



Quarterly Report 2021/22

January - March 2022

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 January to 31 March 2022 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 March 2022

It is my opinion that the Quarterly Budget review Statement for Lithgow City Council for the quarter ended 31/3/2022 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. \$122K increase in income from user fees and new operating grants.
2. Taking up of (\$589K) of organisational employment cost savings in Quarter 3, with net employment cost budget savings of \$1.2M exceeding the target of \$500K.
3. (\$289K) of savings identified in Transport materials & contracts budgets, as well as other net savings have offset the addition of a \$275K sewer treatment plant desludging project.
4. As a result of identifying cost savings and additional income, Council's consolidated projected operating result (before capital) at 30 June 2022 has further improved since the Quarter Two review.

The projected year end operating result before capital has improved to **\$707K** surplus (before capital) at 31 March 2022.

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 March 2022 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	57,620	48,920	8,700

2021/2022 Quarterly Budget Comparison - By Fund			
Budget	Income	Expenditure	Result
	\$'000	\$'000	\$'000
General	40,537	34,749	5,788
Water	8,286	7,097	1,189
Wastewater	8,797	7,074	1,723

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 Mar QBRS	Notes	Projected Year End Result	Actual YTD Figures
Income											
Rates and Annual Charges	28,868						28,868			28,868	28,769
User Fees and Charges	8,825				(924)		7,901	11	1	7,912	5,838
Interest and Investment Revenue	270						270			270	221
Other Revenue	1,385			40	78		1,503			1,503	1,666
Operating Grants and Contributions	10,114			493	52		10,659	111	2	10,770	5,629
Capital Grants and Contributions	12,939			(3,739)	(563)		8,637	(644)	3	7,993	3,385
Gain on Sale of Assets	340			(35)			305			305	(27)
Total Revenue	62,741			(3,241)	(1,357)		58,143	(522)		57,620	45,481
Expenses											
Employee Costs	18,498			248	(625)		18,121	(589)	4	17,531	13,404
Borrowing Costs	515						515			515	299
Materials and Contracts	11,499	114		909	(294)		12,228	64	5	12,293	6,846
Depreciation Expense	12,731						12,731			12,731	9,972
Other Expenses	5,854			(52)	42		5,844	5	6	5,850	4,385
Loss on Sale of Assets											
Total Expenses	49,097	114		1,105	(877)		49,439	(520)		48,920	34,906
Operating Result	13,644	(114)		(4,346)	(480)		8,704	(3)		8,700	10,575
Operating Result before Capital	705	(114)		(607)	83		67	641		707	7,190

Income and Expenses Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none">• 11K income budget added for Community events – Opera.
2	<ul style="list-style-type: none">• \$71K income budget increase from Community events grant funding and sponsorship.• \$40k LRCI grant income added for capital project.
3	<ul style="list-style-type: none">• (\$400k) adjustment to Wolgan Road Natural Disaster Funding – works to be completed in 2022/23.• (\$227k) adjustment to LINC Revitalisation project – partly rephased to 2022/23.• (\$30k) reduction in Natural Disaster Causeway clean up budget.• Minor adjustments to Roads to Recovery & Kremer Park Grandstand grant funded projects.
4	<ul style="list-style-type: none">• Net (\$589K) take up of General Fund employment cost savings – exceeding the total 2021/22 budget savings target of \$500K.
5	<ul style="list-style-type: none">• \$275k new STP Desludging operational project.• \$65k budget increase to finalise the Waste Strategy.• \$78k increase in Engineering Operations, mainly to fund contract employee (partly offset by salary savings).• \$22k increase in grant funded Community Events budget.• (\$81k) Savings on Parks and Gardens Materials• (\$289k) savings identified in Transport materials & contracts budgets.
6	<ul style="list-style-type: none">• \$19k budget increase - Engineering Operations, Store Operations.• (\$13k) savings in Cleaning Services budget.

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	19,372
User Fees and Charges	2,786				(110)		2,676	11	2,687	2,206
Interest and Investment Revenue	240						240		240	180
Other Revenue	1,385			40	78		1,503		1,503	1,665
Operating Grants and Contributions	9,989			493	52		10,534	111	10,645	5,590
Capital Grants and Contributions	8,374			(3,739)	2,137		6,772	(1,394)	5,378	3,304
Gain on Sale of Assets	340			(35)			305		305	(40)
Total Revenue	42,894			(3,241)	2,157		41,810	(1,272)	40,537	32,277
Expenses										
Employee Costs	14,181			248	67		14,496	(589)	13,907	10,746
Borrowing Costs	95						95		95	73
Materials and Contracts	5,951	114		487	121		6,673	(211)	6,462	2,964
Depreciation Expense	9,119						9,119		9,119	6,986
Other Expenses	5,176			(52)	37		5,161	5	5,167	3,845
Loss on Sale of Assets										
Total Expenses	34,522	114		683	225		35,544	(795)	34,749	24,614
Operating Result	8,372	(114)		(3,924)	1,932		6,266	(478)	5,788	7,663
Operating Result before Capital	(2)	(114)		(185)	(205)		(506)	917	410	4,359

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	1,888
User Fees and Charges	5,922				(814)		5,108		5,108	3,472
Interest and Investment Revenue	30						30		30	32
Other Revenue										1
Operating Grants and Contributions	125						125		125	39
Capital Grants and Contributions	525						525	750	1,275	
Gain on Sale of Assets										
Total Revenue	8,350				(814)		7,536	750	8,286	5,432
Expenses										
Employee Costs	1,967			(6)	(378)		1,584		1,584	1,192
Borrowing Costs	40						40		40	9
Materials and Contracts	3,489			441	(335)		3,595		3,595	2,339
Depreciation Expense	1,660						1,660		1,660	1,378
Other Expenses	213				5		218		218	241
Loss on Sale of Assets										
Total Expenses	7,369			436	(708)		7,097		7,097	5,159
Operating Result	981			436	(106)		439	750	1,189	273
Operating Result before Capital	456			436	(106)		(86)		(86)	273

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	7,509
User Fees and Charges	117						117		117	160
Interest and Investment Revenue										8
Other Revenue										
Operating Grants and Contributions										
Capital Grants and Contributions	4,040				(2,700)		1,340		1,340	82
Gain on Sale of Assets										12
Total Revenue	11,497						8,797		8,797	7,771
Expenses										
Employee Costs	2,350			5	(314)		2,041		2,041	1,467
Borrowing Costs	380						380		380	217
Materials and Contracts	2,173			(19)	(193)		1,961	275	2,236	1,543
Depreciation Expense	1,952						1,952		1,952	1,608
Other Expenses	465						465		465	330
Loss on Sale of Assets										
Total Expenses	7,320			(14)	(507)		6,799	275	7,074	5,135
Operating Result	4,177			(14)	(2,193)		1,998	(275)	1,723	2,636
Operating Result before Capital	137			(14)	507		658	(275)	383	2,554

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)	(360)		2,701	(587)	1	2,114	888
Other Structures	1,424	534		75	10		1,898	(161)	2	1,737	1,122
Roads, Bridges and Footpaths	9,789			(4,301)	1,254		6,742	(430)	3	6,312	2,616
Stormwater	79						79			79	
Swimming Pools											
Water Infrastructure	2,925	144		(194)	(215)		2,660	(19)	4	2,641	1,102
Sewer Infrastructure	5,210	598		(804)	(2,000)		3,004	293	5	3,297	1,230
Furniture and Fittings											
Office Equipment	240	21		(17)	7		251	65	6	316	194
Tip Assets	2,037	574		1,746	(546)		3,811			3,811	2,403
Loan Repayments	1,575						1,575			1,575	1,113
Total Capital Expenditure	26,807	1,970		(3,651)	(1,850)		23,276	(839)		22,437	10,713
Capital Funding											
Rates and Other Untied Funding	8,237			(1,848)	98		6,487	(142)		6,345	
Capital Grants and Contributions	12,424			(3,773)	(563)		8,088	(644)		7,444	2,766
Reserves:											
External Restriction/Reserve	4,727			1,831	(1,154)		5,404	(53)		5,351	
Internal Restriction/Reserve	1,419	1,970		139	(231)		3,297			3,297	
New Loans											
Receipts from Asset Sales											
Total Capital Funding	26,807	1,970		(3,651)	(1,850)		23,276	(839)		22,437	2,766
Net Capital Funding	-	-									(7,947)

Capital Budget Review Statement Variation

Notes

Notes	Details
1	<ul style="list-style-type: none"> • (\$593k) rephased to 2022/23 for Store Rebuild. • Minor adjustment to Kremer Park Grandstand grant funded budget.
2	<ul style="list-style-type: none"> • (\$165k) removal of Playgrounds projects, rephased to 2022/23 pending funding availability. • Minor adjustment to Village Improvements budget.
3	<ul style="list-style-type: none"> • (\$400k) Wolgan Road Natural Disaster Funding to be completed in 2022/23. • (\$30k) reduction in Natural Disaster Causeway clean up.
4	<ul style="list-style-type: none"> • \$20k additional budget to complete Smart Meters project (funded from Water reserve). • \$49k increase to Oakey Park WFP Soda Ash Dosing Upgrade project. • (\$44k) decrease to Vickers St WPS Electrical Upgrade – project completed at lower cost. • (\$44k) decrease to Farmers Creek Scour Refurbishment – project completed at lower cost.
5	<ul style="list-style-type: none"> • \$304k increase to 2021/22 Wallerawang Sewerage Pumping Station budget (multi-year project). • (\$11k) decrease to Tweed Mills Sewer Pump Station
6	<ul style="list-style-type: none"> • \$25K supplement to IT computer replacement budget. • \$40k Council Chambers AV Upgrade
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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 \$69,216.09.

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

The date of completion of this bank reconciliation was 04/04/2022.

Reconciliation Status

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

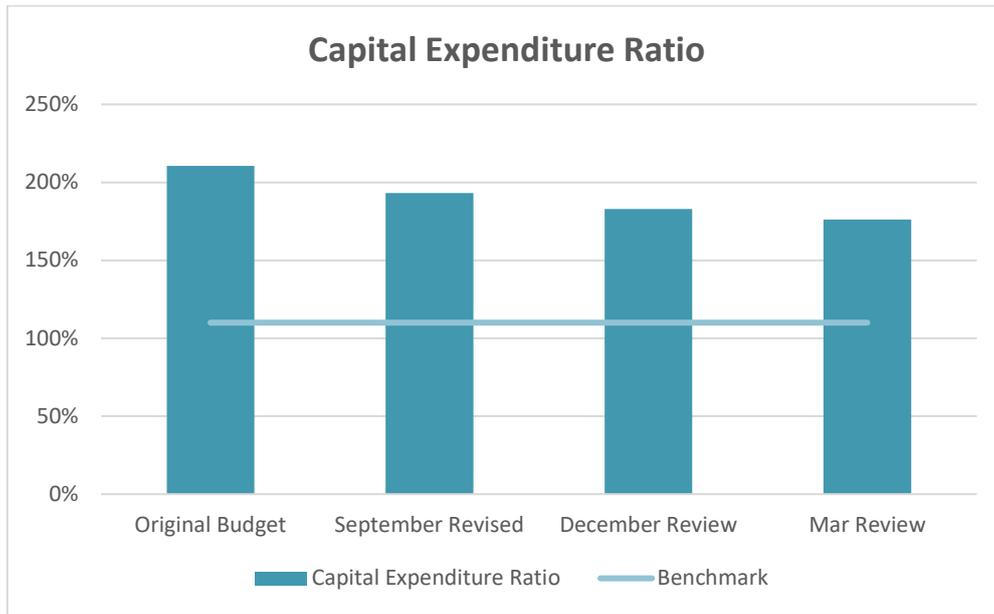
	\$'000's
Cash at Bank	69
Investments on Hand	31,287
Less: Unpresented Cheques	-
Add: Undeposited Funds	-
Less: Identified Deposits	-
Add: Identified Outflows	-
Less: Unidentified Deposits	-
Ad: Unidentified Outflows	-
Reconciled Cash at Bank & Investments	31,356
Balance as per Review Statement	31,356
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	31 March 2022 Position
Externally Restricted				
Developer Contributions	2,143	1,925	1,824	1,778
Special Purpose Grants	2,945	2,699	4,799	4,569
FAGS	2,534	-	-	-
Water Supplies	2,401	1,443	1,480	702
Sewerage Services	7,889	8,814	9,114	9,098
Domestic Waste	6,408	7,373	6,810	6,197
Unexpended Loans	1,689	1,464	1,403	1,403
	26,010	23,718	25,430	23,747
Internally Restricted				
Land & Buildings	1,216	2,389	2,694	4,615
Plant & Equipment	3	214	214	214
Bonds, Deposits & Retentions	296	305	280	271
Works in Progress	597	597	597	597
Carry Over Works	221	205	168	166
ELE	754	754	754	754
Election	160	160	160	160
	3,247	4,624	4,867	6,777
Unrestricted (working capital)	-	833	833	833
Total Cash and Investments	29,257	29,175	31,130	31,356

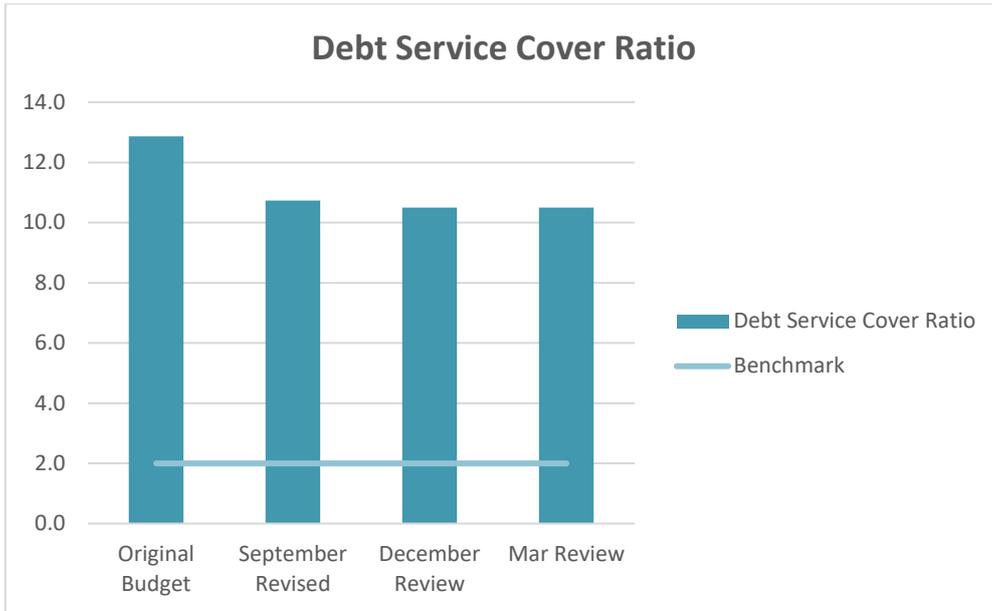
Key Performance Indicators



Purpose of Capital Expenditure Ratio	Commentary on 2021/22 Result Mar 2021/22 Ratio 176%
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To assess the extent to which Council is expanding its asset base through capital expenditure.

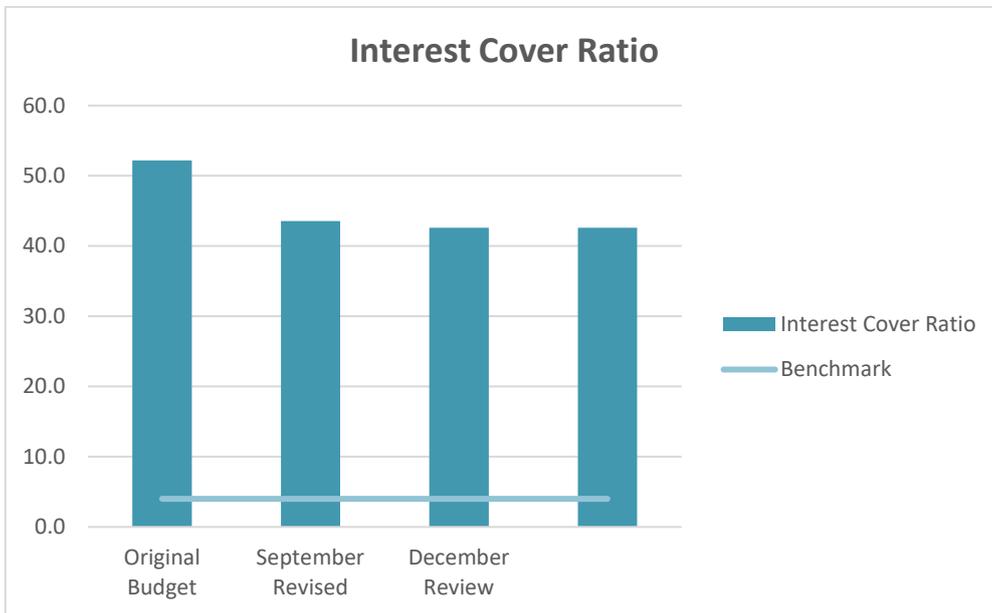
A capital expenditure ratio of 1.76 suggests that Council has a substantial capital works program.



Purpose of Debt Service Cover Ratio	Commentary on 2021/22 Result Mar 2021/22 Ratio 10.5x
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This ratio measures the availability of operating cash to service debt including principal and interest.

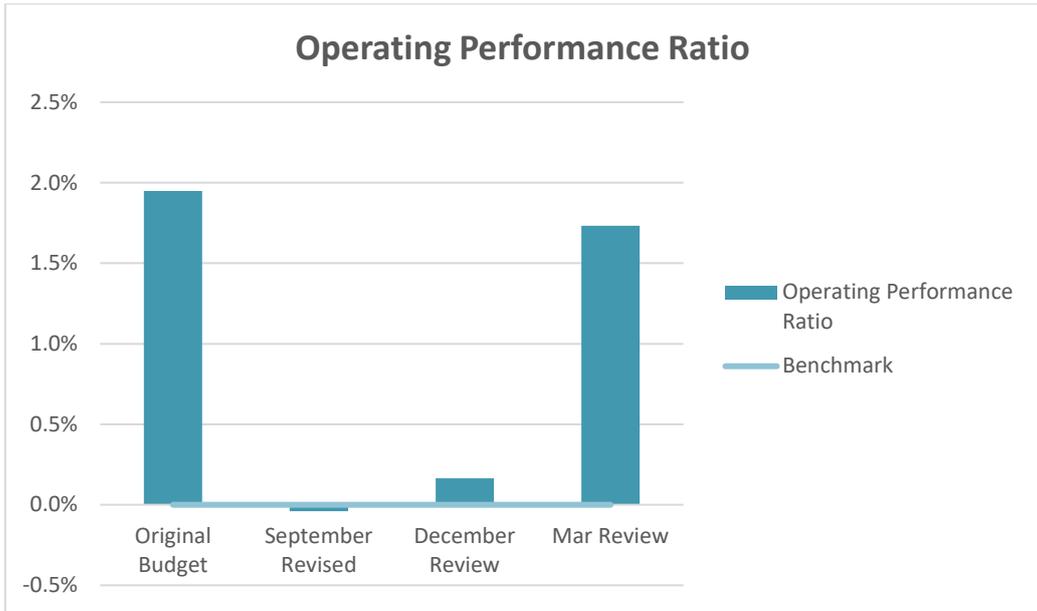
A debt service ratio of 10.5 times means Council has capacity to meet its loan repayments'



Purpose of Interest Cover Ratio	Commentary on 2021/22 Result Mar 2021/22 Ratio 42.6x
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This ratio measures the availability of operating cash to service interest payments.

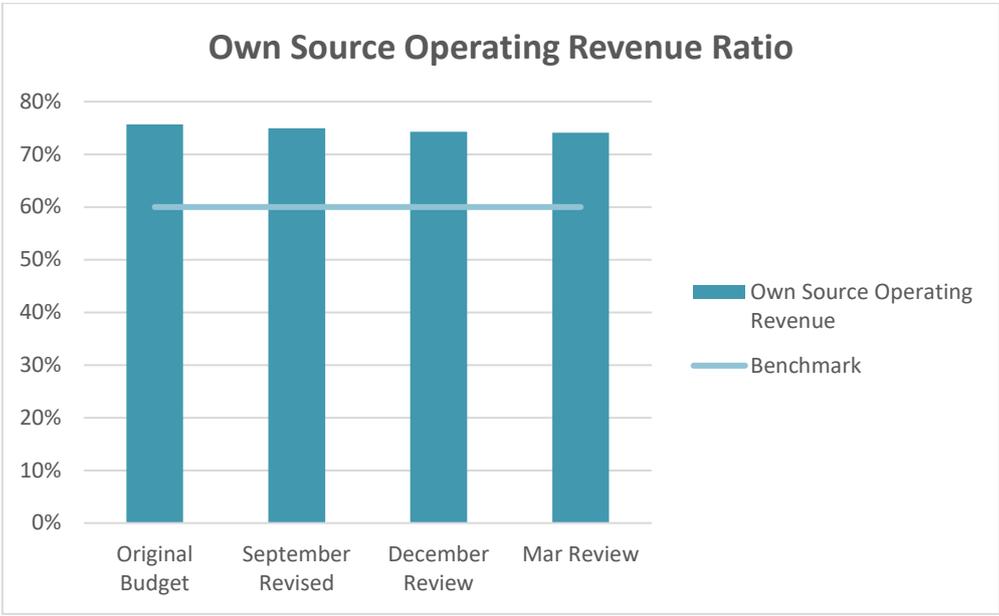
An interest cover ratio of 42.6 times means Council has more than adequate cash to cover interest payments on its debt.



Purpose of Operating Performance Ratio **Commentary on 2021/22 Result**
Mar 2021/22 Ratio 1.7%

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

An operating performance ratio of 1.7% means that Council meets the OLG benchmark.



Purpose of Own Source Operating Revenue Ratio **Commentary on 2021/22 Result**
Mar 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 March 2022

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
Central Industries	Demolition & Construction of Three Timber Bridges	\$3,464,540.00	24/01/2022	10.3		Y
Agile Arbor	EPA Bushfire Generated Tree Waste	\$1,234,974.10	02/03/2022	11.3		Y
Active Trees	EPA Bushfire Generated Tree Waste	\$589,374.23	02/03/2022	11.3		Y
Dukes Earthmoving	Pipes Flat / Range Road Portland Intersection Upgrade	\$521,425.00	02/03/2022	13.2		Y

Consultancy and Legal Expenses Review Statement

Consultancy and Legal Expenses Review Statement		
Expense	YTD Expenditure*	Budgeted (Y/N)
Consultancies	264,461	Y
Legal Fees	215,154	Y

*Actual expenditure 1 July 2021 to 31 March 2022.

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.