

OUR PLACE OUR FUTURE

Long Term Financial Plan
2022-2032

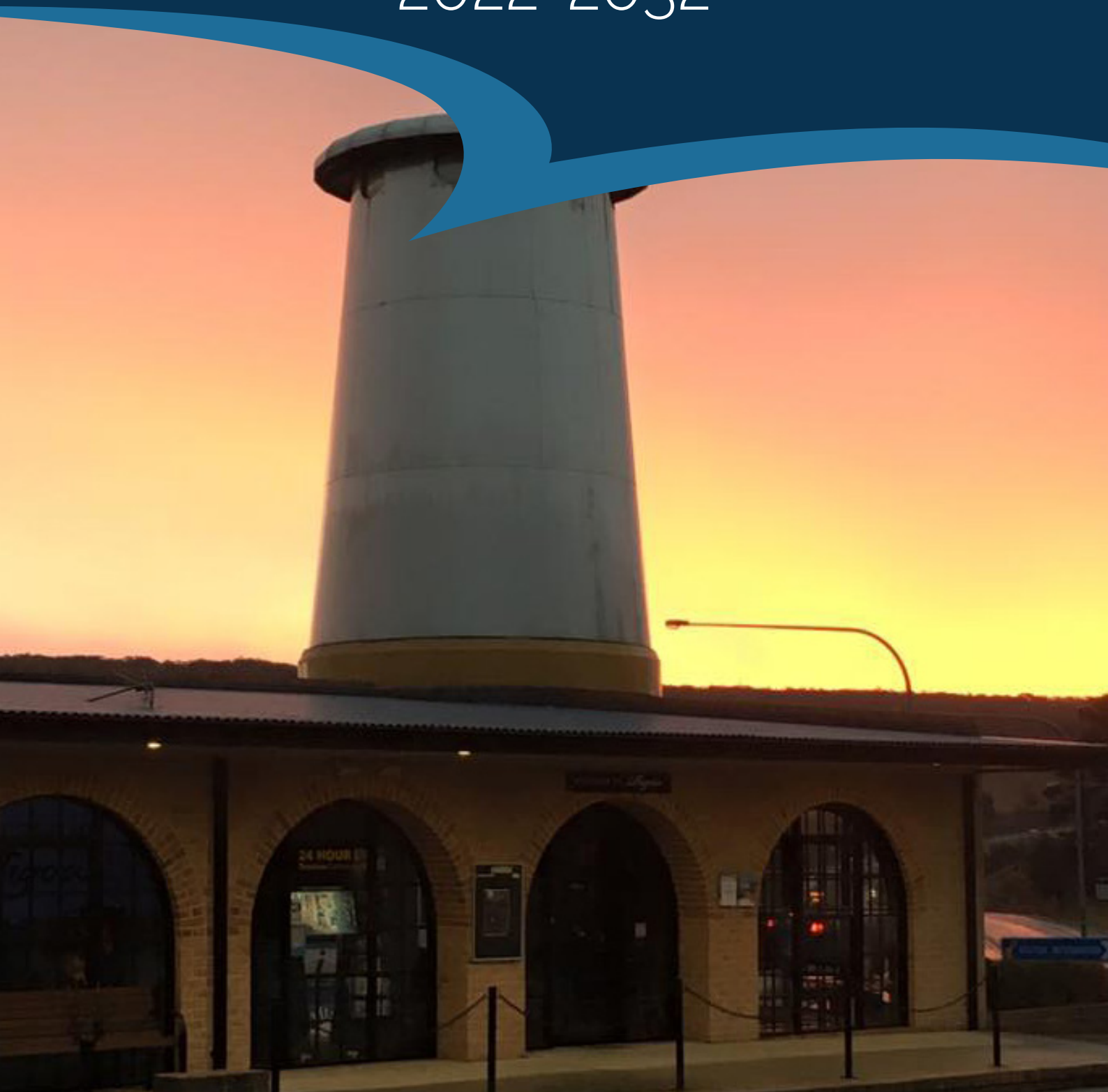


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1. Foreword

Message from Councillor Maree Statham Mayor



I am pleased to present to you the 2022-2032 Long Term Financial Plan (LTFP) update.

The LTFP helps guide the Council to ensure that our community's vision for the future of the Lithgow Region is achieved in a financially suitable way.

Lithgow LGA, like many other areas across NSW, has witnessed immense challenges over the last few years, including drought, fires, floods, and the COVID-19 pandemic. In developing the LTFP, Council needed to be mindful of these and other external factors which will impact Council's long term financial sustainability.

Over the last 30 years, Councils have been subject to rate pegging, cost shifting and a reduction in the levels of financial assistance funding received from the Australian Government. This has constrained their ability to deliver services within their means. This has been particularly challenging more recently, as we have seen the cost of many of Council's major inputs rise significantly, including fuel, electricity, gas and employee costs. In addition, income from interest on Council's reserves has been severely depleted due to record low interest rates. Council also has a backlog of asset maintenance and renewal. Council has traditionally addressed these challenges through the identification of cost savings and efficiencies. The Council has been briefed by the Council's administration that we have now reached a point where Council must take a decision about either increasing its revenue to maintain current levels of service or reducing service levels.

Planning for Council's future financial sustainability will involve extensive community consultation over the next six to twelve months. Council's aim is to place our community in the best possible position to take advantage of and create new economic opportunities.

To make the most of these new opportunities, we need to ensure that we have a financially sustainable Council to build and maintain new infrastructure and to support new industries whilst ensuring the liveability of the Lithgow LGA for current and future residents. As custodians of this LTFP, Council has mapped different financial scenarios to fund the community's vision for the future of the Lithgow area.

Whilst there is no denying that we are living in challenging times, there are many reasons for optimism for the future. To realise our potential, we will have to embrace change and, in some cases, make difficult decisions. This is not easy and requires strong leadership from all levels of government and industry.

Our community is strong and resilient, and I judge it to be ready for necessary change.. Let's build on this to create a stronger, brighter future together.

Message from the General Manager Mr Craig Butler

The Long Term Financial Plan (LTFP) is a 10-year rolling plan that informs decision-making and ensures the community's vision, objectives and needs can be resourced and funded

This LTFP supports Council in:

- Leading the change required for a community and economy in transition;
- Initiating opportunities for future income and economic growth; and
- Maintaining and renewing the infrastructure required for a sustainable future.

Over the last 10 years Council has consistently reported deficit operating results (before capital grants) in its financial statements. This has resulted in drawing down of internally restricted reserves and difficulty sustaining the required level of spending on asset maintenance and renewal. To a great extent, this has been caused by Council's revenue being significantly lower than for comparable Councils.

We are exposed to the same challenges as these other councils across NSW - rate pegging, ageing assets, under-investment and cost shifting from other levels of government. In addition to this, there has been a significant fall in interest income due to record low interest rates and lower reserve balances. At the same time, costs are rising with higher inflation.

The city's future and the performance of the Council are intrinsically linked. The Council needs the capacity to innovate, pursue more productivity and prepare the city for the future. The abovementioned internal and external factors mean that we need to act now to ensure Council can achieve these things. This view has been supported by the Council's Audit, Risk and Improvement Committee's independent experts.

In June 2022, Council adopted a 2022-2032 LTFP which was regarded as interim. The interim LTFP satisfied the timelines for development of an LTFP and included a scenario which sees Council achieve financial sustainability. At that point in time, the detail of the approach to sustainability was yet to be determined and approved by Council.

In July 2022, Council resolved to commence community engagement on two options for a sustainable Lithgow. The LTFP update includes the two options as Scenarios 2 and 3 (detailed in Section 9 of this document). A summary of the LTFP update scenarios is provided below:

- **Scenario 1** – Base case – a “do nothing approach” which would see Council in an unsustainable financial position,
- **Scenario 2** - Service Levels Reduced – to implement this scenario, Council will need to undertake a comprehensive review of its services and present a plan to the community for a reduction in levels of service, and
- **Scenario 3** – Service Levels Maintained – Council would apply for a permanent increase in general rate income (a Special Rate Variation) above the peg rate set by IPART. The addition of \$6 million to Council's annual general revenues equates to a 44.5% overall increase in rates (including assumed rate peg of 2.5%). Great care has been taken to distribute the rating as fairly as possible amongst the various rating categories, and as a result the impact on residential rating under this proposal would typically be 26.5% (including expected rate peg).

Council has commenced a process of engaging in a conversation with our community on future levels of service that are both affordable and acceptable, as, like everyone, Council must live within its means.

The LTFP is updated annually in response to changes in the financial environment and community expectations. The document is placed on public exhibition as part of the Integrated Planning and Reporting process. Council invites the community to make comment and ask questions on any aspect of our financial strategy.

2. Introduction

The Long Term Financial Plan (LTFP) 2022-2032 is a 10-year rolling plan that informs decision-making and demonstrates how the objectives of the Community Strategic Plan and commitments of the Delivery Program and Operational Plan will be resourced and funded.

The LTFP is projected from Council's original 2022/23 budget, which is the base year of the LTFP. Future years in the LTFP rely upon on a range of assumptions used to project future revenue and expenditure. In addition to revenue and expenditure forecasts, the LTFP also includes a projection of Council's balance sheet and cash flow.

The primary purpose of the model is to assist in long term decision making regarding the prioritisation of the services delivered by Council and what assets and financial resources are required to provide those services. The model serves as a guide to Council's future financial position. However, the projections contained in the LTFP are subject to change due to a variety of external factors as well as major decisions made by Council. It is necessary to regularly review and monitor a variety of factors and if necessary, revise the projections contained in Council's LTFP.

Key points of the plan

In recent years, Council's across NSW have faced enormous challenges such as drought, floods, a transition to a net zero emissions economy, a global pandemic, cost shifting from other levels of government and changes in the geopolitical landscape which have pushed the prices of goods and services upwards.

This Long Term Financial Plan supports Council in addressing the following challenges:

- Leading the change required to support a community and economy in transition;
- Initiating opportunities for future income and economic growth; and
- To source revenue to maintain and renew the infrastructure required for a sustainable future.

In particular, this plan models the financial implications of the Lithgow Community Strategic Plan and Delivery Program, along with the ability to maintain existing facilities and infrastructure based on a range of assumptions and known constraints.

As decisions are made, more detail is added to the LTFP. For example, as the council finalises its Delivery Program, the first four years of the LTFP will become firmer. As the Operational Plan is completed, the detailed budget will form the first year of the LTFP. The LTFP is reviewed and updated each year to check that key assumptions and estimates are current.

Purpose of the LTFP and its place in the IP&R process

The Long Term Financial Plan is one component of Council's Integrated Planning and Reporting (IP&R) Framework. It forms part of Council's Resourcing Strategy which underpins the Lithgow Community Strategic Plan, along with the Workforce Management Plan and Strategic Asset Management Plan.

These documents are all integral to Council's four-year Delivery Program and provide inputs and outputs for one another. The suite of documents should be viewed together as part of Council's overall strategy.

The LTFP provides a framework within which, Lithgow Council can assess its capacity to meet the Community's expected level of service.

The Plan will also aim to:

- ensure transparency and accountability of Council to the community;
- identify early any emerging financial issues in the short, medium and long term;
- take a wholistic approach to solving financial issues;
- establish the interconnectivity between strategic plans;
- understand the impact of some decisions on other plans, strategies; organisation and the community;
- help measure Council's level of success in implementing strategies & programs and;
- Confirm that Council can remain financially sustainable in the longer term.

Review cycle

The LTFP is reviewed annually as part of the IP&R ongoing monitoring and review process or may be updated in response to changes in plans, for example, secured grants for capital expenditure, unexpected expenditure on Council assets/ services or in response to external factors such as the recent pandemic or other external events.

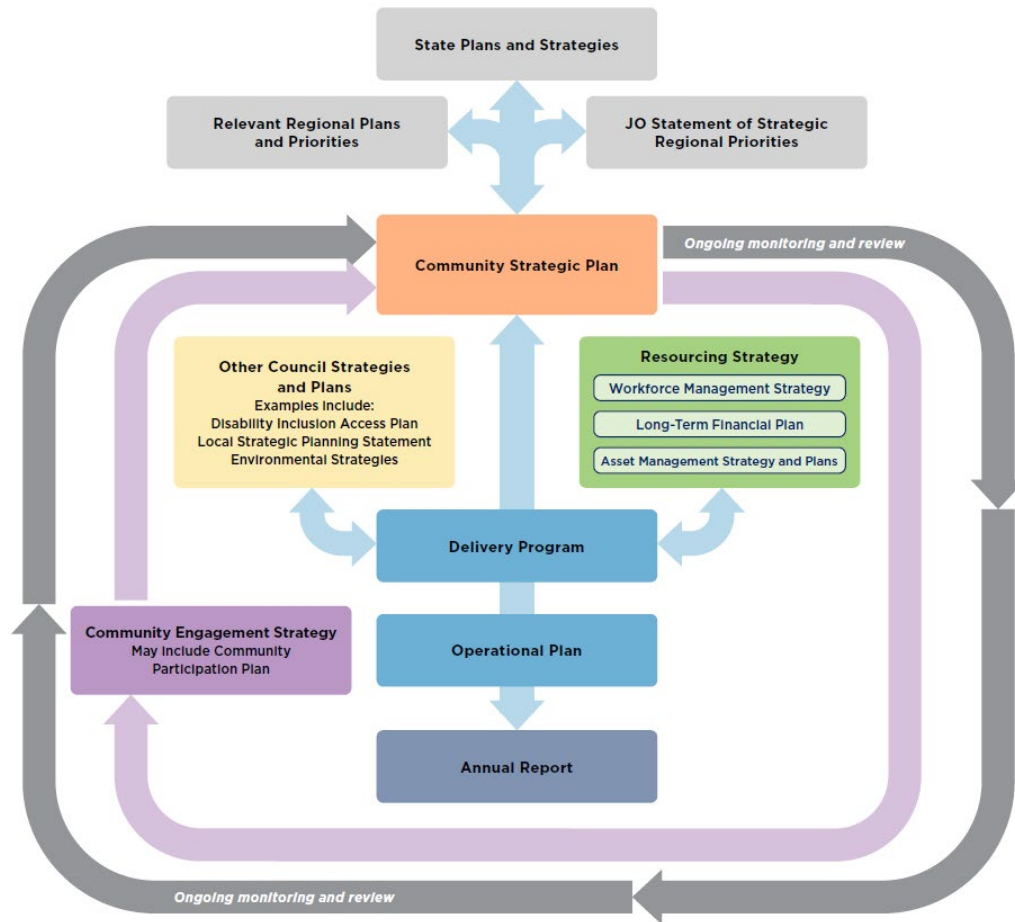


Figure 1 IP&R [Framework Integrated Planning Report Handbook](#) p5

How to read this plan

Councils are required to prepare a LTFP for a minimum of 10 years. The LTFP should be read in relation to the objectives of the Community Strategic Plan as well as the Delivery Plan, Operational Plan and Asset Management Plan. The LTFP evaluates revenue and expenses and is used to guide Council's future decision making, financial sustainability and to identify risks.

The LTFP has eleven main sections:

1. **Foreword:** From the Mayor and the General Manager introducing the community to the plan.
2. **Introduction:** Provides a brief explanation of how the LTFP sits within the IP&R framework.
3. **Context:** Discusses social, environmental and economic factors which may impact on the plan.
4. **Strategic Alignment:** How the LTFP supports the delivery of the suite of IP&R documents
5. **LTFP Assumptions:** Key assumptions such as service levels, population forecasts and anticipated regional economic growth and Council expenditure and major capital and revenue and expenses are detailed in this section.
6. **Council's Current financial position:** Overview of Council's current financial position.
7. **Risk Management:** Identifies risks and mitigation strategies.
8. **Sensitivity Analysis:** Details the impacts of various scenarios on Council's plans.
9. **Scenario Modelling:** Uses assumptions to model different scenarios and the impact that they will have on Council's General Fund, water fund and sewer fund.
10. **Performance Monitoring:** process of collecting, analysing and reporting data regarding the performance of an organisation to ensure that Council is achieving its objectives.
11. **Appendices:** has detailed financial statements for consolidated revenue, general fund, capital works as well as key performance indicators

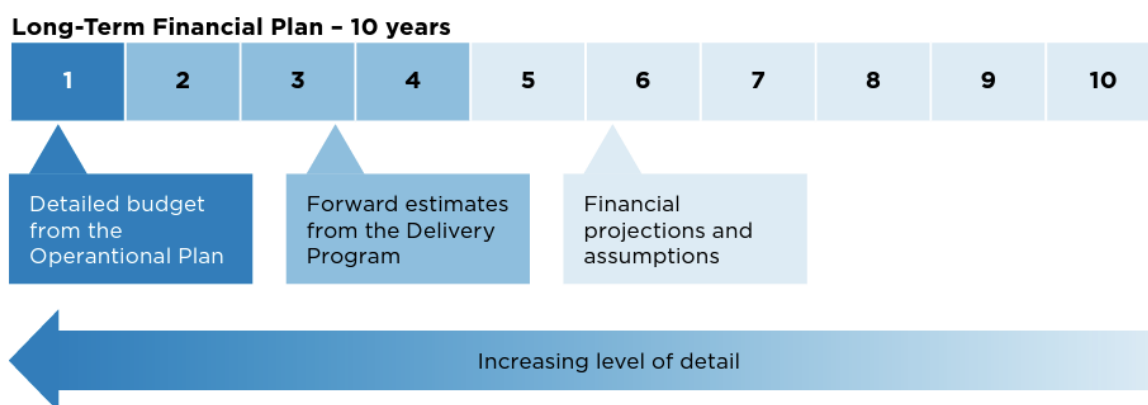


Figure 2. Long-term Financial Plan 10 years IP&R Handbook p37

3. Context

Overview of Lithgow City Local Government Area

The Lithgow local government area is located on the western ramparts of the Blue Mountains, 140 kilometres from Sydney. The Lithgow Local Government area totals 4,567 square kilometres from the Capertee and Wolgan Valleys in the north, Little Hartley in the east, Tarana in the south and Meadow Flat in the west.

The major urban centre of Lithgow nestles in a valley of that name, overlooked by the sandstone escarpments of the Blue Mountains.

In addition to the major urban centre of Lithgow, the Lithgow local government area has 12 villages/ hamlets with mining or farming backgrounds. These smaller centers have proven to be attractive rural residential areas, along with the broader rural areas.

The Lithgow LGA lies almost wholly within the Wiradjuri Aboriginal nation, with the Gundungurra nation situated to the south and the Dharug nation to the east.

Lithgow was previously perceived to be an inland mining and industrial centre, however, recent developments have seen Lithgow recognised as an important tourism destination, heritage centre and a desirable residential area.

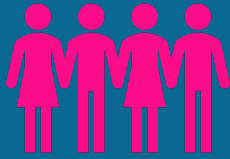
The Lithgow local government area includes World Heritage listed National Parks and State Forests, making Lithgow an important leisure destination for Sydney residents.

Lithgow has unlimited opportunities for outdoor activities such as bush walking, mountaineering, camping, orienteering, hang gliding, horse riding, off road 4wd, fishing, sailing and water skiing.



Hassans Walls (shutterstock)

Social Demographic



21,516 total population

45 Median Age

9.3% of residents were born overseas

11% of the population are older couples without children

22% of the population are couples with children

5.7% of residents are Aboriginal and Torres Strait Islander decent

9% of residents have a university qualification

27% households have a mortgage

\$987 median Weekly household income

23% households rent

\$324 median weekly mortgage repayment



Economic Statistics



\$1.62b Gross Regional Product

1,335 Local businesses

8,690 local jobs

3.9% unemployment

\$489m value add from mining to local economy

942 people employed in mining

\$67.4m generated by tourism and hospitality



Local Government assets and services / Council's role

Council is a responsible financial manager who delivers cost effective, equitable and efficient services and assets which reflect the community's needs and expectations and is guided by the long-term strategic plans and objectives identified in the Integrated Planning and Reporting Framework.

Lithgow City Council is structured into five Divisions:

- Executive
- People & Services
- Finance and Assets
- Water Wastewater and Waste
- Infrastructure Services.

Services Council provide include:

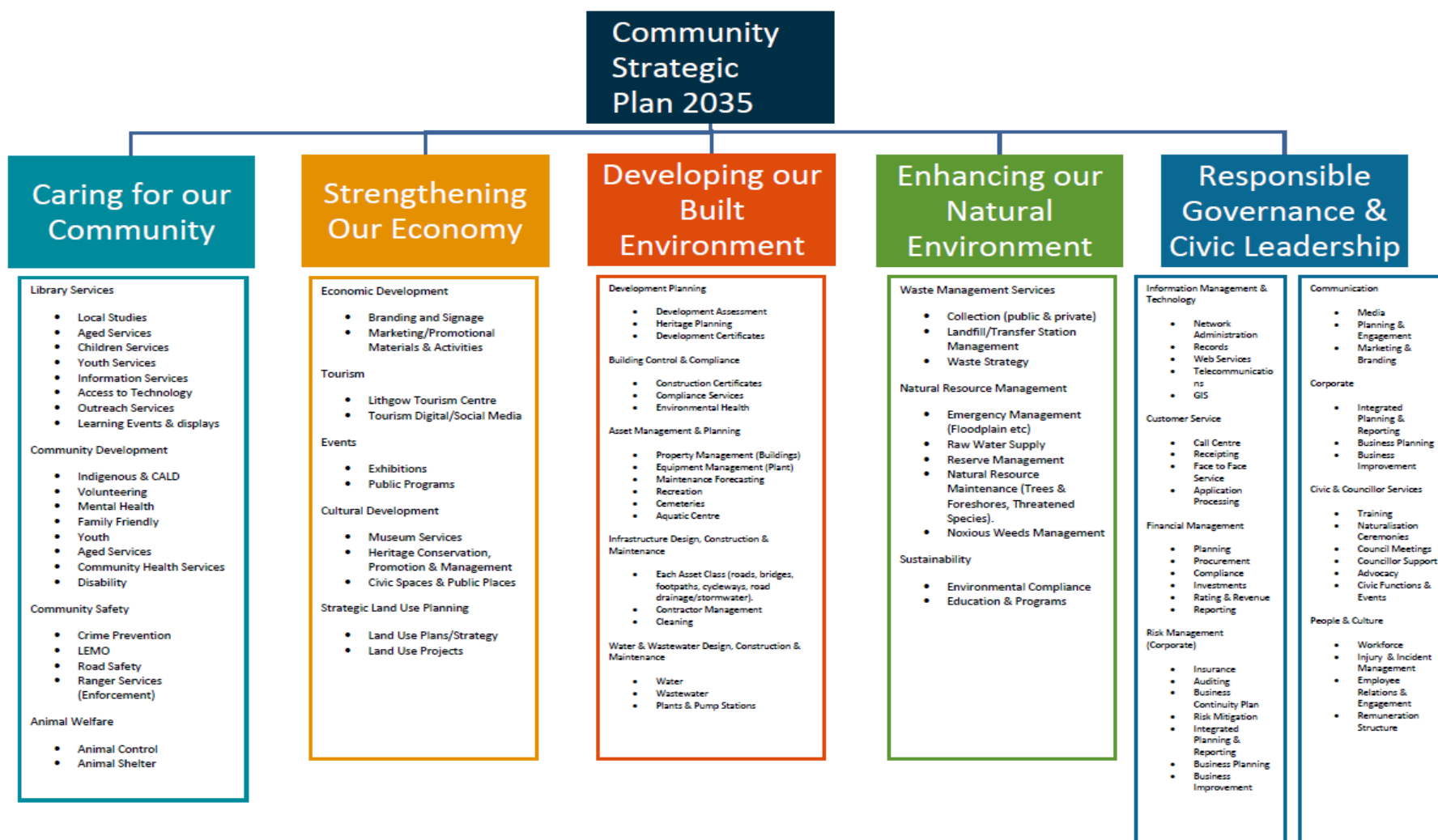
- Asset management
- Capital works
- Community and cultural development
- Development assessment
- Environmental health and building control
- Recreation and open space management
- Urban planning.

Our internal services include

- Customer services
- Finance and accounts
- Human resources and organisational development
- Risk management
- Information systems
- Document management
- Governance.

Council's service catalogue is illustrated below.

Service Catalogue – Based on the Community Strategic Plan 2035



Stakeholders / partners/ agencies

Council is a party to a number of partnerships and joint ventures – these include but are not limited to:

- **Western Sydney Regional of Council's (WSROC)** - An Organisation of councils for the sharing of knowledge, bulk procurement, and provision of human resources services such as training, promotion of the area and a driver for improvements to the region
- **Netwaste** - was established in 1995 to form a collaborative approach to waste and resource management. It has 26-member Council's overing 40% of the State. In addition to delivering waste service arrangements, it works collaborate with Council's on targeted waste projects and education programs.
- **State Library** - Provision of support service for the Lithgow Library Service.
- **Sydney Catchment Authority** - Council entered into an agreement for the ongoing costs for the UV Disinfection Units at the Lithgow and Wallerawang Sewerage Treatment Plants.
- **Voluntary Planning Agreements** Council has a Voluntary Planning Agreements (VPA) policy and it is expected there will be a growing number of VPAs in future years.

Financial issues/risks facing council

Financial Sustainability

Council has consistently reported deficit operating results (before capital grants) in its financial statements for the past 10 years. This has resulted in drawing down of internally restricted reserves and difficulty sustaining the required level of spending on asset maintenance and renewal.

In the past two years, there has been a significant fall in interest income due to record low interest rates and lower reserve balances, at the same time as rising costs and higher inflation.

Council needs to be mindful of setting service levels at a sustainable level. Council has commenced a process of engaging in a conversation with its community on how best we can achieve levels of service that are both affordable and acceptable, given the significant ongoing financial challenges.

Council's financial challenges have informed the LTFP and in simple terms can be expressed as:

- Fund the capital program with a focus on renewing existing assets, not building new assets; including consideration of whole of life costs of assets in decision making.
- Investment in our asset base at agreed service levels (which includes potential asset rationalisation to focus expenditure on priority community assets).
- General Fund expenses do not exceed income (living within our means).
- Active management of internally and externally restricted reserves.

Rate Peg

For over 30 years NSW councils have been subject to rate pegging. Rate pegging is the maximum percentage limit by which NSW councils may increase the total income they receive from rates. The rate pegging percentage is set each year by IPART.

For many years the NSW Local Government sector has objected to rate pegging due to the adverse effect it has on the financial sustainability of NSW councils. IPART, in its 2008 paper - Review of the Revenue Framework for Local Government found that over the period 1976/77 to 2006/07 taxation (i.e. rates) revenue grew more slowly in NSW than in the rest of Australia. Since rate pegging was introduced in NSW, rates revenue per capita for NSW councils increased by an average of 1.9% per annum, compared with 3.4% per annum for the rest of Australia. IPART has acknowledged that rate pegging has constrained the growth of NSW councils' rate revenue relative to councils in other states.

It has been Council's experience, that many of its major costs have increased at a higher level than rate pegging. Major examples of this include energy costs (fuel, electricity, gas), materials used in the construction and maintenance of Council's road and drainage networks and labour costs. In the past, Council has addressed this challenge through the ongoing identification of cost savings and efficiencies.

Cost Shifting

Cost shifting describes a situation where the responsibility for, or merely the costs of, providing a certain service, concession, asset or regulatory function are 'shifted' from a higher level of government on to a lower level of government without providing corresponding funding or the conferral of corresponding and adequate revenue-raising capacity. Local Government NSW's Cost Shifting Survey is conducted annually and seeks to establish the extent of cost shifting by the Australian and NSW Governments on to NSW Local Government.

The survey results confirm that cost shifting continues to place a significant burden on councils' financial situation. Despite the recognition of cost shifting and its adverse impacts on NSW local government, cost shifting remains at a high level (around 6 per cent of councils' total income before capital amounts).

Contributions to the Fire and Rescue NSW, NSW Rural Fire Services and NSW State Emergency Service, lack of adequate funding for public libraries and the failure to reimburse councils for mandatory pensioner rebates are major examples.

Asset Renewal Funding

A major ongoing challenge for the NSW Local Government sector is the need to provide adequate levels of funding for the maintenance and renewal of existing infrastructure. This has been previously highlighted in a number of studies, such as the 2006 Local Government and Shires Association's Independent Inquiry into the Financial Sustainability of NSW Local Government and the 2013 report released by NSW Treasury Corporation (TCorp) in regard to financial sustainability of all NSW councils. The TCorp review identified an infrastructure renewal backlog of \$7.2 billion across all NSW councils.

These studies have identified the need for NSW councils to significantly increase funding for the renewal of existing infrastructure. They have further identified that if funding is not

increased in the immediate term, then the infrastructure renewal backlog will continue to increase at a level which may become too great to address without serious ramifications on service delivery.

For Council, the infrastructure renewal backlog as at 30 June 2020 was \$9.5 million. Council is a custodian of infrastructure, property, plant and equipment assets that have a value of approximately \$580 million. Without adequate funding, effective maintenance and renewal of these assets to maximise their potential life cannot be achieved.

4. Strategic Alignment

The Community Strategic Plan is developed in consultations with the Lithgow community and outlines their wants, needs and aspirations. The Community Strategic plan is delivered through the Delivery Program and Operational Plans of Council.

The Resourcing Strategy, which includes the LTFP, is critical to ensuring that Council has the capability and capacity to deliver the services as planned. The LTFP aligns the delivery of services as outlined in the community expectations with the requirement for responsible management of Council's current and future financial sustainability.

The aim of the LTFP is to provide the Council with sound financial information upon which to make decisions. Decisions made by Council are reflected in the annual revision of the LTFP, as estimates of revenues, expenditures and capital investments are refined and become more accurate. As decisions are made, more detail can be added to the LTFP. For example, as Council finalises its Delivery Program, the first four years of the LTFP will become firmer. As the Operational Plan is completed, the detailed budget will form the first year of the LTFP.

The LTFP takes into account service planning reviews, with service managers identifying current levels of service, forecasting future service demand, identifying the asset requirements and estimating the future incomes and expenditure. Through service planning Council has a very good understanding of the risks and challenges to the future sustainability of the Council. This work continues to be refined as grant funding is secured for key infrastructure, internal asset data improves and the external operating environment changes (for example, as a result of the COVID-19 pandemic).

The following CSP focus areas are funded within the LTFP Sustainable Council scenario. Other CSP focus areas will require Council to advocate to other levels of government and/or to seek grant funding opportunities.

Caring for Our Community

- Housing and land availability & affordability (Lithgow Housing Strategy 2022/23)
- Support our community groups (annual Financial Assistance Program)
- Support and connect our communities - Develop 'The Seven Valleys' brand (destination marketing funding)
- Retain our rural and urban village identities and character (Village Improvement Program)

Strengthening our Economy

- Employment land availability (ongoing development of a Land Bank)
- Transition our economy
- Develop and implement the Lithgow Emerging Economy Program
- Develop 'The Seven Valleys' Brand (destination marketing funding)

Developing our Built Environment

- Roads and transport infrastructure (annual maintenance and renewal programs)
- Infrastructure upgrade/renewal (annual capital works program)
- Improve the appearance of towns & villages (Village Improvement Program)
- Recreation Precincts (annual programs)

Enhancing our Natural Environment

- Develop a Climate Change Strategy (2022/23)
- Tourism infrastructure that protects our natural environment (Hassans Walls Environmental Studies 2022/23)
- Implement the Floodplain Management Plan (ongoing)
- Waste & Recycling (Resource Recovery Centre operations funded from 2022/23)

Responsible Governance & Civic Leadership

- Financial sustainability (LTFP Scenario 3)
- Provision of timely, efficient and consistent quality customer service (Customer Service Review – recommendations implemented 2022/23)

5. LTFP Assumptions

The long-term financial model requires Council to identify all material items of revenue and expenditure and determine the external and internal influences which could significantly impact on Council's finances.

Service Levels

Council's service levels vary for each of three scenarios:

- Scenario 1 – **Base Case**: assumes rate increases limited to the rate peg and has been modelled to show “business as usual”. If Council were to maintain current service levels with rate peg increases only, Council would not be financially sustainable.
- Scenario 2 - **Service Levels Reduced** – to implement this scenario, Council will need to undertake a comprehensive review of its services and present a plan to the community for a reduction in levels of service, and
- Scenario 3 – **Service Levels Maintained** – Council would apply for a permanent increase in general rate income (a Special Rate Variation) above the peg rate set by IPART. The addition of \$6 million to Council's annual general revenues equates to a 44.5% overall increase in rates (including assumed rate peg of 2.5%).

Further details of Council's scenarios are provided in Section 9 Scenario Modelling.

The LTFP will be reviewed as required when the type of service or service levels are varied by Council in reflection of community needs and priorities. In such cases, the capacity of the Council to fund these services will be assessed against the financial policy framework provided in the LTFP.

Under recent amendments to the Local Government Act, all councils are required to review their services as part of good management practice.

Population forecasts

As recorded in the 2021 ABS census, the usual resident population of the Lithgow Local Government Area (LGA) was 20,842, living in 10,238 dwellings with an average household size of 2.25.

From 2016 to 2021, Lithgow's population declined by 248 residents or approx.. 1%.

Council believes that through proactive leadership, Lithgow's population will grow at 0.89% p.a., reaching 25,500 residents by 2040.

This is in contrast to the NSW Department of Planning and Environment (DPE) population projections 2019 which predicts a 4% population decline in the years to 2041; a common trend shared with other regional LGA's.

In this LTFP, using the conservative estimates, no allowance has been made for additional rate revenues for Council as a result of population growth.

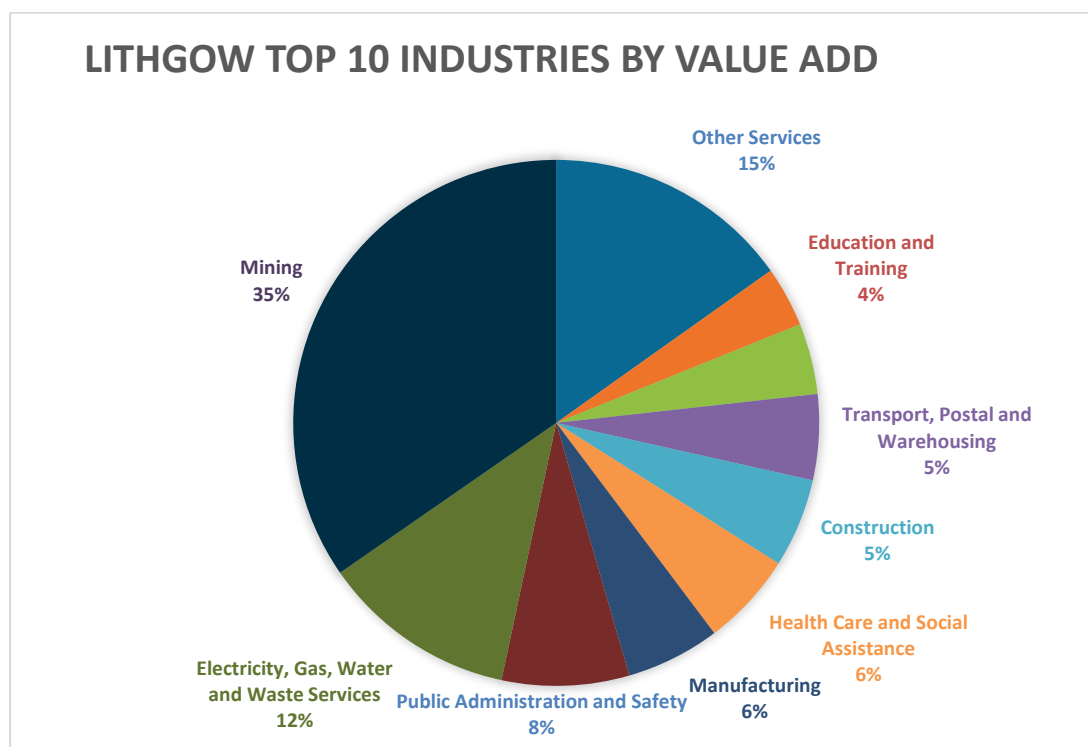
Council faces a degree of uncertainty in terms of its ongoing rate revenues over the life of the plan. It is for this reason that no major charges (including an allowance for rating base growth) have been included at this stage.



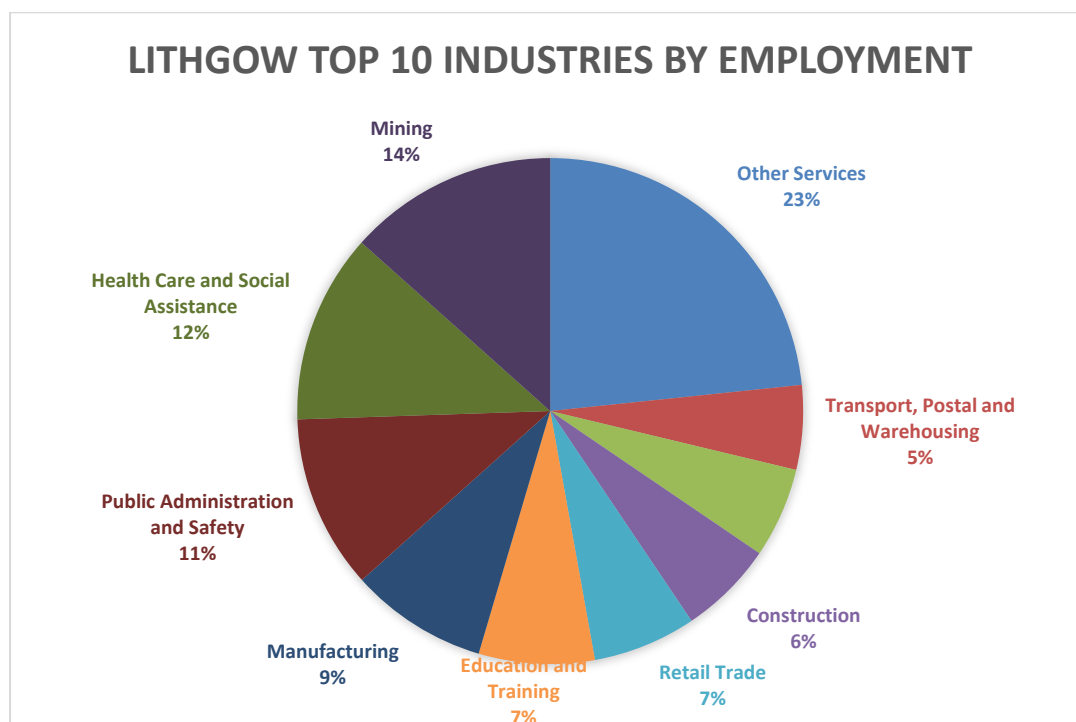
Ariel view of Lithgow - shutterstock

Anticipated levels of local economic growth

Lithgow City Council Region has a gross regional product which is estimated at \$1.62 billion. Mining is Lithgow's largest industry by value. Lithgow's top ten industries by value add is listed below



Lithgow top 10 Industries by Value add (Source: National Institute of Economic and Industry Research (NIEIR) ©2021. Compiled and presented in economy.id by.id)



Lithgow top 10 industries by employment (Source: National Institute of Economic and Industry Research (NIEIR)©2021. Compiled and presented in economy.id by.id)

The diagrams above show that Lithgow has a diverse thriving economy which showed an increase in GRP of 7.1% between 2020 and 2021, Lithgow also has very low unemployment at 3.3% as at Sept 2021 compared to NSW which was 5.5%. Housing prices in Lithgow have also increased significantly with the median house price rising 22% YoY to \$435,000 as at December 2021.

Lithgow is set to see major investment over the next few years including:

- Upgrade of the Great Western Highway between Katoomba and Lithgow, estimated value of \$4.53b and will create approximately over 30,000 jobs over 10 years.
- The development of the Fast Rail Western Corridor to assist commuters to Sydney.
- Expansion of Tourism assets in line with Destination Management Plan such as restoration of the Zig Zag railway.
- The proposed re development of Wallerawang Power Station into an eco-industrial business park including a \$400m 500MW battery.
- Completion of the Cullen Bullen Sewer Scheme (Council project).
- South Bowenfels Subdivision - Layout Design and Development Approval.
- Marrangaroo Urban Release area - the project area comprises 339.22ha of land within the Marrangaroo Urban Release Area (URA) and 54.85ha of IN1 zoned land (employment lands as mapped in Lithgow Local Environmental Plan 2014). Within the URA there is 41.22 ha of land zoned for B6 Business Corridor and 298 ha of land zoned R1 General Residential.
- Development of the Portland Foundations site into a regional centre for art, culture and events inclusive of a residential development.

Australian Government, NSW Government and regional economic forecasts

In the development of this document Council reviewed a number of Federal and State government strategies, policies and plans relating to regional economic growth (please see list below). Many of these strategies identify opportunities for regional Council's like Lithgow City – especially in a post pandemic world with people looking to “*work where they want to live*”

Lithgow is ideally placed to take advantage of new remote and hybrid work models. However, many strategies fall short in identifying the appropriate level social infrastructure needed to accommodate growth – this is usually because they have used population that Council does not believe accurately represents Lithgow's regional growth opportunities and, in many cases, will result in cost shifting to Council.

Council acknowledges that the landscape has changed over the last 5 years and external factors such as the pandemic, the geopolitical environment, climate change and net zero target will impact Council's long term financial position.

NSW GOVERNMENT STRATEGIC PLANS	
A 20 year Vision for Regional NSW	Premiers Priorities
Draft Central West and Orana Regional Transport Plan	Snowy Hydro Legacy Fund
Net Zero Plan Stage 1: 2020-2030	Common Planning Assumptions
Building Momentum State Infrastructure Strategy 2018-2038	DPIE Growing NSW's primary industries and land sector in a low carbon world
Draft Regional Water Strategy Lachlan	NSW Housing Strategy
Future Ready Regions Supporting drought resilient communities and economies	Draft Regional Water Strategy Macquarie-Castlereagh
NSW Hydrogen Strategy	NSW Minerals Strategy
Critical Minerals and High-Tech metals strategy NSW Government	Western Area Health – Strategic Plan 2020-2025
NSW Waste and Sustainable Materials Strategy 2041	Federal Government Plans
Lithgow Regional REDs 2018-2022	Australia's Critical Minerals Strategy
Recommendations of the Regional Housing Taskforce	CSIRO missions
Draft Central West and Orana Regional Plan 2041	2021 Australia Infrastructure Plan

Inflation Forecasts

Over the twelve months to the December 2021 quarter, the CPI rose 3.5%.

An annual increase of 2.5% for CPI has been incorporated in all scenarios of the LTFP for the 2023/24 year and future years. The rate peg, user fees and charges, other revenue, materials & contract and other costs have been increased year-on-year by the assumed CPI. Sensitivity analysis on a slightly higher (2.75%) annual CPI increase as well as a slightly lower (2%) annual CPI increase has been conducted.

Interest Rate Movements

Based on RBA indications, it is projected that official cash rate will increase to 2% over the 10 year term of the LTFP.

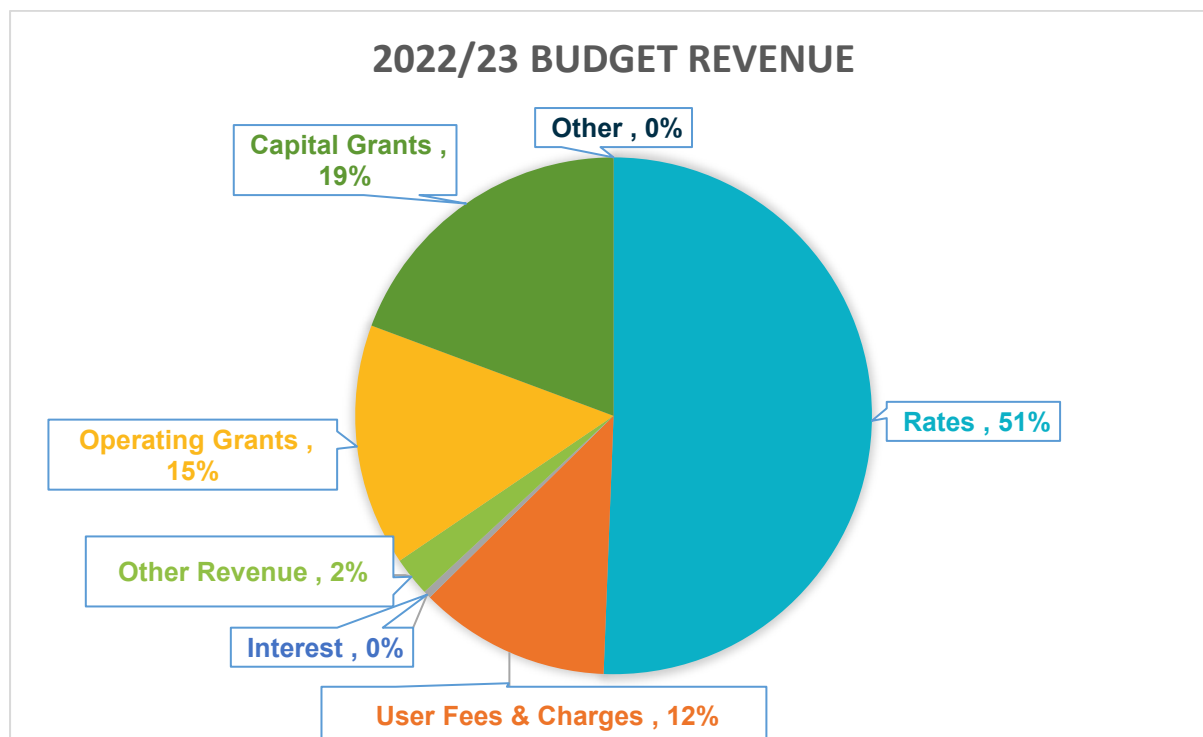
Major planned expenditure, such as capital works

Over the next ten years Council is planning the following major capital works:

- \$6m Cullen Bullen Sewer Scheme (grant & loan funded)
- \$2m Strategic Property Development (reserve funded)
- \$20m Oakey Part WTP Renewal (grants, reserve & loan funded)

Council's key focus will remain on the maintenance and renewal of existing infrastructure assets.

Revenue



Council has applied considered indices to future years' income and expenditure for modelling purposes. Below are the indices used.

Base Case Assumptions	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Rates and Charges									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User Fees and Chargers									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest and Investment Revenue									
Scenario 1	1.00%	1.00%	1.50%	1.50%	1.50%	1.50%	1.50%	2.00%	2.00%
Other Revenues									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating Grants and Contributions									
Scenario 1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Capital Grants and Contributions									
Scenario 1	Capital grants linked to the Capital Works Program								
Employee Costs									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Material and Contracts									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Expenses									
Scenario 1	2.50%	2.50%	2.05%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Rates and charges

Rates and annual charges account for a large portion of income in future years. Council relies on the annual rate pegging increase set by the Independent Pricing and Regulatory Tribunal (IPART). The Long Term Financial Plan assumes an annual increase of 2.5% for 2023/24 and the same for the remaining life of the plan. Indications are that the population of the Local Government Area will be ~~maintained~~ but with an ageing population base. Council will need to consider the write off of rate income due to pension rebates and as a result issues for rating as a revenue source. The issues may be:

- income from rates and annual charges including general rates from residential, business, farmland, rural and mining, waste, and ongoing special infrastructure rate levy is restricted by annual rate pegging; and
- The ageing population is likely to limit scope to raise income due to the populations' ability to pay and the fact that more pensioner rebates will be being processed resulting in lower rate revenue.

Scenarios 1 and 2 allow for rate peg only increases to rating income. Scenario 3 includes an additional permanent SRV from 1 July 2023 to fund asset maintenance and renewal, as well as to build capacity within the organisation and facilitate economic resilience in the local government area..

Revenue from annual charges includes the Domestic Waste Management charges, well as water and sewer access charges. The LTFP assumes that annual charges will increase at the same rate as CPI / rate peg.

Interest and investment revenue

The level of interest revenue earned by Council will vary with regard to the total amount held in Council's investment portfolio.

Council reviews its Investment Policy annually and ensures compliance with the Ministerial Investment Order dated 12 January 2011. Council's current Investment Strategy is simply to invest in term deposits, with terms of up to 12 months, depending on cash flow needs and market deposit rates.

Interest on investments is assumed at between 1% at the beginning of the plan up to 2% at the end of the Long Term Financial Plan. Interest rates across the financial markets have been at record lows in recent times. A slowly rising trend in interest rates is anticipated. Interest has been calculated on the average balance of funds invested for the year.

User charges and fees

Council provides a wide range of facilities and services for which it receives revenue from user fees and charges. The largest source of user fees is for water supply services. Other services providing user fees include planning & building regulation, cemeteries and the JM Robson Aquatic Centre. Often, the revenue received does not fully offset the costs associated with the service or facility as they are aimed at providing a broad community benefit and if higher fees were charged many residents may be unable to enjoy the use of the facility or service. In other instances, fees may not be high enough to recover full costs due to external market pressures or the fee being set by statute.

The estimated annual increase in user charges and fees is assumed to be 2.5% for 2023/24 and 2 for the remaining life of the plan.

Other revenues

Other revenues include insurance claim recoveries and sale of goods at the Aquatic Centre and Visitor Information Centre.

The estimated annual increase in user charges and fees is assumed to be 2.5% for 2023/24 and for the remaining life of the plan.

Grants and contributions

Council receives grants from the NSW and Commonwealth governments. These are either discretionary or non-discretionary. The majority of grants provided to Council are for specific purposes, such as infrastructure maintenance and provision of community services. Generally, the funding received is less than the total cost of the works / services being provided. Typically, it is often a condition of the grant funding that Council provides matching funding.

The largest single source of Council's grants revenue is the Financial Assistance Grant (FAG). This is a general-purpose grant and is allocated to councils on a formula basis that has regard for a range of factors such as population, quantum of infrastructure maintained and the relative disadvantage between Councils.

The assumption has been to apply a lower inflator to the levels of operating grants and contributions over the life of the plan. This sees revenues from Grants and Contributions increasing at 1.5% per annum for the 10 year term of the plan.

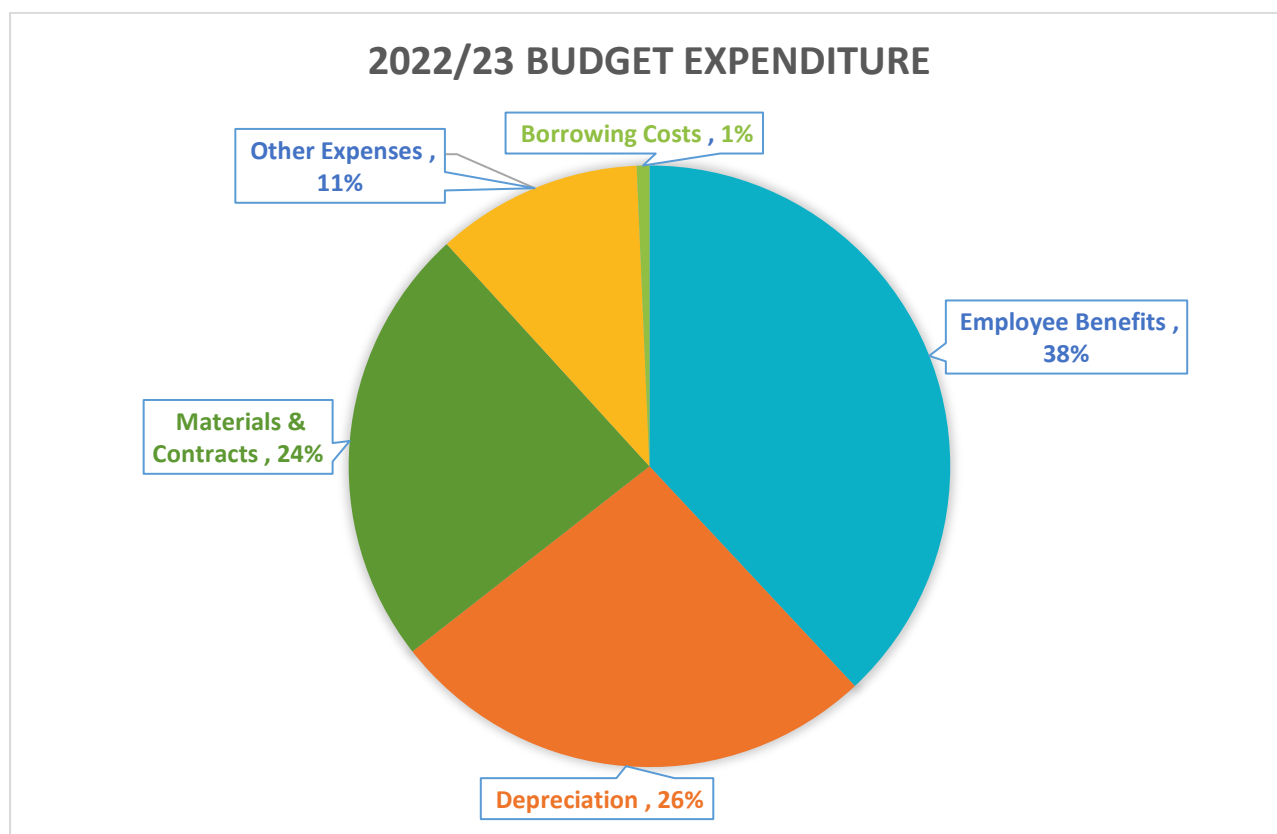
Section 7.11 developer contributions

Section 7.11 of the Environmental Planning and Assessment Act 1979 enables Councils to levy contributions for public amenities and services required as a consequence of development. Developer contributions are essential to providing key facilities and services for local residents, especially in new residential subdivisions.

Section 7.11 contributions are held as an externally restricted asset until they are spent for the purposes designated. Council's policy is to commence specific works only when sufficient contributions have been received to complete the works. The level and timing of contributions fluctuate according to a variety of factors including economic growth and the level of development activity.

The LTFP assumes that developer contributions will increase at 1.5% per annum for the 10 year term of the plan, similar to other contributions.

Expenditure



Employee costs

Employee costs include the payment of salary and wages, employee leave entitlements, superannuation and workers compensation expenses. Overall employee costs comprise around 40% of Council's total operating costs.

The LTFP projects overall employee costs to increase on average by 2.5% per annum, this increase covers a range of employee related expenses such as employee leave entitlements, employer superannuation contributions (including the progressive increase in compulsory employer superannuation contributions from 10% to 12%) and workers compensation expenses.

The major increase for employee costs are annual award salary and wage increases. Other factors influencing employee costs are changes in the level of superannuation contributions, workers compensation costs and increases in staff numbers.

Materials and contracts

Council has relatively high levels of materials and contract expenses due to the large number of assets held, constructed and maintained by Council. This places Council under considerable pressure when rising materials and construction costs occur.

The LTFP assumes that materials and contracts will increase at 2.5% for 2023/24 and for the remaining life of the plan.

Debt servicing

Council intends to use borrowings to fund two major projects over the next 10 years. The interest on existing loans is as provided for in the loan agreements and the interest assumed on new loans has been calculated at 4.00% for loans with a tenure of 10 to 20 years. This interest rate is typical of the interest rates that were on offer in the marketplace at the time the Long Term Financial Plan was updated and is consistent with current Reserve Bank of Australia interest rate projections.

Year	Amount	Purpose
23/24	\$2,000,000	Cullen Bullen Sewerage Scheme
28/29	\$5,000,000	Oakey Park WTP Major Upgrade/Renewal

Note: Oakley Park WTP total budget \$20M (depreciation over 30 years)

- \$13m budgeted to be funded via grants
- \$5m budgeted to be funded via loans
- \$2m budgeted to be funded via reserves

Restricted Assets

A large proportion of Council's investments are held as restricted assets for specific purposes. Restricted assets may consist of externally restricted assets which must be spent for the purpose for which they have been received (e.g. Water, Wastewater, Domestic Waste) or internally restricted assets which have been set aside by Council resolution. Some internal restrictions are held to fund specific liabilities such as employee leave entitlements and bonds and deposits.

Depreciation

The LTFP projects annual depreciation expenditure to increase based on estimated capital expenditure levels in future years. The actual depreciation expenditure in future years will be impacted by future asset revaluation methods and timing as stipulated by relevant accounting standards.

Council's infrastructure assets are revalued in accordance with a staged implementation program as advised by the Office of Local Government. Full revaluations are to be undertaken for all assets on a minimum 5 year cycle.

Depreciation costs used in the LTFP relate to existing assets and any proposed capital works. The results of future asset revaluations may result in depreciation estimates being revised over time. Depreciation expenses have been derived using asset modelling so amounts vary according to projected costs and allowance for capital works (including upgrade and expansion expenditure) over the course of the financial plan.

Other operating expenses

Other operating expenses comprise a variety of items, such as the following:

- donations and contributions
- contributions to emergency services (paid to the NSW Government)

It is assumed that other expenses will increase at 2.5% for 2023/24 and for the remaining life of the plan.

6. Council's current financial position

In the 2020/21 year, Council achieved the OLG's benchmarks for the following operating performance measures:

- Own source operating revenue ratio;
- Unrestricted current ratio;
- Debt service cover ratio;
- Rates, annual charges, interest and extra charges outstanding percentage; and
- Cash expense cover ratio.

In 2020/21 Council did not meet the OLG's operating performance ratio benchmark of >0.00%. With costs rising faster than revenue, Council has only achieved the operating performance ratio benchmark once in recent years.

In 2020/21, Council has achieved the following OLG benchmarks for the infrastructure asset performance indicators:

- Infrastructure backlog ratio; and
- Asset maintenance ratio.

In 2020/21 Council did not meet the OLG's building and infrastructure renewals ratio which indicates that Council did not have sufficient funding for asset renewals.

Council has a strong balance sheet. As at 30 June 2021, Council had total general fund assets of \$494 million which included cash and investment of \$18.8 million. Total general fund liabilities were \$23.3 million including external borrowings of \$2 million. The comparative data for Council's consolidated position (water and sewer fund included) was total assets of \$624 million including cash and investments of \$29.2 million with total liabilities of \$37 million (including external borrowings of \$12.8 million).

Further information is provided in the Key Performance Indicators section of the LTFP.

Addressing Council's Long-Term Financial Sustainability

In recent years, Council has made submissions and has received assessments under the Fit for the Future (FFTF) process. These assessments have stated that Council is 'not fit' based on financial projections and ensuing key performance indicator results. Concern was also raised at that time about the quality of Council's financial projections and its financial management principles and practices.

Council has progressed in addressing its financial sustainability concerns by conducting a Financial Management Maturity Assessment and implementing 37 subsequent recommendations to improve Council's financial and asset management. Council is also implementing a multi-year Fit for the Future action plan.

In late 2021, Council's administration engaged Future Together Group to conduct a comprehensive rating structure and revenue review. This considered Council's financial sustainability issues, following 10 years of deficit operating results (before capital) and significantly lower rating revenue compared with similar neighbouring Councils. It identified a structural annual shortfall in Council's General Revenues of \$6M at existing agreed levels of service before adopting available productivity, savings and other measures.

In July 2022, Council endorsed the findings related to considering a special rate variation included in the Rating Review Technical Paper. Council also resolved to commence community engagement on two financial sustainability options.

Options for a Sustainable Lithgow

Council has commenced engagement with the community on the following two options for a sustainable Lithgow:

Scenario 1 – Service Levels Maintained (modelled as LTFP Scenario 3)

Council would apply for a permanent increase in general rate income (a Special Rate Variation) above the peg rate set by IPART.

The external review identified a shortfall of \$6 million in Council's annual general revenues. Although the majority of the funding in this option is proposed to be set aside for asset renewal and maintenance, \$1.25M of the funding is also proposed for building capacity within the organisation and facilitating economic resilience in the local government area.

The addition of \$6 million to Council's annual general revenues equates to a 44.5% overall increase in rates (including assumed rate peg). Great care has been taken, however, to distribute the rating as fairly as possible amongst the various rating categories, and as a result the impact on residential rating under this proposal would typically be 26.5% (including expected rate peg).

Scenario 2 – Service Levels Reduced (modelled as LTFP Scenario 2)

If Council chooses not to proceed with a rating increase or IPART determines not to approve Council's application, Council will need to undertake a comprehensive review of its services and present a plan to the community for a reduction in levels of service.

The plan will prioritise the maintenance of essential services over discretionary services.

Council anticipates that this process would take approximately twelve months and will again involve extensive community engagement. It will also require significant funding and resources.

Key Performance Indicators

Key performance indicators allow organisations to measure how effective and successful they have been at achieving business objectives and performance. The indicators below measure sustainability, effectiveness of asset management and liquidity. They are a combination of ratios set by the OLG and other ratios that Council considers critical to sustainable operations. These are the ratios Council will use to assess its 3 proposed Long Term Financial Plan scenarios.

OPERATING PERFORMANCE RATIO	OWN SOURCE OPERATING REVENUE	ASSET RENEWAL RATIO
<ul style="list-style-type: none"> Measures Council's ability to contain operating expenditure within operating revenue Benchmark: > or equal to break-even (0%) 	<ul style="list-style-type: none"> Measures fiscal flexibility and degree of reliance on external funding sources Benchmark: > or equal to 60% 	<ul style="list-style-type: none"> Assesses the rate at which assets are being renewed relative to the rate at which they are depreciating Benchmark: > or equal to 100%
INFRASTRUCTURE BACKLOG	ASSET MAINTENANCE RATIO	DEBT SERVICE RATIO

RATIO		
<ul style="list-style-type: none"> Indicates asset renewal backlog as a proportion of total asset infrastructure value Benchmark: < or equal to 2% 	<ul style="list-style-type: none"> Reflects actual asset maintenance against require asset maintenance Benchmark: > or equal to 100% 	<ul style="list-style-type: none"> Measures the availability of operating cash to service debt Benchmark: > 0% and less than or equal to 20%
UNRESTRICTED CURRENT RATIO	RATES AND ANNUAL CHARGES OUTSTANDING	REAL OPERATING EXPENDITURE PER CAPITA
<ul style="list-style-type: none"> Reflects Council's ability to meet debt payments as they become due Benchmark: > or equal to 1.5 	<ul style="list-style-type: none"> Reflects Council's ability to meet debt payments as they become due Benchmark: < or equal to 10% 	<ul style="list-style-type: none"> Reflects Council's ability to meet debt payments as they become due Benchmark: Decreasing over time

Council Consolidated 2020/21 actual performance of Ratios

MEASURE / BENCHMARK	ACTUAL 2021/21 PERFORMANCE	ACHIEVED BENCHMARK
Operating Performance Ratio	(2.2%)	✗
Own Source Operating Revenue	70.8%	✓
Building and Infrastructure Asset Renewal Ratio	51.8%	✗
Infrastructure Backlog Ratio	1.8%	✓
Asset Maintenance Ratio	121.7%	✓
Debt Service Cover Ratio	5.66x	✓
Unrestricted Current Ratio	2.23x	✓

7. Risk Management

A local government's activities expose it to a variety of risks which need to be considered in preparing the LTFP such as commodity prices, inflation and interest rates.

Council's asset management systems identify assets that are critical to operations and outline specific risk management strategies for these assets.

However, long term planning in a dynamic environment has to accommodate some level of uncertainty. For specific projects, the ability to accurately define risks over a long period may be constrained by uncertainties surrounding the availability of funding, such as grants. Also, the LTFP is developed on the basis of assumptions that can change via internal and/or external influence. This is one of the reasons that best practice is to review the assumptions annually.

8. Sensitivity analysis

Sensitivity analysis identifies the impact on Council's projected financial position of changes in assumptions used to develop the plan and highlights the factors most likely to affect the outcomes of the plan. As LTFP looks forward for ten years, many of these assumptions can fluctuate over time due to changes in economic conditions, government policies and changes in community expectation.

Sensitivity analysis looks at “what if” scenarios. For example, what happens to Council's financial position if inflation resulted in material and contract expenses rising faster than forecast; if growth was half that forecast; or if investment returns were lower than forecast in the plan.

Historically, there has been a nexus between income and expenditure inflators. If that nexus remains constant, then the actual movement of the factors will not materially impact the results forecast in this LTFP. However, the LTFP does remain susceptible to changes in the common indicators and to address this, conservative estimates have been included in the LTFP.

The analysis identifies the impacts of not taking planned actions or if a future SRV did not proceed. The assumptions used are our current informed estimates; however, they are fundamentally ambiguous especially in the current economic climate. If they are incorrect, some will have limited impact. Others may have a more material impact on Council's plans.

Council has undertaken sensitivity analysis for the three scenarios it has modelled. The LTFP includes the results from the key performance indicators for Scenario 3 – Sustainable Council.

9. Scenario Modelling

Scenario 1 – Base Case

The base case represents “business as usual” where Council continues to deliver existing services without applying improvement strategies or additional revenue. Future rate increases are limited to the rate peg only – Council would have ongoing operating deficits (before capital). The scenario also does not allow extra asset renewal expenditure to ensure the asset ratio benchmarks are achieved. **In this scenario, Council cannot be considered to be financially sustainable.**

Scenario 2 – Service Levels Reduced

Scenario 2 models the “Service Levels Reduced” proposal which is outlined in the Rating Review Technical Paper. **Scenario 2 enables Council to become financially sustainable over the 10-year term of the plan by redirecting funding to asset maintenance and renewal whilst reducing discretionary services.**

Should “Service Levels Reduced” be the preferred option, Council would develop a plan which identifies essential services. As the option does not deliver the additional funding required to both meeting existing service levels and maintain / renew roads and other infrastructure, there will be the need to reduce service levels. The reductions would occur for non-essential services. This plan would be developed and finalised with extensive community consultation.

The Rating Review identified a need to increase income by \$4.718M (after productivity and improvements). The value of service reductions would need to equate to \$4.718M to enable funds to be redirected to asset maintenance / renewal and to ensure Council’s long-term financial sustainability with a balanced operating result (i.e. no more deficits). Scenario 2 was developed on the basis of the following assumptions:

- **Rate peg only from 1 July 2023.**
- **Funding for existing maintenance service levels from 1 July 2023:** \$2.4M of additional transport, stormwater and building maintenance funding.
- **Operational Service Reductions from 1 July 2023:** with funding redirected to asset renewal / maintenance and to eliminate operating deficits, the required value of non-essential service spending has been removed from operational expenses. As over 60% of Council’s expenditure funds employment and materials / contracts, it is assumed that that these costs will need to be proportionally reduced. The value of required service reductions grows in each future year.
- **Adequate funding capital asset renewal from 1 July 2023:** \$2.5M of additional transport, stormwater and building asset renewal funding.
- **General Fund contingency:** a modest operating surplus to avoid “shocks, as well as enhanced capacity to improve performance and productivity in future periods, to address infrastructure backlogs and to maintain a higher net financial liabilities ratio.

Scenario 3 – Service Levels Maintained

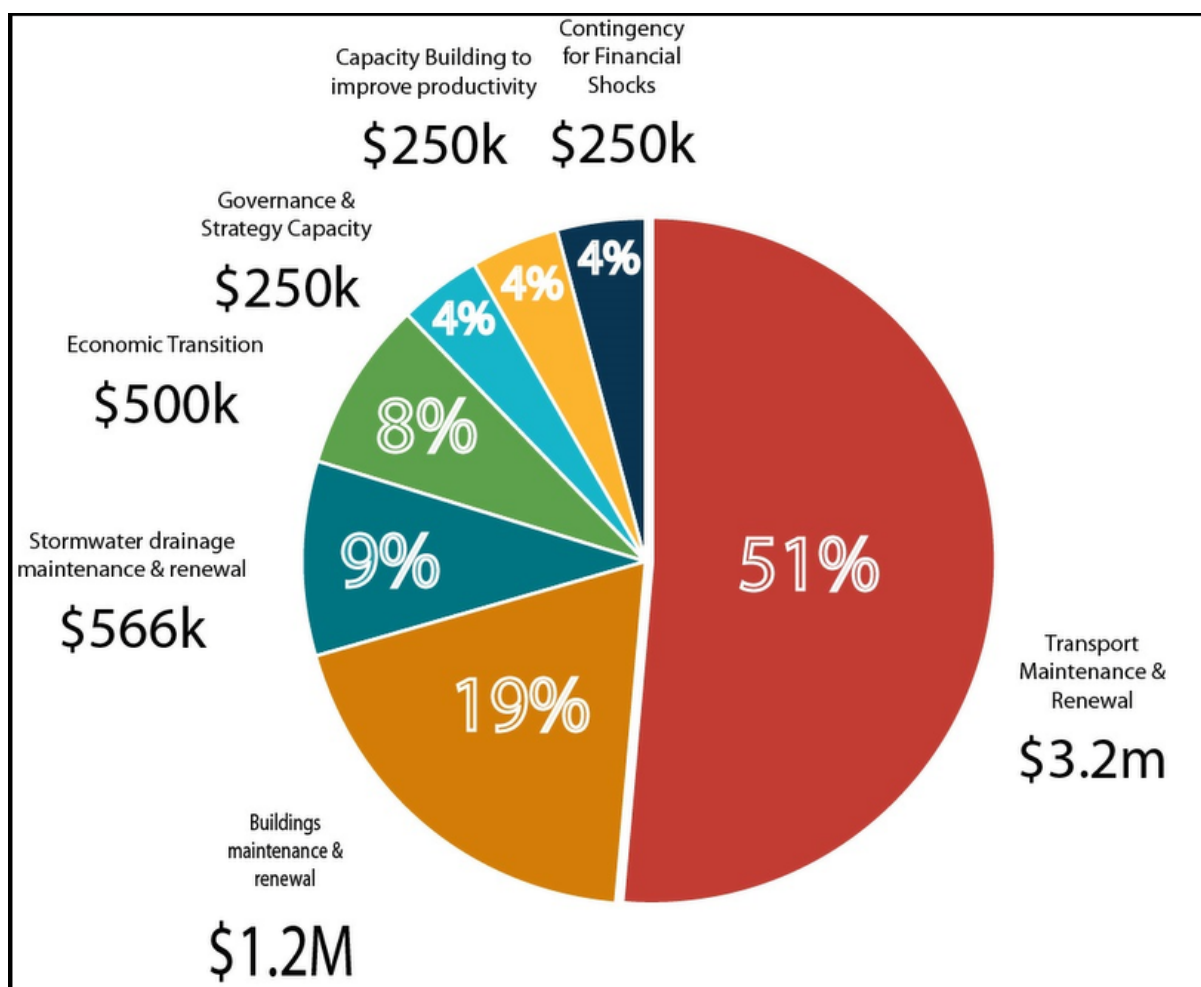
Scenario 3 models the “Service Levels Maintained” proposal which is detailed in the Rating Review Technical Paper. **Scenario 3 enables Council to become financially sustainable over the 10-year term of the plan whilst maintaining services and building capacity within the organisation.**

Service levels would be maintained at the current levels expected by the community. Council will implement the Rating Review findings around increasing user fees income, however, there are limited council resourcing alternatives to generate the remainder of the required funding.

This scenario includes the following strategies to enable financial sustainability over the 10 year plan:

- **An additional permanent SRV from 1 July 2023** - a 44.5% overall increase in rates (including assumed rate peg). Great care has been taken, however, to distribute the rating as fairly as possible amongst the various rating categories, and as a result the impact on residential, business and farming rating under this proposal would typically be 26.5% (including expected rate peg).
- **Productivities and improvements:** \$1.3M of productivities and improvements as detailed in the Rating Review Technical Paper.
- **Funding for existing maintenance service levels from 1 July 2023:** \$2.4M of additional transport, stormwater and building maintenance funding as determined in the indicative SRV funding allocation.
- **Funding for building capacity from 1 July 2023:** \$1M of operational capacity building funding for governance / strategy, capacity building and transitions management as detailed in the Rating Review Technical Paper.
- **Adequate funding capital asset renewal from 1 July 2023:** \$2.5M of additional transport, stormwater and building asset renewal funding as determined in the indicative SRV funding allocation.
- **General Fund contingency:** a modest operating surplus to avoid “shocks, as well as enhanced capacity to improve performance and productivity in future periods, to address infrastructure backlogs and to maintain a higher net financial liabilities ratio.

An indicative breakdown of the proposed SRV expenditure is shown in the chart below.



10. Performance monitoring

A review of the Long Term Financial Plan will occur each year as the annual Operational Plan is prepared, to account for performance information and changing circumstances.

Consistently monitoring the LTFP allows Council to evaluate the quality and effectiveness of our services and an important accountability mechanism between council's administration and councillors, and between councillors and the community.

The LTFP will be monitored via the IP&R framework including but not limited to:

- Quarterly Financial Budget Review Statements
- Six monthly Operational Plan reviews
- Delivery Program Progress Reports
- Annual Report

Performance information allows for evidence-based decision making to inform and shows where areas of Council are performing and where improvements need to be made.

In addition to the above measurements, Council will also monitor the LTFP via a combination of ratios set by the OLG and other measures that Council considers critical to sustainable operations.

Council also closely monitors its cashflow (actual funds coming and going out) and reserve balances.

12. Appendices



Appendix 1 Consolidated Financial Statements Scenario 3

Income Statement - Consolidated Scenario 3 Sustainable Council

10 Year Financial Plan for the Years ending 30 June 2032												
INCOME STATEMENT - CONSOLIDATED												
Scenario 3 Sustainable Council	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,215,000	28,867,722	30,159,102	34,114,227	34,967,083	35,841,260	36,737,291	37,655,723	38,597,116	39,562,044	40,551,096	41,564,873
User Charges & Fees	7,247,000	7,901,672	7,137,659	7,433,944	7,619,793	7,810,288	8,005,545	8,205,684	8,410,826	8,621,096	8,836,624	9,057,539
Other Revenues	1,340,000	1,502,659	1,463,595	1,503,843	1,541,440	1,579,976	1,619,475	1,659,962	1,701,461	1,743,997	1,787,597	1,832,287
Grants & Contributions provided for Operating Purposes	11,286,000	10,659,447	9,029,242	9,164,681	9,302,151	9,441,684	9,583,309	9,727,058	9,872,964	10,021,059	10,171,375	10,323,945
Grants & Contributions provided for Capital Purposes	3,896,000	8,636,984	11,512,588	4,030,000	4,121,475	4,215,217	4,311,289	4,409,756	9,510,686	12,614,148	4,720,214	4,828,959
Interest & Investment Revenue	290,000	270,000	282,000	284,820	287,668	291,983	296,363	300,808	305,321	309,900	316,098	322,420
Other Income:												
Net Gains from the Disposal of Assets	-	304,500	-	-	-	-	-	-	-	-	-	-
Fair value increment on investment properties	538,000	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	782,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Gain	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	52,594,000	58,142,985	59,584,186	56,531,516	57,839,609	59,180,406	60,553,271	61,958,991	68,398,374	72,872,245	66,383,004	67,930,024
Expenses from Continuing Operations												
Employee Benefits & On-Costs	18,626,000	18,120,657	19,128,027	19,506,228	19,993,884	20,493,731	21,006,074	21,531,226	22,069,507	22,621,244	23,186,775	23,766,445
Borrowing Costs	504,000	395,513	341,636	378,750	326,056	228,987	203,769	178,909	206,126	324,736	290,459	257,760
Materials & Contracts	16,529,000	17,043,422	16,655,238	17,113,257	17,541,089	17,979,616	18,429,107	18,889,835	19,362,081	19,846,133	20,342,286	20,850,843
Depreciation & Amortisation	12,599,000	12,731,142	13,282,256	13,667,910	13,897,660	14,132,888	14,373,738	14,657,361	14,909,912	15,169,201	16,078,155	17,009,460
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	(13,000)	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	957,000	1,029,931	992,603	1,019,899	1,045,397	1,071,532	1,098,320	1,125,778	1,153,922	1,182,771	1,212,340	1,242,648
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,347,000	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	50,549,000	49,320,665	50,399,760	51,686,045	52,804,086	53,906,754	55,111,008	56,383,109	57,701,547	59,144,084	61,110,015	63,127,157
Operating Result from Continuing Operations	2,045,000	8,822,320	9,184,426	4,845,471	5,035,524	5,273,653	5,442,263	5,575,882	10,696,826	13,728,161	5,272,989	4,802,867
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,045,000	8,822,320	9,184,426	4,845,471	5,035,524	5,273,653	5,442,263	5,575,882	10,696,826	13,728,161	5,272,989	4,802,867
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,851,000)	185,336	(2,328,162)	815,471	914,049	1,058,436	1,130,975	1,166,127	1,186,140	1,114,013	552,775	(26,091)

Balance Sheet – Consolidated Scenario 3 Sustainable Council

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 BALANCE SHEET - CONSOLIDATED Scenario 3 Sustainable Council												
	Actuals 2020/21 \$	Current Year 2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$
ASSETS												
Current Assets												
Cash & Cash Equivalents	370,000	9,645,823	11,001,203	17,815,353	20,822,777	26,330,971	30,699,775	37,156,425	39,718,485	41,608,299	54,495,015	61,253,064
Investments	21,000,000	8,086,625	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267
Receivables	6,467,000	8,274,694	8,810,182	7,220,758	7,413,222	7,611,282	7,802,929	8,010,323	12,222,470	14,839,552	8,661,699	8,889,040
Inventories	796,000	867,815	803,222	825,311	845,944	867,092	888,770	910,989	933,764	957,108	981,036	1,005,561
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	749,000	539,589	508,319	522,297	535,355	548,739	562,457	576,519	590,932	605,705	620,848	636,369
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	29,382,000	27,414,547	28,803,193	34,063,986	37,297,564	43,038,351	47,634,198	54,334,522	61,145,918	65,690,931	72,438,865	79,464,302
Non-Current Assets												
Investments	-	8,086,625	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	579,817,000	589,071,328	597,950,965	596,133,055	594,358,644	592,629,179	592,946,156	591,274,129	599,651,709	608,079,910	605,917,050	603,148,991
Investment Property	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	586,630,000	603,970,953	612,444,232	610,626,321	608,851,911	607,122,445	607,439,423	605,767,396	614,144,975	622,573,177	620,410,316	617,642,258
TOTAL ASSETS	616,012,000	631,385,500	641,247,425	644,690,307	646,149,475	650,160,796	655,073,620	660,101,918	675,290,893	688,264,108	692,849,181	697,106,560
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	6,900,000	7,349,865	7,341,339	7,713,118	7,890,950	8,079,163	8,272,733	8,471,137	8,681,392	8,889,596	9,103,089	9,322,074
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	1,488,000	1,101,102	1,076,111	794,642	807,619	820,812	834,225	847,861	861,724	875,817	890,146	904,713
Lease liabilities	416,000	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,575,000	1,363,589	1,570,119	3,846,384	1,544,936	819,651	844,934	819,412	1,066,874	1,007,605	873,207	908,464
Provisions	3,903,000	4,076,799	4,145,258	4,215,428	4,287,352	4,361,074	4,436,640	4,514,095	4,593,486	4,674,861	4,758,272	4,843,767
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	14,282,000	13,891,355	14,132,826	16,569,571	14,530,858	14,080,700	14,388,532	14,652,504	15,203,474	15,447,880	15,624,714	15,979,018
Non-Current Liabilities												
Payables	19,000	28,300	28,190	28,828	29,548	30,287	31,044	31,820	32,616	33,431	34,267	35,124
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	614,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
Borrowings	12,763,000	11,399,469	11,829,351	7,982,966	6,438,030	5,618,379	4,773,445	3,954,033	7,887,160	6,879,555	6,006,347	5,097,884
Provisions	9,318,000	9,309,055	9,315,312	9,321,725	9,328,299	9,335,036	9,341,943	9,349,022	9,356,278	9,363,715	9,371,339	9,379,153
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	22,714,000	21,766,824	22,202,853	18,363,519	16,825,877	16,013,702	15,176,432	14,364,875	18,306,054	17,306,702	16,441,953	15,542,160
TOTAL LIABILITIES	36,996,000	35,658,179	36,335,679	34,933,090	31,356,735	30,094,403	29,564,964	29,017,379	33,509,528	32,754,582	32,066,667	31,521,178
Net Assets	579,016,000	595,727,320	604,911,746	609,757,217	614,792,740	620,066,393	625,508,656	631,084,539	641,781,365	655,509,526	660,782,514	665,585,382
EQUITY												
Retained Earnings	215,122,000	223,944,320	233,128,746	237,974,217	243,009,740	248,283,393	253,725,656	259,301,539	269,998,365	283,726,526	288,999,514	293,802,382
Revaluation Reserves	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	586,905,000	595,727,320	604,911,746	609,757,217	614,792,740	620,066,393	625,508,656	631,084,539	641,781,365	655,509,526	660,782,514	665,585,382
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	586,905,000	595,727,320	604,911,746	609,757,217	614,792,740	620,066,393	625,508,656	631,084,539	641,781,365	655,509,526	660,782,514	665,585,382

Cash – Flow Statement – Consolidated Scenario 3 Sustainable Council

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 CASH FLOW STATEMENT - CONSOLIDATED Scenario 3 Sustainable Council													
	Actuals 2020/21 \$	Current Year 2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	Projected Years 2026/27 \$		2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$
Cash Flows from Operating Activities													
Receipts:													
Rates & Annual Charges	27,312,000	28,887,329	30,277,927	34,187,758	34,973,232	35,847,562	36,743,752	37,662,345	38,603,904	39,569,002	40,558,227	41,572,182	
User Charges & Fees	8,616,000	7,218,411	7,371,491	7,364,796	7,560,028	7,749,029	7,942,755	8,141,324	8,344,857	8,553,478	8,767,315	8,986,498	
Investment & Interest Revenue Received	334,000	166,964	285,899	208,779	256,010	258,729	273,622	266,531	270,608	274,683	280,362	286,156	
Grants & Contributions	15,520,000	18,308,694	19,832,160	14,722,212	13,406,222	13,638,928	13,876,036	14,117,643	15,363,847	20,214,748	21,270,452	15,131,063	
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-	
Other	4,699,000	870,285	1,465,798	1,596,802	1,513,736	1,551,626	1,590,464	1,630,273	1,671,078	1,712,904	1,755,777	1,799,722	
Payments:													
Employee Benefits & On-Costs	(18,805,000)	(17,949,617)	(19,041,808)	(19,425,053)	(19,910,098)	(20,407,851)	(20,918,047)	(21,440,998)	(21,977,023)	(22,526,449)	(23,089,610)	(23,666,850)	
Materials & Contracts	(16,146,000)	(16,597,020)	(17,558,684)	(17,050,528)	(17,482,137)	(17,919,190)	(18,367,170)	(18,826,350)	(19,297,009)	(19,779,434)	(20,273,920)	(20,780,768)	
Borrowing Costs	(602,000)	(408,617)	(345,947)	(385,127)	(333,296)	(230,474)	(204,641)	(179,808)	(200,157)	(325,924)	(291,594)	(258,769)	
Bonds & Deposits Refunded	(262,000)	-	-	-	-	-	-	-	-	-	-	-	
Other	(3,542,000)	(1,882,158)	(1,000,374)	(985,369)	(1,006,639)	(1,031,805)	(1,057,600)	(1,084,040)	(1,111,141)	(1,138,920)	(1,167,393)	(1,196,577)	
Net Cash provided (or used in) Operating Activities	17,124,000	18,614,271	21,286,463	20,234,268	18,977,058	19,456,554	19,879,170	20,286,919	21,668,963	26,554,090	27,809,616	21,872,657	
Cash Flows from Investing Activities													
Receipts:													
Sale of Investment Securities	-	4,826,749	812,718	-	-	-	-	-	-	-	-	-	
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Infrastructure, Property, Plant & Equipment	689,000	-	-	-	-	-	-	-	-	-	-	-	
Sale of non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-	
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-	
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-	
Payments:													
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Infrastructure, Property, Plant & Equipment	(13,899,000)	(20,479,256)	(21,380,212)	(11,850,000)	(12,123,250)	(12,403,423)	(14,690,716)	(12,985,335)	(23,287,491)	(23,597,402)	(13,915,295)	(14,241,401)	
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-	
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-	
Other Investing Activity Payments	3,990,000	-	-	-	-	-	-	-	-	-	-	-	
Net Cash provided (or used in) Investing Activities	(9,220,000)	(15,652,506)	(20,567,494)	(11,850,000)	(12,123,250)	(12,403,423)	(14,690,716)	(12,985,335)	(23,287,491)	(23,597,402)	(13,915,295)	(14,241,401)	
Cash Flows from Financing Activities													
Receipts:													
Proceeds from Borrowings & Advances	-	-	2,000,000	-	-	-	-	-	5,000,000	-	-	-	
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-	
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-	
Payments:													
Repayment of Borrowings & Advances	(1,408,000)	(1,574,942)	(1,363,589)	(1,570,119)	(3,846,384)	(1,544,936)	(819,651)	(844,934)	(819,412)	(1,066,874)	(1,007,605)	(873,207)	
Repayment of lease liabilities (principal repayments)	(218,000)	-	-	-	-	-	-	-	-	-	-	-	
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Flow provided (used in) Financing Activities	(1,626,000)	(1,574,942)	636,411	(1,570,119)	(3,846,384)	(1,544,936)	(819,651)	(844,934)	4,180,588	(1,066,874)	(1,007,605)	(873,207)	
Net Increase/(Decrease) in Cash & Cash Equivalents	6,278,000	1,386,823	1,355,380	6,814,149	3,007,424	5,508,195	4,368,803	6,456,650	2,562,061	1,889,814	12,886,716	6,758,049	
plus: Cash & Cash Equivalents - beginning of year	1,981,000	8,259,000	9,645,823	11,001,203	17,815,353	20,822,777	26,330,971	30,699,775	37,156,425	39,718,485	41,608,299	54,495,015	
Cash & Cash Equivalents - end of the year	8,259,000	9,645,823	11,001,203	17,815,353	20,822,777	26,330,971	30,699,775	37,156,425	39,718,485	41,608,299	54,495,015	61,253,064	
Cash & Cash Equivalents - end of the year	8,259,000	9,645,823	11,001,203	17,815,353	20,822,777	26,330,971	30,699,775	37,156,425	39,718,485	41,608,299	54,495,015	61,253,064	
Investments - end of the year	21,000,000	16,173,251	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	
Cash, Cash Equivalents & Investments - end of the year	29,259,000	25,819,074	26,361,736	33,175,886	36,183,310	41,691,504	46,060,308	52,516,958	55,079,019	56,968,833	69,855,548	76,613,597	
Representing:													
- External Restrictions	26,010,000	21,209,529	20,194,271	20,444,614	16,869,311	15,237,559	14,402,469	13,612,855	8,874,704	3,409,947	8,885,885	8,176,426	
- Internal Restrictions	3,249,000	2,017,180	1,802,180	1,587,180	1,372,180	1,157,180	942,180	727,180	512,180	297,180	82,180	(132,820)	
- Unrestricted	29,259,000	25,819,074	26,361,736	33,175,886	36,183,310	41,691,504	46,060,308	52,516,958	55,079,019	56,968,833	69,855,548	76,613,597	

Equity Statement – Consolidated Scenario 3 Sustainable Council

Lithgow City Council														
10 Year Financial Plan for the Years ending 30 June 2032														
EQUITY STATEMENT - CONSOLIDATED			Actuals	Current Year	Projected Years									
Scenario 3 Sustainable Council			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance (as at 1/7)	580,992,000	586,905,000	595,727,320	604,911,746	609,757,217	614,792,740	620,066,393	625,508,656	631,084,539	641,781,365	655,509,526	660,782,514		
Adjustments to opening balance	-	-												
Restated opening Balance (as at 1/7)	580,992,000	586,905,000	595,727,320	604,911,746	609,757,217	614,792,740	620,066,393	625,508,656	631,084,539	641,781,365	655,509,526	660,782,514		
Net Operating Result for the Year	2,045,000	8,822,320	9,184,426	4,845,471	5,035,524	5,273,653	5,442,263	5,575,882	10,696,826	13,728,161	5,272,989	4,802,867		
Adjustments to net operating result	-	-	-	-	-	-	-	-	-	-	-	-		
Restated Net Operating Result for the Year	2,045,000	8,822,320	9,184,426	4,845,471	5,035,524	5,273,653	5,442,263	5,575,882	10,696,826	13,728,161	5,272,989	4,802,867		
Other Comprehensive Income														
- Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-		
- Gain (loss) on revaluation of IPP&E	3,868,000	-	-	-	-	-	-	-	-	-	-	-		
- Gain (loss) on revaluation of available for sale investments	-	-	-	-	-	-	-	-	-	-	-	-		
- Realised (gain) loss on available for sale investments recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-		
- Gain (loss) on revaluation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-		
- Realised (gain) loss from other reserves recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-		
- Impairment loss (reversal) – financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-		
- Realised (gain) loss on financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-		
- Gain/(loss) on revaluation of financial assets at fair value through OCI (other than equity instruments)	-	-	-	-	-	-	-	-	-	-	-	-		
- Gain/(loss) on revaluation of equity instruments at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-		
- Transfers to Income Statement	-	-	-	-	-	-	-	-	-	-	-	-		
- Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-		
- Impairment (reversal) of available for sale investments to (from) operating result	-	-	-	-	-	-	-	-	-	-	-	-		
- Joint ventures and associates	-	-	-	-	-	-	-	-	-	-	-	-		
- Other reserves movements	-	-	-	-	-	-	-	-	-	-	-	-		
- Other Movements (combined)	-	-	-	-	-	-	-	-	-	-	-	-		
Other Comprehensive Income	3,868,000	-	-	-	-	-	-	-	-	-	-	-		
Total Comprehensive Income	5,913,000	8,822,320	9,184,426	4,845,471	5,035,524	5,273,653	5,442,263	5,575,882	10,696,826	13,728,161	5,272,989	4,802,867		
Distributions to/(contributions from) non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-		
Equity - Balance at end of the reporting period	586,905,000	595,727,320	604,911,746	609,757,217	614,792,740	620,066,393	625,508,656	631,084,539	641,781,365	655,509,526	660,782,514	665,585,382		

Appendix 2 General Fund Financial Statements Scenario 3

Income Statement – General Fund Scenario 3 Sustainable Council

Lithgow City Council												
10 Year Financial Plan for the Years ending 30 June 2032												
INCOME STATEMENT - GENERAL FUND	Actuals	Current Year	Projected Years									
Scenario 3 Sustainable Council	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	18,447,000	19,780,264	19,737,777	23,406,316	23,991,474	24,591,261	25,206,042	25,836,193	26,482,098	27,144,150	27,822,754	28,518,323
User Charges & Fees	1,438,000	2,676,266	2,734,640	2,909,843	2,982,589	3,057,153	3,133,582	3,211,922	3,292,220	3,374,525	3,458,889	3,545,361
Other Revenues	1,339,000	1,502,659	1,463,595	1,503,843	1,541,440	1,579,976	1,619,475	1,659,962	1,701,461	1,743,997	1,787,597	1,832,287
Grants & Contributions provided for Operating Purposes	11,245,000	10,534,447	9,029,242	9,164,681	9,302,151	9,441,684	9,583,309	9,727,058	9,872,964	10,021,059	10,171,375	10,323,945
Grants & Contributions provided for Capital Purposes	3,218,000	6,771,984	7,884,393	3,325,000	3,391,500	3,459,330	3,528,517	3,599,087	3,671,069	3,744,490	3,819,380	3,895,767
Interest & Investment Revenue	267,000	240,000	252,000	254,520	257,065	260,921	264,835	268,808	272,840	276,932	282,471	288,120
Other Income:												
Net Gains from the Disposal of Assets	-	304,500	-	-	-	-	-	-	-	-	-	-
Fair value increment on investment properties	538,000	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	782,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Gain	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	37,274,000	41,810,120	41,101,647	40,564,203	41,466,218	42,390,324	43,335,760	44,303,030	45,292,651	46,305,154	47,342,465	48,403,804
Expenses from Continuing Operations												
Employee Benefits & On-Costs	14,885,000	14,496,423	15,262,414	15,543,975	15,932,574	16,330,889	16,739,161	17,157,640	17,586,581	18,026,246	18,476,902	18,938,824
Borrowing Costs	130,000	95,372	66,071	43,133	17,783	9,710	9,022	8,329	7,564	6,790	5,986	5,163
Materials & Contracts	9,679,000	10,804,453	10,105,829	10,383,740	10,643,334	10,909,417	11,182,153	11,461,706	11,748,249	12,041,955	12,343,004	12,651,579
Depreciation & Amortisation	9,068,000	9,118,866	9,577,000	9,902,654	10,078,404	10,257,669	10,440,519	10,664,026	10,854,264	11,048,306	11,246,229	11,448,111
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	(13,000)	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	957,000	1,029,931	992,603	1,019,899	1,045,397	1,071,532	1,098,320	1,125,778	1,153,922	1,182,771	1,212,340	1,242,648
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,313,000	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Loss	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	36,019,000	35,545,045	36,003,917	36,893,400	37,717,491	38,579,217	39,469,175	40,417,480	41,350,580	42,306,068	43,284,461	44,286,326
Operating Result from Continuing Operations	1,255,000	6,265,075	5,097,730	3,670,803	3,748,727	3,811,108	3,866,585	3,885,549	3,942,071	3,999,087	4,058,005	4,117,478
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	1,255,000	6,265,075	5,097,730	3,670,803	3,748,727	3,811,108	3,866,585	3,885,549	3,942,071	3,999,087	4,058,005	4,117,478
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,963,000)	(506,909)	(2,786,664)	345,803	357,227	351,778	338,068	286,462	271,003	254,597	238,625	221,711

Balance Sheet – General Fund Scenario 3 Sustainable Council

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 BALANCE SHEET - GENERAL FUND Scenario 3 Sustainable Council												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	(2,184,000)	-	-	3,718,169	7,445,758	11,720,877	14,050,059	18,411,530	22,816,667	27,265,673	31,760,188	36,300,519
Investments	21,000,000	8,086,625	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267
Receivables	3,120,000	4,654,451	4,640,221	4,455,955	4,575,622	4,698,906	4,813,747	4,942,243	5,073,343	5,207,168	5,343,784	5,483,254
Inventories	527,000	652,916	613,996	630,881	646,653	662,819	679,390	696,374	713,784	731,628	749,919	768,667
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	749,000	539,589	508,319	522,297	535,355	548,739	562,457	576,519	590,932	605,705	620,848	636,369
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	23,212,000	13,933,581	13,442,802	17,007,569	20,883,654	25,311,608	27,785,919	32,306,933	36,874,992	41,490,440	46,155,005	50,869,076
Non-Current Assets												
Investments	-	8,086,625	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267	7,680,267
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	463,913,000	472,301,068	477,510,894	477,108,241	476,719,837	476,345,968	477,986,925	477,606,004	477,240,508	476,890,745	476,557,029	476,239,683
Investment Property	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	470,726,000	487,200,694	492,004,161	491,601,507	491,213,103	490,839,234	492,480,191	492,099,270	491,733,774	491,384,011	491,050,296	490,732,949
TOTAL ASSETS	493,938,000	501,134,275	505,446,963	508,609,076	512,096,757	516,150,842	520,266,111	524,406,204	528,608,766	532,874,451	537,205,301	541,602,026
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	4,753,000	6,636,352	6,431,515	6,779,832	6,937,463	7,103,348	7,273,378	7,447,657	7,626,290	7,809,386	7,997,058	8,189,418
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	1,488,000	1,101,102	1,076,111	794,642	807,619	820,812	834,225	847,861	861,724	875,817	890,146	904,713
Lease liabilities	416,000	-	-	-	-	-	-	-	-	-	-	-
Borrowings	740,000	629,819	652,758	510,873	17,300	17,988	18,681	19,447	20,220	21,025	21,847	22,730
Provisions	3,903,000	4,076,799	4,145,258	4,215,428	4,287,352	4,361,074	4,436,640	4,514,095	4,593,486	4,674,861	4,758,272	4,843,767
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	11,300,000	12,444,072	12,305,641	12,300,774	12,049,734	12,303,223	12,562,924	12,829,059	13,101,719	13,381,090	13,667,322	13,960,628
Non-Current Liabilities												
Payables	19,000	28,300	28,190	28,828	29,548	30,287	31,044	31,820	32,616	33,431	34,267	35,124
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	614,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
Borrowings	2,047,000	1,417,772	765,015	254,142	236,842	218,854	200,173	180,726	160,506	139,481	117,634	94,904
Provisions	9,318,000	9,309,055	9,315,312	9,321,725	9,328,299	9,335,036	9,341,943	9,349,022	9,356,278	9,363,715	9,371,339	9,379,153
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	11,998,000	11,785,127	11,138,517	10,634,695	10,624,689	10,614,177	10,603,160	10,591,568	10,579,400	10,566,628	10,553,240	10,539,180
TOTAL LIABILITIES	23,298,000	24,229,199	23,444,158	22,935,469	22,674,423	22,917,400	23,166,084	23,420,627	23,681,119	23,947,717	24,220,562	24,499,809
Net Assets	470,640,000	476,905,075	482,002,805	485,673,608	489,422,335	493,233,442	497,100,027	500,985,576	504,927,647	508,926,734	512,984,739	517,102,217
EQUITY												
Retained Earnings	160,255,000	166,520,075	171,617,805	175,288,608	179,037,335	182,848,442	186,715,027	190,600,576	194,542,647	198,541,734	202,599,739	206,717,217
Revaluation Reserves	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	470,640,000	476,905,075	482,002,805	485,673,608	489,422,335	493,233,442	497,100,027	500,985,576	504,927,647	508,926,734	512,984,739	517,102,217
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	470,640,000	476,905,075	482,002,805	485,673,608	489,422,335	493,233,442	497,100,027	500,985,576	504,927,647	508,926,734	512,984,739	517,102,217

Cash Flow Statement – General Fund Scenario 3 Sustainable Council

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 CASH FLOW STATEMENT - GENERAL FUND Scenario 3 Sustainable Council												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years		2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	2026/27	2027/28	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	19,861,573	19,736,842	23,487,050	24,004,351	24,604,460	25,219,572	25,850,061	26,496,312	27,158,720	27,837,688	28,533,631
User Charges & Fees	-	1,875,275	2,701,022	2,881,334	2,960,786	3,034,805	3,110,676	3,188,442	3,268,154	3,349,857	3,433,604	3,519,444
Investment & Interest Revenue Received	-	122,223	265,621	179,111	225,997	228,272	242,714	235,166	238,778	242,383	247,419	252,558
Grants & Contributions	-	16,768,307	16,918,972	12,549,784	12,690,880	12,898,196	13,108,961	13,323,234	13,541,073	13,762,539	13,987,695	14,216,602
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	852,285	1,465,798	1,596,802	1,513,736	1,551,626	1,590,464	1,630,273	1,671,078	1,712,904	1,755,777	1,799,722
Payments:												
Employee Benefits & On-Costs	-	(14,316,397)	(15,177,994)	(15,463,395)	(15,849,399)	(16,245,634)	(16,651,775)	(17,068,069)	(17,494,771)	(17,932,141)	(18,380,444)	(18,839,955)
Materials & Contracts	-	(9,443,559)	(11,016,205)	(10,325,696)	(10,589,116)	(10,853,844)	(11,125,190)	(11,403,320)	(11,688,403)	(11,980,613)	(12,280,128)	(12,587,131)
Borrowing Costs	-	(94,929)	(71,437)	(48,693)	(22,135)	(9,858)	(9,176)	(8,489)	(7,729)	(6,962)	(6,165)	(5,349)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(1,527,158)	(1,000,374)	(985,369)	(1,006,639)	(1,031,805)	(1,057,600)	(1,084,040)	(1,111,141)	(1,138,920)	(1,167,393)	(1,196,577)
Net Cash provided (or used in) Operating Activities	-	14,097,620	13,822,245	13,870,927	13,928,462	14,176,219	14,428,646	14,663,258	14,913,351	15,167,769	15,428,053	15,692,943
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	4,826,749	812,718	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Sale of non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(16,000,960)	(14,005,144)	(9,500,000)	(9,690,000)	(9,883,800)	(12,081,476)	(10,283,106)	(10,488,768)	(10,698,543)	(10,912,514)	(11,130,764)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(11,174,211)	(13,192,426)	(9,500,000)	(9,690,000)	(9,883,800)	(12,081,476)	(10,283,106)	(10,488,768)	(10,698,543)	(10,912,514)	(11,130,764)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(739,409)	(629,819)	(652,758)	(510,873)	(17,300)	(17,988)	(18,681)	(19,447)	(20,220)	(21,025)	(21,847)
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	-	(739,409)	(629,819)	(652,758)	(510,873)	(17,300)	(17,988)	(18,681)	(19,447)	(20,220)	(21,025)	(21,847)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	2,184,000	(0)	3,718,169	3,727,589	4,275,119	2,329,182	4,361,471	4,405,137	4,449,006	4,494,515	4,540,332
plus: Cash & Cash Equivalents - beginning of year	-	(2,184,000)	-	(0)	3,718,169	7,445,758	11,720,877	14,050,059	18,411,530	22,816,667	27,265,673	31,760,188
Cash & Cash Equivalents - end of the year	(2,184,000)	-	(0)	3,718,169	7,445,758	11,720,877	14,050,059	18,411,530	22,816,667	27,265,673	31,760,188	36,300,519
Cash & Cash Equivalents - end of the year	(2,184,000)	-	(0)	3,718,169	7,445,758	11,720,877	14,050,059	18,411,530	22,816,667	27,265,673	31,760,188	36,300,519
Investments - end of the year	21,000,000	16,173,251	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533	15,360,533
Cash, Cash Equivalents & Investments - end of the year	18,816,000	16,173,251	15,360,533	19,078,702	22,806,291	27,081,411	29,410,592	33,772,063	38,177,200	42,626,206	47,120,721	51,661,052
Representing:												
- External Restrictions	15,567,000	11,563,706	9,193,068	6,347,431	3,492,293	627,465	(2,247,246)	(5,132,039)	(8,027,115)	(10,932,679)	(13,848,943)	(16,776,119)
- Internal Restrictions	3,249,000	2,017,180	1,802,180	1,587,180	1,372,180	1,157,180	942,180	727,180	512,180	297,180	82,180	(132,820)
- Unrestricted	-	2,592,365	4,365,285	11,144,092	17,941,819	25,296,765	30,715,659	38,176,922	45,692,135	53,261,705	60,887,484	68,569,991
	18,816,000	16,173,251	15,360,533	19,078,702	22,806,291	27,081,411	29,410,592	33,772,063	38,177,200	42,626,206	47,120,721	51,661,052

Equity Statement – General Fund Scenario 3 Sustainable Council

Lithgow City Council												
10 Year Financial Plan for the Years ending 30 June 2032												
EQUITY STATEMENT - GENERAL FUND												
Scenario 3 Sustainable Council	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance (as at 1/7)	466,488,000	470,640,000	476,905,075	482,002,805	485,673,608	489,422,335	493,233,442	497,100,027	500,985,576	504,927,647	508,926,734	512,984,739
Adjustments to opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Restated opening Balance (as at 1/7)	466,488,000	470,640,000	476,905,075	482,002,805	485,673,608	489,422,335	493,233,442	497,100,027	500,985,576	504,927,647	508,926,734	512,984,739
Net Operating Result for the Year	1,255,000	6,265,075	5,097,730	3,670,803	3,748,727	3,811,108	3,866,585	3,885,549	3,942,071	3,999,087	4,058,005	4,117,478
Adjustments to net operating result	-	-	-	-	-	-	-	-	-	-	-	-
Restated Net Operating Result for the Year	1,255,000	6,265,075	5,097,730	3,670,803	3,748,727	3,811,108	3,866,585	3,885,549	3,942,071	3,999,087	4,058,005	4,117,478
Other Comprehensive Income												
- Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
- Gain (loss) on revaluation of IPP&E	2,897,000	-	-	-	-	-	-	-	-	-	-	-
- Gain (loss) on revaluation of available for sale investments	-	-	-	-	-	-	-	-	-	-	-	-
- Realised (gain) loss on available for sale investments recognised in operating	-	-	-	-	-	-	-	-	-	-	-	-
- Gain (loss) on revaluation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-
- Realised (gain) loss from other reserves recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment loss (reversal) – financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-
- Realised (gain) loss on financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-
- Gain/(loss) on revaluation of financial assets at fair value through OCI (other	-	-	-	-	-	-	-	-	-	-	-	-
- Gain/(loss) on revaluation of equity instruments at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-
- Transfers to Income Statement	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment (reversal) of available for sale investments to (from) operating re	-	-	-	-	-	-	-	-	-	-	-	-
- Joint ventures and associates	-	-	-	-	-	-	-	-	-	-	-	-
- Other reserves movements	-	-	-	-	-	-	-	-	-	-	-	-
- Other Movements (combined)	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	2,897,000	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	4,152,000	6,265,075	5,097,730	3,670,803	3,748,727	3,811,108	3,866,585	3,885,549	3,942,071	3,999,087	4,058,005	4,117,478
Distributions to/(contributions from) non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	470,640,000	476,905,075	482,002,805	485,673,608	489,422,335	493,233,442	497,100,027	500,985,576	504,927,647	508,926,734	512,984,739	517,102,217

Appendix 3 Performance Indicators – Scenario 3

Key Performance Indicators – Consolidated Scenario 3

Lithgow City Council
10 Year Financial Plan for the Years ending 30 June 2032
KEY PERFORMANCE INDICATORS - CONSOLIDATED
Scenario 3: Sustainable Council

		Current Year	Projected Years									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	Snapshot											
	Actual Ratio	-0.24%	-4.84%	1.55%	1.70%	1.93%	2.01%	2.03%	2.01%	1.85%	0.90%	-0.04%
Own Source Operating Revenue Ratio	Snapshot											
	Actual Ratio	66.64%	65.52%	76.66%	76.79%	76.92%	77.05%	77.18%	71.66%	68.94%	77.57%	77.69%
Unrestricted Current Ratio	Snapshot											
	Actual Ratio	1.05	1.22	1.88	2.59	3.14	3.38	3.79	4.19	4.57	4.92	5.22
Debt Service Cover Ratio	Snapshot											
	Actual Ratio	6.60	6.62	7.63	3.63	8.69	15.35	15.63	15.90	11.93	13.04	15.24
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot											
	Actual Ratio	5.74%	5.87%	5.83%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%
Cash Expense Cover Ratio	Snapshot											
	Actual Ratio	3.01	3.36	5.42	5.87	7.68	8.91	10.52	10.98	11.14	14.27	15.71
Building & Infrastructure Renewals Ratio	Snapshot											
	Actual Ratio	106.77%	91.64%	71.01%	71.70%	72.39%	73.08%	73.48%	74.17%	74.85%	75.54%	76.22%
Infrastructure Backlog Ratio	Snapshot											
	Actual Ratio	0.02	0.02	0.03	0.03	0.03	0.03	0.03	0.04	0.04	0.04	0.05
Asset Maintenance Ratio	Snapshot											
	Actual Ratio	0.88	0.89	0.91	0.92	0.93	0.94	0.96	0.97	0.98	0.99	1.01

Key Performance Indicators – General Fund Scenario 3

Lithgow City Council
10 Year Financial Plan for the Years ending 30 June 2032
KEY PERFORMANCE INDICATORS - GENERAL FUND
Scenario 3: Sustainable Council

		Year	Projected Years									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	-2.34%	-8.39%	0.93%	0.94%	0.90%	0.85%	0.70%	0.65%	0.60%	0.55%	0.50%
Own Source Operating Revenue Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	58.30%	58.85%	69.21%	69.39%	69.57%	69.74%	69.92%	70.10%	70.27%	70.45%	70.62%
Unrestricted Current Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	1.04	1.21	1.75	2.21	2.62	2.82	3.20	3.58	3.94	4.28	4.62
Debt Service Cover Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	10.07	9.85	14.79	19.77	393.15	399.39	405.73	412.17	418.72	425.42	432.24
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	5.17%	5.22%	5.27%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%
Cash Expense Cover Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	0.00	0.00	1.62	3.19	4.99	5.84	7.47	9.03	10.53	11.96	13.34
Building & Infrastructure Renewals Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	130.83%	136.31%	104.87%	105.38%	105.88%	106.39%	106.28%	106.77%	107.27%	107.75%	108.23%
Infrastructure Backlog Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02
Asset Maintenance Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	0.91	0.92	0.94	0.95	0.96	0.98	0.99	1.01	1.02	1.04	1.05

Appendix 4 Base case and Scenario 2 Income Statement

Income Statement - Consolidated Base Case

Lithgow City Council												
10 Year Financial Plan for the Years ending 30 June 2032												
INCOME STATEMENT - CONSOLIDATED												
Scenario: Base Case	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,215,000	28,867,722	30,159,102	30,988,477	31,763,189	32,557,269	33,371,200	34,205,480	35,060,617	35,937,133	36,835,561	37,756,450
User Charges & Fees	7,247,000	7,901,672	7,137,659	7,333,944	7,517,293	7,705,225	7,897,856	8,095,302	8,297,685	8,505,127	8,717,755	8,935,699
Other Revenues	1,340,000	1,502,659	1,463,595	1,503,843	1,541,440	1,579,976	1,619,475	1,659,962	1,701,461	1,743,997	1,787,597	1,832,287
Grants & Contributions provided for Operating Purposes	11,286,000	10,659,447	9,029,242	9,164,681	9,302,151	9,441,684	9,583,309	9,727,058	9,872,964	10,021,059	10,171,375	10,323,945
Grants & Contributions provided for Capital Purposes	3,896,000	8,636,984	11,512,588	4,030,000	4,121,475	4,215,217	4,311,289	4,409,756	9,510,686	12,614,148	4,720,214	4,828,959
Interest & Investment Revenue	290,000	270,000	282,000	284,820	287,668	291,983	296,363	300,808	305,321	309,900	316,098	322,420
Other Income:												
Net Gains from the Disposal of Assets	-	304,500	-	-	-	-	-	-	-	-	-	-
Fair value increment on investment properties	538,000	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	782,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Gain	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	52,594,000	58,142,985	59,584,186	53,305,766	54,533,216	55,791,353	57,079,491	58,398,367	64,748,734	69,131,364	62,548,601	63,999,761
Expenses from Continuing Operations												
Employee Benefits & On-Costs	18,626,000	18,120,657	19,128,027	19,606,228	20,096,384	20,598,793	21,113,763	21,641,607	22,182,648	22,737,214	23,305,644	23,888,285
Borrowing Costs	504,000	395,513	341,636	378,750	326,056	228,987	203,769	178,909	206,126	324,736	290,459	257,760
Materials & Contracts	16,529,000	17,043,422	16,655,238	17,113,257	17,541,089	17,979,616	18,429,107	18,889,835	19,362,081	19,846,133	20,342,286	20,850,843
Depreciation & Amortisation	12,599,000	12,731,142	13,282,256	13,667,910	13,897,660	14,132,888	14,373,738	14,657,361	14,909,912	15,169,201	16,078,155	17,009,460
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	(13,000)	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	957,000	1,029,931	992,603	1,019,899	1,045,397	1,071,532	1,098,320	1,125,778	1,153,922	1,182,771	1,212,340	1,242,648
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,347,000	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	50,549,000	49,320,665	50,399,760	51,786,045	52,906,586	54,011,816	55,218,697	56,493,490	57,814,688	59,260,053	61,228,884	63,248,997
Operating Result from Continuing Operations	2,045,000	8,822,320	9,184,426	1,519,721	1,626,630	1,779,537	1,860,794	1,904,877	6,934,045	9,871,311	1,319,717	750,764
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,045,000	8,822,320	9,184,426	1,519,721	1,626,630	1,779,537	1,860,794	1,904,877	6,934,045	9,871,311	1,319,717	750,764
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,851,000)	185,336	(2,328,162)	(2,510,279)	(2,494,845)	(2,435,680)	(2,450,494)	(2,504,879)	(2,576,640)	(2,742,837)	(3,400,497)	(4,078,195)

Income Statement - Consolidated Scenario 2 Improvement Plan

Lithgow City Council												
10 Year Financial Plan for the Years ending 30 June 2032												
INCOME STATEMENT - CONSOLIDATED	Actuals	Current Year	Projected Years									
Scenario: Improvement Plan Case	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,215,000	28,867,722	30,159,102	30,988,477	31,763,189	32,557,269	33,371,200	34,205,480	35,060,617	35,937,133	36,835,561	37,756,450
User Charges & Fees	7,247,000	7,901,672	7,137,659	7,333,944	7,517,293	7,705,225	7,897,856	8,095,302	8,297,685	8,505,127	8,717,755	8,935,699
Other Revenues	1,340,000	1,502,659	1,463,595	1,503,843	1,541,440	1,579,976	1,619,475	1,659,962	1,701,461	1,743,997	1,787,597	1,832,287
Grants & Contributions provided for Operating Purposes	11,286,000	10,659,447	9,029,242	9,164,681	9,302,151	9,441,684	9,583,309	9,727,058	9,872,964	10,021,059	10,171,375	10,323,945
Grants & Contributions provided for Capital Purposes	3,896,000	8,636,984	11,512,588	4,005,000	4,095,975	4,189,207	4,284,758	4,382,695	9,483,084	12,585,994	4,691,497	4,799,667
Interest & Investment Revenue	290,000	270,000	282,000	284,820	287,668	291,983	296,363	300,808	305,321	309,900	316,098	322,420
Other Income:												
Net Gains from the Disposal of Assets	-	304,500	-	-	-	-	-	-	-	-	-	-
Fair value increment on investment properties	538,000	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	782,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Gain	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	52,594,000	58,142,985	59,584,186	53,280,766	54,507,716	55,765,343	57,052,961	58,371,306	64,721,131	69,103,210	62,519,884	63,970,469
Expenses from Continuing Operations												
Employee Benefits & On-Costs	18,626,000	18,120,657	19,128,027	19,606,228	20,096,384	20,598,793	21,113,763	21,641,607	22,182,648	22,737,214	23,305,644	23,888,285
Borrowing Costs	504,000	395,513	341,636	378,750	326,056	228,987	203,769	178,909	206,126	324,736	290,459	257,760
Materials & Contracts	16,529,000	17,043,422	16,545,238	17,000,232	17,425,238	17,860,869	18,307,391	18,765,076	19,234,203	19,715,058	20,207,935	20,713,133
Depreciation & Amortisation	12,599,000	12,731,142	13,282,256	13,667,910	13,925,410	14,188,943	14,458,664	14,734,736	15,017,324	15,307,251	16,247,456	17,210,637
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	(13,000)	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	957,000	1,029,931	992,603	1,019,899	1,045,397	1,071,532	1,098,320	1,125,778	1,153,922	1,182,771	1,212,340	1,242,648
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,347,000	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	50,549,000	49,320,665	50,289,760	51,673,020	52,818,485	53,949,124	55,181,908	56,446,107	57,794,223	59,267,029	61,263,834	63,312,464
Operating Result from Continuing Operations	2,045,000	8,822,320	9,294,426	1,607,746	1,689,231	1,816,219	1,871,053	1,925,200	6,926,908	9,836,181	1,256,050	658,005
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,045,000	8,822,320	9,294,426	1,607,746	1,689,231	1,816,219	1,871,053	1,925,200	6,926,908	9,836,181	1,256,050	658,005
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,851,000)	185,336	(2,218,162)	(2,397,254)	(2,406,744)	(2,372,988)	(2,413,705)	(2,457,495)	(2,556,175)	(2,749,813)	(3,435,447)	(4,141,662)

Appendix 5 – Capital Works Program Scenarios 2 & 3

Capital Works Program – All Funds

Capital Works Program - All Funds ('000)										
Years	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
General Fund										
Total Program	\$21,097	\$12,049	\$12,303	\$12,562	\$14,826	\$13,097	\$13,373	\$13,655	\$13,943	\$14,237
Water Fund										
Total Program	\$835	\$950	\$974	\$998	\$1,023	\$1,049	\$11,075	\$11,102	\$1,129	\$1,157
Sewer Fund										
Total Program	\$7,373	\$1,400	\$1,460	\$1,522	\$1,586	\$1,654	\$1,724	\$1,797	\$1,874	\$1,953
Consolidated										
Total Program	\$29,305	\$14,399	\$14,737	\$15,082	\$17,435	\$15,800	\$26,172	\$26,554	\$16,946	\$17,347

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1. Foreword

Message from Councillor Maree Statham Mayor



I am pleased to present to you the 2022-2032 Long Term Financial Plan (LTFP) update.

The LTFP helps guide the Council to ensure that our community's vision for the future of the Lithgow Region is achieved in a financially suitable way.

Lithgow LGA, like many other areas across NSW, has witnessed immense challenges over the last few years, including drought, fires, floods, and the COVID-19 pandemic. In developing the LTFP, Council needed to be mindful of these and other external factors which will impact Council's long term financial sustainability.

Over the last 30 years, Councils have been subject to rate pegging, cost shifting and a reduction in the levels of financial assistance funding received from the Australian Government. This has constrained their ability to deliver services within their means. This has been particularly challenging more recently, as we have seen the cost of many of Council's major inputs rise significantly, including fuel, electricity, gas and employee costs. In addition, income from interest on Council's reserves has been severely depleted due to record low interest rates. Council also has a backlog of asset maintenance and renewal. Council has traditionally addressed these challenges through the identification of cost savings and efficiencies. The Council has been briefed by the Council's administration that we have now reached a point where Council must take a decision about either increasing its revenue to maintain current levels of service or reducing service levels.

Planning for Council's future financial sustainability will involve extensive community consultation over the next six to twelve months. Council's aim is to place our community in the best possible position to take advantage of and create new economic opportunities.

To make the most of these new opportunities, we need to ensure that we have a financially sustainable Council to build and maintain new infrastructure and to support new industries whilst ensuring the liveability of the Lithgow LGA for current and future residents. As custodians of this LTFP, Council has mapped different financial scenarios to fund the community's vision for the future of the Lithgow area.

Whilst there is no denying that we are living in challenging times, there are many reasons for optimism for the future. To realise our potential, we will have to embrace change and, in some cases, make difficult decisions. This is not easy and requires strong leadership from all levels of government and industry.

Our community is strong and resilient, and I judge it to be ready for necessary change.. Let's build on this to create a stronger, brighter future together.

Message from the General Manager Mr Craig Butler

The Long Term Financial Plan (LTFP) is a 10-year rolling plan that informs decision-making and ensures the community's vision, objectives and needs can be resourced and funded

This LTFP supports Council in:

- Leading the change required for a community and economy in transition;
- Initiating opportunities for future income and economic growth; and
- Maintaining and renewing the infrastructure required for a sustainable future.

Over the last 10 years Council has consistently reported deficit operating results (before capital grants) in its financial statements. This has resulted in drawing down of internally restricted reserves and difficulty sustaining the required level of spending on asset maintenance and renewal. To a great extent, this has been caused by Council's revenue being significantly lower than for comparable Councils.

We are exposed to the same challenges as these other councils across NSW - rate pegging, ageing assets, under-investment and cost shifting from other levels of government. In addition to this, there has been a significant fall in interest income due to record low interest rates and lower reserve balances. At the same time, costs are rising with higher inflation.

The city's future and the performance of the Council are intrinsically linked. The Council needs the capacity to innovate, pursue more productivity and prepare the city for the future. The abovementioned internal and external factors mean that we need to act now to ensure Council can achieve these things. This view has been supported by the Council's Audit, Risk and Improvement Committee's independent experts.

In June 2022, Council adopted a 2022-2032 LTFP which was regarded as interim. The interim LTFP satisfied the timelines for development of an LTFP and included a scenario which sees Council achieve financial sustainability. At that point in time, the detail of the approach to sustainability was yet to be determined and approved by Council.

In July 2022, Council resolved to commence community engagement on two options for a sustainable Lithgow. The LTFP update includes the two options as Scenarios 2 and 3 (detailed in Section 9 of this document). A summary of the LTFP update scenarios is provided below:

- **Scenario 1** – Base case – a “do nothing approach” which would see Council in an unsustainable financial position,
- **Scenario 2** - Service Levels Reduced – to implement this scenario, Council will need to undertake a comprehensive review of its services and present a plan to the community for a reduction in levels of service, and
- **Scenario 3** – Service Levels Maintained – Council would apply for a permanent increase in general rate income (a Special Rate Variation) above the peg rate set by IPART. The addition of \$6 million to Council's annual general revenues equates to a 44.5% overall increase in rates (including assumed rate peg of 2.5%). Great care has been taken to distribute the rating as fairly as possible amongst the various rating categories, and as a result the impact on residential rating under this proposal would typically be 26.5% (including expected rate peg).

Council has commenced a process of engaging in a conversation with our community on future levels of service that are both affordable and acceptable, as, like everyone, Council must live within its means.

The LTFP is updated annually in response to changes in the financial environment and community expectations. The document is placed on public exhibition as part of the Integrated Planning and Reporting process. Council invites the community to make comment and ask questions on any aspect of our financial strategy.

2. Introduction

The Long Term Financial Plan (LTFP) 2022-2032 is a 10-year rolling plan that informs decision-making and demonstrates how the objectives of the Community Strategic Plan and commitments of the Delivery Program and Operational Plan will be resourced and funded.

The LTFP is projected from Council's original 2022/23 budget, which is the base year of the LTFP. Future years in the LTFP rely upon on a range of assumptions used to project future revenue and expenditure. In addition to revenue and expenditure forecasts, the LTFP also includes a projection of Council's balance sheet and cash flow.

The primary purpose of the model is to assist in long term decision making regarding the prioritisation of the services delivered by Council and what assets and financial resources are required to provide those services. The model serves as a guide to Council's future financial position. However, the projections contained in the LTFP are subject to change due to a variety of external factors as well as major decisions made by Council. It is necessary to regularly review and monitor a variety of factors and if necessary, revise the projections contained in Council's LTFP.

Key points of the plan

In recent years, Council's across NSW have faced enormous challenges such as drought, floods, a transition to a net zero emissions economy, a global pandemic, cost shifting from other levels of government and changes in the geopolitical landscape which have pushed the prices of goods and services upwards.

This Long Term Financial Plan supports Council in addressing the following challenges:

- Leading the change required to support a community and economy in transition;
- Initiating opportunities for future income and economic growth; and
- To source revenue to maintain and renew the infrastructure required for a sustainable future.

In particular, this plan models the financial implications of the Lithgow Community Strategic Plan and Delivery Program, along with the ability to maintain existing facilities and infrastructure based on a range of assumptions and known constraints.

As decisions are made, more detail is added to the LTFP. For example, as the council finalises its Delivery Program, the first four years of the LTFP will become firmer. As the Operational Plan is completed, the detailed budget will form the first year of the LTFP. The LTFP is reviewed and updated each year to check that key assumptions and estimates are current.

Purpose of the LTFP and its place in the IP&R process

The Long Term Financial Plan is one component of Council's Integrated Planning and Reporting (IP&R) Framework. It forms part of Council's Resourcing Strategy which underpins the Lithgow Community Strategic Plan, along with the Workforce Management Plan and Strategic Asset Management Plan.

These documents are all integral to Council's four-year Delivery Program and provide inputs and outputs for one another. The suite of documents should be viewed together as part of Council's overall strategy.

The LTFP provides a framework within which, Lithgow Council can assess its capacity to meet the Community's expected level of service.

The Plan will also aim to:

- ensure transparency and accountability of Council to the community;
- identify early any emerging financial issues in the short, medium and long term;
- take a wholistic approach to solving financial issues;
- establish the interconnectivity between strategic plans;
- understand the impact of some decisions on other plans, strategies; organisation and the community;
- help measure Council's level of success in implementing strategies & programs and;
- confirm that Council can remain financially sustainable in the longer term.

Review cycle

The LTFP is reviewed annually as part of the IP&R ongoing monitoring and review process or may be updated in response to changes in plans, for example, secured grants for capital expenditure, unexpected expenditure on Council assets/ services or in response to external factors such as the recent pandemic or other external events.

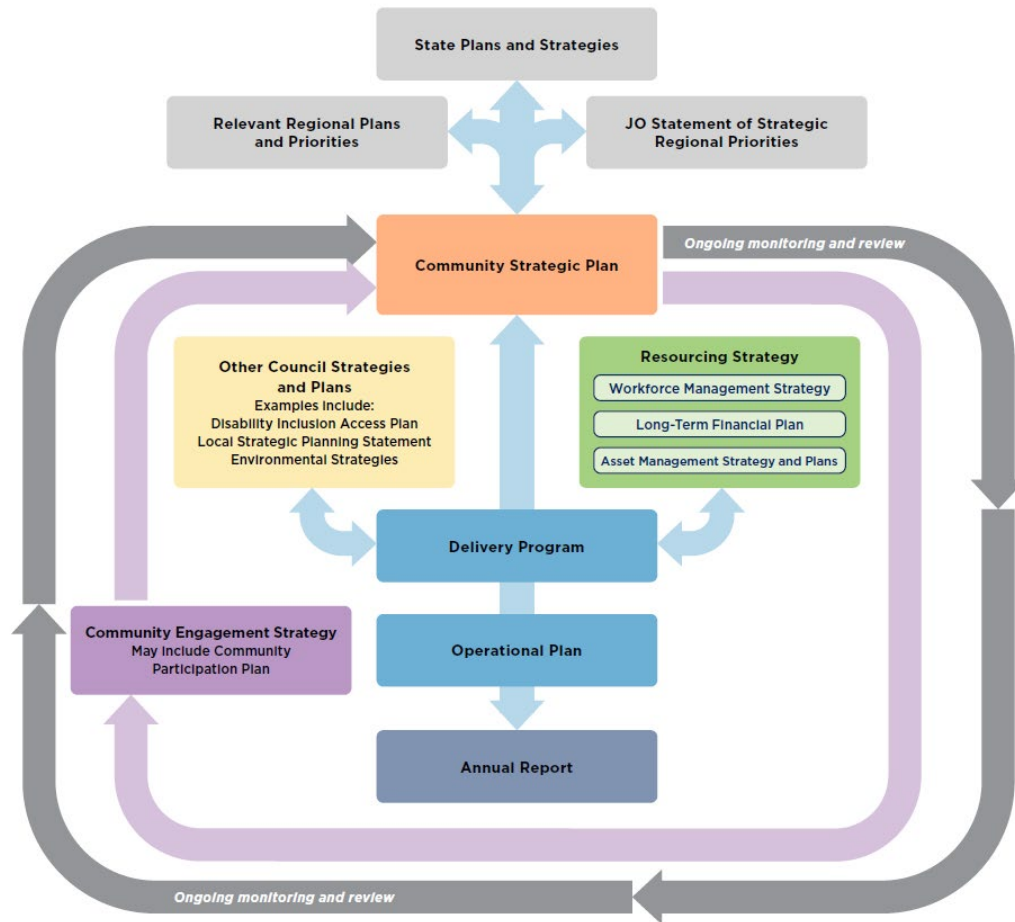


Figure 1 IP&R [Framework Integrated Planning Report Handbook](#) p5

How to read this plan

Councils are required to prepare LTFP for a minimum of 10 years. The LTFP should be read in relation to the objectives of the Community Strategic Plan as well as the Delivery Plan, Operational Plan and Asset Management Plan. The LTFP evaluates revenue and expenses and is used to guide Council's future decision making, financial sustainability and to identify risks.

The LTFP has eleven main sections:

1. **Foreword:** From the Mayor and the General Manager introducing the community to the plan.
2. **Introduction:** Provides a brief explanation of how the LTFP sits within the IP&R framework.
3. **Context:** Discusses social, environmental and economic factors which may impact on the plan.
4. **Strategic Alignment:** How the LTFP supports the delivery of the suite of IP&R documents
5. **LTFP Assumptions:** Key assumptions such as service levels, population forecasts and anticipated regional economic growth and Council expenditure and major capital and revenue and expenses are detailed in this section.
6. **Council's Current financial position:** Overview of Council's current financial position.
7. **Risk Management:** Identifies risks and mitigation strategies.
8. **Sensitivity Analysis:** Details the impacts of various scenarios on Council's plans.
9. **Scenario Modelling:** Uses assumptions to model different scenarios and the impact that they will have on Council's General Fund, water fund and sewer fund.
10. **Performance Monitoring:** process of collecting, analysing and reporting data regarding the performance of an organisation to ensure that Council is achieving its objectives.
11. **Appendices:** has detailed financial statements for consolidated revenue, general fund, capital works as well as key performance indicators

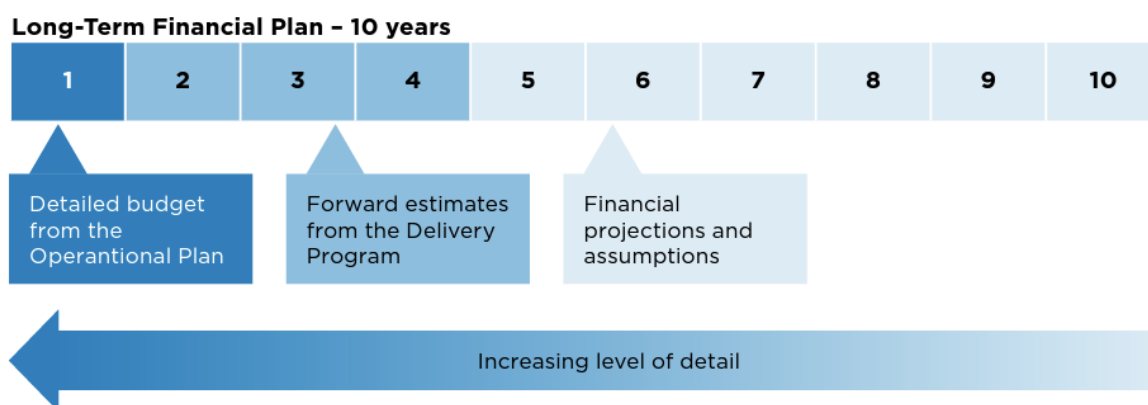


Figure 2. Long-term Financial Plan 10 years IP&R Handbook p37

3. Context

Overview of Lithgow City Local Government Area

The Lithgow local government area is located on the western ramparts of the Blue Mountains, 140 kilometres from Sydney. The Lithgow Local Government area totals 4,567 square kilometres from the Capertee and Wolgan Valleys in the north, Little Hartley in the east, Tarana in the south and Meadow Flat in the west.

The major urban centre of Lithgow nestles in a valley of that name, overlooked by the sandstone escarpments of the Blue Mountains.

In addition to the major urban centre of Lithgow, the Lithgow local government area has 12 villages/ hamlets with mining or farming backgrounds. These smaller centres have proven to be attractive rural residential areas, along with the broader rural areas.

The Lithgow LGA lies almost wholly within the Wiradjuri Aboriginal nation, with the Gundungurra nation situated to the south and the Darug nation to the east.

Lithgow was previously perceived to be an inland mining and industrial centre, however, recent developments have seen Lithgow recognised as an important tourism destination, heritage centre and a desirable residential area.

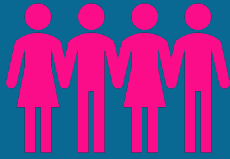
The Lithgow local government area includes World Heritage listed National Parks and State Forests, making Lithgow an important leisure destination for Sydney residents.

Lithgow has unlimited opportunities for outdoor activities such as bush walking, mountaineering, camping, orienteering, hang gliding, horse riding, off road 4wd, fishing, sailing and water skiing.



Hassans Walls (shutterstock)

Social Demographic



21,516 total population

45 Median Age

9.3% of residents were born overseas

11% of the population are older couples without children

22% of the population are couples with children

5.7% of residents are Aboriginal and Torres Strait Islander decent

9% of residents have a university qualification

27% households have a mortgage

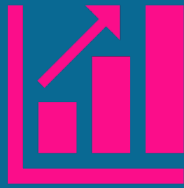
\$987 median Weekly household income

23% households rent

\$324 median weekly mortgage repayment



Economic Statistics



\$1.62b Gross Regional Product

1,335 Local businesses

8,690 local jobs

3.9% unemployment

\$489m value add from mining to local economy

942 people employed in mining

\$67.4m generated by tourism and hospitality



Local Government assets and services / Council's role

Council is a responsible financial manager who delivers cost effective, equitable and efficient services and assets which reflect the community's needs and expectations and is guided by the long-term strategic plans and objectives identified in the Integrated Planning and Reporting Framework.

Lithgow City Council is structured into five Divisions:

- Executive
- People & Services
- Finance and Assets
- Water Wastewater and Waste
- Infrastructure Services.

Services Council provide include:

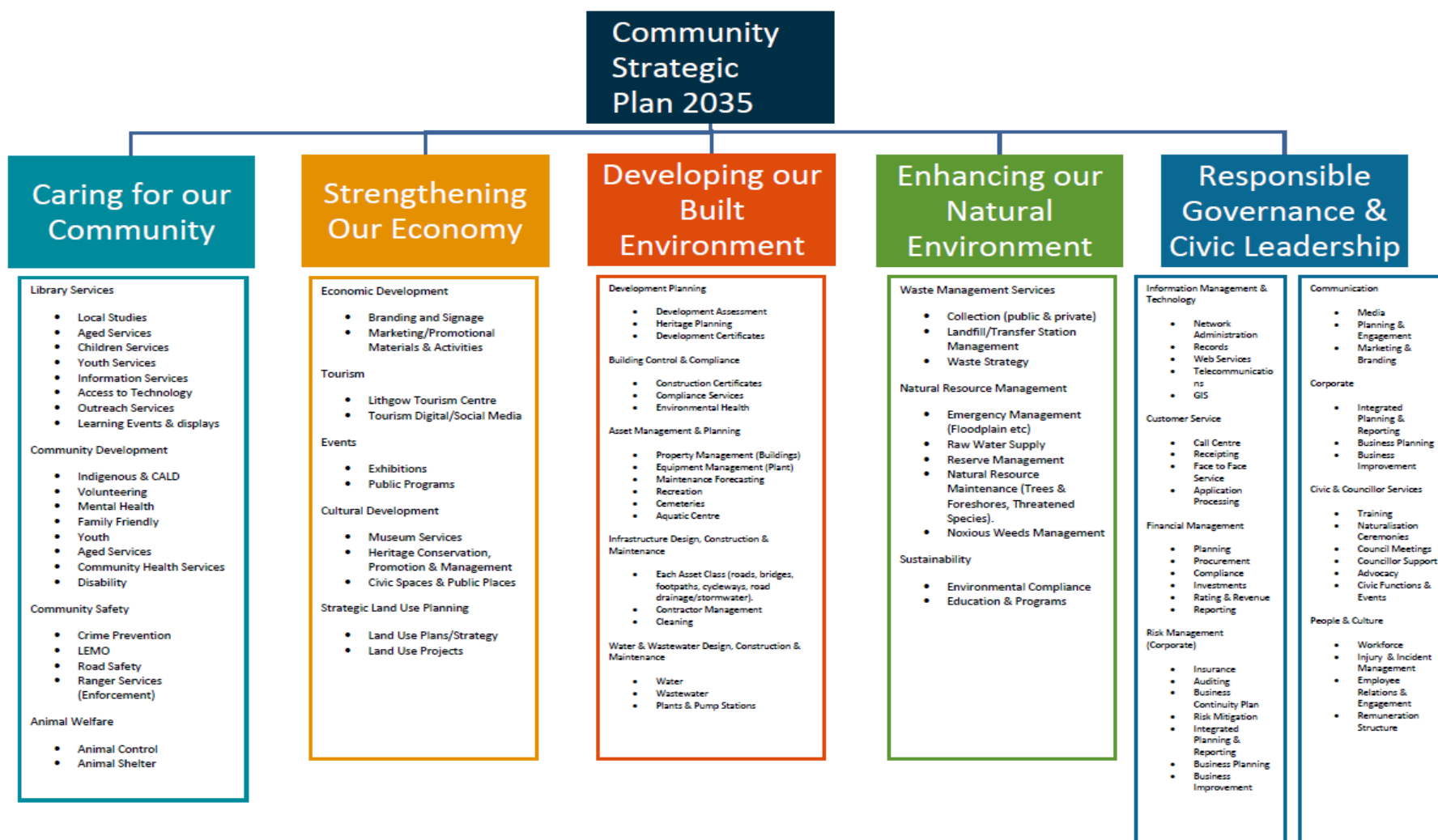
- Asset management
- Capital works
- Community and cultural development
- Development assessment
- Environmental health and building control
- Recreation and open space management
- Urban planning.

Our internal services include

- Customer services
- Finance and accounts
- Human resources and organisational development
- Risk management
- Information systems
- Document management
- Governance.

Council 's service catalogue is illustrated below.

Service Catalogue – Based on the Community Strategic Plan 2035



Stakeholders / partners/ agencies

Council is a party to a number of partnerships and joint ventures – these include but are not limited to:

- **Western Sydney Regional of Council's (WSROC)** - An Organisation of councils for the sharing of knowledge, bulk procurement, and provision of human resources services such as training, promotion of the area and a driver for improvements to the region
- **Netwaste** - was established in 1995 to form a collaborative approach to waste and resource management. It has 26-member Council's overing 40% of the State. In addition to delivering waste service arrangements, it works collaborate with Council's on targeted waste projects and education programs.
- **State Library** - Provision of support service for the Lithgow Library Service.
- **Sydney Catchment Authority** - Council entered into an agreement for the ongoing costs for the UV Disinfection Units at the Lithgow and Wallerawang Sewerage Treatment Plants.
- **Voluntary Planning Agreements** Council has a Voluntary Planning Agreements (VPA) policy and it is expected there will be a growing number of VPAs in future years.

Financial issues/risks facing council

Financial Sustainability

Council has consistently reported deficit operating results (before capital grants) in its financial statements for the past 10 years. This has resulted in drawing down of internally restricted reserves and difficulty sustaining the required level of spending on asset maintenance and renewal.

In the past two years, there has been a significant fall in interest income due to record low interest rates and lower reserve balances, at the same time as rising costs and higher inflation.

Council needs to be mindful of setting service levels at a sustainable level. Council has commenced a process of engaging in a conversation with its community on how best we can achieve levels of service that are both affordable and acceptable, given the significant ongoing financial challenges.

Council's financial challenges have informed the LTFP and in simple terms can be expressed as:

- Fund the capital program with a focus on renewing existing assets, not building new assets; including consideration of whole of life costs of assets in decision making.
- Investment in our asset base at agreed service levels (which includes potential asset rationalisation to focus expenditure on priority community assets).
- General Fund expenses do not exceed income (living within our means).
- Active management of internally and externally restricted reserves.

Rate Peg

For over 30 years NSW councils have been subject to rate pegging. Rate pegging is the maximum percentage limit by which NSW councils may increase the total income they receive from rates. The rate pegging percentage is set each year by IPART.

For many years the NSW Local Government sector has objected to rate pegging due to the adverse effect it has on the financial sustainability of NSW councils. IPART, in its 2008 paper - Review of the Revenue Framework for Local Government found that over the period 1976/77 to 2006/07 taxation (i.e. rates) revenue grew more slowly in NSW than in the rest of Australia. Since rate pegging was introduced in NSW, rates revenue per capita for NSW councils increased by an average of 1.9% per annum, compared with 3.4% per annum for the rest of Australia. IPART has acknowledged that rate pegging has constrained the growth of NSW councils' rate revenue relative to councils in other states.

It has been Council's experience, that many of its major costs have increased at a higher level than rate pegging. Major examples of this include energy costs (fuel, electricity, gas), materials used in the construction and maintenance of Council's road and drainage networks and labour costs. In the past, Council has addressed this challenge through the ongoing identification of cost savings and efficiencies.

Cost Shifting

Cost shifting describes a situation where the responsibility for, or merely the costs of, providing a certain service, concession, asset or regulatory function are 'shifted' from a higher level of government on to a lower level of government without providing corresponding funding or the conferral of corresponding and adequate revenue-raising capacity. Local Government NSW's Cost Shifting Survey is conducted annually and seeks to establish the extent of cost shifting by the Australian and NSW Governments on to NSW Local Government.

The survey results confirm that cost shifting continues to place a significant burden on councils' financial situation. Despite the recognition of cost shifting and its adverse impacts on NSW local government, cost shifting remains at a high level (around 6 per cent of councils' total income before capital amounts).

Contributions to the Fire and Rescue NSW, NSW Rural Fire Services and NSW State Emergency Service, lack of adequate funding for public libraries and the failure to reimburse councils for mandatory pensioner rebates are major examples.

Asset Renewal Funding

A major ongoing challenge for the NSW Local Government sector is the need to provide adequate levels of funding for the maintenance and renewal of existing infrastructure. This has been previously highlighted in a number of studies, such as the 2006 Local Government and Shires Association's Independent Inquiry into the Financial Sustainability of NSW Local Government and the 2013 report released by NSW Treasury Corporation (TCorp) in regard to financial sustainability of all NSW councils. The TCorp review identified an infrastructure renewal backlog of \$7.2 billion across all NSW councils.

These studies have identified the need for NSW councils to significantly increase funding for the renewal of existing infrastructure. They have further identified that if funding is not

increased in the immediate term, then the infrastructure renewal backlog will continue to increase at a level which may become too great to address without serious ramifications on service delivery.

For Council, the infrastructure renewal backlog as at 30 June 2020 was \$9.5 million. Council is a custodian of infrastructure, property, plant and equipment assets that have a value of approximately \$580 million. Without adequate funding, effective maintenance and renewal of these assets to maximise their potential life cannot be achieved.

4. Strategic Alignment

The Community Strategic Plan is developed in consultations with the Lithgow community and outlines their wants, needs and aspirations. The Community Strategic plan is delivered through the Delivery Program and Operational Plans of Council.

The Resourcing Strategy, which includes the LTFP, is critical to ensuring that Council has the capability and capacity to deliver the services as planned. The LTFP aligns the delivery of services as outlined in the community expectations with the requirement for responsible management of Council's current and future financial sustainability.

The aim of the LTFP is to provide the Council with sound financial information upon which to make decisions. Decisions made by Council are reflected in the annual revision of the LTFP, as estimates of revenues, expenditures and capital investments are refined and become more accurate. As decisions are made, more detail can be added to the LTFP. For example, as Council finalises its Delivery Program, the first four years of the LTFP will become firmer. As the Operational Plan is completed, the detailed budget will form the first year of the LTFP.

The LTFP takes into account service planning reviews, with service managers identifying current levels of service, forecasting future service demand, identifying the asset requirements and estimating the future incomes and expenditure. Through service planning Council has a very good understanding of the risks and challenges to the future sustainability of the Council. This work continues to be refined as grant funding is secured for key infrastructure, internal asset data improves and the external operating environment changes (for example, as a result of the COVID-19 pandemic).

The following CSP focus areas are funded within the LTFP Sustainable Council scenario. Other CSP focus areas will require Council to advocate to other levels of government and/or to seek grant funding opportunities.

Caring for Our Community

- Housing and land availability & affordability (Lithgow Housing Strategy 2022/23)
- Support our community groups (annual Financial Assistance Program)
- Support and connect our communities - Develop 'The Seven Valleys' brand (destination marketing funding)
- Retain our rural and urban village identities and character (Village Improvement Program)

Strengthening our Economy

- Employment land availability (ongoing development of a Land Bank)
- Transition our economy
- Develop and implement the Lithgow Emerging Economy Program
- Develop 'The Seven Valleys' Brand (destination marketing funding)

Developing our Built Environment

- Roads and transport infrastructure (annual maintenance and renewal programs)
- Infrastructure upgrade/renewal (annual capital works program)
- Improve the appearance of towns & villages (Village Improvement Program)
- Recreation Precincts (annual programs)

Enhancing our Natural Environment

- Develop a Climate Change Strategy (2022/23)
- Tourism infrastructure that protects our natural environment (Hassans Walls Environmental Studies 2022/23)
- Implement the Floodplain Management Plan (ongoing)
- Waste & Recycling (Resource Recovery Centre operations funded from 2022/23)

Responsible Governance & Civic Leadership

- Financial sustainability (LTFP Scenario 3)
- Provision of timely, efficient and consistent quality customer service (Customer Service Review – recommendations implemented 2022/23)

5. LTFP Assumptions

The long-term financial model requires Council to identify all material items of revenue and expenditure and determine the external and internal influences which could significantly impact on Council's finances.

Service Levels

Council's service levels vary for each of three scenarios:

- Scenario 1 – **Base Case**: assumes rate increases limited to the rate peg and has been modelled to show “business as usual”. If Council were to maintain current service levels with rate peg increases only, Council would not be financially sustainable.
- Scenario 2 - **Service Levels Reduced** – to implement this scenario, Council will need to undertake a comprehensive review of its services and present a plan to the community for a reduction in levels of service, and
- Scenario 3 – **Service Levels Maintained** – Council would apply for a permanent increase in general rate income (a Special Rate Variation) above the peg rate set by IPART. The addition of \$6 million to Council's annual general revenues equates to a 44.5% overall increase in rates (including assumed rate peg of 2.5%).

Further details of Council's scenarios are provided in Section 9 Scenario Modelling.

The LTFP will be reviewed as required when the type of service or service levels are varied by Council in reflection of community needs and priorities. In such cases, the capacity of the Council to fund these services will be assessed against the financial policy framework provided in the LTFP.

Under recent amendments to the Local Government Act, all councils are required to review their services as part of good management practice.

Population forecasts

As recorded in the 2021 ABS census, the usual resident population of the Lithgow Local Government Area (LGA) was 20,842, living in 10,238 dwellings with an average household size of 2.25.

From 2016 to 2021, Lithgow's population declined by 248 residents or approx.. 1%.

Council believes that through proactive leadership, Lithgow's population will grow at 0.89% p.a., reaching 25,500 residents by 2040.

This is in contrast to the NSW Department of Planning and Environment (DPE) population projections 2019 which predicts a 4% population decline in the years to 2041; a common trend shared with other regional LGA's.

In this LTFP, using the conservative estimates, no allowance has been made for additional rate revenues for Council as a result of population growth.

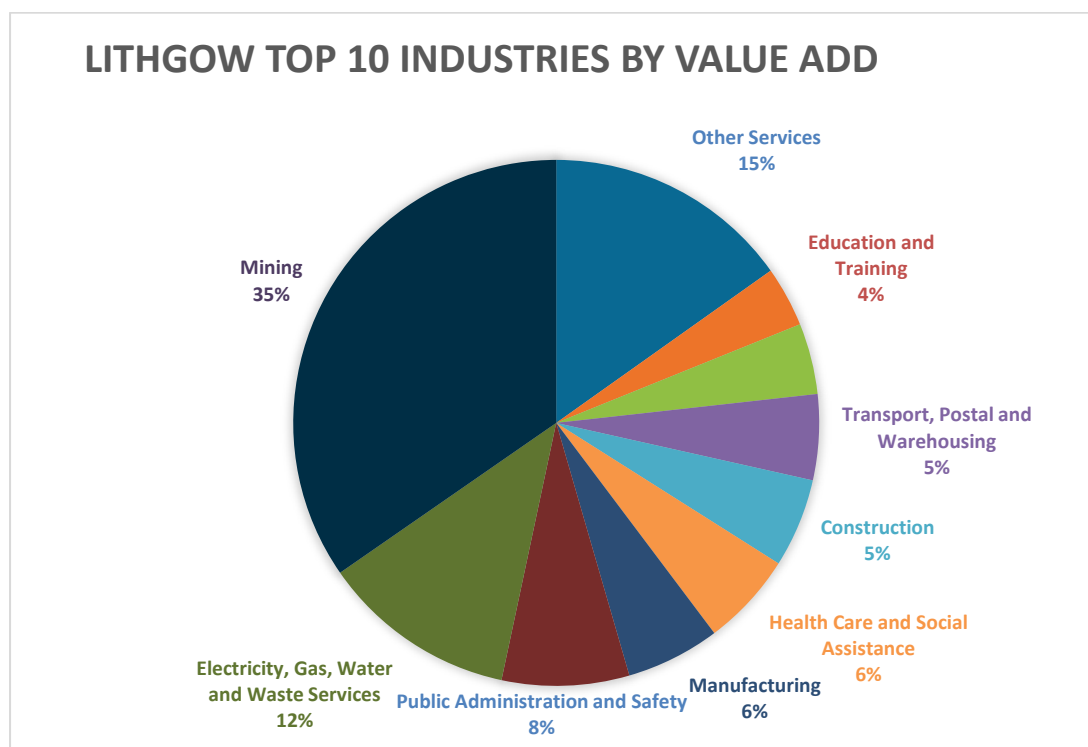
Council faces a degree of uncertainty in terms of its ongoing rate revenues over the life of the plan. It is for this reason that no major charges (including an allowance for rating base growth) have been included at this stage.



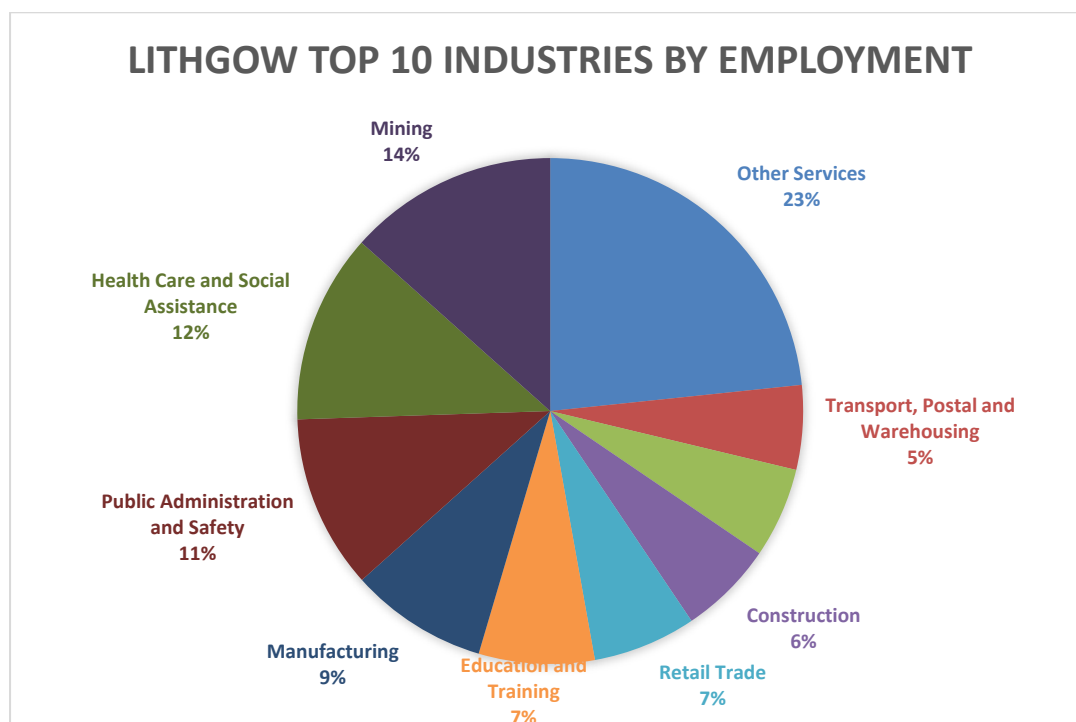
Ariel view of Lithgow - shutterstock

Anticipated levels of local economic growth

Lithgow City Council Region has a gross regional product which is estimated at \$1.62 billion. Mining is Lithgow's largest industry by value. Lithgow's top ten industries by value add is listed below



Lithgow top 10 Industries by Value add (Source: National Institute of Economic and Industry Research (NIEIR) ©2021. Compiled and presented in economy.id by.id)



Lithgow top 10 industries by employment (Source: National Institute of Economic and Industry Research (NIEIR)©2021. Compiled and presented in economy.id by.id)

The diagrams above show that Lithgow has a diverse thriving economy which showed an increase in GRP of 7.1% between 2020 and 2021, Lithgow also has very low unemployment at 3.3% as at Sept 2021 compared to NSW which was 5.5%. Housing prices in Lithgow have also increased significantly with the median house price rising 22% YoY to \$435,000 as at December 2021.

Lithgow is set to see major investment over the next few years including:

- Upgrade of the Great Western Highway between Katoomba and Lithgow, estimated value of \$4.53b and will create approximately over 30,000 jobs over 10 years.
- The development of the Fast Rail Western Corridor to assist commuters to Sydney.
- Expansion of Tourism assets in line with Destination Management Plan such as restoration of the Zig Zag railway.
- The proposed re development of Wallerawang Power Station into an eco-industrial business park including a \$400m 500MW battery.
- Completion of the Cullen Bullen Sewer Scheme (Council project).
- South Bowenfels Subdivision - Layout Design and Development Approval.
- Marrangaroo Urban Release area - the project area comprises 339.22ha of land within the Marrangaroo Urban Release Area (URA) and 54.85ha of IN1 zoned land (employment lands as mapped in Lithgow Local Environmental Plan 2014). Within the URA there is 41.22 ha of land zoned for B6 Business Corridor and 298 ha of land zoned R1 General Residential.
- Development of the Portland Foundations site into a regional centre for art, culture and events inclusive of a residential development.

Australian Government, NSW Government and regional economic forecasts

In the development of this document Council reviewed a number of Federal and State government strategies, policies and plans relating to regional economic growth (please see list below). Many of these strategies identify opportunities for regional Council's like Lithgow City – especially in a post pandemic world with people looking to “*work where they want to live*”

Lithgow is ideally placed to take advantage of new remote and hybrid work models. However, many strategies fall short in identifying the appropriate level social infrastructure needed to accommodate growth – this is usually because they have used population that Council does not believe accurately represents Lithgow's regional growth opportunities and, in many cases, will result in cost shifting to Council.

Council acknowledges that the landscape has changed over the last 5 years and external factors such as the pandemic, the geopolitical environment, climate change and net zero target will impact Council's long term financial position.

NSW GOVERNMENT STRATEGIC PLANS	
A 20 year Vision for Regional NSW	Premiers Priorities
Draft Central West and Orana Regional Transport Plan	Snowy Hydro Legacy Fund
Net Zero Plan Stage 1: 2020-2030	Common Planning Assumptions
Building Momentum State Infrastructure Strategy 2018-2038	DPIE Growing NSW's primary industries and land sector in a low carbon world
Draft Regional Water Strategy Lachlan	NSW Housing Strategy
Future Ready Regions Supporting drought resilient communities and economies	Draft Regional Water Strategy Macquarie-Castlereagh
NSW Hydrogen Strategy	NSW Minerals Strategy
Critical Minerals and High-Tech metals strategy NSW Government	Western Area Health – Strategic Plan 2020-2025
NSW Waste and Sustainable Materials Strategy 2041	Federal Government Plans
Lithgow Regional REDs 2018-2022	Australia's Critical Minerals Strategy
Recommendations of the Regional Housing Taskforce	CSIRO missions
Draft Central West and Orana Regional Plan 2041	2021 Australia Infrastructure Plan

Inflation Forecasts

Over the twelve months to the December 2021 quarter, the CPI rose 3.5%.

An annual increase of 2.5% for CPI has been incorporated in all scenarios of the LTFP for the 2023/24 year and future years. The rate peg, user fees and charges, other revenue, materials & contract and other costs have been increased year-on-year by the assumed CPI. Sensitivity analysis on a slightly higher (2.75%) annual CPI increase as well as a slightly lower (2%) annual CPI increase has been conducted.

Interest Rate Movements

Based on RBA indications, it is projected that official cash rate will increase to 2% over the 10 year term of the LTFP.

Major planned expenditure, such as capital works

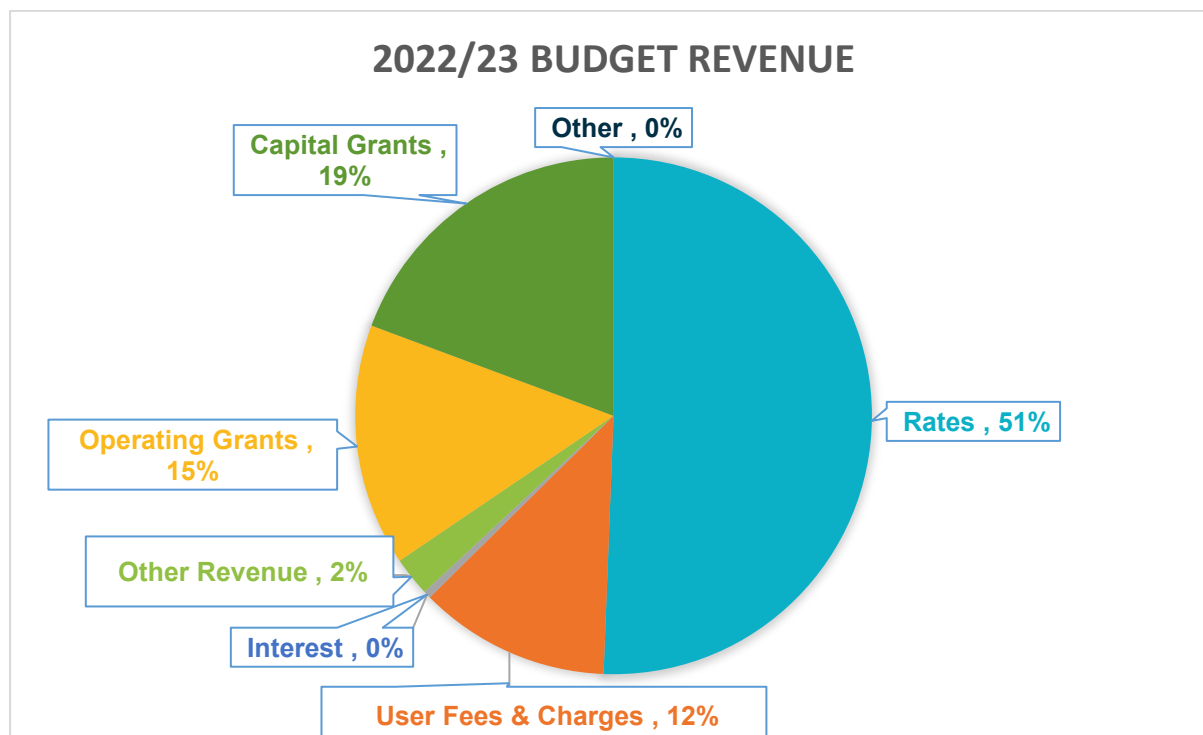
Over the next ten years Council is planning the following major capital works:

- \$6m Cullen Bullen Sewer Scheme (grant & loan funded)
- \$2m Strategic Property Development (reserve funded)
- \$20m Oakey Part WTP Renewal (grants, reserve & loan funded)

Council's key focus will remain on the maintenance and renewal of existing infrastructure assets.

The Scenario 2 and 3 Capital Works Program summary is included in **Appendix 5**.

Revenue



Council has applied considered indices to future years' income and expenditure for modelling purposes. Below are the indices used.

Base Case Assumptions	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Rates and Charges									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User Fees and Chargers									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest and Investment Revenue									
Scenario 1	1.00%	1.00%	1.50%	1.50%	1.50%	1.50%	1.50%	2.00%	2.00%
Other Revenues									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating Grants and Contributions									
Scenario 1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Capital Grants and Contributions									
Scenario 1	Capital grants linked to the Capital Works Program								
Employee Costs									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Material and Contracts									
Scenario 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Expenses									
Scenario 1	2.50%	2.50%	2.05%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Rates and charges

Rates and annual charges account for a large portion of income in future years. Council relies on the annual rate pegging increase set by the Independent Pricing and Regulatory Tribunal (IPART). The Long Term Financial Plan assumes an annual increase of 2.5% for 2023/24 and the same for the remaining life of the plan. Indications are that the population of the Local Government Area will be maintained but with an ageing population base. Council will need to consider the write off of rate income due to pension rebates and as a result issues for rating as a revenue source. The issues may be:

- income from rates and annual charges including general rates from residential, business, farmland, rural and mining, waste, and ongoing special infrastructure rate levy is restricted by annual rate pegging; and
- the ageing population is likely to limit scope to raise income due to the populations' ability to pay and the fact that more pensioner rebates will be being processed resulting in lower rate revenue.

Scenarios 1 and 2 allow for rate peg only increases to rating income. Scenario 3 includes an additional permanent SRV from 1 July 2023 to fund asset maintenance and renewal, as well as to build capacity within the organisation and facilitate economic resilience in the local government area..

Revenue from annual charges includes the Domestic Waste Management charges, well as water and sewer access charges. The LTFP assumes that annual charges will increase at the same rate as CPI / rate peg.

Interest and investment revenue

The level of interest revenue earned by Council will vary with regard to the total amount held in Council's investment portfolio.

Council reviews its Investment Policy annually and ensures compliance with the Ministerial Investment Order dated 12 January 2011. Council's current Investment Strategy is simply to invest in term deposits, with terms of up to 12 months, depending on cash flow needs and market deposit rates.

Interest on investments is assumed at between 1% at the beginning of the plan up to 2% at the end of the Long Term Financial Plan. Interest rates across the financial markets have been at record lows in recent times. A slowly rising trend in interest rates is anticipated. Interest has been calculated on the average balance of funds invested for the year.

User charges and fees

Council provides a wide range of facilities and services for which it receives revenue from user fees and charges. The largest source of user fees is for water supply services. Other services providing user fees include planning & building regulation, cemeteries and the JM Robson Aquatic Centre. Often, the revenue received does not fully offset the costs associated with the service or facility as they are aimed at providing a broad community benefit and if higher fees were charged many residents may be unable to enjoy the use of the facility or service. In other instances, fees may not be high enough to recover full costs due to external market pressures or the fee being set by statute.

The estimated annual increase in user charges and fees is assumed to be 2.5% for 2023/24 and 2 for the remaining life of the plan.

Other revenues

Other revenues include insurance claim recoveries and sale of goods at the Aquatic Centre and Visitor Information Centre.

The estimated annual increase in user charges and fees is assumed to be 2.5% for 2023/24 and for the remaining life of the plan.

Grants and contributions

Council receives grants from the NSW and Commonwealth governments. These are either discretionary or non-discretionary. The majority of grants provided to Council are for specific purposes, such as infrastructure maintenance and provision of community services. Generally, the funding received is less than the total cost of the works / services being provided. Typically, it is often a condition of the grant funding that Council provides matching funding.

The largest single source of Council's grants revenue is the Financial Assistance Grant (FAG). This is a general-purpose grant and is allocated to councils on a formula basis that has regard for a range of factors such as population, quantum of infrastructure maintained and the relative disadvantage between Councils.

The assumption has been to apply a lower inflator to the levels of operating grants and contributions over the life of the plan. This sees revenues from Grants and Contributions increasing at 1.5% per annum for the 10 year term of the plan.

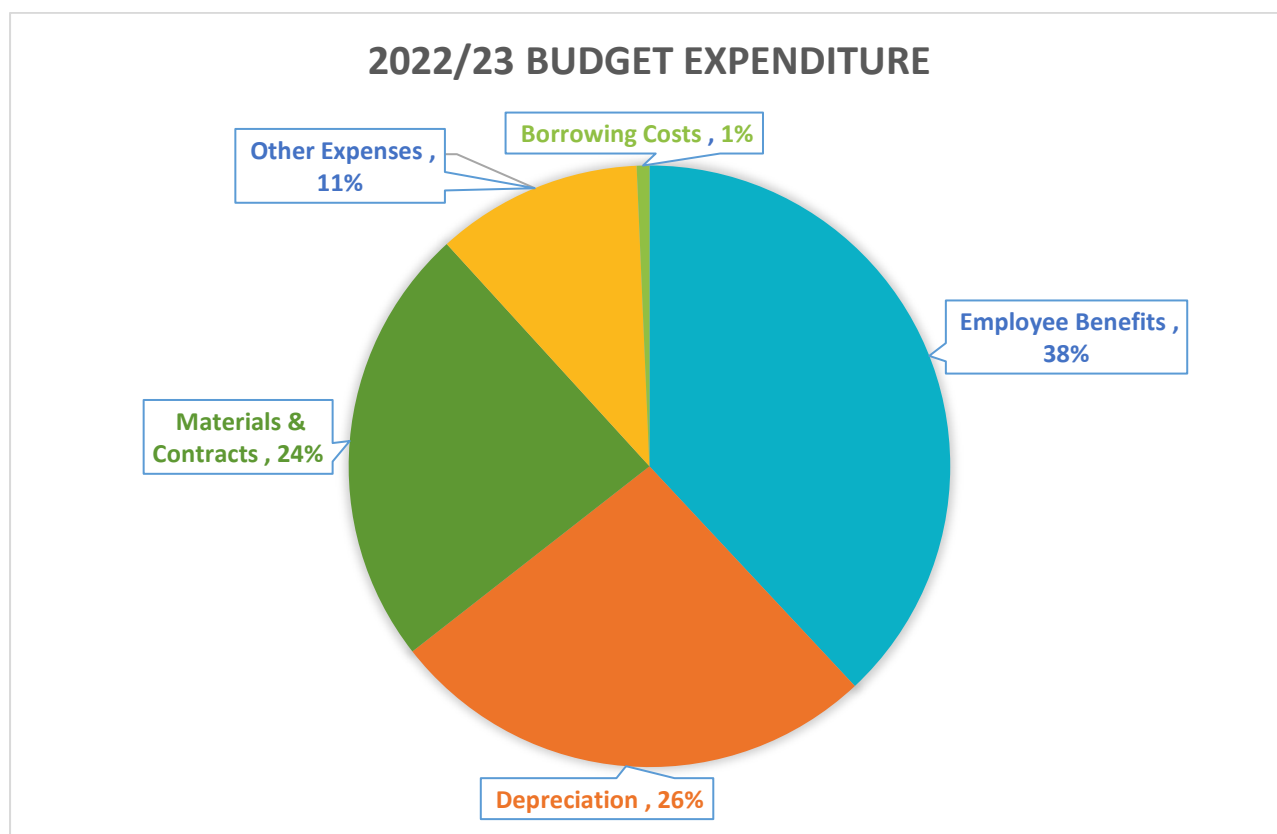
Section 7.11 developer contributions

Section 7.11 of the Environmental Planning and Assessment Act 1979 enables Councils to levy contributions for public amenities and services required as a consequence of development. Developer contributions are essential to providing key facilities and services for local residents, especially in new residential subdivisions.

Section 7.11 contributions are held as an externally restricted asset until they are spent for the purposes designated. Council's policy is to commence specific works only when sufficient contributions have been received to complete the works. The level and timing of contributions fluctuate according to a variety of factors including economic growth and the level of development activity.

The LTFP assumes that developer contributions will increase at 1.5% per annum for the 10 year term of the plan, similar to other contributions.

Expenditure



Employee costs

Employee costs include the payment of salary and wages, employee leave entitlements, superannuation and workers compensation expenses. Overall employee costs comprise around 40% of Council's total operating costs.

The LTFP projects overall employee costs to increase on average by 2.5% per annum, this increase covers a range of employee related expenses such as employee leave entitlements, employer superannuation contributions (including the progressive increase in compulsory employer superannuation contributions from 10% to 12%) and workers compensation expenses.

The major increase for employee costs are annual award salary and wage increases. Other factors influencing employee costs are changes in the level of superannuation contributions, workers compensation costs and increases in staff numbers.

Materials and contracts

Council has relatively high levels of materials and contract expenses due to the large number of assets held, constructed and maintained by Council. This places Council under considerable pressure when rising materials and construction costs occur.

The LTFP assumes that materials and contracts will increase at 2.5% for 2023/24 and for the remaining life of the plan.

Debt servicing

Council intends to use borrowings to fund two major projects over the next 10 years. The interest on existing loans is as provided for in the loan agreements and the interest assumed on new loans has been calculated at 4.00% for loans with a tenure of 10 to 20 years. This interest rate is typical of the interest rates that were on offer in the marketplace at the time the Long Term Financial Plan was updated and is consistent with current Reserve Bank of Australia interest rate projections.

Year	Amount	Purpose
23/24	\$2,000,000	Cullen Bullen Sewerage Scheme
28/29	\$5,000,000	Oakey Park WTP Major Upgrade/Renewal

Note: Oakley Park WTP total budget \$20M (depreciation over 30 years)

- \$13m budgeted to be funded via grants
- \$5m budgeted to be funded via loans
- \$2m budgeted to be funded via reserves

Restricted Assets

A large proportion of Council's investments are held as restricted assets for specific purposes. Restricted assets may consist of externally restricted assets which must be spent for the purpose for which they have been received (e.g. Water, Wastewater, Domestic Waste) or internally restricted assets which have been set aside by Council resolution. Some internal restrictions are held to fund specific liabilities such as employee leave entitlements and bonds and deposits.

Depreciation

The LTFP projects annual depreciation expenditure to increase based on estimated capital expenditure levels in future years. The actual depreciation expenditure in future years will be impacted by future asset revaluation methods and timing as stipulated by relevant accounting standards.

Council's infrastructure assets are revalued in accordance with a staged implementation program as advised by the Office of Local Government. Full revaluations are to be undertaken for all assets on a minimum 5 year cycle.

Depreciation costs used in the LTFP relate to existing assets and any proposed capital works. The results of future asset revaluations may result in depreciation estimates being revised over time. Depreciation expenses have been derived using asset modelling so amounts vary according to projected costs and allowance for capital works (including upgrade and expansion expenditure) over the course of the financial plan.

Other operating expenses

Other operating expenses comprise a variety of items, such as the following:

- donations and contributions
- contributions to emergency services (paid to the NSW Government)

It is assumed that other expenses will increase at 2.5% for 2023/24 and for the remaining life of the plan.

6. Council's current financial position

In the 2020/21 year, Council achieved the OLG's benchmarks for the following operating performance measures:

- Own source operating revenue ratio;
- Unrestricted current ratio;
- Debt service cover ratio;
- Rates, annual charges, interest and extra charges outstanding percentage; and
- Cash expense cover ratio.

In 2020/21 Council did not meet the OLG's operating performance ratio benchmark of >0.00%. With costs rising faster than revenue, Council has only achieved the operating performance ratio benchmark once in recent years.

In 2020/21, Council has achieved the following OLG benchmarks for the infrastructure asset performance indicators:

- Infrastructure backlog ratio; and
- Asset maintenance ratio.

In 2020/21 Council did not meet the OLG's building and infrastructure renewals ratio which indicates that Council did not have sufficient funding for asset renewals.

Council has a strong balance sheet. As at 30 June 2021, Council had total general fund assets of \$494 million which included cash and investment of \$18.8 million. Total general fund liabilities were \$23.3 million including external borrowings of \$2 million. The comparative data for Council's consolidated position (water and sewer fund included) was total assets of \$624 million including cash and investments of \$29.2 million with total liabilities of \$37 million (including external borrowings of \$12.8 million).

Further information is provided in the Key Performance Indicators section of the LTFP.

Addressing Council's Long-Term Financial Sustainability

In recent years, Council has made submissions and has received assessments under the Fit for the Future (FFTF) process. These assessments have stated that Council is 'not fit' based on financial projections and ensuing key performance indicator results. Concern was also raised at that time about the quality of Council's financial projections and its financial management principles and practices.

Council has progressed in addressing its financial sustainability concerns by conducting a Financial Management Maturity Assessment and implementing 37 subsequent recommendations to improve Council's financial and asset management. Council is also implementing a multi-year Fit for the Future action plan.

In late 2021, Council's administration engaged Future Together Group to conduct a comprehensive rating structure and revenue review. This considered Council's financial sustainability issues, following 10 years of deficit operating results (before capital) and significantly lower rating revenue compared with similar neighbouring Councils. It identified a structural annual shortfall in Council's General Revenues of \$6M at existing agreed levels of service before adopting available productivity, savings and other measures.

In July 2022, Council endorsed the findings related to considering a special rate variation included in the Rating Review Technical Paper. Council also resolved to commence community engagement on two financial sustainability options.

Options for a Sustainable Lithgow

Council has commenced engagement with the community on the following two options for a sustainable Lithgow:

Scenario 1 – Service Levels Maintained (modelled as LTFP Scenario 3)

Council would apply for a permanent increase in general rate income (a Special Rate Variation) above the peg rate set by IPART.

The external review identified a shortfall of \$6 million in Council's annual general revenues. Although the majority of the funding in this option is proposed to be set aside for asset renewal and maintenance, \$1.25M of the funding is also proposed for building capacity within the organisation and facilitating economic resilience in the local government area.

The addition of \$6 million to Council's annual general revenues equates to a 44.5% overall increase in rates (including assumed rate peg). Great care has been taken, however, to distribute the rating as fairly as possible amongst the various rating categories, and as a result the impact on residential rating under this proposal would typically be 26.5% (including expected rate peg).

Scenario 2 – Service Levels Reduced (modelled as LTFP Scenario 2)

If Council chooses not to proceed with a rating increase or IPART determines not to approve Council's application, Council will need to undertake a comprehensive review of its services and present a plan to the community for a reduction in levels of service.

The plan will prioritise the maintenance of essential services over discretionary services.

Council anticipates that this process would take approximately twelve months and will again involve extensive community engagement. It will also require significant funding and resources.

Key Performance Indicators

Key performance indicators allow organisations to measure how effective and successful they have been at achieving business objectives and performance. The indicators below measure sustainability, effectiveness of asset management and liquidity. They are a combination of ratios set by the OLG and other ratios that Council considers critical to sustainable operations. These are the ratios Council will use to assess its 3 proposed Long Term Financial Plan scenarios.

OPERATING PERFORMANCE RATIO	OWN SOURCE OPERATING REVENUE	ASSET RENEWAL RATIO
<ul style="list-style-type: none"> Measures Council's ability to contain operating expenditure within operating revenue Benchmark: > or equal to break-even (0%) 	<ul style="list-style-type: none"> Measures fiscal flexibility and degree of reliance on external funding sources Benchmark: > or equal to 60% 	<ul style="list-style-type: none"> Assesses the rate at which assets are being renewed relative to the rate at which they are depreciating Benchmark: > or equal to 100%
INFRASTRUCTURE BACKLOG	ASSET MAINTENANCE RATIO	DEBT SERVICE RATIO

RATIO		
<ul style="list-style-type: none"> Indicates asset renewal backlog as a proportion of total asset infrastructure value Benchmark: < or equal to 2% 	<ul style="list-style-type: none"> Reflects actual asset maintenance against require asset maintenance Benchmark: > or equal to 100% 	<ul style="list-style-type: none"> Measures the availability of operating cash to service debt Benchmark: > 0% and less than or equal to 20%
UNRESTRICTED CURRENT RATIO	RATES AND ANNUAL CHARGES OUTSTANDING	REAL OPERATING EXPENDITURE PER CAPITA
<ul style="list-style-type: none"> Reflects Council's ability to meet debt payments as they become due Benchmark: > or equal to 1.5 	<ul style="list-style-type: none"> Reflects Council's ability to meet debt payments as they become due Benchmark: < or equal to 10% 	<ul style="list-style-type: none"> Reflects Council's ability to meet debt payments as they become due Benchmark: Decreasing over time

Council Consolidated 2020/21 actual performance of Ratios

MEASURE / BENCHMARK	ACTUAL 2021/21 PERFORMANCE	ACHIEVED BENCHMARK
Operating Performance Ratio	(2.2%)	✗
Own Source Operating Revenue	70.8%	✓
Building and Infrastructure Asset Renewal Ratio	51.8%	✗
Infrastructure Backlog Ratio	1.8%	✓
Asset Maintenance Ratio	121.7%	✓
Debt Service Cover Ratio	5.66x	✓
Unrestricted Current Ratio	2.23x	✓

7. Risk Management

A local government's activities expose it to a variety of risks which need to be considered in preparing the LTFP such as commodity prices, inflation and interest rates.

Council's asset management systems identify assets that are critical to operations and outline specific risk management strategies for these assets.

However, long term planning in a dynamic environment has to accommodate some level of uncertainty. For specific projects, the ability to accurately define risks over a long period may be constrained by uncertainties surrounding the availability of funding, such as grants. Also, the LTFP is developed on the basis of assumptions that can change via internal and/or external influence. This is one of the reasons that best practice is to review the assumptions annually.

8. Sensitivity analysis

Sensitivity analysis identifies the impact on Council's projected financial position of changes in assumptions used to develop the plan and highlights the factors most likely to affect the outcomes of the plan. As LTFP looks forward for ten years, many of these assumptions can fluctuate over time due to changes in economic conditions, government policies and changes in community expectation.

Sensitivity analysis looks at "what if" scenarios. For example, what happens to Council's financial position if inflation resulted in material and contract expenses rising faster than forecast; if growth was half that forecast; or if investment returns were lower than forecast in the plan.

Historically, there has been a nexus between income and expenditure inflators. If that nexus remains constant, then the actual movement of the factors will not materially impact the results forecast in this LTFP. However, the LTFP does remain susceptible to changes in the common indicators and to address this, conservative estimates have been included in the LTFP.

The analysis identifies the impacts of not taking planned actions or if a future SRV did not proceed. The assumptions used are our current informed estimates; however, they are fundamentally ambiguous especially in the current economic climate. If they are incorrect, some will have limited impact. Others may have a more material impact on Council's plans.

Council has undertaken sensitivity analysis for the three scenarios it has modelled. The LTFP includes the results from the key performance indicators for Scenario 3 – Sustainable Council.

9. Scenario Modelling

Scenario 1 – Base Case

The base case represents “business as usual” where Council continues to deliver existing services without applying improvement strategies or additional revenue. Future rate increases are limited to the rate peg only – Council would have ongoing operating deficits (before capital). The scenario also does not allow extra asset renewal expenditure to ensure the asset ratio benchmarks are achieved. **In this scenario, Council cannot be considered to be financially sustainable.**

The consolidated Scenario 1 Base Case Consolidated Income Statement is included in **Appendix 4.**

Scenario 2 – Service Levels Reduced

Scenario 2 models the “Service Levels Reduced” proposal which is outlined in the Rating Review Technical Paper. **Scenario 2 enables Council to become financially sustainable over the 10-year term of the plan by redirecting funding to asset maintenance and renewal whilst reducing discretionary services.**

Should “Service Levels Reduced” be the chosen option, Council would develop a plan which identifies essential services. As the option does not deliver the additional funding required to both meeting existing service levels and maintain / renew roads and other infrastructure, it will be necessary to reduce service levels. The reductions would occur for non-essential services. This plan would be developed and finalised with extensive community consultation.

The Rating Review identified a need to increase income by \$4.718M (after productivity and improvements). The value of service reductions would need to equate to \$4.718M to enable funds to be redirected to asset maintenance / renewal and to ensure Council’s long-term financial sustainability with a balanced operating result (i.e. no more deficits). Scenario 2 was developed on the basis of the following assumptions:

- **Rate peg only from 1 July 2023.**
- **Funding for existing maintenance service levels from 1 July 2023:** \$2.4M of additional transport, stormwater and building maintenance funding.
- **Operational Service Reductions from 1 July 2023:** with funding redirected to asset renewal / maintenance and to eliminate operating deficits, the required value of non-essential service spending has been removed from operational expenses. As over 60% of Council’s expenditure funds employment and materials / contracts, it is assumed that that these costs will need to be proportionally reduced. The value of required service reductions grows in each future year.
- **Adequate funding capital asset renewal from 1 July 2023:** \$2.5M of additional transport, stormwater and building asset renewal funding.
- **General Fund contingency:** a modest operating surplus to avoid “shocks, to address infrastructure backlogs and to maintain a higher net financial liabilities ratio.

The consolidated Scenario 2 Service Levels Reduced Consolidated Income Statement is included in **Appendix 4.**

Scenario 3 – Service Levels Maintained

Scenario 3 models the “Service Levels Maintained” proposal which is detailed in the Rating Review Technical Paper. **Scenario 3 enables Council to become financially sustainable over the 10-year term of the plan whilst maintaining services and building capacity within the organisation.**

Service levels would be maintained at the current levels expected by the community. Council will implement the Rating Review findings around increasing user fees income, however, there are limited council resourcing alternatives to generate the remainder of the required funding.

This scenario includes the following strategies to enable financial sustainability over the 10 year plan:

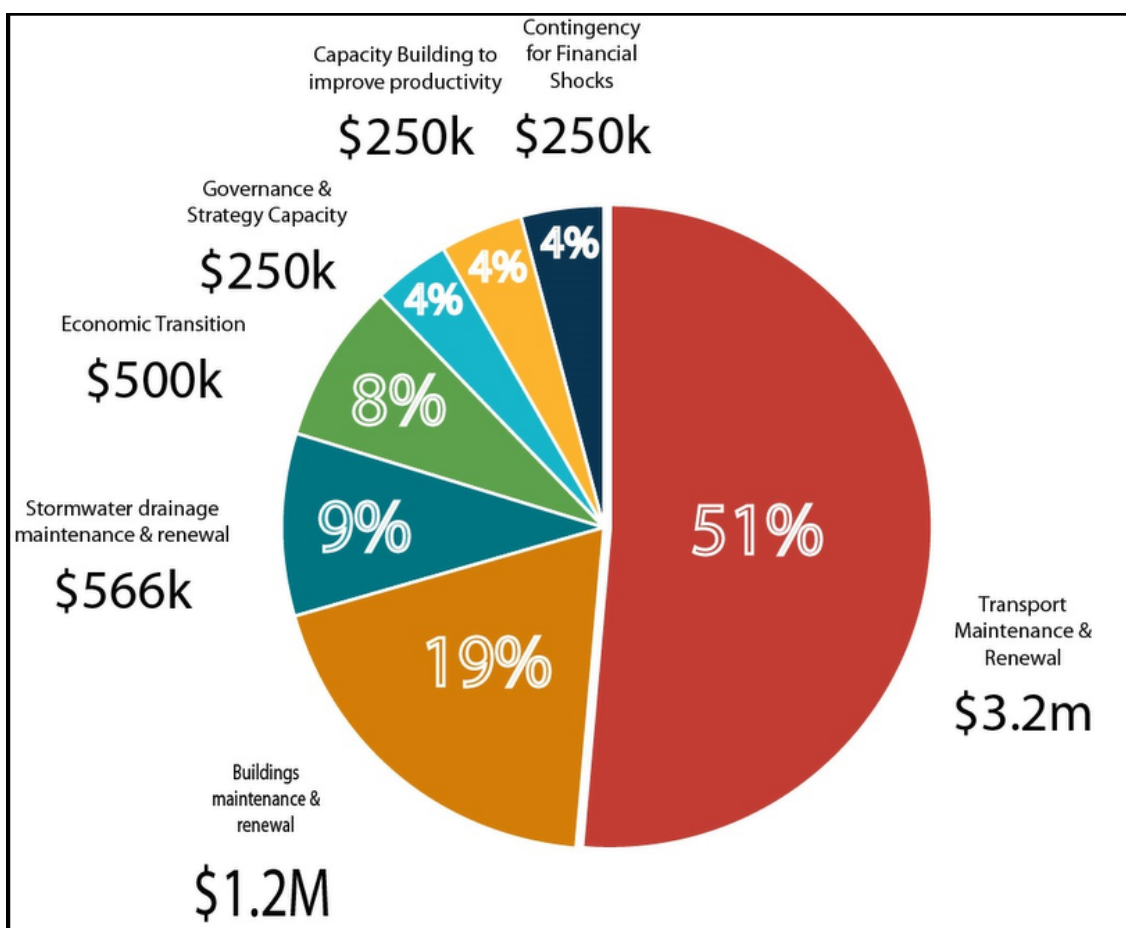
- **An additional permanent SRV from 1 July 2023** - a 44.5% overall increase in rates (including assumed rate peg). Great care has been taken, however, to distribute the rating as fairly as possible amongst the various rating categories, and as a result the impact on residential, business and farming rating under this proposal would typically be 26.5% (including expected rate peg).
- **Productivities and improvements:** \$1.3M of productivities and improvements as detailed in the Rating Review Technical Paper.
- **Funding for existing maintenance service levels from 1 July 2023:** \$2.4M of additional transport, stormwater and building maintenance funding as determined in the indicative SRV funding allocation.
- **Funding for building capacity from 1 July 2023:** \$1M of operational capacity building funding for governance / strategy, capacity building and transitions management as detailed in the Rating Review Technical Paper.
- **Adequate funding capital asset renewal from 1 July 2023:** \$2.5M of additional transport, stormwater and building asset renewal funding as determined in the indicative SRV funding allocation.
- **General Fund contingency:** a modest operating surplus to avoid “shocks, as well as enhanced capacity to improve performance and productivity in future periods, to address infrastructure backlogs and to maintain a higher net financial liabilities ratio.

The Scenario 3 Consolidated Financial Statements are included in **Appendix 1**.

The Scenario 3 General Fund Financial Statements are included in **Appendix 2**.

The Scenario 3 Performance Indicators are included in **Appendix 3**. The performance indicators trend towards meeting all of the Office of Local Government benchmarks over the term of the LTFP, indicating that Council will achieve financial sustainability in Scenario 3.

An indicative breakdown of the Scenario 3 proposed SRV expenditure is shown in the chart below.



10. Performance monitoring

A review of the Long Term Financial Plan will occur each year as the annual Operational Plan is prepared, to account for performance information and changing circumstances.

Consistently monitoring the LTFP allows Council to evaluate the quality and effectiveness of our services and an important accountability mechanism between council's administration and councillors, and between councillors and the community.

The LTFP will be monitored via the IP&R framework including but not limited to:

- Quarterly Financial Budget Review Statements
- Six monthly Operational Plan reviews
- Delivery Program Progress Reports
- Annual Report

Performance information allows for evidence-based decision making to inform and shows where areas of Council are performing and where improvements need to be made.

In addition to the above measurements, Council will also monitor the LTFP via a combination of ratios set by the OLG and other measures that Council considers critical to sustainable operations.

Council also closely monitors its cashflow (actual funds coming and going out) and reserve balances.

12. Appendices



Appendix 1 Consolidated Financial Statements Scenario 3

Income Statement - Consolidated Scenario 3 - Service Levels Maintained

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - CONSOLIDATED Scenario 3 – Service Levels Maintained												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,215,000	28,867,722	30,159,102	37,958,722	38,907,690	39,880,382	40,877,392	41,899,326	42,946,810	44,020,480	45,120,992	46,249,017
User Charges & Fees	7,247,000	7,901,672	7,137,659	7,316,100	7,499,003	7,686,478	7,878,640	8,075,606	8,277,496	8,484,433	8,696,544	8,913,957
Other Revenues	1,340,000	1,502,659	1,463,595	1,500,184	1,537,689	1,576,131	1,615,535	1,655,923	1,697,321	1,739,754	1,783,248	1,827,829
Grants & Contributions provided for Operating Purposes	11,286,000	10,720,447	16,760,512	9,094,764	9,231,185	9,369,653	9,510,198	9,652,851	9,797,644	9,944,608	10,093,777	10,245,184
Grants & Contributions provided for Capital Purposes	3,896,000	8,575,984	12,081,684	4,030,000	4,121,475	4,215,217	4,311,289	4,409,756	9,510,686	12,614,148	4,720,214	4,828,959
Interest & Investment Revenue	290,000	270,000	579,000	584,790	590,638	599,497	608,490	617,617	626,882	636,285	649,010	661,991
Other Income:												
Net Gains from the Disposal of Assets	-	304,500	154,850	-	-	-	-	-	-	-	-	-
Fair value increment on investment properties	538,000	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	782,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Gain	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	62,684,000	68,142,866	88,338,401	80,484,680	81,887,880	83,327,368	84,801,642	86,311,078	72,868,837	77,438,708	71,083,788	72,726,837
Expenses from Continuing Operations												
Employee Benefits & On-Costs	18,626,000	18,120,657	19,131,985	20,556,523	21,070,436	21,597,197	22,137,127	22,690,555	23,257,819	23,839,264	24,239,684	24,542,811
Borrowing Costs	504,000	395,513	341,636	378,750	326,056	228,987	203,769	178,909	206,126	324,736	290,459	257,760
Materials & Contracts	16,529,000	17,043,422	18,859,442	19,773,155	20,267,485	20,774,172	21,293,526	21,825,865	22,371,512	22,930,800	23,308,508	23,588,355
Depreciation & Amortisation	12,599,000	12,731,142	13,282,256	13,667,910	13,944,819	14,228,384	14,518,780	14,853,188	15,157,792	15,470,436	16,434,080	17,421,441
Impairment of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	(13,000)	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	957,000	1,029,931	992,603	1,017,418	1,042,853	1,068,925	1,095,648	1,123,039	1,151,115	1,179,893	1,209,390	1,239,625
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,347,000	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	60,648,000	48,320,866	62,607,822	66,383,767	68,661,848	67,887,864	68,248,860	69,871,666	82,144,383	83,746,128	86,482,121	87,048,882
Operating Result from Continuing Operations	2,046,000	8,822,320	16,728,479	6,080,803	6,236,031	6,429,884	6,562,882	6,838,624	10,712,474	13,884,678	6,681,886	6,678,845
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,046,000	8,822,320	16,728,479	6,080,803	6,236,031	6,429,884	6,562,882	6,838,624	10,712,474	13,884,678	6,681,886	6,678,845
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,881,000)	246,336	3,646,795	1,060,803	1,114,556	1,214,477	1,241,404	1,229,788	1,291,788	1,080,432	861,451	847,986

Balance Sheet – Consolidated Scenario 3 - Service Levels Maintained

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 BALANCE SHEET - CONSOLIDATED Scenario 3 – Service Levels Maintained												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
ASSETS												
Current Assets												
Cash & Cash Equivalents	370,000	9,645,823	10,584,288	15,983,695	16,589,486	19,637,065	21,481,377	25,348,046	25,252,962	24,816,754	36,877,599	41,741,929
Investments	21,000,000	8,086,625	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227
Receivables	6,467,000	8,274,694	10,006,146	7,391,726	7,579,166	7,768,697	7,951,610	8,150,039	12,352,984	16,560,623	8,773,087	8,990,499
Inventories	796,000	867,815	909,918	954,072	977,924	1,002,372	1,027,432	1,053,117	1,079,445	1,106,431	1,120,341	1,127,053
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	749,000	539,589	590,240	621,432	636,967	652,892	669,214	685,944	703,093	720,670	738,687	757,154
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	29,382,000	27,414,547	29,437,618	32,298,152	33,130,770	36,408,252	38,476,859	42,584,373	46,735,711	50,551,706	54,856,941	59,963,862
Non-Current Assets												
Investments	-	8,086,625	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	579,817,000	589,071,328	605,247,441	605,978,634	606,769,898	607,623,088	610,540,129	611,486,009	622,499,785	633,582,929	634,094,227	634,020,023
Investment Property	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	586,630,000	603,970,953	619,407,668	620,138,861	620,930,124	621,783,315	624,700,356	625,646,236	636,660,012	647,743,156	648,254,454	648,180,250
TOTAL ASSETS	616,012,000	631,385,500	648,845,486	652,437,013	654,060,894	658,191,567	663,177,215	668,230,609	683,395,723	698,294,862	703,111,395	708,144,113
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	6,900,000	7,349,865	7,977,753	8,792,107	8,996,915	9,212,776	9,434,687	9,662,140	9,902,169	10,140,894	10,349,959	10,544,813
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	1,488,000	1,101,102	1,551,209	790,193	803,104	816,229	829,573	843,139	856,931	870,953	885,209	899,702
Lease liabilities	416,000	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,575,000	1,363,589	1,570,119	3,846,384	1,544,936	819,651	844,934	819,412	1,066,874	1,007,605	873,207	908,464
Provisions	3,903,000	4,076,799	4,090,491	4,104,525	4,118,910	4,133,654	4,148,767	4,164,258	4,180,136	4,196,412	4,213,094	4,230,193
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	14,282,000	13,891,355	15,189,572	17,533,210	15,483,885	14,982,311	15,257,962	15,488,949	16,006,111	16,215,864	16,321,469	16,583,171
Non-Current Liabilities												
Payables	19,000	26,300	30,459	32,646	33,462	34,299	35,156	36,035	36,936	37,860	38,806	39,776
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	614,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
Borrowings	12,763,000	11,399,469	11,829,351	7,982,966	6,438,030	5,618,379	4,773,445	3,954,033	7,887,160	6,879,555	6,006,347	5,097,884
Provisions	9,318,000	9,309,055	9,310,306	9,311,589	9,312,904	9,314,251	9,315,632	9,317,048	9,318,499	9,319,987	9,321,512	9,323,074
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	22,714,000	21,766,824	22,200,116	18,357,201	16,814,396	15,996,929	15,154,234	14,337,117	18,272,596	17,267,401	16,396,665	15,490,735
TOTAL LIABILITIES	36,996,000	35,658,179	37,389,688	35,890,411	32,278,281	30,979,240	30,412,196	29,826,065	34,278,706	33,483,265	32,718,134	32,073,906
Net Assets	579,016,000	595,727,320	611,455,798	616,546,603	621,782,634	627,212,328	632,765,020	638,404,544	649,117,017	664,811,597	670,393,262	676,070,207
EQUITY												
Retained Earnings	215,122,000	223,944,320	239,672,799	244,763,603	249,999,634	255,429,328	260,982,020	266,621,544	277,334,017	293,028,597	298,610,262	304,287,207
Revaluation Reserves	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000	371,783,000
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	586,905,000	595,727,320	611,455,799	616,546,603	621,782,634	627,212,328	632,765,020	638,404,544	649,117,017	664,811,597	670,393,262	676,070,207
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	586,905,000	595,727,320	611,455,799	616,546,603	621,782,634	627,212,328	632,765,020	638,404,544	649,117,017	664,811,597	670,393,262	676,070,207

Cashflow Statement – Consolidated Scenario 3 – Service Levels Maintained

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 CASH FLOW STATEMENT - CONSOLIDATED Scenario 3 – Service Levels Maintained												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	27,312,000	28,887,329	30,277,927	38,118,088	38,915,985	39,888,884	40,886,106	41,906,259	42,955,966	44,029,865	45,130,611	46,258,877
User Charges & Fees	8,616,000	7,218,411	7,371,491	7,258,064	7,439,516	7,625,504	7,816,141	8,011,545	8,211,834	8,417,129	8,627,558	8,843,247
Investment & Interest Revenue Received	334,000	166,964	582,278	467,375	567,302	578,152	597,950	595,859	605,014	614,248	626,788	639,584
Grants & Contributions	15,520,000	18,308,694	27,614,161	15,171,610	13,335,270	13,566,912	13,802,940	14,043,450	15,288,541	20,538,313	22,792,870	15,052,318
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	4,699,000	870,285	1,263,919	1,802,034	1,510,142	1,547,942	1,586,687	1,626,402	1,667,110	1,708,836	1,751,607	1,795,447
Payments:												
Employee Benefits & On-Costs	(18,805,000)	(17,949,617)	(19,105,409)	(20,519,955)	(21,049,029)	(21,575,255)	(22,114,636)	(22,667,502)	(23,234,190)	(23,815,044)	(24,216,129)	(24,519,363)
Materials & Contracts	(16,146,000)	(16,597,020)	(19,388,487)	(19,640,769)	(20,198,481)	(20,703,443)	(21,221,029)	(21,751,555)	(22,295,344)	(22,852,728)	(23,249,173)	(23,538,888)
Borrowing Costs	(602,000)	(408,617)	(345,947)	(385,127)	(333,296)	(230,474)	(204,641)	(179,808)	(200,157)	(325,924)	(291,594)	(258,769)
Bonds & Deposits Refunded	(262,000)	-	-	-	-	-	-	-	-	-	-	-
Other	(3,542,000)	(1,682,158)	(882,853)	(902,689)	(999,152)	(1,024,131)	(1,049,735)	(1,075,978)	(1,102,877)	(1,130,449)	(1,158,711)	(1,187,678)
Net Cash provided (or used in) Operating Activities	17,124,000	18,614,271	27,387,101	21,368,630	19,188,257	19,674,090	20,099,784	20,510,671	21,895,895	27,184,246	30,013,828	23,084,774
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	4,826,749	1,478,797	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	689,000	-	-	-	-	-	-	-	-	-	-	-
Sale of non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(13,899,000)	(20,479,256)	(28,563,845)	(14,399,104)	(14,736,082)	(15,081,575)	(17,435,821)	(15,799,068)	(26,171,568)	(26,553,580)	(16,945,378)	(17,347,237)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	3,990,000	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(9,220,000)	(15,652,506)	(27,085,047)	(14,399,104)	(14,736,082)	(15,081,575)	(17,435,821)	(15,799,068)	(26,171,568)	(26,553,580)	(16,945,378)	(17,347,237)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	2,000,000	-	-	-	-	-	5,000,000	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(1,408,000)	(1,574,942)	(1,363,589)	(1,570,119)	(3,846,384)	(1,544,936)	(819,651)	(844,934)	(819,412)	(1,066,874)	(1,007,605)	(873,207)
Repayment of lease liabilities (principal repayments)	(218,000)	-	-	-	-	-	-	-	-	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(1,626,000)	(1,574,942)	636,411	(1,570,119)	(3,846,384)	(1,544,936)	(819,651)	(844,934)	4,180,588	(1,066,874)	(1,007,605)	(873,207)
Net Increase/(Decrease) in Cash & Cash Equivalents	6,278,000	1,386,823	938,465	5,399,407	605,790	3,047,579	1,844,312	3,866,669	(95,084)	(436,208)	12,060,845	4,864,329
plus: Cash & Cash Equivalents - beginning of year	1,981,000	8,259,000	9,645,823	10,584,288	15,983,695	16,589,486	19,637,065	21,481,377	25,348,046	25,252,962	24,816,754	36,877,599
Cash & Cash Equivalents - end of the year	8,259,000	9,645,823	10,584,288	15,983,695	16,589,486	19,637,065	21,481,377	25,348,046	25,252,962	24,816,754	36,877,599	41,741,929
Cash & Cash Equivalents - end of the year	8,259,000	9,645,823	10,584,288	15,983,695	16,589,486	19,637,065	21,481,377	25,348,046	25,252,962	24,816,754	36,877,599	41,741,929
Investments - end of the year	21,000,000	16,173,251	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454
Cash, Cash Equivalents & Investments - end of the year	29,259,000	25,819,074	25,278,741	30,678,149	31,283,939	34,331,518	36,175,831	40,042,500	39,947,416	39,511,208	51,572,053	56,436,382
Representing:												
- External Restrictions	26,010,000	21,209,529	21,562,452	25,101,112	24,431,260	25,744,201	27,894,024	30,130,551	28,460,798	26,507,754	37,108,966	40,573,201
- Internal Restrictions	3,249,000	2,017,180	2,258,050	2,748,920	3,246,040	3,749,566	4,259,859	4,776,482	5,300,204	5,830,997	6,369,036	6,914,509
- Unrestricted	2,599,000	2,592,365	1,458,239	2,828,117	3,606,639	4,837,752	4,022,147	5,135,466	6,186,414	7,172,457	8,094,049	8,948,672
	29,259,000	25,819,074	25,278,741	30,678,149	31,283,939	34,331,518	36,175,831	40,042,500	39,947,416	39,511,208	51,572,053	56,436,382

Equity Statement – Consolidated Scenario 3 – Service Levels Maintained

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 EQUITY STATEMENT - CONSOLIDATED Scenario 3 – Service Levels Maintained												
	Actuals 2020/21 \$	Current Year 2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	Projected Years					
							2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$
Opening Balance (as at 1/7)	580,992,000	586,905,000	595,727,320	611,455,799	616,546,603	621,782,634	627,212,328	632,765,020	638,404,544	649,117,017	664,811,597	670,393,262
Adjustments to opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Restated opening Balance (as at 1/7)	580,992,000	586,905,000	595,727,320	611,455,799	616,546,603	621,782,634	627,212,328	632,765,020	638,404,544	649,117,017	664,811,597	670,393,262
Net Operating Result for the Year	2,045,000	8,822,320	15,728,479	5,090,803	5,236,031	5,429,694	5,552,692	5,639,524	10,712,474	15,694,579	5,581,665	5,676,945
Adjustments to net operating result	-	-	-	-	-	-	-	-	-	-	-	-
Restated Net Operating Result for the Year	2,045,000	8,822,320	15,728,479	5,090,803	5,236,031	5,429,694	5,552,692	5,639,524	10,712,474	15,694,579	5,581,665	5,676,945
Other Comprehensive Income												
- Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
- Gain (loss) on revaluation of IPP&E	3,868,000	-	-	-	-	-	-	-	-	-	-	-
- Gain (loss) on revaluation of available for sale investments	-	-	-	-	-	-	-	-	-	-	-	-
- Realised (gain) loss on available for sale investments recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
- Gain (loss) on revaluation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-
- Realised (gain) loss from other reserves recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment loss (reversal) – financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-
- Realised (gain) loss on financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-
- Gain/(loss) on revaluation of financial assets at fair value through OCI (other than equity instruments)	-	-	-	-	-	-	-	-	-	-	-	-
- Gain/(loss) on revaluation of equity instruments at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-
- Transfers to Income Statement	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment (reversal) of available for sale investments to (from) operating result	-	-	-	-	-	-	-	-	-	-	-	-
- Joint ventures and associates	-	-	-	-	-	-	-	-	-	-	-	-
- Other reserves movements	-	-	-	-	-	-	-	-	-	-	-	-
- Other Movements (combined)	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	3,868,000	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	5,913,000	8,822,320	15,728,479	5,090,803	5,236,031	5,429,694	5,552,692	5,639,524	10,712,474	15,694,579	5,581,665	5,676,945
Distributions to/(contributions from) non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	586,905,000	595,727,320	611,455,799	616,546,603	621,782,634	627,212,328	632,765,020	638,404,544	649,117,017	664,811,597	670,393,262	676,070,207

Appendix 2 General Fund Financial Statements Scenario 3

Income Statement – General Fund Scenario 3 - Service Levels Maintained

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032											
INCOME STATEMENT - GENERAL FUND											
Scenario 3 - Service Levels Maintained											
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years				
	£	£	£	£	£	£	2026/27	2027/28	2028/29	2029/30	2030/31
							£	£	£	£	£
Income from Continuing Operations											
Revenue:											
Rates & Annual Charges	18,447,000	19,780,264	19,737,777	27,276,864	27,958,786	28,657,755	29,374,199	30,108,554	30,861,268	31,632,800	32,423,620
User Charges & Fees	1,438,000	2,676,266	2,734,640	2,803,006	2,873,081	2,944,908	3,018,531	3,093,994	3,171,344	3,250,628	3,331,893
Other Revenues	1,339,000	1,502,659	1,463,595	1,500,184	1,537,689	1,576,131	1,615,535	1,655,923	1,697,321	1,739,754	1,783,248
Grants & Contributions provided for Operating Purposes	11,245,000	10,595,447	16,760,512	9,094,764	9,231,185	9,369,653	9,510,198	9,652,851	9,797,644	9,944,608	10,093,777
Grants & Contributions provided for Capital Purposes	3,218,000	6,710,984	7,620,420	3,325,000	3,391,500	3,459,330	3,528,517	3,599,087	3,671,069	3,744,490	3,819,380
Interest & Investment Revenue	267,000	240,000	549,000	554,490	560,035	568,435	576,962	585,616	594,401	603,317	615,383
Other Income:											
Net Gains from the Disposal of Assets	-	304,500	154,850	-	-	-	-	-	-	-	-
Fair value increment on investment properties	538,000	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-
Other Income	782,000	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Gain	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	37,274,000	41,810,120	48,020,794	44,664,308	46,562,278	48,678,213	47,823,841	48,898,026	48,793,048	50,816,688	52,087,301
Expenses from Continuing Operations											
Employee Benefits & On-Costs	14,885,000	14,496,423	15,266,373	16,594,270	17,009,127	17,434,355	17,870,214	18,316,969	18,774,893	19,244,266	19,725,372
Borrowing Costs	130,000	95,372	66,071	43,133	17,783	9,710	9,022	8,329	7,564	6,790	5,986
Materials & Contracts	9,679,000	10,804,453	12,310,033	13,060,012	13,386,512	13,721,175	14,064,205	14,415,810	14,776,205	15,145,611	15,524,251
Depreciation & Amortisation	9,068,000	9,118,866	9,577,000	9,902,654	10,125,562	10,353,165	10,585,561	10,859,852	11,102,144	11,349,542	11,602,154
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	(13,000)	-	-	-	-	-	-	-	-	-	-
Other Expenses	957,000	1,029,931	992,603	1,017,418	1,042,853	1,068,925	1,095,648	1,123,039	1,151,115	1,179,893	1,209,390
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,313,000	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Loss	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	38,018,000	36,646,046	38,212,080	40,817,488	41,581,837	42,587,330	43,824,648	44,724,000	45,811,821	46,828,101	48,087,163
Operating Result from Continuing Operations	1,256,000	8,266,075	10,808,714	3,846,823	3,970,439	3,868,883	3,898,292	3,972,026	3,981,126	3,988,488	4,000,148
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	1,256,000	8,266,075	10,808,714	3,846,823	3,970,439	3,868,883	3,898,292	3,972,026	3,981,126	3,988,488	4,000,148
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,963,000)	(445,906)	3,188,294	611,823	578,939	529,583	470,775	372,938	310,098	248,006	189,768

Balance Sheet – General Fund Scenario 3 – Service Levels Maintained

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 BALANCE SHEET - GENERAL FUND Scenario 3 - Service Levels Maintained												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
							\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	(2,184,000)	-	-	1,902,860	3,249,912	5,086,039	4,912,894	6,707,102	8,478,380	10,225,232	11,949,176	13,648,787
Investments	21,000,000	8,086,625	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227
Receivables	3,120,000	4,654,451	5,419,270	4,632,585	4,747,367	4,862,269	4,968,524	5,088,207	5,210,262	5,334,803	5,461,901	5,591,610
Inventories	527,000	652,916	720,692	760,115	779,118	798,596	818,561	839,025	860,001	881,501	903,538	926,127
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	749,000	539,589	590,240	621,432	636,967	652,892	669,214	685,944	703,093	720,670	738,687	757,154
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	23,212,000	13,933,581	14,077,428	15,264,219	16,760,592	18,747,022	18,716,419	20,667,505	22,598,962	24,509,433	26,400,528	28,270,905
Non-Current Assets												
Investments	-	8,086,625	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227	7,347,227
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	463,913,000	472,301,068	483,974,301	486,120,751	488,298,021	490,506,809	494,747,829	496,984,815	499,255,516	501,560,695	503,901,138	506,277,646
Investment Property	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000	1,107,000
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	470,726,000	487,200,694	498,134,528	500,280,978	502,458,248	504,667,035	506,906,056	511,145,042	513,415,742	515,720,922	518,061,365	520,437,873
TOTAL ASSETS	493,938,000	501,134,275	512,211,956	515,545,197	519,218,840	523,414,057	527,624,475	531,812,547	536,014,705	540,230,355	544,461,893	548,708,778
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	4,753,000	6,636,352	7,067,929	7,860,617	8,045,268	8,238,848	8,437,265	8,640,641	8,849,099	9,062,766	9,281,772	9,506,250
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	1,488,000	1,101,102	1,551,209	790,193	803,104	816,229	829,573	843,139	856,931	870,953	885,209	899,702
Lease liabilities	416,000	-	-	-	-	-	-	-	-	-	-	-
Borrowings	740,000	629,819	652,758	510,873	17,300	17,968	18,681	19,447	20,220	21,025	21,847	22,730
Provisions	3,903,000	4,076,799	4,090,491	4,104,525	4,118,910	4,133,654	4,148,767	4,164,258	4,180,136	4,196,412	4,213,094	4,230,193
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	11,300,000	12,444,072	13,362,387	13,266,208	12,984,581	13,206,719	13,434,287	13,667,486	13,906,387	14,151,155	14,401,921	14,658,875
Non-Current Liabilities												
Payables	19,000	28,300	30,459	32,646	33,462	34,299	35,156	36,035	36,936	37,860	38,806	39,776
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	614,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
Borrowings	2,047,000	1,417,772	765,015	254,142	236,842	218,854	200,173	180,726	160,506	139,481	117,634	94,904
Provisions	9,318,000	9,309,055	9,310,306	9,311,589	9,312,904	9,314,251	9,315,632	9,317,048	9,318,499	9,319,987	9,321,512	9,323,074
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	11,998,000	11,785,127	11,135,780	10,628,377	10,613,208	10,597,404	10,580,962	10,563,810	10,545,942	10,527,327	10,507,952	10,487,755
TOTAL LIABILITIES	23,298,000	24,229,199	24,498,167	23,894,585	23,597,789	23,804,123	24,015,249	24,231,295	24,452,329	24,678,483	24,909,873	25,146,629
Net Assets	470,640,000	476,905,075	487,713,789	491,650,612	495,621,051	499,609,934	503,609,226	507,581,251	511,562,376	515,551,872	519,552,020	523,562,149
EQUITY												
Retained Earnings	160,255,000	166,520,075	177,328,789	181,265,612	185,236,051	189,224,934	193,224,226	197,196,251	201,177,376	205,166,872	209,167,020	213,177,149
Revaluation Reserves	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000	310,385,000
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	470,640,000	476,905,075	487,713,789	491,650,612	495,621,051	499,609,934	503,609,226	507,581,251	511,562,376	515,551,872	519,552,020	523,562,149
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	470,640,000	476,905,075	487,713,789	491,650,612	495,621,051	499,609,934	503,609,226	507,581,251	511,562,376	515,551,872	519,552,020	523,562,149

Cash Flow Statement – General Fund Scenario 3 – Service Levels Maintained

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 CASH FLOW STATEMENT - GENERAL FUND Scenario 3 - Service Levels Maintained												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	19,861,573	19,736,842	27,442,778	27,973,793	28,673,138	29,389,966	30,124,715	30,877,833	31,649,779	32,441,023	33,252,049
User Charges & Fees	-	1,875,275	2,701,022	2,781,916	2,851,464	2,922,750	2,995,819	3,070,715	3,147,482	3,226,169	3,306,824	3,389,484
Investment & Interest Revenue Received	-	122,223	562,001	437,649	537,288	547,693	567,041	564,492	573,183	581,946	593,844	605,984
Grants & Contributions	-	16,768,307	24,284,819	12,582,267	12,619,928	12,826,180	13,035,865	13,249,041	13,465,767	13,686,104	13,910,113	14,137,857
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	852,285	1,263,919	1,802,034	1,510,142	1,547,942	1,586,687	1,626,402	1,667,110	1,708,836	1,751,607	1,795,447
Payments:												
Employee Benefits & On-Costs	-	(14,316,397)	(15,241,596)	(16,558,297)	(16,988,330)	(17,413,038)	(17,848,364)	(18,294,573)	(18,751,938)	(19,220,736)	(19,701,255)	(20,193,786)
Materials & Contracts	-	(9,443,559)	(12,845,988)	(12,932,242)	(13,322,241)	(13,655,297)	(13,996,680)	(14,346,597)	(14,705,262)	(15,072,893)	(15,449,716)	(15,835,958)
Borrowing Costs	-	(94,929)	(71,437)	(48,693)	(22,135)	(9,858)	(9,176)	(8,489)	(7,729)	(6,962)	(6,165)	(5,349)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(1,527,150)	(882,853)	(902,689)	(999,152)	(1,024,131)	(1,049,735)	(1,075,978)	(1,102,877)	(1,130,449)	(1,158,711)	(1,187,678)
Net Cash provided (or used in) Operating Activities	-	14,097,620	19,506,729	14,604,722	14,160,757	14,415,379	14,671,424	14,909,728	15,163,569	15,421,794	15,687,565	15,958,059
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	4,826,749	1,478,797	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Sale of non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(16,000,960)	(20,355,700)	(12,049,104)	(12,302,832)	(12,561,952)	(14,826,581)	(13,096,839)	(13,372,845)	(13,654,721)	(13,942,597)	(14,236,600)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(11,174,211)	(18,876,910)	(12,049,104)	(12,302,832)	(12,561,952)	(14,826,581)	(13,096,839)	(13,372,845)	(13,654,721)	(13,942,597)	(14,236,600)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(739,409)	(629,819)	(652,758)	(510,873)	(17,300)	(17,988)	(18,681)	(19,447)	(20,220)	(21,025)	(21,847)
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	-	(739,409)	(629,819)	(652,758)	(510,873)	(17,300)	(17,988)	(18,681)	(19,447)	(20,220)	(21,025)	(21,847)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	2,184,000	(0)	1,902,860	1,347,052	1,836,127	(173,145)	1,794,208	1,771,278	1,746,852	1,723,944	1,699,611
plus: Cash & Cash Equivalents - beginning of year	-	(2,184,000)	-	(0)	1,902,860	3,249,912	5,086,039	4,912,894	6,707,102	8,478,380	10,225,232	11,949,176
Cash & Cash Equivalents - end of the year	-	-	(0)	1,902,860	3,249,912	5,086,039	4,912,894	6,707,102	8,478,380	10,225,232	11,949,176	13,648,787
Cash & Cash Equivalents - end of the year	(2,184,000)	-	(0)	1,902,860	3,249,912	5,086,039	4,912,894	6,707,102	8,478,380	10,225,232	11,949,176	13,648,787
Investments - end of the year	21,000,000	16,173,251	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454	14,694,454
Cash, Cash Equivalents & Investments - end of the year	18,816,000	16,173,251	14,694,454	16,597,314	17,944,366	19,780,492	19,607,347	21,401,555	23,172,833	24,919,686	26,643,629	28,343,241
Representing:												
- External Restrictions	15,567,000	11,563,706	10,978,165	11,020,277	11,091,687	11,193,175	11,325,541	11,489,607	11,686,216	11,916,232	12,180,542	12,480,059
- Internal Restrictions	3,249,000	2,017,180	2,258,050	2,748,920	3,246,040	3,749,566	4,259,659	4,776,482	5,300,204	5,830,997	6,369,038	6,914,509
- Unrestricted	-	2,592,365	1,458,239	2,828,117	3,606,639	4,837,752	4,022,147	5,135,466	6,186,414	7,172,457	8,094,049	8,948,672
	18,816,000	16,173,251	14,694,454	16,597,314	17,944,366	19,780,492	19,607,347	21,401,555	23,172,833	24,919,686	26,643,629	28,343,241

Equity Statement – General Fund Scenario 3 – Service Levels Maintained

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 EQUITY STATEMENT - GENERAL FUND Scenario 3 - Service Levels Maintained												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	£	£	£	£	£	£	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Opening Balance (as at 1/7)	466,488,000	470,640,000	476,905,075	487,713,789	491,650,612	495,621,051	499,609,934	503,609,226	507,581,251	511,562,376	515,551,872	519,552,020
Adjustments to opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Restated opening Balance (as at 1/7)	466,488,000	470,640,000	476,905,075	487,713,789	491,650,612	495,621,051	499,609,934	503,609,226	507,581,251	511,562,376	515,551,872	519,552,020
Net Operating Result for the Year	1,255,000	6,265,075	10,808,714	3,936,823	3,970,439	3,988,883	3,999,292	3,972,025	3,981,125	3,989,496	4,000,148	4,010,128
Adjustments to net operating result	-	-	-	-	-	-	-	-	-	-	-	-
Restated Net Operating Result for the Year	1,255,000	6,265,075	10,808,714	3,936,823	3,970,439	3,988,883	3,999,292	3,972,025	3,981,125	3,989,496	4,000,148	4,010,128
Other Comprehensive Income												
- Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
- Gain (loss) on revaluation of IPP&E	2,897,000	-	-	-	-	-	-	-	-	-	-	-
- Gain (loss) on revaluation of available for sale investments	-	-	-	-	-	-	-	-	-	-	-	-
- Realised (gain) loss on available for sale investments recognised in operating	-	-	-	-	-	-	-	-	-	-	-	-
- Gain (loss) on revaluation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-
- Realised (gain) loss from other reserves recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment loss (reversal) – financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-
- Realised (gain) loss on financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-
- Gain/(loss) on revaluation of financial assets at fair value through OCI (other)	-	-	-	-	-	-	-	-	-	-	-	-
- Gain/(loss) on revaluation of equity instruments at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-
- Transfers to Income Statement	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment (loss) reversal relating to IPP&E	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment (reversal) of available for sale investments to (from) operating re	-	-	-	-	-	-	-	-	-	-	-	-
- Joint ventures and associates	-	-	-	-	-	-	-	-	-	-	-	-
- Other reserves movements	-	-	-	-	-	-	-	-	-	-	-	-
- Other Movements (combined)	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	2,897,000	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	4,152,000	6,265,075	10,808,714	3,936,823	3,970,439	3,988,883	3,999,292	3,972,025	3,981,125	3,989,496	4,000,148	4,010,128
Distributions to/(contributions from) non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	470,640,000	478,905,075	487,713,789	481,650,612	485,621,061	489,609,934	503,609,226	507,581,251	511,562,376	515,551,872	519,552,020	523,562,148

Appendix 3 Performance Indicators – Scenario 3

Key Performance Indicators – Consolidated Scenario 3 – Service Levels Maintained

New Note 13 Ratios

Operating Performance Ratio

Snapshot

Actual Ratio



-0.12%



6.22%



1.88%



1.93%



2.05%



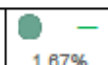
2.05%



1.99%



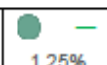
1.90%



1.87%



1.30%



1.25%

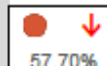
Own Source Operating Revenue Ratio 1)

Snapshot

Actual Ratio



66.64%



57.70%



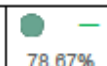
78.30%



78.42%



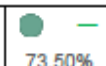
78.55%



78.67%



78.79%



73.50%



69.09%



79.15%

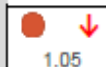


79.27%

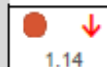
Unrestricted Current Ratio

Snapshot

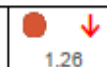
Actual Ratio



1.05



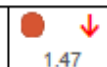
1.14



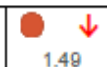
1.26



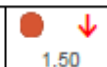
1.40



1.47



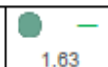
1.49



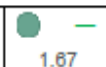
1.50



1.57



1.63



1.67

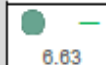


1.65

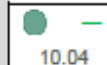
Debt Service Cover Ratio

Snapshot

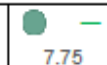
Actual Ratio



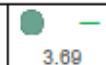
6.63



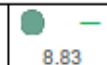
10.04



7.75



3.69



8.83



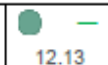
15.60



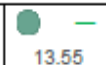
15.88



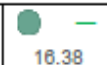
16.15



12.13



13.55



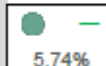
16.38

Rates, Annual Charges, Interest & Extra Charges

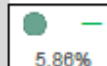
Outstanding Percentage

Snapshot

Actual Ratio



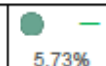
5.74%



5.86%



5.79%



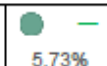
5.73%



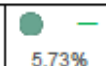
5.73%



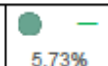
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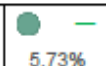
5.73%



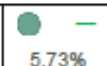
5.73%



5.73%



5.73%

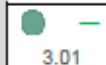


5.73%

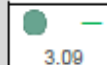
Cash Expense Cover Ratio

Snapshot

Actual Ratio



3.01



3.09



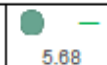
4.46



4.29



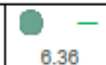
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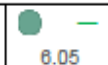
5.68



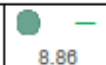
6.54



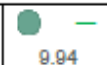
6.36



6.05



8.88

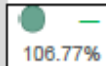


9.94

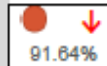
Building & Infrastructure Renewals Ratio

Snapshot

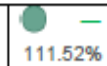
Actual Ratio



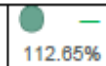
106.77%



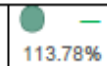
91.64%



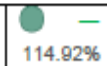
111.52%



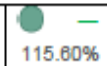
112.65%



113.78%



114.92%



115.60%



193.72%



191.31%



116.04%

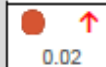


117.19%

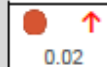
Infrastructure Backlog Ratio

Snapshot

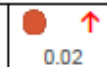
Actual Ratio



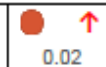
0.02



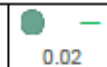
0.02



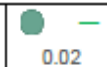
0.02



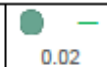
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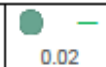
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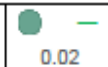
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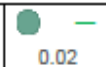
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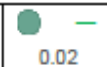
0.02



0.02



0.02

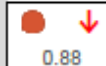


0.02

Asset Maintenance Ratio

Snapshot

Actual Ratio



0.88



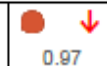
0.90



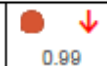
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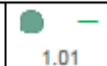
0.94



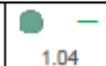
0.97



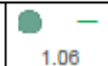
0.99



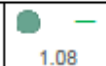
1.01



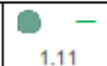
1.04



1.06



1.08



1.11

Key Performance Indicators – General Fund Scenario 3 – Service Levels Maintained

Lithgow City Council

10 Year Financial Plan for the Years ending 30 June 2032

KEY PERFORMANCE INDICATORS - GENERAL FUND

Scenario 3 - Service Levels Maintained

		Year 2021/22	Projected Years									
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
			<div><div><div><div></div><div>Within green benchmark (green min and/or green max)</div></div><div><div></div><div>Within amber benchmark (amber min and/or amber max)</div></div><div><div></div><div>Not within benchmark (amber min and/or amber max)</div></div></div><div><div><div></div><div>Within green benchmark</div></div><div><div></div><div>above green maximum and below amber maximum</div></div><div><div></div><div>below green minimum and above amber minimum</div></div><div><div></div><div>above amber maximum</div></div><div><div></div><div>below amber minimum</div></div></div></div>									
Council's Target Benchmarks												
New Note 13 Ratios												
Operating Performance Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	-2.16%	7.35%	1.48%	1.37%	1.23%	1.07%	0.83%	0.67%	0.52%	0.37%	0.23%
Own Source Operating Revenue Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	58.30%	50.11%	72.12%	72.29%	72.46%	72.62%	72.79%	72.95%	73.11%	73.28%	73.44%
Unrestricted Current Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	1.04	1.14	1.24	1.38	1.45	1.47	1.48	1.55	1.61	1.65	1.65
Debt Service Cover Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	10.14	18.22	15.17	20.28	403.27	409.67	416.18	422.79	429.51	436.46	443.52
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	5.17%	5.21%	5.29%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%
Cash Expense Cover Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	0.00	0.00	0.73	1.22	1.90	1.79	2.39	2.94	3.46	3.95	4.40
Building & Infrastructure Renewals Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	130.83%	136.31%	136.00%	136.81%	137.62%	138.43%	138.45%	139.25%	140.05%	140.85%	141.64%
Infrastructure Backlog Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Asset Maintenance Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	0.91	0.93	0.95	0.98	1.00	1.03	1.05	1.08	1.10	1.13	1.16

Appendix 4 Income Statement – Scenario 1 Base Case & Scenario 2 Service Levels Reduced

Income Statement - Consolidated Base Case

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - CONSOLIDATED Scenario 1 Base Case												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
							\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,215,000	28,867,722	30,159,102	30,913,079	31,685,906	32,478,054	33,290,005	34,122,255	34,975,312	35,849,694	36,745,937	37,664,585
User Charges & Fees	7,247,000	7,901,672	7,137,659	7,316,100	7,499,003	7,686,478	7,878,640	8,075,606	8,277,496	8,484,433	8,696,544	8,913,957
Other Revenues	1,340,000	1,502,659	1,463,595	1,500,184	1,537,689	1,576,131	1,615,535	1,655,923	1,697,321	1,739,754	1,783,248	1,827,829
Grants & Contributions provided for Operating Purposes	11,286,000	10,720,447	16,760,512	9,094,764	9,231,185	9,369,653	9,510,198	9,652,851	9,797,644	9,944,608	10,093,777	10,245,184
Grants & Contributions provided for Capital Purposes	3,896,000	8,575,984	12,081,684	4,030,000	4,121,475	4,215,217	4,311,289	4,409,756	9,510,686	12,614,148	4,720,214	4,828,959
Interest & Investment Revenue	290,000	270,000	579,000	584,790	590,638	599,497	608,490	617,617	626,882	636,285	649,010	661,991
Other Income:												
Net Gains from the Disposal of Assets	-	304,500	154,850	-	-	-	-	-	-	-	-	-
Fair value increment on investment properties	538,000	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	782,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Gain	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	52,594,000	58,142,985	68,336,401	53,438,917	54,665,896	55,925,030	57,214,156	58,534,008	64,885,339	69,268,923	62,688,731	64,142,505
Expenses from Continuing Operations												
Employee Benefits & On-Costs	18,626,000	18,120,657	19,131,985	19,610,285	20,100,542	20,603,056	21,118,132	21,646,086	22,187,238	22,741,919	23,310,467	23,893,229
Borrowing Costs	504,000	395,513	341,636	378,750	326,056	228,987	203,769	178,909	206,126	324,736	290,459	257,760
Materials & Contracts	16,529,000	17,043,422	18,859,442	17,330,928	17,764,202	18,208,307	18,663,515	19,130,103	19,608,356	20,098,564	20,601,029	21,116,054
Depreciation & Amortisation	12,599,000	12,731,142	13,282,256	13,667,910	13,897,660	14,132,888	14,373,738	14,657,361	14,909,912	15,169,201	16,078,155	17,009,460
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	(13,000)	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	957,000	1,029,931	992,603	1,017,418	1,042,853	1,068,925	1,095,648	1,123,039	1,151,115	1,179,893	1,209,390	1,239,625
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,347,000	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	50,549,000	49,320,665	52,607,922	52,005,292	53,131,314	54,242,162	55,454,802	56,735,498	58,062,746	59,514,312	61,489,499	63,516,128
Operating Result from Continuing Operations	2,045,000	8,822,320	15,728,479	1,433,626	1,534,582	1,682,868	1,759,354	1,798,510	6,822,593	9,754,610	1,199,231	626,377
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,045,000	8,822,320	15,728,479	1,433,626	1,534,582	1,682,868	1,759,354	1,798,510	6,822,593	9,754,610	1,199,231	626,377
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,851,000)	246,336	3,646,795	(2,596,374)	(2,586,893)	(2,532,349)	(2,551,935)	(2,611,246)	(2,688,092)	(2,859,538)	(3,520,983)	(4,202,581)

Income Statement - Consolidated Scenario 2 Service Levels Reduced

Lithgow City Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - CONSOLIDATED Scenario 2 Service Levels Reduced												
	Actuals 2020/21	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
							\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,215,000	28,867,722	30,159,102	30,913,079	31,685,906	32,478,054	33,290,005	34,122,255	34,975,312	35,849,694	36,745,937	37,664,585
User Charges & Fees	7,247,000	7,901,672	7,137,659	7,316,100	7,499,003	7,686,478	7,878,640	8,075,606	8,277,496	8,484,433	8,696,544	8,913,957
Other Revenues	1,340,000	1,502,659	1,463,595	1,500,184	1,537,689	1,576,131	1,615,535	1,655,923	1,697,321	1,739,754	1,783,248	1,827,829
Grants & Contributions provided for Operating Purposes	11,286,000	10,720,447	16,760,512	9,094,764	9,231,185	9,369,653	9,510,198	9,652,851	9,797,644	9,944,608	10,093,777	10,245,184
Grants & Contributions provided for Capital Purposes	3,896,000	8,575,984	12,081,684	4,030,000	4,121,475	4,215,217	4,311,289	4,409,756	9,510,686	12,614,148	4,720,214	4,828,959
Interest & Investment Revenue	290,000	270,000	579,000	584,790	590,638	599,497	608,490	617,617	626,882	636,285	649,010	661,991
Other Income:												
Net Gains from the Disposal of Assets	-	304,500	154,850	-	-	-	-	-	-	-	-	-
Fair value increment on investment properties	538,000	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	782,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities - Gain	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	52,594,000	58,142,985	68,336,401	53,438,917	54,665,896	55,925,030	57,214,156	58,534,008	64,885,339	69,268,923	62,688,731	64,142,505
Expenses from Continuing Operations												
Employee Benefits & On-Costs	18,626,000	18,120,657	19,131,985	17,962,607	18,387,583	18,815,344	19,249,718	19,676,159	20,131,960	20,598,858	20,883,086	21,066,834
Borrowing Costs	504,000	395,513	341,636	378,750	326,056	228,987	203,769	178,909	206,126	324,736	290,459	257,760
Materials & Contracts	16,529,000	17,043,422	18,859,442	15,683,250	16,051,243	16,420,595	16,795,101	17,160,176	17,553,077	17,955,503	18,173,648	18,289,660
Depreciation & Amortisation	12,599,000	12,731,142	13,282,256	13,667,910	13,944,819	14,228,384	14,518,780	14,853,188	15,157,792	15,470,436	16,434,080	17,421,441
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	(13,000)	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	957,000	1,029,931	992,603	1,017,418	1,042,853	1,068,925	1,095,648	1,123,039	1,151,115	1,179,893	1,209,390	1,239,625
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1,347,000	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	50,549,000	49,320,665	52,607,922	48,709,937	49,752,554	50,762,233	51,863,016	52,991,470	54,200,069	55,529,426	56,990,663	58,275,320
Operating Result from Continuing Operations	2,045,000	8,822,320	15,728,479	4,728,981	4,913,342	5,162,797	5,351,140	5,542,538	10,685,270	13,739,497	5,698,067	5,867,185
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,045,000	8,822,320	15,728,479	4,728,981	4,913,342	5,162,797	5,351,140	5,542,538	10,685,270	13,739,497	5,698,067	5,867,185
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,851,000)	246,336	3,646,795	698,981	791,867	947,580	1,039,852	1,132,782	1,174,584	1,125,349	977,853	1,038,226

Appendix 5 – Capital Works Program Scenarios 2 & 3

Capital Works Program – All Funds

Capital Works Program - All Funds ('000)										
Years	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
General Fund										
Total Program	\$21,097	\$12,049	\$12,303	\$12,562	\$14,826	\$13,097	\$13,373	\$13,655	\$13,943	\$14,237
Water Fund										
Total Program	\$835	\$950	\$974	\$998	\$1,023	\$1,049	\$11,075	\$11,102	\$1,129	\$1,157
Sewer Fund										
Total Program	\$7,373	\$1,400	\$1,460	\$1,522	\$1,586	\$1,654	\$1,724	\$1,797	\$1,874	\$1,953
Consolidated										
Total Program	\$29,305	\$14,399	\$14,737	\$15,082	\$17,435	\$15,800	\$26,172	\$26,554	\$16,946	\$17,347

