

Financial Summary for the year ended the 30 June 2021**Underlying Operating Result**

Operating Result	Annual Actual	Annual Forecast	Variance to Forecast	Annual Adopted Budget	Variance to Adopted Budget
	\$'000	\$'000	Fav/ (unfav)	\$'000	Fav/ (unfav)
Income					
Rates and charges	45,338	45,252	86	45,252	86
Statutory fees and fines	1,087	941	146	960	127
User Fees	3,813	4,016	(203)	4,387	(574)
Grants - Operating	14,408	13,359	1,049	7,862	6,546
Contributions monetary (operating)	1,377	71	1,306	71	1,306
Net Gain on disposal of PIPE	(1,164)	508	(1,672)	257	(1,421)
Other income	1,528	1,438	90	1,771	(243)
Total Income	66,387	65,585	802	60,560	5,827
Expense					
Employee costs	27,876	26,809	(1,067)	26,330	(1,546)
Materials and consumables	20,930	23,856	2,926	23,475	2,545
Depreciation	12,248	13,219	971	12,229	(19)
Borrowing costs	15	14	(1)	37	22
Other expense	3,275	2,761	(514)	2,864	(411)
Total Expense	64,344	66,659	2,315	64,935	591
Underlying Surplus	2,043	(1,074)	3,117	(4,375)	6,418
Capital income					
Grants	10,341	14,073	(3,732)	9,617	(724)
Monetary contributions	39	1,269	(1,230)	825	786
Non-monetary contributions	3,598	1,819	1,779	404	(3,194)
Net Surplus/ (Deficit)	16,021	16,087	(66)	6,471	9,550

For the year ended 30 June 2021, South Gippsland Shire Council achieved an underlying surplus of \$2.043m, as compared to a forecast deficit of \$1.075m and budget of \$4.375m deficit. The large variance to budget of \$6.418m is primarily due to increased income:

- Operating Grants \$6.546m (\$5.198m related to VGC)
- Operating contributions of \$1.306m

These variances were partially offset by lower income for User fees and charge and disposal of PIPE (property, infrastructure, plant and equipment).

Operating Expenditure finished the year \$2.315m favourable to forecast and \$0.591 favourable to budget. These variances are mainly in materials and consumables and are related to grant funded initiatives and other projects such as re-sheeting. It is requested that **\$1.444m** be carried forward for operating costs to the 2021/22 financial year.

Underlying Result and surplus funds

The year end underlying surplus of \$2.043m, less \$1.444m of carry forward funds leaves **\$0.599m** in surplus which can be directed to funding the MAV WorkCare scheme payment for October 2021. This allows for a balanced operating result at year end.

Capital Result

		YTD ACTUAL	YTD FORECAST	YTD Variance	ANNUAL FORECAST	ANNUAL ADJUSTED BUDGET	ANNUAL ORIGINAL BUDGET	YTD Original Budget Variance
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
Buildings	1	1,286	1,889	603	1,889	7,482	7,031	5,745
Total Property		1,286	1,889	603	1,889	7,482	7,031	5,745
Plant and equipment								
Plant, machinery and equipment	2	2,883	2,885	2	2,885	3,815	3,659	776
Computers and telecommunications	3	948	2,246	1,298	2,246	2,277	763	(185)
Total Plant and Equipment		3,831	5,131	1,300	5,131	6,092	4,422	591
Infrastructure								
Roads	4	10,223	10,838	615	10,838	10,600	10,325	102
Bridges	5	527	528	1	528	968	974	447
Major culverts	6	503	937	434	937	686	686	183
Footpaths and cycleways	7	2,283	2,673	390	2,673	4,131	4,053	1,770
Drainage	8	36	22	(14)	22	108	86	50
Land stabilisation		41	14	(27)	14	0	0	(41)
Waste		20	108	88	108	0	0	(20)
Other infrastructure	9	9,788	11,290	1,502	11,290	12,300	12,052	2,264
Total Infrastructure		23,423	26,410	2,987	26,410	28,793	28,176	4,753
Total Capital Works Expenditure		28,540	33,430	4,890	39,050	42,367	39,629	11,089

Capital Expenditure for the year ended 30 June 2021 was a total of \$28.450m which is favourable to forecast by \$4.890m and to budget by \$11.089m.

The forecast allows for amounts already quarantined at the time of drafting the 2021/22 budget for capital carry forwards of \$10.047m. Increased capital grants were also forecast as compared to budget of \$4.5m which contributes to the result as well.

Of the \$4.89m favourable result to forecast, it is proposed to carry forward **\$4.88m** in expenditure to 2021/22.

Of the \$3.732m unfavourable result in capital grants, it is proposed to carry forward **\$1.789m to be received in 2021/22**. The remainder of the variance is due to unearned income backed out at year end (accounting entry). The net carry forward for capital is \$3.094m.