

Tenterfield Shire Council

Budget review for the quarter ended - 30 September 2021

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 30 September 2021 indicates that Council's projected financial position at 30 June 2022 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 recommend 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 they are offset by other savings (e.g. with road works such as re-sheeting, 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 i.e. 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 2021/22, 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 regarding them re-acquiring some roads from Council.
- 3) Acknowledge the ongoing governance and treasury management difficulties Council faces with the current structure of many grant and disaster funding payments, and advocate for changes to the timing of these cash payments from State and Federal governments.
- 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 Council reports, such a plan may include a Special Rates Variation request with a view to returning Council's operating position to surplus.

Signed: 

Date: 12/11/21

Responsible Accounting Officer

Tenterfield Shire Council

Budget Statement for the year ended - 30 September 2021

Income and Expenditure Review by Function

	Original Budget 2021/22	Recommend Changes September Review	PROJECTED year end Result 2021/22	ACTUAL YTD as at 30/09/21
	\$'000	\$'000	\$'000	\$'000
Income				
- Civic Office	-	-	-	-
- Organisational Leadership	-	-	-	-
- Community Development	6	-	6	-
- Economic Growth and Tourism	37	2,219	2,256	97
- Theatre and Museum Complex	165	1	166	17
- Library Services	88	-	88	1
- Workforce Development	185	218	403	257
- Emergency Services	136	173	309	-
- Finance and Technology	8,424	-	8,424	5,174
- Corporate and Governance	2	-	2	-
- Environmental Management	87	25	112	1
- Livestock Saleyards	77	-	77	21
- Parks, Gardens and Open Spaces	122	282	404	289
- Planning and Regulation	332	28	360	95
- Buildings and Amenities	632	227	859	6
- Swimming Complex	-	-	-	-
- Asset Management and Resourcing	10	-	10	-
- Commercial Works	148	-	148	17
- Plant, Fleet and Equipment	785	-	785	27
- Transport Network	8,180	26,292	34,472	2,986
- Waste Management	2,874	3	2,877	2,689
- Water Supply	2,806	9,916	12,722	714
- Sewerage Service	2,755	-	2,755	2,554
- Stormwater & Drainage	71	-	71	71
Total Income including Capital Grants & Contributions	27,922	39,384	67,306	15,016
Expenses				
- Civic Office	439	-	439	79
- Organisational Leadership	1,031	-	1,031	198
- Community Development	99	1	100	23
- Economic Growth and Tourism	560	705	1,265	217
- Theatre and Museum Complex	286	2	288	44
- Library Services	545	(2)	543	97
- Workforce Development	1,065	218	1,283	247
- Emergency Services	698	84	782	175
- Finance and Technology	522	-	522	232
- Corporate and Governance	782	-	782	151
- Environmental Management	331	99	430	37
- Livestock Saleyards	141	-	141	20
- Parks, Gardens and Open Spaces	1,100	44	1,144	224
- Planning and Regulation	537	107	644	107
- Buildings and Amenities	1,117	91	1,208	244
- Swimming Complex	210	-	210	28
- Asset Management and Resourcing	907	-	907	124
- Commercial Works	114	-	114	13
- Plant, Fleet and Equipment	(508)	-	(508)	(184)
- Transport Network	7,480	174	7,654	2,387
- Waste Management	2,274	-	2,274	391
- Water Supply	2,572	(113)	2,459	436
- Sewerage Service	1,786	-	1,786	254
- Stormwater & Drainage	110	-	110	-
Total Expenses	24,198	1,410	25,608	5,544
Total Surplus/ (Deficit)	3,724	37,974	41,698	9,472
Capital Grants and Contributions	3,721	38,693	42,414	2,560
Net Operating Result excluding Capital Grants and Contributions	3	(719)	(716)	6,912
Operating Ratio (including Capital Income)	13.34%		61.95%	63.08%
Operating Ratio (excluding Capital Income)	0.01%		-2.88%	55.49%

Budget Variations - Explanations

C/F = Carry-forward

Recommended Income Variations this Quarter	(000's)	Explanation:
- Economic Growth & Tourism	2,219	C/F grants: Regional Tourism Bushfire Recovery: Peter Allen Festival \$10,000; Gravel n Granite \$7,500; Oracles of the Bush \$7,000; Art Installations Tenterfield Creek \$70,000. New grants: Youth Precinct & Mountain Bike Trailhead \$1,750,000; Tenterfield Dam Fishing Platform \$250,000. Community Recovery Officer reimbursement \$74,870.
- Theatre & Museum Complex	1	New grant: Winter School Holiday Activities \$663
- Workforce Development	218	Training Reimbursement \$212,898; Covid cost reimbursement \$5,240
- Emergency Services	173	Funding: RFS station Mingoola \$172,520
- Environmental Management	25	C/F grant: Bushfire Recovery Weeds Project - Tropical Soda Apple \$25,000
- Parks, Gardens and Open Spaces	282	C/F grants: SCCF Shade Structure Rotary Park \$11,884; Exercise Area Hockey Park \$8,758; Cricket Net Shirley Park \$10,925, New grant: Jennings Playground Precinct \$250,000
- Planning and Regulation	28	C/F grants: SCCF Vibrant & Connected -\$16,377; Drought Communities Shire Entry Signs \$3,148, New grant: NSW Heritage Mingoola Trail \$41,500
- Buildings and Amenities	227	C/F grants: Bolivia Hall upgrade \$36,837; SCCF Memorial Hall \$16,377; SCCF Toilets Urbenville & Legume -\$52,273; Memorial Hall Acoustics & Insulation \$103,145; Restorations Pioneer Cottage \$14,131; BCRRF Memorial Hall \$108,990
- Transport Network	26,292	C/F bridge grants: Boonoo Boonoo \$1,627,322; Emu Creek \$491,686; Deepwater River \$556,159; Kangaroo Creek \$578,733; Paddy's Flat North \$728,898; Paddy's Flat South \$619,638; Grahams Creek \$654,589; Washpool Creek \$369,258; Interim Solutions -\$331,007.
- Waste Management	3	New road grant: Bushfire Local Economic Recovery Package Mt Lindesay Rd \$5,746,545
- Water Supply	9,916	C/F road grants: Special Mt Lindesay \$14,228,315; Toooloom \$163,011; Federal Stimulus Mt Lindesay \$44,130; Local Roads & Community Infrastructure Round 2 \$806,294; Mt Lindesay Rd & Boundary Rd Intersection Safety \$8,773; Kildare Rd -\$725.
Total Recommended Income Variations this Quarter	39,384	

Recommended Expenditure Variations this Quarter	(000's)	Explanation:
- Community Development	1	C/F grant: Community Grant \$1,061
- Economic Growth & Tourism	705	C/F grants: National Bushfire Tourism Stimulus \$209,986; Regional Tourism Bushfire Recovery - Peter Allen Festival \$20,000; Gravel n Granite \$15,000; Oracles of the Bush \$15,000; Drought Communities Extension - Main Street Shopfronts \$350,909; Painting Post Office \$9,091, Community Recovery Officer \$75,491; Angry Bull Mountain Bike Trail \$9,091
- Theatre & Museum Complex	2	New grant: Winter School Holiday Activities \$663, Move operating budget from Library \$1,596
- Library Services	(2)	Move operating budget to Theatre & Museum -\$1,596
- Workforce Development	218	Operational costs \$218,138 (Staff training, Covid-19)
- Emergency Services	84	RFS station Mingoola \$172,520; RFS Station maintenance works \$66,276 (funded by RFS reserve); Reduction to Emergency Services Levy -\$154,747
- Environmental Management	99	C/F grants: Bushfire Recovery Weeds Project - Tropical Soda Apple \$50,000; Black Knapweed \$34,478; Weeds Action Program \$14,821
- Parks, Gardens and Open Spaces	44	C/F grants: Bushfire Recovery Tree Removal \$10,512; Creek Corridors Restoration Tenterfield Creek \$33,840
- Planning and Regulation	107	C/F grants: NSW Planning Portal \$30,843; Drought Communities Wilson's Downfall Cemetery \$25,519; Local Heritage Strategic Project \$9,012, New grant: NSW Heritage Mingoola Trail \$41,500
- Buildings and Amenities	91	C/F grant: Bolivia Hall upgrade \$41,044.5. C/F: Band Hall Removal \$50,000
- Transport Network	174	C/F: Formalise Road Reserves \$174,075
- Water Supply	(113)	C/F grant: Urbenville & Woodenbong Flood Study \$63,803. Reduction to Interest on Loan for Dam Wall -\$177,245 (mostly due to timing of repayments)
Total Recommended Expenditure Variations this Quarter	1,410	

Capital Budget Review

	Original Budget 2021/22	Recommended Changes September Review	REVISSED Budget	ACTUAL YTD as at 30/09/21
Capital Funding				
Rates and other united funding	3,707	(1,383)	2,324	-
Capital Grants & Contributions	3,721	38,693	42,414	2,560
External Restrictions				
- Specific Purpose Unexpended Grants (included in liabilities)	-	2,412	2,412	2,412
- Unspent LIRS Loan Funds (included in liabilities)	-	-	-	-
- Developer Contributions	-	9	9	9
- Specific Purpose Unexpended Grants	-	88	88	88
- Water Supply	686	(89)	597	597
- Sewerage Service	875	212	1,087	1,087
- Domestic Waste Management	359	227	586	586
- Stormwater Management	50	167	217	217
- Brunxer Way Rewidening (RMS)	-	26	26	26
Internal restrictions				
- Plant & Vehicle Replacement Reserve	927	-	927	927
Other Capital Funding Sources e.g.				
- New Loans 2021/22	5,905	-	5,905	-
- Balance unspent from loan taken out in 2020/21	-	2,124	2,124	2,124
- Income from sale of assets	2,418	-	2,418	565
Total Capital Funding	18,648	42,486	61,134	11,198
Capital Expenditure				
New Assets				
CHIEF EXECUTIVE OFFICE				
- Civic Office	-	-	-	-
- Organisational Leadership	-	-	-	-
- Community Development	-	-	-	-
- Economic Growth and Tourism	-	2,070	2,070	-
- Theatre and Museum Complex	-	-	-	-
- Library Services	-	-	-	-
- Workforce Development	-	-	-	-
- Emergency Services	-	-	-	-
CHIEF CORPORATE OFFICE				
- Finance and Technology	-	-	-	-
- Corporate and Governance	-	-	-	-
- Environmental Management	-	-	-	-
- Livestock Saleyards	-	-	-	-
- Parks, Gardens and Open Spaces	-	127	127	36
- Planning and Regulation	-	-	-	-
- Buildings and Amenities	-	-	-	-
- Swimming Complex	-	5	5	-
CHIEF OPERATING OFFICE				
- Asset Management and Resourcing	-	-	-	-
- Commercial Works	-	-	-	-
- Plant, Fleet and Equipment	-	-	-	-
- Transport Network	-	-	-	-
- Waste Management	-	126	3,443	41
- Water Supply	3,317	995	995	1
- Sewerage Service	-	-	-	-
- Stormwater & Drainage	-	-	-	-
Renewals (Replacement)				
CHIEF EXECUTIVE OFFICE				
- Civic Office	-	-	-	-
- Organisational Leadership	-	-	-	-
- Community Development	-	-	-	-
- Economic Growth and Tourism	-	5	5	4
- Theatre and Museum Complex	-	36	55	-
- Library Services	19	-	-	-
- Workforce Development	-	-	-	-
- Emergency Services	-	-	-	-
CHIEF CORPORATE OFFICE				
- Finance and Technology	250	-	250	49
- Corporate and Governance	-	-	-	-
- Environmental Management	-	2	2	-
- Livestock Saleyards	-	181	181	-
- Parks, Gardens and Open Spaces	-	261	261	-
- Planning and Regulation	-	3	3	-
- Buildings and Amenities	366	638	1,004	288
- Swimming Complex	200	-	200	-
CHIEF OPERATING OFFICE				
- Asset Management and Resourcing	330	21	351	-
- Commercial Works	-	-	-	-
- Plant, Fleet and Equipment	3,345	-	3,345	641
- Transport Network	8,489	28,780	37,269	1,634
- Waste Management	188	104	292	79
- Water Supply	449	8,792	9,241	270
- Sewerage Service	782	212	994	90
- Stormwater & Drainage	50	167	217	45
Loan Repayments (principal)	863	(39)	824	199
Total Capital Expenditure	18,648	42,486	61,134	3,377

* 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.

C/F = Carry-forward

Proposed Expenditure Variations	(000's)	Explanation:
New Assets		
- Economic Growth & Tourism	2,070	C/F grant: Art Installations Tenterfield Creek \$70,000. New grants: Youth Precinct & Mountain Bike Trailhead \$1,750,000; Tenterfield Dam Fishing Platform \$250,000.
- Swimming Complex	5	C/F: Shade Structure Over BBQ at Pool \$4,960
- Parks, Gardens and Open Spaces	127	C/F grants: SCCF Shade Structure Rotary Park \$24,766; Exercise Area Hockey Park \$83,641. C/F: Cemetery Stage 1 Expansion \$18,808
- Waste Management	126	C/F: Mungoola - Open Transfer Station \$70,000; Torrington - Landfill Closure & Transfer Station Construction \$25,000; Torrington Landfill - Convert to Transfer \$30,000; Tenterfield WTS Bailier Bay Structure \$1,458
- Water Supply	995	C/F: Apex Park Bore Dispenser \$10,000; Legume Catchment - Water Supply Options Study \$5,000. New grant: Tenterfield Villages Emergency Water Program \$980,000
Total New Asset Budget Adjustments	3,323	

Renewal Assets		
- Theatre and Museum Complex	5	C/F grant: SOA Air-conditioning \$3,306. C/F: Computer Equipment \$1,500
- Library Services	36	C/F grants: Local Priority Grant 2019/20 \$16,442. Local Priority Grant 2020/21 \$19,329.
- Environmental Management	2	C/F grant: Covid-19 Council Pound Grant
- Livestock Saleyards	181	C/F: Improvements to Loading Ramps & Traffic Facilities \$180,783
- Parks, Gardens and Open Spaces	261	C/F grant: SCCF Cricket Net Shirley Park \$10,925. New grant: Jennings Playground Precinct \$250,000
- Planning and Regulation	3	C/F grant: Drought Communities Shire Entry Signs \$3,148.
- Buildings and Amenities	638	C/F grants: SCCF Memorial Hall \$51,119; SCCF Toilets Urbenville & Legume \$14,891; Memorial Hall Acoustics & Insulation \$103,145; Restorations Pioneer Cottage \$14,131; BCRRF Memorial Hall \$108,990. C/F: Admin Building Refurbishment \$152,285. Additional Council funds required: BCRRF Memorial Hall \$180,000 as per Council resolution 212/20; SCCF Toilets Urbenville & Legume \$13,724
- Asset Management and Resourcing	21	C/F: Tenterfield Depot Refurbishment Stage 1 \$20,804
- Transport Network	28,780	C/F bridge grants: Boonoo Boonoo \$1,627,322; Emu Creek \$491,686; Deepwater River \$1,156,209; Kangaroo Creek \$1,187,433; Paddy's Flat North \$728,899; Paddy's Flat South \$619,639; Grahams Creek \$654,589; Washpool Creek \$369,258. C/F road grants: Special Mt Lindesay \$14,124,630; Tooloom \$163,011; Federal Stimulus Mt Lindesay \$44,130; Local Roads & Community Infrastructure Round 2 \$806,294; Mt Lindesay Rd & Boundary Rd Intersection Safety \$8,773; Kildare Rd -\$725; Regional Roads Block Grant Reseals Program \$338,295; Repair Program 2020/21 \$127,163. New road grant: Bushfire Local Economic Recovery Package Mt Lindesay Rd \$5,746,545
- Waste Management	104	C/F: Contribution to Clarence River Bridge (Kyogle Shire) \$550,000; Bruxner Way Curve Improvements \$25,981; Developer Contribution Road Works \$9,013; LIRS Main Street Complete Final Stage \$1,406
- Water Supply	8,792	C/F: Boonoo Boonoo Landfill - Environmental Improvements \$12,020; Boonoo Boonoo - WHS Facilities & Amenities Upgrade \$91,006; Torrington Landfill - Access Road \$1,000
- Sewerage Network	212	C/F grant: New Water Treatment Plant \$8,878,242. Addition: Tenterfield Valve Renewal \$5,000; Reduction: Tenterfield Reservoir Outlet Works -\$80,000; Jennings Mains Replacement -\$11,200
- Stormwater & Drainage	167	Tenterfield Mains Relining \$121,400; Urbenville Sewer Pump Station Emergency Works Replacement \$91,093 C/F: Rouse St Design & Investigation \$100,000; Urban Culverts Renewal \$27,200; Stormwater Pipe Renewal \$40,000
Total Renewal Asset Budget Adjustments	39,202	

Liabilities		
- Water Supply	(39)	Reduction to Repayments on Loan for Dam Wall -\$38,605 (mostly due to timing of repayments)
Total Liabilities Budget Adjustments	(39)	
Total Proposed Expenditure Variations	42,486	

Budget Statement for the year ended - 30 September 2021

Cash and Investment Review

	Opening Balance 30/06/2021 from Audited Financial Statements		Approved Changes September Review		PROJECTED year end Result 2021/22	Closing Balance 30/09/2021
	\$'000		\$'000			
Externally restricted						
Specific Purpose Unexpended Grants (included in liabilities)	3,412		(3,412)		-	3,280
Developer Contributions - General Fund	171		37		208	217
Developer Contributions - Water Fund	15		-		15	15
Developer Contributions - Sewer Fund	16		-		16	16
Developer Contributions - Waste Fund	18		2		20	20
Developer Contributions - Stormwater Fund	2		-		2	2
Specific Purpose Unexpended Grants	1,345		(1,202)		143	1,048
Water Supply	590		250		840	991
Sewerage Service	4,846		(212)		4,634	5,573
Domestic Waste Management	3,109		(227)		2,882	3,718
Stormwater Management	1,032		(167)		865	1,006
Bruxner Way Rewidening (RMS)	26		(26)		-	15
Total Externally restricted	14,582		(4,957)		9,625	15,901
Internally restricted						
Plant & Vehicle Replacement	-		-		-	-
Employees Leave Entitlements	-		412		412	412
International Town Partnerships	-		-		-	-
Roads & Bridges (Pending outcomes of grant applications)	-		-		-	-
Special Projects	-		-		-	-
RFS Unspent Funds	-		-		-	-
Total Internally restricted	-		502		90	82
Total Restricted	14,582		(4,455)		10,127	16,395
Available Cash (Unrestricted Funds)	-		-		-	-
Total Cash and Investments	14,582		(4,455)		10,127	16,395

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 September quarter occurred

Cash Book Reconciliation

\$

Operating Cash balance as at 30 September 2021

10,013,081.02

382,340.85

Total Cash (Not invested) as at 30 September 2021

10,395,421.87

Reconciliation

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

Financial Institution	\$	Rating	Interest
National Australia Bank	1,500,000.00	AA-	0.05%
Commonwealth Bank	3,000,000.00	AA-	0.30%
Westpac	1,500,000.00	AA-	0.14%
TOTAL INVESTMENTS	6,000,000.00		
TOTAL CASH ON HAND	10,395,421.87		
TOTAL CASH AND INVESTMENTS	16,395,421.87		

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 30 September 2021 and should be read in conjunction with other documents in the QBI

Tenterfield Shire Council

Budget review for the quarter ended - 30 September 2021

Contracts

Contractor	Contract detail & purpose	Contract value \$	Commencement date	Duration of contract	Budgeted (Y/N)
Vanguard Consulting Group	Igor Ivannikov - Financial & Asset Accounting Services	80,000	15/11/2021	12 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).

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 30 September 2021 and should be read in conjunction with other documents in the QBRs.

Tenterfield Shire Council

Budget review for the quarter ended - 30 September 2021

Consultancy and Legal Fees

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	7,793	Y
Legal Fees	34,878	Y

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 portion of the legal fees relating to Debt Recovery are recoverable.