

# OUR PLACE OUR FUTURE

Annual financial statements  
2024/25



*Lithgow*  
CITY COUNCIL



# Lithgow City Council

## General Purpose Financial Statements

for the year ended 30 June 2025

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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 2025

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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 27 October 2025.



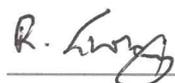
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Cassandra Coleman  
Mayor  
27 October 2025



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Steven Ring  
Councillor  
27 October 2025



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Ross Gurney  
General Manager  
27 October 2025



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Vanessa Browning  
Responsible Accounting Officer  
27 October 2025

# Lithgow City Council

## Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
<b>Income from continuing operations</b>				
40,629	Rates and annual charges	B2-1	<b>40,370</b>	39,076
9,458	User charges and fees	B2-2	<b>8,819</b>	8,501
702	Other revenues	B2-3	<b>1,423</b>	822
10,940	Grants and contributions provided for operating purposes	B2-4	<b>7,039</b>	13,159
9,924	Grants and contributions provided for capital purposes	B2-4	<b>16,901</b>	18,298
3,379	Interest and investment income	B2-5	<b>3,779</b>	2,917
563	Other income	B2-6	<b>580</b>	4,194
<u>75,595</u>	<b>Total income from continuing operations</b>		<u><b>78,911</b></u>	<u>86,967</u>
<b>Expenses from continuing operations</b>				
22,995	Employee benefits and on-costs	B3-1	<b>24,351</b>	21,738
22,892	Materials and services	B3-2	<b>28,274</b>	22,952
361	Borrowing costs	B3-3	<b>490</b>	857
1,259	Other expenses	B3-5	<b>8,392</b>	1,320
(232)	Net loss from the disposal of assets	B4-1	<b>6,979</b>	3,425
<u>47,275</u>	<b>Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets</b>		<u><b>68,486</b></u>	<u>50,292</u>
<u>28,320</u>	<b>Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets</b>		<u><b>10,425</b></u>	<u>36,675</u>
17,647	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>18,512</b>	16,623
<u>10,673</u>	<b>Operating result from continuing operations</b>		<u><b>(8,087)</b></u>	<u>20,052</u>
<u>10,673</u>	<b>Net operating result for the year attributable to Council</b>		<u><b>(8,087)</b></u>	<u>20,052</u>
<u>749</u>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<u><b>(24,988)</b></u>	<u>1,754</u>

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 2025

\$ '000	Notes	2025	2024
<b>Net operating result for the year – from Income Statement</b>		<b>(8,087)</b>	20,052
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>(27,928)</b>	46,009
Fair value adjustment of remediation provision		<b>(411)</b>	5,964
<b>Total other comprehensive income for the year</b>		<b>(28,339)</b>	51,973
<b>Total and comprehensive income for the year attributable to Council</b>		<b>(36,426)</b>	72,025

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 2025

\$ '000	Notes	2025	2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	1,898	10,429
Investments	C1-2	57,000	71,000
Receivables	C1-4	6,597	7,457
Inventories	C1-5	606	641
Contract assets and contract cost assets	C1-6	1,850	5,357
Other	C1-10	308	2,130
<b>Total current assets</b>		<b>68,259</b>	<b>97,014</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment (IPPE)	C1-7	726,265	744,166
Investment property	C1-8	9,306	9,695
Intangible assets	C1-9	239	180
Right of use assets	C2-1	243	263
<b>Total non-current assets</b>		<b>736,053</b>	<b>754,304</b>
<b>Total assets</b>		<b>804,312</b>	<b>851,318</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	9,434	10,071
Contract liabilities	C3-2	32,301	41,483
Lease liabilities	C2-1	216	216
Borrowings	C3-3	999	1,412
Employee benefit provisions	C3-4	4,485	4,119
<b>Total current liabilities</b>		<b>47,435</b>	<b>57,301</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	39	61
Borrowings	C3-3	8,227	9,472
Employee benefit provisions	C3-4	482	449
Provisions	C3-5	3,120	2,600
<b>Total non-current liabilities</b>		<b>11,868</b>	<b>12,582</b>
<b>Total liabilities</b>		<b>59,303</b>	<b>69,883</b>
<b>Net assets</b>		<b>745,009</b>	<b>781,435</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	257,917	273,349
IPPE revaluation surplus	C4-1	487,092	508,086
<b>Council equity interest</b>		<b>745,009</b>	<b>781,435</b>
<b>Total equity</b>		<b>745,009</b>	<b>781,435</b>

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 2025

\$ '000	Notes	2025			2024		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
Opening balance at 1 July		273,349	508,086	781,435	253,297	456,113	709,410
<b>Opening balance</b>		<b>273,349</b>	<b>508,086</b>	<b>781,435</b>	<b>253,297</b>	<b>456,113</b>	<b>709,410</b>
Net operating result for the year		(8,087)	–	(8,087)	20,052	–	20,052
<b>Net operating result for the year</b>		<b>(8,087)</b>	<b>–</b>	<b>(8,087)</b>	<b>20,052</b>	<b>–</b>	<b>20,052</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	(27,928)	(27,928)	–	46,009	46,009
Fair value adjustment of Remediation provision		–	(411)	(411)	–	5,964	5,964
<b>Other comprehensive income</b>		<b>–</b>	<b>(28,339)</b>	<b>(28,339)</b>	<b>–</b>	<b>51,973</b>	<b>51,973</b>
<b>Total comprehensive income</b>		<b>(8,087)</b>	<b>(28,339)</b>	<b>(36,426)</b>	<b>20,052</b>	<b>51,973</b>	<b>72,025</b>
Transfers between equity items		(7,345)	7,345	–	–	–	–
<b>Closing balance at 30 June</b>		<b>257,917</b>	<b>487,092</b>	<b>745,009</b>	<b>273,349</b>	<b>508,086</b>	<b>781,435</b>

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 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
40,629	Rates and annual charges		40,866	38,026
9,458	User charges and fees		9,050	8,707
2,379	Interest received		3,855	2,513
18,697	Grants and contributions		9,900	68,202
–	Bonds, deposits and retentions received		–	234
1,265	Other		8,819	5,825
<i>Payments:</i>				
(22,404)	Payments to employees		(24,128)	(21,132)
(22,712)	Payments for materials and services		(34,540)	(28,802)
(361)	Borrowing costs		(376)	(505)
–	Bonds, deposits and retentions refunded		(129)	–
(1,259)	Other		451	(3,169)
25,692	<b>Net cash flows from operating activities</b>	G1-1	<b>13,768</b>	<b>69,899</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Redemption of term deposits		14,000	–
–	Proceeds from sale of IPPE		659	543
<i>Payments:</i>				
–	Acquisition of term deposits		–	(30,000)
–	Purchase of investment property		(111)	–
(27,031)	Payments for IPPE		(34,803)	(27,599)
–	Purchase of intangible assets		(1)	(27)
(27,031)	<b>Net cash flows from investing activities</b>		<b>(20,256)</b>	<b>(57,083)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
–	Proceeds from borrowings		1,700	1,000
<i>Payments:</i>				
(1,311)	Repayment of borrowings		(3,358)	(4,935)
–	Principal component of lease payments		(385)	(390)
(1,311)	<b>Net cash flows from financing activities</b>		<b>(2,043)</b>	<b>(4,325)</b>
(2,650)	<b>Net change in cash and cash equivalents</b>		<b>(8,531)</b>	<b>8,491</b>
10,429	Cash and cash equivalents at beginning of year		10,429	1,938
7,779	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>1,898</b>	<b>10,429</b>

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

# Lithgow City Council

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## Lithgow City Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 27 October 2025. 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. fair values of investment property – refer Note C1-8
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-7
- iii. 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 – 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)

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### **Volunteer services**

Council has an average of 65.5 hours per week of volunteer services donated, 63.5 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 2025 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**

The following new standard is effective for the first time at 30 June 2025:

- *AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.*

Adoption of this standard did not have a material impact on Council's financial 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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Functions or activities</b>										
Caring for our community	658	1,044	3,397	3,340	(2,739)	(2,296)	464	1,338	3,450	4,484
Strengthening our economy	1,179	2,663	3,651	2,307	(2,472)	356	1,102	2,576	9,231	9,147
Developing our built environment	35,948	44,208	65,645	51,459	(29,697)	(7,251)	17,711	21,869	651,207	691,954
Enhancing our natural environment	9,095	8,258	7,363	7,236	1,732	1,022	503	1,117	99,489	101,944
Governance and leadership	32,031	30,794	6,942	2,573	25,089	28,221	4,160	4,557	40,935	43,789
<b>Total functions and activities</b>	<b>78,911</b>	<b>86,967</b>	<b>86,998</b>	<b>66,915</b>	<b>(8,087)</b>	<b>20,052</b>	<b>23,940</b>	<b>31,457</b>	<b>804,312</b>	<b>851,318</b>

## B1-2 Components of functions or activities

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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	2025	2024
<b>Ordinary rates</b>		
Residential	11,492	11,174
Farmland	2,753	2,857
Mining	4,488	4,356
Business	3,576	3,459
Less: rebates (Council policy)	(111)	(106)
Less: pensioner rebates (mandatory)	(336)	(337)
<b>Rates levied to ratepayers</b>	<b>21,862</b>	<b>21,403</b>
Pensioner rate subsidies received	185	185
<b>Total ordinary rates</b>	<b>22,047</b>	<b>21,588</b>
<b>Special rates</b>		
Parking	–	274
<b>Rates levied to ratepayers</b>	<b>–</b>	<b>274</b>
<b>Total special rates</b>	<b>–</b>	<b>274</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	5,082	4,676
Stormwater management services	238	241
Water supply services	3,910	3,681
Sewerage services	8,731	8,306
Waste management services (non-domestic)	853	779
Gas mains	15	16
Less: rebates (Council policy)	(260)	(254)
Less: pensioner rebates (mandatory)	(550)	(529)
<b>Annual charges levied</b>	<b>18,019</b>	<b>16,916</b>
Pensioner annual charges subsidies received:		
– Water	93	92
– Sewerage	89	87
– Domestic waste management	122	119
<b>Total annual charges</b>	<b>18,323</b>	<b>17,214</b>
<b>Total rates and annual charges</b>	<b>40,370</b>	<b>39,076</b>

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	2025	2024
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>		
Water supply services	4,831	4,883
Waste management services (non-domestic)	2,130	1,850
Trade waste	100	106
Septic approval	209	208
<b>Total specific user charges</b>	<b>7,270</b>	<b>7,047</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>		
Planning and building regulation	575	473
Private works – section 67	17	34
Regulatory/statutory fees	48	117
Section 10.7 certificates (EP&A Act)	57	54
<b>Total fees and charges – statutory/regulatory</b>	<b>697</b>	<b>678</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>		
Cemeteries	204	210
Swimming centres	480	439
Hall and park hire	70	85
Other	98	42
<b>Total fees and charges – other</b>	<b>852</b>	<b>776</b>
<b>Total other user charges and fees</b>	<b>1,549</b>	<b>1,454</b>
<b>Total user charges and fees</b>	<b>8,819</b>	<b>8,501</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	–	–
User charges and fees recognised at a point in time	8,819	8,501
<b>Total user charges and fees</b>	<b>8,819</b>	<b>8,501</b>

### 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	2025	2024
Fines – parking	6	12
Fines – other	45	76
Legal fees recovery – other	145	24
Commissions and agency fees	10	1
Diesel rebate	129	116
Insurance claims recoveries	553	173
Recycling income (non-domestic)	158	174
Sale of abandoned vehicles	28	34
Esbank house	6	5
Inspections	3	7
Library charges	12	10
Sales – aquatic centre	25	24

## B2-3 Other revenues (continued)

\$ '000	2025	2024
Sales – tourism	61	59
Credit card surcharge	18	19
Other Council properties Hire	37	26
Other	187	62
<b>Total other revenue</b>	<b>1,423</b>	<b>822</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time	–	–
Other revenue recognised at a point in time	1,423	822
<b>Total other revenue</b>	<b>1,423</b>	<b>822</b>

### 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 2025	Operating 2024	Capital 2025	Capital 2024
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance	799	238	–	–
Financial assistance – local roads component	211	79	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	2,494	4,016	–	–
Financial assistance – local roads component	866	1,394	–	–
<b>Amount recognised as income during current year</b>	<b>4,370</b>	<b>5,727</b>	<b>–</b>	<b>–</b>

### Special purpose grants and non-developer contributions (tied)

#### Cash contributions

Water supplies	–	–	–	6
Sewerage services	–	–	–	1,515
Community centres	–	8	225	65
Economic development	841	186	–	–
Environmental Management	381	139	–	–
Floodplain management	–	14	–	–
Heritage and cultural	41	68	–	270
Library – per capita	130	125	–	–
Library – special projects	–	–	–	444
LIRS subsidy	6	23	–	–
Recreation and culture	–	155	1,439	199
Storm/flood damage	–	1,245	7,092	3,940
Waste services	–	–	44	454
Street lighting	78	76	–	–
Bushfire relief	–	–	–	–
Transport (roads to recovery)	–	780	–	–
Transport (other roads and bridges funding)	–	3,448	5,009	2,209
Community services	17	–	–	–
Drainage	–	–	904	306

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## B2-4 Grants and contributions (continued)

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Other councils – joint works/services	55	–	–	–
Employment	212	226	–	–
Transport for NSW contributions (regional roads, block grant)	494	485	–	–
Sewerage (excl. section 64 contributions)	–	–	100	–
Fire contribution	247	241	–	–
Hazard reduction	32	43	–	–
Rebates	–	84	–	–
Waste	9	–	–	–
Event sponsorships	3	23	–	–
ESL contribution	40	–	–	–
Pathways and cycleways	–	–	1,008	274
Other contributions	83	63	129	–
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>2,669</b>	<b>7,432</b>	<b>15,950</b>	<b>9,682</b>
<b>Non-cash contributions</b>				
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	–	–	549	844
Community halls and centres	–	–	–	–
Land	–	–	–	–
Footpaths	–	–	–	27
<b>Total other contributions – non-cash</b>	<b>–</b>	<b>–</b>	<b>549</b>	<b>7,089</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>2,669</b>	<b>7,432</b>	<b>16,499</b>	<b>16,771</b>
<b>Total grants and non-developer contributions</b>	<b>7,039</b>	<b>13,159</b>	<b>16,499</b>	<b>16,771</b>
<b>Comprising:</b>				
– Commonwealth funding	5,199	7,663	278	–
– State funding	1,527	5,327	15,673	10,526
– Other funding	313	169	548	6,245
	<b>7,039</b>	<b>13,159</b>	<b>16,499</b>	<b>16,771</b>

## Developer contributions

\$ '000	Notes	Operating 2025	Operating 2024	Capital 2025	Capital 2024
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G4				
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements		–	–	155	370
S 7.11 – contributions towards amenities/services		–	–	37	1
S 7.12 – fixed development consent levies		–	–	210	235
S 64 – water supply contributions		–	–	–	345
S 64 – sewerage service contributions		–	–	–	576
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>402</b>	<b>1,527</b>
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>402</b>	<b>1,527</b>
<b>Total grants and contributions</b>		<b>7,039</b>	<b>13,159</b>	<b>16,901</b>	<b>18,298</b>

## B2-4 Grants and contributions (continued)

\$ '000	Notes	<b>Operating 2025</b>	Operating 2024	<b>Capital 2025</b>	Capital 2024
<b>Timing of revenue recognition</b>					
Grants and contributions recognised over time		<b>390</b>	1,453	<b>15,917</b>	6,843
Grants and contributions recognised at a point in time		<b>6,649</b>	11,706	<b>984</b>	11,455
<b>Total grants and contributions</b>		<b>7,039</b>	13,159	<b>16,901</b>	18,298

## 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 2025	Operating 2024	Capital 2025	Capital 2024
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	4,327	8,212	39,452	4,447
Reclassify capital/operational closing balances	–	(4,007)	–	4,007
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	190	8,260	423	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	–	76	182	36,261
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(2,768)	(7,513)	(503)	(3,056)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(1,339)	(701)	(6,142)	(2,207)
<b>Unspent funds at 30 June</b>	<b>410</b>	<b>4,327</b>	<b>33,412</b>	<b>39,452</b>
<b>Contributions</b>				
Unspent funds at 1 July	1,927	1,874	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	495	702	–	–
<b>Add:</b> contributions received and not recognised as revenue in the current year	–	–	–	–
<b>Add:</b> 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	(509)	–	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	(649)	–	–
<b>Unspent contributions at 30 June</b>	<b>1,913</b>	<b>1,927</b>	<b>–</b>	<b>–</b>

### 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	2025	2024
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	212	204
– Cash and investments	3,567	2,713
<b>Total interest and investment income</b>	<b>3,779</b>	<b>2,917</b>

## B2-6 Other income

\$ '000	Notes	2025	2024
<b>Reversal of impairment losses on receivables</b>			
Other		39	–
<b>Total reversal of impairment losses on receivables</b>	C1-4	<b>39</b>	<b>–</b>
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		–	3,350
<b>Total fair value increment on investment properties</b>	C1-8	<b>–</b>	<b>3,350</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		457	750
<b>Total investment properties</b>		<b>457</b>	<b>750</b>
<b>Other lease income</b>			
Leaseback fees - council vehicles		84	94
<b>Total other lease income</b>		<b>84</b>	<b>94</b>
<b>Total rental income</b>	C2-2	<b>541</b>	<b>844</b>
<b>Total other income</b>		<b>580</b>	<b>4,194</b>

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2025	2024
Salaries and wages	18,529	16,852
Employee termination costs (where material – other than vested leave paid)	54	19
Travel expenses	30	26
Employee leave entitlements (ELE)	2,665	2,445
Superannuation	2,176	1,838
Superannuation – defined benefit plans	124	61
Workers' compensation insurance	770	642
Fringe benefit tax (FBT)	24	26
Payroll tax	118	118
Training costs (other than salaries and wages)	335	251
Protective clothing	72	61
Corporate uniforms	1	3
Other	136	256
<b>Total employee costs</b>	<b>25,034</b>	<b>22,598</b>
Less: capitalised costs	(683)	(860)
<b>Total employee costs expensed</b>	<b>24,351</b>	<b>21,738</b>

#### 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	2025	2024
Raw materials and consumables		7,361	7,945
Contractor costs		13,773	9,065
– Contractor and consultancy costs		2	3
Audit Fees	F2-1	125	130
Councillor and Mayoral fees and associated expenses	F1-2	208	177
Advertising		275	156
Bank charges		94	89
Computer software charges		108	141
Electricity and heating		972	913
Insurance		1,360	1,199
Office expenses (including computer expenses)		1,372	1,196
Postage		93	84
Printing and stationery		68	77
Street lighting		288	330
Subscriptions and publications		412	323
Telephone and communications		239	257
Valuation fees		140	195

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### B3-2 Materials and services (continued)

\$ '000	2025	2024
Commissions	66	65
Lease fees	49	51
Council election expenses	215	–
Other expenses	85	60
<b>Legal Fees:</b>		
– debt recovery	128	22
– other	120	58
Expenses from short-term leases	693	416
Other	28	–
<b>Total materials and services</b>	<b>28,274</b>	<b>22,952</b>

#### Material accounting policy information

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

### B3-3 Borrowing costs

\$ '000	2025	2024
<b>(i) Interest bearing liability costs</b>		
Interest on leases	10	11
Interest on loans	365	479
<b>Total interest bearing liability costs</b>	<b>375</b>	<b>490</b>
<b>Total interest bearing liability costs expensed</b>	<b>375</b>	<b>490</b>
<b>(ii) Other borrowing costs</b>		
Fair value adjustments on recognition of advances and deferred debtors		
– Remediation liabilities	115	367
<b>Total other borrowing costs</b>	<b>115</b>	<b>367</b>
<b>Total borrowing costs expensed</b>	<b>490</b>	<b>857</b>

#### 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	2025	2024
<b>Depreciation and amortisation</b>			
Plant and equipment		719	492
Plant and equipment - specialised - RFS red fleet		717	720
Office equipment		133	164
Furniture and fittings		29	9
<b>Infrastructure:</b>	C1-7		
– Buildings – specialised		1,584	1,506
– Other structures		1,005	895
– Roads		7,127	6,553
– Bridges		508	468
– Footpaths		273	253
– Stormwater drainage		523	453
– Water supply network		2,341	2,225
– Sewerage network		2,684	2,423
– Swimming pools		29	28
Right of use assets	C2-1	383	389
<b>Reinstatement, rehabilitation and restoration assets:</b>			

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

\$ '000	Notes	2025	2024
– Tip assets	C3-5,C1-7	267	41
Intangible assets	C1-9	190	4
<b>Total gross depreciation and amortisation costs</b>		<b>18,512</b>	<b>16,623</b>
<b>Total depreciation and amortisation costs</b>		<b>18,512</b>	<b>16,623</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>18,512</b>	<b>16,623</b>

#### 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	2025	2024
<b>Impairment of receivables</b>			
Other		–	151
<b>Total impairment of receivables</b>	C1-4	<b>–</b>	<b>151</b>
<b>Other</b>			
Contributions/levies to other levels of government			
Donations, contributions and assistance to other organisations (Section 356)			
– Contributions emergency services		889	924
– Donations, contributions and assistance		321	245
Natural disaster reclassification (1)		7,182	–
<b>Total other</b>		<b>8,392</b>	<b>1,169</b>
<b>Total other expenses</b>		<b>8,392</b>	<b>1,320</b>

#### 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.

##### (1) Natural disaster reclassification

The Lithgow LGA had 4 natural disasters declared between January 2022 and July 2022. This resulted in council spending \$30.8M under the Disaster Recovery Fund Arrangements (DRFA) to June 2023. Due to the scale and number of natural disasters across the state and the associated number of claims, an advanced payment of \$13.8M was received from the funding body in September 2023 prior to consideration and approval of claims.

Council recognised the advanced payment as operational Income in 2022/23 Financial Statements, in line with expenditure that Council deemed to be natural disaster related and therefore should be approved. In March and April 2025, the funding body reviewed the submitted claims and deemed that \$7.2M of this expenditure was ineligible to be funded under DRFA. To

account for the ineligible expenses, an amount of \$7.2M was recognised as operating expenditure as a reclassification and is reflected in this note.

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

\$ '000	Notes	2025	2024
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		–	8
Less: carrying amount of property assets sold/written off		–	(24)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>(16)</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-7		
Proceeds from disposal – plant and equipment		659	535
Less: carrying amount of plant and equipment assets sold/written off		(294)	(350)
<b>Gain (or loss) on disposal</b>		<b>365</b>	<b>185</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(7,344)	(3,594)
<b>Gain (or loss) on disposal</b>		<b>(7,344)</b>	<b>(3,594)</b>
<b>Gain (or loss) on disposal of term deposits</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		14,000	–
Less: carrying amount of term deposits sold/redeemed/matured		(14,000)	–
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(6,979)</b>	<b>(3,425)</b>

**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 2024 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	2025 Budget	2025 Actual	2025 ----- Variance -----	
<b>Revenues</b>				
<b>Other revenues</b>	702	1,423	721	103% <b>F</b>
The favourable variance is due to higher-than-budgeted income from workers compensation recoveries, sale of land for unpaid rates, and the legal cost recoveries, all of which were matched by related expenditure. A property insurance claim was also received for storm damage to sporting fields, with the income similarly offset by expenditure.				
<b>Operating grants and contributions</b>	10,940	7,039	(3,901)	(36)% <b>U</b>
The variance reflects the timing of grant income recognition compared to budget. Local Roads and Community Infrastructure (LRCI) income is recognised when received, rather than as projects progress, and the Financial Assistance Grant (FAGS) includes timing differences between budgeted and actual allocations.				
<b>Capital grants and contributions</b>	9,924	16,901	6,977	70% <b>F</b>
The favourable variance is due to additional natural disaster works completed during the year, with revenue received in prior years recognised in line with the works undertaken. Further favourable results arose from unbudgeted projects delivered under the Resources for Regions Program.				
<b>Interest and investment revenue</b>	3,379	3,779	400	12% <b>F</b>
The favourable variance is due to higher-than-budgeted investment returns. Advance payments for natural disaster works increased funds available for investment, and together with higher interest rates, this resulted in stronger returns than anticipated.				
<b>Expenses</b>				
<b>Materials and services</b>	22,892	28,274	(5,382)	(24)% <b>U</b>
The unfavourable variance reflects higher-than-budgeted spending on materials and contracts, particularly for infrastructure, along with additional works including the pothole repair program, Wolgan Road, Main Street footpath, and natural disaster recovery works. Expenses also increased due to costs associated with the property insurance claim for storm damage to sporting fields.				
<b>Borrowing costs</b>	361	490	(129)	(36)% <b>U</b>
The unfavourable variance is due to an adjustment on the tip remediation liability, reflecting changes in the discount rates applied.				
<b>Other expenses</b>	1,259	8,392	(7,133)	(567)% <b>U</b>
The unfavourable variance reflects the reclassification of natural disaster expenditure following the review of DRFA funding eligibility. Council initially recognised \$13.8M as operational income in 2022/23; however, in March and April 2025, the funding body determined that \$7.2M of this expenditure was ineligible and should be recognised as operating expenditure. This accounting adjustment has been reflected as an expense in the current year.				
<b>Net losses from disposal of assets</b>	(232)	6,979	(7,211)	3,108% <b>U</b>
The variance reflects unbudgeted road infrastructure disposals from natural disaster reinstatement works. This is a non-cash accounting adjustment rather than additional expenditure.				

## B5-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
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**Statement of cash flows**

<b>Cash flows from operating activities</b>	<b>25,692</b>	<b>13,768</b>	<b>(11,924)</b>	<b>(46)%</b>	<b>U</b>
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The lower than budgeted operating cash flows mainly reflect higher than expected spending on materials and contracts, particularly road maintenance and pothole repairs. Employee costs were also above budget, while the timing of grant-funded works meant cash receipts did not align with budget assumptions.

<b>Cash flows from investing activities</b>	<b>(27,031)</b>	<b>(20,256)</b>	<b>6,775</b>	<b>(25)%</b>	<b>F</b>
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Net cash outflows from investing activities were lower than budget. This favourable variance is due to term deposits being acquired and redeemed and spent on natural disaster works, which were not included in the budget. IPPE payments were unfavourable to budget as more was spent mainly in road works, building projects & sewer infrastructure.

<b>Cash flows from financing activities</b>	<b>(1,311)</b>	<b>(2,043)</b>	<b>(732)</b>	<b>56%</b>	<b>U</b>
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Net cash outflows from financing activities were higher than budget. The variance reflects loan repayments above budgeted levels, together with unbudgeted lease payments for tip equipment.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2025	2024
<b>Cash assets</b>		
Cash on hand and at bank	194	5,625
Cash equivalent assets		
– Deposits at call	1,704	4,804
<b>Total cash and cash equivalents</b>	<b>1,898</b>	<b>10,429</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	1,898	10,429
<b>Balance as per the Statement of Cash Flows</b>	<b>1,898</b>	<b>10,429</b>

#### 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	2025 Current	2025 Non-current	2024 Current	2024 Non-current
<b>Debt securities at amortised cost</b>				
Term deposits	57,000	–	71,000	–
<b>Total</b>	<b>57,000</b>	<b>–</b>	<b>71,000</b>	<b>–</b>
<b>Total financial investments</b>	<b>57,000</b>	<b>–</b>	<b>71,000</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>58,898</b>	<b>–</b>	<b>81,429</b>	<b>–</b>

#### 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 \$57M in the Statement of Financial Position.

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

\$ '000	2025	2024
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>58,898</b>	81,429
Less: Externally restricted cash, cash equivalents and investments	<u>(50,124)</u>	<u>(66,440)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>8,774</b>	14,989
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general	1,700	1,342
Specific purpose unexpended grants – general fund	<u>33,822</u>	<u>43,779</u>
<b>External restrictions – included in liabilities</b>	<b>35,522</b>	45,121
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	1,913	1,927
Water fund	3,864	4,712
Sewer fund	294	6,419
Domestic waste management	<u>8,531</u>	<u>8,261</u>
<b>External restrictions – other</b>	<b>14,602</b>	21,319
<b>Total external restrictions</b>	<b>50,124</b>	66,440

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	2025	2024
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### (b) Internal allocations

#### Internal allocations

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

\$ '000	2025	2024
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	–	644
Employees leave entitlement	661	668
Carry over works	63	407
Deposits, retentions and bonds	400	539
Election	77	175
Land and building	85	2,184
Works in progress	137	637
Other	1,223	2,332
Financial assistance grant - prepayment	3,359	5,410
Non-Domestic waste management	2,769	1,405
<b>Total internal allocations</b>	<b>8,774</b>	<b>14,401</b>

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	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Rates and annual charges	2,224	–	2,561	–
Interest and extra charges	292	–	245	–
User charges and fees	1,530	–	1,491	–
Accrued revenues				
– Interest on investments	682	–	752	–
Government grants and subsidies	775	–	16	–
Net GST receivable	933	–	1,095	–
Other debtors	472	–	1,647	–
<b>Total</b>	<b>6,908</b>	<b>–</b>	<b>7,807</b>	<b>–</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(311)	–	(350)	–
<b>Total provision for impairment – receivables</b>	<b>(311)</b>	<b>–</b>	<b>(350)</b>	<b>–</b>
<b>Total net receivables</b>	<b>6,597</b>	<b>–</b>	<b>7,457</b>	<b>–</b>

\$ '000	2025	2024
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	350	477
+ new provisions recognised during the year	–	151
– amounts already provided for and written off this year	–	(278)
– amounts provided for but recovered during the year	(39)	–
<b>Balance at the end of the year</b>	<b>311</b>	<b>350</b>

### 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.

## C1-4 Receivables (continued)

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	2025 Current	2025 Non-current	2024 Current	2024 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	606	-	641	-
<b>Total inventories at cost</b>	<b>606</b>	<b>-</b>	<b>641</b>	<b>-</b>
<b>Total inventories</b>	<b>606</b>	<b>-</b>	<b>641</b>	<b>-</b>

### 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	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Contract assets	1,850	-	5,357	-
<b>Total contract assets and contract cost assets</b>	<b>1,850</b>	<b>-</b>	<b>5,357</b>	<b>-</b>

### Contract assets

Natural Disaster Funding	-	-	5,058	-
Transport Assets Funding	1,838	-	116	-
Other Funding	12	-	183	-
<b>Total contract assets</b>	<b>1,850</b>	<b>-</b>	<b>5,357</b>	<b>-</b>

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

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### **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 2024/25 financial year.

As of 30 June 2025, 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 2024			Asset movements during the reporting period								At 30 June 2025		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) investment properties	Revaluation increments/(decrements)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	11,752	–	11,752	4,837	7,260	–	–	(6,349)	(248)	–	–	17,252	–	17,252
Plant and equipment	18,885	(12,875)	6,010	2,943	–	(294)	(719)	470	–	–	–	17,941	(9,531)	8,410
Plant and equipment - specialised - RFS red fleet	19,167	(12,073)	7,094	549	–	–	(717)	–	–	–	–	18,814	(11,888)	6,926
Office equipment	393	(148)	245	246	–	–	(133)	46	–	–	–	686	(282)	404
Furniture and fittings	376	(13)	363	–	11	–	(29)	–	–	–	–	388	(43)	345
<b>Land:</b>														
– Operational land	21,593	–	21,593	–	–	–	–	–	–	–	453	22,046	–	22,046
– Community land	44,713	–	44,713	–	–	–	–	–	–	–	939	45,652	–	45,652
<b>Infrastructure:</b>														
– Buildings – specialised	108,780	(45,364)	63,416	1,298	1,385	(109)	(1,584)	290	–	500	2,795	116,745	(48,754)	67,991
– Other structures	37,820	(16,700)	21,120	1,203	1,479	(56)	(1,005)	581	2,331	–	340	44,508	(18,515)	25,993
– Roads	413,335	(115,353)	297,982	8,168	–	(6,067)	(7,127)	200	–	–	(27,547)	482,215	(216,606)	265,609
– Bridges	34,974	(6,471)	28,503	1,316	–	(248)	(508)	199	(83)	–	(8,877)	35,935	(15,633)	20,302
– Footpaths	21,357	(5,471)	15,886	1,767	262	(114)	(273)	52	(2,790)	–	(2,566)	21,499	(9,275)	12,224
– Bulk earthworks (non-depreciable)	35,415	–	35,415	–	–	–	–	–	–	–	2,428	37,843	–	37,843
– Stormwater drainage	55,163	(19,034)	36,129	–	–	–	(523)	–	542	–	892	57,148	(20,108)	37,040
– Water supply network	135,502	(74,475)	61,027	335	–	–	(2,341)	130	–	–	1,479	139,366	(78,736)	60,630
– Sewerage network	152,072	(66,105)	85,967	501	1,773	(750)	(2,684)	4,381	–	–	2,077	160,830	(69,565)	91,265
– Swimming pools	2,456	(99)	2,357	19	–	–	(29)	–	–	–	(341)	2,939	(933)	2,006
<b>Other assets:</b>														
– Library books	166	(166)	–	–	–	–	–	–	–	–	–	166	(166)	–
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	7,296	(2,702)	4,594	–	–	–	(267)	–	–	–	–	7,297	(2,970)	4,327
<b>Total infrastructure, property, plant and equipment</b>	<b>1,121,215</b>	<b>(377,049)</b>	<b>744,166</b>	<b>23,182</b>	<b>12,170</b>	<b>(7,638)</b>	<b>(17,939)</b>	<b>–</b>	<b>(248)</b>	<b>500</b>	<b>(27,928)</b>	<b>1,229,270</b>	<b>(503,005)</b>	<b>726,265</b>

(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 2023			Asset movements during the reporting period									At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	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
<b>\$ '000</b>															
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
<b>Land:</b>															
– 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
<b>Infrastructure:</b>															
– 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
<b>Other assets:</b>															
– Library books	166	(166)	–	–	–	–	–	–	–	–	–	–	166	(166)	–
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	8,211	(7,423)	788	–	–	–	(41)	–	–	–	–	3,847	7,296	(2,702)	4,594
<b>Total infrastructure, property, plant and equipment</b>	<b>1,034,269</b>	<b>(350,308)</b>	<b>683,961</b>	<b>22,603</b>	<b>12,100</b>	<b>(3,968)</b>	<b>(16,230)</b>	<b>–</b>	<b>(171)</b>	<b>(138)</b>	<b>(1,915)</b>	<b>47,924</b>	<b>1,121,215</b>	<b>(377,049)</b>	<b>744,166</b>

(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:

<b>Plant and equipment</b>	Years	<b>Other structures</b>	Years
Office equipment	5 to 10	Park assets	10 to 40
Office furniture	5 to 20	Other open space/recreational assets	5 to 115
Computer equipment	3		
Vehicles	3	<b>Buildings</b>	10 to 215
Heavy plant / road making equipment	5 to 10		
Other plant and equipment	5 to 10	<b>Stormwater assets</b>	
RFS red fleet	15 to 25	Drains	80 to 120
		Culverts	50 to 80
<b>Water and sewer assets</b>		Flood control structures	80 to 120
Dams and reservoirs	80 to 100		
Treatment plants	10 to 80	<b>Other infrastructure assets</b>	
Reticulation pipes and mains delivery	50 to 180	Swimming pools	50 to 75
Pumps and telemetry	15 to 180	Tip assets	5 to 10
		Other infrastructure	5 to 150
<b>Transportation assets</b>			
Sealed roads: surface	12 to 124		
Unsealed roads: surface	20 to 26		
Road pavements	80 to 150		

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

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Bulk earthworks	Non-depreciable
Bridge: concrete	70 to 180
Bridge: other	100 to 170
Kerb, gutter and footpaths	40 to 125

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.

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	2025	2024
<b>Owned investment property</b>		
Investment property on hand at fair value	9,306	9,695
<b>Total owned investment property</b>	<b>9,306</b>	<b>9,695</b>

### Owned investment property

#### At fair value

Opening balance at 1 July	9,695	6,208
Capitalised subsequent expenditure	111	–
Net gain/(loss) from fair value adjustments	–	3,350
Transfers from/(to) owner-occupied property (Note C1-7)	(500)	137
<b>Closing balance at 30 June</b>	<b>9,306</b>	<b>9,695</b>

#### 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	2025	2024
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	321	–
Accumulated amortisation	(141)	–
<b>Net book value – opening balance</b>	<b>180</b>	<b>–</b>
<b>Movements for the year</b>		
Purchases	–	27
Amortisation charges	(190)	(4)
Transfer (to)/from Office Equipment	249	157
<b>Closing values at 30 June</b>		
Gross book value	570	321
Accumulated amortisation	(331)	(141)
<b>Total software – net book value</b>	<b>239</b>	<b>180</b>
<b>Total intangible assets – net book value</b>	<b>239</b>	<b>180</b>

#### 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.

## C1-10 Other

### Other assets

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Prepayments	308	–	2,130	–
<b>Total other assets</b>	<b>308</b>	<b>–</b>	<b>2,130</b>	<b>–</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases for plant 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	Total
<b>2025</b>		
Opening balance at 1 July	263	263
Additions to right-of-use assets	363	363
Depreciation charge	(383)	(383)
<b>Balance at 30 June</b>	<b>243</b>	<b>243</b>
<b>2024</b>		
Opening balance at 1 July	284	284
Additions to right-of-use assets	368	368
Depreciation charge	(389)	(389)
<b>Balance at 30 June</b>	<b>263</b>	<b>263</b>

#### (b) Lease liabilities

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Lease liabilities	216	39	216	61
<b>Total lease liabilities</b>	<b>216</b>	<b>39</b>	<b>216</b>	<b>61</b>

#### (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
<b>2025</b>					
Cash flows	216	39	–	255	255
<b>2024</b>					
Cash flows	216	61	–	277	277

### (d) Income Statement

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

\$ '000	2025	2024
Interest on lease liabilities	10	11
Depreciation of right of use assets	383	389
Expenses relating to short-term leases	693	416
	<b>1,086</b>	<b>816</b>

### Material accounting policy information

## C2-1 Council as a lessee (continued)

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

### 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 C1-8) 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 C1-7.

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

\$ '000	2025	2024
---------	------	------

#### (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)	457	750
<b>Total income relating to operating leases for investment property assets</b>	<b>457</b>	<b>750</b>

#### Operating lease expenses

Direct operating expenses that generated rental income	221	249
<b>Total expenses relating to operating leases</b>	<b>221</b>	<b>249</b>

#### Repairs and maintenance: investment property

#### (ii) Assets held as property, plant and equipment

## C2-2 Council as a lessor (continued)

\$ '000	2025	2024
Lease income (excluding variable lease payments not dependent on an index or rate)	84	94
<b>Total income relating to operating leases for Council assets</b>	<b>84</b>	<b>94</b>

### Reconciliation of IPPE assets leased out as operating leases

<b>Opening balance as at 1 July</b>	<b>9,695</b>	6,208
Transfers from/(to) investment property	(500)	137
Revaluation increments to equity (ARR)	–	3,350
Other movement - Asset Upgrades Mort Street Apartments	111	–
<b>Closing balance as at 30 June</b>	<b>9,306</b>	9,695

### (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	262	230
1–2 years	131	114
2–3 years	121	108
3–4 years	125	111
4–5 years	32	115
> 5 years	–	118
<b>Total undiscounted lease payments to be received</b>	<b>671</b>	<b>796</b>

### Significant Change In Revenue

In the financial year, there was a material decline in lease 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	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Goods and services – operating expenditure	6,164	–	6,917	–
Accrued expenses:				
– Borrowings	19	–	20	–
– Salaries and wages	395	–	416	–
– Other expenditure accruals	14	–	36	–
Security bonds, deposits and retentions	407	–	536	–
Other	737	–	591	–
Prepaid rates	1,698	–	1,555	–
<b>Total payables</b>	<b>9,434</b>	<b>–</b>	<b>10,071</b>	<b>–</b>

#### 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	2025 Current	2025 Non-current	2024 Current	2024 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)		32,280	–	41,407	–
Unexpended operating grants (received prior to performance obligation being satisfied)		21	–	76	–
<b>Total grants received in advance</b>		<b>32,301</b>	<b>–</b>	<b>41,483</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>32,301</b>	<b>–</b>	<b>41,483</b>	<b>–</b>

#### Notes

Council received significant grant funding in periods prior to the 2024–25 financial year, including disaster relief assistance, to support the reconstruction, repair, and renewal of public assets such as transport infrastructure.

These funds are governed by enforceable agreements under which Council is required to deliver specified works and outcomes. Ownership of the resulting assets remains with Council upon completion of the works.

As at 30 June 2025, Council held advance payments of \$27.2 million in natural disaster funding for works yet to be undertaken. During 2024–25, \$7.09 million in natural disaster-related funding was recognised as revenue, representing the value of works completed and performance obligations satisfied during the year.

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

\$ '000	2025	2024
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	9,339	2,207
Operating grants (received prior to performance obligation being satisfied)	55	701
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>9,394</b>	<b>2,908</b>

## C3-2 Contract Liabilities (continued)

### 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	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	999	8,227	1,412	9,472
<b>Total borrowings</b>	<b>999</b>	<b>8,227</b>	<b>1,412</b>	<b>9,472</b>

(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	2024		Non-cash movements				2025
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	10,884	(1,658)	–	–	–	–	9,226
Lease liability (Note C2-1)	277	(385)	363	–	–	–	255
Loan discount	–	–	–	–	–	–	–
<b>Total liabilities from financing activities</b>	<b>11,161</b>	<b>(2,043)</b>	<b>363</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,481</b>

\$ '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 C2-1)	299	(390)	368	–	–	–	277
<b>Total liabilities from financing activities</b>	<b>15,118</b>	<b>(5,325)</b>	<b>1,368</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11,161</b>

#### (b) Financing arrangements

\$ '000	2025	2024
<b>Total facilities</b>		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities <sup>1</sup>	500	500
Credit cards/purchase cards	105	105
<b>Total financing arrangements</b>	<b>605</b>	<b>605</b>

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

#### Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	41	22
<b>Total drawn financing arrangements</b>	<b>41</b>	<b>22</b>

continued on next page ...

### C3-3 Borrowings (continued)

\$ '000	2025	2024
<b>Undrawn facilities</b>		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	64	83
<b>Total undrawn financing arrangements</b>	<b>564</b>	<b>583</b>

#### 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.

##### Covenants

There are no specific financial or operational covenants attached to borrowings, and no breaches or instances of non-compliance have been identified during or since the reporting period.

##### 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	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Annual leave	1,933	–	1,729	–
Long service leave	2,552	482	2,390	449
<b>Total employee benefit provisions</b>	<b>4,485</b>	<b>482</b>	<b>4,119</b>	<b>449</b>

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

\$ '000	2025	2024
Provisions – employees benefits	2,508	2,329
	<b>2,508</b>	<b>2,329</b>

#### 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	2025	2025	2024	2024
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	3,120	–	2,600
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>3,120</b>	<b>–</b>	<b>2,600</b>
<b>Total provisions</b>	<b>–</b>	<b>3,120</b>	<b>–</b>	<b>2,600</b>

#### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total

## C3-5 Provisions (continued)

\$ '000	Other provisions	
	Asset remediation	Total
<b>At beginning of year</b>	<b>2,600</b>	<b>2,600</b>
<b>Unwinding of discount</b>	<b>115</b>	<b>115</b>
<b>Amounts used (payments)</b>	<b>(6)</b>	<b>(6)</b>
<b>Remeasurement effects</b>	<b>411</b>	<b>411</b>
<b>Total other provisions at end of year</b>	<b>3,120</b>	<b>3,120</b>
2024		
At beginning of year	8,366	8,366
<b>Changes to provision:</b>		
– Revised discount rate	(118)	(118)
Unwinding of discount	485	485
Amounts used (payments)	(169)	(169)
Remeasurement effects	(5,964)	(5,964)
<b>Total other provisions at end of year</b>	<b>2,600</b>	<b>2,600</b>

### 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

## C4-1 Nature and purpose of reserves (continued)

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### **IPPE Revaluation Surplus**

The infrastructure, property, plant and equipment (IPPE) revaluation surplus 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 2025	Water 2025	Sewer 2025
<b>Income from continuing operations</b>			
Rates and annual charges	28,063	3,585	8,722
User charges and fees	3,520	5,144	155
Interest and investment revenue	3,688	51	40
Other revenues	1,395	28	–
Grants and contributions provided for operating purposes	6,857	93	89
Grants and contributions provided for capital purposes	16,801	–	100
Other income	580	–	–
<b>Total income from continuing operations</b>	<b>60,904</b>	<b>8,901</b>	<b>9,106</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	20,064	1,914	2,373
Materials and services	18,796	4,744	4,734
Borrowing costs	147	18	325
Other expenses	8,326	22	44
Net losses from the disposal of assets	6,234	(5)	750
<b>Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets</b>	<b>53,567</b>	<b>6,693</b>	<b>8,226</b>
<b>Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets</b>	<b>7,337</b>	<b>2,208</b>	<b>880</b>
Depreciation, amortisation and impairment of non-financial assets	13,447	2,361	2,704
<b>Operating result from continuing operations</b>	<b>(6,110)</b>	<b>(153)</b>	<b>(1,824)</b>
<b>Net operating result for the year</b>	<b>(6,110)</b>	<b>(153)</b>	<b>(1,824)</b>
<b>Net operating result attributable to each council fund</b>	<b>(6,110)</b>	<b>(153)</b>	<b>(1,824)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(22,911)</b>	<b>(153)</b>	<b>(1,924)</b>

#### D1-2 Statement of Financial Position by fund

##### ASSETS

##### Current assets

Cash and cash equivalents	(2,260)	3,864	294
Investments	57,000	–	–
Receivables	4,011	1,750	836
Inventories	380	203	23
Contract assets and contract cost assets	1,850	–	–
Other	308	–	–
<b>Total current assets</b>	<b>61,289</b>	<b>5,817</b>	<b>1,153</b>

##### Non-current assets

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

<b>\$ '000</b>	<b>General 2025</b>	<b>Water 2025</b>	<b>Sewer 2025</b>
Infrastructure, property, plant and equipment	568,666	63,233	94,366
Investment property	9,306	–	–
Intangible assets	228	11	–
Right of use assets	243	–	–
<b>Total non-current assets</b>	<b>578,443</b>	<b>63,244</b>	<b>94,366</b>
<b>Total assets</b>	<b>639,732</b>	<b>69,061</b>	<b>95,519</b>

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

\$ '000	General 2025	Water 2025	Sewer 2025
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	8,566	386	482
Income received in advance	–	–	–
Contract liabilities	32,301	–	–
Lease liabilities	216	–	–
Borrowings	190	61	748
Employee benefit provision	4,485	–	–
<b>Total current liabilities</b>	<b>45,758</b>	<b>447</b>	<b>1,230</b>
<b>Non-current liabilities</b>			
Lease liabilities	39	–	–
Borrowings	1,743	296	6,188
Employee benefit provision	482	–	–
Provisions	3,120	–	–
<b>Total non-current liabilities</b>	<b>5,384</b>	<b>296</b>	<b>6,188</b>
<b>Total liabilities</b>	<b>51,142</b>	<b>743</b>	<b>7,418</b>
<b>Net assets</b>	<b>588,590</b>	<b>68,318</b>	<b>88,101</b>
<b>EQUITY</b>			
Accumulated surplus	196,078	16,527	45,312
IPPE revaluation surplus	392,512	51,791	42,789
<b>Council equity interest</b>	<b>588,590</b>	<b>68,318</b>	<b>88,101</b>
<b>Total equity</b>	<b>588,590</b>	<b>68,318</b>	<b>88,101</b>

## D2 Interests in other entities

## Interests in associates

## Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership			
			2025	2024	2025	2024
Central Tablelands Weeds Authority	Associate	Bathurst	25%	25%	386	349
<b>Total carrying amounts – material associates</b>					<b>386</b>	<b>349</b>

## D2-1 Interests in associates (continued)

### Details

	Principal activity	Measurement method
Central Tablelands Weeds Authority	Weed Control	Equity

### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2025	2024	2025	2024
Central Tablelands Weeds Authority	25%	25%	25%	25%

### Summarised financial information for associates

\$ '000	Central Tablelands Weeds Authority	
	2025	2024
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,485	1,374
Other current assets	95	168
<b>Non-current assets</b>	<b>237</b>	<b>186</b>
<b>Current liabilities</b>		
Current financial liabilities (excluding trade and other payables and provisions)	5	44
Other current liabilities	265	283
<b>Non-current liabilities</b>		
Non-current financial liabilities (excluding trade and other payables and provisions)	4	6
<b>Net assets</b>	<b>1,543</b>	<b>1,395</b>
<b>Statement of comprehensive income</b>		
Income	1,971	1,803
Interest income	50	53
Depreciation and amortisation	(63)	(46)
Other expenses	(1,810)	(1,728)
<b>Profit/(loss) from continuing operations</b>	<b>148</b>	<b>82</b>
<b>Profit/(loss) for period</b>	<b>148</b>	<b>82</b>
<b>Total comprehensive income</b>	<b>148</b>	<b>82</b>
<b>Share of income – Council (%)</b>	<b>25%</b>	<b>25%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>37</b>	<b>21</b>
<b>Total comprehensive income – Council (\$)</b>	<b>37</b>	<b>21</b>
<b>Summarised Statement of cash flows</b>		
Cash flows from operating activities	184	(7)
Cash flows from investing activities	(73)	(12)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>111</b>	<b>(19)</b>
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	1,395	1,313
Profit/(loss) for the period	148	82

continued on next page ...

## D2-1 Interests in associates (continued)

\$ '000	Central Tablelands Weeds Authority	
	2025	2024
<b>Closing net assets</b>	<b>1,543</b>	1,395
<b>Council's share of net assets (%)</b>	<b>25%</b>	25%
<b>Council's share of net assets (\$)</b>	<b>386</b>	349

**County Councils**

Council is a member of the Central Tablelands Weeds Authority, 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 Risks relating to financial instruments held

#### (a) Market risk – interest rate and price risk

\$ '000	2025	2024
---------	------	------

The impact on the 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	494	705
-----------------------------	-----	-----

#### (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	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
<b>2025</b>				
Gross carrying amount	124	2,093	7	2,224
2024				
Gross carrying amount	144	2,373	44	2,561

##### 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	
<b>2025</b>						
Gross carrying amount	5,135	221	31	625	522	6,534
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	13.60%	1.09%

## E1 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	
<b>ECL provision</b>	–	–	–	–	<b>71</b>	<b>71</b>
2024						
Gross carrying amount	7,200	2,409	154	24	816	10,603
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	8.70%	0.67%
<b>ECL provision</b>	–	–	–	–	<b>71</b>	<b>71</b>

### (c) Liquidity risk

Payables, lease liabilities and borrowings are 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		
2025							
Payables	0.00%	407	9,027	–	–	9,434	9,434
Borrowings	4.44%	–	1,395	7,629	2,164	11,188	9,226
<b>Total financial liabilities</b>		<b>407</b>	<b>10,422</b>	<b>7,629</b>	<b>2,164</b>	<b>20,622</b>	<b>18,660</b>
2024							
Payables	0.00%	536	9,535	–	–	10,071	10,071
Borrowings	3.58%	–	1,722	8,860	1,329	11,911	10,884
<b>Total financial liabilities</b>		<b>536</b>	<b>11,257</b>	<b>8,860</b>	<b>1,329</b>	<b>21,982</b>	<b>20,955</b>

## 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	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2025	2024
		2025	2024	2025	2024	2025	2024
<b>Investment property</b>	C1-8						
Investment properties		9,306	9,695	–	–	9,306	9,695
<b>Total investment property</b>		<b>9,306</b>	<b>9,695</b>	<b>–</b>	<b>–</b>	<b>9,306</b>	<b>9,695</b>
<b>Infrastructure, property, plant and equipment</b>	C1-7						
Operational land		–	–	22,047	21,593	22,047	21,593
Community land		–	–	45,652	44,713	45,652	44,713
Plant and equipment		–	–	8,410	6,011	8,410	6,011
Plant and equipment -specialised - RFS red fleet		–	–	6,926	7,094	6,926	7,094
Office equipment		–	–	404	243	404	243
Furniture and fittings		–	–	345	363	345	363
Buildings		–	–	67,991	63,416	67,991	63,416
Other structures		–	–	25,993	21,122	25,993	21,122
Roads		–	–	265,609	297,982	265,609	297,982
Bridges		–	–	20,302	28,503	20,302	28,503
Footpaths		–	–	12,224	15,886	12,224	15,886
Bulk earthworks		–	–	37,843	35,415	37,843	35,415
Stormwater drainage		–	–	37,040	36,129	37,040	36,129
Water supply		–	–	60,630	61,027	60,630	61,027
Sewerage network		–	–	91,265	85,967	91,265	85,967
Swimming pools		–	–	2,006	2,357	2,006	2,357
Library books		–	–	–	–	–	–
Tip asset rehabilitation		–	–	4,327	4,593	4,327	4,593
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>709,014</b>	<b>732,414</b>	<b>709,014</b>	<b>732,414</b>

## 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 that have not undergone an external revaluation process have been revalued at 30 June 2025 via an index based on construction costs from the ABS.

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 June 2025	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Specialised buildings	67,991	Depreciated historical cost	Cost per sq metre, consumption rate, condition, useful life
Road infrastructure	265,609	Depreciated historical cost	Cost per sq metres dimensions and specification, pattern of consumption components useful life residual value asset condition
Bulk earthworks	37,843	Current replacement cost	Cost per Sq metre
Footpaths	12,224	Depreciated historical cost	Cost per sq metre pattern of consumption components useful lives asset conditions
Bridges	20,302	Depreciated historical cost	Cost per Sq metre, dimensions and specifications, pattern of consumption components, useful lives, asset conditions
Stormwater drainage	37,040	Depreciated historical cost	Cost per unit/ per metre
Water supply network	60,630	Depreciated historical cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Sewerage network	91,265	Depreciated historical cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Other structures	25,993	Depreciated historical cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Tip assets	4,327	Depreciated historical cost	Unit Costs
Swimming pools	2,006	Depreciated historical cost	Cost per unit

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## E2-1 Fair value measurement (continued)

\$ '000	Fair value 30 June 2025	Valuation technique/s	Unobservable inputs
Plant and equipment - specialised - RFS red fleet	6,926	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 by class of assets is provided below:

\$ '000	Property, plant and equipment	
	2025	2024
<b>Opening balance</b>	<b>732,414</b>	671,665
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	<b>(27,928)</b>	46,009
<b>Other movements</b>		
Transfers from/(to) another asset class	<b>6,850</b>	9,694
Purchases (GBV)	<b>23,255</b>	25,244
Disposals (WDV)	<b>(7,638)</b>	(3,968)
Depreciation and impairment	<b>(17,939)</b>	(16,230)
<b>Closing balance</b>	<b>709,014</b>	732,414

## E2-1 Fair value measurement (continued)

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### 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 9.0% of salaries for the year ending 30 June 2025 (increasing to 9.5% 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. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities. Given the funding position of the Fund as at 30 June 2024, it was recommended to cease these past service contributions effective 1 January 2025.

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2025, 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 2025 was \$143,239.41. The last valuation of the scheme was performed by Richard Boyfield FIAA on 30 June 2024. Council's expected contribution to the plan for the next annual reporting period is \$9,633.04.

## E3-1 Contingencies (continued)

The estimated employer reserves financial position for the Pooled Employers at 30 June 2025 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.0%
Vested Benefits	2,130.4	103.2%

\* 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	2.5% per annum

\* 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 2025.

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	2025	2024
<b>Compensation:</b>		
Other long-term benefits	41	30
Post-employment benefits	117	112
Short-term benefits	1,065	1,060
<b>Total</b>	<b>1,223</b>	<b>1,202</b>

#### Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

## F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2025	2024
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	30	28
Councillors' fees	126	119
Other Councillors' expenses (including Mayor)	52	30
<b>Total</b>	<b>208</b>	<b>177</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2025	2024
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	85	83
<b>Remuneration for audit and other assurance services</b>	<b>85</b>	<b>83</b>
<b>Total Auditor-General remuneration</b>	<b>85</b>	<b>83</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services – internal audit services	40	47
<b>Remuneration for audit and other assurance services</b>	<b>40</b>	<b>47</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>40</b>	<b>47</b>
<b>Total audit fees</b>	<b>125</b>	<b>130</b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of Operating Result

\$ '000	2025	2024
<b>Net operating result from Income Statement</b>	<b>(8,087)</b>	20,052
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	18,512	16,623
(Gain) / loss on disposal of assets	6,979	3,425
Non-cash capital grants and contributions	(549)	(7,089)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	–	(3,350)
Unwinding of discount rates on reinstatement provisions	115	367
<b>Movements in operating assets and liabilities and other cash items:</b>		

## G1-1 Statement of Cash Flows information (continued)

\$ '000	2025	2024
(Increase) / decrease of receivables	899	110
Increase / (decrease) in provision for impairment of receivables	(39)	(127)
(Increase) / decrease of inventories	35	121
(Increase) / decrease of other current assets	1,822	(1,357)
(Increase) / decrease of contract asset	3,507	8,582
Increase / (decrease) in payables	(753)	(1,416)
Increase / (decrease) in accrued interest payable	(1)	(15)
Increase / (decrease) in other accrued expenses payable	(43)	123
Increase / (decrease) in other liabilities	160	(24)
Increase / (decrease) in contract liabilities	(9,182)	33,367
Increase / (decrease) in employee benefit provision	399	676
Increase / (decrease) in other provisions	(6)	(169)
<b>Net cash flows from operating activities</b>	<b>13,768</b>	<b>69,899</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2025	2024
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	169	1,450
Plant and equipment	775	825
Water supply	123	594
Sewerage network	134	1,706
Road infrastructure	7,710	1,693
Bridge assets	137	607
Footpaths	1,614	737
Waste assets	3	178
Other structures	35	1,287
Land	-	7
Fixtures and Fittings	66	116
Office equipment	53	122
Stormwater	888	-
<b>Total commitments</b>	<b>11,707</b>	<b>9,322</b>

## G2-1 Commitments (continued)

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### **Details of capital commitments**

Council's capital commitments for the year primarily relate to key infrastructure and asset renewal projects. Bridge commitments include the Charles Street and Red Hill Road bridges, while footpath commitments are largely associated with the Lithgow Main Street revitalisation program. Plant and equipment commitments reflect Council's ongoing Plant Replacement Program. Road infrastructure commitments are predominantly for works on Wolgan Road, with additional allocations for Browns Gap Road and Col Drew Drive. Stormwater commitments relate to the Main Street/Cupro Street Drainage Improvement project.

## G3-1 Events occurring after the reporting date

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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 2024	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Bushfire	–	–	–	–	–	–	–	–	–	
<b>S7.11 contributions – under a plan</b>	–	–	–	–	–	–	–	–	–	
<b>S7.12 levies – under a plan</b>	848	247	–	–	39	(414)	–	720	–	
<b>Total S7.11 and S7.12 revenue under plans</b>	848	247	–	–	39	(414)	–	720	–	
S7.4 planning agreements	1,079	155	–	–	54	(95)	–	1,193	–	
<b>Total contributions</b>	<b>1,927</b>	<b>402</b>	<b>–</b>	<b>–</b>	<b>93</b>	<b>(509)</b>	<b>–</b>	<b>1,913</b>	<b>–</b>	

Under the *Environmental Planning and Assessment Act 1979*, local infrastructure contributions, also known as developer contributions, are charged by councils when new development occurs. They help fund infrastructure like parks, community facilities, local roads, footpaths, stormwater drainage and traffic management. 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

#### S7.11 contributions – under a plan

#### S7.12 Levies – under a plan

##### CONTRIBUTION PLAN

Other S 7.12 Plan 12/13	848	247	–	–	39	(414)	–	720	–
<b>Total</b>	<b>848</b>	<b>247</b>	<b>–</b>	<b>–</b>	<b>39</b>	<b>(414)</b>	<b>–</b>	<b>720</b>	<b>–</b>

**End of the audited financial statements**



## 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 2025, the Statement of Financial Position as at 30 June 2025, 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 the Division
  - are, in all material respects, consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, 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 2025 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 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 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/media/apzlw0y/ar3\\_2024.pdf](http://www.auasb.gov.au/media/apzlw0y/ar3_2024.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

31 October 2025  
SYDNEY



Cr Cassandra Coleman  
Mayor  
Lithgow City Council  
PO Box 19  
LITHGOW NSW 2790

Contact: Karen Taylor  
Phone no: 02 9275 7311  
Our ref: FA1755

31 October 2025

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2025  
Lithgow City Council**

I have audited the general purpose financial statements (GPFS) of the Lithgow City Council (the Council) for the year ended 30 June 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024–25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## INCOME STATEMENT

### Financial performance

	2025	2024*	Variance
	\$m	\$m	%
Rates and annual charges revenue	40.4	39.1	↑ 3.3
Grants and contributions provided for operating purposes revenue	7.0	13.2	↓ 46.5
Grants and contributions provided for capital purposes revenue	16.9	18.3	↓ 7.6
Operating result from continuing operations	(8.1)	20.1	↓ 140.3
Net operating result for the year before grants and contributions provided for capital purposes	(25.0)	1.8	↓ 1,489

### Operating result from continuing operations

This graph shows the operating result from continuing operations for the current and prior two financial years.

Council's operating result from continuing operations for the year was \$28.0 million lower than the 2023–24 result.

In 2024–25:

- grants and contributions (\$23.9 million) decreased by \$7.5 million (23.9 per cent) due to higher natural disaster funding in prior year
- materials and services (\$28.3 million) increased by \$5.3 million (23.2 per cent) due to restoring assets damaged by natural disaster
- other expenses (\$8.4 million) increased by \$7.1 million (535.8 per cent) writeback of rejected grant claims
- depreciation, amortisation and impairment of non-financial assets expense (\$18.5 million) increased by \$1.9 million (11.4 per cent) due to increase in fair value of assets in 2023–24.



The net operating result for the year before grants and contributions provided for capital purposes was a loss of \$25.0 million. Refer to 'Grants and contributions revenue' below for details.

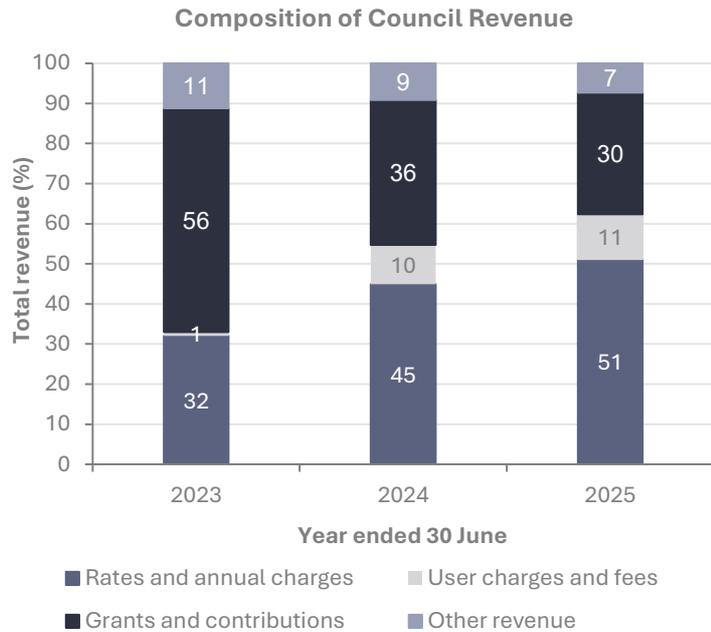
## Income

### Council revenue

This graph shows the composition of Council's revenue recognised for the current and prior two financial years.

Council revenue (\$78.9 million) decreased by \$8.1 million (9.3 per cent) in 2024–25 due to:

- rates and annual charges revenue (\$40.4 million) which increased by \$1.3 million (3.3 per cent) mainly due to rate peg increase of 4.5 per cent
- grants and contributions revenue (\$23.9 million) which decreased by \$7.5 million (23.9 per cent) – see additional details below.

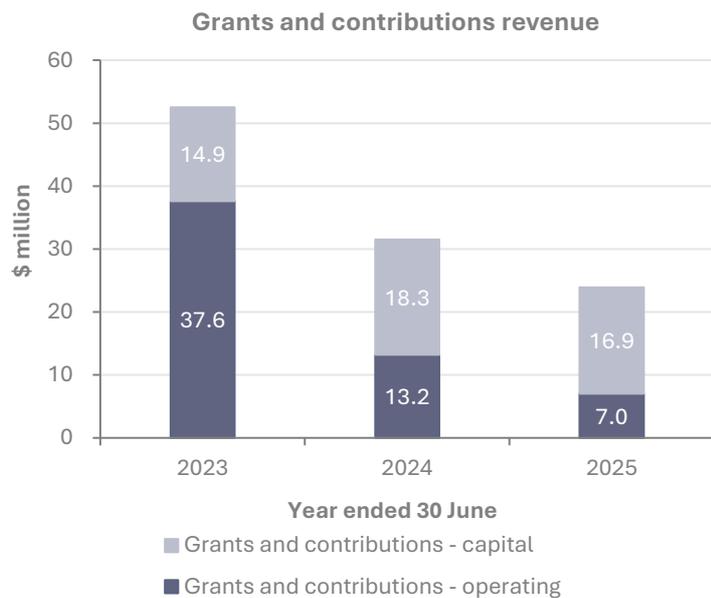


### Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

Grants and contributions revenue (\$23.9 million) decreased by \$7.5 million (23.9 per cent) in 2024–25 due to:

- decrease of \$1.1 million of developer contributions recognised during the year
- decrease of \$6.5 million of non-cash contributions mainly due to one-off developer contributions in 2023–24 at South Bowenfels (roads and bridges, drainage, sewerage, etc)
- decrease of \$1.4 million of transport related grants such as Fixing Local Roads
- receiving 50 per cent of the financial assistance grants for 2025–26 in advance (85 per cent for 2024–25).



# CASH FLOWS

## Statement of cash flows

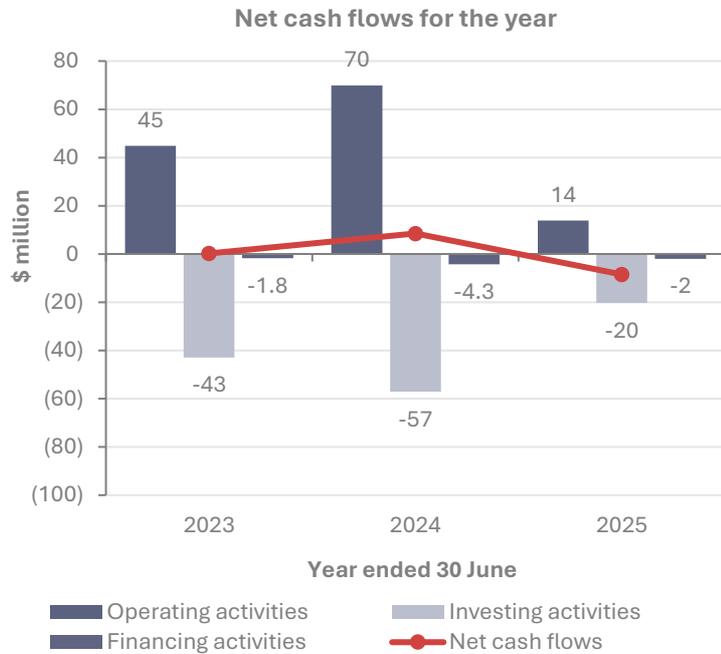
The Statement of Cash Flows details the Council’s inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows outflow for the year was \$8.5 million (inflow of \$8.5 million in 2023–24).

In 2024–25 the net cashflows:

- from operating activities decreased by \$56.1 million, mainly due to high natural disaster cash receipts in 2023–24 of \$86.2 million as compared to \$9.9 million in 2024–25
- used in investing activities decreased by \$36.8 million, mainly due to redemption of term deposits of \$14.0 million this year compared to the acquisition of term deposits of \$30 million in 2024–25.
- used in financing activities decreased by \$2.3 million, mainly due to additional proceeds from borrowings and lower repayments.



## FINANCIAL POSITION

### Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Externally restricted funds are the cash, cash equivalents and investments that can only be used for specific purposes due to legal or contractual restrictions.

Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

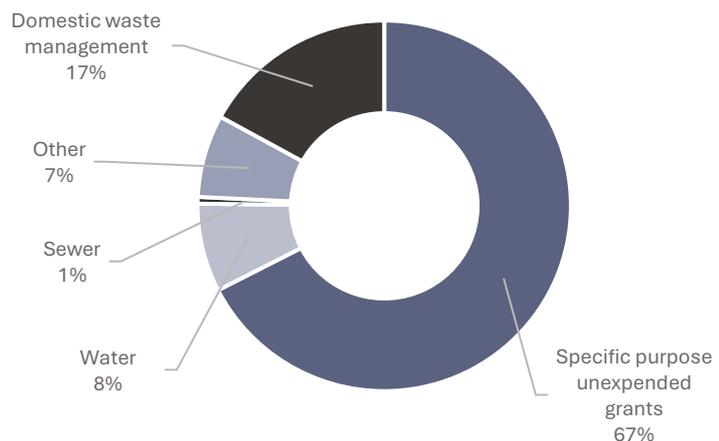
Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m	%	
<b>Total cash, cash equivalents and investments</b>	<b>58.9</b>	<b>81.4</b>		Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or third-party contract. A breakdown of the sources of externally restricted balances is included in the graph below.
Restricted and allocated cash, cash equivalents and investments:				Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	50.1	66.4	85.1	
• Internal allocations	8.8	14.4	14.9	

This graph shows the sources of externally restricted cash, cash equivalents and investments.

In 2024–25 the Council's main sources of externally restricted cash, cash equivalents and investments include:

- specific purpose unexpended grants of \$33.8 million which decreased by \$10.0 million, mainly due to capital works completed related to natural disaster funding.
- domestic waste management charges of \$8.5 million which decreased by \$0.3 million.
- sewer charges of \$0.3 million which decreased by \$6.1 million, mainly due to works performed and repayment of loan for \$1.2 million.

Source of externally restricted cash, cash equivalents and investments



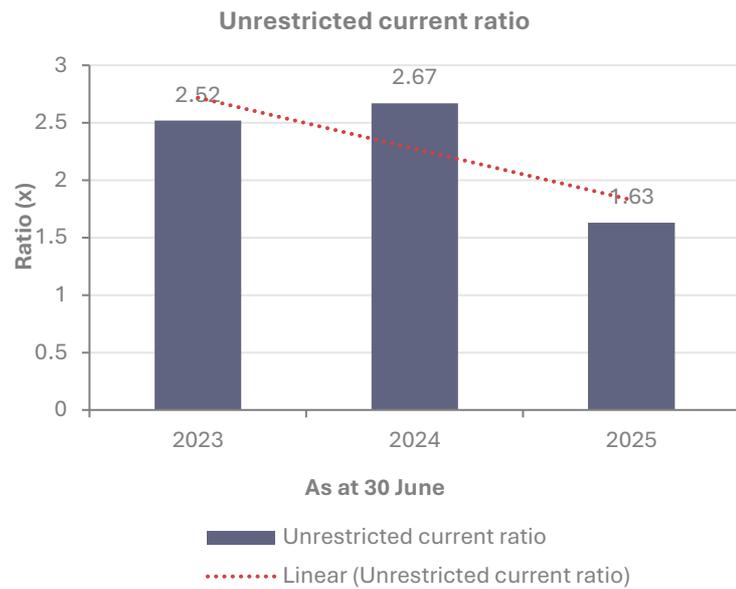
## Council liquidity

This graph shows the Council's unrestricted current ratio for the current and prior two financial years.

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 ratio measures the ratio of unrestricted current assets to specific purpose liabilities.

In 2023–24, the average unrestricted current ratio was an average of 3.1x for regional councils.

Council's unrestricted current ratio is below the average for regional councils. The significant decline was mainly due to using natural disaster money received in 2023–24 for various projects, thereby reducing the current assets and current liabilities.

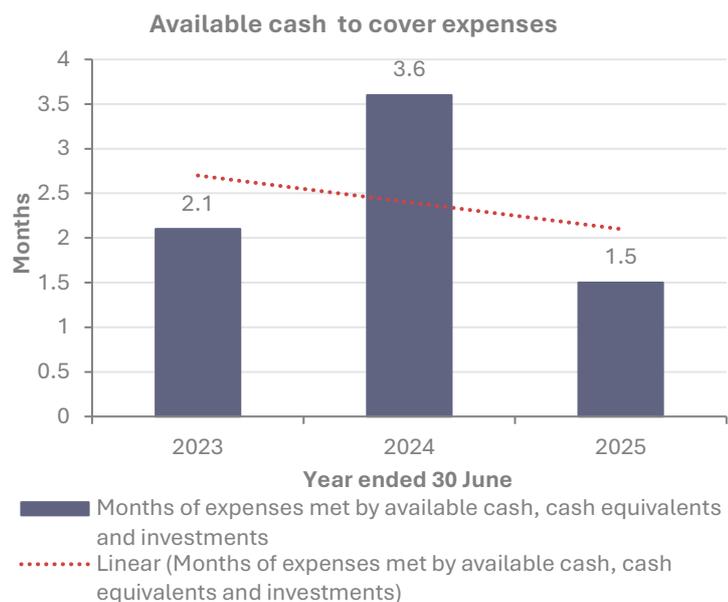


This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

In 2023–24, the available cash to cover expenses was an average of 7 months for regional councils.

As of 30 June 2025, Council's cash is mainly (85.1 per cent) restricted for external purposes. General fund expenses were negatively impacted by the rejected grant claims during the year totalling to \$7.2 million.

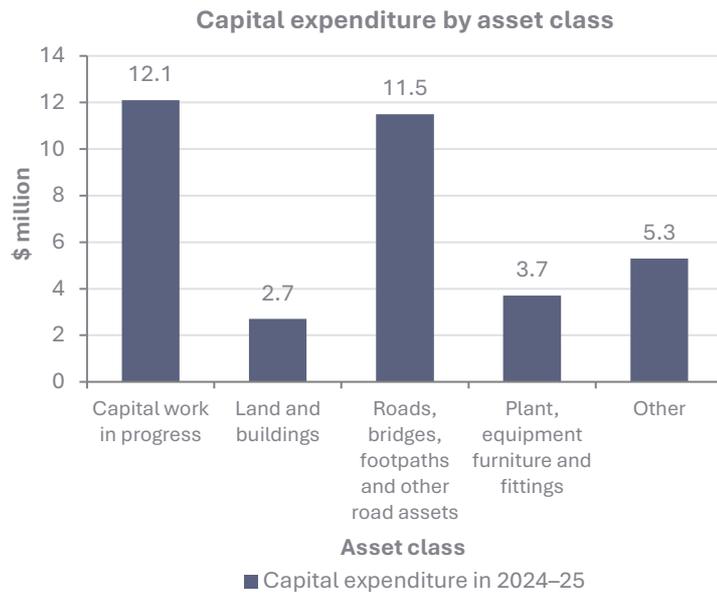


## Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024–25.

Council renewed \$23.2 million of infrastructure, property, plant and equipment during the 2024–25 financial year. This was mainly spent on roads, repairing assets damaged by natural disasters. A further \$12.2 million was spent on new assets including capital work in progress and roads, bridges, footpaths and other road assets.

The level of renewals and new assets in the current financial year compared to the prior year are consistent (totalling \$35.4 million in 2024–25 and \$34.7 million in 2023–24). Renewals in both years mainly concentrated on capital work in progress and roads, bridges, and footpaths.



## Debt

The table below provides an overview of the Council’s loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

Debt	2025	2024	Commentary
	\$'000	\$'000	
Loans	9,226	10,884	Overall decrease is due to loan proceeds of \$1.7 million and \$3.4 million of repayments during the year.
Approved overdraft facility	500	500	No amount drawn down consistent with prior year.
Amount drawn down	--	--	
Credit card facility	105	105	Amounts drawn were \$41 thousand in 2024–25 and \$22 thousand in 2023–24.

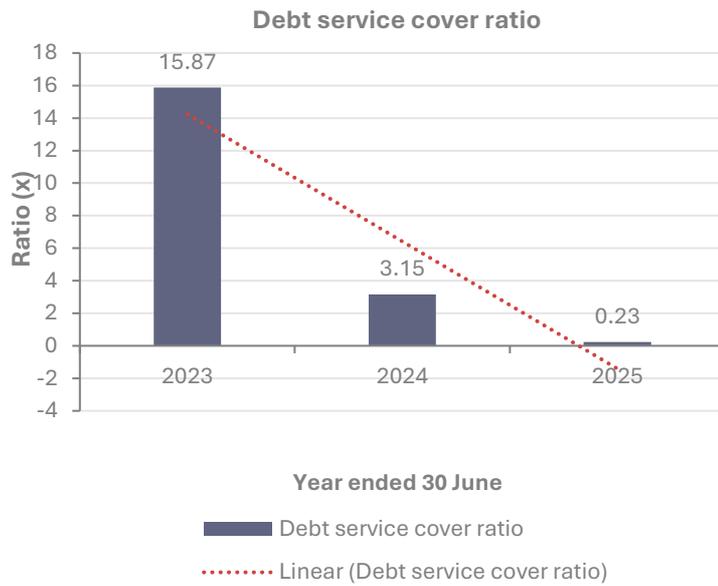
## Debt service cover

This graph shows the Council's debt service cover ratio for the current and prior two financial years.

The debt service cover ratio measures the operating cash to service debt including interest, principal and lease payments.

Council continues to have less than adequate cash to service its debt obligations.

2024–25 saw significant decline mainly due to net operating loss from continuing operations of \$8.1 million.



Karen Taylor  
Director, Financial Audit

Delegate of the Auditor-General

# Lithgow City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2025

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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 2025

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#### 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 27 October 2025.



Cassandra Coleman  
Mayor  
27 October 2025



Steven Ring  
Councillor  
27 October 2025



Ross Gurney  
General Manager  
27 October 2025



Vanessa Browning  
Responsible Accounting Officer  
27 October 2025

## Lithgow City Council

## Income Statement of water supply business activity

for the year ended 30 June 2025

\$ '000	2025	2024
<b>Income from continuing operations</b>		
Access charges	3,585	3,362
User charges	5,112	5,296
Fees	32	62
Interest and investment income	51	56
Grants and contributions provided for operating purposes	93	443
Other income	28	2
<b>Total income from continuing operations</b>	<b>8,901</b>	<b>9,221</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,914	2,024
Borrowing costs	18	22
Materials and services	2,709	2,552
Depreciation, amortisation and impairment	2,361	2,322
Water purchase charges	2,035	2,316
Net loss from the disposal of assets	(5)	–
Other expenses	22	10
<b>Total expenses from continuing operations</b>	<b>9,054</b>	<b>9,246</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(153)</b>	<b>(25)</b>
Grants and contributions provided for capital purposes	–	622
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(153)</b>	<b>597</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(153)</b>	<b>597</b>
<b>Surplus (deficit) after tax</b>	<b>(153)</b>	<b>597</b>
<b>Plus accumulated surplus</b>	<b>16,443</b>	<b>15,846</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>16,290</b>	<b>16,443</b>
<b>Return on capital %</b>	<b>(0.2)%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>2,765</b>	<b>2,694</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(153)	597
Less: capital grants and contributions (excluding developer contributions)	–	(622)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

## Lithgow City Council

## Income Statement of sewerage business activity

for the year ended 30 June 2025

\$ '000	2025	2024
<b>Income from continuing operations</b>		
Access charges	8,722	8,348
Liquid trade waste charges	100	106
Fees	55	61
Interest and investment income	40	36
Grants and contributions provided for operating purposes	89	663
Other income	–	6
<b>Total income from continuing operations</b>	<b>9,006</b>	<b>9,220</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,373	2,170
Borrowing costs	325	294
Materials and services	4,734	3,261
Depreciation, amortisation and impairment	2,704	2,365
Net loss from the disposal of assets	750	128
Other expenses	44	46
<b>Total expenses from continuing operations</b>	<b>10,930</b>	<b>8,264</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,924)</b>	956
Grants and contributions provided for capital purposes	100	2,799
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,824)</b>	3,755
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,824)</b>	3,755
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(239)
<b>Surplus (deficit) after tax</b>	<b>(1,824)</b>	<b>3,516</b>
<b>Plus accumulated surplus</b>	<b>45,027</b>	41,272
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	239
<b>Closing accumulated surplus</b>	<b>43,203</b>	45,027
<b>Return on capital %</b>	<b>(1.7)%</b>	1.4%
<b>Subsidy from Council</b>	<b>5,525</b>	2,657
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(1,824)	3,516
Less: capital grants and contributions (excluding developer contributions)	(100)	(2,799)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	717
<b>Potential dividend calculated from surplus</b>	<b>–</b>	359

## Lithgow City Council

### Statement of Financial Position of water supply business activity

as at 30 June 2025

\$ '000	2025	2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,864	4,712
Receivables	1,750	1,727
Inventories	203	210
<b>Total current assets</b>	<b>5,817</b>	<b>6,649</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	63,233	62,570
Intangible assets	11	24
<b>Total non-current assets</b>	<b>63,244</b>	<b>62,594</b>
<b>Total assets</b>	<b>69,061</b>	<b>69,243</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	386	781
Income received in advance	–	261
Borrowings	61	102
<b>Total current liabilities</b>	<b>447</b>	<b>1,144</b>
<b>Non-current liabilities</b>		
Borrowings	296	1,108
<b>Total non-current liabilities</b>	<b>296</b>	<b>1,108</b>
<b>Total liabilities</b>	<b>743</b>	<b>2,252</b>
<b>Net assets</b>	<b>68,318</b>	<b>66,991</b>
<b>EQUITY</b>		
Accumulated surplus	16,527	16,679
IPPE revaluation surplus	51,791	50,312
<b>Total equity</b>	<b>68,318</b>	<b>66,991</b>

## Lithgow City Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2025

\$ '000	2025	2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	294	6,419
Receivables	836	1,545
Inventories	23	25
<b>Total current assets</b>	<b>1,153</b>	<b>7,989</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	94,366	90,862
<b>Total non-current assets</b>	<b>94,366</b>	<b>90,862</b>
<b>Total assets</b>	<b>95,519</b>	<b>98,851</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	482	1,417
Borrowings	748	803
<b>Total current liabilities</b>	<b>1,230</b>	<b>2,220</b>
<b>Non-current liabilities</b>		
Borrowings	6,188	8,132
<b>Total non-current liabilities</b>	<b>6,188</b>	<b>8,132</b>
<b>Total liabilities</b>	<b>7,418</b>	<b>10,352</b>
<b>Net assets</b>	<b>88,101</b>	<b>88,499</b>
<b>EQUITY</b>		
Accumulated surplus	45,312	47,136
IPPE revaluation surplus	42,789	41,363
<b>Total equity</b>	<b>88,101</b>	<b>88,499</b>

## 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 \$1,075,000 of combined land values attracts 0%. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$6,571,000 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 4.16% at 30/6/25.

#### (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.



## **waterINDEPENDENT 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 2025, the Statement of Financial Position of each Declared Business Activity as at 30 June 2025 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 2025, 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 2024–25 (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 2025 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](http://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.

A handwritten signature in black ink, appearing to read 'K Taylor', written in a cursive style.

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

31 October 2025  
SYDNEY

# Lithgow City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2025

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# Lithgow City Council

## Special Schedules

for the year ended 30 June 2025

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#### **Special Schedules:**

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# Lithgow City Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2024/25	Calculation 2025/26
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	22,366	22,625
Plus or minus adjustments <sup>2</sup>	b	70	207
<b>Notional general income</b>	c = a + b	<b>22,436</b>	<b>22,832</b>
<b>Permissible income calculation</b>			
Percentage increase	d	4.50%	4.10%
Plus percentage increase amount <sup>3</sup>	f = d x (c + e)	1,010	936
<b>Sub-total</b>	g = (c + e + f)	<b>23,446</b>	<b>23,768</b>
Plus (or minus) last year's carry forward total	h	(435)	386
<b>Sub-total</b>	j = (h + i)	<b>(435)</b>	<b>386</b>
<b>Total permissible income</b>	k = g + j	<b>23,011</b>	<b>24,154</b>
Less notional general income yield	l	22,625	24,133
<b>Catch-up or (excess) result</b>	m = k - l	<b>386</b>	<b>21</b>
<b>Carry forward to next year <sup>6</sup></b>	p = m + n + o	<b>386</b>	<b>21</b>

### 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).
- (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 2026.

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 2024–25 (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 2025 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 2025.

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](http://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

31 October 2025  
SYDNEY

## Lithgow City Council

## Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost		2024/25 Required maintenance <sup>a</sup>	2024/25 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					
<b>Buildings</b>	Buildings – specialised	3,037	3,037	454	571	67,991	116,745	14.1%	30.9%	40.8%	14.0%	0.3%
	<b>Sub-total</b>	<b>3,037</b>	<b>3,037</b>	<b>454</b>	<b>571</b>	<b>67,991</b>	<b>116,745</b>	<b>14.1%</b>	<b>30.9%</b>	<b>40.8%</b>	<b>14.0%</b>	<b>0.2%</b>
<b>Other structures</b>	Other structures	151	151	1,834	2,194	25,993	44,508	36.8%	27.3%	34.0%	1.9%	0.0%
	<b>Sub-total</b>	<b>151</b>	<b>151</b>	<b>1,834</b>	<b>2,194</b>	<b>25,993</b>	<b>44,508</b>	<b>36.8%</b>	<b>27.3%</b>	<b>34.0%</b>	<b>1.9%</b>	<b>0.0%</b>
<b>Roads</b>	Roads	23,321	23,321	–	–	265,609	482,215	6.8%	29.2%	43.6%	17.4%	3.1%
	Bridges	144	144	3	–	20,302	35,935	17.2%	42.5%	38.1%	2.3%	0.0%
	Footpaths	44	44	358	276	12,224	21,499	16.9%	1.5%	80.7%	0.7%	0.2%
	Bulk earthworks	–	–	–	–	37,843	37,843	0.0%	0.0%	100.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>23,509</b>	<b>23,509</b>	<b>361</b>	<b>276</b>	<b>335,978</b>	<b>577,492</b>	<b>7.3%</b>	<b>27.0%</b>	<b>48.3%</b>	<b>14.7%</b>	<b>2.7%</b>
<b>Water supply network</b>	Water supply network	3,111	3,111	2,617	1,809	60,630	139,366	6.0%	16.9%	64.3%	12.8%	0.0%
	<b>Sub-total</b>	<b>3,111</b>	<b>3,111</b>	<b>2,617</b>	<b>1,809</b>	<b>60,630</b>	<b>139,366</b>	<b>6.0%</b>	<b>16.9%</b>	<b>64.3%</b>	<b>12.8%</b>	<b>0.0%</b>
<b>Sewerage network</b>	Sewerage network	396	396	4,055	1,959	91,265	160,830	25.3%	9.5%	64.0%	1.2%	0.1%
	<b>Sub-total</b>	<b>396</b>	<b>396</b>	<b>4,055</b>	<b>1,959</b>	<b>91,265</b>	<b>160,830</b>	<b>25.3%</b>	<b>9.5%</b>	<b>64.0%</b>	<b>1.2%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	–	–	266	288	37,040	57,148	4.9%	0.0%	95.1%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>266</b>	<b>288</b>	<b>37,040</b>	<b>57,148</b>	<b>4.9%</b>	<b>0.0%</b>	<b>95.1%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	–	–	32	80	2,006	2,939	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>32</b>	<b>80</b>	<b>2,006</b>	<b>2,939</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>30,204</b>	<b>30,204</b>	<b>9,619</b>	<b>7,177</b>	<b>620,903</b>	<b>1,099,028</b>	<b>11.8%</b>	<b>22.1%</b>	<b>53.6%</b>	<b>11.1%</b>	<b>1.4%</b>

(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 2025 (continued)

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

## Lithgow City Council

## Report on infrastructure assets as at 30 June 2025

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2025	Indicator 2025	2024	Indicators 2023	2022	Benchmark
<b>Buildings and infrastructure renewals ratio</b>						
Asset renewals <sup>1</sup>	<b>20,950</b>					
Depreciation, amortisation and impairment	<b>16,074</b>	<b>130.33%</b>	125.78%	200.04%	65.98%	> 100.00%
<b>Infrastructure backlog ratio</b>						
Estimated cost to bring assets to a satisfactory standard	<b>30,204</b>					
Net carrying amount of infrastructure assets	<b>638,155</b>	<b>4.73%</b>	4.12%	0.91%	1.64%	< 2.00%
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>7,177</b>					
Required asset maintenance	<b>9,619</b>	<b>74.61%</b>	104.06%	212.85%	67.31%	> 100.00%
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to an agreed service level set by Council	<b>30,204</b>	<b>2.75%</b>	2.72%	0.60%	1.09%	
Gross replacement cost	<b>1,099,028</b>					

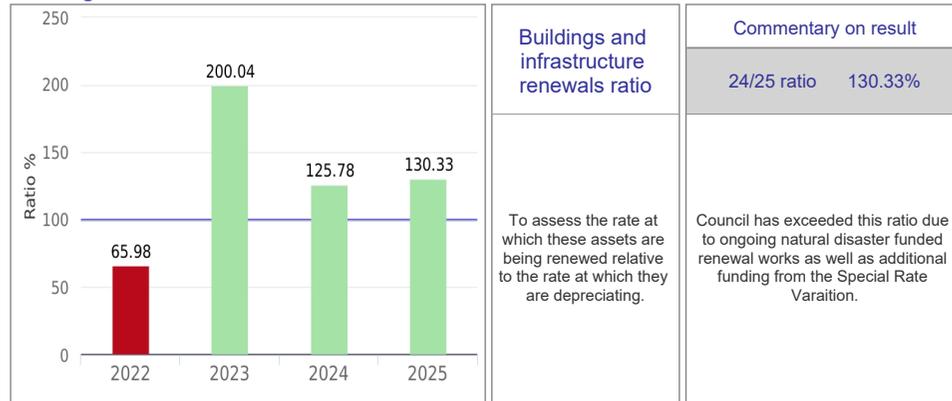
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2025

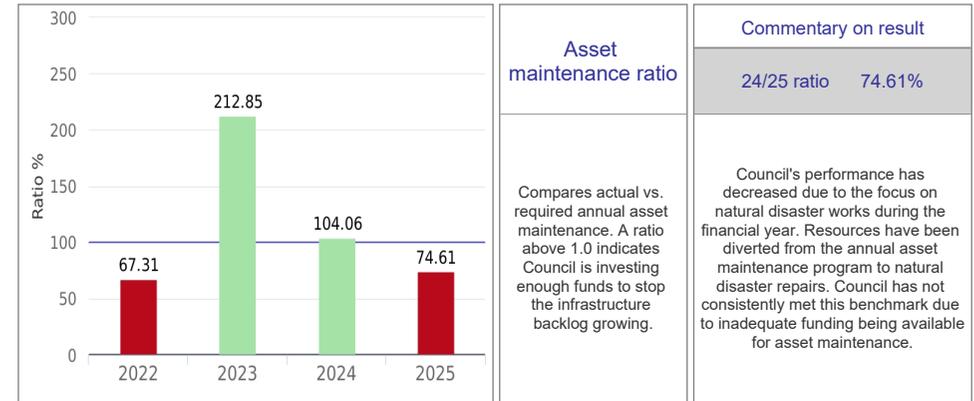
### Buildings and infrastructure renewals ratio



<b>Buildings and infrastructure renewals ratio</b>	<b>Commentary on result</b>
	24/25 ratio 130.33%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	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%  
 Source of benchmark: Code of Accounting Practice and Financial Reporting  
■ Ratio achieves benchmark  
■ Ratio is outside benchmark

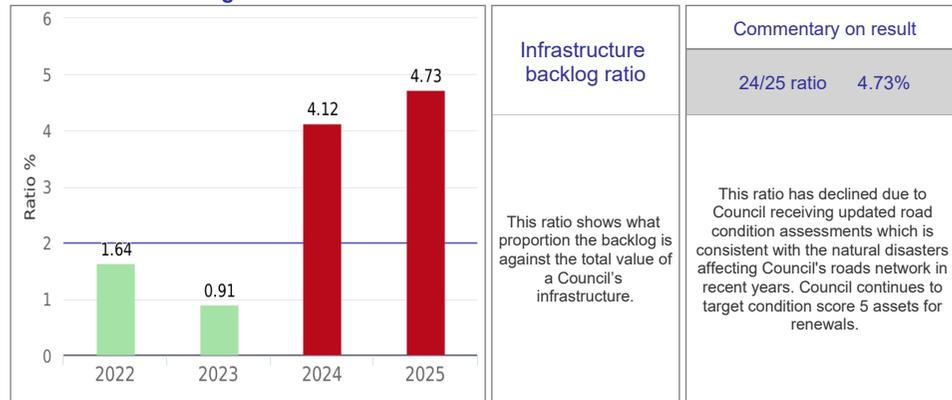
### Asset maintenance ratio



<b>Asset maintenance ratio</b>	<b>Commentary on result</b>
	24/25 ratio 74.61%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	Council's performance has decreased due to the focus on natural disaster works during the financial year. Resources have been diverted from the annual asset maintenance program to natural disaster repairs. Council has not consistently met this benchmark due to inadequate funding being available for asset maintenance.

Benchmark: — > 100.00%  
 Source of benchmark: Code of Accounting Practice and Financial Reporting  
■ Ratio achieves benchmark  
■ Ratio is outside benchmark

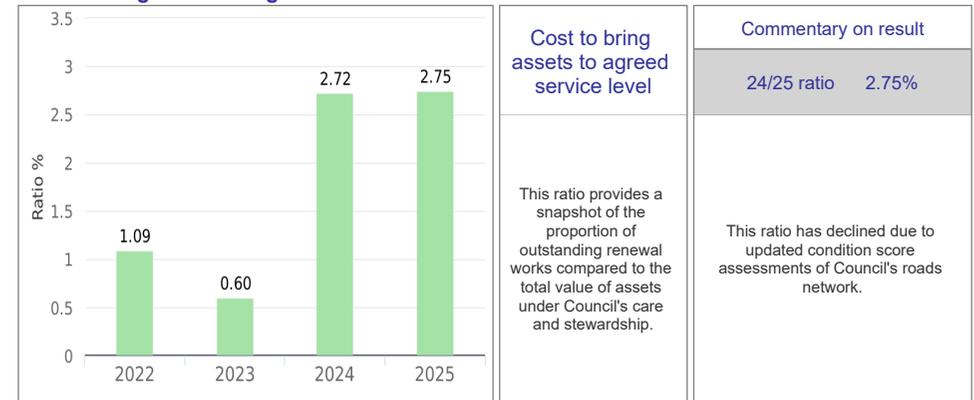
### Infrastructure backlog ratio



<b>Infrastructure backlog ratio</b>	<b>Commentary on result</b>
	24/25 ratio 4.73%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	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%  
 Source of benchmark: Code of Accounting Practice and Financial Reporting  
■ Ratio achieves benchmark  
■ Ratio is outside benchmark

### Cost to bring assets to agreed service level



<b>Cost to bring assets to agreed service level</b>	<b>Commentary on result</b>
	24/25 ratio 2.75%
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.	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 2025

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2025	2024	2025	2024	2025	2024	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>171.16%</b>	129.17%	<b>50.70%</b>	5.84%	<b>31.74%</b>	221.71%	> 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>5.55%</b>	4.64%	<b>4.92%</b>	4.92%	<b>0.42%</b>	0.45%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>115.68%</b>	110.39%	<b>69.12%</b>	118.09%	<b>48.31%</b>	63.03%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>3.34%</b>	3.35%	<b>2.23%</b>	2.22%	<b>0.25%</b>	0.25%	

(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.