional general income yield	p	32,733	32,416
Catch-up or (excess) result	q = o - p	3	841
Carry forward to next year ⁴	t = q + r + s	3	841

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 the Lismore City Council (the Council) for the year ending 30 June 2023.

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 2021–22 (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).

I have fulfilled my other ethical responsibilities in accordance with 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 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 2022 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 2022'.

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:

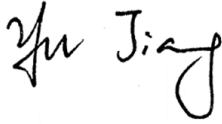
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang
Delegate of the Auditor-General for New South Wales

23 December 2022
SYDNEY

Lismore City Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings	29,724	29,724	845	303	65,266	124,204	54.0%	8.0%	1.0%	4.0%	33.0%
	Sub-total	29,724	29,724	845	303	65,266	124,204	54.0%	8.0%	1.0%	4.0%	33.0%
Other structures	Other structures	266	266	240	246	18,004	31,401	41.0%	24.0%	25.0%	2.0%	8.0%
	Sub-total	266	266	240	246	18,004	31,401	41.0%	24.0%	25.0%	2.0%	8.0%
Roads	Sealed roads	67,104	67,104	5,304	4,708	392,837	689,615	14.0%	38.0%	16.0%	6.0%	26.0%
	Unsealed roads	7,162	7,162	722	938	7,549	24,237	0.0%	0.0%	25.0%	75.0%	0.0%
	Bridges	7,780	7,780	392	586	76,392	137,974	49.0%	37.0%	3.0%	1.0%	10.0%
	Footpaths	282	282	196	152	24,531	34,682	15.0%	74.0%	8.0%	3.0%	0.0%
	Bulk earthworks	–	–	–	–	386,194	386,194	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	82,328	82,328	6,614	6,384	887,503	1,272,702	43.7%	26.6%	9.7%	4.9%	15.2%
Water supply network	Water supply network	24,657	24,657	2,056	1,468	156,519	277,410	31.0%	24.0%	20.0%	15.0%	10.0%
	Sub-total	24,657	24,657	2,056	1,468	156,519	277,410	31.0%	24.0%	20.0%	15.0%	10.0%
Sewerage network	Sewerage network	84,745	84,745	2,873	1,683	279,373	447,811	26.0%	29.0%	17.0%	9.0%	19.0%
	Sub-total	84,745	84,745	2,873	1,683	279,373	447,811	26.0%	29.0%	17.0%	9.0%	19.0%
Stormwater drainage	Stormwater drainage	1,660	1,660	303	215	74,617	117,845	66.0%	30.0%	1.0%	1.0%	2.0%
	Sub-total	1,660	1,660	303	215	74,617	117,845	66.0%	30.0%	1.0%	1.0%	2.0%

Lismore City Council

Report on infrastructure assets as at 30 June 2022 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Open space / recreational assets	Swimming pools	2,666	2,666	–	–	4,824	12,001	2.0%	27.0%	11.0%	31.0%	29.0%
	Other Open Space/Recreation	89	89	–	69	724	2,246	8.0%	33.0%	47.0%	8.0%	4.0%
	Sub-total	2,755	2,755	–	69	5,548	14,247	2.9%	27.9%	16.7%	27.4%	25.1%
Total – all assets		226,135	226,135	12,931	10,368	1,486,830	2,285,620	40.1%	25.9%	11.7%	6.8%	15.5%

(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 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	24,515	22.73%	76.90%	>= 100.00%
Depreciation, amortisation and impairment ²	107,856			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard ³	226,135	15.02%	4.56%	< 2.00%
Net carrying amount of infrastructure assets	1,505,957			
Asset maintenance ratio				
Actual asset maintenance	10,368	80.18%	86.09%	> 100.00%
Required asset maintenance	12,931			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council ⁴	226,135	9.89%	3.18%	
Gross replacement cost	2,285,620			

(*) 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) Includes impairment of \$76,506, adversely impacting this ratio as a result of the catastrophic flood events in February and March 2022. Adjusted for impairment, this ratio would be 78.20% for 2022.

(3) Includes flood repair costs of \$129,440, adversely impacting this ratio as a result of the catastrophic flood events in February and March 2022. Adjusted for these, this ratio would be 6.42% for 2022.

(4) Includes flood repair costs of \$129,440, adversely impacting this ratio as a result of the catastrophic flood events in February and March 2022. Adjusted for these, this ratio would be 4.23% for 2022.

Lismore City Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment ²	28.12%	77.64%	51.80%	87.86%	5.58%	69.04%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard ³							
Net carrying amount of infrastructure assets	10.98%	5.01%	15.44%	3.89%	29.93%	3.48%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	90.19%	94.48%	71.40%	79.43%	58.58%	67.98%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council ⁴							
Gross replacement cost	7.50%	3.64%	8.82%	2.53%	18.81%	2.25%	

(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) 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 be 95.64% for General Fund, 70.99% for Water Fund and 25.51% for Sewer Fund for 2022.

(3) 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 4.87% for General Fund, 14.69% for Water Fund and 7.57% for Sewer Fund for 2022.

(4) 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.