



Council

An Extraordinary Meeting of the City of Lismore Council will be held at the Council Chambers on Thursday, 27 November 2025 at 10:00 AM

Members of Council are requested to attend.

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

Eber Butron
General Manager

21 November 2025



ETHICAL DECISION MAKING AND CONFLICTS OF INTEREST

A guiding checklist for councillors, staff and community committees

Ethical decision making

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

Conflict of interest

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

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

The test for conflict of interest

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

Identifying problems

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

Disclosure and participation in meetings

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

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

Non-pecuniary Interests - Must be disclosed in meetings.

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

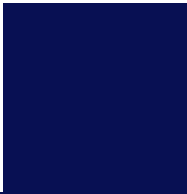
- It may be appropriate that no action be taken where the potential for conflict is minimal. However, councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. participate in discussion but not in decision making or vice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

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

Agenda

- 1. Opening of Meeting**
- 2. Acknowledgement of Country**
- 3. Pause for reflection**
- 4. Apologies and Applications for Leave of Absence or Attendance by Audio-Visual Link**
- 5. Disclosures of Interest**
- 6. Mayoral Minute(s) and Condolence Motions**
- 7. Reports of Committees**
- 8. Matters Arising**
- 9. Reports of the General Manager**
 - 9.1 2024-2025 Reserves (Internally Restricted)6
 - 9.2 Audited Financial Statements for the year ended 30 June 2025 12
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- 10. Notices of Motion / Questions with Notice**

Reports of the General Manager



Report

Subject	2024-2025 Reserves (Internally Restricted)
TRIM Record No	BP25/843:AF25/3082
Prepared by	Financial Accountant
Reason	Annual report on internally restricted reserve balances and movement and Policy review
Strategic Theme	Leadership
Strategy	Ensure effective governance, advocacy, engagement and partnerships with a focus on long-term financial sustainability
Action	Provide responsible, transparent and accountable leadership with sustainable management of Council finances, assets, risks and human resources

Executive Summary

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

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

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

The policy categorised reserves as follows:

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

Council has identified \$36.264m (\$36.967m LY) in funding is required in internal reserves however as 30 June 2025 Council did not have sufficient unrestricted cash to fund these reserves. This is expected to be a timing issue only. At the date of the reserve calculation, 30 June 2025, Council was owed \$18.8m for grant expenditure incurred and not reimbursed. It is recommended that when these grant funds are reimbursed, that these funds are applied to fully fund the identified reserves of \$36.264m (the matter was discussed with the Council at the last meeting).

In accordance with the Reserves Policy and reporting requirements Council can only recognise reserves that are held as cash, therefore the Internally Restricted Reserves held as cash was \$21.041m (\$14.026m LY) as at 30 June 2025. The expectation is that due to the near completion of the buildings restoration program, there is likely not to be a material balance owing at 30 June 2026.

Recommendation

That:

1. Council adopts the 2024-2025 Reserves (Internally Restricted) annual report which has internally cash reserves of \$21.041m (\$14.026m LY) as of 30 June 2025
2. internal reserves used to fund grant funds owed as of 30 June 2025 be reimbursed when funding is received
3. Council readopts the Reserves Policy 1.5.10 with no amendments

Background

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

As at 30 June 2025, the Internally Restricted Reserves totalled \$21.041m (\$14.026m LY). There has been an overall increase in the amount of reserve from 2023-2024 of \$7.015m which is a positive trend. Council had incurred costs associated with grant projects and is awaiting reimbursement of these funds as at June 2025. Operationally, Council has used internally restricted reserves to fund these projects in

2025 and will receive the reimbursement in the 2026 financial year. The use of the internally restricted reserves in this manner has previously been discussed with the Council.

The total amount of funding used from internal reserves to temporarily fund grant projects whilst awaiting reimbursement was \$15.223m. It is recommended when these grant funds are reimbursed, funds are used to replenish cash reserves and fully fund the projects identified within the reserve report.

Commentary

Provided below is a description of the individual reserve categories. This should be read in conjunction with the 2024-2025 Reserves (Internally Restricted) Summary attachment which shows the Reserve Balances 1 July 2024, Transfer to Reserves and Transfer from Reserves during the year, and the Reserve Balances 30 June 2025, and the 2024-2025 Reserves (Internally Restricted) Detail that shows the closing amount for all reserves held.

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

- Carry forward amounts relate to where approved budgets for works, services, goods, materials and facilities have started or are contracted to start before the end of the financial year and will continue to completion in the following financial year.
- Revote amounts relate to where approved budgets have not commenced before the end of the financial year and it is intended to seek approval to proceed in the following financial year.
- Adhocs – Council has identified a project that requires funding in 2024-2025 and aligns with Council's strategic direction.

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

Held for Other Parties – Balance \$Nil

Held for Fleet Replacement – Balance \$2.652m

The funds held in this reserve are new to the 2025 financial year

Special Rate Variation – Balance \$1.325m (\$1,350m LY)

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

Internal Restrictions	
Special Rate Variation - Biodiversity Management Strategy	356,140.67
Special Rate Variation - Promotion Lismore	236,630.28
Special Rate Variation - City Safe	731,933.57

Carry Forward and Revote Works– \$3.797m (\$6,085m LY)

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

Reports

	30/06/2025	Amt used to fund grants work (interim funding only)	Cash Reserves Balance
	Gross Balance		
Art Gallery & Culture Priority Needs - Temp Fitout	106,000	106,000	-
Art Gallery - Insurance Claim	609,697	-	609,697
Assets - asset value creation project	152,487	152,487	-
Buildings - Item not covered by Flood	44,000	-	44,000
Bridges - Ridgewood Bridge Mackie Rd	180,000	-	180,000
Bridges - Robert White Bridge	471,320	-	471,320
Bridges - Boomerang Creek Land Acquisition	12,000	-	12,000
Bridges - Fernside Bridge guardrail	52,700	-	52,700
Building - Kitchen Refurbishment	40,600	-	40,600
Buildings - Lismore Memorial Baths Roof Replacement	55,000	-	55,000
Buildings - Wyrallah Road Works Administration & Stores Amenities	175,500	-	175,500
Buildings - Wyrallah Road Training Rooms & Offices	472,126	-	472,126
Buildings - unspent mtce 24/25 utilise for City Hall Roof 25/26	386,385	-	386,385
Buildings - Lismore Caravan Park Fencing	40,000	-	40,000
Buildings Office Crown B&C Stockpot Kitchen (New WO) needs approx 100k in works to make	244,700	244,700	-
Development Services - Information & Technology Charge	152,578	-	152,578
Drainage - Oakley Ave Open Drain reconstruction	56,912	-	56,912
Emergency Services - Flood Diversion - interest on grant projects	72,877	-	72,877
FAGS General paid in advance June 2025	2,895,784	2,895,568	216
FAGS Roads paid in advance June 2025	1,348,954	1,348,954	-
Footpath Constnution Program 2023/24	69,026	69,026	-
Lismore Airport Airside & Lighting Upgrade	68,500	-	68,500
Lismore Baths Resilient Recovery	33,500	-	33,500
NRQ - Blakebrook Quarry Land Acquisition Boundary Fencing Project	100,000	100,000	-
Open Spaces - Upgrade of Hepburn Park - Funds required and set aside to formalise the car	75,000	75,000	-
Parks & Gardens - Albert Park - interest on Grant projects	114,300	-	114,300
Parks & Gardens - Albert Park Redevelopment Stage 2	11,400	11,400	-
Parks & Gardens - Tamarind Park contribution	56,000	56,000	-
People & Culture - Reconciliation Action Plan	3,089	3,089	-
Planning - Floodplain Risk Management Plan - Council Contr	11,100	-	11,100
Planning - Floodplain Risk Management Plan - Rous Contr	10,000	-	10,000
Records - DA Archiving Fee Revenue	39,227	-	39,227
Roads - (Urban Roads - General : Rehabilitation)	1,315,966	1,315,966	-
Roads - Dunoon Rd/Tweed St & Alexandra Pde design development	100,000	100,000	-
Roads & Quarry Office - replacement of Emulsion Tank	112,360	112,360	-
Strategic Planning - Parking Study	19,200	19,200	-
Technology & Innovation - GSAC security upgrades	78,000	-	78,000
Technology & Innovation - GSAC POS System	120,000	-	120,000
Waste - Facility_Improving Drainage at MRF_Better Waste and Recycling Gr ant_2022_2023	13,068	-	13,068
Waste - Compliance Audit work	93,992	-	93,992
Waste Planning - Capping and Gas Management	90,000	-	90,000
Waste Planning - Leachate Treatment Study	20,000	-	20,000
Waste Planning - Site Access, Internal Hardstands and Buildings	50,000	-	50,000
Waste Program Management - Capex	189,876	-	189,876
Waste Delivery - LRRC Landfill - Western Boundary Acquisition	43,298	-	43,298
Total Carry Forward or Revote Works	10,406,522	6,609,750	3,796,772

Emergencies – Balance \$Nil

The funds held in this reserve are to provide funding for emergencies including natural disasters, pandemics, or essential/critical business failures. These funds have been used to fund grant expenditure whilst Council is waiting for reimbursement from the funding body. The target balance of this reserve is \$1.1m.

Economic Development and Growth - Balance \$Nil

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

Public Infrastructure and Buildings Assets - Balance \$9.128m (\$6.592m LY)

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

Lismore City Council

Meeting held 27 November 2025 - 9.1 - 2024-2025 Reserves (Internally Restricted)

The major works included in this reserve is:

	30/06/2025 Gross Balance	Amt used to fund grants work (interim funding only)	Cash Reserves Balance
Public Infrastructure & Building Assets			
Base Reserve as per Policy - Public Infrastructure & Building Assets	1,287,500	1,287,500	-
Albert Park	100,000	100,000	-
Interest - Flood Advance Payment (acc CBA 06256510908157) - Roads	4,434,870	-	4,434,870
Interest - Flood Advance Payment (acc CBA 06256510978577) - Buildings	22,998	-	22,998
Interest - Flood Advance Payment (acc CBA 06256510978585) - Waste	274,732	-	274,732
Waste - Contribution to capping and capital works (match budget commitments)	4,711,342	3,950,551	760,791
Waste - Mass Haul Road	-	-	-
Fleet Replacement	-	-	-
Fleet Replacement	-	-	-
DA Contributions to Public Art	49,200	49,200	-
Affordable Housing Initiative	3,634,945	-	3,634,945
Flood Mitigation - Voluntary Property Acquisition Program	122,800	122,800	-
Pocket Park Sales Proceeds	331,100	331,100	-
Tucki Creek Corridor Acquisitions (Lismore Contributions Plan)	442,000	442,000	-
Quarry - asset depreciation	-	-	-
Nimbin Caravan Park Entrance	230,000	230,000	-
Rail Trail - Metal Sales	-	-	-
	-	-	-
Total Public Infrastructure & Building Assets	15,641,487	6,513,151	9,128,336

Policy Review

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

Comments

Finance

Contained within the report.

Public consultation

Not required.

Conclusion

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

Attachment/s

1. [↓](#) Restricted Reserves FY2025

Lismore City Council Restricted Asset	Opening Balance 01/07/2024	Working Funds added back	Estimated Transfer to	Estimated Transfer (from)	Net Transfer to/(from)	Balance before Interest	Reserve Interest Base	Allocate Interest (Y/N)	Interest Earned	Manual Adjustments	Adjusted Interest Earned	Working Funds Cashflow	Estimated Balance 30/06/2025
General Fund													
External Restrictions													
Specific Purpose Unexpended Grants	94,842,077	0	16,035,363	0	16,035,363	110,877,440	0	N	0	0	0		110,877,440
S7.11 Emergency Services	34,110	0	953	0	953	35,063	34,586	Y	1,670	0	1,670	0	36,733
S7.11 Community Services & Facilities	948,542	0	0	-12,866	-12,866	935,644	942,093	Y	45,487	0	45,487	0	981,132
S7.11 Public Domain Facilities	618,980	0	56,993	0	56,993	675,974	647,477	Y	31,262	0	31,262	0	707,236
S7.11 Open Space & Recreation Facilities	1,217,090	0	0	-63,980	-63,980	1,153,110	1,185,100	Y	57,221	0	57,221	0	1,210,330
S7.11 Cycleways Facilities	724,374	0	0	-123,420	-123,420	600,953	662,663	Y	31,996	0	31,996	0	632,949
S7.11 Rural North Traffic Management Facilities	1,050,525	0	75,199	0	75,199	1,125,724	1,088,125	Y	52,538	0	52,538	0	1,178,263
S7.11 Rural South Traffic Management Facilities	54,240	0	25,858	0	25,858	80,098	67,169	Y	3,243	0	3,243	0	83,341
S7.11 Urban Traffic Management Facilities	4,899,328	0	38,938	0	38,938	4,938,266	4,918,797	Y	237,496	0	237,496	0	5,175,762
S7.11 Traffic Management	0	0	288,541	0	288,541	288,541	144,271	Y	6,966	0	6,966	0	295,507
S7.11 Carparking	84,794	0	0	0	0	84,794	84,794	Y	4,094	0	4,094	0	88,888
S7.11 Stormwater	-37,913	0	52,302	0	52,302	14,388	-11,762	Y	-588	1,028	-460	0	14,849
S7.11 Street Trees	69,622	0	237	0	237	69,860	69,741	Y	3,367	0	3,367	0	73,227
S7.11 Heavy Haulage	26,932	0	0	-15,106	-15,106	11,826	19,379	Y	936	0	936	0	12,762
S7.11 Plan Administration	134,970	0	30,684	0	30,684	165,653	150,311	Y	7,258	0	7,258	0	172,911
Stormwater Management	2,870,600	0	145,735	0	145,735	3,116,335	3,043,467	Y	146,949	0	146,949	0	3,263,284
Domestic Waste Management	0	0	277,179	0	277,179	277,179	138,590	Y	6,692	0	6,692	0	283,871
Waste Minimisation	1,591,600	0	0	-531,766	-531,766	1,059,834	1,325,717	Y	64,010	0	64,010	0	1,123,844
Art Gallery Gift Account	191,710	0	0	-0	-0	191,710	191,710	Y	0	8,146	8,146	0	199,855
Trust Fund/Donations	2,018,291	0	0	-167,033	-167,033	1,843,257	0	N	0	0	0	0	1,843,257
Total External Restrictions	111,431,871	0	17,027,983	-914,204	16,113,779	127,545,650	14,762,228		709,616	9,174	709,790	0	128,255,440
Internal Restrictions													
Special Rate Variation - Biodiversity Management Strategy	401,200	0	0	-62,912	-62,912	338,288	369,744	Y	17,852	0	17,852	0	356,141
Special Rate Variation - Promotion Lismore	297,700	0	0	-73,665	-73,665	224,035	260,867	Y	12,596	0	12,596	0	236,630
Special Rate Variation - City Safe	650,400	0	48,948	0	48,948	699,348	674,874	Y	32,585	0	32,585	0	731,934
Employee Leave Entitlements	3,480,883	163,647	0	0	0	3,644,530	3,562,707	Y	172,019	0	172,019	0	3,816,549
Onsite Sewerage Management	0	325,000	0	-10,072	-10,072	314,928	157,464	Y	7,603	0	7,603	0	322,531
Fleet Replacement	1,090,600	1,500,000	61,257	0	61,257	2,651,857	0	N	0	0	0	0	2,651,857
Carry Forward Works	2,604,400	13,589,900	0	-5,787,778	-5,787,778	10,406,522	0	N	0	0	0	-6,609,750	3,796,772
Emergencies	0	1,100,000	0	0	0	1,100,000	0	N	0	0	0	-1,100,000	0
Economic Development & Growth	0	1,000,000	0	0	0	1,000,000	0	N	0	0	0	-1,000,000	0
Public Infrastructure & Building Assets	5,502,500	5,263,400	4,875,587	0	4,875,587	15,641,487	0	N	0	0	0	-6,513,151	9,128,336
Total Internal Restrictions	14,027,683	22,941,947	4,965,793	-5,934,427	-948,635	36,020,995	5,825,656		242,655	0	242,655	-15,222,901	21,040,750
Total General Fund Restrictions	125,459,554	22,941,947	22,013,776	-6,848,632	15,165,144	163,566,645	19,727,884		943,272	9,174	952,446	-15,222,901	149,296,190
Sewerage Fund													
External Restrictions													
Developer Contributions	0	0	655,013	0	655,013	655,013	327,507	Y	0	15,423	15,423	0	670,436
Sewerage Services	44,533,862	0	0	-26,789	-26,789	44,507,073	44,520,467	Y	0	2,146,821	2,146,821	0	46,653,894
Total Sewerage Fund Restrictions	44,533,862	0	655,013	-26,789	628,224	45,162,086	44,847,974		0	2,162,244	2,162,244	0	47,324,330
Water Fund													
External Restrictions													
Developer Contributions	0	0	85,710	0	85,710	85,710	42,855	Y	0	2,070	2,070	0	87,780
Water Supplies	13,602,937	0	0	-1,045,097	-1,045,097	12,557,840	13,080,388	Y	0	636,853	636,853	0	13,194,693
Total Water Fund Restrictions	13,602,937	0	85,710	-1,045,097	-959,387	12,643,550	13,123,243		0	638,923	638,923	0	13,282,473
Total Restrictions (All Funds)	183,596,353	22,941,947	22,754,499	-7,826,518	14,833,962	221,372,281	77,899,101		943,272	2,810,341	3,753,613	-15,222,901	209,902,993
Unrestricted Cash	0	0	0	0	0	0	0	N	0	0	0	0	0
Total Cash & Investments	183,596,353	22,941,947	22,754,499	-7,826,518	14,833,962	221,372,281	77,899,101		943,272	2,810,341	3,753,613	-15,222,901	209,902,993

Report

Subject	Audited Financial Statements for the year ended 30 June 2025
TRIM Record No	BP25/842:AF25/3104
Prepared by	Financial Accountant
Reason	For council to 'form and opinion' on the Audited Financial Statements for the year ended 30 June 2025 in accordance with section 413 - Local Government Act 1993.
Strategic Theme	Leadership
Strategy	Ensure effective governance, advocacy, engagement and partnerships with a focus on long-term financial sustainability
Action	Provide responsible, transparent and accountable leadership with sustainable management of Council finances, assets, risks and human resources

Executive Summary

Council is required to 'form an opinion' on the financial statements and refer the statements to Council's auditor for an independent audit, the auditor relies on this as part of the independent audit process. That is, reach a conclusion that the financial statements fairly and accurately reflect the financial outcomes of the period to 1 July 2024 to 30 June 2025.

Management has been working with the Council's external financial auditor (Richard Watkinson, Partner HLB Mann Judd) in relation to the audit of the FY25 Financial statements. Based on the work completed to date, we expect the financial auditor to issue a clean audit opinion (referred to as "unmodified audit opinion) that the financial statement are "true and fair". Richard will be present at the meeting to answer any Committee questions. Richard's draft report has been provided to the NSW Audit Office for their consideration.

The issues associated with the natural disasters 2022 and more recently cyclone Alfred in Mar 2025 are still impacting the financial performance of Council, with infrastructure and some operations not fully restored. These events caused significant damage to Council's infrastructure with work continuing to address the restoration and improvement works associated with the damage.

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

In accordance with Section 418 of the *Local Government Act 1993*, Council is required to fix a date to present the financial reports to the public no more than five (5) weeks after the auditor's reports are given, the signed audit report is to be received by the 24 October 2025. In order to comply with the reporting requirements a meeting of Council is scheduled on the 28 November 2025.

A copy of the Draft Financial Statements for the year ended 30 June 2025 is attached.

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

The 2025 Financial Statements represent a snapshot of Council's financial position at a point in time and reports on the performance of Council over the preceding twelve months.

The following is a summary of Council's performance for 2025.

Description	2025 ('000)	2024 ('000)	Yr on yr	%
Income Statement				
Total income from continuing operations	273,175	237,550	35,625	15.00%
Total expenses from continuing operations	116,668	110,155	(6,513)	-5.91%
Operating result from continuing operations (b/f depreciation)	156,507	127,395	29,112	22.85%
Net operating result for the year	156,507	127,395	29,112	22.85%
Net operating result before grants and contributions provided for capital purposes	(18,472)	(8,128)	(10,344)	-127.26%










Net operating result has improved year on year, up \$29m (23%) (excludes depreciation)

Net operating result excluding **capital grants and contributions** (\$18.5m), loss increased year on year by \$10.3m, capital grants received of \$141m (largely state govt disaster funding).

Note the "net operating loss" is not a "cash loss" as it includes \$37m of depreciation which is a non-cash item but a reflection of the value of assets consumed to deliver service to the community, the loss h/ever is not sustainable & is being addressed with the financial sustainability project initiated across council.

Financial Sustainability project commences FY25/26 - Council has commenced a review of medium to long-term financial sustainability, requiring the full support of Councilors, ELT and wider staff to ensure long term financial sustainability at Council.

The following is a summary of Council's financial position for 2025.

Description	2025 ('000)	2024 ('000)	Yr on yr	%	
Balance Sheet					
Total Current Assets	268,703	235,586	33,117	14.06%	
Total non-current assets	2,179,242	2,034,010	145,232	7.14%	
Total assets	2,447,945	2,269,596	178,349	7.86%	
Current liabilities	145,515	133,350	(12,165)	-9.12%	
Total non-current liabilities	47,063	48,453	1,390	2.87%	
Total liabilities	192,578	181,803	(10,775)	-5.93%	
Net Assets (Net Equity)	2,255,367	2,087,793	167,574	8.03%	

The total equity of Council as of 30 June 2025 was \$2.255b (FY:24 \$2.088b). This represents a net increase in equity of \$168million (8%) during the year.

Assets have increase YoY \$178m (8%) mainly driven by cash, receivables & an increase in Infrastructure property.

Total liabilities have increased \$10.8m (6%) due mainly to an increase in contract liabilities offset by a fall in borrowings.



Highlights	Low-lights
Council's <u>net operating result</u> has improved year on year \$157m this year from \$127m last yr - up \$29m (23%) (excludes depreciation) The result is \$17m higher than the budget of \$140m (12%)	Council's ongoing operating performance for the year is <u>measured before grants and contributions</u> , although the net operating result has improved YoY, operating performance <u>b/f grants</u> is a deficit (\$18m this year & \$8m last year) the increase in deficit is largely driven by an increase in depreciation (\$5M), employee costs (\$4.2M) & materials (\$3.1m) offset by an increase to rate & charges.
Revenue has increased largely driven by capital grants (\$41m) & also importantly an increase to rates, fees & charges, (\$7.5M) while the cost base has remained relatively steady \$117m (LY:\$110m) with a moderate increase in labour & materials YoY.	LCC will again likely feature on the 'least liquid councils' list as it did last FY. The adjusted cash expense ratio measures Councils ability to cover its operating expenses using unrestricted cash. LCC has cash to cover 2mths of its operating commitments (LY:1.3mths) . (Mostly driven by state govt funding owed to Council <u>at</u> 30 June 25) We expect to see a continuing improve to liquidity this year due to reduced state govt amts owed & also our renewed financial sustainability focus.
Water & Sewer fund are reporting a moderate profit again this financial year. Water: FY25: \$148k (FY:24 \$353k), Sewer FY25: \$2.9m (FY:24 \$2.7m). General Fund was stable YoY FY25:(\$11.7m) v. FY:24 (\$11.2m)	Another weather event occurred this financial year – Cyclone Alfred in Mar 25, causing significant damage to the road network and other community assets. The damage assessment has consumed a lot of council resources. An RA extension was granted to complete the funding application and assessment until 2026.
Total assets have increased YoY by \$178m, Infrastructure, property, plant and equipment (IPPE) increased by \$146m due mostly to flood restoration & cash for EPAR works under the tripartite agreement. On an asset base of \$2.2b (LY\$2.0b)	<u>In order for</u> Council to achieve long term financial sustainability, internal revenue streams need to be further enhanced through an uplift in commercialisation, the cost base requires some further 'right sizing' <u>in order to</u> deliver a sustainable operating result which is less reliant on state government support
Cash not subject to external restrictions increased from \$14m to \$21m, this positive trend is likely to continue. (the balance is made up of categories such as ELE, Fleet replacement, public infrastructure)	External valuations for Roads & Bridges as an Asset class which is scheduled for every 5yrs was postponed in FY25 to future years, this created a reliance on the indexation methodology for assessing asset values. In the current financial FY25/26 a project is underway to engage external valuers to assist council in valuing our Transport asset class as an example.

Recommendation

That Council:

1. in accordance with Section 413 (2) (c) of the *Local Government Act 1993* and clause 215 of the *Local Government (General) Regulation 2021*, adopt the Audited Financial Statements for the year ended 30 June 2025 and form an opinion based on the attached 'Statement by Councillors and Management' for both the General-Purpose Financial Statements and Special Purpose Financial Statements
2. delegate to the Mayor and a Councillor to sign the 'Statement by Councillors and Management' on behalf of Council
3. delegate to the General Manager to, on receipt of the Independent Audit Reports, submit the Audited Financial Statements to the NSW Office of Local Government.
4. in accordance with Section 705 of the *Local Government Act 1993* determine the public notice relating to the financial statements will be advertised on Council's website and Council's Facebook page
5. present the Audited Financial statements to the public on the 5 December 2025

Background

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

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

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

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

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

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

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

Understanding the Financial Reports:

The Financial Reports are broken down into three sections: -

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

Special Schedules (SS)	The SS have been designed to meet the requirements of special purpose users.
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General Purpose Financial Statements (GPFS)

The Financial Statements have three key primary statements:

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

2024-2025 Financial Reports in review

General Purpose Financial Statements (GPFS) – Overview

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

The following table displays the summarised information for the Income Statement

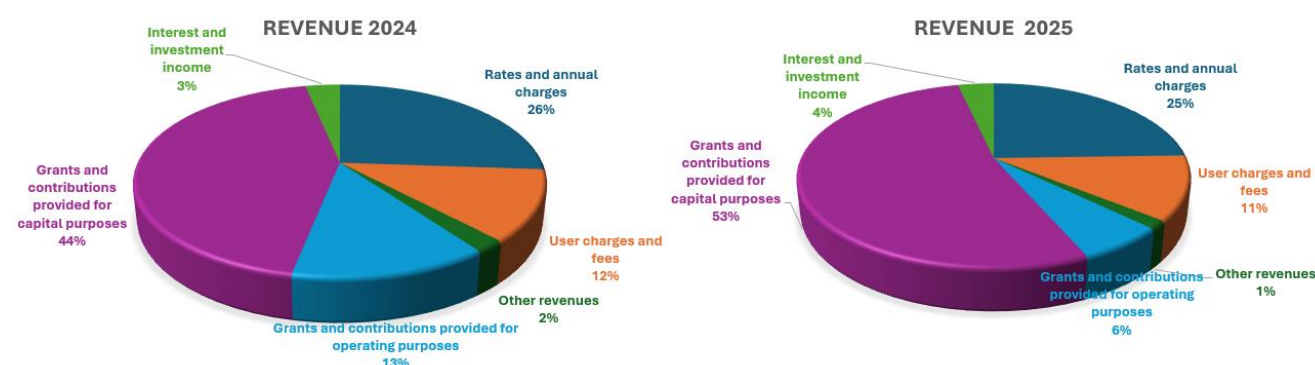
Item	2023-2024 (\$'000)	2024-2025 (\$'000)	% Change
Operating Result from continuing operations	127,395	156,507	22.85%
Net operating result for the year before grants and contributions provided for capital purposes.	(8,128)	(18,472)	-127.26%

The Operating Result from continuing operations - has been positively impacted by an increase in capital grant funding received from mostly State Government in response to the natural disasters of February/March 2022 & Cyclone Alfred in Mar 25.

Capital grant funding has been received for the restoration of Council's infrastructure (assets), the associated expense is not included in this result as it relates to Infrastructure Property Plant and Equipment which is recognised on the Balance Sheet.

Accounting Standards dictate, Council only recognises capital grants as income when it has met the grant deliverables as set out in the grant agreement. Where grants are received but the deliverable is still to be fully delivered, these funds are held as a liability within the balance sheet

2. Income from continuing operations – higher year over year due to grants



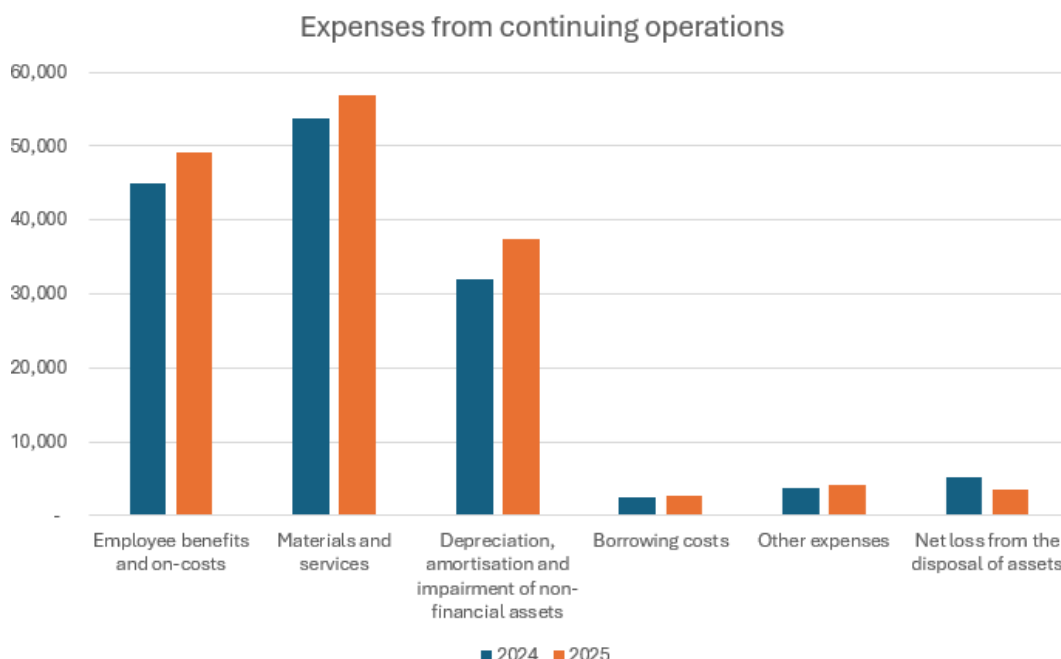
The graphs represent the main types of income from continuing operations expressed as a percentage of total continuing operations for FY25 and FY24.

Council's major source of revenue was Grants and Contributions (53%, LY44%). Reflecting the natural disasters of February/March 2022. Rates & Charges is consistent YoY (25%/26%) - making up just a quarter of total revenue.

Council received government support to deal with the immediate emergency, the clean-up and to address the long-term restoration projects.

3. Expenses from continuing operations – relatively stable year over year

Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets have increased from \$110m to \$117m, an increase of \$6.5m (6%) mostly because of a marginal increase to labour & materials & supplies.



Employee Expenses - FY:25 **\$49.2m** v. FY:24 **\$44.9m** a YoY increase of **\$4.2m** (10%) (\$8.5m higher than budget of \$40.7m)

Relates to an increase in labour costs rather than an increase of FTE's.

Materials & Services - FY:25 **\$56.8m** v. FY:24 **\$53.8m** a YoY increase of **\$3.1m** (6%) (\$3m higher than budget of \$53.5m)

Raw materials, consumables, electricity & insurance have experienced inflationary pressures, resulting in a moderate increase, offset in part by a decrease in materials & contract costs, this correlates to the reduction in operating grants revenue YoY.

Borrowing Costs - FY:25 \$2.8m v. FY:24 \$2.4m a YoY increase of \$0.4m (16%) mainly due to interest on loans have reduced (\$0.3M) offset by an increase in remediation prov (\$0.6m) (accounting entry) relating to the tip & quarry discount rate applied.

Other Expenses - FY:25 \$4.2m v. FY:24 \$3.7m a YoY increase of \$0.5m (13%) Driven mostly by RTRL expenses (\$0.2m) & levy increases (\$0.2m)

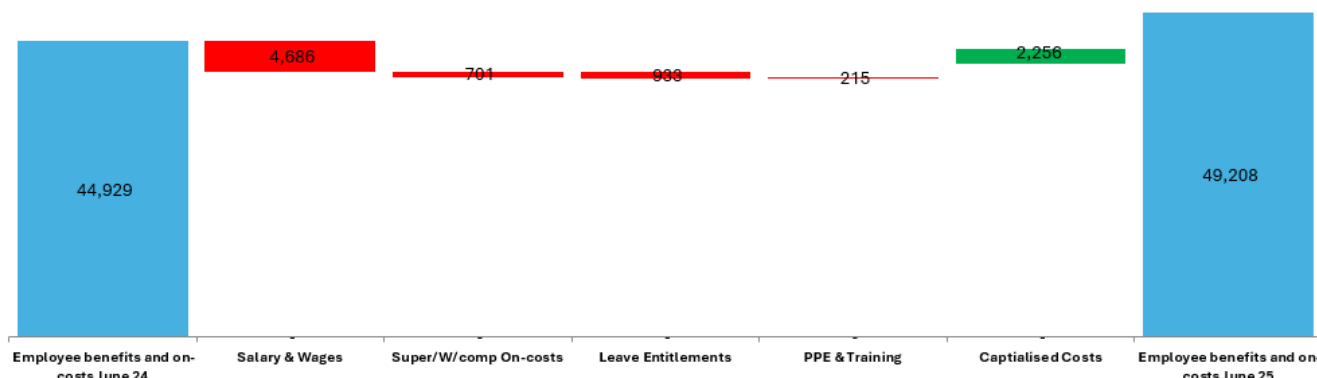
Loss on Disposal of Assets - FY:25 \$3.6m v. FY:24 \$5.3m a YoY decrease of \$1.6m (31%) mainly due to Assets w/off or sold were less than prior yr.

4. Labour costs FY24 to FY25 – employee expenses have increased from **\$44.9m** (June24) to **\$49.2m** (June25) a YoY increase of **\$4.3m** (10%), due to an increase in wage & salary expenses, driven largely by the flood team's expansion, offset by a \$2.3m increase to capitalised expenses which is netted off from the total

**** FY25 Budget** (\$8.5m higher than budget of \$40.7m)

It has been well documented that the salaries and wages budgets for both the 2024/2025 and the 2023/2024 were largely based on indexed budgets from previous years per the LTFP, which contributes to the large variance.

Employee Costs FY24 v. FY25 (000's)



Salary & Wages - \$36.0m to \$40.1M - \$4.7m (13%) – driven by Award (increase:3%), minor increase in FTE's. The flood team has increased in costs circa \$2.7m YoY from \$2.6m to \$5.3m, removing FRP the increase is 4% YoY.

Super, w/comp & on-costs \$6.5m to \$7.2M - \$0.7m (13%) – driven by 0.5% in SGC, positively correlated to salary & wages

Leave Entitlements - \$7.1m to \$8.0M - \$0.9m (16%) – positively correlated to salary & wages

Capitalised Costs – labour assigned to capital projects is removed, FY24 \$5.7m increasing to \$8m in FY25

5. Revenue movements year over year

Total Operating Income has increased from \$238m to \$273m (15%) YOY, largely driven by the capital grants & also importantly a \$7.4m increase to rates, fees & charges. This follows the trend from the prior year, an increase from \$203m to \$238m, also driven by capital grants & an increase to rates & charges.

Income Statement	Actual		Actual		Variance	Commentary
	2025	2024	YoY Var	% YoY		
Income from continuing operations						
Rates and annual charges	66,953	62,025	4,928	8%		Rates levied to ratepayers has increased \$1.8m (5%) YoY
User charges and fees	30,687	28,186	2,501	9%		Domestic waste & other charges increased \$3.1m (11%) YoY
Other revenues	3,959	4,849	(890)	-18%		Water & Sewer supplies up \$0.5m (4%), Other user charges \$2m (12%)
Grants and contributions provided for operating purposes	24,115	31,158	(7,043)	-23%		Container deposit scheme is down \$0.3m (15%) & Insurance claims are down \$0.8m (89%)
Grants and contributions provided for capital purposes	137,591	103,580	34,011	33%		The trend continues from the prior yr, the decrease in operating grants was mostly driven by the tapering off of council receiving reimbursements for EW & Immediate reconstruction
Interest and investment income	9,708	7,752	1,956	25%		The trend continues from the prior yr, the increase in capital grants was mostly driven by capital grants funding for natural disaster reconstruction
Other income	162	-	162			\$5m relates to overdue rates & charges & \$1.5m increase YoY due to higher balances in EPAR & TD investments
Net share of interests in joint ventures and associates using the equity method	-	-	-			Net share in JV (North East Weight of Loads Group)
Total income from continuing operations	273,175	237,550	35,625	15%		\$35.6m (15%) YoY increase to income from continuing operations is largely driven by the capital grants & also importantly a \$7.4m increase to Rates, fees & charges

6. Operating result by fund

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

General Water Sewer

2024-2025	('\$000)	('\$000)	('\$000)
Income from continuing operations	230,102	22,069	21,004
Expenses from continuing operations (includes depreciation)	(119,466)	(19,132)	(15,458)
Operating result from continuing operations	110,636	2,937	5,546
Net operating result for the year before grants and contributions provided for capital purposes.	(21,854)	148	2,961

Water Fund - showing a modest profit, has decreased marginally YoY FY25: \$148k (FY24:\$353k)
 Budget: \$166k
Sewer Fund - showing a modest profit has improved marginally YoY FY:25 \$2.96m (FY24:\$2.7m)
 Budget: \$1.8m
General Fund - showing a loss, is relatively stable YoY FY25: \$21.6m (FY24: (\$11.2m))
 Budget: (\$15.8m)

7. Balance Sheet – Asset movements 30/6/24 to 30/6/25

Total assets have increased \$178m (8%) YoY, driven by a \$33m increase in cash (EPAR funding) and also an increase of \$146m in capital work in progress & building infrastructure.

Balance Sheet	Actual	Actual			
	2025	2024	YoY Var	%YoY	Variance Commentary
Current assets					
Cash and cash equivalents	137,107	113,596	23,511	21%	The increase in cash & cash equivalent is mainly driven by funding received for EPAR works under the tripartite agreement
Investments	72,796	69,000	3,796	6%	Term deposit investments have been stable, with a moderate tick up from June 24
Receivables	31,549	25,041	6,508	26%	There has been an upwards trend in debtors outstanding, mostly related to grants
Inventories	4,031	3,322	709	21%	Increase relates to trading stock (current)
Contract assets and contract cost assets	22,619	23,889	(1,270)	-5%	The contract assets have decreased marginally YoY, the balance is largely flood recovery buildings, EPAR works & other grants
Other	601	738	(137)	-19%	
Total current assets	268,703	235,586	33,117	14%	The \$33m YoY increase is mostly due to an increase in cash driven by funding received for EPAR works under the tripartite agreement
Non-current assets					
Investments	-	1,000	(1,000)	-100%	There are no term deposits >12mths in the current FY
Receivables	2,155	2,538	(383)	-15%	Positive downwards trend in receivables YoY
Inventories	174	174	0	0%	Relates to real estate for sale
Infrastructure, property, plant and equipment (IPPE)	2,172,305	2,026,435	145,870	7%	The increase is mainly due to capital work in progress & buildings infrastructure relating to natural disaster reconstruction works
Right of use assets	3,130	2,547	583	23%	Increase of leased assets YoY
Investments accounted for using the equity method	1,478	1,316	162	12%	Relates RTRL carrying amt of investments
Total non-current assets	2,179,242	2,034,010	145,232	7%	The increase is mainly due to IPPE as per comments above
Total assets	2,447,945	2,269,596	178,349	8%	Total Assets have increased \$178m (8%) YoY mainly due to the \$33m increase in cash driven by funding received for flood works under the tripartite agreement & also the increase of \$146m in capital work in progress & buildings infrastructure relating to natural disaster reconstruction works

8. Balance Sheet – Asset movements Cash, Cash Equivalents, and Investments

The Balance Sheet shows what Council owns, what Council owes and its net worth.
 Equity - an increase in equity means Council has increased its net worth.

Description	Type	2025 Amount '000		2024 Amount '000	
Developer contributions	Externally Restricted	10,664		9,825	
Wastewater Services	Externally Restricted	46,529		44,534	
Water Services	Externally Restricted	13,282		13,604	
Unexpended Grants	Externally Restricted	111,672		94,482	
Stormwater Management	Externally Restricted	3,263		2,971	
Domestic Waste Management	Externally Restricted	284		-	
Other Waste Minimisation	Externally Restricted	1,124		1,592	
Art Gallery Gift Account	Externally Restricted	200		458	
Trust Fund	Externally Restricted	1,843			
Total	Externally Restricted	188,861	90%	169,570	83%
Unexpended Loans	Internally Restricted	-		-	
Internal Reserves Council's Reserves policy	Internally Restricted	21,042		14,026	
Unrestricted	Unrestricted	-		-	
Total	Internally Restricted	21,042	10%	14,026	17%
Total		209,903		183,596	

Council has total cash, cash equivalents and investments of \$209.9m as of 30 June 2025. Compared to 2023-2024, (\$183.6m) an increase of \$26.3 million. The balance includes \$92.4 million in advance payments to address the flood restoration works.

Liquidity:

Council cash and cash equivalents (readily available cash) increased by \$23.5m. The advance flood payments have been kept in short term deposit 'at call' accounts to ensure that funds are available to pay for flood works as they progress. Cash held as Investments have increased by \$2.8 million.

Externally Restricted and Unrestricted:

Council's cash and investments are categorised as Externally Restricted funds (that is have restrictions placed on their use) or Internally Restricted (held for use in accordance with Council's Reserve Policy). \$21m.

Externally restricted funds are generally Water, Sewer, Trust Funds, unexpended grants and \$7.11 developer contribution funds.

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

9. Balance Sheet – Infrastructure, Property, Plant & Equipment

Council has delivered circa \$140m worth of capital works program in the current financial year, which is approx. 3 times higher than a normal year not impacted by natural disasters

2025

Infrastructure Assets	Gross Carrying Amount (\$m)	Accumulated Depreciation (\$m)	Net Carrying Value (\$m)	Accumulated Depreciation %
WIP	147	-	147	0%
Plant & Equipment	42	20	21	49%
Land - Operational	78	-	78	0%
Land - Community	41	-	41	0%
Land - Other	74	31	42	43%
Buildings	190	69	121	36%
Roads, Bridges, Footpaths & Earthworks	1,477	471	1,049	32%
Stormwater Drainage	160	39	121	24%
Water Supply Network	321	140	180	44%
Wastewater Services Network	529	206	324	39%
Total	3,059	977	2,125	32%

The major component of Council's assets is its infrastructure assets.

Net infrastructure, Property Plant & Equipment assets total \$2.172bm as of 30 June 2025 (LY:\$2.026b) and includes the listed major categories and amounts included in the table. This represents a \$146m (\$204 LY) increase YoY

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

1. Additions/renewals \$36.7m.
2. New assets \$13.3m
3. Reinstatement of impaired assets \$88.5m
4. Disposal of assets (\$4.5m)
5. Depreciation (\$36.5m)
6. Impairment loss roads (flood assets) (\$1.4m)
7. Revaluation of assets \$49.8m (assets indexed)

10. Cashflow statement – Movement year over year

The Cash Flow Statement shows where the cash has come from, where the cash has been spent and what is left at the end of the year.

The CF statement shows how Council is using its cash and if Council has increased or decreased its cash position

Item	2024-2025	%	2023-2024
	(\$'000)	Change	(\$'000)
Operating & Capital Receipts	283,746	-1%	285,294
Operating Payments	108,689	3%	106,012
Net cash result from operations	175,057	-2.36%	179,282
Cashflow from investing activities			
Net sale/(purchase) of IPPE	787	186%	275
Deferred Debtors	185	1750%	10
Acquisition of term deposits	(2,796)	89.02%	20,928
Purchase IPPE	(144,099)	17%	(122,821)
Net cash provided by(used) investing activities	(145,923)	43.61%	(101,608)
Cashflow from financing activities			
New Borrowings	-	N/a	-
Repayment of borrowings	(4,803)	-14%	(5,608)
Lease liabilities	(820)	11%	(742)
Net cash provided by(used in) financing activities	(5,623)	-11.45%	(6,350)
Net change in cash and cash equivalents	23,511	-67.04%	71,324
Cash at the start of the year	113,596	169%	42,272
Closing cash position	137,107	20.70%	113,596
Plus Investments	72,796	4%	70,000
Total cash and investments	209,903	14.33%	183,596

Council's cash reserves have increased year on year due to an advance payments in relation to the flood restoration works.

From a cash perspective Council was owed as at the 30 June 25 \$18.8m (LY:\$25m) in grant funds for works that were undertaken in 2025 but had not been reimbursed by the funding body. (C1-6)

These funds are deemed as working capital and when received will be used to increase internal reserves and to undertake works as identified in the Reserve Program.

11. Statement of performance measures

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

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

Ratio	What does the ratio mean	Benchmark
Operating performance	This ratio measures the extent to which a council has succeeded in containing operating expenditure within operating revenue. It is important to emphasise that this ratio is focusing on operating performance, and hence capital grants and contributions, fair value adjustments, and reversal of revaluation decrements are excluded. Pensioner rate subsidies are included.	The benchmark is greater than 0%.
Own source operating revenue	This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves as its own source revenue increases.	The benchmark is greater than 60%
Unrestricted current ratio	The 'unrestricted current ratio' is specific to local government and is designed to represent a council's ability to meet short-term obligations as they fall due. Restrictions placed on various funding sources (e.g., Section 7.11 developer contributions, RMS contributions) complicate the traditional current ratio used to assess liquidity of businesses, as cash allocated to specific projects is restricted and cannot be used to meet a council's other operating and borrowing costs	The benchmark is greater than 1.5 times
Debt service cover ratio	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments	The benchmark is greater than two times.
Rates and annual charges outstanding	To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	The benchmark is <10% regional and Rural
Cash expense cover ratio	This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.	The benchmark is greater than three months.

Financial Performance Ratio's by fund

2024

Performance Measures	General	Water	Sewer	Benchmark
1. Operating Performance Ratio	-7.73%	9.64%	17.24%	>0%
2. Own Source Operating Revenue Ratio	33.38%	98.45%	95.91%	>60%
3. Unrestricted Current Ratio	1.91x	16.08x	13.15x	>1.50x
4. Debt Service Cover Ratio	3.07x	4.84x	4.34x	>2.0x
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	11.15%	19.83%	11.55%	<10.0%
6. Cash Expense Cover Ratio (months)	14.02 months	11.90 months	49.91 months	>3.0 months

2025

Performance Measures	General	Water	Sewer	Benchmark
1. Operating Performance Ratio	-18.55%	0.77%	16.08%	>0%
2. Own Source Operating Revenue Ratio	32.50%	85.44%	84.33%	>60%
3. Unrestricted Current Ratio	3.41x	11.86x	25.86x	>1.50x
4. Debt Service Cover Ratio	1.55x	10.95x	16.72x	>2.0x
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	22.04%	19.83%	11.55%	<10.0%
6. Cash Expense Cover Ratio (months)	17.26 months	11.90 months	49.91 months	>3.0 months

1. Operating Performance Ratio measures the extent to which council has contained operating exp within operating revenue.
Noting capital grants & contributions are excluded. General Fund has fallen short on the >0% benchmark for both FY24 (7.73%) & FY25 (18.55%).

2. Own Source Operating Revenue Ratio measures the degree of reliance on external funding sources such as operating grants.
General Fund has fallen short on >60% benchmark. 32.50% (LY:33.38%)

3. Unrestricted Current Ratio measures a council's ability to meet short-term obligations as they fall due, excluding cash allocated to specific projects which is restricted. The >1.5x benchmark has been achieved again this year.

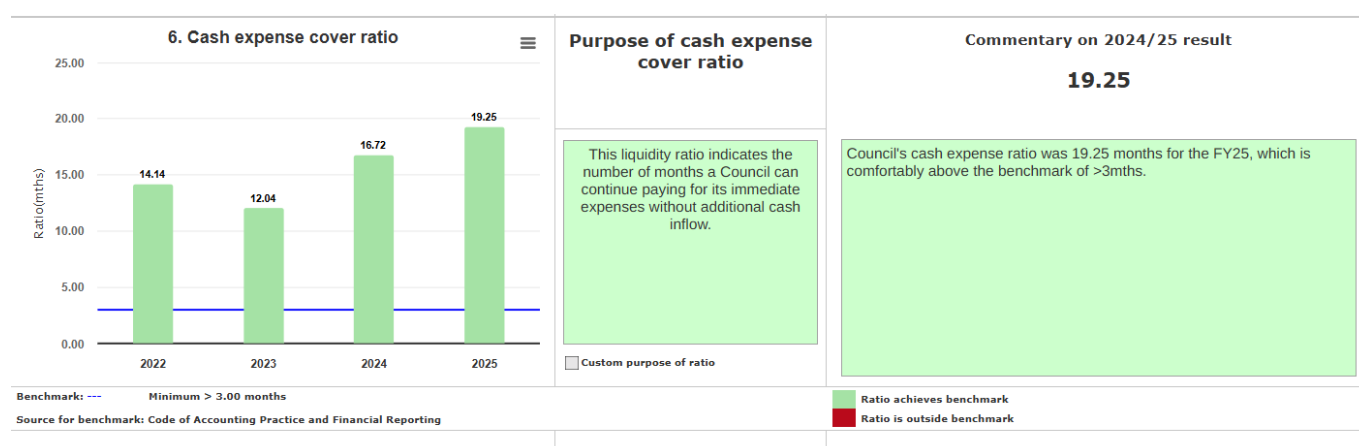
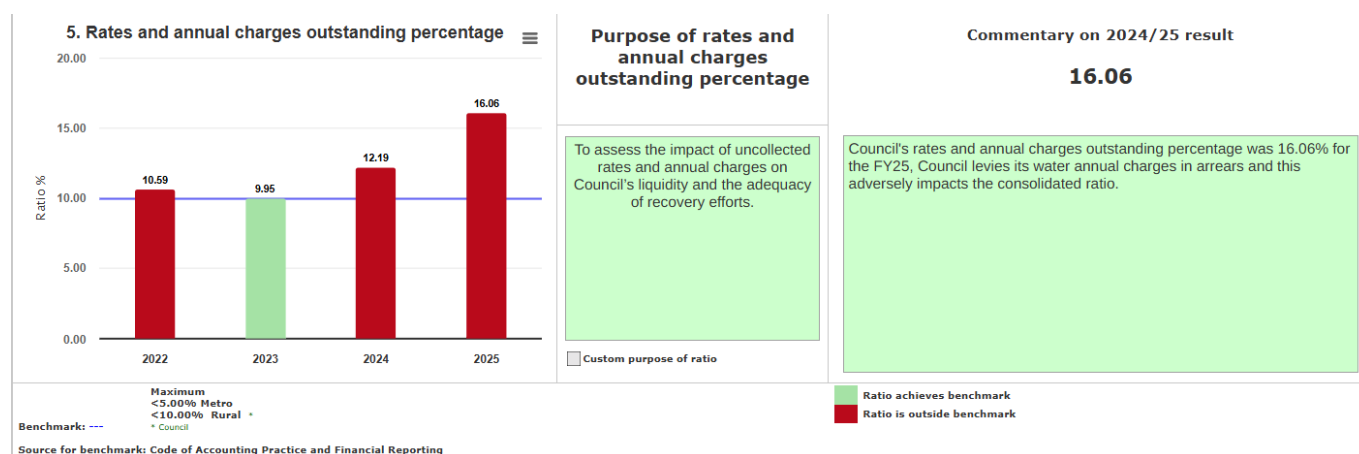
4. Debt Service Cover Ratio measures the availability of operating cash to service debt including interest, principal and lease payments. Above the benchmark both years.

5. Rates, Annual Charges, Interest & Extra Charges Outstanding measures the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts. The <10% benchmark is not being currently achieved due to the armistice in place with some ratepayers as a result of the disaster events.

6. Cash Expense Cover Ratio measures the number of months a council can continue paying for its immediate expenses without additional cash inflow.
The >3.0 months has been achieved again this year.

The following is a summary of the performance measures for 2022 to 2025 on a consolidated basis:

<p>1. Operating performance ratio</p> <p>Benchmark: --- Minimum > 0.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p> <p><input type="checkbox"/> Custom purpose of ratio</p>	<p>Commentary on 2024/25 result</p> <p>-11.09</p> <p>Councils operating performance ratio was (11.09%) for the FY25 year. Although this is a downwards trend YoY, the long term financial sustainability project will ensure the ratio returns to 'green' over the coming years.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p>2. Own source operating revenue ratio</p> <p>Benchmark: --- Minimum > 60.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting</p>	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p> <p><input type="checkbox"/> Custom purpose of ratio</p>	<p>Commentary on 2024/25 result</p> <p>40.77</p> <p>Council's own source operating revenue ratio was 40.77% for the FY25, which is relatively consistent with prior years but below the benchmark of >60%. This metric still remains adversely impacted by significant levels of natural disaster funding and other grants following the Feb 22 flood event. Management expects this ratio to return to >60% once restoration works have been completed.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p>3. Unrestricted current ratio</p> <p>Benchmark: --- Minimum > 1.50x</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting</p>	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p> <p><input type="checkbox"/> Custom purpose of ratio</p>	<p>Commentary on 2024/25 result</p> <p>3.41</p> <p>Councils unrestricted current ratio was 3.41 times for FY25 and remains above the benchmark of 1.5 times.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p>4. Debt service cover ratio</p> <p>Benchmark: --- Minimum > 2.00x</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting</p>	<p>Purpose of debt service cover ratio</p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p> <p><input type="checkbox"/> Custom purpose of ratio</p>	<p>Commentary on 2024/25 result</p> <p>2.99</p> <p>Councils debt service ratio was 2.99 times for FY25 which is marginally above the benchmark of >2x</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>



Council is above the benchmark for 3 of the six ratios and outside for the remaining 3 ratios.

12. Return on capital

The following table provides a summary of the return on capital for Council's business activities for 2024/25 and 2023/24. (Note unfavourable to the OLG benchmark is shown in red).

Business Unit	Return on capital. % 2024-2025	Return on capital. % 2023-2024
Water	0.10%	0.20%
Wastewater	1.00%	1.00%
NRQ&A	11.50%	-24.80%
Waste Disposal	-13.20%	-16.50%
Lismore Crematorium	-22.60%	2.90%
GSAC – Gymnasium	N/A	N/A
GSAC – Swimsations	N/A	N/A

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

The Return on Capital is calculated by taking Operating Income less borrowing costs divided by Infrastructure IPPE for each business unit.

13. Special Purpose Financial Statements

Business Activities

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

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

Subsidy from Council – competitive neutrality

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

Subsidy from Council

Council is deemed to have made a subsidy to a business activity if the capital return is less than the 'risk free rate'. The risk-free rate is equivalent to the 10 Year Government Bond Rate applicable as at 30 June each year. For 30 June 2025, the rate was 4.16%.

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

Business Unit	\$'000	Business Unit	\$'000
Water	7,794	Waste Disposal	2,087
Sewer	10,680	Lismore Crematorium	110
Northern Rivers Quarry & Asphalt	0	GSAC – Gymnasium	96
GSAC – Swimsations	329		

The table summarises the calculated subsidies applicable to the 7 business areas across council

6. Special Schedules

Infrastructure Asset Performance Indicators

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

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

The following is a summary of the performance measures for 2022 to 2025:

<p>Buildings and infrastructure renewals ratio</p> <p>Benchmark: --- Minimum > 100.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting</p>	<p>Purpose of buildings and infrastructure renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p> <p>Custom purpose of ratio</p>	<p>Commentary on 2024/25 result</p> <p>316.15</p> <p>Council's building & infrastructure renewals ratio was 316.15% (192.19% LY) which is well above the benchmark of 100%. This ratio is still being favourably impacted by flood restoration works.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p>Infrastructure backlog ratio</p> <p>Benchmark: --- Maximum < 2.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p> <p>Custom purpose of ratio</p>	<p>Commentary on 2024/25 result</p> <p>8.69</p> <p>Council's infrastructure backlog ratio was 8.69% (8.47% LY) for the financial year, which is consistent with the prior year. Council continues to work towards reducing the infrastructure back log through the development of asset management plans and increased funding allocations.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p>Infrastructure backlog ratio</p> <p>Benchmark: --- Maximum < 2.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p> <p>Custom purpose of ratio</p>	<p>Commentary on 2024/25 result</p> <p>8.69</p> <p>Council's infrastructure backlog ratio was 8.69% (8.47% LY) for the financial year, which is consistent with the prior year. Council continues to work towards reducing the infrastructure back log through the development of asset management plans and increased funding allocations.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p>Asset maintenance ratio</p> <p>Benchmark: --- Minimum > 100.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting</p>	<p>Purpose of asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p> <p>Custom purpose of ratio</p>	<p>Commentary on 2024/25 result</p> <p>121.35</p> <p>Council's Asset maintenance ratio was 121.35% (121.84% LY) which was consistent with last year. The ratio suggests council is investing sufficient funds towards its buildings and infrastructure assets.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>

Comments

Finance

Contained within the statutory accounts presentation.

Public consultation

Section 418 of the *Local Government Act 1993* requires Council, upon receiving the audit report, to give at least 7 days public notice of the meeting at which it proposes to present its Audited Financial Statements together with the Audit Report to the public. The Audited Financial Statements for the year ended 30 June 2025 will be advertised in accordance with requirements and presented to the public at Council's 27 November 2024 meeting.

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

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

Attachment/s

1. [LCC Annual Financial Statements 2025](#) (Over 7 pages)

Report

Subject	2024/2025 Annual Report
TRIM Record No	BP25/728:EF25/103
Prepared by	Coordinator Corporate Planning & Reporting
Reason	To provide Council with a copy of the 2024-2025 Annual Report for endorsement.
Strategic Theme	Leadership
Strategy	Ensure effective governance, advocacy, engagement and partnerships with a focus on long-term financial sustainability
Action	Provide responsible, transparent and accountable leadership with sustainable management of Council finances, assets, risks and human resources

Executive Summary

The *Local Government Act 1993* requires that within five months after the end of the financial year, Council must prepare a report outlining its achievements and effectiveness in implementing its Delivery Program during the previous year.

The report must be endorsed by Council and published on the Council website and provided to the Minister for Local Government by 30 November 2025.

Recommendation

That the:

1. 2024/2025 Annual Report be received and endorsed
2. report be published to the Lismore City Council website and be provided to the Minister for Local Government by 30 November 2025
3. audited financial statements for 2024/2025 and the Internal Audit and Risk Management Attestation Statement for 2024/2025 be appended to the report prior to publication and provision to the Minister for Local Government.

Background

The *Local Government Act 1993* Section 428 requires council prepare an Annual Report within five months of the end of financial year. The purpose of the report is to provide a review of the achievements in implementing the Delivery Program and the Operational Plan during the year being reported on.

The Annual Report forms part of the Integrated Planning & Reporting (IP&R) Framework and addresses Council's performance across the quadruple bottom line – social, environmental, economic and civic leadership – and serves as a key point of accountability between council and the community. The report must contain the council's audited financial statements and statutory information as specified in the *Local Government (General) Regulation 2021* Section 217. Commencing in 2025, the report must also contain a copy of the Internal Audit and Risk Management Attestation Statement signed by the General Manager to comply with the *Local Government (General) Regulation 2021* Section 216T.

The 2024/2025 Annual Report has been prepared in line with the Office of Local Government's (OLG) IP&R guidelines and handbook. The IPR guidelines and handbook (2021) require Council endorsement

of the Annual Report. The Annual Report must be endorsed and published to Council's website by 30 November 2025 and the Minister for Local Government notified.

The audited financial statements for 2024/2025 will be attached to the Annual Report as an appendix on Council's website once they have been endorsed by Council.

The Internal Audit and Risk Management Attestation Statement for 2024/2025 will be attached to the Annual Report as an appendix on Council's website.

The Community Finance Report section has not been included in this Annual Report due to the extension of the audited financial statements due date, resulting in the relevant content not being received in time for design and desktop publishing. It is worth noting that the Community Finance Report is not a statutory requirement, and all the information contained therein can be found in the audited financial statements.

Comments

Finance

The 2024/2025 audited financial statements will be presented to Council on a separate business paper.

Other officer comments

This is in accordance with Section 428(5) of the *Local Government Act 1993* and the existing Integrated Planning Framework suite of plans.



Public consultation

The 2024/2025 Annual Report will be published on the Lismore City Council website by 30 November 2025.

Conclusion

The 2024/2025 Annual Report, the final Annual Report from the Imagine Lismore Community Strategic Plan 2022 – 2032, is attached for Council endorsement and subsequent publication.

Attachment/s

1.  2024 - 2025 Annual Report (Over 7 pages)
2.  2024/2025 Attestation

Internal audit and risk management attestation statement for the 2024-2025 financial year for Lismore City Council

I am of the opinion that Lismore City Council has an audit, risk and improvement committee, risk management framework and internal audit function that operate in compliance with the following requirements except as may be otherwise provided below:

Audit, risk and improvement committee

	Requirement	Compliance
1.	Lismore City Council has appointed an audit, risk and improvement committee that comprises of an independent chairperson and at least two independent members (section 428A of the <i>Local Government Act 1993</i> , section 216C of the <i>Local Government (General) Regulation 2021</i>).	Compliant
2.	The chairperson and all members of Lismore City Council's audit, risk and improvement committee meet the relevant independence and eligibility criteria prescribed under the <i>Local Government (General) Regulation 2021</i> and have not exceeded the membership term limits prescribed under the Regulation (sections 216D, 216E, 216F, 216G of the <i>Local Government (General) Regulation 2021</i>).	Compliant
3.	Lismore City Council has adopted terms of reference for its audit, risk and improvement committee that are informed by the model terms of reference approved by the Departmental Chief Executive of the Office of Local Government and the committee operates in accordance with the terms of reference (section 216K of the <i>Local Government (General) Regulation 2021</i>).	Compliant
4.	Lismore City Council provides the audit, risk and improvement committee with direct and unrestricted access to the General Manager and other senior management and the information and resources necessary to exercise its functions (section 216L of the <i>Local Government (General) Regulation 2021</i>).	Compliant
5.	Lismore City Council's audit, risk and improvement committee exercises its functions in accordance with a four-year strategic work plan that has been endorsed by the governing body and an annual work plan that has been developed in consultation with the governing body and senior management (Core requirement 1 of the Office of Local Government's <i>Guidelines for Risk Management and Internal Audit for Local Government in NSW</i>).	Compliant

6.	Lismore City Council's audit, risk and improvement committee provides the governing body with an annual assessment each year, and a strategic assessment each council term of the matters listed in section 428A of the <i>Local Government Act 1993</i> reviewed during that term (Core requirement 1 of the Office of Local Government's <i>Guidelines for Risk Management and Internal Audit for Local Government in NSW</i>).	Strategic Assessment not due until 2028
7.	The governing body of Lismore City Council reviews the effectiveness of the audit, risk and improvement committee at least once each council term (Core requirement 1 of the Office of Local Government's <i>Guidelines for Risk Management and Internal Audit for Local Government in NSW</i>).	Not due until 2028

Membership

The chairperson and membership of the audit, risk and improvement committee are:

Chairperson	Stephen Coates	12/12/2018	11/12/2026
Independent member	Glenn Mullins	09/11/2021	8/11/2029
Independent member	Andrew MacLeod	23/03/2021	22/03/2029
Councillor member	Andrew Bing	15/10/2024	September 2028

Risk Management

	Requirement	Compliance
8.	Lismore City Council has adopted a risk management framework that is consistent with current Australian risk management standard and that is appropriate for the council's risks (section 216S of the <i>Local Government (General) Regulation 2021</i>).	Non-Compliant
9.	Lismore City Council's audit, risk and improvement committee reviews the implementation of its risk management framework and provides a strategic assessment of its effectiveness to the governing body each council term (section 216S of the <i>Local Government (General) Regulation 2021</i>).	Strategic assessment due 2028

Internal Audit

	Requirement	Compliance
10.	Lismore City Council has an internal audit function that reviews the council's operations and risk management and control activities (section 216O of the <i>Local Government (General) Regulation 2021</i>).	Compliant
11.	Lismore City Council's internal audit function reports to the audit, risk and improvement committee on internal audit matters (sections 216M, 216P and 216R of the <i>Local Government (General) Regulation 2021</i>).	Compliant

	Requirement	Compliance
12.	Lismore City Council's internal audit function is independent and internal audit activities are not subject to direction by the council. (section 216P of the <i>Local Government (General) Regulation 2021</i>).	Compliant
13.	Lismore City Council has adopted an internal audit charter that is informed by the model internal audit charter approved by the Departmental Chief Executive of the Office of Local Government and the internal audit function operates in accordance with the charter (section 216O of the <i>Local Government (General) Regulation 2021</i>).	Compliant
14.	Lismore City Council has appointed a member of staff to direct and coordinate internal audit activities or is part of a shared arrangement where a participating council has appointed a staff member to direct and coordinate internal audit activities for all participating councils (section 216P of the <i>Local Government (General) Regulation 2021</i>).	Compliant -
15.	Internal audit activities are conducted in accordance with the International Professional Practices Framework (Core requirement 3 of the Office of Local Government's <i>Guidelines for Risk Management and Internal Audit for Local Government in NSW</i>).	-Compliant
16.	Lismore City Council provides the internal audit function with direct and unrestricted access to staff, the audit, risk and improvement committee, and the information and resources necessary to undertake internal audit activities (section 216P of the <i>Local Government (General) Regulation 2021</i>).	-Compliant
17.	Lismore City Council's internal audit function undertakes internal audit activities in accordance with a four-year strategic work plan that has been endorsed by the governing body and an annual work plan that has been developed in consultation with the governing body and senior management (Core requirement 3 of the Office of Local Government's <i>Guidelines for Risk Management and Internal Audit for Local Government in NSW</i>).	-Compliant
18.	Lismore City Council's audit, risk and improvement committee reviews the effectiveness of the internal audit function and reports the outcome of the review to the governing body each council term (section 216R of the <i>Local Government (General) Regulation 2021</i>).	-Due 2028

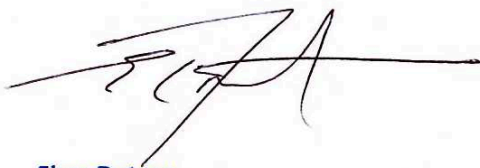
Non-compliance with the *Local Government (General) Regulation 2021*

I advise that Lismore City Council has not complied with the following requirements prescribed under the *Local Government (General) Regulation 2021* with respect to the operation of its risk management processes]:

Non-compliance	Reason	Alternative measures being implemented	How the alternative measures achieve equivalent outcomes
8. Risk Management	LCC has developed a Risk Framework that applies the principles of ISO31000 the current Australian risk management standard but further work is required to embed and systemise the implementation of the approved Risk Management Plan.	<ul style="list-style-type: none"> • Principles: LCC has developed a set of fundamental principles that define the characteristics of effective risk management, such as being integrated into organisational activities, providing a systematic approach, and being dynamic and responsive to change. • Framework: A plan exists to develop a formalised system to integrate risk management into the overall governance and operations of the organisation, involving design, implementation, integration, evaluation, and improvement of risk management practices throughout all business units. • Process: A structured, iterative process plan is under development that will involve a cycle of activities to manage risk, including communication, consultation, training, establishing consistent formats for the scope, context, and criteria, risk assessment (identification, analysis, 	LCC has now been successful in recruiting a Risk Officer who will lead the integration and interpretation of the Risk Framework for use throughout the organisation and develop reporting and systems to ensure consistency and contextualisation to all workers and leaders.

		and evaluation), risk treatment, monitoring, and review	
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These processes, including the alternative measures implemented, demonstrate that Lismore City Council has established and maintained frameworks, systems, processes and procedures for appropriately managing audit and risk within Lismore City Council.



Eber Butron
 General Manager
 11 November 2025