

OUR PLACE OUR FUTURE

Annual financial statements
2023/24



Lithgow City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



Lithgow City Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

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

180 Mort St
Lithgow NSW 2790

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: <http://www.council.lithgow.com>.

Lithgow City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2024.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Lithgow City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management made pursuant to Section 413 (2c) of the *Local Government Act 1993* (NSW)

The attached general purpose financial statements have been prepared in accordance with:

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

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

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

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

Signed in accordance with a resolution of Council made on 28 October 2024.



Cassandra Coleman
Mayor
28 October 2024



Steven Ring
Councillor
28 October 2024



Ross Gurney
General Manager
28 October 2024



Jonathon Reid
Responsible Accounting Officer
28 October 2024

Lithgow City Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
39,153	Rates and annual charges	B2-1	39,076	30,174
8,821	User charges and fees	B2-2	8,501	8,501
732	Other revenues	B2-3	822	960
20,745	Grants and contributions provided for operating purposes	B2-4	13,159	37,623
20,623	Grants and contributions provided for capital purposes	B2-4	18,298	14,894
1,662	Interest and investment income	B2-5	2,917	1,313
691	Other income	B2-6	4,194	724
92,427	Total income from continuing operations		86,967	94,189
Expenses from continuing operations				
21,589	Employee benefits and on-costs	B3-1	21,738	19,293
19,858	Materials and services	B3-2	22,952	27,054
552	Borrowing costs	B3-3	857	180
14,985	Depreciation, amortisation and impairment of non-financial assets	B3-4	16,623	15,242
1,259	Other expenses	B3-5	1,320	1,209
(22)	Net loss from the disposal of assets	B4-1	3,425	7,415
58,221	Total expenses from continuing operations		66,915	70,393
34,206	Operating result from continuing operations		20,052	23,796
34,206	Net operating result for the year attributable to Council		20,052	23,796
13,583	Net operating result for the year before grants and contributions provided for capital purposes		1,754	8,902

The above Income Statement should be read in conjunction with the accompanying notes.

Lithgow City Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		20,052	23,796
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	46,009	65,115
Fair value adjustment of remediation provision		5,964	–
Total other comprehensive income for the year		51,973	65,115
Total and comprehensive income for the year attributable to Council		72,025	88,911

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Lithgow City Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	10,429	1,938
Investments	C1-2	71,000	41,000
Receivables	C1-4	7,457	7,440
Inventories	C1-5	641	762
Contract assets and contract cost assets	C1-6	5,357	13,939
Other	C1-10	2,130	773
Total current assets		97,014	65,852
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-7	744,166	683,961
Investment property	C1-8	9,695	6,208
Intangible assets	C1-9	180	–
Right of use assets	C2-1	263	284
Total non-current assets		754,304	690,453
Total assets		851,318	756,305
LIABILITIES			
Current liabilities			
Payables	C3-1	10,071	11,403
Contract liabilities	C3-2	41,483	8,116
Lease liabilities	C2-1	216	216
Borrowings	C3-3	1,412	4,935
Employee benefit provisions	C3-4	4,119	3,540
Total current liabilities		57,301	28,210
Non-current liabilities			
Lease liabilities	C2-1	61	83
Borrowings	C3-3	9,472	9,884
Employee benefit provisions	C3-4	449	352
Provisions	C3-5	2,600	8,366
Total non-current liabilities		12,582	18,685
Total liabilities		69,883	46,895
Net assets		781,435	709,410
EQUITY			
Accumulated surplus	C4-1	273,349	253,297
IPPE revaluation reserve	C4-1	508,086	456,113
Council equity interest		781,435	709,410
Total equity		781,435	709,410

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Lithgow City Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		253,297	456,113	709,410	229,501	390,998	620,499
Opening balance		253,297	456,113	709,410	229,501	390,998	620,499
Net operating result for the year		20,052	–	20,052	23,796	–	23,796
Net operating result for the year		20,052	–	20,052	23,796	–	23,796
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	46,009	46,009	–	65,115	65,115
Fair value adjustment of Remediation provision		–	5,964	5,964	–	–	–
Other comprehensive income		–	51,973	51,973	–	65,115	65,115
Total comprehensive income		20,052	51,973	72,025	23,796	65,115	88,911
Closing balance at 30 June		273,349	508,086	781,435	253,297	456,113	709,410

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Lithgow City Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
38,370	Rates and annual charges		38,026	30,034
8,733	User charges and fees		8,707	8,865
1,662	Interest received		2,513	939
55,123	Grants and contributions		68,202	49,481
–	Bonds, deposits and retentions received		234	–
1,361	Other		5,825	6,320
<i>Payments:</i>				
(21,589)	Payments to employees		(21,132)	(19,464)
(20,284)	Payments for materials and services		(28,802)	(28,816)
(552)	Borrowing costs		(505)	(464)
–	Bonds, deposits and retentions refunded		–	(26)
(1,279)	Other		(3,169)	(2,026)
61,545	Net cash flows from operating activities	G1-1	69,899	44,843
Cash flows from investing activities				
<i>Receipts:</i>				
454	Proceeds from sale of IPPE		543	219
<i>Payments:</i>				
–	Acquisition of term deposits		(30,000)	(8,000)
–	Purchase of investment property		–	(502)
(52,477)	Payments for IPPE		(27,599)	(34,583)
–	Purchase of intangible assets		(27)	–
(52,023)	Net cash flows from investing activities		(57,083)	(42,866)
Cash flows from financing activities				
<i>Receipts:</i>				
1,000	Proceeds from borrowings		1,000	–
<i>Payments:</i>				
(4,935)	Repayment of borrowings		(4,935)	(1,444)
(389)	Principal component of lease payments		(390)	(379)
(4,324)	Net cash flows from financing activities		(4,325)	(1,823)
5,198	Net change in cash and cash equivalents		8,491	154
1,938	Cash and cash equivalents at beginning of year		1,938	1,784
7,136	Cash and cash equivalents at end of year	C1-1	10,429	1,938

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

Lithgow City Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 October 2024. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties – refer Note C1-8
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (iii) estimated tip remediation provisions – refer Note C3-5
- (iv) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has not made any significant judgements about the impairment of a number of its receivables – refer Note C1-4.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to NSW Council's control have been included in these reports.

A1-1 Basis of preparation (continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Volunteer services

Council has an average of 62 hours per week of volunteer services donated, 60 hours at Eskbank House Museum, and 2 hours at Lithgow Library. Council does not recognise this in the income statement on the basis that these services would not be procured if not donated and on the low value/materiality level.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2024. None of these standards had a significant impact on reported position or performance.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Caring for our community	1,044	4,709	3,340	3,039	(2,296)	1,670	1,338	2,903	4,484	3,285
Strengthening our economy	2,663	535	2,307	2,479	356	(1,944)	2,576	141	9,147	6,294
Developing our built environment	44,208	57,762	51,459	59,276	(7,251)	(1,514)	21,869	41,645	691,954	625,238
Enhancing our natural environment	8,258	6,832	7,236	4,729	1,022	2,103	1,117	200	101,944	93,596
Governance and leadership	30,794	24,351	2,573	870	28,221	23,481	4,557	7,628	43,789	23,200
Other	-	-	-	-	-	-	-	-	-	4,692
Total functions and activities	86,967	94,189	66,915	70,393	20,052	23,796	31,457	52,517	851,318	756,305

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Caring for our community

Includes supporting Aboriginal, cultural and linguistically diverse communities; ageing populations; children and families; community support and information; health; library programs; regulatory/compliance programs; safety; volunteering and youth.

Strengthening our economy

Includes Council's branding and marketing; art and culture; business and industry development and support; education and training; leadership and communication; heritage; and tourism.

Developing our built environment

Includes cemeteries; community commercial and industrial buildings; cycleways and pathways; environmental health; parks and gardens; recreational facilities; transport; sewage infrastructure; streetscape improvements; tradewaste; and water infrastructure.

Enhancing our natural environment

Includes air; biodiversity; climate change; environmental protection and leadership; natural heritage; stormwater and drainage water and waste and recycling.

Governance and leadership

Includes planning for our future; civic leadership; communication; corporate management; customer service; being an employer of choice; information systems management; and plant and equipment.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	11,174	8,401
Farmland	2,857	2,160
Mining	4,356	1,818
Business	3,021	2,086
Quarry	438	–
Less: rebates (Council policy)	(106)	–
Less: pensioner rebates (mandatory)	(337)	(349)
Rates levied to ratepayers	21,403	14,116
Pensioner rate subsidies received	185	192
Total ordinary rates	21,588	14,308
Special rates		
Parking	274	265
Rates levied to ratepayers	274	265
Total special rates	274	265
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	4,676	4,224
Stormwater management services	241	243
Water supply services	3,681	3,332
Sewerage services	8,306	7,589
Waste management services (non-domestic)	779	683
Gas mains	16	16
Less: rebates (Council policy)	(254)	(244)
Less: pensioner rebates (mandatory)	(529)	(504)
Annual charges levied	16,916	15,339
Pensioner annual charges subsidies received:		
– Water	92	88
– Sewerage	87	83
– Domestic waste management	119	91
Total annual charges	17,214	15,601
Total rates and annual charges	39,076	30,174

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services	4,883	4,745
Waste management services (non-domestic)	1,850	1,731
Trade waste	106	111
Septic approval	208	205
Total specific user charges	7,047	6,792
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Planning and building regulation	473	592
Private works – section 67	34	49
Regulatory/statutory fees	117	175
Section 10.7 certificates (EP&A Act)	54	64
Total fees and charges – statutory/regulatory	678	880
(ii) Fees and charges – other (incl. general user charges (per s608))		
Cemeteries	210	209
Swimming centres	439	480
Hall and park hire	85	90
Other	42	50
Total fees and charges – other	776	829
Total other user charges and fees	1,454	1,709
Total user charges and fees	8,501	8,501
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time (1)	–	–
User charges and fees recognised at a point in time (2)	8,501	8,501
Total user charges and fees	8,501	8,501

Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

B2-3 Other revenues

\$ '000	2024	2023
Fines – parking	12	17
Fines – other	76	77
Legal fees recovery – other	24	69
Commissions and agency fees	1	2
Diesel rebate	116	89
Insurance claims recoveries	173	82
Recycling income (non-domestic)	174	142
Sale of abandoned vehicles	34	41
Esbank house	5	5
Inspections	7	10
Library charges	10	9
Sales – aquatic centre	24	25

continued on next page ...

B2-3 Other revenues (continued)

\$ '000	2024	2023
Sales – tourism	59	69
Credit card surcharge	19	22
Other Council properties Hire	26	56
Reimbursements	–	185
Other	62	60
Total other revenue	822	960
Timing of revenue recognition for other revenue		
Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	822	960
Total other revenue	822	960

Material accounting policy information for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance	238	1,143	–	–
Financial assistance – local roads component	79	381	–	–
Payment in advance - future year allocation				
Financial assistance – general component	4,016	4,423	–	–
Financial assistance – local roads component	1,394	1,590	–	–
Amount recognised as income during current year	5,727	7,537	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	–	401	6	92
Sewerage services	–	–	1,515	1,293
Community centres	8	119	65	4,128
Economic development	186	20	–	750
Environmental programs	139	100	–	–
Floodplain management	14	16	–	–
Heritage and cultural	68	270	270	1,180
Library – per capita	125	131	–	–
Library – special projects	–	–	444	224
LIRS subsidy	23	32	–	–
Recreation and culture	155	–	199	20
Storm/flood damage	1,245	25,417	3,940	–
Waste services	–	–	454	123
Street lighting	76	75	–	–
Bushfire relief	–	(14)	–	–
Transport (roads to recovery)	780	814	–	–
Transport (other roads and bridges funding)	3,448	1,774	2,209	5,686
Drainage	–	–	306	–

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Other councils – joint works/services	–	16	–	–
Employment	226	128	–	–
Transport for NSW contributions (regional roads, block grant)	485	476	–	–
Fire contribution	241	236	–	–
Hazard reduction	43	19	–	–
Rebates	84	56	–	–
Event sponsorships	23	–	–	–
Pathways and cycleways	–	–	274	–
Other contributions	63	–	–	–
Total special purpose grants and non-developer contributions – cash	7,432	30,086	9,682	13,496
Non-cash contributions				
Drainage	–	–	1,601	–
Roads and bridges	–	–	2,711	–
Sewerage (excl. section 64 contributions)	–	–	1,284	–
Water supplies (excl. section 64 contributions)	–	–	622	–
Rural Fire Services vehicles	–	–	844	261
Community halls and centres	–	–	–	397
Land	–	–	–	109
Footpaths	–	–	27	–
Total other contributions – non-cash	–	–	7,089	767
Total special purpose grants and non-developer contributions (tied)	7,432	30,086	16,771	14,263
Total grants and non-developer contributions	13,159	37,623	16,771	14,263
Comprising:				
– Commonwealth funding	7,663	8,386	–	–
– State funding	5,327	29,152	10,526	14,228
– Other funding	169	85	6,245	35
	13,159	37,623	16,771	14,263

Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G4					
Cash contributions						
S 7.4 – contributions using planning agreements		2	–	–	370	222
S 7.11 – contributions towards amenities/services		2	–	–	1	–
S 7.12 – fixed development consent levies		2	–	–	235	327
S 64 – water supply contributions		2	–	–	345	39
S 64 – sewerage service contributions		2	–	–	576	43
Total developer contributions – cash			–	–	1,527	631
Total developer contributions			–	–	1,527	631
Total grants and contributions			13,159	37,623	18,298	14,894

B2-4 Grants and contributions (continued)

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			1,453	–	6,843	–
Grants and contributions recognised at a point in time (2)			11,706	37,623	11,455	14,894
Total grants and contributions			13,159	37,623	18,298	14,894

B2-4 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants and contributions				
Unspent funds at 1 July	8,212	3,289	4,447	680
Reclassify capital/operational closing balances	(4,007)	–	4,007	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	8,260	2,954	–	4,381
Add: Funds received and not recognised as revenue in the current year	76	4,008	36,261	37
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(7,513)	(2,039)	(3,056)	(651)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(701)	–	(2,207)	–
Unspent funds at 30 June	4,327	8,212	39,452	4,447
Contributions				
Unspent funds at 1 July	1,874	1,945	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	702	458	–	–
Add: contributions received and not recognised as revenue in the current year	–	–	–	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(649)	(529)	–	–
Unspent contributions at 30 June	1,927	1,874	–	–

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include community and infrastructure projects. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

B2-4 Grants and contributions (continued)

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	204	119
– Cash and investments	2,713	1,194
Total interest and investment income	2,917	1,313

B2-6 Other income

\$ '000	Notes	2024	2023
Fair value increment on investment properties			
Fair value increment on investment properties		3,350	–
Total fair value increment on investment properties	C1-8	3,350	–
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		750	636
Total Investment properties		750	636
Other lease income			
Leaseback fees - council vehicles		94	88
Total other lease income		94	88
Total rental income	C2-2	844	724
Total other income		4,194	724

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	16,852	15,292
Employee termination costs (where material – other than vested leave paid)	19	23
Travel expenses	26	25
Employee leave entitlements (ELE)	2,445	2,092
Superannuation	1,838	1,596
Superannuation – defined benefit plans	61	180
Workers' compensation insurance	642	413
Fringe benefit tax (FBT)	26	27
Payroll tax	118	158
Training costs (other than salaries and wages)	251	137
Protective clothing	61	58
Corporate uniforms	3	–
Other	256	86
Total employee costs	22,598	20,087
Less: capitalised costs	(860)	(794)
Total employee costs expensed	21,738	19,293

Material accounting policy information

Employee benefit expenses are recorded when the service has been provided by the employee.

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Superannuation plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		7,945	7,421
Contractor costs		9,065	13,952
– Contractor and consultancy costs		3	4
Audit Fees	F2-1	130	108
Councillor and Mayoral fees and associated expenses	F1-2	177	166
Advertising		156	156
Bank charges		89	82
Computer software charges		141	126
Electricity and heating		913	869
Insurance		1,199	1,281
Office expenses (including computer expenses)		1,196	929
Postage		84	95
Printing and stationery		77	96
Street lighting		330	310
Subscriptions and publications		323	368
Telephone and communications		257	246
Valuation fees		195	128

continued on next page ...

B3-2 Materials and services (continued)

\$ '000	2024	2023
Commissions	65	60
Lease fees	51	29
Other expenses	60	97
Legal Fees:		
– planning and development	–	27
– debt recovery	22	71
– other	58	34
Expenses from short-term leases	416	399
Total materials and services	22,952	27,054

Material accounting policy information

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

B3-3 Borrowing costs

\$ '000	2024	2023
(i) Interest bearing liability costs		
Interest on leases	11	7
Interest on loans	479	462
Total interest bearing liability costs	490	469
Total interest bearing liability costs expensed	490	469
(ii) Other borrowing costs		
Fair value adjustments on recognition of advances and deferred debtors		
– Remediation liabilities	367	(289)
Total other borrowing costs	367	(289)
Total borrowing costs expensed	857	180

Material accounting policy information

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		492	437
Plant and equipment - specialised - RFS red fleet		720	711
Office equipment		164	117
Furniture and fittings		9	10
Infrastructure:	C1-7		
– Buildings – specialised		1,506	1,185
– Other structures		895	806
– Roads		6,553	5,909
– Bridges		468	430
– Footpaths		253	240
– Stormwater drainage		453	398
– Water supply network		2,225	2,156
– Sewerage network		2,423	2,346
– Swimming pools		28	38
Right of use assets	C2-1	389	418
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	41	41

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

\$ '000	Notes	2024	2023
Intangible assets	C1-9	4	–
Total gross depreciation and amortisation costs		16,623	15,242
Total depreciation and amortisation costs		16,623	15,242
Total depreciation, amortisation and impairment for non-financial assets		16,623	15,242

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C2-1a for right of use assets.

Impairment of non-financial assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

\$ '000	Notes	2024	2023
Impairment of receivables			
Other		151	43
Total impairment of receivables	C1-4	151	43
Other			
Contributions/levies to other levels of government			
Donations, contributions and assistance to other organisations (Section 356)			
– Contributions emergency services		924	851
– Donations, contributions and assistance		245	315
Total other		1,169	1,166
Total other expenses		1,320	1,209

Material accounting policy information

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

B4 Gains or losses**B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		8	–
Less: carrying amount of property assets sold/written off		(24)	(295)
Gain (or loss) on disposal		(16)	(295)
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		535	219
Less: carrying amount of plant and equipment assets sold/written off		(350)	(108)
Gain (or loss) on disposal		185	111
Gain (or loss) on disposal of infrastructure			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(3,594)	(7,231)
Gain (or loss) on disposal		(3,594)	(7,231)
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		–	–
Less: carrying amount of term deposits sold/redeemed/matured		–	–
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(3,425)	(7,415)

Material accounting policy information

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 24th June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Other revenues	732	822	90	12% F
Income above budget due to non-domestic recycling sales of scrap metal.				
Operating grants and contributions	20,745	13,159	(7,586)	(37)% U
The variance is due to changes in Natural Disaster Restoration works and unbudgeted \$2.3m government funding for pothole repairs.				
Capital grants and contributions	20,623	18,298	(2,325)	(11)% U
Variance is due to Council not securing budgeted grants for Atkinson Street/State Mine Gully road renewal.				
Interest and investment revenue	1,662	2,917	1,255	76% F
Significant interest rate increases and advance payments for natural disaster works boosted investment returns.				
Other income	691	4,194	3,503	507% F
\$3.35M Increase in Investment Property Valuations.				
Expenses				
Materials and services	19,858	22,952	(3,094)	(16)% U
Variance is due to additional professional services and maintenance, especially on Wolgan Road and Donkey Steps.				
Borrowing costs	552	857	(305)	(55)% U
Fair value adjustment on tip remediation liability from revised discount rates				
Depreciation, amortisation and impairment of non-financial assets	14,985	16,623	(1,638)	(11)% U
Higher material costs increased asset replacement costs, leading to higher depreciation rates.				
Net losses from disposal of assets	(22)	3,425	(3,447)	15,668% U
The variance occurred because Council didn't budget for the large road infrastructure disposal during road reinstatement from natural disaster flooding.				

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	61,545	69,899	8,354	14% F
An advance payment was received in grants for natural disaster recovery.				
Cash flows from investing activities	(52,023)	(57,083)	(5,060)	10% U
Advance payments for future natural disaster work improved investing activities, but this was offset by a major capital expenditure program to restore road assets affected by natural disasters, with some portions rescheduled for future years.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	5,625	600
Cash equivalent assets		
– Deposits at call	4,804	1,338
Total cash and cash equivalents	10,429	1,938

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	10,429	1,938
Balance as per the Statement of Cash Flows	10,429	1,938

Material accounting policy information

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Term deposits	71,000	–	41,000	–
Total	71,000	–	41,000	–
Total financial investments	71,000	–	41,000	–
Total cash assets, cash equivalents and investments	81,429	–	42,938	–

Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments of \$71M in the Statement of Financial Position.

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	81,429	42,938
Less: Externally restricted cash, cash equivalents and investments	<u>(66,440)</u>	<u>(33,543)</u>
Cash, cash equivalents and investments not subject to external restrictions	14,989	9,395
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – water fund	–	19
Specific purpose unexpended grants – sewer fund	–	913
Specific purpose unexpended loans – general	1,342	1,352
Specific purpose unexpended grants – general fund	<u>43,779</u>	<u>11,727</u>
External restrictions – included in liabilities	45,121	14,011
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	1,927	1,874
Water fund	4,712	2,829
Sewer fund	6,419	7,427
Domestic waste management	<u>8,261</u>	<u>7,402</u>
External restrictions – other	21,319	19,532
Total external restrictions	66,440	33,543

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2024	2023
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(b) Internal allocations

continued on next page ...

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

\$ '000	2024	2023
Cash, cash equivalents and investments not subject to external restrictions	14,989	9,395
Less: Internally restricted cash, cash equivalents and investments	(14,401)	(9,395)
Unrestricted and unallocated cash, cash equivalents and investments	588	–
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	644	511
Employees leave entitlement	668	1,130
Carry over works	407	476
Deposits, retentions and bonds	539	302
Election	175	100
Land and building	2,184	2,734
Works in progress	637	671
Other	2,332	350
Financial assistance grant - prepayment	5,410	6,013
Non-Domestic waste management	1,405	250
Natural disaster works internal loan	–	(3,142)
Total internal allocations	14,401	9,395

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

C1-4 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	2,561	–	1,840	–
Interest and extra charges	245	–	159	–
User charges and fees	1,491	–	1,449	–
Accrued revenues				
– Interest on investments	752	–	434	–
Government grants and subsidies	16	–	1,810	–
Net GST receivable	1,095	–	868	–
Other debtors	1,647	–	1,357	–
Total	7,807	–	7,917	–
Less: provision for impairment				
Rates and annual charges	(350)	–	(477)	–
Total provision for impairment – receivables	(350)	–	(477)	–
Total net receivables	7,457	–	7,440	–

\$ '000	2024	2023
Movement in provision for impairment of receivables		
Balance at the beginning of the year	477	434
+ new provisions recognised during the year	151	43
– amounts already provided for and written off this year	(278)	–
Balance at the end of the year	350	477

C1-4 Receivables (continued)

Material accounting policy information

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 7 years past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Stores and materials	641	-	762	-
Total inventories at cost	641	-	762	-
Total inventories	641	-	762	-

Material accounting policy information

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

C1-6 Contract assets and Contract cost assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	5,357	-	13,939	-
Total contract assets and contract cost assets	5,357	-	13,939	-

C1-6 Contract assets and Contract cost assets (continued)

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets				
Natural Disaster Funding	5,058	–	13,939	–
Transport Assets Funding	116	–	–	–
Other Funding	183	–	–	–
Total contract assets	5,357	–	13,939	–

Significant changes in contract assets

The Lithgow Government Area experienced extensive flooding during the 2021/22 financial year, requiring substantial restoration, repair, and replacement work. These efforts are ongoing, with financial settlements extending beyond the 2023/24 financial year.

As of 30 June 2024, the Council has received and recognised a significant portion of revenue for completed work, with some outstanding work still required to support continued recovery efforts.

Material accounting policy information

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period									At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) investment properties	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	12,296	–	12,296	8,250	1,209	–	–	(9,990)	(14)	–	–	–	11,752	–	11,752
Plant and equipment	18,030	(13,637)	4,393	2,341	118	(350)	(492)	–	–	–	–	–	18,885	(12,875)	6,010
Plant and equipment - specialised - RFS red fleet	18,452	(11,482)	6,970	843	–	–	(720)	–	–	–	–	–	19,167	(12,073)	7,094
Office equipment	538	(122)	416	–	148	–	(164)	–	(157)	–	–	–	393	(148)	245
Furniture and fittings	23	(4)	19	283	72	–	(9)	–	–	–	–	–	376	(13)	363
Land:															
– Operational land	20,049	–	20,049	–	–	–	–	–	–	–	–	1,544	21,593	–	21,593
– Community land	41,540	–	41,540	–	–	(24)	–	–	–	–	–	3,197	44,713	–	44,713
Infrastructure:															
– Buildings – specialised	100,374	(43,313)	57,061	1,033	161	(324)	(1,506)	3,572	71	(138)	–	3,487	108,780	(45,364)	63,416
– Other structures	35,121	(12,693)	22,428	520	537	(36)	(895)	553	(71)	–	(1,915)	–	37,820	(16,700)	21,120
– Roads	381,730	(103,134)	278,596	7,388	3,101	(3,103)	(6,553)	117	–	–	–	18,436	413,335	(115,353)	297,982
– Bridges	32,173	(5,565)	26,608	440	–	–	(468)	–	–	–	–	1,923	34,974	(6,471)	28,503
– Footpaths	19,722	(4,939)	14,783	26	266	(3)	(253)	2	–	–	–	1,066	21,357	(5,471)	15,886
– Bulk earthworks (non-depreciable)	32,007	–	32,007	628	625	–	–	–	–	–	–	2,154	35,415	–	35,415
– Stormwater drainage	47,483	(18,319)	29,164	–	1,863	–	(453)	–	–	–	–	5,554	55,163	(19,034)	36,129
– Water supply network	128,104	(68,656)	59,448	–	881	–	(2,225)	19	–	–	–	2,903	135,502	(74,475)	61,027
– Sewerage network	135,921	(60,789)	75,132	851	3,119	(128)	(2,423)	5,727	–	–	–	3,691	152,072	(66,105)	85,967
– Swimming pools	2,329	(66)	2,263	–	–	–	(28)	–	–	–	–	122	2,456	(99)	2,357
Other assets:															
– Library books	166	(166)	–	–	–	–	–	–	–	–	–	–	166	(166)	–
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	8,211	(7,423)	788	–	–	–	(41)	–	–	–	–	3,847	7,296	(2,702)	4,594
Total infrastructure, property, plant and equipment	1,034,269	(350,308)	683,961	22,603	12,100	(3,968)	(16,230)	–	(171)	(138)	(1,915)	47,924	1,121,215	(377,049)	744,166

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) investment properties	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	9,195	–	9,195	559	6,385	–	–	(3,379)	(209)	(255)	–	–	12,296	–	12,296
Plant and equipment	17,708	(13,713)	3,995	701	–	(51)	(437)	168	17	–	–	–	18,030	(13,637)	4,393
Plant and equipment - specialised - RFS red fleet	18,804	(11,384)	7,420	261	–	–	(711)	–	–	–	–	–	18,452	(11,482)	6,970
Office equipment	1,627	(1,429)	198	37	226	(15)	(117)	87	–	–	–	–	538	(122)	416
Furniture and fittings	431	(369)	62	–	–	(42)	(10)	9	–	–	–	–	23	(4)	19
Land:															
– Operational land	17,693	–	17,693	–	30	(295)	–	110	–	–	–	2,511	20,049	–	20,049
– Community land	26,285	–	26,285	–	109	–	–	–	–	–	–	15,146	41,540	–	41,540
Infrastructure:															
– Buildings – specialised	83,993	(32,562)	51,431	664	654	(226)	(1,185)	217	310	(44)	–	5,240	100,374	(43,313)	57,061
– Other structures	31,481	(10,895)	20,586	85	200	(30)	(806)	213	(37)	–	–	2,217	35,121	(12,693)	22,428
– Roads	351,101	(94,523)	256,578	19,129	–	(5,688)	(5,909)	845	–	–	–	13,641	381,730	(103,134)	278,596
– Bridges	27,615	(5,241)	22,374	4,061	–	(952)	(430)	239	–	–	–	1,316	32,173	(5,565)	26,608
– Footpaths	18,853	(4,491)	14,362	–	38	–	(240)	–	–	–	–	623	19,722	(4,939)	14,783
– Bulk earthworks (non-depreciable)	27,876	–	27,876	925	–	–	–	–	–	–	–	3,206	32,007	–	32,007
– Stormwater drainage	41,731	(15,703)	26,028	–	–	–	(398)	–	–	–	–	3,534	47,483	(18,319)	29,164
– Water supply network	106,711	(68,304)	38,407	997	197	(204)	(2,156)	822	–	–	–	21,385	128,104	(68,656)	59,448
– Sewerage network	132,288	(52,085)	80,203	601	–	(123)	(2,346)	669	–	–	(9,178)	5,306	135,921	(60,789)	75,132
– Swimming pools	2,580	(148)	2,432	–	–	(9)	(38)	–	(290)	–	–	168	2,329	(66)	2,263
Other assets:															
– Library books	994	(994)	–	–	–	–	–	–	–	–	–	–	166	(166)	–
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	8,210	(7,381)	829	–	–	–	(41)	–	–	–	–	–	8,211	(7,423)	788
Total infrastructure, property, plant and equipment	925,176	(319,222)	605,954	28,020	7,839	(7,635)	(14,824)	–	(209)	(299)	(9,178)	74,293	1,034,269	(350,308)	683,961

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

C1-7 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	5 to 20	Benches, seats etc.	10 to 20
Computer equipment	3		
Vehicles	3	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 10	Buildings: other	20 to 40
RFS red fleet	15 to 25		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	12 to 20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	5 to 50
Bridge: other	50	Other infrastructure	5 to 50
Road pavements	70		
Kerb, gutter and footpaths	32 to 80		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

C1-7 Infrastructure, property, plant and equipment (continued)

Improvements on Crown Reserves are also recorded as assets. The maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

Under Section 119 of the Rural Fire Services Act 1997 (NSW), "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

C1-8 Investment properties

\$ '000	2024	2023
Owned investment property		
Investment property on hand at fair value	9,695	6,208
Total owned investment property	9,695	6,208
Owned investment property		
At fair value		
Opening balance at 1 July	6,208	5,706
Capitalised subsequent expenditure	–	458
Net gain/(loss) from fair value adjustments	3,350	–
Transfers from/(to) owner-occupied property (Note C1-7)	137	44
Closing balance at 30 June	9,695	6,208

Material accounting policy information

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

C1-9 Intangible assets

Intangible assets are as follows:

\$ '000	2024	2023
Software		
Movements for the year		
Purchases	27	–
Amortisation charges	(4)	–
Transfer (to)/from Office Equipment	157	–
Closing values at 30 June		
Gross book value	321	–
Accumulated amortisation	(141)	–
Total software – net book value	180	–
Total intangible assets – net book value	180	–

Material accounting policy information

IT and software development costs encompass only those expenses directly related to the development phase. These costs are recognised after the completion of technical feasibility and when the Council intends and is able to utilise the asset. Amortisation is calculated on a straight-line basis over a period of three years.

Software-as-a-Service (SaaS) arrangements are service contracts that grant the Council the right to access the cloud provider's application software during the contract term. Costs incurred to obtain access to the cloud provider's application software are recognised in the income statement.

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C1-10 Other

Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	2,130	–	773	–
Total other assets	2,130	–	773	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Vehicles

Council leases machinery with lease terms varying from 3 to 5 years; the lease payments are fixed during the lease term.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

\$ '000	Plant & Equipment	Ready to use	Total
2024			
Opening balance at 1 July	284	–	284
Additions to right-of-use assets	368	–	368
Depreciation charge	(389)	–	(389)
Balance at 30 June	263	–	263
2023			
Opening balance at 1 July	607	–	607
Additions to right-of-use assets	95	–	95
Depreciation charge	(418)	–	(418)
Balance at 30 June	284	–	284

(b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	216	61	216	83
Total lease liabilities	216	61	216	83

(c) (i) The maturity analysis

C2-1 Council as a lessee (continued)

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2024					
Cash flows	216	61	–	277	277
2023					
Cash flows	194	–	–	194	299

(d) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	11	7
Depreciation of right of use assets	389	418
Expenses relating to short-term leases	416	399
	816	824

Material accounting policy information

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / Concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

C2-2 Council as a lessor (continued)

Operating leases

Council leases out a number of properties to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-7) in the Statement of Financial Position.

Council provides operating leases on Council buildings for the purpose of Commercial, Charitable & the Community, the table below relates to operating leases on assets disclosed in C1-6.

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

\$ '000	2024	2023
---------	------	------

(i) Assets held as investment property

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

Lease income (excluding variable lease payments not dependent on an index or rate)	750	636
Total income relating to operating leases for investment property assets	750	636

Operating lease expenses

Direct operating expenses that generated rental income	249	126
Total expenses relating to operating leases	249	126

Repairs and maintenance: investment property

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	94	88
Total income relating to operating leases for Council assets	94	88

Reconciliation of IPPE assets leased out as operating leases

Opening balance as at 1 July	6,208	5,705
Transfers from/(to) investment property	137	44
Revaluation increments to equity (ARR)	3,350	–
Other movement (Capitalised subsequent expenditure)	–	459
Closing balance as at 30 June	9,695	6,208

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	230	576
1–2 years	114	591
2–3 years	108	144
3–4 years	111	108
4–5 years	115	111
> 5 years	118	233
Total undiscounted lease payments to be received	796	1,763

C2-2 Council as a lessor (continued)

Significant Change In Revenue

In the financial year, there was a material decline in leave revenue compared to the prior period. This decline is primarily due to the non-renewal of a significant lease agreement.

As of the reporting date, a new lease has not yet been secured for the vacant premises, contributing to the reduction in revenue. Council is actively exploring opportunities to address the vacancy.

Material accounting policy information

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	6,917	–	8,333	–
Accrued expenses:				
– Borrowings	20	–	35	–
– Salaries and wages	416	–	297	–
– Other expenditure accruals	36	–	32	–
Security bonds, deposits and retentions	536	–	302	–
Other	591	–	595	–
Prepaid rates	1,555	–	1,809	–
Total payables	10,071	–	11,403	–

Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract Liabilities

\$ '000	Notes	2024		2023	
		Current	Non-current	Current	Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	41,407	–	8,116	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	76	–	–	–
Total grants received in advance		41,483	–	8,116	–
Total contract liabilities		41,483	–	8,116	–

Notes

Council has received substantial funding, including disaster relief allocations, for the construction, repair, and revitalisation of assets such as transport infrastructure, community buildings, and land. These funds, governed by enforceable contracts, require the delivery of specific outcomes, with the resulting assets remaining under Council's control upon completion.

As of 30 June 2024, \$33.75 million has been received for natural disaster recovery, recorded in contract liabilities to support ongoing recovery efforts. Financial settlements are expected to extend beyond the 2023/24 financial year.

Revenue is recognised progressively as grant milestones are completed, with contract liabilities reflecting funds received but not yet recognised as revenue.

Additionally, funding has been received for operational projects, including risk reduction, training, and community programs. These funds, also governed by enforceable contracts, require the delivery of defined outcomes, with the resulting benefits remaining under Council's control upon completion.

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2024	2023
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Grants and contributions received in advance:

C3-2 Contract Liabilities (continued)

\$ '000	2024	2023
Capital grants (to construct Council controlled assets)	2,207	1,000
Operating grants (received prior to performance obligation being satisfied)	701	–
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,908	1,000

Material accounting policy information

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Loans – secured ¹	1,412	9,472	4,935	9,884
Total borrowings	1,412	9,472	4,935	9,884

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

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

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	14,819	(4,935)	1,000	–	–	–	10,884
Lease liability (Note C2-1b)	299	(390)	368	–	–	–	277
Loan discount	–	–	–	–	–	–	–
Total liabilities from financing activities	15,118	(5,325)	1,368	–	–	–	11,161

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	16,263	(1,444)	–	–	–	–	14,819
Lease liability (Note C2-1b)	583	(284)	–	–	–	–	299
Total liabilities from financing activities	16,846	(1,728)	–	–	–	–	15,118

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	105	105
Total financing arrangements	605	605

continued on next page ...

C3-3 Borrowings (continued)

\$ '000	2024	2023
<p>(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.</p>		
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	22	25
Total drawn financing arrangements	22	25
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	83	80
Total undrawn financing arrangements	583	580

Additional financing arrangements information

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

Security over loans

Loans are secured over the general rating income of Council.

Bank overdrafts

The bank overdraft is secured over the general rating income of Council.

Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	1,729	–	1,460	–
Long service leave	2,390	449	2,080	352
Total employee benefit provisions	4,119	449	3,540	352

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,329	2,001
	2,329	2,001

Material accounting policy information

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

\$ '000	2024	2024	2023	2023
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	2,600	–	8,366
Sub-total – asset remediation/restoration	–	2,600	–	8,366
Total provisions	–	2,600	–	8,366

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

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

C3-5 Provisions (continued)

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2024		
At beginning of year	8,366	8,366
Changes to provision:		
– Revised discount rate	(118)	(118)
Unwinding of discount	485	485
Amounts used (payments)	(169)	(169)
Remeasurement effects	(5,964)	(5,964)
Total other provisions at end of year	2,600	2,600
2023		
At beginning of year	9,017	9,017
Changes to provision:		
– Revised discount rate	(362)	(362)
Unwinding of discount	73	73
Amounts used (payments)	(362)	(362)
Total other provisions at end of year	8,366	8,366

Nature and purpose of provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip.

Material accounting policy information

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

C4 Reserves

C4-1 Nature and purpose of reserves (continued)

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	27,366	3,362	8,348
User charges and fees	2,976	5,358	167
Interest and investment revenue	2,825	56	36
Other revenues	814	2	6
Grants and contributions provided for operating purposes	12,053	443	663
Grants and contributions provided for capital purposes	14,877	622	2,799
Other income	4,194	–	–
Total income from continuing operations	65,105	9,843	12,019
Expenses from continuing operations			
Employee benefits and on-costs	17,544	2,024	2,170
Materials and services	14,823	4,868	3,261
Borrowing costs	541	22	294
Depreciation, amortisation and impairment of non-financial assets	11,936	2,322	2,365
Other expenses	1,264	10	46
Net losses from the disposal of assets	3,297	–	128
Total expenses from continuing operations	49,405	9,246	8,264
Operating result from continuing operations	15,700	597	3,755
Net operating result for the year	15,700	597	3,755
Net operating result attributable to each council fund	15,700	597	3,755
Net operating result for the year before grants and contributions provided for capital purposes	823	(25)	956

D1-2 Statement of Financial Position by fund

ASSETS

Current assets

Cash and cash equivalents	(702)	4,712	6,419
Investments	71,000	–	–
Receivables	4,185	1,727	1,545
Inventories	406	210	25
Contract assets and contract cost assets	5,357	–	–
Other	2,130	–	–
Total current assets	82,376	6,649	7,989

Non-current assets

Infrastructure, property, plant and equipment	590,734	62,570	90,862
Investment property	9,695	–	–
Intangible assets	156	24	–
Right of use assets	263	–	–
Total non-current assets	600,848	62,594	90,862

D1-2 Statement of Financial Position by fund (continued)

\$ '000	General 2024	Water 2024	Sewer 2024
Total assets	683,224	69,243	98,851

D1-2 Statement of Financial Position by fund (continued)

\$ '000	General 2024	Water 2024	Sewer 2024
LIABILITIES			
Current liabilities			
Payables	7,873	781	1,417
Income received in advance	(261)	261	–
Contract liabilities	41,483	–	–
Lease liabilities	216	–	–
Borrowings	507	102	803
Employee benefit provision	4,119	–	–
Total current liabilities	53,937	1,144	2,220
Non-current liabilities			
Lease liabilities	61	–	–
Borrowings	232	1,108	8,132
Employee benefit provision	449	–	–
Provisions	2,600	–	–
Total non-current liabilities	3,342	1,108	8,132
Total liabilities	57,279	2,252	10,352
Net assets	625,945	66,991	88,499
EQUITY			
Accumulated surplus	209,534	16,679	47,136
Revaluation reserves	416,411	50,312	41,363
Council equity interest	625,945	66,991	88,499
Total equity	625,945	66,991	88,499

D2 Interests in other entities

Interests in associates

Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership			
			2024	2023	2024	2023
Upper Macquarie County Council	Bathurst	Associate	25%	25%	349	328
Total carrying amounts – material associates					349	328

D2-1 Interests in associates (continued)

Details

	Principal activity	Measurement method
Upper Macquarie County Council	Weed Control	Equity

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2024	2023	2024	2023
Upper Macquarie County Council	25%	25%	25%	25%

Summarised financial information for associates

\$ '000	Upper Macquarie County Council	
	2024	2023
Statement of financial position		
Current assets		
Cash and cash equivalents	1,374	1,393
Other current assets	168	93
Non-current assets		
	186	220
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	44	43
Other current liabilities	283	343
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	6	7
Net assets	1,395	1,313
Statement of comprehensive income		
Income	1,803	1,671
Interest income	53	45
Depreciation and amortisation	(46)	(38)
Other expenses	(1,728)	(1,549)
Profit/(loss) from continuing operations	82	129
Profit/(loss) for period	82	129
Total comprehensive income	82	129
Share of income – Council (%)	25%	25%
Profit/(loss) – Council (\$)	21	32
Total comprehensive income – Council (\$)	21	32
Summarised Statement of cash flows		
Cash flows from operating activities	(7)	106
Cash flows from investing activities	(12)	(163)
Net increase (decrease) in cash and cash equivalents	(19)	(57)
Reconciliation of the carrying amount		
Opening net assets (1 July)	1,313	1,184
Profit/(loss) for the period	82	129
Closing net assets	1,395	1,313

continued on next page ...

D2-1 Interests in associates (continued)

\$ '000	Upper Macquarie County Council	
	2024	2023
Council's share of net assets (%)	25%	25%
Council's share of net assets (\$)	349	328

County Councils

Council is a member of the Upper Macquarie County Council, a body corporate established under the Local Government Act 1993 (NSW) to control weeds. Council is one of four constituent councils and does not have significant influence over the County Council. Accordingly, the County Council has not been consolidated in the financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	10,429	1,938	10,429	1,938
Receivables	7,457	7,440	7,457	7,440
Investments				
– Financial Assets at amortised cost	71,000	41,000	71,000	41,000
Total financial assets	88,886	50,378	88,886	50,378
Financial liabilities				
Lease Liability	277	194	277	194
Loans/advances	10,884	14,819	10,884	14,819
Payables	10,071	11,403	10,071	11,403
Total financial liabilities	21,232	26,416	21,232	26,416

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – estimated at the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based on estimated future cash flows discounted at the current market rates for similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) 'at fair value through profit and loss' or (ii) 'available-for-sale' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

The Council's objective is to maximise returns on cash and investments while maintaining liquidity and preserving capital.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

E1-1 Risks relating to financial instruments held (continued)

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
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The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates

– Equity / Income Statement	705	281
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Impact of a 10% movement in price of investments

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

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

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

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2024				
Gross carrying amount	144	2,373	44	2,561
2023				
Gross carrying amount	123	1,663	54	1,840

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	7,200	2,409	154	24	816	10,603
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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E1-1 Risks relating to financial instruments held (continued)

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	8,561	1,270	1,942	117	8,126	20,016
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(c) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	536	9,535	–	–	10,071	10,071
Borrowings	3.58%	–	1,722	8,860	1,329	11,911	10,884
Total financial liabilities		536	11,257	8,860	1,329	21,982	20,955
2023							
Payables	0.00%	302	11,101	–	–	11,403	11,403
Borrowings	4.84%	–	4,970	8,538	1,346	14,854	14,819
Total financial liabilities		302	16,071	8,538	1,346	26,257	26,222

E2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

E2-1 Fair value measurement (continued)

\$ '000	Notes	Date of latest valuation		Fair value measurement hierarchy						Total	
		2024	2023	Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
Recurring fair value measurements											
Financial assets											
Financial investments	C1-2										
– ‘Held to maturity’		30/06/24	30/06/23	71,000	41,000	–	–	–	–	71,000	41,000
Total financial assets				71,000	41,000	–	–	–	–	71,000	41,000

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy									
		Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Financial liabilities											
Bonds and security deposits		30/06/24	30/06/23	–	–	536	302	–	–	536	302
Accrued interest		30/06/24	30/06/23	20	35	–	–	–	–	20	35
Total financial liabilities				20	35	536	302	–	–	556	337
Investment property											
Investment properties	C1-8	30/06/24	30/06/21	–	–	–	–	9,695	6,208	9,695	6,208
Total investment property				–	–	–	–	9,695	6,208	9,695	6,208
Infrastructure, property, plant and equipment											
Operational land	C1-7	30/06/23	30/06/23	–	30	–	–	21,593	20,019	21,593	20,049
Community land		30/06/23	30/06/23	–	109	–	–	44,713	41,431	44,713	41,540
Plant and equipment		30/06/20	30/06/20	2,459	701	–	–	3,552	3,692	6,011	4,393
Plant and equipment -specialised - RFS red fleet		30/06/22	30/06/22	843	261	–	–	6,251	6,709	7,094	6,970
Office equipment		30/06/20	30/06/20	148	263	–	–	95	153	243	416
Furniture and fittings		30/06/20	30/06/20	355	–	–	–	8	19	363	19
Buildings		30/06/23	30/06/23	1,194	1,318	–	–	62,222	55,743	63,416	57,061
Other structures		30/06/24	30/06/20	1,057	285	–	–	20,065	22,143	21,122	22,428
Roads		30/06/20	30/06/20	10,489	19,129	–	–	287,493	259,467	297,982	278,596
Bridges		30/06/21	30/06/21	440	4,061	–	–	28,063	22,547	28,503	26,608
Footpaths		30/06/20	30/06/20	292	38	–	–	15,594	14,745	15,886	14,783
Bulk earthworks		30/06/20	30/06/20	1,253	925	–	–	34,162	31,082	35,415	32,007
Stormwater drainage		30/06/24	30/06/20	1,863	–	–	–	34,266	29,164	36,129	29,164
Water supply		30/06/22	30/06/22	881	1,194	–	–	60,146	53,562	61,027	54,756
Sewerage network		30/06/22	30/06/22	3,970	601	–	–	81,997	74,531	85,967	75,132
Swimming pools		30/06/21	30/06/21	–	–	–	–	2,357	2,263	2,357	2,263
Library books		30/06/18	30/06/18	–	–	–	–	–	–	–	–
Tip asset rehabilitation		30/06/24	30/06/18	–	–	–	–	4,593	788	4,593	788
Work in Progress		NA	NA	9,459	6,944	–	–	2,293	5,352	11,752	12,296
Total infrastructure, property, plant and equipment				34,703	35,859	–	–	709,463	643,410	744,166	679,269
Non-recurring fair value measurements											

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E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Water and Sewer assets are subject to a full revaluation process by a registered valuer each 5 years.

During the interim years water and sewer assets are incrementally revalued via an index published by the NSW Office of Water.

General infrastructure assets have been revalued at 30 June 2023 via an index based on construction costs from APV.

Tip Assets shown in the balance sheet represent the taking up of, and restatement of the provision for tip remediation. In this regard the Tip Asset represents the net present value of the future expenditure on tip remediation and then depreciated over the life of the tip.

Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

\$ '000	Fair value (30/6/24) 2024	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Specialised buildings	63,416	Depreciated historical cost	Cost per sq metre, consumption rate, condition, useful life
Road infrastructure	297,982	Depreciated historical cost	Cost per sq metres dimensions and specification, pattern of consumption components useful life residual value asset condition
Bulk earthworks	35,415	Current replacement cost	Cost per Sq metre
Footpaths	15,886	Depreciated historical cost	Cost per sq metre pattern of consumption components useful lives asset conditions
Bridges	28,503	Depreciated historical cost	Cost per Sq metre, dimensions and specifications, pattern of consumption components, useful lives, asset conditions
Stormwater drainage	36,129	Depreciated historical cost	Cost per unit/ per metre
Water supply network	61,027	Depreciated historical cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Sewerage network	85,967	Depreciated historical cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Other structures	21,120	Depreciated historical cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Tip assets	4,594	Depreciated historical cost	Unit Costs
Swimming pools	2,357	Depreciated historical cost	Cost per unit

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E2-1 Fair value measurement (continued)

\$ '000	Fair value (30/6/24) 2024	Valuation technique/s	Unobservable inputs
Plant and equipment - specialised - RFS red fleet	7,094	Depreciated historical cost	Estimated useful life and residual value

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Property, plant and equipment	
	2024	2023
Opening balance	683,961	605,954
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	46,009	65,115
Other movements		
Transfers from/(to) another asset class	(295)	(299)
Purchases (GBV)	34,703	35,859
Disposals (WDV)	(3,968)	(7,635)
Depreciation and impairment	(16,230)	(14,824)
FV losses - other comprehensive income	–	–
Other movement - transfer from WIP to P&L	(14)	(209)
Other movement - transfer to other comprehensive income	–	–
Closing balance	744,166	683,961

E2-1 Fair value measurement (continued)

Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

E3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

Description of the funding arrangements.

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method. The current future service employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times member contributions

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2024, monitored annually between triennials.

Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan

Each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses. There is no relief under the Fund's trust deed for employers to withdraw from their defined benefit obligations without fulfilling them. An employer may withdraw only under limited circumstances when there are no active members, on full payment of outstanding past service contributions. There is no provision for allocation of any surplus that may be present at the date of withdrawal.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$33,544.15. The last valuation of the scheme was performed by Richard Boyfield FIAA on 30 June 2023. Council's expected contribution to the plan for the next annual reporting period is \$49,931.90.

E3-1 Contingencies (continued)

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

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

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

* Plus promotional increases

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

Note that the estimated employer reserves financial position is preliminary, and the final end-of-year review will be completed by December 2024.

Council's share of any deficiency cannot be accurately calculated due to the mutual arrangement of the Scheme where assets and liabilities are pooled. No liability for any deficiency has been recognised in Council's account. Council has a possible obligation that may arise should the Scheme require immediate payment to correct any deficiency.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is also a member of StateCover Mutual Limited and holds a partly paid share in the entity, which provides workers compensation insurance cover to the NSW local government industry and specifically to Council. Council has a contingent liability to contribute further equity if required due to the erosion of the company's capital base or increased prudential requirements for APRA.

These future equity contributions would be necessary to maintain the company's minimum level of net assets in accordance with its licence requirements.

Council has provided no other guarantees beyond those listed above.

(iv) Other guarantees

Council has provided no other guarantees other than those listed above.

2. Other liabilities

(i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

E3-1 Contingencies (continued)

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2024	2023
Compensation:		
Other long-term benefits	30	27
Post-employment benefits	112	111
Short-term benefits	1,060	1,078
Total	1,202	1,216

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	28	27
Councillors' fees	119	114
Other Councillors' expenses (including Mayor)	30	25
Total	177	166

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	83	65
Remuneration for audit and other assurance services	83	65
Total Auditor-General remuneration	83	65
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services – internal audit services	47	43
Remuneration for audit and other assurance services	47	43
Total remuneration of non NSW Auditor-General audit firms	47	43
Total audit fees	130	108

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	20,052	23,796
Add / (less) non-cash items:		
Depreciation and amortisation	16,623	15,242
(Gain) / loss on disposal of assets	3,425	7,415
Non-cash capital grants and contributions	(7,089)	(767)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(3,350)	–
Unwinding of discount rates on reinstatement provisions	367	(289)
Movements in operating assets and liabilities and other cash items:		

G1-1 Statement of Cash Flows information (continued)

\$ '000	2024	2023
(Increase) / decrease of receivables	110	(751)
Increase / (decrease) in provision for impairment of receivables	(127)	9
(Increase) / decrease of inventories	121	54
(Increase) / decrease of other current assets	(1,357)	70
(Increase) / decrease of contract asset	8,582	(9,916)
Increase / (decrease) in payables	(1,416)	3,787
Increase / (decrease) in accrued interest payable	(15)	5
Increase / (decrease) in other accrued expenses payable	123	(165)
Increase / (decrease) in other liabilities	(24)	(150)
Increase / (decrease) in contract liabilities	33,367	7,013
Increase / (decrease) in employee benefit provision	676	(63)
Increase / (decrease) in other provisions	(169)	(447)
Net cash flows from operating activities	69,899	44,843

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	1,450	1,001
Plant and equipment	825	126
Water supply	594	370
Sewerage network	1,706	5,134
Road infrastructure	1,693	4,030
Bridge assets	607	90
Footpaths	737	79
Waste assets	178	79
Other structures	1,287	112
Land	7	19
Fixtures and Fittings	116	42
Office equipment	122	53
Total commitments	9,322	11,135

G2-1 Commitments (continued)

Details of capital commitments

Council's capital commitments relate to the Charles Street Bridge upgrades. Council's building capital commitments relate to Council's store building reconstruction and the sewer assets capital commitments relates to Hillcrest No 2 Sewer Pump Station. Council's road asset capital commitment relates to repairs to Browns Gap Road as a result of Natural Disasters.

G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Roads	1,099	-	-	-	-	(1,099)	-	-	-
Bushfire	139	-	-	-	-	(139)	-	-	-
S7.11 contributions – under a plan	1,238	-	-	-	-	(1,238)	-	-	-
S7.12 levies – under a plan	277	1,562	-	-	53	(1,044)	-	848	-
Total S7.11 and S7.12 revenue under plans	1,515	1,562	-	-	53	(2,282)	-	848	-
S7.4 planning agreements	360	686	-	-	43	(10)	-	1,079	-
Total contributions	1,875	2,248	-	-	96	(2,292)	-	1,927	-

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN									
Roads	1,099	-	-	-	-	(1,099)	-	-	-
Bushfire	139	-	-	-	-	(139)	-	-	-
Total	1,238	-	-	-	-	(1,238)	-	-	-

S7.12 Levies – under a plan

CONTRIBUTION PLAN									
Other S 7.12 Plan 12/13	(128)	1,562	-	-	53	(639)	-	848	-
Other (previous yrs)	405	-	-	-	-	(405)	-	-	-
Total	277	1,562	-	-	53	(1,044)	-	848	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,980	3.03%	20.63%	4.91%	(3.72)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	65,319					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	52,160	62.38%	44.24%	61.37%	70.84%	> 60.00%
Total continuing operating revenue	83,617					
3. Unrestricted current ratio						
Current assets less all external restrictions	27,067	2.67x	2.52x	2.47x	2.23x	> 1.50x
Current liabilities less specific purpose liabilities	10,125					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	19,460	3.15x	15.87x	7.33x	5.66x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,182					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	2,456	6.02%	4.80%	4.61%	6.70%	< 10.00%
Rates and annual charges collectable	40,802					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	81,429	16.58 months	9.79 months	9.56 months	8.57 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	4,911					

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

G5-2 Statement of performance measures by fund

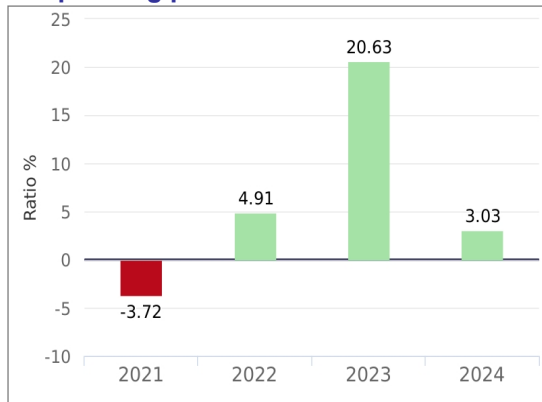
\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2.24%	25.56%	(0.27)%	1.47%	10.37%	1.31%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	56.39%	35.83%	89.18%	84.99%	71.20%	64.96%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.67x	2.52x	5.81x	8.06x	3.60x	7.46x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2.31x	15.44x	105.41x	96.75x	12.30x	11.00x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	5.20%	7.14%	7.08%	0.00%	8.45%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	18.29 months	7.24 months	8.17 months	∞	13.06 months	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

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

End of the audited financial statements

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2023/24 result	
2023/24 ratio	3.03%
Council met this ratio in the 2023/24 year with the assistance of grant funding.	

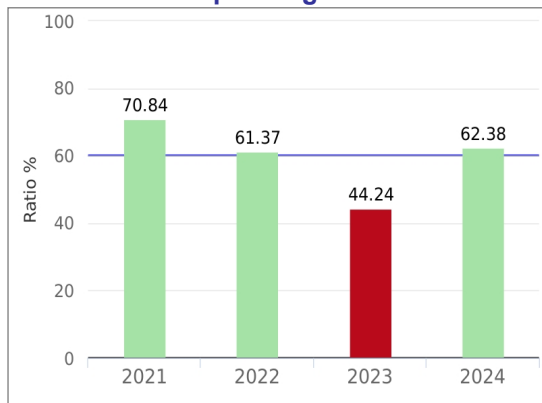
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2023/24 result	
2023/24 ratio	62.38%
Council has met this ratio. This is due to the reduction of Natural Disaster funding recognised during the year.	

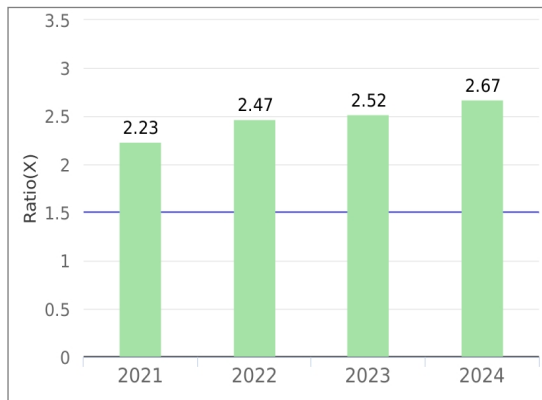
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2023/24 result	
2023/24 ratio	2.67x
Council received a \$33.75m advance payment for future Natural Disaster Works and is externally restricted. The majority of restoration works due to Natural Disasters is not expected to be completed in the next 12 months, which is impacting the Unrestricted Current Ratio. As the works are completed the externally restricted cash will decrease and this ratio will improve to previous levels.	

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

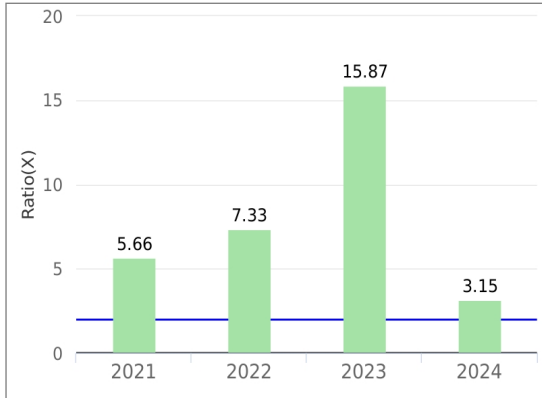
Ratio achieves benchmark

Ratio is outside benchmark

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 3.15x

Council continues to perform above the benchmark, due to greater amounts of cash placed in on call accounts to obtain better interest returns. Loans were paid as they fell due. Council paid off its working Capital Loan of \$3.5, during the Financial Year which impacted this ratio. One new borrowing was undertaken during the Financial Year for the Cullen Bullen Sewerage Scheme.

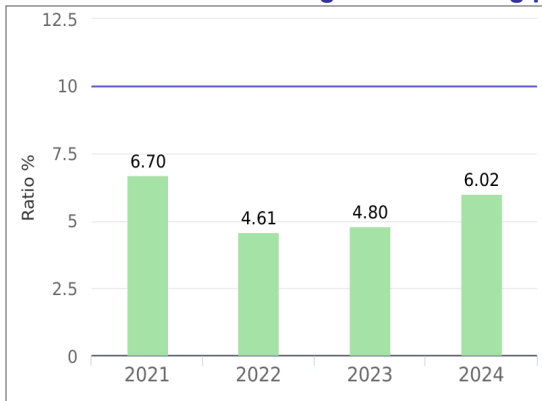
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2023/24 result

2023/24 ratio 6.02%

Council's result has returned to the pre-pandemic level, assisted by conducting an unpaid rates sale in February 2022, with another occurring in 2024/25. Council actively manages accounts receivable to consistently achieve a ratio well within the benchmark.

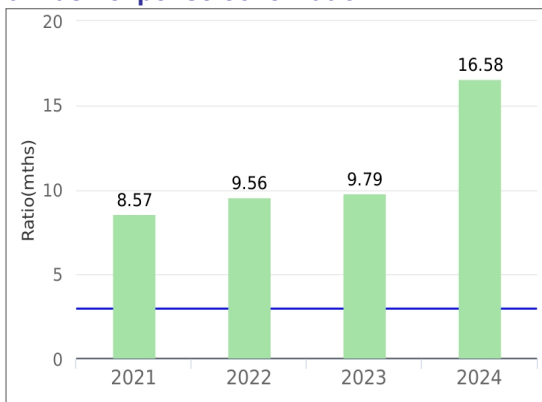
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2023/24 result

2023/24 ratio 16.58 months

Council has met this benchmark as the investment strategy has been adjusted to the current financial environment and investment opportunities, with around 5% of cash held in on call deposits and the remainder held in six month term deposits to maximise investment returns. Returns have increased due to advance payments of \$13.8m and \$33.8m received during the financial year.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

180 Mort St
Lithgow NSW 2790

Contact details

Mailing Address:

PO Box 19
Lithgow NSW 2790

Telephone: 02 6354 9999

Facsimile: 02 6351 4259

Opening hours:

Monday to Friday
8:30am to 4:30pm

Internet: <http://www.council.lithgow.com>

Email: council@lithgow.nsw.gov.au

Officers

General Manager

Ross Gurney

Responsible Accounting Officer

Jonathon Reid

Public Officer

Ross Gurney

Auditors

NSW Audit office
Level 19
Tower 2 Darling Park
201 Sussex Street
SYDNEY NSW 2000

Elected members

Mayor

Cassandra Coleman

Councillors

Steve Ring
Tommy Evangelidis
Elizabeth Fredericks
Darryl Goodwin
Eric Mahony
Ray Smith
Maree Statham
Martin Ticehurst

Other information

ABN: 59 986 092 492



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Lithgow City Council

To the Councillors of Lithgow City Council

Opinion

I have audited the accompanying financial statements of Lithgow City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements, Special Schedules (the Schedules), Understanding Council's Financial Statements and Additional Council disclosures.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Karen Taylor
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY



Cr Cassandra Coleman
Mayor
Lithgow City Council
PO Box 84
OBERON NSW 2787

Contact: Karen Taylor
Phone no: 02 9275 73711
Our ref: [R008-2124742775-7972](#)

30 October 2024

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2024
Lithgow City Council**

I have audited the general purpose financial statements (GPFS) of Lithgow City Council (the Council) for the year ended 30 June 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	39.1	30.2	↑ 29.5
Grants and contributions revenue	31.5	52.5	↓ 40.0
Operating result from continuing operations	20.0	23.8	↓ 16.0
Net operating result before capital grants and contributions	1.8	8.9	↓ 79.8

Rates and annual charges revenue (\$39.1 million) increased by \$8.9 million (29.5 per cent) in 2023–24 primarily due to the Special Rate Variation of 45.7 per cent granted to Council for the 2023–24 rating year.

Grants and contributions revenue (\$31.5 million) decreased by \$21.0 million (40.0 per cent) in 2023–24 mainly due to:

- \$5.2 million in grant income was recognised for natural disaster funding in 2023–24 (\$25.4 million in 2022–23), a decrease of \$20.2 million
- \$7.1 million in non-cash contributions relating to infrastructure assets.

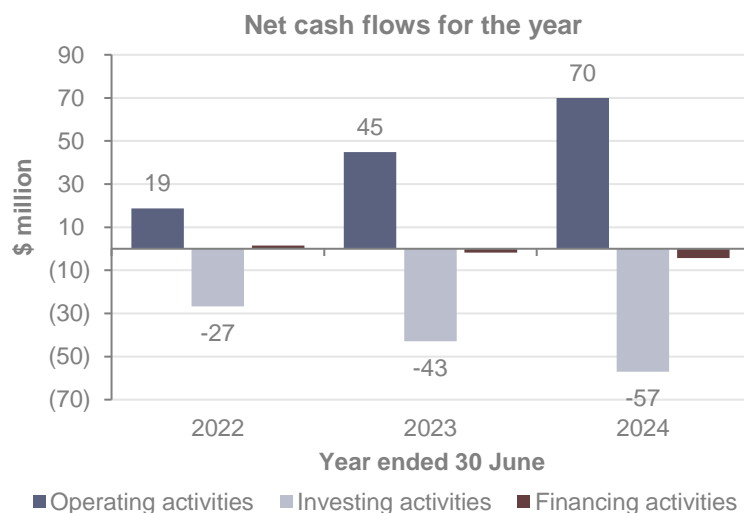
Council's operating result from continuing operations (\$20.0 million including depreciation, amortisation and impairment expense of \$16.6 million) was \$3.8 million lower than the 2022–23 result.

The net operating result before capital grants and contributions of \$1.8 million was \$7.1 million lower than the 2022–23 result.

STATEMENT OF CASH FLOWS

The significant movements in the Statement of Cash Flows were primarily due to a \$25 million increase in cash flows from operating activities, which included significant advance payments for natural disaster grant funding.

Cash flows from investing activities included an additional \$22 million of cash invested in term deposits compared to 2022–23.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	81.4	42.9	Externally restricted balances comprise mainly of unexpended grants (\$43.8 million) and funds restricted for developer contributions, domestic waste management, water and sewer funds (\$21.2 million). Internal allocations are determined by council policies or decisions, which are subject to change.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	66.4	33.5	
• Internal allocations	14.4	9.4	

Debt

At 30 June 2024, Council had:

- \$10.9 million in secured loans (\$14.8 million in 2022–23)
- \$0.5 million in approved overdraft facility with nil drawn down
- \$105,000 in credit card facility with \$22,000 utilised.

PERFORMANCE

Performance measures

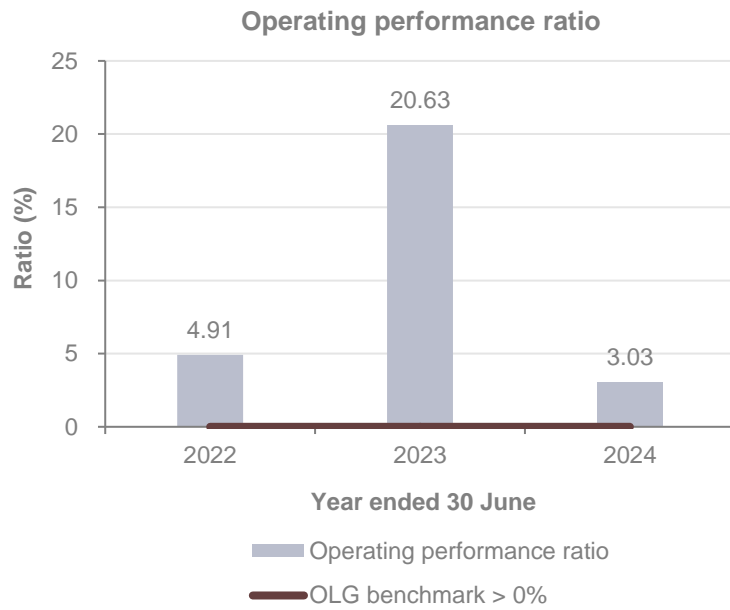
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure.

Operating performance ratio

Council continued to meet the benchmark for the current reporting period.

The 2023 ratio was significantly impacted by the \$25.4 million in operating grants for natural disaster funding.

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



Own source operating revenue ratio

Council met the benchmark for the current reporting period.

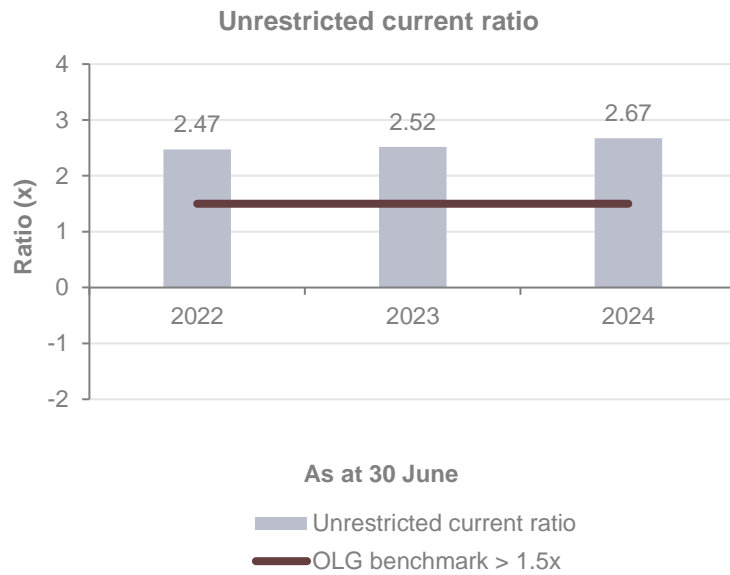
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continued to meet the benchmark for the current reporting period.

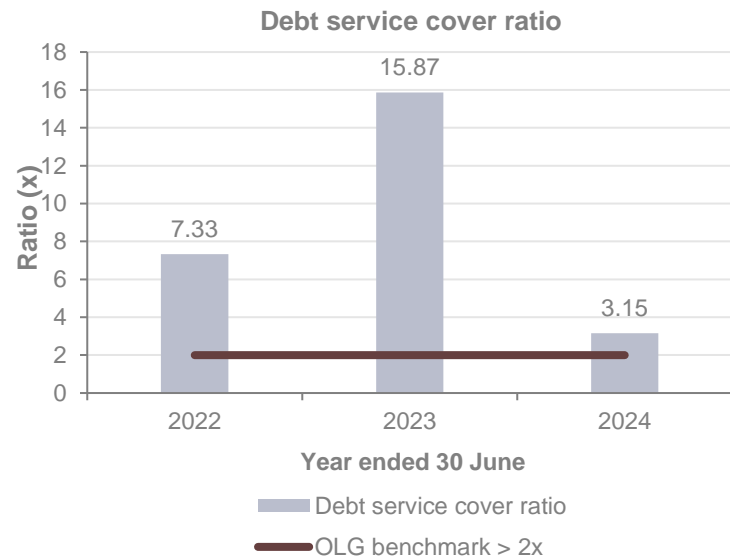
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council continued to meet the benchmark for the current reporting period.

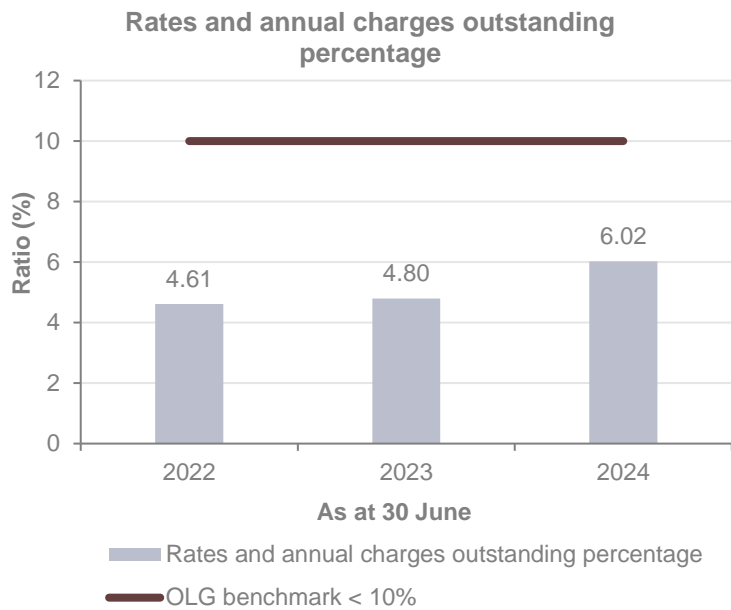
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council continued to meet the benchmark for the current reporting period.

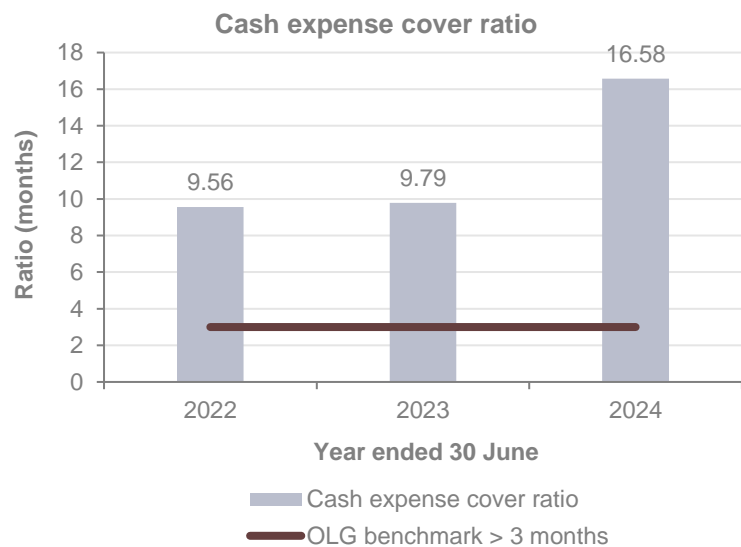
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council continues to exceed the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$22.6 million of infrastructure, property, plant and equipment during the 2023–24 financial year. This was mainly spent on roads (\$7.4 million) and repairing assets damaged by natural disasters. Council spent a further \$12.1 million was spent on new assets.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

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



Karen Taylor

Delegate of the Auditor-General for New South Wales

Lithgow City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



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Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Lithgow City Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached special purpose financial statements have been prepared in accordance with:

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

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

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

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

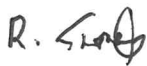
Signed in accordance with a resolution of Council made on 28 October 2024.



Cassandra Coleman
Mayor
28 October 2024



Steven Ring
Councillor
28 October 2024



Ross Gurney
General Manager
28 October 2024



Jonathon Reid
Responsible Accounting Officer
28 October 2024

Lithgow City Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	3,362	2,924
User charges	5,296	4,745
Fees	62	49
Interest and investment income	56	35
Grants and contributions provided for operating purposes	443	620
Other income	2	7
Total income from continuing operations	9,221	8,380
Expenses from continuing operations		
Employee benefits and on-costs	2,024	1,770
Borrowing costs	22	24
Materials and services	2,552	2,039
Depreciation, amortisation and impairment	2,322	2,175
Water purchase charges	2,316	2,054
Net loss from the disposal of assets	–	194
Other expenses	10	1
Total expenses from continuing operations	9,246	8,257
Surplus (deficit) from continuing operations before capital amounts	(25)	123
Grants and contributions provided for capital purposes	622	750
Surplus (deficit) from continuing operations after capital amounts	597	873
Surplus (deficit) from all operations before tax	597	873
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(31)
Surplus (deficit) after tax	597	842
Plus accumulated surplus	15,846	14,973
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	31
Closing accumulated surplus	16,443	15,846
Return on capital %	0.0%	0.2%
Subsidy from Council	2,694	2,287
Calculation of dividend payable:		
Surplus (deficit) after tax	597	842
Less: capital grants and contributions (excluding developer contributions)	(622)	(750)
Surplus for dividend calculation purposes	–	92
Potential dividend calculated from surplus	–	46

Lithgow City Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	8,348	7,435
Liquid trade waste charges	106	111
Fees	61	95
Interest and investment income	36	20
Grants and contributions provided for operating purposes	663	126
Other income	6	–
Total income from continuing operations	9,220	7,787
Expenses from continuing operations		
Employee benefits and on-costs	2,170	2,024
Borrowing costs	294	246
Materials and services	3,261	2,932
Depreciation, amortisation and impairment	2,365	2,359
Net loss from the disposal of assets	128	123
Other expenses	46	1
Total expenses from continuing operations	8,264	7,685
Surplus (deficit) from continuing operations before capital amounts	956	102
Grants and contributions provided for capital purposes	2,799	4,007
Surplus (deficit) from continuing operations after capital amounts	3,755	4,109
Surplus (deficit) from all operations before tax	3,755	4,109
Less: corporate taxation equivalent (25%) [based on result before capital]	(239)	(26)
Surplus (deficit) after tax	3,516	4,083
Plus accumulated surplus	41,272	37,163
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	239	26
Closing accumulated surplus	45,027	41,272
Return on capital %	1.4%	0.4%
Subsidy from Council	2,657	2,914
Calculation of dividend payable:		
Surplus (deficit) after tax	3,516	4,083
Less: capital grants and contributions (excluding developer contributions)	(2,799)	(4,007)
Surplus for dividend calculation purposes	717	76
Potential dividend calculated from surplus	359	38

Lithgow City Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	4,712	2,848
Receivables	1,727	1,614
Inventories	210	280
Total current assets	6,649	4,742
Non-current assets		
Infrastructure, property, plant and equipment	62,570	60,547
Intangible assets	24	–
Total non-current assets	62,594	60,547
Total assets	69,243	65,289
LIABILITIES		
Current liabilities		
Payables	781	141
Income received in advance	261	347
Borrowings	102	100
Total current liabilities	1,144	588
Non-current liabilities		
Borrowings	1,108	1,210
Total non-current liabilities	1,108	1,210
Total liabilities	2,252	1,798
Net assets	66,991	63,491
EQUITY		
Accumulated surplus	16,679	16,082
Revaluation reserves	50,312	47,409
Total equity	66,991	63,491

Lithgow City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	6,419	8,340
Receivables	1,545	849
Inventories	25	37
Total current assets	7,989	9,226
Non-current assets		
Infrastructure, property, plant and equipment	90,862	81,132
Total non-current assets	90,862	81,132
Total assets	98,851	90,358
LIABILITIES		
Current liabilities		
Payables	1,417	560
Borrowings	803	676
Total current liabilities	2,220	1,236
Non-current liabilities		
Borrowings	8,132	7,936
Total non-current liabilities	8,132	7,936
Total liabilities	10,352	9,172
Net assets	88,499	81,186
EQUITY		
Accumulated surplus	47,136	43,381
Revaluation reserves	41,363	37,805
Total equity	88,499	81,186

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2021 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Water Supply Service

Comprising the whole of the water supply operations and net assets servicing the Lithgow area.

b. Sewerage (Waste Water) Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets servicing the Lithgow area.

Category 2

(where gross operating turnover is less than \$2 million)

Council does not operate any Category 2 businesses.

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

Note – Material accounting policy information (continued)

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 25%

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

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Note – Material accounting policy information (continued)

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

(iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2020 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Lithgow City Council

To the Councillors of Lithgow City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Lithgow City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- water supply
- sewerage.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Karen Taylor
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Lithgow City Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Lithgow City Council

Special Schedules

for the year ended 30 June 2024

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Lithgow City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	14,914	22,366
Plus or minus adjustments ²	b	136	70
Notional general income	c = a + b	15,050	22,436
Permissible income calculation			
Percentage increase	d	45.78%	4.50%
Plus percentage increase amount ³	f = d x (c + e)	6,890	1,010
Sub-total	g = (c + e + f)	21,940	23,446
Plus (or minus) last year's carry forward total	h	9	(435)
Less valuation objections claimed in the previous year	i	(21)	-
Sub-total	j = (h + i)	(12)	(435)
Total permissible income	k = g + j	21,928	23,011
Less notional general income yield	l	22,366	22,625
Catch-up or (excess) result	m = k - l	(438)	386
Less unused catch-up greater than 10 years ⁵	o	3	-
Carry forward to next year ⁶	p = m + n + o	(435)	386

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (5) Unused catch-up amounts or the rate peg balance amounts will be deducted if they are not caught up within ten years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for when setting the rates in a future year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Lithgow City Council

To the Councillors of Lithgow City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Lithgow City Council (the Council) for the year ending 30 June 2025.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Karen Taylor
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Lithgow City Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings – specialised	2,732	2,732	663	614	63,416	108,780	12.5%	31.7%	41.2%	14.3%	0.3%
	Sub-total	2,732	2,732	663	614	63,416	108,780	12.5%	31.7%	41.2%	14.3%	0.3%
Other structures	Other structures	149	149	2,964	2,600	21,120	37,820	35.4%	23.0%	39.3%	2.3%	0.0%
	Sub-total	149	149	2,964	2,600	21,120	37,820	35.4%	23.0%	39.3%	2.3%	0.0%
Roads	Roads	20,783	20,783	4,862	5,597	297,982	413,335	5.1%	32.8%	40.4%	18.6%	3.1%
	Bridges	68	68	17	–	28,503	34,974	32.7%	42.3%	23.9%	1.1%	0.0%
	Footpaths	40	40	321	380	15,886	21,357	12.9%	17.2%	69.1%	0.6%	0.2%
	Bulk earthworks	–	–	–	–	35,415	35,415	5.5%	0.0%	94.5%	0.0%	0.0%
	Sub-total	20,891	20,891	5,200	5,977	377,786	505,081	7.4%	30.5%	44.3%	15.3%	2.5%
Water supply network	Water supply network	3,003	3,003	1,537	1,815	61,027	135,502	6.1%	16.9%	64.4%	12.7%	(0.1%)
	Sub-total	3,003	3,003	1,537	1,815	61,027	135,502	6.1%	16.9%	64.4%	12.7%	(0.1%)
Sewerage network	Sewerage network	386	386	1,923	1,212	85,967	152,072	21.8%	9.8%	67.1%	1.2%	0.1%
	Sub-total	386	386	1,923	1,212	85,967	152,072	21.8%	9.8%	67.1%	1.2%	0.1%
Stormwater drainage	Stormwater drainage	–	–	196	742	36,129	55,163	4.1%	0.0%	95.9%	0.0%	0.0%
	Sub-total	–	–	196	742	36,129	55,163	4.1%	0.0%	95.9%	0.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	32	63	2,357	2,456	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	32	63	2,357	2,456	100.0%	0.0%	0.0%	0.0%	0.0%
Total – all assets		27,161	27,161	12,515	13,023	647,802	996,874	11.1%	23.6%	52.7%	11.3%	1.3%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required

Lithgow City Council

Report on infrastructure assets as at 30 June 2024 (continued)

4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Lithgow City Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	18,621					
Depreciation, amortisation and impairment	14,804	125.78%	200.04%	65.98%	51.75%	> 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	27,161					
Net carrying amount of infrastructure assets	659,554	4.12%	0.91%	1.64%	1.78%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	13,023					
Required asset maintenance	12,515	104.06%	212.85%	67.31%	121.66%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	27,161	2.72%	0.60%	1.09%	1.20%	
Gross replacement cost	996,874					

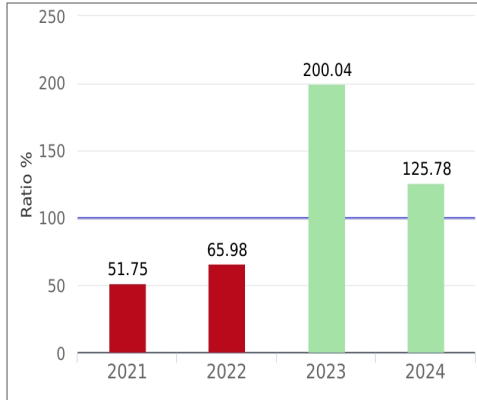
(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Lithgow City Council

Report on infrastructure assets as at 30 June 2024

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result	
23/24 ratio	125.78%

Council has exceeded this ratio due to ongoing natural disaster funded renewal works as well as additional funding from the Special Rate Variation.

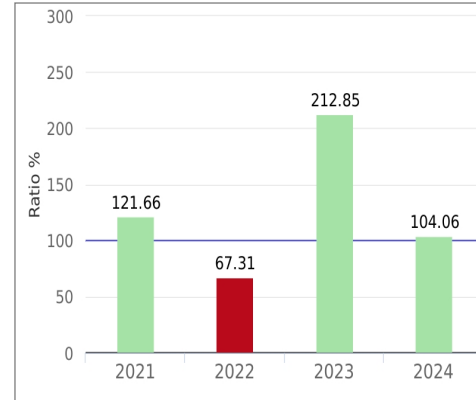
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result	
23/24 ratio	104.06%

Council has exceeded this ratio due to additional Special Rate Variation funding allocated to maintenance and grant funding available for road repairs.

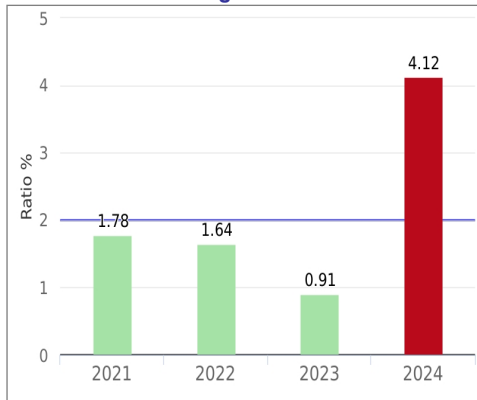
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result	
23/24 ratio	4.12%

This ratio has declined due to Council receiving updated road condition assessments which is consistent with the natural disasters affecting Council's roads network in recent years. Council continues to target condition score 5 assets for renewals.

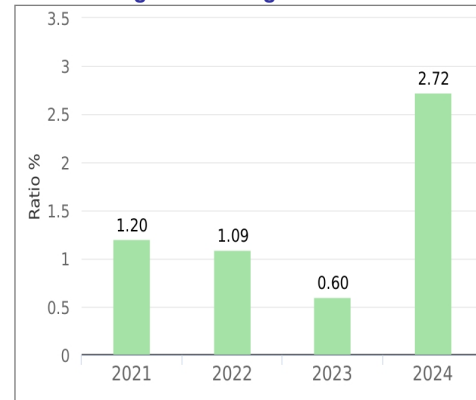
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result	
23/24 ratio	2.72%

This ratio has declined due to updated condition score assessments of Council's roads network.

Lithgow City Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	129.17%	279.92%	5.84%	51.53%	221.71%	29.84%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	4.64%	0.97%	4.92%	0.90%	0.45%	0.49%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	110.39%	260.31%	118.09%	157.45%	63.03%	89.73%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	3.35%	0.71%	2.22%	0.42%	0.25%	0.27%	

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.