

OUR PLACE OUR FUTURE

2024/25 March Quarterly
Report



Lithgow
CITY COUNCIL



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 2021. This Quarterly Performance Report for the period of 1 July 2024 to 31 March 2025 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 March 2025 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 \$2.1M 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 by \$2.6M in 2024/25 to bring forward necessary works.
2. Progress is being made towards achieving Council's 2024/25 employment cost savings target of \$1M with \$415K (42% YTD) net of savings taken up for the 9 months.

The projected year end operating result before capital is **\$2.1M deficit** (before capital) at 31 March 2025. It is to be noted that without the impact of the LRRRP grant and associated works, which is a timing issue arising from accounting requirements, the operating result before capital would have been a **\$1.2M surplus**.

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 March 2025 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
March Review	82,373	69,242	13,131

2024/2025 Quarterly Budget Comparison - By Fund			
Budget	Income	Expenditure	Result
	\$'000	\$'000	\$'000
General	64,273	51,235	13,038
Water	9,458	9,476	(17)
Wastewater	8,642	8,531	111

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	Dec QBRs	Revised Budget	Variations for Mar QBRs	Notes	Projected Year End Result	Actual YTD Figures
Income									
Rates and Annual Charges	40,629		30		40,659			40,659	40,753
User Fees and Charges	9,458			138	9,597			9,597	6,527
Interest and Investment Revenue	3,379		600		3,979	(150)	1	3,829	3,004
Other Revenue	1,265			178	1,443			1,443	939
Operating Grants and Contributions	10,940		(511)	553	10,982	379	2	11,361	2,813
Capital Grants and Contributions	9,924		3,736	2,218	15,878	(626)	3	15,252	3,297
Gain on Sale of Assets	232				232			232	0
Total Revenue	75,828	0	3,855	3,087	82,769	(397)		82,373	57,333
Expenses									
Employee Costs	22,995	162	137	36	23,329	253	4	23,582	17,661
Borrowing Costs	361				361	(27)	5	334	260
Materials and Contracts	22,892	129	1,070	1,420	25,512	948	6	26,460	18,752
Depreciation Expense	17,647				17,647			17,647	13,359
Other Expenses	1,259				1,259	(41)	7	1,218	964
Loss on Sale of Assets									
Total Expenses	65,154	291	1,207	1,455	68,108	1,134		69,242	50,996
Operating Result	10,673	(291)	2,648	1,632	14,661	(1,531)		13,131	6,338
Operating Result before Capital	749	(291)	(1,088)	(586)	(1,216)	(905)		(2,121)	3,041

Income and Expenses Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none">• (\$150K) reduction in investment returns due to lowering interest rates.
2	<ul style="list-style-type: none">• \$345K in grant funding from National Priority Fund for Adaptive Skills Hub.
3	<ul style="list-style-type: none">• (\$250K) reduction for ABCD Inc Community Hall deferred to 2025/26.• (140K) reduction for Replacement of Geordie St Causeway with Bridge deferred to 2025/26.• (\$117K) reduction for Bells Road Creek Bank Stabilisation, which is a multi-year project and will continue in 2025/26.• (\$81K) reduction for Red Hill Road Bridge Replacement.
4	<ul style="list-style-type: none">• \$136K for Local & Regional Roads Repair Program works (potholes).• \$129K Natural Disaster Management
5	<ul style="list-style-type: none">• (\$27K) reduction in loan interest due to the early repayment of the Sewer Loan.
6	<ul style="list-style-type: none">• \$450K from National Priority Fund for Adaptive Skills Hub.• \$274K for Local & Regional Roads Repair Program works (potholes).• \$100K for the Kremer Park Retaining Wall Investigation.• \$45K for the Growth Management Strategy.
7	<ul style="list-style-type: none">• (35K) Saving in annual Emergency Services Levy.

Income and Expenses Budget Review Statement – General Fund

Income and Expenses Budget Review Statement (\$'000)								
	Original Budget	Carry Forwards	Sep QBRS	Dec QBRS	Revised Budget	Variations for Mar QBRS	Projected Year End Result	Actual YTD Figures
Income								
Rates and Annual Charges	28,543				28,543		28,543	28,321
User Fees and Charges	3,584			138	3,723		3,723	2,948
Interest and Investment Revenue	3,288		600		3,888	(150)	3,738	2,935
Other Revenue	1,264			160	1,424		1,424	919
Operating Grants and Contributions	10,940		(511)	553	10,982	379	10,361	2,813
Capital Grants and Contributions	9,924		3,736	2,218	15,878	(626)	15,252	3,297
Gain on Sale of Assets	232				232		232	0
Total Revenue	57,775		3,825	3,069	64,669	(397)	64,273	41,233
Expenses								
Employee Costs	18,746	128	137	36	19,046	226	19,272	14,505
Borrowing Costs	17				17		17	14
Materials and Contracts	14,979	129	791	1,420	17,319	948	18,267	12,108
Depreciation Expense	12,461				12,461		12,461	9,578
Other Expenses	1,259				1,259	(41)	1,218	964
Loss on Sale of Assets								
Total Expenses	47,461	257	928	1,455	50,101	1,134	51,235	37,168
Operating Result	10,314	(257)	2,897	1,614	14,568	(1,530)	13,038	4,065
Operating Result before Capital	390	(257)	(839)	(604)	(1,310)	(905)	(2,215)	768

Income and Expenses Budget Review Statement – Water Fund

Income and Expenses Budget Review Statement (\$'000)								
	Original Budget	Carry Forwards	Sep QBRs	Dec QBRs	Revised Budget	Variations for Mar QBRs	Projected Year End Result	Actual YTD Figures
Income								
Rates and Annual Charges	3,658				3,658		3,658	4,179
User Fees and Charges	5,724				5,724		5,724	3,397
Interest and Investment Revenue	57				57		57	39
Other Revenue	2			18	19		19	26
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			18	9,458	0	9,458	7,461
Expenses								
Employee Costs	2,035	17			2,053		2,053	1,433
Borrowing Costs	20				20	(3)	17	12
Materials and Contracts	4,784		129	100	5,013		5,013	3,699
Depreciation Expense	2,393				2,393		2,393	1,881
Other Expenses	0				0		0	0
Loss on Sale of Assets								
Total Expenses	9,232	17	129	100	9,479	(3)	9,476	7,025
Operating Result	208	(17)	(129)	(82)	(20)	3	(17)	616
Operating Result before Capital	208	(17)	(129)	(82)	(20)	3	(17)	616

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 Mar QBRs	Projected Year End Result	Actual YTD Figures	Actual YTD Figures
Income								
Rates and Annual Charges	8,428		30	8,458		8,458	8,674	8,674
User Fees and Charges	150			150		150	123	123
Interest and Investment Revenue	34			34		34	30	30
Other Revenue	0			0		0	0	0
Operating Grants and Contributions	0			0		0	0	0
Capital Grants and Contributions	0			0		0	0	0
Gain on Sale of Assets								
Total Revenue	8,612		30	8,642	0	8,642	8,827	8,827
Expenses								
Employee Costs	2,213	17		2,230	27	2,257	1,724	1,724
Borrowing Costs	324			324	(24)	300	234	234
Materials and Contracts	3,130		150	3,180	(100)	3,180	2,945	2,945
Depreciation Expense	2,794			2,794		2,794	1,899	1,899
Other Expenses	0			0		0	0	0
Loss on Sale of Assets								
Total Expenses	8,461	17	150	8,528	3	8,531	6,802	6,802
Operating Result	151	(17)	(120)	(100)	114	(3)	111	2,024
Operating Result before Capital	151	(17)	(120)	(100)	114	(3)	111	2,024

Capital Budget Review Statement

Capital Budget Review Statement (\$'000)									
	Original Budget	Carry Forwards	Sep QBRS	Dec QBRS	Revised Budget	Variations for Dec QBRS	Notes	Projected Year End Result	Actual YTD Figures
Capital Expenditure									
Plant and Equipment	3,503	466		(11)	3,957			3,957	1,388
Land and Buildings	2,069	717	105	(8)	2,884	(416)	1	2,467	1,898
Other Structures	2,219	146	284	763	3,413	(50)	2	3,363	2,404
Roads, Bridges and Footpaths	11,368	141	3,140	4,069	18,718	(1,184)	3	17,534	10,745
Stormwater	578	0	1	825	1,405			1,405	36
Swimming Pools	0	0			0			0	0
Water Infrastructure	2,362	6	63	(113)	2,317	(432)	4	1,885	1,136
Sewer Infrastructure	5,106	870	597	315	6,888	(1,358)	5	5,530	3,595
Furniture and Fittings	488	116	91		694			694	508
Office Equipment	357	156	84	50	648	(153)	6	495	246
Library	0	0			0			0	0
Tip Assets	1,310	369	61	1	1,740	(890)	7	850	481
Loan Repayments	1,091				1,091			1,091	857
Total Capital Expenditure	30,452	2,988	4,426	5,890	43,756	(4,483)		39,272	23,295
Capital Funding									
Rates and Other Untied Funding	18,449	2,589	561	3,634	25,232	(5,803)		19,429	
Capital Grants and Contributions	9,674	0	3,736	2,215	15,625	(625)		14,999	2,573
Reserves:									
External Restriction/Reserve	306	0	0	0	306	(46)		260	
Internal Restriction/Reserve	2,023	399	129	41	2,593	1,991		4,584	
New Loans									
Receipts from Asset Sales									
Total Capital Funding	30,452	2,988	4,426	5,890	43,756	(4,483)		39,272	2,573
Net Capital Funding	-	-			-				(20,722)

Capital Budget Review Statement Variation Notes

Notes	Details
1	<ul style="list-style-type: none"> • (\$250K) ABCD Inc Community Hall deferred to 2025/26. • (\$156K) Budget savings on Lithgow Store Construction.
2	<ul style="list-style-type: none"> • (\$50k) Bowenfels Gun Emplacements Improvements Program deferred to 2025/26.
3	<ul style="list-style-type: none"> • (\$217K) budget savings for Lithgow Street. • (\$193K) budget savings for Musket Parade. • (\$135K) budget savings for Limestone Creek Road, Portland. • (\$125K) budget savings for Blackmans Creek Road Hartley. • (\$117K) Bells Road Creek Bank Stabilisation is multi-year project and will continue in 25/26. • (\$101K) budget savings for High Street, Portland. • (\$139K) Replacement of Geordie Street Causeway with Bridge deferred to 25/26. • (\$81K) reduction of budget for Red Hill Road Bridge Replacement.
4	<ul style="list-style-type: none"> • (\$235K) budget savings for Oakey Park NBN connection to the flow meter. • \$220K budget added for Clarence to Wallerawang Pipeline. • (\$200K) budget savings for Reservoirs – Capital Works Program. • (\$155K) Dams works program moved to operations and maintenance • (\$75K) Tarana Water System deferred to 2025/26
5	<ul style="list-style-type: none"> • (\$800K) budget reduction for New Sewerage Pumping Station South Bowenfels as multi-year project. • (\$600K) budget reduction for Sewer mains Capital works program as multi-year project. • (\$260K) budget savings for Sewer Pumping Stations. • \$155K budget added for Cullen Bullen Sewerage Upgrade. • \$51K budget added for Hillcrest No2 Sewer Pump Station which has been completed. • \$50K budget added for East Portland Sewerage Pumping Station Bypass due for completion in 2024/25.
6	<ul style="list-style-type: none"> • (\$76K) budget reduction for Enterprise Asset Management Mobility project deferred to 2025/26. • (\$61K) budget reduction for CIA Property & Rating project continuing on into 2025/26.
7	<ul style="list-style-type: none"> • (\$350K) budget reduction for Lithgow Solid Waste Facility Gatehouse & Weighbridge upgrade deferred to 2025/26 as a multi-year project. • (\$300K) budget reduction for implementation of capital works related to Lithgow City Council Waste Strategy deferred to 20 25/26 as a multi-year project. • (\$180K) budget reduction for Lithgow Resource Recovery deferred to 2025/26. • (\$63K) budget savings for Meadow Flat Transfer Station Upgrade which has been completed

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 \$66,629,223.94.

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

The date of completion of this bank reconciliation was 01/04/2025.

Reconciliation Status

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

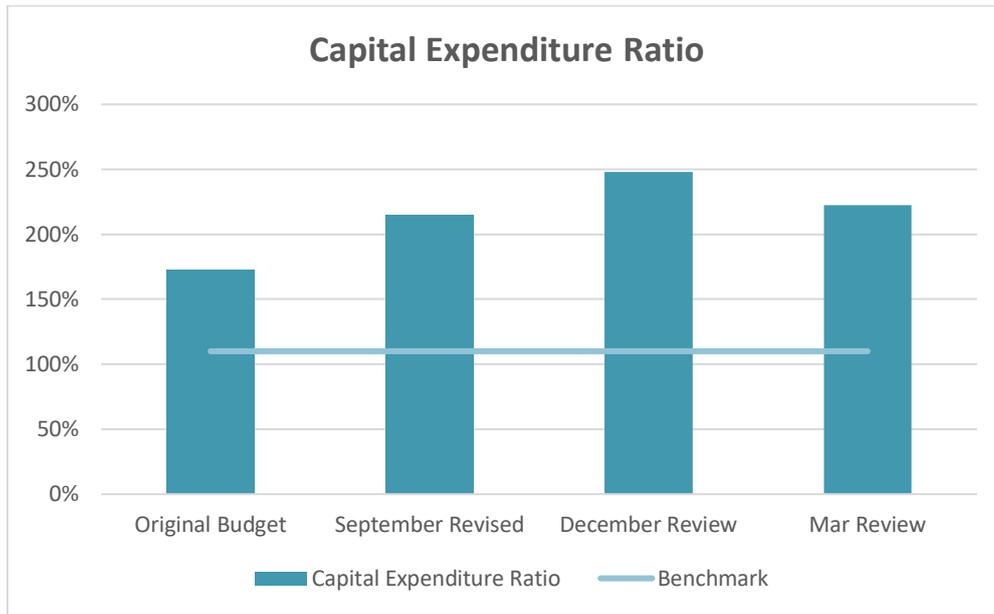
	\$'000's
Cash at Bank	435
Investments on Hand	66,194
Less: Unpresented Cheques	-
Add: Undeposited Funds	-
Less: Identified Deposits	-
Add: Identified Outflows	-
Less: Unidentified Deposits	-
Ad: Unidentified Outflows	-
Reconciled Cash at Bank & Investments	66,629
Balance as per Review Statement	66,629
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	31 March 2025 Position
Externally Restricted				
Developer Contributions	1,851	1,741	1,937	1,891
Special Purpose Grants	44,441	42,429	37,213	34,496
Water Supplies	4,712	4,913	4,525	4,523
Sewerage Services	6,419	5,505	4,943	3,793
Domestic Waste	8,261	9,774	9,660	9,501
Unexpended Loans	1,342	754	241	217
	67,027	65,117	58,520	54,420
Internally Restricted				
Land & Buildings	2,184	2,184	2,184	2,184
FAGS	5,410	4,260	4,245	1,352
Plant & Equipment	643	643	297	97
Bonds, Deposits & Retentions	539	523	477	471
Works in Progress	637	637	637	637
Carry Over Works	407	117	76	64
Commercial Waste	1,405	306	681	2,580
ELE	668	754	754	754
Election	175	175	175	175
Other	2,332	2,332	2,018	1,310
Total Internally Restricted	14,401	11,933	11,542	9,624
Unrestricted (working capital)	-	3,302	118	2,585
Total Cash and Investments	81,428	80,251	70,180	66,629

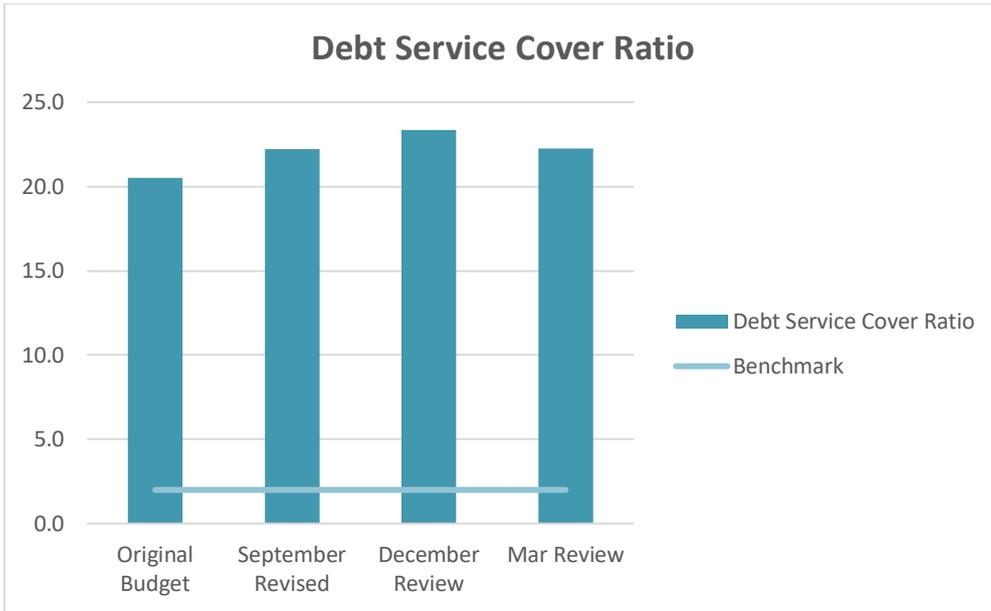
Key Performance Indicators



Purpose of Capital Expenditure Ratio	Commentary on 2024/25 Result Mar 2024/25 Ratio 223%
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To assess the extent to which Council is expanding its asset base through capital expenditure.

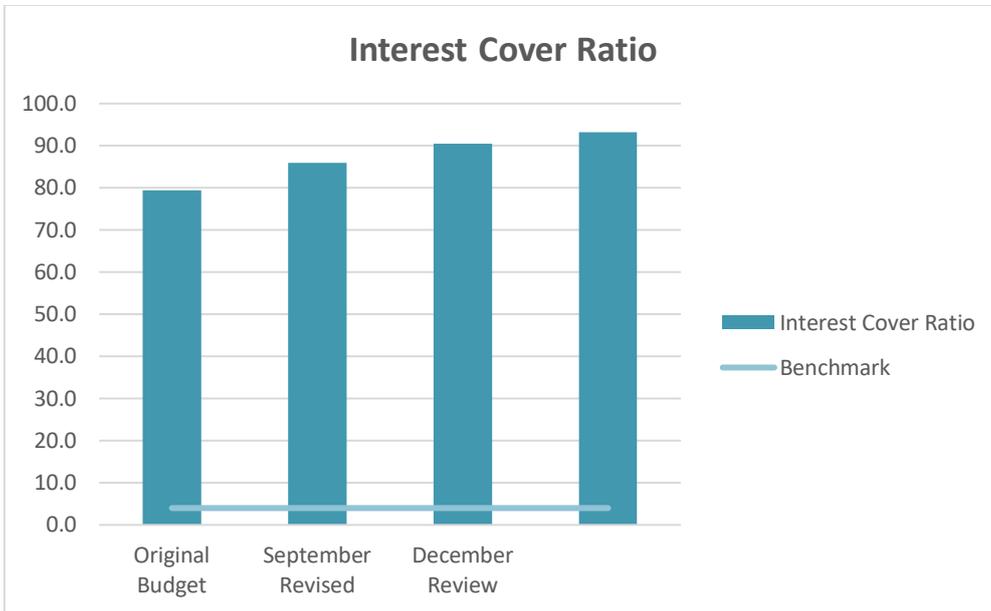
A capital expenditure ratio of 223% suggests that Council has a substantial capital works program.



Purpose of Debt Service Cover Ratio	Commentary on 2024/25 Result Mar 2024/25 Ratio 22.3x
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This ratio measures the availability of operating cash to service debt including principal and interest.

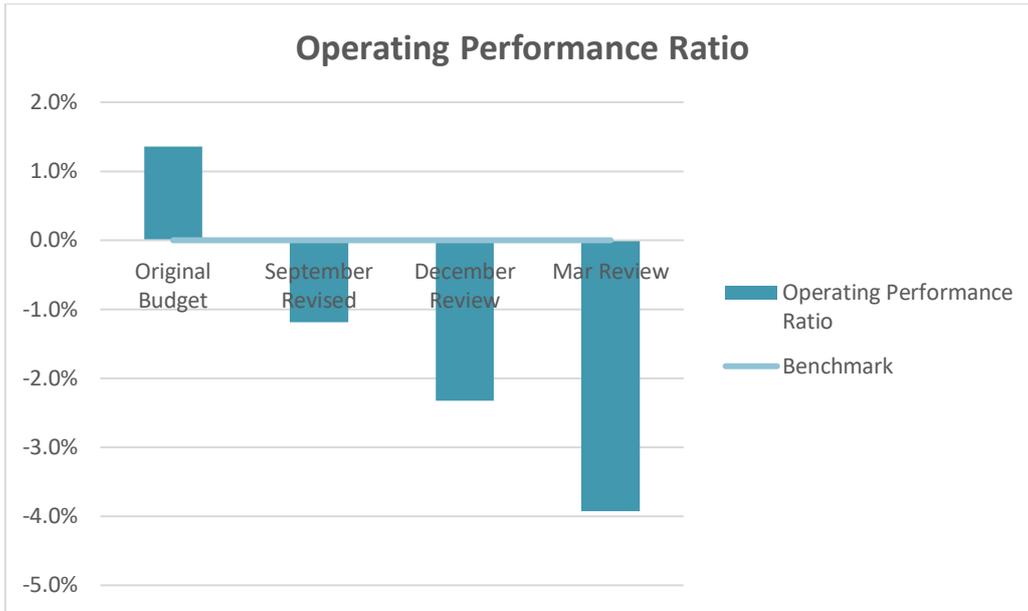
A debt service ratio of 22.3 times means Council has capacity to meet its loan repayments.



Purpose of Interest Cover Ratio	Commentary on 2024/25 Result Mar 2024/25 Ratio 93.1x
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This ratio measures the availability of operating cash to service interest payments.

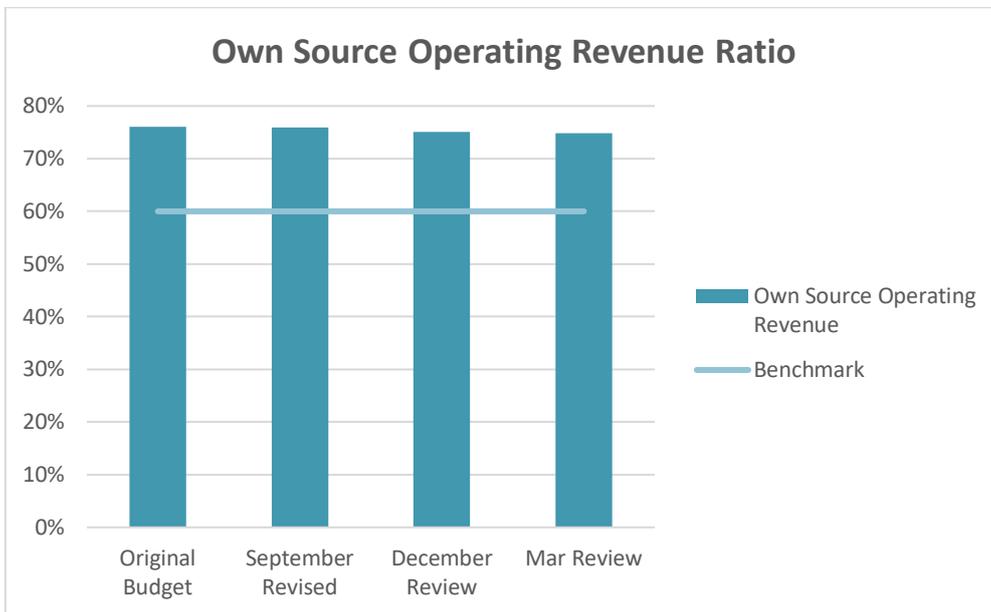
An interest cover ratio of 93.1 times means Council has more than adequate cash to cover interest payments on its debt.



Purpose of Operating Performance Ratio	Commentary on 2024/25 Result Mar 2024/25 Ratio (3.9)%
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This ratio measures Council's achievement of containing operating expenses within operating revenue.

The operating performance ratio of (3.9)% 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 Mar 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 March 2025

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
H & S Maintenance	Watermains Cleaning	\$277,866	28/01/2025	25-14		Y
Solve Civil	Portland/Sunny Corner Road-Bus Stop & related Civil Works	\$294,504	28/01/2025	25-28		Y
GHD Pty Ltd	Approval of Specialist Services for Wolgan Road Reconstruction	\$666,324	28/01/2025	25-36		Y
BD Infrastructure Pty Ltd	Approval of Specialist Services for Wolgan Road Reconstruction	\$738,418	28/01/2025	25-36		Y
Artefact Heritage and Environment Pty Ltd	Aboriginal Cultural and Heritage Study for Wolgan Road Reconstruction Project	\$298,210	24/02/2025	25-57		Y
North Projects Pty Ltd	Risk Evaluation Wolgan Road Reconstruction Project	\$356,414	24/02/2025	25-57		Y
Bellwether Consulting Services Pty Ltd	Constructability and Value Management for Wolgan Road	\$118,151	24/02/2025	25-57		Y
J R & E G Richards (NSW) Pty Ltd	Waste Management Services Tender		24/02/2025	25-58		Y
Australian Native Landscapes Pty Ltd	Waste Management Services Tender		24/02/2025	25-58		Y

Consultancy and Legal Expenses Review Statement

Consultancy and Legal Expenses Review Statement		
Expense	YTD Expenditure*	Budgeted (Y/N)
Consultancies	\$773,880	Y
Legal Fees	\$359,159	Y

*Actual expenditure 1 July 2024 to 31 March 2025.

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.

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