



QUARTERLY BUDGET REPORT

June 2022



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INTRODUCTION

Section 97 of the *Local Government Act 2020* requires that Council be presented with a Quarterly Budget Report comparing actual to budgeted revenue and expenditure at the conclusion of each quarter of the financial year.

This report provides financial information for the financial year 1 July 2021 to 30 June 2022.

It provides information on Council's operating performance via the Operating Statement and Council's financial position as at 30 June 2022 via the Balance Sheet. A summary statement of Capital Works and Employee Costs are also included for Council's information.

Where the annual actuals vary from the annual budget by more than 10% **and** \$20,000, **or** more than \$100,000, a variance explanation is given.

Information is also provided on some of the more pertinent financial indicators, including:

- Cash and investments
- Working capital
- Rates debtors outstanding
- Sundry debtors outstanding

It is noted that the information provided in this report is **PRELIMINARY** only. It has been compiled before end of financial year accruals and adjustments have been made. As such, it is subject to change and should not be relied on for use in end of financial year analysis. A more detailed analysis of the annual results will be completed with the Annual Financial Statements.

OPERATING STATEMENT

The year to date Operating Statement is presented as per the AASB101 format for Council's information. Variances are calculated as YTD actuals less the YTD current budget, with the variance also being displayed as a percentage of the YTD current budget.

West Wimmera Shire Council

Comprehensive Income Statement

1 July 2021 to 30 June 2022

	YTD Actual \$	Original Annual Budget \$	Revised Annual Budget \$	Annual Revised Budget Met %	YTD Budget \$	YTD Variance \$	YTD Variance %	Notes
Income								
Rates & Charges	8,047,229	8,079,663	8,079,663	99.60%	8,079,663	(32,434)	-0.4%	
Statutory Fees & Fines	149,078	130,700	130,700	114.06%	130,700	18,378	14.1%	
User Fees	603,091	714,250	714,250	84.44%	714,250	(111,159)	-15.6%	1
Grants - Operating	11,233,719	7,622,917	9,884,560	113.65%	9,884,560	1,349,159	13.6%	2
Grants - Capital	3,246,923	3,692,451	3,692,451	87.93%	3,692,451	(445,528)	-12.1%	3
Contributions - Monetary	84,000	6,000	6,000	1400.00%	6,000	78,000	1300.0%	4
Net Gain/(Loss) on Sale of Assets	109,209	100,000	100,000	109.21%	100,000	9,209	9.2%	
Other Income	1,944,927	1,680,737	1,680,737	115.72%	1,680,737	264,190	15.7%	5
Total Income	25,418,176	22,026,718	24,288,361	104.65%	24,288,361	1,129,815	4.7%	
Expenses								
Employee Costs	8,840,732	8,152,342	8,152,342	108.44%	8,152,342	688,390	8.4%	6
Materials & Services	7,950,878	5,991,549	7,638,684	104.09%	7,638,684	312,194	4.1%	
Depreciation	8,018,533	8,018,533	8,018,533	100.00%	8,018,533	-	0.0%	
Other Expenses	311,716	297,319	297,319	104.84%	297,319	14,397	4.8%	
Total Expenses	25,121,859	22,459,743	24,106,878	104.21%	24,106,878	1,014,981	4.2%	
Surplus/(Deficit) from Operations	296,317	(433,025)	181,483		181,483	114,834		
Total Comprehensive Result	296,317	(433,025)	181,483		181,483	114,834		

EMPLOYEE COSTS

Employee Costs

1 July 2021 - 30 June 2022

CAPITAL EXPENDITURE					
	YTD Actuals	Original Annual Budget	Revised Annual Budget	Annual Budget Remaining	Annual Budget Met
Salaries	1,059,592	1,250,642	1,250,642	191,050	84.72%

OPERATING EXPENDITURE					
	YTD Actuals	Original Annual Budget	Revised Annual Budget	Annual Budget Remaining	Annual Budget Met
Salaries	6,542,539	5,873,856	5,873,856	-668,683	111.38%
Fringe Benefit Taxes	76,488	74,000	74,000	-2,488	103.36%
Annual Leave	623,808	758,378	758,378	134,570	82.26%
Sick Leave	403,400	261,044	261,044	-142,356	154.53%
Long Service Leave	110,061	183,898	183,898	73,837	59.85%
Other Leave Expenses	32,475	20,000	20,000	-12,475	162.38%
Superannuation - Council Contribution	837,774	794,604	794,604	-43,170	105.43%
Workers Compensation Insurance	214,187	186,562	186,562	-27,625	114.81%
	8,840,732	8,152,342	8,152,342	-688,390	108.44%

OPERATING INCOME - EMPLOYEE COST REIMBURSEMENTS					
	YTD Actuals	Original Annual Budget	Revised Annual Budget	YTD Variance \$	YTD Variance %
Income Protection Reimbursement	65,601	0	0	65,601	100.00%
Workers Compensation Reimbursement	95,483	0	0	95,483	100.00%
Maternity Leave Reimbursement	35,563	0	0	35,563	100.00%
	196,647	0	0	196,647	100.00%

	YTD Actuals	Original Annual Budget	Revised Annual Budget	Annual Budget Remaining
TOTAL EMPLOYEE COSTS	9,703,677	9,402,984	9,402,984	-300,693
TOTAL EMPLOYEE COSTS ANNUAL BUDGET MET		103.20%		

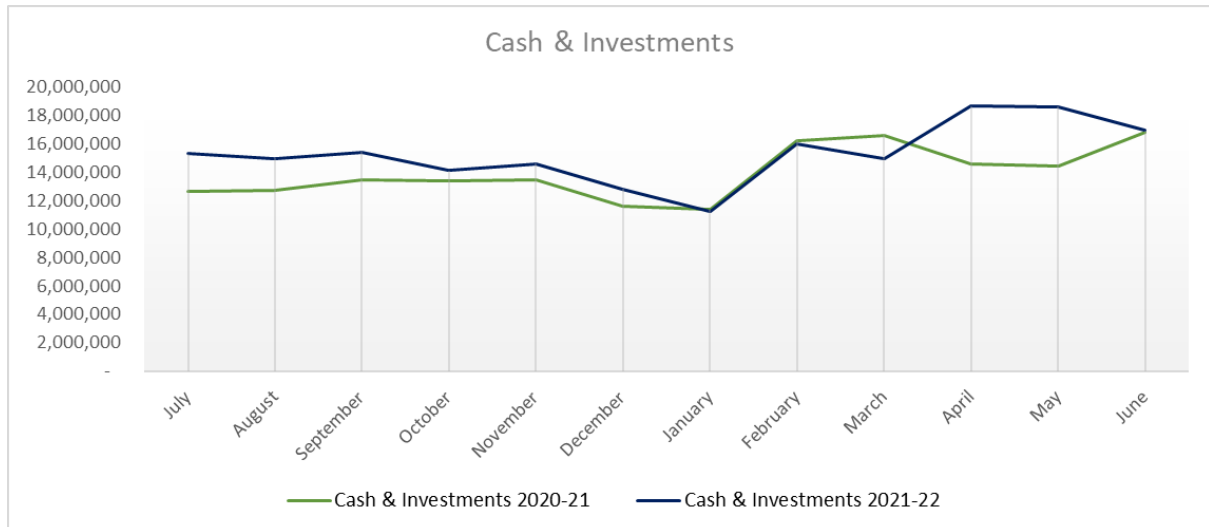
Notes	
1. User Fees	User Fees were \$111,159 below expected budget predominantly due to quarry reimbursements. Due to audit requirements, these transactions will be reversed as part of the year-end adjustments.
2. Grants - Operating	Grants – Operating income was \$1.35 million (14.1%) above anticipated budget due to the 75% brought-forward payment of the 2022/23 allocation announced during the year and received in April 2022.
3. Grants - Capital	Grants – Capital were \$0.45 million (12.1%) below budget due to the timing of receipt of LRCIP funding.
4. Contributions - Monetary	Contributions – Monetary were \$78,000 above budget due to community contributions towards the following projects announced during the year; <ul style="list-style-type: none"> - Edenhope Equine Facility - Apsley Netball & Tennis Court Upgrade
5. Other Income	Other Income was \$0.26 million above budget predominantly due to the receipt of reimbursements for Workcover, Income Protection and maternity leave
6. Employee Costs	Employee operating costs are \$0.69 million (8.4%) above budget at 30 June 2022. When factoring in capital employee costs and reimbursement income, as outlined in the above table, total employee costs are 3.2% above anticipated budget. This is mainly due to the following; <ul style="list-style-type: none"> - A capital recovery amount of \$89,200 was paid following the winding up of the MAV WorkCover Scheme, which was unknown at the time of budget preparation - Staff turnover, including that in Council’s Executive Leadership Team, has resulted in an increase due to increased salaries, entitlement payouts and handover period wages - Emergency management employee costs were approximately \$74,000 above budget due to several fire and storm events which occurred in the Shire - The effects of Covid-19 continued in the 2022 financial year which is reflected in the higher than anticipated sick leave expense - Several long-standing staff retired or entered into transition to retirement arrangements during the year - The commencement of organisation restructuring processes as previously approved by Council, along with additional Project Management resourcing

BALANCE SHEET

West Wimmera Shire Council Balance Sheet As at 30 June 2022

	\$ 30-Jun-22	\$ 30-Jun-21
ASSETS		
Current Assets		
Cash & Investments	16,949,667	17,046,000
Rate Debtors	104,666	279,000
Sundry Debtors	232,302	794,000
Inventories	180,118	136,000
Other Assets	32,565	77,000
Current Assets Total	17,499,318	18,332,000
Non Current Assets		
Investments in Associates	545,425	546,000
Other Non-Current Assets	10,000	10,000
Property, Infrastructure, Plant & Equipment	227,381,919	227,054,000
Non Current Assets Total	227,937,344	227,610,000
TOTAL ASSETS	245,436,662	245,942,000
LIABILITIES		
Current Liabilities		
Trade & Other Payables	2,636,092	2,798,000
Trust Funds & Deposits	29,922	113,000
Provisions	2,027,801	2,460,000
Current Liabilities Total	4,693,815	5,371,000
Non Current Liabilities		
Provisions	541,869	186,000
Non Current Liabilities Total	541,869	186,000
TOTAL LIABILITIES	5,235,684	5,557,000
NET ASSETS	240,200,978	240,385,000
EQUITY		
Accumulated Surplus/(Deficit)	40,520,219	40,707,000
Reserves	199,680,759	199,678,000
TOTAL EQUITY	240,200,978	240,385,000

CASH AND INVESTMENTS



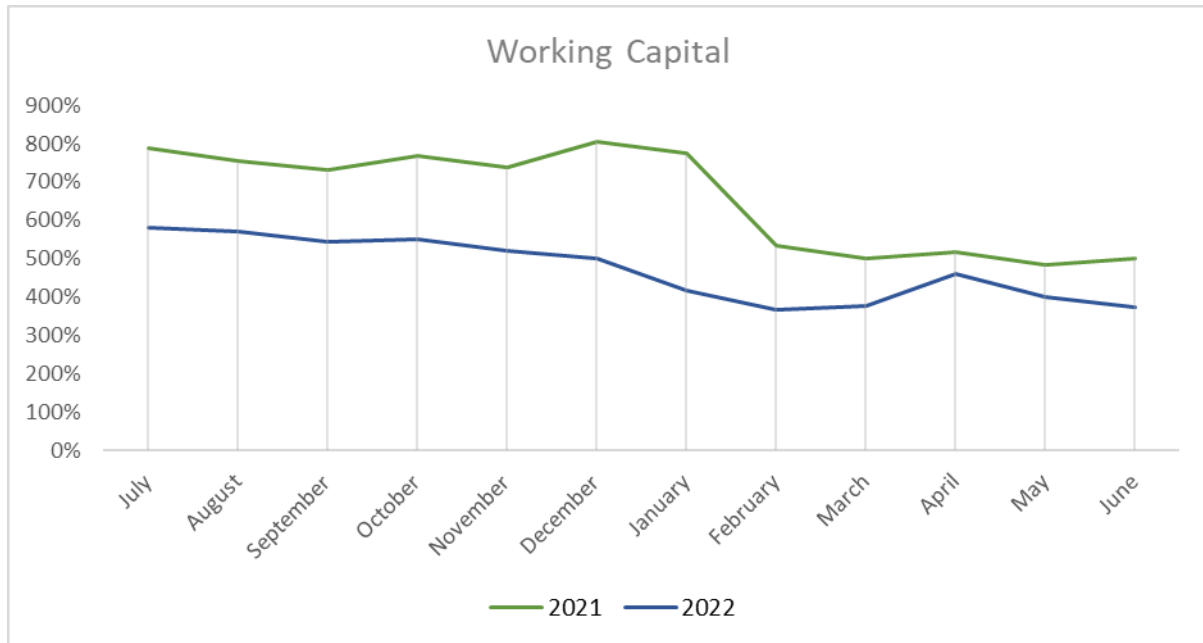
As at 30 June 2022, Council was holding a total of \$16.95 million in cash and investments. The year-end cash balance is approximately \$100,000 higher than opening balance. Below is a breakdown of restrictions and intended allocations for Council's cash, giving an estimation of the unrestricted cash balance at 30 June 2022;

UNRESTRICTED CASH

Cash & Investments balance @ 30 June 2022	16,949,667
<u>Subject to external restrictions:</u>	
Trust funds and deposits	29,922
Unspent grants (recognised in 'trade and other payables' liability)	2,027,801
<u>Intended allocations:</u>	
Discretionary Reserves	6,073,657
Cash held to fund employee leave provisions	2,569,670
Unrestricted cash balance @ 30 June 2022	6,248,617.29

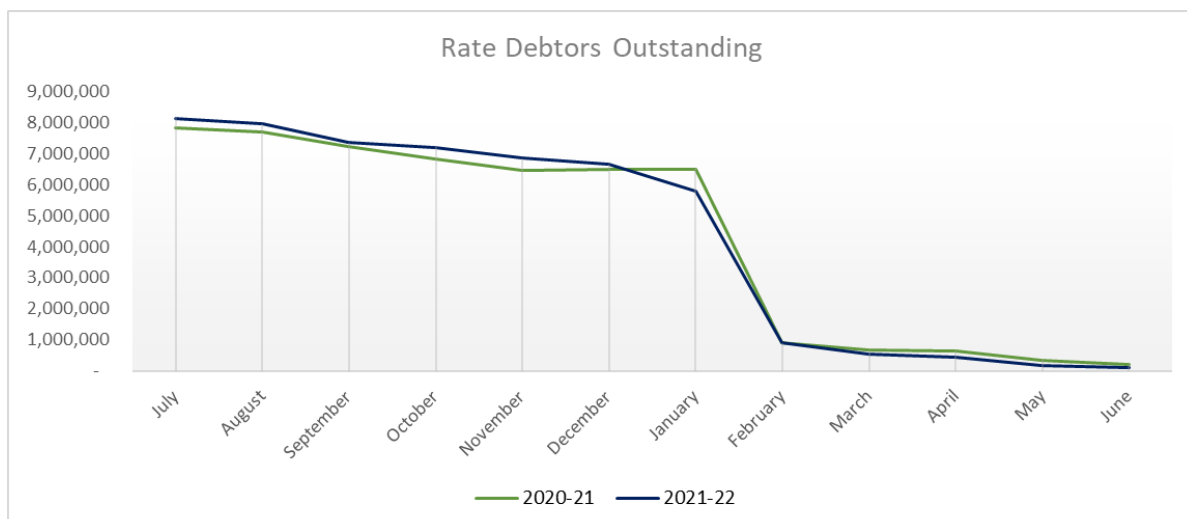
Discretionary Reserves	
Plant replacement	691,808
Quarry restoration	119,000
Capital improvement	315,305
Rates revaluation	398,900
Elections	15,000
Carried Forward projects	4,533,644
Total Discretionary Reserves	6,073,657

WORKING CAPITAL



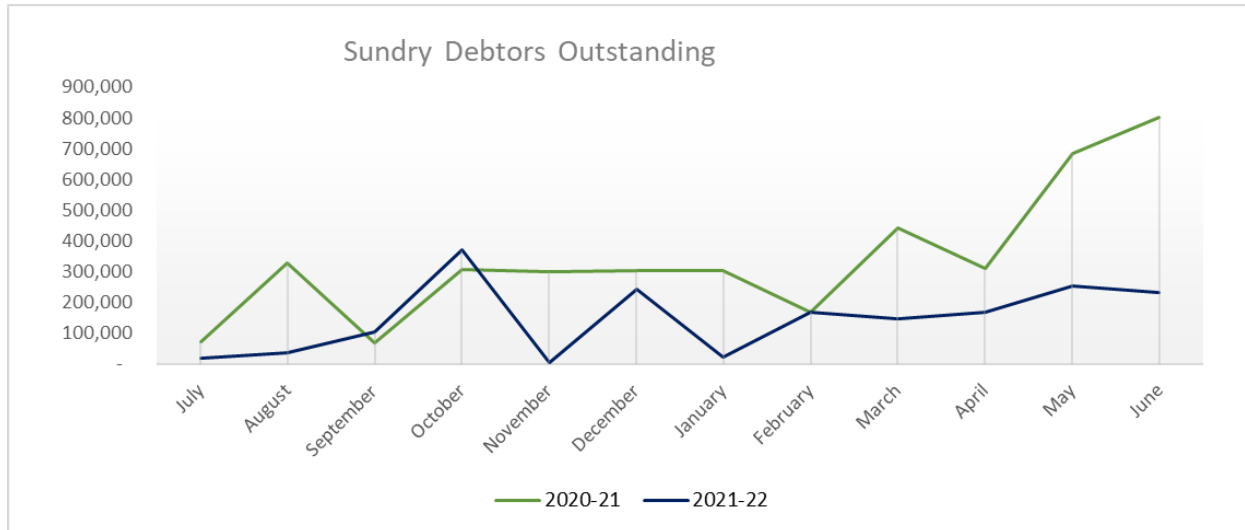
Council continues to hold a strong working capital level, with current assets at 373% of current liabilities as at 30 June 2022. A higher level of trade and other payables, notably grant funding received in advance of \$1.6 million, has resulted in a higher level of current liabilities than at the same time last financial year. Year-end adjustments yet to be made will amend this figure.

RATE DEBTORS



Council raised around \$8.0 million in rates and charges in July 2021. Approximately 65% of Council's ratepayers opt not to pay through the instalment option – for these ratepayers 100% of their rates are due by the end of February 2022. The trend line from the prior financial year is extremely consistent with Council showing a rate debtor amount at 30 June 2022 of \$104,666, a decrease of approximately \$104,000 from the same time last financial year.

SUNDRY DEBTORS



The total outstanding sundry debtors at 30 June 2022 was \$232,302, a decrease of around \$0.57 million from the same time last financial year.

CAPITAL WORKS

A summary of Council's capital works as at 30 June 2022 is presented. As with the Operating Statement, variances are calculated as annual actuals less the annual current budget, with the variance also being displayed as a percentage of the YTD current budget.

Notes and explanations are provided where the variances exceed 10% and \$20,000, or where the \$ variance is greater than \$100,000.

West Wimmera Shire Council Capital Works As at 30 June 2022

Program	YTD Actuals (\$)	Annual Current Budget (\$)	YTD Current Budget (\$)	YTD Variance (\$)	YTD Variance (%)	Note
Roads	5,451,303	6,007,188	6,007,188	-555,885	-9.3%	1
Kerb & Gutter	74,615	217,738	217,738	-143,123	-65.7%	2
Bridges	462,613	422,635	422,635	39,978	9.5%	
Footpaths	128,534	317,647	317,647	-189,113	-59.5%	3
Buildings	754,436	1,283,195	1,283,195	-528,759	-41.2%	4
Plant	947,262	1,536,000	1,536,000	-588,738	-38.3%	5
Furniture & Equipment	45,058	166,000	166,000	-120,942	-72.9%	6
Parks, Gardens, Other	482,251	528,864	528,864	-46,613	-8.8%	
Total	8,346,072	10,479,267	10,479,267	-2,133,195	-20.4%	

Capital Works - Variance Notes		
1.	Roads	<p>Capital spend on Roads is \$555,885 (9.3%) below expected budget. This is predominantly due to the timing of expenditure and inclusion of prior-year carried forward projects, with expenditure for final works for some major road projects to be incurred after 30 June 2022. Main projects:</p> <ul style="list-style-type: none"> - Kadnook - Connewirricoo road – works to be carried forward due to wet weather - Border Road – shared road, contribution only
2	Kerb & Gutter	<p>Kerb & Gutter capital expenditure is \$143,123 under anticipated budget predominantly due to the Maddern St (Paterson St to Bond St) job awaiting contractor to commence, with funds to be carried forward.</p>
3	Footpaths	<p>Capital spend on Footpaths is \$189,113 (59.5%) below expected budget. This is predominantly due to the carry forward of several jobs that were in progress at 30 June 2022 and have now been completed, with final expenditure incurred after balance date, including;</p> <ul style="list-style-type: none"> - Elizabeth St, Edenhope, Footpath, Dundas St. – Bend - Station St Gorokey, Footpath, Railway St. - Senior Citizens - Lake Wallace path. Reconstruct section near bowling club
4	Buildings	<p>Capital spend on Buildings is currently \$0.53 million (41.2%) below expected budget. This is predominantly due to the inclusion of prior-year carried forward projects, including several building projects which are in progress or on hold per the list outlined below.</p> <ul style="list-style-type: none"> - Kaniva Depot Meeting / tea room - Kaniva Shire Office - Old Toilet Block - Tennis club removal and replacement - Edenhope Pound - New bore & tank stand deck replacements - Gorokey Quarry extension land purchase
5	Plant	<p>Capital spend on plant is \$588,738 below budget, due to several vehicles and a water truck being ordered but subject to production delays, therefore budget to be carried forward.</p>
6	Furniture & Equipment	<p>Furniture & Equipment capital spend is \$120,942 below budget due to the cloud/network upgrades being of an operational nature.</p>