

Rural City of Wangaratta	21/22 Adopted Budget	21/22 Adopted Q2 Full Year Forecast	21/22 Projected Full Year Forecast	Projected Full Year to Budget Variance	Commitments	21/22 YTD Actual	21/22 YTD Budget	YTD Variance Fav/(Unfav)	YTD Variance Fav/(Unfav)	Ref
Income Statement for the period ending 31 March 2022	\$	\$	\$	\$	\$	\$	\$	\$	%	
<b>Income</b>										
Rates and charges	36,782,616	36,866,171	36,866,171	0	0	36,809,507	36,816,412	(6,904)	(0%)	
Statutory fees and fines	1,263,608	1,443,999	1,442,999	(1,000)	0	1,263,353	1,226,110	37,243	3%	
User fees	11,948,895	10,905,828	11,013,817	107,989	(28,800)	7,771,844	7,484,956	286,888	4%	1
Contributions - cash	174,000	375,400	822,827	447,427	0	767,447	297,367	470,080	158%	2
Contributions - non-monetary	1,700,000	1,700,000	1,700,000	0	0	0	1,700,000	(1,700,000)	(100%)	
Grants - Operating	17,722,680	20,276,544	22,618,402	2,341,858	(1,737,066)	11,863,753	12,339,680	(475,927)	(4%)	3
Grants - Capital	10,207,477	12,366,732	10,915,928	(1,450,804)	0	6,577,031	4,964,359	1,612,672	32%	4
Reimbursements	129,500	234,599	242,286	7,687	0	72,327	126,766	(54,439)	(43%)	5
Other revenue	162,923	252,953	304,560	51,607	(272)	257,210	165,993	91,217	55%	6
Net gain/(loss) on sale/disposal of property, infrastructure	182,830	182,830	182,030	(800)	(4,508)	(441,583)	(439,858)	(1,725)	(0%)	
<b>Total Income</b>	<b>80,274,529</b>	<b>84,605,055</b>	<b>86,109,019</b>	<b>1,503,964</b>	<b>(1,770,645)</b>	<b>64,940,890</b>	<b>64,681,785</b>	<b>259,105</b>	<b>0%</b>	
<b>Expenses</b>										
Employee benefits	28,778,369	28,733,685	27,983,654	750,030	67,661	21,174,323	20,822,915	(351,408)	(2%)	7
Materials and services	22,840,592	25,992,981	25,925,450	67,531	1,278,928	18,530,627	18,546,316	15,689	0%	
Depreciation and amortisation	17,355,500	18,680,000	18,680,000	0	0	15,719,865	15,434,481	(285,384)	(2%)	
Finance costs	692,850	692,850	692,850	0	0	523,307	525,111	1,804	0%	
Other expenses	435,777	2,778,377	2,823,081	(44,704)	2,162,795	3,057,957	2,431,558	(626,399)	(26%)	8
<b>Total Expenses</b>	<b>70,102,588</b>	<b>76,877,893</b>	<b>76,105,036</b>	<b>772,857</b>	<b>3,509,384</b>	<b>59,006,079</b>	<b>57,760,381</b>	<b>1,245,698</b>	<b>2%</b>	
<b>Surplus / (deficit) for the year</b>	<b>10,171,941</b>	<b>7,727,163</b>	<b>10,003,984</b>	<b>2,276,821</b>	<b>(5,280,029)</b>	<b>5,934,811</b>	<b>6,921,404</b>	<b>(986,594)</b>	<b>(14%)</b>	
<b>Adjusted Underlying Operating Position</b>										
Grants - Capital (non-recurrent)	8,593,432	10,812,687	9,361,883	(1,450,804)	(0)	6,155,066	4,548,394	1,606,672	35%	
Contributions - cash	50,000	0	460,878	460,878	0	476,330	0	476,330	0%	
Contributions - non-monetary	1,700,000	1,700,000	1,700,000	0	0	0	1,700,000	(1,700,000)	(100%)	
<b>Total Adjustments</b>	<b>10,343,432</b>	<b>12,512,687</b>	<b>11,522,761</b>	<b>(989,926)</b>	<b>(0)</b>	<b>6,631,395</b>	<b>6,248,394</b>	<b>383,001</b>	<b>6%</b>	
<b>Adjusted Underlying Operating Surplus/(deficit) for the year</b>	<b>(171,491)</b>	<b>(4,785,524)</b>	<b>(1,518,777)</b>	<b>3,266,747</b>	<b>(5,280,029)</b>	<b>(696,585)</b>	<b>673,010</b>	<b>(1,369,595)</b>	<b>(204%)</b>	

**Notes**

Councils Quarter 3 Forecast Review compares year to date performance to the endorsed Quarter 2 Forecast Review and provides a revised full year forecast position based on factors including additional grant funding and changes to business conditions.

The Quarter 3 Forecast Review projects a decrease to Council's accounting surplus of \$2.28m. This is largely influenced by the impact of projected increased operating grants income by way of the Federal Financial Assistance Grants, explained in note 3. Significant adjustment has occurred in relation to capital grants due to projects identified to be carried forward in the Draft 2022/23 Budget. The Quarter 3 Forecast Statement of Capital Works and Note 4.5 of the Draft 2022/23 Budget should be read in conjunction for details of these projects and the associated funding that is anticipated to be carried forward. Favourable forecast adjustment also occurred in relation to employee costs, as vacancies and changes to operating condition due to restrictions are quantified and reflected.

**1. User Fees**  
The projected full year forecast for user fees has increased by \$108k to \$11.01m. This favourable projected forecast increase is largely due to the continued monitoring and adjustment of WSAC budgets as the centre rebuilds following repeated COVID19 related shut downs and restrictions to operating conditions.

**2. Contributions - cash**  
The projected full year forecast for cash contributions has increased by \$447k. This favourable projected forecast increase relates to the receipt of income in relation to Council's Developer Contribution Plan (DCP). This contribution funds completed and future works under the DCP.

**3. Grants - Operating**  
Unfavourable year to date variance of \$475k or 17% largely due to the timing of receipt of Home Care and Community Care funding \$984k, which continues to be anticipated to be a timing difference only. This unfavourable year to date variance is offset by favourable timing differences relating to grant funding for a number of grant funded programs such as Grit & Resilience \$140k and Bushfire Resilience Funding \$94k.

Permanent differences arising largely relate to the recent Federal Budget decision will see Council receive 75% of the 2022/23 Federal Financial Assistance grants in advance, which is greater than the budgeted 50% in advance expected. As the grants are not tied to a specific obligation beyond to fund Council operations and road maintenance, the income must be recognised on receipt. This impact is \$2.28m, and will create a reduction to the 2022/23 Draft Budget.

**4. Grants - Capital**  
Capital Grants year to date actual is \$1.62m or 32% favourable to year to date adopted position due to timing of receipt of funding.

The full year forecast has decreased by \$1.45m due to carry over capital works identified in the Draft 2022/23 Budget. Carry over capital works projects that attract grant funding include the Ned Kelly Glenrowan Heritage project and the Prosecco Road King Valley Masterplan works.

**5. Reimbursements**  
Unfavourable year to date variance of \$54k or 43% largely due to a delay in completing a legacy Fire Services Levy Return.

**6. Other Revenue**  
Favourable year to date variance of \$91k or 55% largely due to unbudgeted fuel tax rebates. The projected full year forecast has increased in response to this, with the \$51k projected increase made up of \$85k for fuel tax rebates and \$34k of other miscellaneous adjustments.

**7. Employee Benefits**  
Unfavourable year to date variance of \$351k or 2%, largely due to budget phasing, which is a timing difference only. Vacancies and adjustments to reflect operating conditions resulted in total favourable forecast adjustment of \$750k, which includes programs such as WSAC, Finance and Asset Planning.

**8. Other Expenses**  
Year to date unfavourable variance of \$626k, due to the impact of asset write offs and the timing of payment of Council's contribution to the MAV Insurance wind up. While the latter will not create a permanent difference, the asset write off requires investigation and may result in a forecast adjustment. Asset write off relates to the write off of assets that can occur through the capitalisation process, as works are identified as not having been completed on Council assets and do not meet the asset recognition criteria.

Rural City of Wangaratta	30 June 2021	28 February 2022	31 March 2022	Variance Fav/(Unfav)	Variance Fav/(Unfav)	Ref
	A	B	C	C - B		
Balance Sheet as at 31 March 2022	\$	\$	\$	\$	%	
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	45,524,307	45,652,143	44,335,679	(1,316,464)	(3%)	1
Rate receivables	1,184,729	12,458,852	9,290,749	(3,168,103)	(25%)	2
Other receivables - current	4,330,292	4,173,758	4,340,679	166,921	4%	3
Inventories	1,632	(2,439)	(9,114)	(6,675)	(274%)	4
Assets held for sale	1,658,514	1,385,757	1,997,757	612,000	44%	
Other assets - current	1,177,535	902,874	902,874	0	0%	5
<b>Total Current assets</b>	<b>53,877,010</b>	<b>64,570,946</b>	<b>60,858,625</b>	<b>(3,712,320)</b>	<b>(6%)</b>	
<b>Non-current assets</b>						
Financial assets non-current	254,040	254,040	254,040	0	0%	
Property, plant and equipment and infrastructure	646,134,717	639,925,911	639,561,782	(364,128)	(0%)	
Book collection	635,980	689,535	679,154	(10,381)	(2%)	
Intangible Assets - Landfill	2,561,598	2,561,598	2,561,598	0	0%	
Right of Use Assets	708,327	547,101	526,533	(20,568)	(4%)	
<b>Total Non-current assets</b>	<b>650,294,663</b>	<b>643,978,184</b>	<b>643,583,107</b>	<b>(395,077)</b>	<b>(0%)</b>	
<b>Total Assets</b>	<b>704,171,673</b>	<b>708,549,129</b>	<b>704,441,732</b>	<b>(4,107,397)</b>	<b>(1%)</b>	
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables - current	19,832,952	10,176,122	12,810,136	(2,634,014)	(26%)	6
Trust funds and deposits	2,005,107	3,837,180	3,326,366	510,815	13%	
Provisions - current	6,360,718	6,979,147	7,065,029	(85,882)	(1%)	7
Interest bearing loans and borrowings - current	2,688,458	1,028,690	678,847	349,843	34%	
Lease liabilities - current	239,952	79,984	59,988	19,996	25%	
<b>Total Current liabilities</b>	<b>31,127,188</b>	<b>22,101,124</b>	<b>23,940,366</b>	<b>1,839,242</b>	<b>8%</b>	
<b>Non-current liabilities</b>						
Provisions non-current	21,824,772	21,185,109	21,185,109	(0)	(0%)	
Interest bearing loans and borrowings - non-curre	29,377,674	29,377,674	29,377,674	(0)	(0%)	
Lease liabilities - non-current	485,413	485,413	485,413	0	0%	
<b>Total Non-current liabilities</b>	<b>51,687,859</b>	<b>51,048,196</b>	<b>51,048,196</b>	<b>0</b>	<b>0%</b>	
<b>Total liabilities</b>	<b>82,815,046</b>	<b>73,149,319</b>	<b>74,988,562</b>	<b>1,839,243</b>	<b>3%</b>	
<b>Net assets</b>	<b>621,356,627</b>	<b>635,399,810</b>	<b>629,453,170</b>	<b>(5,946,640)</b>	<b>(1%)</b>	
<b>Equity</b>						
Accumulated surplus	174,222,165	178,949,587	178,949,587	0	0%	
Other reserves	22,382,396	22,587,482	22,587,482	0	0%	
Asset revaluation reserve	419,852,138	421,981,292	421,981,292	0	0%	
Accumulated surplus - current year	4,899,927	11,881,450	5,934,810	(5,946,640)	(50%)	
<b>Total Equity</b>	<b>621,356,627</b>	<b>635,399,810</b>	<b>629,453,170</b>	<b>(5,946,640)</b>	<b>(1%)</b>	

Notes	
<b>1. Cash and cash equivalents</b>	Council is still holding strong cash balance position as at 31st March. The balance is influenced by the grant funding received in advance for capital works, and the timing of delivery of Council's current capital works program. Of the total cash balance of \$44.3m, \$28m is invested in term deposits in various financial institutions.
<b>2. Rates Receivables</b>	Rate receivables will continue to reduce over the course of financial year once rates instalments become due and collected.
<b>3. Other Receivables - Current</b>	Other receivables includes the Fire Services Property Levy and Sundry Debtors. The Fire Service Property Levy is collected in line with Rate Receivables and the balance will reduce over the financial year.
<b>4. Inventories</b>	The negative inventories balance relates to the timing of fuel invoices being received compared to fuel being issued from inventory.
<b>5. Other Assets - Current</b>	Other assets reflects prepayments that will reduce over the financial year as the associated expenditure is recognised.
<b>6. Payables - Current</b>	Payables includes creditors and income received in advance. The balance as at 31 March of \$12.81m included grant income of \$9.6m received in advance for various capital projects. Council does not anticipate meeting the required performance obligations related to this funding in this period, therefore the funds are held as a liability.
<b>7. Provisions - Current</b>	Movement in the current provision is largely due to staff leave entitlements including annual and long service leave.

Rural City of Wangaratta	21/22 Adopted Budget	21/22 Adopted Q2 Full Year Forecast	21/22 Projected Full Year Forecast	Projected Full Year to Adopted Budget Variance	Commitments	21/22 YTD Actual	21/22 YTD Budget	YTD Variance	YTD Variance
Statement of Capital Works 31st March 2022	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Property</b>									
WIP Land Improvements	285,653	277,749	267,749	10,000	221,729	(2,316)	(9,304)	6,988	75%
<b>Total Land</b>	<b>285,653</b>	<b>277,749</b>	<b>267,749</b>	<b>10,000</b>	<b>221,729</b>	<b>(2,316)</b>	<b>(9,304)</b>	<b>6,988</b>	<b>75%</b>
WIP Buildings	3,598,160	4,098,203	4,084,904	13,299	2,853,601	850,546	1,201,017	(350,471)	(29%)
<b>Total buildings</b>	<b>3,598,160</b>	<b>4,098,203</b>	<b>4,084,904</b>	<b>13,299</b>	<b>2,853,601</b>	<b>850,546</b>	<b>1,201,017</b>	<b>(350,471)</b>	<b>(29%)</b>
<b>Total Property</b>	<b>3,883,813</b>	<b>4,375,952</b>	<b>4,352,653</b>	<b>23,299</b>	<b>3,075,330</b>	<b>848,230</b>	<b>1,191,713</b>	<b>(343,483)</b>	<b>(29%)</b>
<b>Plant and equipment</b>									
Plant and equipment	1,705,875	2,256,058	1,956,058	300,000	1,183,753	473,809	477,061	(3,252)	(1%)
Furniture and fittings	116,000	116,000	86,000	30,000	47,850	34,863	30,692	4,171	14%
Computers and telecommunication	988,020	942,520	942,520	0	773,200	528,966	595,380	(66,415)	(11%)
Artworks	6,500	12,253	12,253	0	0	2,500	2,500	0	0%
Book collection	193,028	204,649	204,649	0	16,985	174,669	174,462	207	0%
<b>Total Plant and equipment</b>	<b>3,009,423</b>	<b>3,531,480</b>	<b>3,201,480</b>	<b>330,000</b>	<b>2,021,789</b>	<b>1,214,806</b>	<b>1,280,095</b>	<b>(65,289)</b>	<b>(5%)</b>
<b>Infrastructure</b>									
WIP Waste management	2,451,364	2,768,277	1,237,121	1,531,156	1,819,949	290,875	519,608	(228,733)	(44%)
WIP Sealed roads and substructure	3,511,250	3,209,193	2,896,193	313,000	822,597	1,905,918	2,098,939	(193,021)	(9%)
WIP Gravel Roads and substructure	1,662,826	1,662,826	1,662,826	0	361,262	1,279,399	1,066,731	212,668	20%
WIP Bridges	859,350	941,098	628,453	312,645	330,731	331,025	343,048	(12,023)	(4%)
WIP Kerbing	0	0	7,400	(7,400)	7,400	0	0	0	0%
WIP Drainage	423,281	477,452	386,377	91,075	174,847	94,514	199,702	(105,188)	(53%)
WIP Footpaths	463,000	584,875	582,245	2,630	133,007	241,964	326,668	(84,704)	(26%)
WIP Parks, Open Spaces and Street	4,411,756	6,780,614	3,560,639	3,219,975	4,565,866	1,400,013	1,363,841	36,172	3%
WIP Recreation, Leisure and Comr	2,240,619	2,457,761	2,328,771	128,990	918,299	1,262,058	1,216,644	45,414	4%
WIP Aerodromes	415,159	640,159	640,159	0	339,589	265,854	270,855	(5,001)	(2%)
WIP Other Infrastructure	3,950,000	3,483,054	2,833,254	649,800	1,565,941	1,353,626	1,505,146	(151,520)	(10%)
<b>Total Infrastructure</b>	<b>20,388,605</b>	<b>23,005,309</b>	<b>16,763,438</b>	<b>6,241,871</b>	<b>11,039,488</b>	<b>8,425,247</b>	<b>8,911,182</b>	<b>(485,935)</b>	<b>(5%)</b>
<b>Total capital works expenditure</b>	<b>27,281,841</b>	<b>30,912,741</b>	<b>24,317,571</b>	<b>6,595,170</b>	<b>16,136,607</b>	<b>10,488,283</b>	<b>11,382,990</b>	<b>(894,707)</b>	<b>(8%)</b>
<b>Represented by:</b>									
<b>Renewal expenditure</b>	11,332,022	12,083,762	11,197,330	886,432	5,069,819	4,864,631	5,321,532	(456,901)	(9%)
<b>Upgrade expenditure</b>	4,215,110	4,627,845	4,012,540	615,305	2,331,051	1,880,320	2,042,898	(162,578)	(8%)
<b>New Assets expenditure</b>	11,473,685	13,940,110	8,846,677	5,093,433	8,681,334	3,553,127	3,828,354	(275,227)	(7%)
<b>Rehabilitation expenditure</b>	261,024	261,024	261,024	0	54,404	190,206	190,206	(0)	(0%)
<b>Total capital works expenditure</b>	<b>27,281,841</b>	<b>30,912,741</b>	<b>24,317,571</b>	<b>6,595,170</b>	<b>16,136,607</b>	<b>10,488,283</b>	<b>11,382,990</b>	<b>(894,707)</b>	<b>(8%)</b>

#### Notes

Delivery of \$10.49m of Council's 21/22 capital works program was completed as at 31 March 2021, with a further \$16.14m of works committed.

A \$894k unfavourable year to date variance exists, due to the continued impact of COVID on the industry, by way of availability of contractors and materials. This impact is further reflected in the revised projected full year forecast.

The capital works program forecast has decreased by \$6.59m due to identified carry overs to the Draft 2022/23 Budget of \$6.65m, offset by the inclusion of new projects and other savings identified which net to approximately \$55k.

Significant projects to be carried forward to 2022/23 include:

- Ned Kelly Glenrowan Historic Project \$2.63m (multi year project)
  - Bowser Landfill Cell 6 Construction \$1.53m
  - Merriwa Park Retaining Wall Repairs \$602k
  - King Valley Prosecco Road Masterplan \$600k (multi year project)
  - WSAC Extension \$100k (multi year project)
  - MacKay Street Reconstruction \$280k
  - Organics Plant & Equipment (Trommel) \$300k
- See note 4.5.2 of the Draft 2022/23 Budget for full disclosure.

New projects included in the Quarter 3 Forecast include:

- Showgrounds Relief Centre \$50k (multi year, grant funded project)
- Children's Services Building Renewals \$70k
- Energy Efficient Upgrades - Pre-school and Kinder \$25k (partially funded)