

OUR PLACE OUR FUTURE

2024/25 December Quarterly
Report



Executive Summary

The Quarterly Performance Report provides a budget review statement with a revised estimate of income and expenditure for the year. This is a requirement of the Local Government Act 1993 and Local Government (General) Regulation 2005. This Quarterly Performance Report for the period of 1 October 2024 to 31 December 2024 achieves these requirements.

From the General Manager,
Ross Gurney

Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2021:

It is my opinion that the Quarterly Budget Review Statement for Lithgow City Council for the quarter ended 31/12/2024 indicates that Council's projected position at 30 June 2025 will be **unsatisfactory** at year-end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

My opinion above, that Council's projected financial position at 30 June 2025 will be unsatisfactory, has been based on the following factors:

1. The main reason for the change in Council's projected operating result (before capital) from original budget \$749K surplus to \$1.2M deficit relates to a change in accounting treatment for the Local & Regional Roads Repair Program (LRRRP) grant, as advised by the NSW Audit Office. It has resulted in a \$700K reduction in revenue which was required to be recognised upon receipt in the 2023/24 Financial Year with a cash reserve to be expensed over 2 years. The expenditure program has also been increased \$2.2M in 2024/25 to bring forward necessary works. Council has spent \$3.5M of the total \$4.0M program.
2. Progress is being made towards achieving Council's 2024/25 employment cost savings target of \$1M with \$455K (45% YTD) net of savings taken in the Quarter Two Review.
3. Council has received additional grant funding, with \$1.9M of budgeted works on Brown Gap Road, Glen Davis Road and Wolgan Road, and a further \$360K for the Adaptive Skills Hub. This has offset the impact of the LRRRP grant. Council will continue to implement its budget improvement plan through the remainder of the 2024/25 year with identified budget savings.

The projected year end operating result before capital is **\$1.22M deficit** (before capital) at 31 December 2024. It is to be noted that the projected financial position relates to the LRRRP, as outline above. Without these impacts, the projected financial position would be an operating surplus of \$1.7M and therefore would be satisfactory.

The current financial position is a short-term issue and not reflective of an ongoing financial sustainability issue.

Vanessa Browning
Responsible Accounting Officer

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Summary of Financial Position

This report provides the Quarterly Performance Report on the 2024/25 Operational Plan for the period of 1 July 2024 to 31 December 2024 with a recommendation that variations to income and expenditure estimates be voted.

2024/2025 Quarterly Budget Comparison			
Budget	Income	Expenditure	Result
	\$'000	\$'000	\$'000
Original Budget	75,828	65,154	10,673
September Review	79,682	66,652	13,030
December Review	82,770	68,108	14,662

2024/2025 Quarterly Budget Comparison - By Fund			
Budget	Income	Expenditure	Result
	\$'000	\$'000	\$'000
General	64,669	50,101	14,568
Water	9,458	9,479	(20)
Wastewater	8,642	8,528	114

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

Income and Expenses Budget Review Statement - Consolidated

Income and Expenses Budget Review Statement (\$'000)								
	Original Budget	Carry Forwards	Sep QBRS	Revised Budget	Variations for Dec QBRS	Notes	Projected Year End Result	Actual YTD Figures
Income								
Rates and Annual Charges	40,629		30	40,659			40,659	40,672
User Fees and Charges	9,458			9,458	138	1	9,597	4,165
Interest and Investment Revenue	3,379		600	3,979			3,979	2,071
Other Revenue	1,265			1,265	178	2	1,443	666
Operating Grants and Contributions	10,940		(511)	10,429	553	3	10,982	1,645
Capital Grants and Contributions	9,924		3,736	13,660	2,218	4	15,878	2,656
Gain on Sale of Assets	232			232			232	0
Total Revenue	75,828	0	3,855	79,682	3,087		82,769	51,877
Expenses								
Employee Costs	22,995	162	137	23,293	36	5	23,329	11,715
Borrowing Costs	361			361			361	171
Materials and Contracts	22,892	129	1,070	24,092	1,420	6	25,512	11,677
Depreciation Expense	17,647			17,647			17,647	8,844
Other Expenses	1,259			1,259			1,259	687
Loss on Sale of Assets								
Total Expenses	65,154	291	1,207	66,652	1,455		68,108	33,095
Operating Result	10,673	(291)	2,648	13,030	1,632		14,661	18,782
Operating Result before Capital	749	(291)	(1,088)	(630)	(586)		(1,216)	16,126

Income and Expenses Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none">• \$83K received upon lodgement of Greenspot Planning Proposal.• \$50K increase for planning DA and construction certificates income.
2	<ul style="list-style-type: none">• \$95K increase in recovery for debt collection, including sale of land for unpaid rates.• \$40K increase with additional collection and sale of scrap metal.
3	<ul style="list-style-type: none">• \$360K in grant funding from National Priority Fund for Adaptive Skills Hub.• \$62K in funding for Safety and Wellness Incentives.• \$54K grant funding from Resources for Regions for Hassans Walls Environmental Study
4	<ul style="list-style-type: none">• \$801K for recognition of natural disaster income for Wolgan Road.• \$650K for recognition of natural disaster income for Glen Davis Road, Capertee.• \$414K in Natural Disaster Funding for Browns Gap Road.• \$239K in grant funding from Resource for Regions for Main St / Cupro St Stormwater Drainage Improvements.• \$387K revenue recognition for Works on Main St Footpath Revitalisation.
5	<ul style="list-style-type: none">• \$36k in Salaries for Halloween 2024.
6	<ul style="list-style-type: none">• \$1.4M for additional Local & Regional Roads Repair Program works (potholes).• \$96K for asbestos removal at public park.

Income and Expenses Budget Review Statement – General Fund

Income and Expenses Budget Review Statement (\$'000)							
	Original Budget	Carry Forwards	Sep QBRs	Revised Budget	Variations for Dec QBRs	Projected Year End Result	Actual YTD Figures
Income							
Rates and Annual Charges	28,543			28,543		28,543	28,331
User Fees and Charges	3,584			3,584	138	3,723	1,871
Interest and Investment Revenue	3,288		600	3,888		3,888	2,033
Other Revenue	1,264			1,264	160	1,424	648
Operating Grants and Contributions	10,940		(511)	10,429	553	10,982	1,645
Capital Grants and Contributions	9,924		3,736	13,660	2,218	15,878	2,656
Gain on Sale of Assets	232			232		232	0
Total Revenue	57,775		3,825	61,600	3,069	64,669	37,185
Expenses							
Employee Costs	18,746	128	137	19,011	36	19,046	9,584
Borrowing Costs	17			17		17	10
Materials and Contracts	14,979	129	791	15,899	1,420	17,319	7,391
Depreciation Expense	12,461			12,461		12,461	6,321
Other Expenses	1,259			1,259		1,259	687
Loss on Sale of Assets							
Total Expenses	47,461	257	928	48,646	1,455	50,101	23,992
Operating Result	10,314	(257)	2,897	12,954	1,614	14,568	13,192
Operating Result before Capital	390	(257)	(839)	(706)	(604)	(1,310)	10,536

Income and Expenses Budget Review Statement – Water Fund

Income and Expenses Budget Review Statement (\$'000)							
	Original Budget	Carry Forwards	Sep QBRs	Revised Budget	Variations for Dec QBRs	Projected Year End Result	Actual YTD Figures
Income							
Rates and Annual Charges	3,658			3,658		3,658	3,759
User Fees and Charges	5,724			5,724		5,724	2,205
Interest and Investment Revenue	57			57		57	23
Other Revenue	2			2	18	19	19
Operating Grants and Contributions	0			0		0	0
Capital Grants and Contributions	0			0		0	0
Gain on Sale of Assets							
Total Revenue	9,440			9,440	18	9,458	6,006
Expenses							
Employee Costs	2,035	17		2,053		2,053	962
Borrowing Costs	20			20		20	7
Materials and Contracts	4,784		129	4,913	100	5,013	2,426
Depreciation Expense	2,393			2,393		2,393	598
Other Expenses	0			0		0	0
Loss on Sale of Assets							
Total Expenses	9,232	17	129	9,379	100	9,479	3,994
Operating Result	208	(17)	(129)	62	(82)	(20)	2,012
Operating Result before Capital	208	(17)	(129)	62	(82)	(20)	2,012

Income and Expenses Budget Review Statement – Sewer Fund

Income and Expenses Budget Review Statement (\$'000)							
	Original Budget	Carry Forwards	Sep QBRS	Revised Budget	Variations for Dec QBRS	Projected Year End Result	Actual YTD Figures
Income							
Rates and Annual Charges	8,428		30	8,458		8,458	8,581
User Fees and Charges	150			150		150	89
Interest and Investment Revenue	34			34		34	16
Other Revenue	0			0		0	0
Operating Grants and Contributions	0			0		0	0
Capital Grants and Contributions	0			0		0	0
Gain on Sale of Assets							
Total Revenue	8,612		30	8,642	0	8,642	8,686
Expenses							
Employee Costs	2,213	17		2,230		2,230	1,170
Borrowing Costs	324			324		324	154
Materials and Contracts	3,130		150	3,280	(100)	3,180	1,860
Depreciation Expense	2,794			2,794		2,794	699
Other Expenses	0			0		0	0
Loss on Sale of Assets							
Total Expenses	8,461	17	150	8,628	(100)	8,528	3,882
Operating Result	151	(17)	(120)	14	(100)	114	4,803
Operating Result before Capital	151	(17)	(120)	14	(100)	114	4,803

Capital Budget Review Statement

Capital Budget Review Statement (\$'000)								
	Original Budget	Carry Forwards	Sep QBRs	Revised Budget	Variations for Dec QBRs	Notes	Projected Year End Result	Actual YTD Figures
Capital Expenditure								
Plant and Equipment	3,503	466		3,969	(11)		3,957	1,133
Land and Buildings	2,069	717	105	2,890	(8)	1	2,884	1,778
Other Structures	2,219	146	284	2,650	763	2	3,413	2,214
Roads, Bridges and Footpaths	11,368	141	3,140	14,650	4,069	3	18,718	6,701
Stormwater	578	0	1	579	825	4	1,405	31
Swimming Pools	0	0		0			0	0
Water Infrastructure	2,362	6	63	2,431	(113)	5	2,317	926
Sewer Infrastructure	5,106	870	597	6,574	315	6	6,888	2,916
Furniture and Fittings	488	116	91	694			694	231
Office Equipment	357	156	84	598	50	7	648	212
Library	0	0		0			0	0
Tip Assets	1,310	369	61	1,739	1		1,740	418
Loan Repayments	1,091			1,091			1,091	624
Total Capital Expenditure	30,452	2,988	4,426	37,865	5,890		43,756	17,184
Capital Funding								
Rates and Other Untied Funding	18,449	2,589	561	21,597	3,634		25,232	
Capital Grants and Contributions	9,674	0	3,736	13,410	2,215		15,625	2,158
Reserves:								
External Restriction/Reserve	306	0	0	306	0		306	
Internal Restriction/Reserve	2,023	399	129	2,552	41		2,593	
New Loans								
Receipts from Asset Sales								
Total Capital Funding	30,452	2,988	4,426	37,865	5,890		43,756	2,158
Net Capital Funding	-	-		-				(15,026)

Capital Budget Review Statement Variation Notes

Notes	Details
1	<ul style="list-style-type: none"> • (\$117K) reduction in line with projected 24/25 delivery. • \$76K budget added for stores completion. • \$16K budget added for Rydal Toilet Block. • \$14K budget added for Union Theatre Kitchen Upgrade.
2	<ul style="list-style-type: none"> • \$673K budget added from grant funding for Portland Central Park Project due for completion in 2024/25. • \$54K increase for budget for Playground Shade Sails from grant funding.
3	<ul style="list-style-type: none"> • \$1.9M budget added for Main Street Central Business District Footpath Revitalisation. • \$1M budget added funded by natural disaster funding for Browns Gap Road. • \$800K budget increase funded by natural disaster funding for Wolgan Road • \$281K increase for Wolgan Road Alternative Alignment Study by natural disaster funding • \$111K increase for Glen Alice Road funded by natural disaster funding.
4	<ul style="list-style-type: none"> • \$791K increase for budget for Main/Cupro Street Stormwater Drainage Improvements.
5	<ul style="list-style-type: none"> • \$211K budget savings for Watermain renewal. • \$98K budget added for Wallerawang to Clarence Pipeline.
6	<ul style="list-style-type: none"> • (\$386K) decrease in expenditure waste watermain renewal 23/24 program completed. • \$176K increase in expenditure waste watermain renewal 24/25 program. • \$98K increase in expenditure Clarence to Wallerawang Pipeline.
7	<ul style="list-style-type: none"> • \$50K budget increase for Libraries CCTV Upgrade.

Cash and Investments Statement

Investments

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

Cash

The cash at Bank figure included in the Cash & Investment Statement totals \$70,180,182.09.

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

The date of completion of this bank reconciliation was 08/01/2025.

Reconciliation Status

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

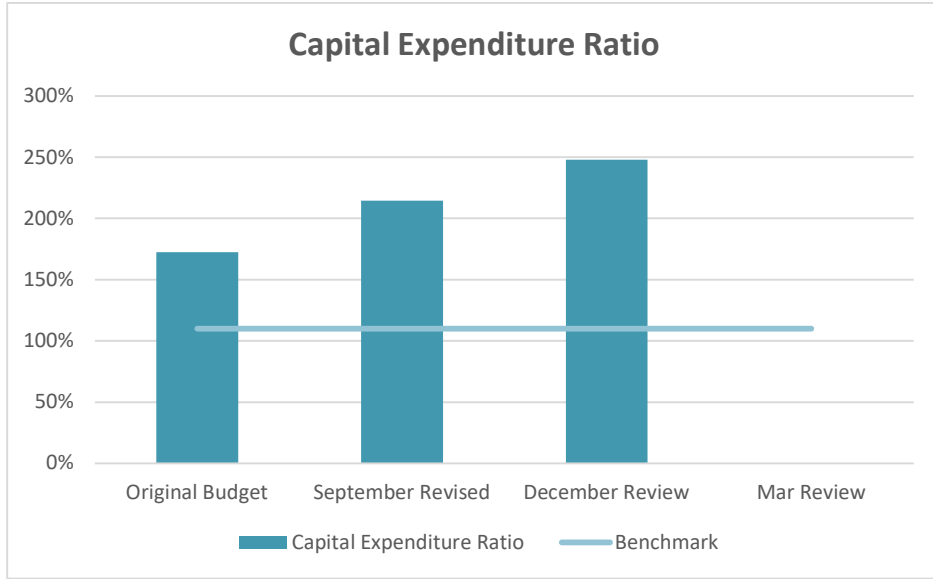
	\$'000's
Cash at Bank	376
Investments on Hand	69,804
Less: Unpresented Cheques	-
Add: Undeposited Funds	-
Less: Identified Deposits	-
Add: Identified Outflows	-
Less: Unidentified Deposits	-
Add: Unidentified Outflows	-
Reconciled Cash at Bank & Investments	70,180
Balance as per Review Statement	70,180
Difference	

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

Cash and Investments Statement (\$'000)

	30 June 2024 Position	30 September 2024 Position	31 December 2024 Position
Externally Restricted			
Developer Contributions	1,851	1,741	1,937
Special Purpose Grants	44,441	42,429	37,213
Water Supplies	4,712	4,913	4,525
Sewerage Services	6,419	5,505	4,943
Domestic Waste	8,261	9,774	9,660
Unexpended Loans	1,342	754	241
	67,027	65,117	58,520
Internally Restricted			
Land & Buildings	2,184	2,184	2,184
FAGS	5,410	4,260	4,245
Plant & Equipment	643	643	297
Bonds, Deposits & Retentions	539	523	477
Works in Progress	637	637	637
Carry Over Works	407	117	76
Commercial Waste	1,405	306	681
ELE	668	754	754
Election	175	175	175
Other	2,332	2,332	2,018
Total Internally Restricted	14,401	11,933	11,542
Unrestricted (working capital)	-	3,302	118
Total Cash and Investments	81,428	80,251	70,180

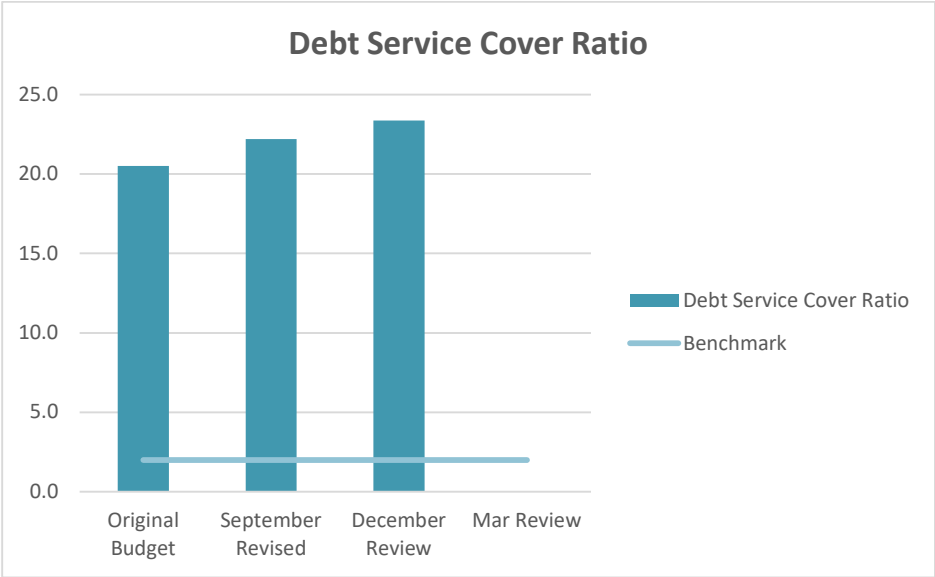
Key Performance Indicators



Purpose of Capital Expenditure Ratio	Commentary on 2024/25 Result Dec 2024/25 Ratio 248%
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To assess the extent to which Council is expanding its asset base through capital expenditure.

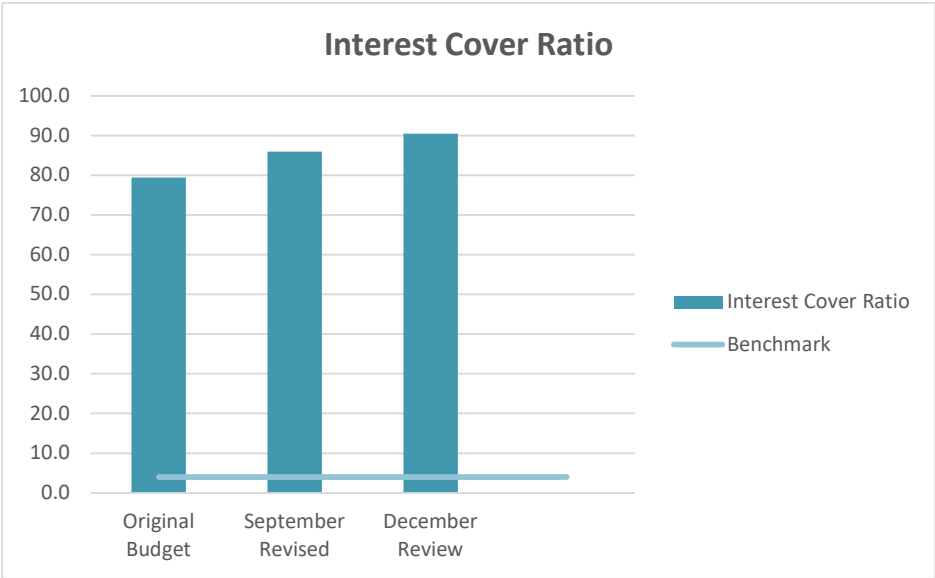
A capital expenditure ratio of 248% suggests that Council has a substantial capital works program.



Purpose of Debt Service Cover Ratio	Commentary on 2024/25 Result Dec 2024/25 Ratio 23.4x
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This ratio measures the availability of operating cash to service debt including principal and interest.

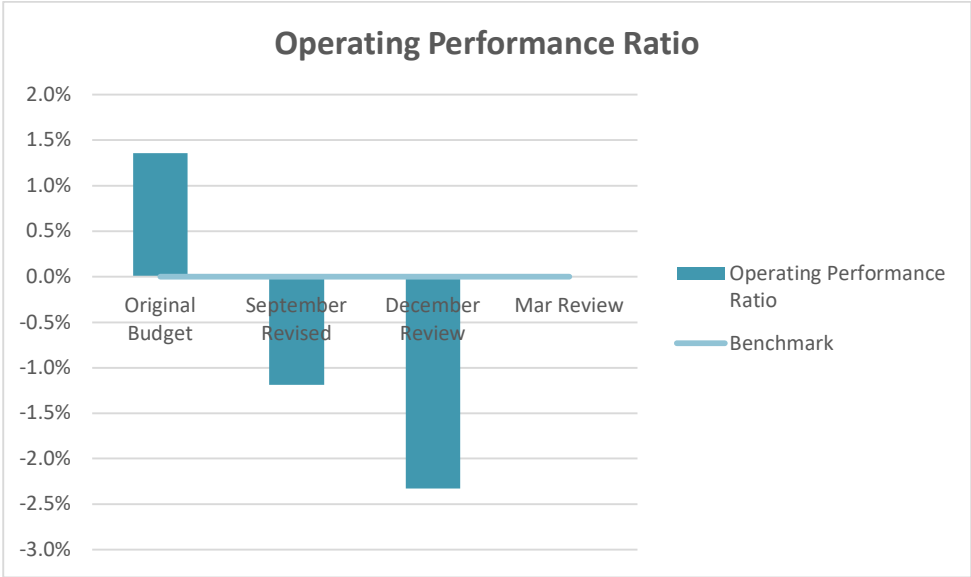
A debt service ratio of 23.4 times means Council has capacity to meet its loan repayments.



Purpose of Interest Cover Ratio	Commentary on 2024/25 Result Dec 2024/25 Ratio 90.5x
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This ratio measures the availability of operating cash to service interest payments.

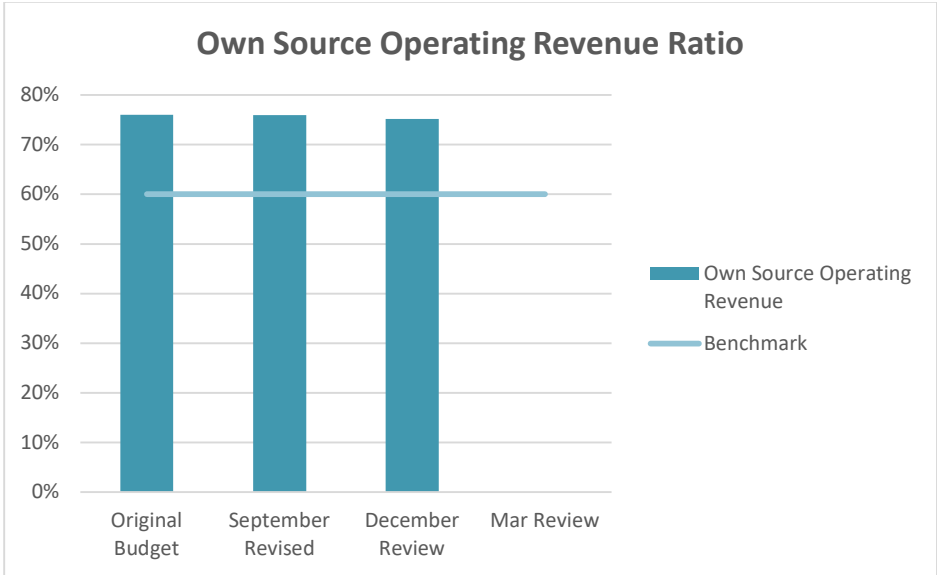
An interest cover ratio of 90.5 times means Council has more than adequate cash to cover interest payments on its debt.



Purpose of Operating Performance Ratio	Commentary on 2024/25 Result Dec 2024/25 Ratio (2.3)%
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This ratio measures Council's achievement of containing operating expenses within operating revenue.

The operating performance ratio of (2.3)% is below the OLG benchmark due to not recognising pothole repair grant income to offset the ongoing expenditure program.



Purpose of Own Source Operating Revenue Ratio	Commentary on 2024/25 Result Dec 2024/25 Ratio 75%
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This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as grants and contributions.

This ratio shows that Council is above the benchmark and is not overly reliant on external grant funding.

Contracts Budget Review Statement

For the period 1 July 2024 to 31 December 2024

Contracts Budget Review Statement						
Contractor	Contract Detail and Purpose	Contract Value (GST Inc)	Date	Minute No.	Length of Contract	Budgeted (Y/N)
Precision Civil Infrastructure Pty Ltd	Lithgow Sewerage Treatment Plant Inlet Works Stage 2	\$2,600,209	22/07/2024	24 -155		Y
KHP Civil Pty Ltd	Water Main Replacement – Wallerawang Township project	\$315,448	22/07/2024	24 -156		Y
Keane Civil and Construction	Cupro Street, Lithgow Stormwater Improvements (Stage 1)-construction of new stormwater pits and pipes	\$1,012,501	22/07/2024	24 -157		Y
State Asphalt Services	Bitumen Seal Package - 2024/25 Program	\$353,078	22/07/2024	24 -158		Y
Bitupave Ltd	Supply and delivery of bitumen emulsion					Y
Dukes Earthmoving P/L	Civil Works-High Street, Portland	\$169,132	22/07/2024	24 -160		Y
Gracey's Earthmoving and Excavation P/L	Civil Works Package-reconstruction of Sunny Corner Road, Portland.	\$236,500	22/07/2024	24 -160		Y
Asphalt Laying Services P/L	Asphalt Resealing Package	\$865,866	22/07/2024	24 -161		Y
Gracey's Earthmoving and Excavation Pty Ltd	Civil Works Hampton Road	\$230,000	2/10/2024	24-223		Y
Interflow Pty Ltd	Sewer Mains Relining	\$572,420	2/10/2024	24-226		Y
Country Wide Asphalt Pty Ltd	Bitumen Reseal Tender (SRV)	\$1,596,488	25/11/2024	24-261		Y

Consultancy and Legal Expenses Review Statement

Consultancy and Legal Expenses Review Statement		
Expense	YTD Expenditure*	Budgeted (Y/N)
Consultancies	\$434,819	Y
Legal Fees	\$307,174	Y

*Actual expenditure 1 July 2024 to 31 December 2024.

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