



Quarterly Report 2021/22

October - December 2021

Executive Summary

The Quarterly Performance Report provides a budget review statement with a revised estimate of income and expenditure for the year. This is a requirement of the Local Government Act 1993 and Local Government (General) Regulation 2005. This Quarterly Performance Report for the period of 1 September to 31 December 2021 achieves these requirements.

From the General Manager,
Craig Butler

Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

31 December 2021

It is my opinion that the Quarterly Budget review Statement for Lithgow City Council for the quarter ended 31/12/2021 indicates that Council's projected position at 30 June 2022 will be **satisfactory** at year-end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

My opinion above, that Council's projected financial position at 30 June 2022 will be satisfactory, has been based on the following factors:

1. (\$877K) net in operational expense savings were taken up at the Quarter Two review.
2. Expense savings helped to offset an (\$821K) decrease in the water usage charges income budget due to unusually high rainfall.
3. As a result of identifying cost savings to offset loss of income, Council's consolidated projected operating result (before capital) at 30 June 2022 has improved from a deficit at the Quarter One review to a surplus at the Quarter Two review.

The projected year end operating result before capital improved to **\$67K** surplus (before capital) at 31 December 2021.

Ongoing Remedial Actions

Council will continue an operating efficiencies and cost savings program for the remainder of the 2021/22 year to ensure that Council achieves an operating result comparable to the originally planned \$705K surplus (before capital).

Ross Gurney
Responsible Accounting Officer

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Summary of Financial Position

This report provides the Quarterly Performance Report on the 2021-2022 Operational Plan for the period of 1 July 2021 to 31 December 2021 with a recommendation that variations to income and expenditure estimates be voted.

2021/2022 Quarterly Budget Comparison			
Budget	Income	Expenditure	Result
	\$'000	\$'000	\$'000
Original Budget	62,741	49,097	13,644
September Review	59,500	50,316	9,184
December Review	58,143	49,439	8,704
March Review			

2021/2022 Quarterly Budget Comparison - By Fund			
Budget	Income	Expenditure	Result
	\$'000	\$'000	\$'000
General	41,810	35,544	6,266
Water	7,536	7,097	439
Wastewater	8,797	6,799	1,998

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

Income and Expenses Budget Review Statement - Consolidated

Income and Expenses Budget Review Statement											
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Notes	Projected Year End Result	Actual YTD Figures
Income											
Rates and Annual Charges	28,868						28,868			28,868	28,682
User Fees and Charges	8,825						8,825	(924)	1	7,901	3,523
Interest and Investment Revenue	270						270			270	139
Other Revenue	1,385			40			1,425	78	2	1,503	693
Operating Grants and Contributions	10,114			493			10,608	52	3	10,659	4,017
Capital Grants and Contributions	12,939			(3,739)			9,200	(563)	4	8,637	2,283
Gain on Sale of Assets	340			(35)			305			305	(27)
Total Revenue	62,741			(3,241)			59,500	(1,357)		58,143	39,310
Expenses											
Employee Costs	18,498			248			18,746	(625)	5	18,121	9,336
Borrowing Costs	515						515			515	206
Materials and Contracts	11,499	114		909			12,522	(294)	6	12,228	4,188
Depreciation Expense	12,731						12,731			12,731	5,710
Other Expenses	5,854			(52)			5,802	42	7	5,844	2,744
Loss on Sale of Assets											
Total Expenses	49,097	114		1,105			50,316	(877)		49,439	22,184
Operating Result	13,644	(114)		(4,346)			9,184	(480)		8,704	17,126
Operating Result before Capital	705	(114)		(607)			(16)	83		67	14,843

Income and Expenses Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none"> • (\$821K) decrease in the water usage income budget due to unusually high rainfall. • (\$80K) decrease in Aquatic centre revenue due to the effects of Covid 19 restrictions.
2	<ul style="list-style-type: none"> • \$24K reimbursement due for operation of Covid vaccination hub & test centre.
3	<ul style="list-style-type: none"> • \$1.5M EPA Green Waste clean-up grant income. • (\$1.59M) adjustment to FAG revenue budget to match actual income. • \$70K Community Development Officer grant. • \$275K LRCI Phase 3 Funding.
4	<ul style="list-style-type: none"> • \$300K Cullenbenbong Road Causeway – Natural Disaster Funding. • (\$700K) Cullen Bullen Sewer upgrade grant income and works rephased to 2022/23.
5	<ul style="list-style-type: none"> • (\$378K) employment cost savings realised in the Water Fund. • (\$314K) employment cost savings realised in Sewer Fund as well as non-backfill of maternity leave positions. • \$50K budget added for Community Development Officer grant funded role.
6	<ul style="list-style-type: none"> • \$1.5M EPA Green Waste Clean Up grant expenditure budget added. • Savings in Transport, Water Fund and Sewer Fund materials budgets taken up. • Decrease in water purchases.
7	<ul style="list-style-type: none"> • Addition of Community projects funded by developer contributions.

Income and Expenses Budget Review Statement – General Fund

Income and Expenses Budget Review Statement										
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Projected Year End Result	Actual YTD Figures
Income										
Rates and Annual Charges	19,780						19,780		19,780	19,390
User Fees and Charges	2,786						2,786	(110)	2,676	1,257
Interest and Investment Revenue	240						240		240	112
Other Revenue	1,385			40			1,425	78	1,503	693
Operating Grants and Contributions	9,989			493			10,483	52	10,534	3,984
Capital Grants and Contributions	8,374			(3,739)			4,635	2,137	6,772	2,219
Gain on Sale of Assets	340			(35)			305		305	(40)
Total Revenue	42,894			(3,241)			39,653	2,157	41,810	27,615
Expenses										
Employee Costs	14,181			248			14,429	67	14,496	7,600
Borrowing Costs	95						95		95	206
Materials and Contracts	5,951	114		487			6,552	121	6,673	1,657
Depreciation Expense	9,119						9,119		9,119	3,910
Other Expenses	5,176			(52)			5,124	37	5,161	2,465
Loss on Sale of Assets										
Total Expenses	34,522	114		683			35,319	225	35,544	15,838
Operating Result	8,372	(114)		(3,924)			4,334	1,932	6,266	11,777
Operating Result before Capital	(2)	(114)		(185)			(301)	(205)	(506)	9,558

Income and Expenses Budget Review Statement – Water Fund

Income and Expenses Budget Review Statement										
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Projected Year End Result	Actual YTD Figures
Income										
Rates and Annual Charges	1,748						1,748		1,748	1,889
User Fees and Charges	5,922						5,922	(814)	5,108	2,148
Interest and Investment Revenue	30						30		30	22
Other Revenue										1
Operating Grants and Contributions	125						125		125	33
Capital Grants and Contributions	525						525		525	
Gain on Sale of Assets										
Total Revenue	8,350						8,350	(814)	7,536	4,093
Expenses										
Employee Costs	1,967			(6)			1,962	(378)	1,584	801
Borrowing Costs	40						40		40	
Materials and Contracts	3,489			441			3,930	(335)	3,595	1,551
Depreciation Expense	1,660						1,660		1,660	824
Other Expenses	213						213	5	218	72
Loss on Sale of Assets										
Total Expenses	7,369			436			7,805	(708)	7,097	3,248
Operating Result	981			436			545	(106)	439	845
Operating Result before Capital	456			436			20	(106)	(86)	845

Income and Expenses Budget Review Statement – Sewer Fund

Income and Expenses Budget Review Statement										
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Projected Year End Result	Actual YTD Figures
Income										
Rates and Annual Charges	7,340						7,340		7,340	7,403
User Fees and Charges	117						117		117	118
Interest and Investment Revenue										5
Other Revenue										
Operating Grants and Contributions										
Capital Grants and Contributions	4,040						4,040	(2,700)	1,340	64
Gain on Sale of Assets										12
Total Revenue	11,497						11,497	(2,700)	8,797	7,602
Expenses										
Employee Costs	2,350			5			2,355	(314)	2,041	935
Borrowing Costs	380						380		380	
Materials and Contracts	2,173			(19)			2,154	(193)	1,961	979
Depreciation Expense	1,952						1,952		1,952	976
Other Expenses	465						465		465	207
Loss on Sale of Assets										
Total Expenses	7,320			(14)			7,306	(507)	6,799	3,097
Operating Result	4,177			(14)			4,191	(2,193)	1,998	4,505
Operating Result before Capital	137			(14)			151	507	658	4,441

Capital Budget Review Statement

Capital Budget Review Statement											
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Notes	Projected Year End Result	Actual YTD Figures
Capital Expenditure											
Plant and Equipment	510			45			555			555	45
Land and Buildings	3,018	99		(201)			2,916	(360)	1	2,556	435
Other Structures	1,424	534		75			2,033	10	2	2,043	910
Roads, Bridges and Footpaths	9,789			(4,301)			5,488	1,254	3	6,742	1,797
Stormwater	79						79			79	
Swimming Pools											
Water Infrastructure	2,925	144		(194)			2,875	(215)	4	2,660	808
Sewer Infrastructure	5,210	598		(804)			5,004	(2,000)	5	3,004	797
Furniture and Fittings											
Office Equipment	240	21		(17)			244	7		251	116
Tip Assets	2,037	574		1,746			3,811	(546)	6	3,811	1,360
Loan Repayments	1,575						1,575			1,575	780
Total Capital Expenditure	26,807	1,970		(3,651)			25,126	(1,850)		23,276	7,048
Capital Funding											
Rates and Other Untied Funding	8,237			(1,848)			6,389	98		6,787	
Capital Grants and Contributions	12,424			(3,773)			8,651	(563)		8,088	2,026
Reserves:											
External Restriction/Reserve	4,727			1,831			6,012	(1,154)		5,404	
Internal Restriction/Reserve	1,419	1,970		139			3,528	(231)		3,297	
New Loans											
Receipts from Asset Sales											
Total Capital Funding	26,807	1,970		(3,651)			25,126	(1,850)		23,276	2,026
Net Capital Funding	-	-									(5,022)

Capital Budget Review Statement Variation

Notes

Notes	Details
1	<ul style="list-style-type: none"> Rephasing to 2022/23 of capital projects, including part of the Store building construction & the BCRRF Stream 2 funded Civic projects.
2	<ul style="list-style-type: none"> Increase in capital projects due to LRCI Phase 3 funding.
3	<ul style="list-style-type: none"> Increased capital roads program due to natural disaster damage. Increased Capital program to include projects funded by LRCI Phase 3 & Resources for Regions round 8.
4	<ul style="list-style-type: none"> Projects rephased to the 2022/23 year.
5	<ul style="list-style-type: none"> Cullen Bullen Sewer Scheme project partly rephased to the 2022/23 year.
6	<ul style="list-style-type: none"> Lithgow Resource Recovery project budget decreased due to reduced contingency.

Cash and Investments Statement

Investments

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

Cash

The cash at Bank figure included in the Cash & Investment Statement totals \$1,294,663.45.

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

The date of completion of this bank reconciliation was 31/12/2021

Reconciliation Status

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

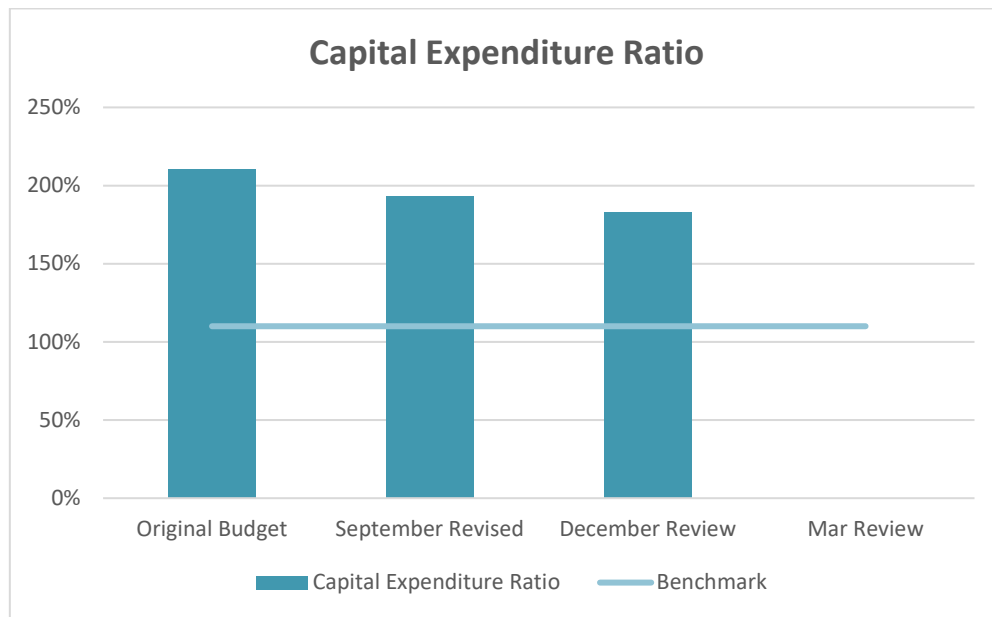
	\$'000's
Cash at Bank	1,295
Investments on Hand	29,835
Less: Unpresented Cheques	-
Add: Undeposited Funds	-
Less: Identified Deposits	-
Add: Identified Outflows	-
Less: Unidentified Deposits	-
Ad: Unidentified Outflows	-
Reconciled Cash at Bank & Investments	31,130
Balance as per Review Statement	31,130
Difference	

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

Cash and Investments Statement

	30 June 2021 Position	30 September 2021 Position	31 December 2021 Position
Externally Restricted			
Developer Contributions	2,143	1,925	1,824
Special Purpose Grants	2,945	2,699	4,799
FAGS	2,534	-	-
Water Supplies	2,401	1,443	1,480
Sewerage Services	7,889	8,814	9,114
Domestic Waste	6,408	7,373	6,810
Unexpended Loans	1,689	1,464	1,403
	26,010	23,718	25,430
Internally Restricted			
Land & Buildings	1,216	2,389	2,694
Plant & Equipment	3	214	214
Bonds, Deposits & Retentions	296	305	280
Works in Progress	597	597	597
Carry Over Works	221	205	168
ELE	754	754	754
Election	160	160	160
Total Internally Restricted	3,247	4,624	4,867
Unrestricted (working capital)	-	833	833
Total Cash and Investments	29,257	29,175	31,130

Key Performance Indicators

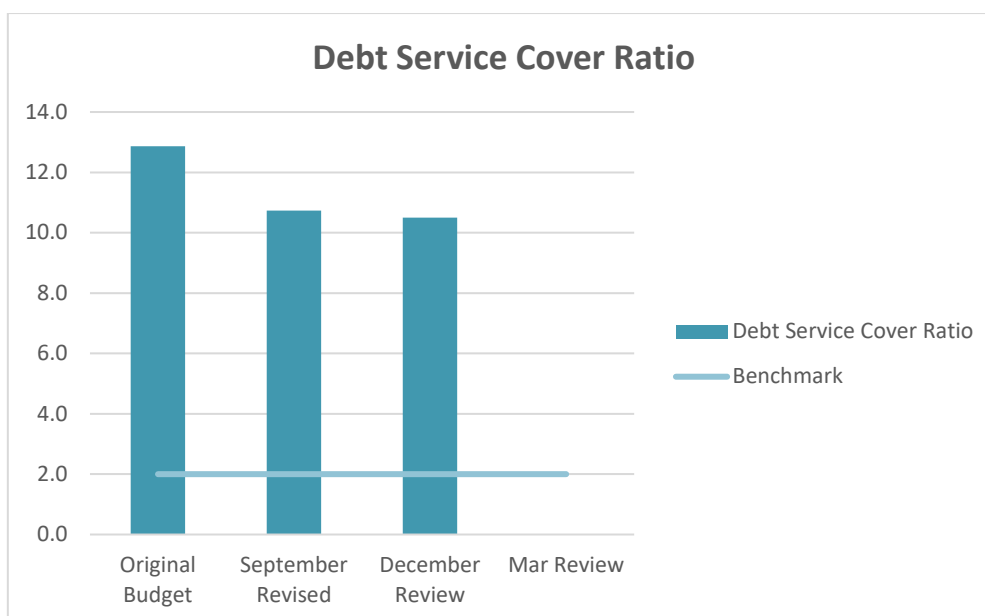


Purpose of Capital Expenditure Ratio

To assess the extent to which Council is expanding its asset base through capital expenditure.

Commentary on 2021/22 Result Dec 2021/22 Ratio 183%

A capital expenditure ratio of 1.83 suggests that Council has a substantial capital works program.

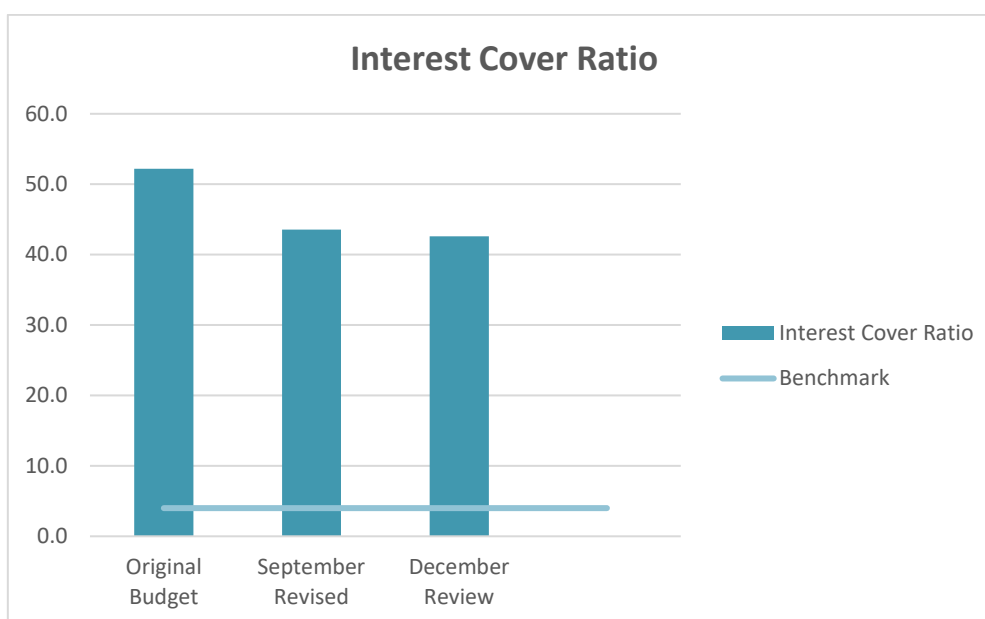


Purpose of Debt Service Cover Ratio

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

Commentary on 2021/22 Result Dec 2021/22 Ratio 10.5x

A debt service ratio of 10.5 times means Council has capacity to meet its loan repayments'

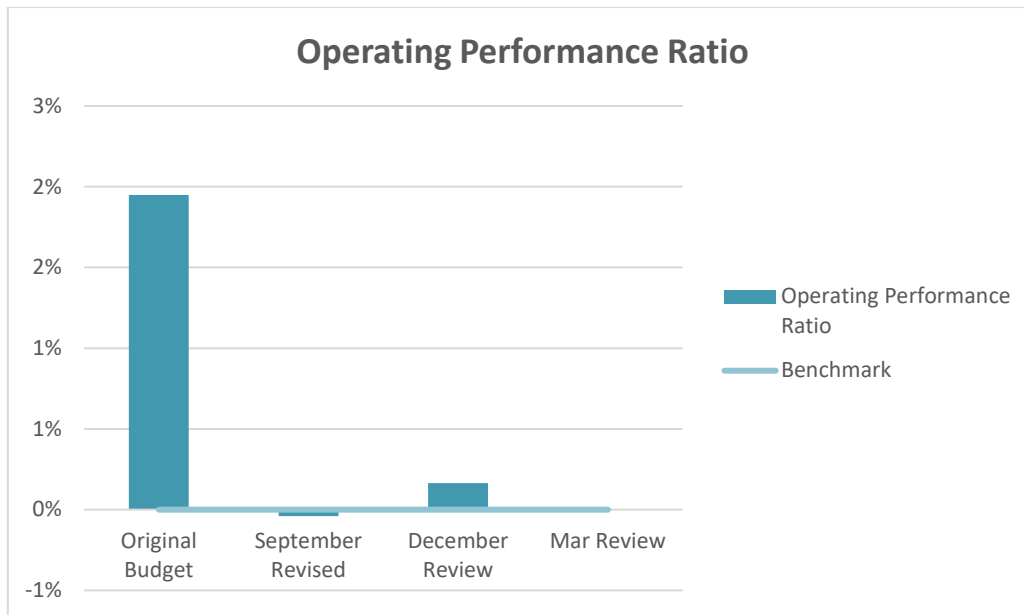


Purpose of Interest Cover Ratio

This ratio measures the availability of operating cash to service interest payments.

Commentary on 2021/22 Result Dec 2021/22 Ratio 42.6x

An interest cover ratio of 42.6 times means Council has more than adequate cash to cover interest payments on its debt.

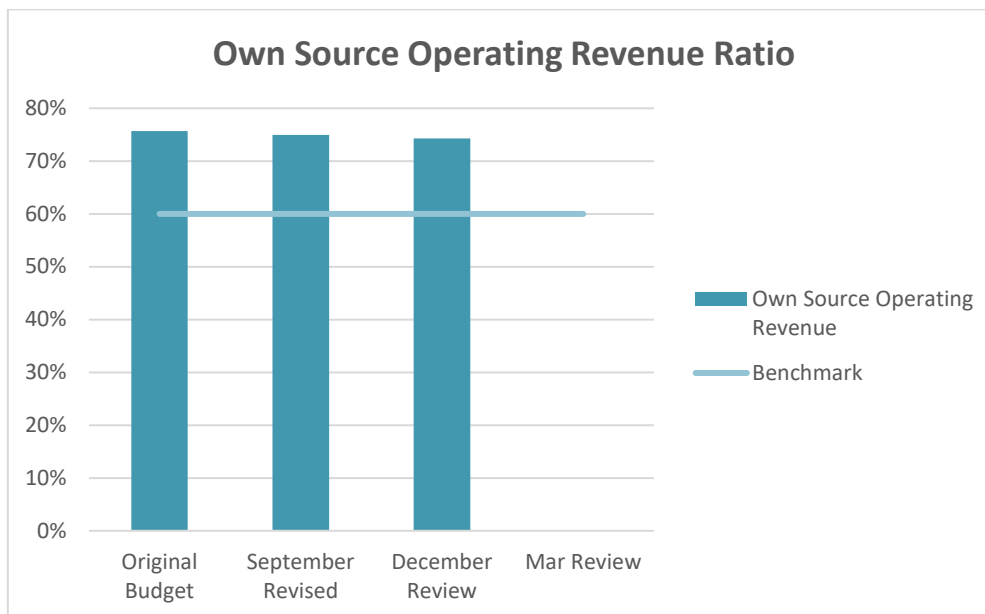


Purpose of Operating Performance Ratio

Commentary on 2021/22 Result
Dec 2021/22 Ratio 0.2%

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

An operating performance ratio of 0.2% means that Council meets the OLG benchmark.



Purpose of Own Source Operating Revenue Ratio

Commentary on 2021/22 Result
Dec 2021/22 Ratio 74%

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

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

Contracts Budget Review Statement

For the period 1 July 2021 to 31 December 2021

Contracts Budget Review Statement						
Contractor	Contract Detail and Purpose	Contract Value (GST Inc)	Date	Minute No.	Length of Contract	Budgeted (Y/N)
QMAX Pumping	Replacement of Wallerawang Sewerage Pumping No.1	\$848,848.00	25/10/2021	13.1.		Y
Utilistra Pty Ltd	Construction and Renewal of water mains in Portland area	\$1,077,957.67	25/10/2021	13.2.		Y
Dean Horton	Repair of Lithgow Library Awning and Facade	\$395,903.20	25/10/2021	13.4.		Y

Consultancy and Legal Expenses Review Statement

Consultancy and Legal Expenses Review Statement		
Expense	YTD Expenditure*	Budgeted (Y/N)
Consultancies	175,687	Y
Legal Fees	194,316	Y

*Actual expenditure 1 July 2021 to 31 December 2021.

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