



WARRNAMBOOL
CITY COUNCIL

A wide-angle photograph of a beach scene. The water is a vibrant turquoise color, with white foam from waves breaking. In the foreground, a group of people, mostly children and young adults, are in the water wearing wetsuits and holding surfboards. They appear to be participating in a surfing lesson or a group activity. The background shows a sandy beach, green dunes, and a line of trees under a blue sky with some light clouds.

Financial Report December 2021

Table of Contents

1. Executive Summary..... 3

2. Certification Statement 4

3. Statement of Comprehensive Income 5

4. Balance Sheet 6

5. Capital Expenditure and Funding 7

6. Treasury Report 8

7. Debtors Report 9

8. Budget/Forecast Variations 10

9. Procurement Report 11

Monthly Financial Report

December 2021

I. Executive Summary

The monthly report is designed to illustrate the financial performance and position of Warrnambool City Council compared to its adopted and seasonalised forecast for the period ending 31 December 2021.

The 6 months actual results indicate a favourable financial position of \$0.565m to the forecast.

Key Financial Results	Adopted Budget	Forecast	YTD Forecast	YTD Committed	YTD Variance to Forecast	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Rates	42,826	43,003	42,953	42,951	(2)	▼
Recurrent Income	42,360	40,116	19,118	18,764	(355)	▼
Recurrent Expenditure	(71,080)	(71,790)	(38,306)	(37,473)	834	▲
Net Recurrent Surplus/(Deficit)	(28,720)	(31,674)	(19,188)	(18,709)	479	▲
Project Income	1,153	2,380	1,641	1,571	(70)	▼
Project Expenditure	(1,653)	(6,546)	(1,820)	(1,730)	90	▲
Net Project Surplus/(Deficit)	(500)	(4,166)	(179)	(159)	20	▲
Capital Income	5,641	12,250	1,634	1,530	(104)	▼
Capital Expenditure	(19,489)	(36,875)	(20,013)	(19,841)	172	▲
Net Capital Surplus/(Deficit)	(13,848)	(24,625)	(18,379)	(18,311)	68	▲
Loan Drawdowns	2,250	6,500	1,125	1,125	0	■
Loan Repayments	(1,932)	(1,791)	(786)	(786)	0	■
Net Financing Position	319	4,709	339	339	0	■
Surplus / (Deficit) Brought Forward	0	12,899	12,899	12,899	0	▲
Total	76	145	18,444	19,009	565	▲

Recurrent: is \$0.479m favourable to forecast due to the following main reasons:

- Unfavourable variance in recurrent income primarily due to being under budget in user fees at Flagstaff Hill, Lighthouse Theatre and Holiday Parks. Part of these variances are offset by savings in casual labour or salaries.
- Favourable variance in recurrent expenditure partially due to employee benefits continuing to be lower than anticipated as a result of vacancies across a number of areas and there is some savings or timing variances around the use of casual staff due to Covid-19 restrictions. Materials and Services are lower than forecast partially due to less activity with Lighthouse Theatre commercial hires of \$154k offset by reduced fee income of \$185k.

Projects: No major variances, however there has been a significant amount of government projects carried forward to be completed in 2021/22.

Capital Works: No major variances, however there has been a significant amount of government projects carried forward to be completed in 2021/22.

2. Certification Statement

The financial position of Council has been reviewed and it has been determined that a Revised Budget under s95 of the Local Government Act 2020 is not required.

Council will continue to monitor the current Covid-19 environment and the impacts that this is having on our operations and will prepare an updated forecast if required.



Peter B Schneider
Chief Executive Officer

3. Statement of Comprehensive Income

	Adopted	Forecast	YTD	YTD	YTD Variance to		
	Budget		Forecast	Committed	Forecast		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	
Revenue							
Rates and Charges	42,906	43,083	42,996	43,011	15	0.0%	▲
Statutory Fees and Fines	2,117	2,164	832	898	66	8.0%	▲
User Fees	17,636	16,568	7,475	6,977	(498)	(6.7%)	▼
Recurrent Grants	12,626	11,962	6,556	6,658	101	1.5%	▲
Non-Recurrent Grants	5,313	8,081	741	676	(65)	(8.8%)	▼
Contributions - Cash	563	3,787	606	663	57	9.4%	▲
Contributions - Non Cash	4,000	4,000	0	0	0	0.0%	▼
Other Income	299	1,142	652	641	(10)	(1.6%)	▼
Interest Income	119	119	53	27	(26)	(49.3%)	▼
Revenue Total	85,579	90,906	59,911	59,551	(360)	(0.6%)	▼
Expenses							
Employee Benefits	37,991	37,889	18,724	18,224	500	2.7%	▲
Materials and Services	23,398	29,165	15,752	15,380	372	2.4%	▲
Bad and Doubtful Debts	131	131	10	2	9	84.6%	▲
Finance Costs	302	242	121	120	1	0.5%	▲
Other Expenses	841	860	462	467	(5)	(1.1%)	▼
Depreciation	12,871	12,500	0	0	0	0.0%	▬
Net loss / (gain) on asset disposal	1,345	882	(344)	(226)	(118)	(34.4%)	▼
Expenses Total	76,878	81,670	34,725	33,967	758	2.2%	▲
Net Surplus / (Deficit)	8,700	9,237	25,185	25,583	398	1.6%	▲
Other Comprehensive Income							
Net asset revaluation	10,000	10,000	0	0	0	0.0%	▬
Total Comprehensive Income	18,700	19,237	25,185	25,583	398	1.6%	▲
Net Underlying Surplus / (Deficit)	4,700	5,237	25,185	25,583	398	1.6%	▲

Net Surplus: The net surplus is \$25.583m which is \$0.398m favourable to our forecast budget.

Revenue: is \$0.360m unfavourable to budget due to:

- Covid-19 has caused commercial hires to be lower than forecast at the Lighthouse Theatre which is offset by a reduction in related expenditure. Booking fees and bar income has also reduced.
- User fees are lower than forecast at Flagstaff Hill and the Surfside Holiday Park which is offset against a favourable variance in casual labour and some salaries.

Expenses: are \$0.758m favourable to forecast due to:

- Employee benefits being lower than anticipated due to the continuation of vacancies across a number of areas.
- Materials and services lower than forecast due to less activity with Lighthouse Theatre commercial hires of \$154k offset by reduced fee income of \$185k. In addition, projects totalling \$154k have been budgeted under consultants however actual costs are offset within the employee benefits category.

4. Balance Sheet

	2021/22 Opening Balance \$'000	Movement \$'000	YTD Closing Balance \$'000
Current Assets			
Cash & Cash Equivalents	10,317	6,117	16,430
Investments	20,000	(6,000)	14,000
Trade and Other Receivables	2,764	17,814	20,579
Other Assets	1,523	(683)	839
Current Assets Total	34,604	17,248	51,848
Non-Current Assets			
Trade and Other Receivables	5	0	5
Investments in associates	0	0	0
Property Plant & Equipments	641,715	9,056	650,771
Non-Current Assets Total	641,720	9,056	650,776
Total Assets	676,324	26,304	702,624
Current Liabilities			
Trade and Other Payables	11,385	(2,516)	8,869
Trust Funds and Deposits	1,694	190	1,884
Provisions	6,844	0	6,844
Interest-bearing Loans and Borrowings	1,586	(786)	800
Lease Liabilities	261	0	261
Current Liabilities Total	21,769	(3,111)	18,657
Non-Current Liabilities			
Provisions	1,092	0	1,092
Interest-bearing Loans and Borrowings	6,587	1,125	7,712
Lease Liabilities	1,183	0	1,183
Non-Current Liabilities Total	8,862	1,125	9,987
Total Liabilities	30,631	(1,986)	28,644
Net Assets	645,693	28,290	673,980
Equity			
Accumulated Surplus	248,979	28,287	277,266
Reserves	396,714	(0)	396,714
Total Equity	645,693	28,287	673,980

Cash & Investments: The second quarter rates instalment (due November) increased the amount of cash reserves however some major capital works progress payments made in December such as Reid Oval, Edwards Bridge and road rehabilitation works have impacted the balance.

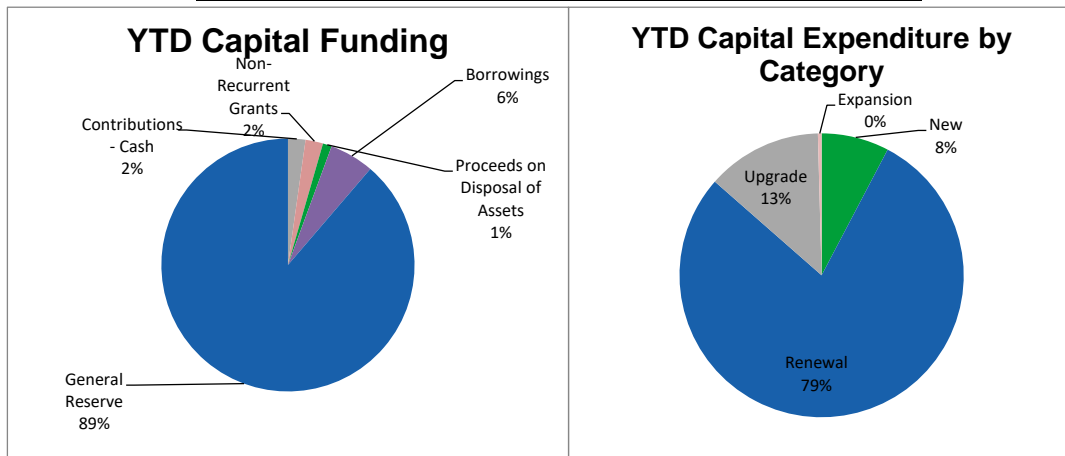
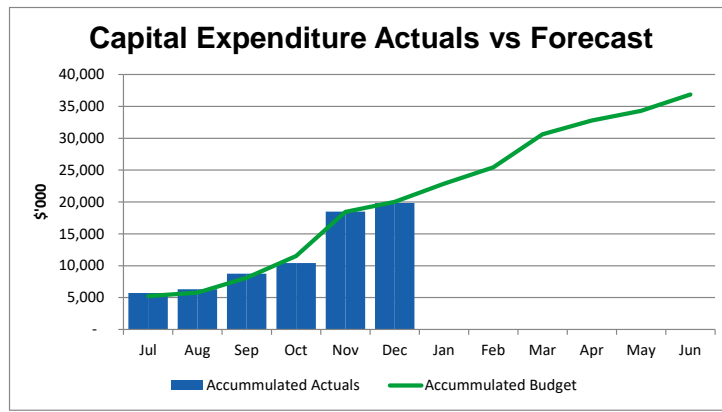
Trade and Other Receivables: have increase significantly from the start of the financial year due to raising the full year's rates revenue in July while customers receive quarterly instalments. This will reduce throughout the year to acceptable levels by year end.

5. Capital Expenditure and Funding

Capital Expenditure: Council has a number of major capital works underway (Reid Oval, and the Library/Learning Hub) or in the planning stage (Stanley St Bridge, McGennans toilet upgrade and drainage works). Currently Council's committed amount is \$0.17m lower than the year to date forecast. In addition, there have been significant funds carried forward into 2021/22 and to date the actual expenditure is \$9.800m.

Capital Funding: The majority of the works to date have been funded through Council funds (89%). There are significant grants that are anticipated to be received during the year.

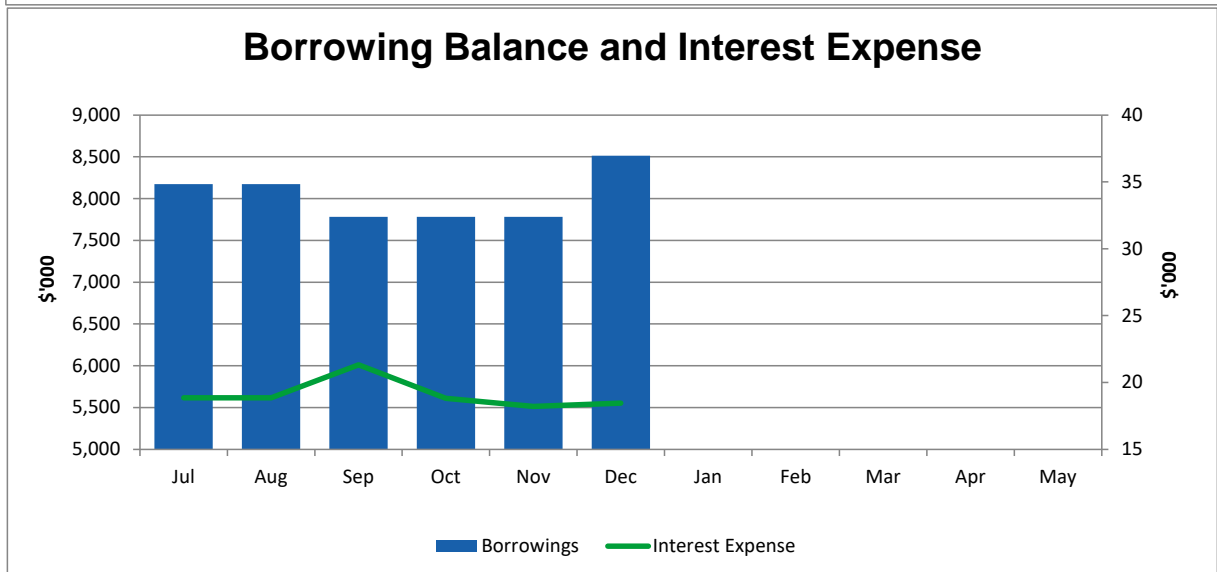
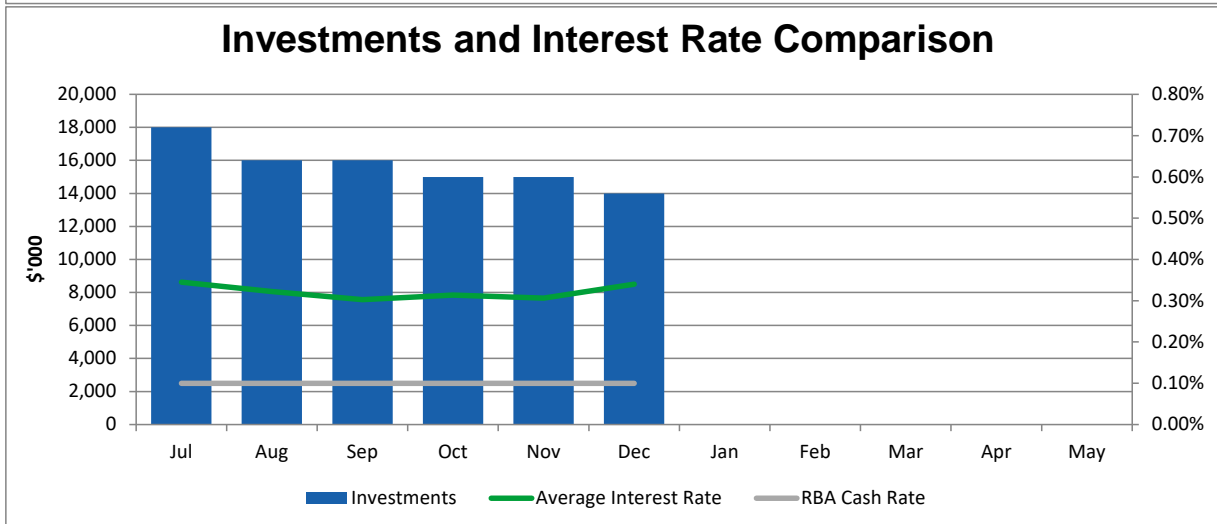
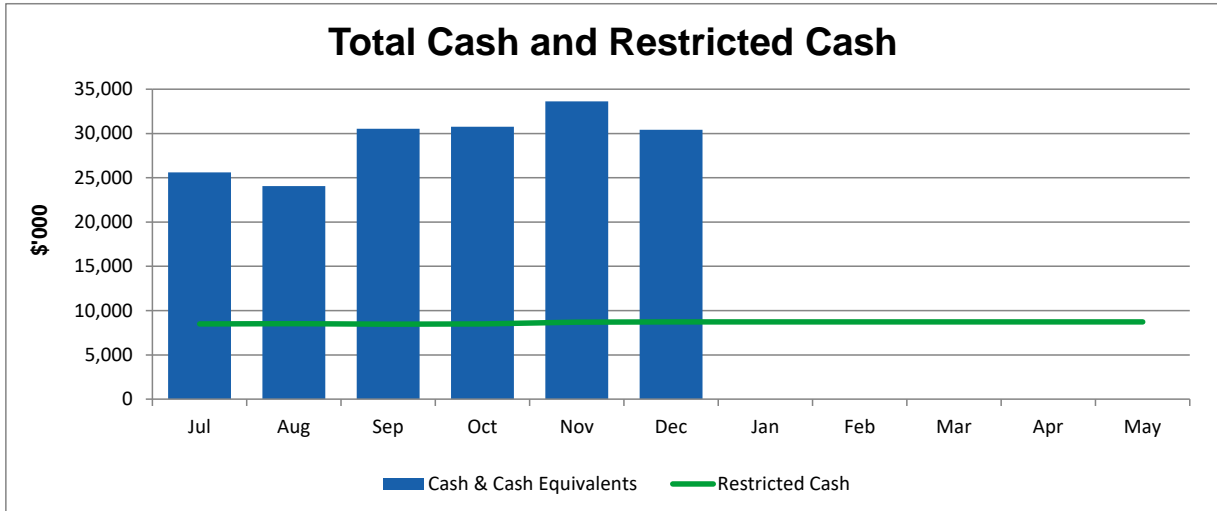
	Adopted Budget \$'000	Forecast \$'000	YTD Forecast \$'000	YTD Committed \$'000	YTD Variance to Forecast	
					\$'000	
Expenditure						
New	1,252	3,032	1,516	1,527	(11)	▼
Renewal	16,074	28,284	15,852	15,629	222	▲
Upgrade	2,096	5,385	2,564	2,601	(38)	▼
Expansion	67	173	82	83	(1)	▼
Capital Expenditure	19,489	36,875	20,013	19,841	172	▲
Funding						
Contributions - Cash	0	3,186	406	442	36	▲
Non-Recurrent Grants	5,313	7,850	510	445	(65)	▼
Proceeds on Disposal of Assets	328	791	344	226	(118)	▼
Borrowings	5,950	6,650	1,125	1,125	0	▬
General Reserve	7,898	18,398	17,628	17,604	(24)	▼
Capital Funding	19,489	36,875	20,013	19,841	(172)	▼



6. Treasury Report

Cash: Total cash held (including investments) at the end of December is \$30.43m, of which \$8.73m is restricted.

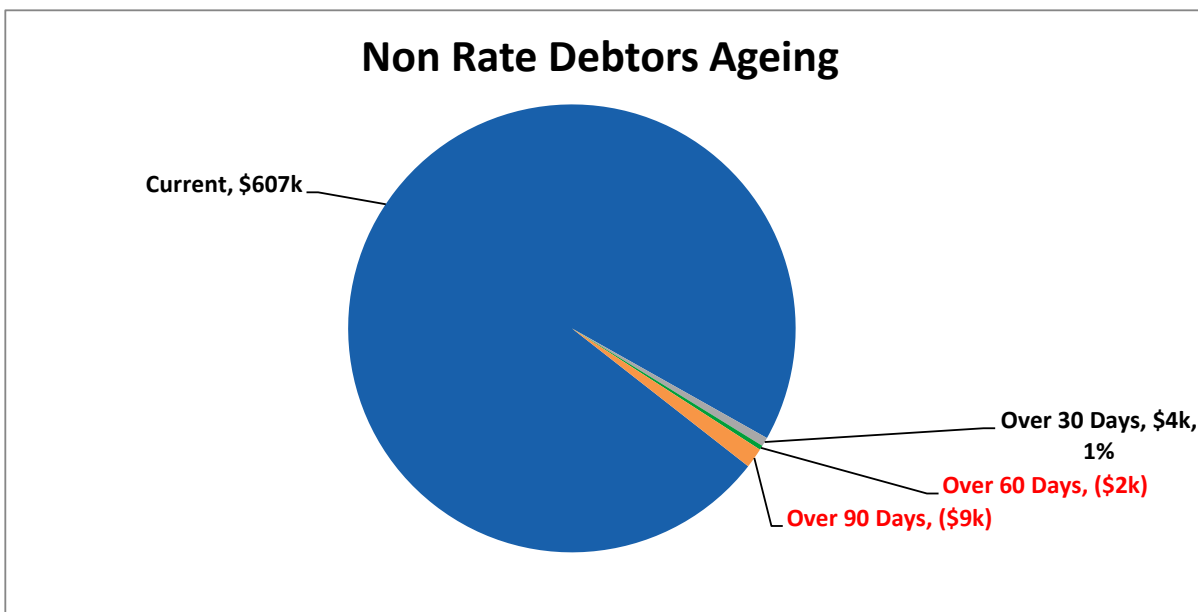
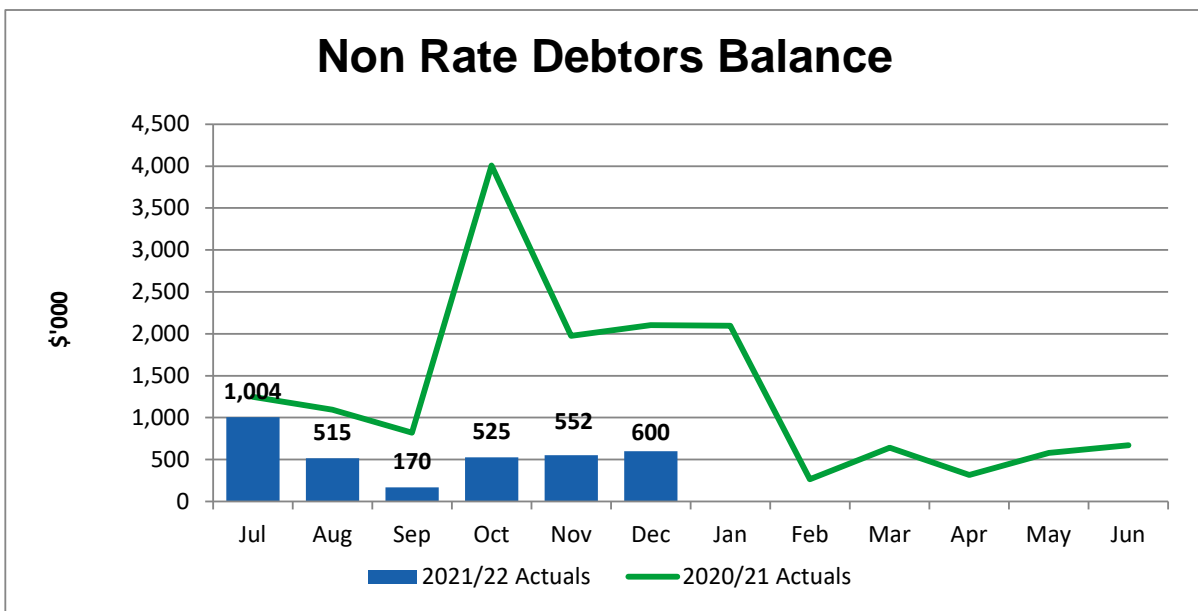
Investments: The average interest rate held on investments at the end of December is 0.34% and is reflective of the record low cash rate which the RBA has set at 0.10%.



7. Debtors Report

Non Rate Debtors: were \$0.600m in December, with the majority of the debt classified as current.

- 30 Days \$4k – No material amounts
- 60 Days (\$2k) – No material amounts
- 90 Days (\$9k) – A number of prepayment are masking the 90 plus days, however there are no material amounts and Council is working with the overdue debtors and setting up payment plans where appropriate.



8. Budget/Forecast Variations

Item	Ledger No.	Variation Status	Budget Variation \$	Cumulative Total \$
Adopted Budget Surplus				76,000
Rollovers - Net			(12,899,000)	(12,823,000)
Cash Surplus Bought Forward			12,899,000	76,000
Sep Quarter Variations		Council	0	76,000
Forecast Adjustments			69,000	145,000
Jetty Flat Upgrade Contributions	631000-3256		85,000	230,000
Jetty Flat Upgrade Expenditure	631000-3256		(85,000)	145,000
COVID19 Business & Community Support Fund	113000-2279		94,000	239,000
Extension of Community Development Fund	320750-1425		(94,000)	145,000
Bushfield Reserve Lighting Contribution	631000-3268		245,000	390,000
Council Contribution to Bushfield Reserve Lighting	321000-1427		40,000	430,000
Bushfield Reserve Lighting Expenditure	631000-3268		(285,000)	145,000
South of the Merri River Open Space Precinct Plan Grant	623600-2221		334,190	479,190
South of the Merri River Open Space Precinct Plan Expenditure	623600-2221		(334,190)	145,000
Powercor - Bulk Lighting Upgrade Rebate	642250-2050		35,030	180,030
National Carbon Bank of Australia Rebate	642250-2050		315,326	495,356
Sustainability Initiatives	642250-2248		(350,356)	145,000
Developer Contributions Reserve	614000-2010		234,616	379,616
Wollaston Road Design Works	624100-2053		(234,616)	145,000
Insurance Claim	118000-1668		79,074	224,074
Koroit Street Property Damage Rectification	624000-1050		(79,074)	145,000
Wallawar project Funding from Regional Arts	538000-3263		5,000	150,000
Wallawar project	538000-3263		(5,000)	145,000
Art Gallery Digitisation Foundation Funding	538000-3239		13,517	158,517
Art Gallery Digitisation Works	538000-3239		(13,517)	145,000
TAC-Mortlake Road Connection Project Funding (1st and 2nd payment)	622600-3269		58,400	203,400
Mortlake Road Connection Project	622600-3269		(58,400)	145,000
TAC-New Wombat Breton St/Mortlake Rd Intersection Funding	622600-3269		73,000	218,000
New Wombat Breton St/Mortlake Rd Intersection	622600-3269		(73,000)	145,000
Regional Airports Program Round 2 Grant	622000-2305		187,110	332,110
Sealing Works Gravel Runway	622000-2305		(187,110)	145,000
Dept of Transport - Breakwater Storm Damage Repair Grant	227000-1233		135,000	280,000
Breakwater Storm Damage Repair	227000-1628		(135,000)	145,000
Early Years Outreach Grant to support Aboriginal children at Mahogany	533413-1013		7,078	152,078
Early Years Outreach expenditure to support Aboriginal children	533413-1013		(7,078)	145,000
Premiers' Reading Challenge Book Fund 2021-2022	630900-2286		8,577	153,577
Premiers' Reading Challenge capital stock renewal	630900-2286		(8,577)	145,000
WAG Family Learning Centre Project Contribution from WAG Foundation	538000-3273		9,000	154,000
Family Learning Centre Annette Iggulen Exhibition	538000-3273		(9,000)	145,000
FJ Foundation - Christmas book giving Contribution	320500-1907		5,000	150,000
Purchase of Christmas books to donate	320500-1907		(5,000)	145,000
Roadside Weeds and Pest Program 2021-22 Grant	543000-3036		7,064	152,064
Roadside Weeds and Pest Control	543000-3036		(7,064)	145,000
Pre-School Cluster Innovation Grant	533500-1710		25,237	170,237
Pre-School Cluster Innovation Expenditure	533500-1710		(25,237)	145,000
Childcare to Kinder Transition Funding	533500-3166		2,979	147,979
Childcare to Kinder Transition Expenditure	533500-3166		(2,979)	145,000
Pre-School COVID Ventilation Grant	533500-3272		54,000	199,000
Pre-School COVID Ventilation Expenditure	533500-3272		(54,000)	145,000
Early Childhood Refurbishment & Minor Works Grant - Beamish St	533600-1646		44,700	189,700
Early Childhood Refurbishment & Minor Works Exp-Beamish St	533600-1646		(44,700)	145,000
Early Childhood Refurbishment & Minor Works Grant - Dennington	533600-1649		51,500	196,500
Early Childhood Refurbishment & Minor Works Exp-Dennington	533600-1649		(51,500)	145,000
Developer Contributions - Hopkins Heights	624200-1010		34,000	179,000
Developer Contributions Reserve	614000-2010		(34,000)	145,000
Outdoor Dining Activation Fund Round 2	540000-3271		575,000	720,000
Outdoor Dining Activation Fund Expenditure	540000-3271		(575,000)	145,000
Forecast Budget Surplus				145,000

9. Procurement Report

	YTD 2021/22	Actuals 2020/21	Actuals 2019/20	Actuals 2018/19
Total Payments	\$31.862m	\$56.320m	\$51.881m	\$59.648m
Total Number of Invoices	8,417	17,059	18,618	18,277
Total Number of Purchase Card Transactions	2,041	4,381	5,418	6,757
% Usage of Purchase Card Transactions	20%	20%	23%	27%
No. of Active Suppliers	3,128	2,829	2,591	2,677
No. of Suppliers Paid This Financial Year	1,197	1,538	1,692	1,741
No. of Suppliers who have been used only once	574	650	702	697
No. of Automated Invoices	1,173	1,912	894	1,494
No. of Invoices below \$100	2,338	4,654	4,231	4,196
No. of Suppliers for Top 20% of Expenditure	2	5	8	4

- Council has recently signed a collaborative contract through the MAV for payment services with Australia Post. This has reduced the fixed unit price and the % commission that Council pays to Australia Post when a customer/ratepayer pays their bills at the Post Office. The net savings for Council will be \$27k per annum.
- Council is proposing to transition its banking services, currently with CBA, from an individual contract to a State Purchasing Contract (SPC). The outcome would be that Council would remain with the CBA and receive the same level of support and service at a reduced cost. The estimated savings to Council would be \$31k per annum.