

Tenterfield Shire Council

Budget review for the quarter ended - 31 December 2019

Report by Responsible Accounting Officer

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

It is my opinion that the Quarterly Budget Review Statement for the Tenterfield Shire Council for the quarter ended 31 December 2019 indicates that Council's projected financial position at 30 June 2020 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed: P. All

Date: 18/2/2020

Responsible Accounting Officer

Tenterfield Shire Council

Budget Statement for the year ended - 31 December 2019

Income and Expenditure Review by Function

	Original Budget 2019/20	APPROVED Changes September Review	Recommended Changes Dec Review	REVISED Budget	PROJECTED year end Result 2019/20	ACTUAL YTD as at 31/12/19
	\$	\$	\$	\$	\$	\$
Income						
<i>Civic Office</i>	-	-	-	-	-	-
<i>Organisation and Leadership</i>	-	-	-	-	-	-
<i>Community Development</i>	1,461	3,750	-	5,211	5,211	1,887
<i>Economic Growth and Tourism</i>	27,559	-	-	27,559	27,559	14,378
<i>Theatre and Museum Complex</i>	167,966	42,000	-	209,966	209,966	46,785
<i>Finance and Technology</i>	10,045,669	(386,543)	-	9,659,126	9,659,126	5,875,751
<i>Corporate and Governance</i>	1,500	-	-	1,500	1,500	3,056
<i>Workforce Development</i>	66,040	23,341	-	89,381	89,381	77,934
<i>Library Services</i>	46,938	45,255	-	92,193	92,193	84,044
<i>Emergency Services</i>	233,800	10,994	-	244,794	244,794	154,795
<i>Asset Management and Resourcing</i>	3,763	-	-	3,763	3,763	7,638
<i>Commercial Works</i>	141,000	-	-	141,000	141,000	97,855
<i>Environmental Management</i>	820,849	69,000	-	889,849	889,849	2,296
<i>Planning and Regulation</i>	291,500	195,657	-	487,157	487,157	171,903
<i>Plant, Fleet and Equipment</i>	90,000	-	-	90,000	90,000	42,200
<i>Building and Amenities</i>	124,050	516,094	50,000	690,144	690,144	166,841
<i>Livestock Saleyards</i>	691,806	(49,500)	-	642,306	642,306	47,124
<i>Parks, Gardens and Open Space</i>	102,121	233,846	29,890	365,857	365,857	183,817
<i>Swimming Complex</i>	-	-	10,000	10,000	10,000	-
<i>Transport Network</i>	17,489,085	1,214,527	816,821	19,520,433	19,520,433	2,726,249
<i>Stormwater and Drainage</i>	72,662	-	-	72,662	72,662	72,516
<i>Sewerage Services</i>	2,638,517	(99,352)	-	2,539,165	2,539,165	2,351,296
<i>Waste Management</i>	2,603,521	105,762	-	2,709,283	2,709,283	2,520,803
<i>Water Supply</i>	9,765,354	-	(608,808)	9,156,546	9,156,546	2,043,574
Total Income including Capital Grants & Contributions	45,425,161	1,924,831	297,903	47,647,895	47,647,895	16,692,742
Expenses						
<i>Civic Office</i>	279,113	109,276	-	388,389	388,389	172,778
<i>Organisation and Leadership</i>	1,071,262	2,500	-	1,073,762	1,073,762	501,721
<i>Community Development</i>	83,483	38,734	-	122,217	122,217	54,603
<i>Economic Growth and Tourism</i>	397,588	40,684	-	438,272	438,272	203,801
<i>Theatre and Museum Complex</i>	315,846	(40,684)	(5,000)	270,162	270,162	175,183
<i>Finance and Technology</i>	88,216	73,377	184,000	345,593	345,593	354,259
<i>Corporate and Governance</i>	696,285	(3,000)	-	693,285	693,285	341,306
<i>Workforce Development</i>	940,784	23,291	-	964,075	964,075	511,179
<i>Library Services</i>	475,623	(5,140)	-	470,483	470,483	217,308
<i>Emergency Services</i>	215,257	81,700	-	296,957	296,957	522,638
<i>Asset Management and Resourcing</i>	770,922	-	-	770,922	770,922	416,046
<i>Commercial Works</i>	100,000	10,000	-	110,000	110,000	80,991
<i>Environmental Management</i>	1,101,789	69,000	-	1,170,789	1,170,789	204,053
<i>Planning and Regulation</i>	528,988	126,801	-	655,789	655,789	287,650
<i>Plant, Fleet and Equipment</i>	(2,209,329)	-	-	(2,209,329)	(2,209,329)	(137,843)
<i>Building and Amenities</i>	1,077,073	(34,034)	85,325	1,128,364	1,128,364	693,717
<i>Livestock Saleyards</i>	400,224	(178,000)	-	222,224	222,224	79,969
<i>Parks, Gardens and Open Space</i>	916,938	85,325	(37,185)	965,078	965,078	555,424
<i>Swimming Complex</i>	207,107	(9,945)	10,000	207,162	207,162	88,161
<i>Transport Network</i>	7,799,876	33,048	(50,000)	7,782,924	7,782,924	3,885,882
<i>Stormwater and Drainage</i>	104,000	-	-	104,000	104,000	50,460
<i>Sewerage Services</i>	1,808,244	40,000	-	1,848,244	1,848,244	817,145
<i>Waste Management</i>	2,004,537	(128,213)	-	1,876,324	1,876,324	1,127,317
<i>Water Supply</i>	2,257,448	127,863	-	2,385,311	2,385,311	1,423,288
Total Expenses	21,431,274	462,583	187,140	22,080,997	22,080,997	12,627,036
Total Surplus/ (Deficit)	23,993,887	1,462,248	110,763	25,566,898	25,566,898	4,065,706
Capital Grants and Contributions	22,442,536	2,104,772	86,514	24,633,822	24,633,822	2,368,436
Net Operating Result excluding Capital Grants and Contributions	1,551,351	(642,524)		933,076	933,076	1,697,270
Operating Ratio (including Capital Income)	52.82%			53.66%	53.66%	24.36%
Operating Ratio (excluding Capital Income)	6.75%			4.05%	4.05%	11.85%

Notes:

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget
 REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

Recommended changes to original budget

Budget Variations - Explanations

Recommended Income Variations this Quarter	(000's)	Explanation:
<i>Parks, Gardens and Open Space</i>	(30)	New grant: Tenterfield Creek Corridor Restoration \$29,890
<i>Buildings and Amenities</i>	(50)	Sale of furniture and equipment
<i>Swimming Complex</i>	(10)	Drought Stimulus Regional School Holiday Activities grant \$10,000
<i>Transport Network</i>	(817)	Increase to Roads to Recovery funding \$531,034; Final payment Drought Timber Bridges grant \$199,273; DRFA February fires claim \$86,514
<i>Water Supply</i>	608	Water Usage reduction: Residential -\$392,208, Non-residential -\$61,600, Standpipe -\$155,000
Total Recommended Income Variations this Quarter	(299)	
Recommended Expenditure Variations this Quarter	(000's)	Explanation:
<i>Theatre and Museum Complex</i>	(5)	\$5,000 moved to Capital - Update Theatre Lighting
<i>Finance and Technology</i>	184	Depreciation new Right-of-use assets (office printers) \$14,000; Contract staff \$170,000
<i>Building and Amenities</i>	85	Public Toilets moved from Parks \$85,325
<i>Parks, Gardens and Open Space</i>	(37)	New grant: Tenterfield Creek Corridor Restoration \$48,140. Public Toilets moved to Buildings -\$85,325
<i>Swimming Complex</i>	10	Drought Stimulus Regional School Holiday Activities grant \$10,000
<i>Transport Network</i>	(50)	Formalise Road Reserves (High St bike path) \$50,000; move - \$100,000 from Block Grant Maintenance to capital: Block Grant Rehabilitation
Total Recommended Expenditure Variations this Quarter	187	

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2019 and should be read in conjunction with other documents in the QBRS

Capital Budget Review

	Original Budget 2019/20	APPROVED Changes September Review	RECOMMENDED Changes Dec Review	RECOMMENDED Changes March Review	REVISED Budget	ACTUAL YTD as at 31/12/19
	\$	\$	\$	\$	\$	\$
Capital Funding						
Rates and other untied funding	8,138,684	-	-	-	8,138,684	-
Capital Grants & Contributions	22,442,536	2,104,772	86,514	-	24,633,822	2,368,436
Restrictions*	-	3,168,952	112,941	-	3,281,893	3,168,952
Other Capital Funding Sources e.g. - Loans	4,180,000	-	-	-	4,180,000	-
Income from sale of assets	2,349,171	-	50,000	-	2,399,171	1,270,175
Total Capital Funding	37,110,391	5,273,724	249,455	-	42,633,570	6,807,563
Capital Expenditure						
New Assets						
CHIEF EXECUTIVE OFFICE						
- Civic Office	-	-	-	-	-	-
- Organisational Leadership	20,000	31,342	(25,200)	-	26,142	3,561
- Community Development	-	-	-	-	-	-
- Economic Growth and Tourism	-	-	-	-	-	-
- Theatre and Museum Complex	-	-	-	-	-	-
- Workforce Development	-	10,000	-	-	10,000	-
- Library Services	25,274	-	-	-	25,274	8,116
- Emergency Services	90,000	(90,000)	-	-	-	-
CHIEF CORPORATE OFFICE						
- Finance and Technology	150,000	208,123	-	-	358,123	95,746
- Corporate and Governance	53,000	-	-	-	53,000	64,196
- Environmental Management	-	-	-	-	-	-
- Planning and Regulation	-	567,008	-	-	567,008	29,652
- Building and Amenities	-	-	-	-	-	-
- Livestock Saleyards	1,241,097	145,657	-	-	1,386,754	5,345
- Parks, Gardens and Open Spaces	89,800	80,935	-	-	170,735	67,090
- Swimming Complex	20,000	-	-	-	20,000	-
CHIEF OPERATING OFFICE						
- Asset Management and Resourcing	150,000	14,900	(120,000)	-	44,900	15,100
- Commercial Work	-	-	-	-	-	-
- Plant, Fleet and Equipment	-	-	-	-	-	-
- Transportation Network	-	-	-	-	-	-
WASTE MANAGEMENT	798,000	229,713	(270,000)	-	757,713	32,432
WATER NETWORK	9,371,800	405,000	-	-	9,776,800	1,873,372
SEWERAGE NETWORK	16,000	4,251	-	-	20,251	-
STORMWATER NETWORK	-	-	-	-	-	-
Renewals (Replacement)						
CHIEF EXECUTIVE OFFICE						
- Civic Office	-	-	-	-	-	-
- Organisational Leadership	-	-	-	-	-	-
- Community Development	-	-	-	-	-	-
- Economic Growth and Tourism	34,000	14,710	-	-	48,710	1,942
- Theatre and Museum Complex	-	325,890	5,000	-	330,890	126,893
- Workforce Development	-	-	-	-	-	-
- Library Services	16,390	54,330	-	-	70,720	3,707
- Emergency Services	-	200,000	-	-	200,000	-
CHIEF CORPORATE OFFICE						
- Finance and Technology	358,800	-	(40,000)	-	318,800	213,164
- Corporate and Governance	-	-	-	-	-	-
- Environmental Management	-	-	-	-	-	-
- Planning and Regulation	-	-	-	-	-	-
- Building and Amenities	1,223,000	1,134,300	628,589	-	2,985,889	261,325
- Livestock Saleyards	28,000	5,274	-	-	33,274	16,219
- Parks, Gardens and Open Spaces	125,663	343,151	-	-	468,814	177,723
- Swimming Complex	121,000	12,286	-	-	133,286	5,786
CHIEF OPERATING OFFICE						
- Asset Management and Resourcing	-	497,250	20,000	-	517,250	24,210
- Commercial Work	-	-	-	-	-	-
- Plant, Fleet and Equipment	1,406,082	840,952	17,250	-	2,264,284	631,327
- Transportation Network	19,580,964	1,710,016	631,034	-	21,922,014	3,624,143
WASTE MANAGEMENT	195,000	63,359	(31,700)	-	226,659	5,837
WATER NETWORK	296,300	96,292	-	-	392,592	316,638
SEWERAGE NETWORK	617,700	203,776	-	-	821,476	174,651
STORMWATER NETWORK	285,000	-	-	-	285,000	-
Loan Repayments (principal)	797,521	(27,757)	-	-	769,764	368,875
Total Capital Expenditure	37,110,391	7,080,758	814,973	-	45,006,122	8,147,050

* Some restricted cash is finalised as part of the end of year Financial Statement Process

Recommended changes to revised budget

Include:

- an explanation for recommended changes and any impact on Council's original management / operational plan, delivery program or LTFP.
- any impacts of YTD expenditure on recommended changes to the budget

NOTE: Explanations are to be in plain English and in a style easily understood by readers of non-financial information. This narrative is important in understanding why budget changes are necessary.

Proposed Expenditure Variations (000's)

New Assets

- Organisational Leadership	(25)	Risk Management Software funded from IT Budget -\$25,000
- Asset Management and Resourcing	(120)	Survey Instrumentation -\$20,000: moved to capital renewal assets , Asset management system - deferred -\$100,000
- Waste	(270)	Boonoo Boonoo Borrow area -\$20,000 and Tenterfield EPA requirements to open -\$250,000
Total New Asset Budget Adjustments	(415)	

Renewal Assets

- Theatre and Museum Complex	5	\$5,000 moved from Operational - Update Theatre Lighting
- Finance & Technology	(40)	Store Air-conditioner \$5,000 & Asset Software Licences \$15,000: moved from capital new assets
- Asset Management and Resourcing	20	Store Air-conditioner \$5,000 & Asset Software Licences \$15,000: moved from capital new assets
- Buildings and Amenities	629	Funded from \$40,000 transfer from Finance & Technology, additional income, \$50,000, Use of unrestricted cash \$112,941, timing variations in other capital works projects \$425,648
- Plant, Fleet and Equipment	17	Workshop Office Refurbishment \$17,250
- Waste	(32)	Boonoo Boonoo Environmental improvements -\$32,000
- Transportation Network	631	Increase to Roads to Recovery funding \$531,034; move \$100,000 from operating to Block Grant Rehabilitation
Total Renewal Asset Budget Adjustments	1,230	
Total Proposed Expenditure Variations	815	

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2019 and should be read in conjunction with other documents in the QBRs.

Budget Statement for the year ended - 31 December 2019
Cash and Investment Review

	Opening Balance 30/06/2019 from Audited Financial Statements	APPROVED Changes September Review	Recommended Changes December Review	Recommended Changes March Review	REVISED Balance	PROJECTED year end Result 2019/20	Closing Balance 30/09/2019
Externally restricted							
NWPS Advance (included in liabilities)	181	181	-	-	-	-	46
Unspent LIRS Loan Funds (included in liabilities)	92	92	-	-	-	-	89
Developer Contributions General	89	-	-	-	89	2,833	2,833
Specific Purpose Unexpended Grants	2,833	-	-	-	2,833	1,791	2,788
Water Supplies	2,191	400	-	-	2,591	501	549
Sewerage Services	2,788	-	-	-	2,788	501	549
Domestic Waste Management	501	-	-	-	501	549	549
Stormwater Management	549	-	-	-	549	-	-
Bruxner Way Rewidening (RMS)	694	694	-	-	-	-	-
Total Externally restricted	9,918	1,367	-	-	8,551	8,551	8,597
Internally restricted							
Plant & Vehicle Replacement	2,946	841	20	-	2,085	2,085	2,085
Employees Leave Entitlements	594	-	-	-	594	594	594
Capital Commitments	861	861	-	-	-	-	-
Grant funding for general purposes	200	-	-	-	200	200	200
Gravel Quarry Rehabilitation	233	-	-	-	233	233	233
International Town Partnerships	10	-	-	-	10	10	10
Roads & Bridges	550	-	-	-	550	550	550
Special Projects	1,606	100	-	-	1,506	1,506	1,506
Operating Commitments	221	221	-	-	-	-	-
Carry forward Projects from 2018/19	882	-	113	-	995	995	995
Historical Reserves	67	-	-	-	67	67	67
Total Internally restricted	8,170	2,023	93	-	6,240	6,240	6,240
Total Restricted	18,088	3,390	93	-	14,791	14,791	14,837
Available Cash (Unrestricted Funds)	181	-	-	-	181	181	4,343
Total Cash and Investments	18,269	3,390	93	-	14,972	14,972	19,180

Notes:

The available cash position excludes restricted funds. External restrictions are funds that must be spent for a specific purpose and cannot be used by council for general operations. Internal restrictions are funds that council has determined will be used for a specific future purpose. Internal and external restrictions are not determined fully until after year end.

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget
 REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

NOTE: Explanations are to be in plain English and in a style easily understood by readers of non-financial information. This narrative is important in understanding why budget changes are necessary.

Comment on Cash and Investments Position

Some restricted cash is finalised as part of the end of year Financial Statement Process.
Council's Cash and Investments are performing within anticipated parameters.

Recommended Changes to Revised Budget

Include:- an explanation for recommended changes and any impact on Council's original management plan / operational plan, delivery program or LTFP- any impacts of YTD expenditure on recommended changes to the budget
All changes required are in respect of the variations detailed in both the Capital budget and the Income and Expenditure Review

Certification regarding Investments and Bank Reconciliations

Investments

It is hereby certified that all investments listed below have made in accordance with the requirements of the Local Government Act 1993, (Section 625), the companion Regulations and Council's Investment Policy.

Cash

Bank reconciliations occur on a daily basis with a full reconciliation performed on a monthly basis. The full reconciliation for the December quarter occurred on 2 January 2020.

Cash Book Reconciliation

\$

Operating Cash balance as at 31 December 2019	1,292,331.71
Trust Account Cash balance as at 31 December 2019	313,266.50
Total Cash (Not invested) as at 31 December 2019	1,605,598.21

Reconciliation

The YTD total Cash and Investments has been reconciled with funds invested and cash at bank:

Financial Institution		Interest	Maturity Date
National Australia Bank	5,000,000.00	AA-	1.25%
Commonwealth Bank	3,000,000.00	AA-	1.10%
Commonwealth Bank (At Call)	1,366,250.13	AA-	0.75%
Bankwest	4,000,000.00	AA-	1.00%
TOTAL INVESTMENTS	13,366,250.13		
TOTAL CASH ON HAND	1,605,598.21		
TOTAL CASH AND INVESTMENTS	14,971,848.34		

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Tenterfield Shire Council

Budget review for the quarter ended - 31 December 2019

Contracts

Contractor	Contract detail & purpose	Contract value	Commencement date	Duration of contract	Budgeted (Y/N)
Water Resource Drilling	Drought Augmentation - New bore works	\$ 724,504	1/10/2019	4 months	Y
Essential Energy	Drought Augmentation - New bore works	\$ 50,737	5/12/2019	Ongoing	Y
Southern Cross Water	Drought Augmentation - New bore works	\$ 70,400	5/12/2019	Ongoing	Y
MB Industries	Drought Augmentation - New bore works	\$ 93,858	5/12/2019	Ongoing	Y
Fitt Resources	Drought Augmentation - New bore works	\$ 78,706	5/12/2019	Ongoing	Y
Iplex Pipelines	Drought Augmentation - New bore works	\$ 174,464	10/10/2019	Ongoing	Y
BJJ Constructions	Liston & Jennings Public Toilets	\$ 158,683	11/09/2019	Ongoing	Y
BJJ Constructions	Legume & Urbenville Public Toilets	\$ 170,408	11/09/2019	Ongoing	Y
Lawrence Zappa	Shirley Park Amenities External Works	\$ 54,500	20/09/2019	3 months	Y
Cardno Pty Ltd	Sec7.11&7.12 Development Contributions	\$ 137,830	5/04/2019	Ongoing	Y
Ben Hoffman Carpentry	Legume Hall Reclad	\$ 69,000	30/05/2019	6 months	Y

Notes

1. Minimum reporting level is 1% of estimated income from continuing operations or \$50,000 whichever is the lesser.
2. Contracts to be listed are those entered into during the quarter and have yet to be fully performed (excluding contractors that are on Council's preferred supplier list).
3. Contracts for employment are not required to be included.
4. Where a contract for services etc was not included in the budget, an explanation is to be given (or reference made to an explanation in another Budget Review Statement).

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Tenterfield Shire Council

Budget review for the quarter ended - 31 December 2019

Consultancy and Legal Fees

Expense	Expenditure YTD \$'000	Budgeted (Y/N)
Consultancies	<u>102,017</u>	<u>Y</u>
Legal Fees	<u>36,568</u>	<u>Y</u>

Definition of consultant:

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.

NOTES:

* Both Legal Fees and Consultancy fees are in line with expectations. A large proportion of the legal fees are recoverable.
