

# OUR PLACE OUR FUTURE

2022/23 Quarterly Report  
March 2023





## Executive Summary

The Quarterly Performance Report provides a budget review statement with a revised estimate of income and expenditure for the year. This is a requirement of the Local Government Act 1993 and Local Government (General) Regulation 2005. This Quarterly Performance Report for the period of 1 January to 31 March 2023 achieves these requirements.

From the General Manager,  
Craig Butler

## Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

31 March 2023

It is my opinion that the Quarterly Budget Review Statement for Lithgow City Council for the quarter ended 31/3/2023 indicates that Council's projected position at 30 June 2023 will be **satisfactory** at year-end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

My opinion above, that Council's projected financial position at 30 June 2023 will be satisfactory, has been based on the following factors:

1. The reasons for the significant change in Council's projected operating result (before capital) from original budget \$3.6M surplus to \$10.3M surplus, substantively relate to the extraordinary extent of road repairs following multiple natural disasters. There have been significant natural disaster related budget variations at each quarterly review with most of the expenditure being capital in nature.
2. Council is on target to achieve its 2022/23 total employment cost savings target of \$960.5K with \$852K of net savings taken in the quarterly budget reviews.
3. Council's projected operating result (before capital) has been impacted by the addition of \$717K depreciation expense for RFS Red Fleet assets which were recognised in the 2021/22 financial statements.

Council will continue to implement its budget improvement plan through the remainder of the 2022/23 year with identified budget savings / additional revenue of \$3.7M planned for the full year.

The projected year end operating result before capital is **\$10.3M** surplus (before capital) at 31 March 2023.

Ross Gurney  
Responsible Accounting Officer

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## Summary of Financial Position

This report provides the Quarterly Performance Report on the 2022-2023 Operational Plan for the period of 1 January 2023 to 31 March 2023 with a recommendation that variations to income and expenditure estimates be voted.

2022/2023 Quarterly Budget Comparison			
Budget	Income	Expenditure	Result
	\$'000	\$'000	\$'000
Original Budget	68,336	52,608	15,728
September Review	78,145	56,703	21,441
December Review	81,627	58,803	22,824
March Review	88,737	60,276	28,461

2022/2023 Quarterly Budget Comparison - By Fund			
Budget	Income	Expenditure	Result
	\$'000	\$'000	\$'000
General	67,590	45,765	21,825
Water	8,080	7,211	869
Wastewater	13,067	7,300	5,767

Please note the above tables may not balance due to rounding within income and expense types.

## Income and Expenses Budget Review Statement - Consolidated

Income and Expenses Budget Review Statement (\$'000)											
	Original Budget	Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS	Revised Budget	Variations for Mar QBRS	Notes	Projected Year End Result	Actual YTD Figures
<b>Income</b>											
Rates and Annual Charges	30,159						30,159			30,159	30,474
User Fees and Charges	7,138				11		7,149			7,149	6,420
Interest and Investment Revenue	579				190		769			769	701
Other Revenue	1,464						1,464			1,464	1,279
Operating Grants and Contributions	16,761	86		6,785	2,363		25,995	4,863	1	30,857	13,497
Capital Grants and Contributions	12,082	1,938		999	918		15,937	2,247	2	18,185	15,370
Gain on Sale of Assets	155						155			155	14
<b>Total Revenue</b>	<b>68,336</b>	<b>2,024</b>		<b>7,784</b>	<b>3,482</b>		<b>81,627</b>	<b>7,110</b>		<b>88,737</b>	<b>67,755</b>
<b>Expenses</b>											
Employee Costs	19,132			1,669	(1,800)		19,002	(44)	3	18,958	14,346
Borrowing Costs	342						342	150	4	492	341
Materials and Contracts	14,305	80		1,719	2,962		19,066	1,376	5	20,442	15,695
Depreciation Expense	13,282			0	717		13,999			13,999	10,603
Other Expenses	5,547			626	220		6,394	(9)	6	6,385	4,836
Loss on Sale of Assets											
<b>Total Expenses</b>	<b>52,608</b>	<b>80</b>		<b>4,015</b>	<b>2,099</b>		<b>58,803</b>	<b>1,473</b>		<b>60,276</b>	<b>45,822</b>
<b>Operating Result</b>	<b>15,728</b>	<b>1,944</b>		<b>3,769</b>	<b>1,383</b>		<b>22,824</b>	<b>5,637</b>		<b>28,461</b>	<b>21,933</b>
<b>Operating Result before Capital</b>	<b>3,647</b>	<b>6</b>		<b>2,770</b>	<b>465</b>		<b>6,887</b>	<b>3,389</b>		<b>10,276</b>	<b>6,563</b>

# Income and Expenses Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none"> <li>• \$4.9m increase in Natural Disaster Recovery Grant funding.</li> <li>• \$45k increase in RFS operating funding.</li> <li>• (\$55k) adjustment for Community Development Officer (Disaster Recovery).</li> </ul>
2	<ul style="list-style-type: none"> <li>• \$471k Grant Funding for Hampton Road Resealing.</li> <li>• \$919K Regional Housing Fund grant for Hillcrest No 2 Sewer Pumping Station.</li> <li>• \$526k Lake Pillans upgrades.</li> <li>• \$332k Blast Furnace Lighting and Performance Stage.</li> </ul>
3	<ul style="list-style-type: none"> <li>• (\$122k) Savings for Community Development Officer for Disaster Recovery.</li> <li>• (\$36k) Saving in Town Planning Salaries.</li> <li>• \$89k Additional budget for HR recruitment costs and External Consultancies.</li> <li>• \$25k Additional Budget to Various Departments.</li> </ul>
4	<ul style="list-style-type: none"> <li>• \$150k interest on Natural Disasters working capital loan facility.</li> </ul>
5	<ul style="list-style-type: none"> <li>• \$1.1m additional operating Natural Disaster works expenditure budget.</li> <li>• \$129k School Signage and line marking re-categorised from capital to operating.</li> <li>• \$73k funded from additional grant funding for RFS operations.</li> <li>• \$45k Black Summer Bushfire Grant expenditure budget.</li> <li>• \$40k for grant funded Hassans Walls Reserve Management Plan for Crown Land.</li> <li>• \$24k budget for Town Planning Consultants.</li> <li>• (\$101k) savings on Urban Road maintenance.</li> </ul>
6	<ul style="list-style-type: none"> <li>• (\$9k) Saving on Printing &amp; Stationary.</li> </ul>

## Income and Expenses Budget Review Statement – General Fund

Income and Expenses Budget Review Statement (\$'000)										
	Original Budget	Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS	Revised Budget	Variations for Mar QBRS	Projected Year End Result	Actual YTD Figures
<b>Income</b>										
Rates and Annual Charges	19,738						19,738		19,738	19,737
User Fees and Charges	2,735				11		2,746		2,746	2,564
Interest and Investment Revenue	549				190		739		739	663
Other Revenue	1,464						1,464		1,464	1,272
Operating Grants and Contributions	16,761	(39)		6,785	2,363		25,870	4,863	30,732	13,400
Capital Grants and Contributions	7,620	1,476		674	918		10,688	1,329	12,017	10,768
Gain on Sale of Assets	155						155		155	14
<b>Total Revenue</b>	<b>49,021</b>	<b>1,437</b>		<b>7,459</b>	<b>3,482</b>		<b>61,398</b>	<b>6,191</b>	<b>67,590</b>	<b>48,418</b>
<b>Expenses</b>										
Employee Costs	15,266			1,669	(1,496)		15,440	(44)	15,396	11,529
Borrowing Costs	66						66	150	216	145
Materials and Contracts	8,339	(55)		1,569	2,962		12,816	1,376	14,192	11,079
Depreciation Expense	9,577				717		10,294		10,294	7,572
Other Expenses	4,963			626	86		5,675	(9)	5,666	4,407
Loss on Sale of Assets										
<b>Total Expenses</b>	<b>38,212</b>	<b>(55)</b>		<b>3,865</b>	<b>2,269</b>		<b>44,291</b>	<b>1,473</b>	<b>45,765</b>	<b>34,732</b>
<b>Operating Result</b>	<b>10,809</b>	<b>1,491</b>		<b>3,594</b>	<b>1,213</b>		<b>17,107</b>	<b>4,718</b>	<b>21,825</b>	<b>13,686</b>
<b>Operating Result before Capital</b>	<b>3,188</b>	<b>16</b>		<b>2,920</b>	<b>295</b>		<b>6,419</b>	<b>3,389</b>	<b>9,808</b>	<b>2,918</b>

## Income and Expenses Budget Review Statement – Water Fund

Income and Expenses Budget Review Statement (\$'000)										
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Mar QBRs	Projected Year End Result	Actual YTD Figures
<b>Income</b>										
Rates and Annual Charges	3,029						3,029		3,029	3,187
User Fees and Charges	4,271						4,271		4,271	3,705
Interest and Investment Revenue	30						30		30	23
Other Revenue										7
Operating Grants and Contributions		125					125		125	
Capital Grants and Contributions	300			325			625		625	1,265
Gain on Sale of Assets										
<b>Total Revenue</b>	<b>7,630</b>	<b>125</b>		<b>325</b>			<b>8,080</b>		<b>8,080</b>	<b>8,188</b>
<b>Expenses</b>										
Employee Costs	1,787				(152)		1,635		1,635	1,310
Borrowing Costs	8						8		8	18
Materials and Contracts	3,393	135		150			3,678		3,678	2,791
Depreciation Expense	1,714						1,714		1,714	1,341
Other Expenses	176						176		176	113
Loss on Sale of Assets										
<b>Total Expenses</b>	<b>7,078</b>	<b>135</b>		<b>150</b>	<b>(152)</b>		<b>7,211</b>		<b>7,211</b>	<b>5,572</b>
<b>Operating Result</b>	<b>552</b>	<b>(10)</b>		<b>175</b>	<b>152</b>		<b>869</b>		<b>869</b>	<b>2,615</b>
<b>Operating Result before Capital</b>	<b>252</b>	<b>(10)</b>		<b>(150)</b>	<b>152</b>		<b>244</b>		<b>244</b>	<b>1,351</b>



## Income and Expenses Budget Review Statement – Sewer Fund

Income and Expenses Budget Review Statement (\$'000)										
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Mar QBRs	Projected Year End Result	Actual YTD Figures
<b>Income</b>										
Rates and Annual Charges	7,392						7,392		7,392	7,550
User Fees and Charges	132						132		132	151
Interest and Investment Revenue										14
Other Revenue										
Operating Grants and Contributions										
Capital Grants and Contributions	4,161	463					4,624	919	5,543	3,435
Gain on Sale of Assets										
<b>Total Revenue</b>	<b>11,685</b>	<b>463</b>					<b>12,148</b>	<b>919</b>	<b>13,067</b>	<b>11,149</b>
<b>Expenses</b>										
Employee Costs	2,078				(152)		1,926		1,926	1,507
Borrowing Costs	268						268		268	179
Materials and Contracts	2,573						2,573		2,573	1,826
Depreciation Expense	1,991						1,991		1,991	1,691
Other Expenses	408				135		542		542	316
Loss on Sale of Assets										
<b>Total Expenses</b>	<b>7,318</b>	<b>0</b>			<b>(17)</b>		<b>7,300</b>		<b>7,300</b>	<b>5,518</b>
<b>Operating Result</b>	<b>4,368</b>	<b>463</b>			<b>17</b>		<b>4,848</b>	<b>919</b>	<b>5,767</b>	<b>5,631</b>
<b>Operating Result before Capital</b>	<b>206</b>	<b>0</b>			<b>17</b>		<b>224</b>	<b>0</b>	<b>224</b>	<b>2,197</b>

# Capital Budget Review Statement

Capital Budget Review Statement (\$'000)											
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Mar QBRs	Notes	Projected Year End Result	Actual YTD Figures
<b>Capital Expenditure</b>											
Plant and Equipment	1,082				(49)		1,033	255	1	1,288	548
Land and Buildings	2,717	91		182	(34)		2,956	15	2	2,971	1,205
Other Structures	391	230		29	21		673	322	3	994	285
Roads, Bridges and Footpaths	15,064	1,450		4,646	(888)		20,272	5,065	4	25,338	14,199
Stormwater	158						158			158	112
Swimming Pools											
Water Infrastructure	929	841		482	18		2,270	500	5	2,770	2,140
Sewer Infrastructure	7,279	663		214	(979)		7,177	300	6	7,478	3,784
Furniture and Fittings	77						77			77	
Office Equipment	479	59		16	(13)		541	(194)	7	348	160
Tip Assets	1,128	844		25	(50)		1,946	(15)	8	1,931	602
Loan Repayments	1,364				59		1,423			1,423	1,114
<b>Total Capital Expenditure</b>	<b>30,668</b>	<b>4,178</b>		<b>5,595</b>	<b>(1,915)</b>		<b>38,526</b>	<b>6,248</b>		<b>44,776</b>	<b>24,149</b>
<b>Capital Funding</b>											
Rates and Other Untied Funding	12,378	1,938		999	918		16,233	2,118		18,351	
Capital Grants and Contributions	13,398			3,905	(3,015)		14,292	4,430		18,722	10,774
Reserves:											
External Restriction/Reserve	4,534	1,930		548	182		7,194	(320)		6,874	
Internal Restriction/Reserve	358	310		140	-		807	20		827	
New Loans											
Receipts from Asset Sales											
<b>Total Capital Funding</b>	<b>30,668</b>	<b>4,178</b>		<b>5,595</b>	<b>(1,915)</b>		<b>38,526</b>	<b>6,248</b>		<b>44,776</b>	<b>10,774</b>
<b>Net Capital Funding</b>	<b>-</b>	<b>-</b>		<b>-</b>			<b>-</b>				<b>(13,375)</b>

# Capital Budget Review Statement Variation

## Notes

Notes	Details
1	<ul style="list-style-type: none"> <li>\$255k for Plant acquired for the Lithgow Solid Waste Facility.</li> </ul>
2	<ul style="list-style-type: none"> <li>\$15k South Bowenfels Housing Initiative Project – Three Tree Hill for additional modelling.</li> </ul>
3	<ul style="list-style-type: none"> <li>\$197k Blast Furnace Lighting and Performance Stage</li> <li>\$125k Lake Pillans Upgrades.</li> </ul>
4	<ul style="list-style-type: none"> <li>\$5.076m additional Natural Disasters expenditure budgets.</li> <li>\$131k to seal Ridge St, Portland (reinstatement of deferred project).</li> <li>\$49k expenditure budget for Diamond Swamp Road, Meadow Flat.</li> <li>\$48k expenditure budget for Petra Avenue, Clarence.</li> <li>\$32k additional expenditure budget for Mutton Falls Road.</li> <li>(\$129k) School Signage and line marking re-categorised from capital to operating expense.</li> <li>(158k) Baaners Lane funding redirected to Natural Disasters expenditure.</li> </ul>
5	<ul style="list-style-type: none"> <li>\$500k additional budget for Clarence to Wallerawang Pipeline Feasibility Study.</li> </ul>
6	<ul style="list-style-type: none"> <li>\$300k Hillcrest No 2 Sewerage Pumping Station funded from the Regional Housing Fund grant.</li> <li>Saving of \$100k redirected from Wallerawang No 1 Sewerage Pump Station to Old Bathurst Road Sewerage Pumping Station.</li> </ul>
7	<ul style="list-style-type: none"> <li>(\$100k) Deferral of Payroll module.</li> <li>(\$10k) Deferral of Reserves module.</li> <li>(\$84k) Deferral of Asset Management module.</li> </ul>
8	<ul style="list-style-type: none"> <li>(\$15k) Reduction in Tip Remediation.</li> </ul>

# Cash and Investments Statement

## Investments

Investments have been made in accordance with Council's Investment Policy.

## Cash

The cash at Bank figure included in the Cash & Investment Statement totals **\$37,282,329.61**.

The Cash at Bank amount has been reconciled to Council's physical Bank Statements.

The date of completion of this bank reconciliation was 31/03/2023.

## Reconciliation Status

The YTS Cash and Investment figures reconciles to the actual balances held as follows:

	<b>\$'000's</b>
Cash at Bank	448
Investments on Hand	36,834
Less: Unpresented Cheques	-
Add: Undeposited Funds	-
Less: Identified Deposits	-
Add: Identified Outflows	-
Less: Unidentified Deposits	-
Ad: Unidentified Outflows	-
<b>Reconciled Cash at Bank &amp; Investments</b>	<b>37,282</b>
<b>Balance as per Review Statement</b>	<b>37,282</b>
<b>Difference</b>	

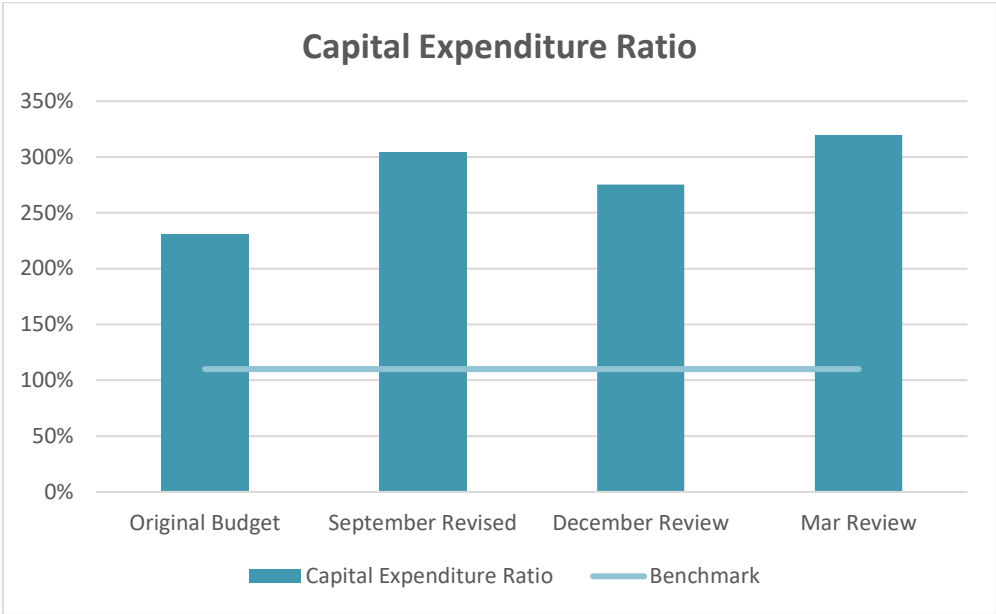
\*Total does not balance to above figures due to rounding in each line item.

## Cash and Investments Statement (\$'000)

	30 June 2022 Position	30 September 2022 Position	31 December 2022 Position	31 March 2023 Position
<b>Externally Restricted</b>				
Developer Contributions	1,945	1,764	1,755	1,783
Special Purpose Grants	3,968	3,757	5,710	10,627
FAGS	4,099	0	0	0
Water Supplies	930	2,179	3,207	2,839
Sewerage Services	8,310	9,991	8,714	8,071
Domestic Waste	6,183	7,133	7,782	7,787
Unexpended Loans	4,921	1,421	3,853	1,388
	<b>30,356</b>	<b>26,244</b>	<b>31,021</b>	<b>32,495</b>
<b>Internally Restricted</b>				
Land & Buildings	2,220	2,189	2,047	1,970
Plant & Equipment	105	105	224	244
Bonds, Deposits & Retentions	319	349	336	342
Works in Progress	653	653	653	653
Carry Over Works	327	212	56	53
ELE	754	754	754	754
Election	50	62	75	87
<b>Total Internally Restricted</b>	<b>4,428</b>	<b>4,324</b>	<b>4,145</b>	<b>4,103</b>
<b>Unrestricted (working capital)</b>	<b>-</b>	<b>80</b>	<b>134</b>	<b>684</b>
<b>Total Cash and Investments</b>	<b>34,784</b>	<b>30,648</b>	<b>35,300</b>	<b>37,282</b>



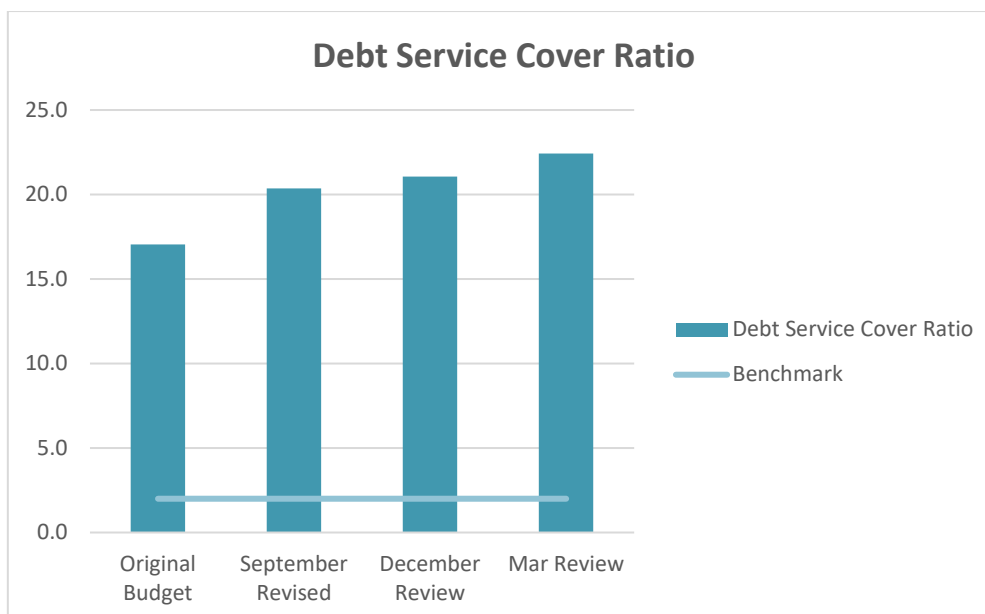
# Key Performance Indicators



Purpose of Capital Expenditure Ratio	Commentary on 2022/23 Result March 2022/23 Ratio 320%
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To assess the extent to which Council is expanding its asset base through capital expenditure.

A capital expenditure ratio of 3.20 suggests that Council has a substantial capital works program.

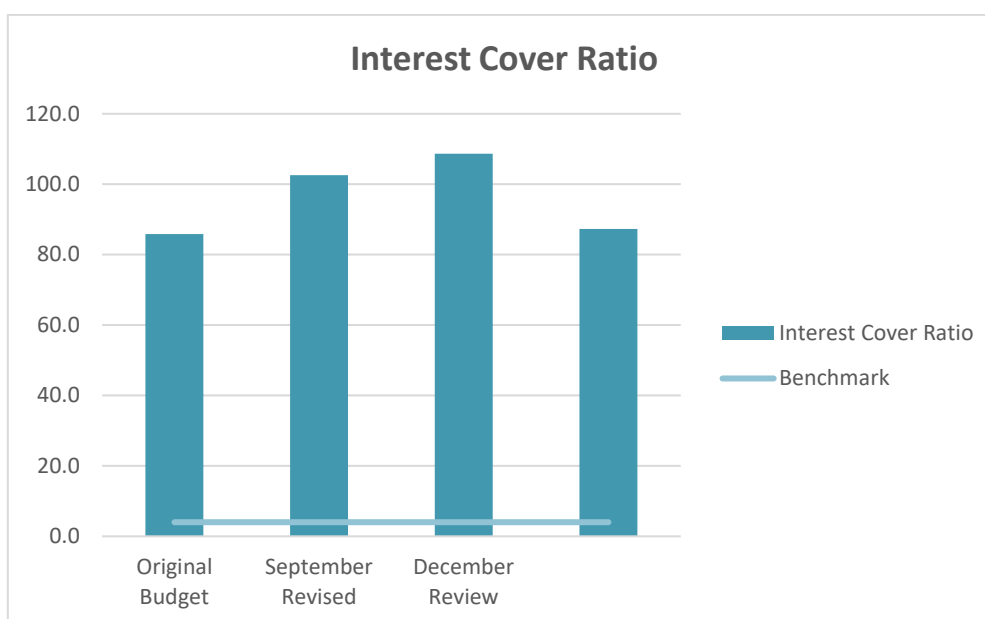


#### Purpose of Debt Service Cover Ratio

**Commentary on 2022/23 Result**  
**March 2022/23 Ratio 22.4x**

This ratio measures the availability of operating cash to service debt including principal and interest.

A debt service ratio of 22.4 times means Council has capacity to meet its loan repayments

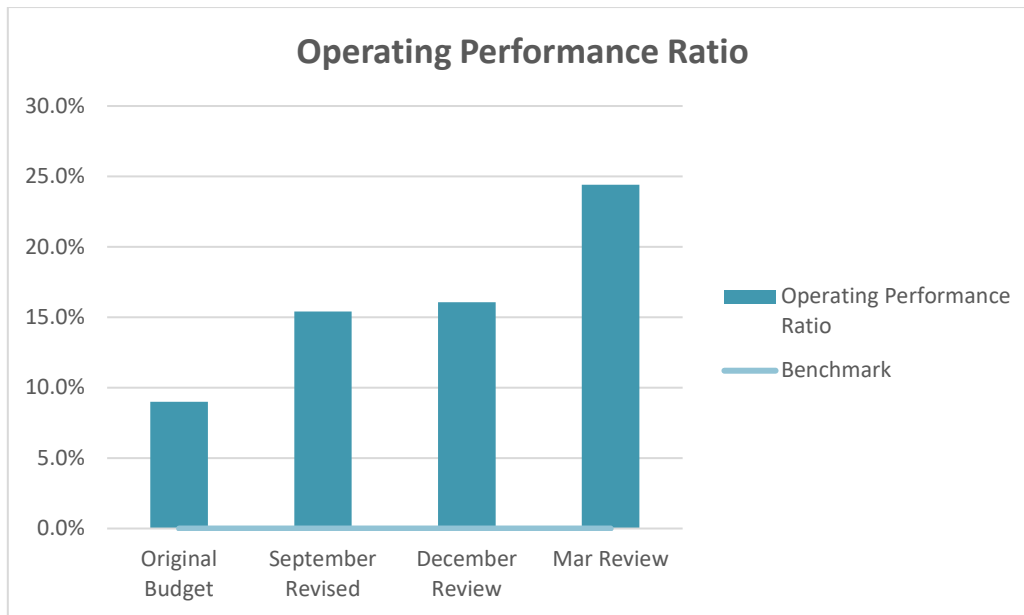


#### Purpose of Interest Cover Ratio

**Commentary on 2022/23 Result**  
**March 2022/23 Ratio 87.3x**

This ratio measures the availability of operating cash to service interest payments.

An interest cover ratio of 87.3 times means Council has more than adequate cash to cover interest payments on its debt.

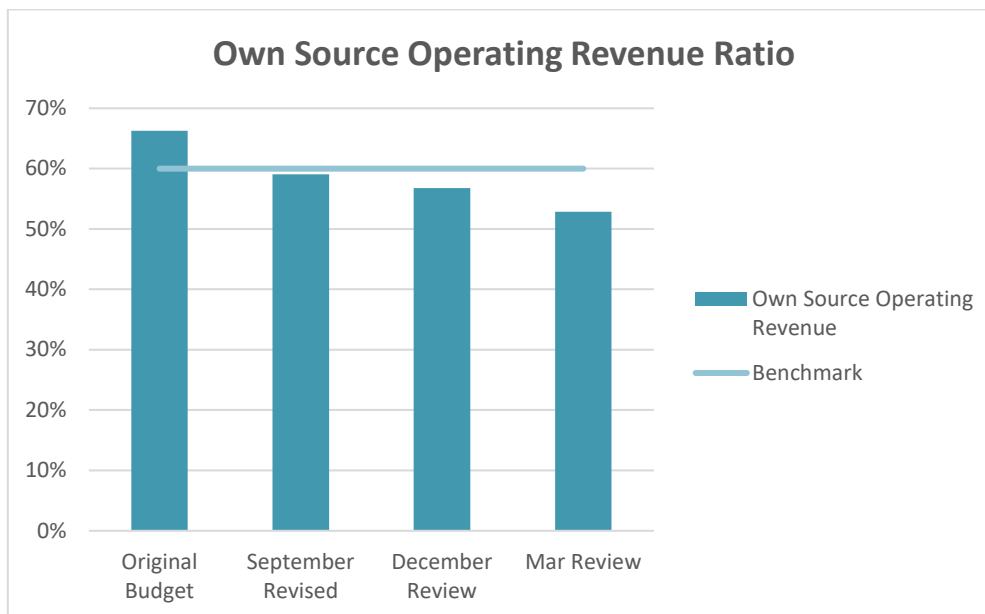


#### Purpose of Operating Performance Ratio

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

#### Commentary on 2022/23 Result March 2022/23 Ratio 24.4%

The operating performance ratio of 24.4% is above the OLG benchmark following the extraordinary financial impacts of recent natural disasters.



#### Purpose of Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as grants and contributions.

#### Commentary on 2022/23 Result March 2022/23 Ratio 53%

This ratio shows Council below the benchmark. This is mainly due to significant Natural Disaster Funding.

## Contracts Budget Review Statement

For the period 1 July 2022 to 31 March 2022

Contracts Budget Review Statement						
Contractor	Contract Detail and Purpose	Contract Value (GST Inc)	Date	Minute No.	Length of Contract	Budgeted (Y/N)
Bernipave Road Solutions	Rural Distributor Road Rehabilitation	\$2,297,043.87	27/02/2023	10.2.2		Y
Gracey's Earthmoving	Rural Distributor Road Rehabilitation	\$2,500,000.00	27/02/2023	10.2.2		Y
Dukes Earthmoving	Rural Distributor Road Rehabilitation	\$980,526.00	27/02/2023	10.2.2		Y
Green Civil Services	Rural Distributor Road Rehabilitation	\$1,870,559.92	27/02/2023	10.2.2		Y
Nace Civil Earthmoving	Rural Distributor Road Rehabilitation	\$1,640,019.00	27/02/2023	10.2.2		Y
Peters Earthmoving	Rural Distributor Road Rehabilitation	\$604,111.00	27/02/2023	10.2.2		Y
Keane Civil Constructions	Construction of West Bowenfels Sewerage Pumping Station	\$2,242,385.40	27/03/2023	10.3.1		Y

# Consultancy and Legal Expenses Review Statement

Consultancy and Legal Expenses Review Statement		
Expense	YTD Expenditure*	Budgeted (Y/N)
Consultancies	\$3,94,048	Y
Legal Fees	\$97,446	Y

\*Actual expenditure 1 July 2022 to 31 March 2023.

Note: A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high-level specialist or professional advice to assist decision making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.