

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 March 2021 indicates that Council's projected financial position at 30 June 2021 will be unsatisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Under Regulation 203 (2) of the Local Government Act, I am required to suggest recommendations for remedial action.

To that end, I recommended in the September Quarterly Budget Review that:

1) No additional operating or capital expenditure outside of the recommendations in this review be approved by Council unless it is offset by other savings (eg with roads for example, resheeting with a plan to reduce maintenance costs) or grant funded and even then only where there will be no additional operating costs as a result of the expenditure ie if capital related expenditure, it should be for the replacement of existing assets only not new assets.

2) As part of Council's New Asset Management System implementation and asset revaluation processes for 2020/21, a thorough review of depreciation be undertaken to ascertain if depreciation expenditure can be reduced and that further discussions be held with the State Government re them taking back some roads from Council.

3) That correspondence be sent to the Australian Accounting Standards Board re the issue of having to recognise some grant income in a different accounting period to when the expenditure will be incurred.

4) That the issue of rate pegging and cost shifting be raised again in appropriate forums.

5) That a plan be developed to increase operational income and further reduce operational expenditure recognising that as per previous discussions and comments in the Monthly Operational Report, such a plan may include a Special Rates Variation request with a view to returning Council's operating position to surplus.

The above recommendations still stand and with regard to e) above, Council staff have met to discuss a plan for reducing operational expenditure and further meetings are planned to finalise a document for distribution to all staff and Councillors.

Signed: 

Date: 10/5/2021

Responsible Accounting Officer

Tenterfield Shire Council

Budget Statement for the year ended - 31 March 2021

Income and Expenditure Review by Function

	Original Budget	Approved Changes	Approved Changes	Recommend Changes	Projected year end	ACTUAL
	2020/21	September	December	March	Result	YTD
	\$'000	Review	Review	Review	2020/21	at 31/03/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
- Civic Office	-	-	16	-	16	16
- Organisational Leadership	-	-	-	-	-	-
- Community Development	7	(1)	-	-	6	8
- Economic Growth and Tourism	38	957	53	-	1,048	925
- Theatre and Museum Complex	184	-	(95)	-	89	34
- Library Services	88	-	-	-	88	85
- Workforce Development	69	(14)	-	297	352	307
- Emergency Services	136	143	4	-	283	283
- Finance and Technology	8,534	-	(390)	-	8,144	5,863
- Corporate and Governance	2	-	-	-	2	1
- Environmental Management	43	387	51	-	481	476
- Livestock Saleyards	130	-	(54)	-	76	48
- Parks, Gardens and Open Spaces	261	52	-	-	313	104
- Planning and Regulation	298	673	100	-	1,071	938
- Buildings and Amenities	205	1,580	109	-	1,894	999
- Swimming Complex	200	20	-	-	220	20
- Asset Management and Resourcing	160	-	(150)	-	10	1
- Commercial Works	145	-	160	-	305	247
- Plant, Fleet and Equipment	185	-	-	-	185	57
- Transportation Network	21,409	8,485	847	1,991	32,732	10,583
- Waste Management	2,707	53	35	-	2,795	2,762
- Water Supply	2,764	10,504	-	-	13,268	2,424
- Sewerage Service	2,618	-	(35)	-	2,583	2,535
- Stormwater & Drainage	73	-	-	-	73	72
Total Income including Capital Grants & Contributions	40,256	22,839	651	2,288	66,034	28,788
Expenses						
- Civic Office	366	-	16	-	382	280
- Organisational Leadership	1,004	-	(100)	-	904	598
- Community Development	98	103	-	-	201	158
- Economic Growth and Tourism	533	1,424	34	-	1,991	1,204
- Theatre and Museum Complex	311	(17)	(37)	-	257	154
- Library Services	484	-	-	-	484	322
- Workforce Development	872	-	144	297	1,313	1,018
- Emergency Services	532	136	27	-	695	483
- Finance and Technology	416	500	125	-	1,041	883
- Corporate and Governance	706	-	-	-	706	476
- Environmental Management	292	428	13	-	733	533
- Livestock Saleyards	185	-	(40)	-	145	81
- Parks, Gardens and Open Spaces	922	162	73	-	1,157	846
- Planning and Regulation	531	82	10	-	623	391
- Buildings and Amenities	1,052	176	(19)	-	1,209	808
- Swimming Complex	221	-	-	-	221	141
- Asset Management and Resourcing	866	-	-	-	866	492
- Commercial Works	112	-	130	-	242	174
- Plant, Fleet and Equipment	(482)	(43)	14	-	(511)	(451)
- Transportation Network	7,278	226	(43)	(29)	7,432	4,334
- Waste Management	2,078	5	245	(21)	2,307	1,555
- Water Supply	2,455	118	57	-	2,630	1,620
- Sewerage Service	1,807	-	(50)	-	1,757	1,045
- Stormwater & Drainage	100	-	-	-	100	50
Total Expenses	22,739	3,300	599	247	26,885	17,195
Total Surplus/ (Deficit)	17,517	19,539	52	2,041	39,149	11,593
Capital Grants and Contributions	17,242	21,189	692	1,991	41,114	11,374
Net Operating Result excluding Capital Grants and Contributions	275	(1,650)	(640)	50	(1,965)	219
Operating Ratio (including Capital Income)	43.51%				59.29%	40.27%
Operating Ratio (excluding Capital Income)	1.19%				-7.89%	1.26%

Notes:

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget

REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

Budget Variations - Explanations

Recommended Income Variations this Quarter	(000's)	Explanation:
- Workforce Development	297	Training Reimbursement \$170,312; Workers Comp Rebate \$27,107; Mental Health income \$6,634; other contributions \$103,501; Removed Employment Subsidy - \$10,000
- Transportation Network	1,991	New bridge grants: Paddy's Flat North \$730,950; Paddy's Flat South \$700,000; Graham's Creek \$660,000; Washpool Creek \$370,000. Removed -\$470,000 capital grant income to be sourced for capital projects
Total Recommended Income Variations this Quarter	2,288	
Recommended Expenditure Variations this Quarter	(000's)	Explanation:
- Workforce Development	297	Operational expenditure related to reimbursement income \$297,283
- Transportation Network	(29)	Removed -\$29,405 loan interest for new loan - repayments begin in 2021/22 year
- Waste Management	(21)	Removed -\$20,610 loan interest for Boonoo Boonoo loan - delayed until 2021/22.
Total Recommended Expenditure Variations this Quarter	247	

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 March 2021 and should be read in conjunction with other documents in the QBRS.

Capital Budget Review

	Original Budget	Approved Changes	Approved Changes	Recommend Changes	REVISED Budget	ACTUAL YTD
	2020/21	September Review	December Review	March Review		at 31/03/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Funding						
Rates and other untied funding	1,155	3,239	2,531	-	6,925	-
Capital Grants & Contributions	17,242	21,189	692	1,991	41,114	11,374
External Restrictions						
- Specific Purpose Unexpended Grants (incl. in liabilities)	-	509	-	-	509	509
- Unspent LIRS Loan Funds (included in liabilities)	-	19	-	-	19	19
- Developer Contributions	39	-	61	84	184	184
- Specific Purpose Unexpended Grants	-	1,075	-	-	1,075	1,075
- Water Supplies	422	243	214	5	884	884
- Sewerage Services	1,078	164	(11)	(503)	728	728
- Domestic Waste Management	-	377	-	(29)	377	377
- Stormwater Management	130	100	-	-	230	230
- Bruxner Way Rewidening (RMS)	-	57	-	-	57	57
Internal restrictions						
- Plant & Vehicle Replacement	3,282	1,732	(2,481)	-	2,533	2,533
Other Capital Funding Sources e.g.						
- Loans	3,664	-	-	385	4,049	4,049
Income from sale of assets	2,421	82	-	-	2,503	1,354
Total Capital Funding	29,433	28,786	1,006	1,933	61,187	23,373
Capital Expenditure						
New Assets						
CHIEF EXECUTIVE OFFICE						
- Civic Office	-	-	-	-	-	-
- Organisational Leadership	-	-	-	-	-	-
- Community Development	-	-	-	-	-	-
- Economic Growth and Tourism	-	145	-	-	145	75
- Theatre and Museum Complex	2	-	-	-	2	-
- Library Services	-	-	-	-	-	-
- Workforce Development	-	10	-	(10)	-	-
- Emergency Services	-	-	-	-	-	-
CHIEF CORPORATE OFFICE						
- Finance and Technology	-	-	-	-	-	-
- Corporate and Governance	-	-	-	-	-	-
- Environmental Management	-	-	-	-	-	-
- Livestock Saleyards	-	-	-	-	-	-
- Parks, Gardens and Open Spaces	35	200	-	-	235	39
- Planning and Regulation	-	-	-	-	-	-
- Buildings and Amenities	-	-	-	-	-	-
- Swimming Complex	-	40	-	-	40	-
CHIEF OPERATING OFFICE						
- Asset Management and Resourcing	-	-	8	-	8	8
- Commercial Works	-	-	-	-	-	-
- Plant, Fleet and Equipment	-	-	-	-	-	-
- Transportation Network	-	-	-	-	-	-
- Waste Management	763	284	(6)	-	1,041	268
- Water Supply	-	918	30	5	953	780
- Sewerage Service	50	-	-	(50)	-	-
- Stormwater & Drainage	-	-	-	-	-	-
Renewals (Replacement)						
CHIEF EXECUTIVE OFFICE						
- Civic Office	-	1	-	-	1	1
- Organisational Leadership	-	-	-	-	-	-
- Community Development	-	-	-	-	-	-
- Economic Growth and Tourism	-	44	(34)	-	10	11
- Theatre and Museum Complex	13	13	-	-	26	16
- Library Services	41	18	-	-	59	12
- Workforce Development	-	-	-	-	-	-
- Emergency Services	-	158	-	-	158	158
CHIEF CORPORATE OFFICE						
- Finance and Technology	380	-	(75)	-	305	253
- Corporate and Governance	-	-	-	-	-	-
- Environmental Management	-	4	-	-	4	1
- Livestock Saleyards	-	158	-	-	158	-
- Parks, Gardens and Open Spaces	125	141	-	-	266	125
- Planning and Regulation	-	633	-	-	633	420
- Buildings and Amenities	330	2,872	128	-	3,330	2,207
- Swimming Complex	200	18	-	-	218	18
CHIEF OPERATING OFFICE						
- Asset Management and Resourcing	150	103	(60)	30	223	168
- Commercial Works	-	-	-	-	-	-
- Plant, Fleet and Equipment	3,282	1,732	23	-	5,037	1,614
- Transportation Network	20,885	11,223	814	2,461	35,383	12,864
- Waste Management	747	198	6	-	951	38
- Water Supply	502	9,609	184	-	10,295	861
- Sewerage Service	1,028	164	(11)	(453)	728	99
- Stormwater & Drainage	130	100	-	-	230	9
Loan Repayments (principal)	770	-	-	(78)	692	229
Total Capital Expenditure	29,433	28,786	1,007	1,905	61,131	20,274

* 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		
- Workforce Development	(10)	Removed Workforce Planning Software -\$10,000
- Sewerage Service	(50)	Removed -\$50,000 Tenterfield STP - 3 Bay Shed (moved to 2022/23)
- Water Supply	5	Legume Catchment - Water Supply Options Study \$5,000
Total New Asset Budget Adjustments	(55)	
Renewal Assets		
- Theatre and Museum Complex	(1)	Moved \$1,000 from Upgrade Cinema Technology; to Replace Tableware
- Theatre and Museum Complex	1	
- Asset Management and Resourcing	(5)	Move -\$5,000 from Urbenville Depot - WHS & Environmental Initiative Enhancements
- Asset Management and Resourcing	35	Add \$30,000 Tenterfield Depot - Refurbishment. Move \$5,000 to Urbenville Depot - Refurbishment
- Transportation Network	2,461	New Bridge Grants: Paddy's Flat North \$730,950; Paddy's Flat South \$700,000; Graham's Creek \$660,000; Washpool Creek \$370,000
- Sewerage Network	(453)	Removed -\$102,500 Tenterfield STP - Refurbishment; - \$200,000 Tenterfield Pump Station Molesworth St; - \$150,000 Tenterfield Pump Station Trail Lane (moved to 2022/23)
Total Renewal Asset Budget Adjustments	2,038	
Liabilities		
- Transportation Network	(49)	Removed -\$49,378 loan repayment for new loan - repayments begin in 2021/22 year
- Waste Management	(29)	Removed -\$28,626 loan repayment for Boonoo Boonoo loan - delayed until 2021/22.
Total Liabilities Budget Adjustments	(78)	
Total Proposed Expenditure Variations	1,905	

Budget Statement for the year ended - 31 March 2021

Cash and Investment Review

	Opening Balance	Approved	Approved	Recommend	Projected	Closing
	30/06/2020	Changes	Changes	Changes	year end	Balance
	from Audited	September	December	March	Result	31/03/2021
	Financial Statements	Review	Review	Review	2020/21	
	\$'000	\$'000	\$'000	\$'001	\$'000	\$'000
Externally restricted						
<i>Specific Purpose Unexpended Grants (included in liabilities)</i>	921	(921)	-	-	-	3
<i>Unspent LIRS Loan Funds (included in liabilities)</i>	19	(19)	-	-	-	18
<i>Developer Contributions - General Fund</i>	-	-	82	56	138	138
<i>Developer Contributions - Water Fund</i>	-	-	6	9	15	15
<i>Developer Contributions - Sewer Fund</i>	-	-	8	8	16	16
<i>Developer Contributions - Waste Fund</i>	-	-	4	9	14	14
<i>Developer Contributions - Stormwater Fund</i>	-	-	1	1	1	1
<i>Specific Purpose Unexpended Grants</i>	2,575	(2,444)	-	-	131	550
<i>Water Supplies</i>	1,030	(260)	603	(14)	1,359	1,409
<i>Sewerage Services</i>	3,528	(164)	170	487	4,020	4,754
<i>Domestic Waste Management</i>	2,949	(382)	(880)	40	1,728	3,531
<i>Stormwater Management</i>	990	(100)	(58)	(1)	831	1,042
<i>Bruxner Way Rewidening (RMS)</i>	57	(57)	-	-	-	26
<i>RMS Contributions</i>	-	-	-	-	-	-
Total Externally restricted	12,069	(4,347)	(64)	595	8,253	11,517
Internally restricted						
<i>Plant & Vehicle Replacement</i>	2,333	(1,650)	366	-	1,049	3,082
<i>Employees Leave Entitlements</i>	461	-	-	122	583	583
<i>International Town Partnerships</i>	10	-	-	-	10	10
<i>Roads & Bridges (Pending outcomes of grant applications)</i>	-	-	447	-	447	447
<i>Special Projects</i>	120	-	-	-	120	120
<i>RFS Unspent Funds</i>	-	-	52	-	34	112
Total Internally restricted	2,924	(1,650)	865	122	2,243	4,354
Total Restricted	14,993	(5,997)	801	717	10,496	15,871
Available Cash (Unrestricted Funds)	73	(73)	-	-	-	-
Total Cash and Investments	15,066	(6,070)	801	717	10,496	15,871

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 March quarter occurred on 1 April 2021.

Cash Book Reconciliation

\$

Operating Cash balance as at 31 March 2021	8,187,738.97
Trust Account Cash balance as at 31 March 2021	313,266.50
Total Cash (Not invested) as at 31 March 2021	8,501,005.47

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	1,000,000.00	AA-	0.10%	31/05/2021
Commonwealth Bank	3,370,000.00	AA-	0.22%	29/04/2021
Westpac	3,000,000.00	AA-	0.19%	29/04/2021
TOTAL INVESTMENTS	7,370,000.00			
TOTAL CASH ON HAND	8,501,005.47			
TOTAL CASH AND INVESTMENTS	15,871,005.47			

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 March 2021 and should be read in conjunction with other documents in the QBRs.

Tenterfield Shire Council

Budget review for the quarter ended - 31 March 2021

Contracts

Contractor	Contract detail & purpose	Contract value \$	Commencement date	Duration of contract	Budgeted (Y/N)
TT Constructions	Local Drought Stimulus Grant - Upgrades to Pioneer Cottage	170,365	8/09/2020	Ongoing	Y
Bolivia Hall Committee	Local Drought Stimulus Grant - Upgrades to Boliva Hall	100,000	10/09/2020	Ongoing	Y
BJS Constructions	BCRRF Stream 1 grant - Acoustic Treatment for Tenterfield Disaster Evacuation Centre (Soldier Memorial Hall)	296,733	18/03/2021	Ongoing	Y
Laurie Curran Water	Tenterfield Water Treatment Plant	8,368,506	25/01/2021	Ongoing	Y
Ozwide Bridge Rail & Civil Pty Ltd	Bridges Renewal Program - Kangaroo Creek Bridge, Paddy's Flat Road North	830,150	24/11/2020	Ongoing	Y
Ozwide Bridge Rail & Civil Pty Ltd	Bridges Renewal Program -Deepwater River Bridge, Torrington Road	749,000	24/11/2020	Ongoing	Y
BG & E Pty Ltd	Urbenville & Woodenbing Flood Study	77,802	25/06/2020	Ongoing	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).

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 March 2021 and should be read in conjunction with other documents in the QBRS.

Tenterfield Shire Council

Budget review for the quarter ended - 31 March 2021

Consultancy and Legal Fees

Expense	Expenditure YTD \$'000	Budgeted (Y/N)
Consultancies	<u>130,563</u>	<u>Y</u>
Legal Fees	<u>29,603</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.
