

Tenterfield Shire Council

Budget review for the quarter ended - 31 December 2022

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 2022 indicates that Council's projected financial position at 30 June 2023 will be unsatisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure. Noting, this is primarily due to funding and timing of grants despite administrations ongoing operational deferrals. Council's cash position has been positive predominately by the receipt of 75% advance payment of Financial Assistance Grants in the previous financial year.

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 December 2022 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) 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;*
- 3) Council continues to explore increase in operational income by considering selling assets and to reassess current commercial lease agreements*

Signed: *Roy Jones*

Date: 13/02/2022

Responsible Accounting Officer

Tenterfield Shire Council

Budget Statement for the year ended - 31 December 2022

Income and Expenditure Review by Function

	Original Budget	Approved Changes	Recommend Changes	PROJECTED	ACTUAL
	2022/23	September Review	December Review	year end Result 2022/23	YTD as at 31/12/22
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
- Civic Office	-	(12)	11	(1)	(3)
- Organisation Leadership	-	-	-	-	-
- Community Development	6	64	3	73	10
- Economic Growth and Tourism	27	1,994	895	2,916	1,126
- Theatre and Museum Complex	168	-	(61)	107	61
- Library Services	89	202	-	291	289
- Workforce Development	164	121	59	344	134
- Emergency Services	138	311	-	449	449
- Finance and Technology	8,381	(239)	150	8,292	5,683
- Corporate and Governance	2	-	-	2	2
- Environmental Management	86	44	10	140	2
- Livestock Saleyards	78	(162)	-	(84)	(134)
- Parks, Gardens and Open Spaces	125	397	-	522	416
- Planning and Regulation	308	13	97	418	196
- Buildings and Amenities	133	870	213	1,216	629
- Swimming Complex	-	-	-	-	-
- Asset Management and Resourcing	10	-	-	10	1
- Commercial Works	152	-	-	152	67
- Plant, Fleet and Equipment	188	-	(140)	48	19
- Transport Network	4,835	27,589	2,252	34,676	16,712
- Waste Management	3,118	849	32	3,999	3,688
- Water Supply	2,995	9,849	132	12,976	4,138
- Sewerage Service	2,900	-	-	2,900	2,806
- Stormwater & Drainage	71	-	-	71	72
Total Income including Capital Grants & Contributions	23,974	41,890	3,653	69,517	36,363
Expenses					
- Civic Office	355	(38)	11	328	134
- Organisation Leadership	970	48	(65)	953	431
- Community Development	101	305	6	412	217
- Economic Growth and Tourism	620	154	(41)	733	286
- Theatre and Museum Complex	294	6	127	427	203
- Library Services	546	(29)	20	537	235
- Workforce Development	1,096	14	366	1,476	750
- Emergency Services	731	(49)	2	684	463
- Finance and Technology	701	(60)	20	661	294
- Corporate and Governance	812	(33)	4	783	336
- Environmental Management	333	74	10	417	87
- Livestock Saleyards	159	(20)	(11)	128	64
- Parks, Gardens and Open Spaces	1,161	11	(14)	1,158	531
- Planning and Regulation	532	137	3	672	190
- Buildings and Amenities	1,169	132	203	1,504	782
- Swimming Complex	272	(41)	(4)	227	96
- Asset Management and Resourcing	1,028	(20)	15	1,023	311
- Commercial Works	117	-	-	117	52
- Plant, Fleet and Equipment	(375)	(15)	-	(390)	89
- Transport Network	7,401	2,964	2,429	12,794	7,547
- Waste Management	2,317	-	686	3,003	1,406
- Water Supply	2,525	80	345	2,950	1,376
- Sewerage Service	1,905	195	149	2,249	1,130
- Stormwater & Drainage	112	30	7	149	69
Total Expenses	24,882	3,845	4,268	32,995	17,079
Total Surplus/ (Deficit)	(908)	38,045	(615)	36,522	19,284
Capital Grants and Contributions	361	39,565	1,137	41,063	19,876
Net Operating Result excluding Capital Grants and Contributions	(1,269)	(1,520)	(1,752)	(4,541)	(592)
Operating Ratio (including Capital Income)	-3.79%			52.54%	53.03%
Operating Ratio (excluding Capital Income)	-5.37%			-15.96%	-3.59%

Budget Variations - Explanations

C/F = Carry-forward from 2021/22 financial year

Recommended Income Variations this Quarter	(\$'000)	Explanation:
- Civic Office	11	New Operating grant income: National Australia Day grant \$11,000
- Community Development	3	New Operating grant income: Youth Week grant \$3,313
- Economic Growth & Tourism	895	Reduction to Operating income: Tourism Merchandise Sales -\$10,400
		New Capital grant income: Stronger Country Communities Fund Round 5 - Tenterfield Youth Precinct Infrastructure Upgrade Stage 2 \$904,968
- Theatre and Museum Complex	(61)	Reduction to Operating income: Cinema Operations -\$33,500; Theatre Operations -\$27,500
- Workforce Development	59	Ongoing Resilience NSW program - expected reimbursement income (Operating): Community Recovery Officer \$31,010
		Addition to Operating income: Statecover Mutual Safety & Wellbeing Incentive \$27,772
- Finance and Technology	150	Addition to Operating income: Interest On Investments \$150,000
- Environmental Management	10	New Operating grant income: Millbrook Park Flying-Fox Camp Management Plan \$10,000
- Planning and Regulation	97	Addition to Operating income: Planning & Regulation fees & charges \$11,700
		Addition to Capital income: Developer Contributions (General Fund) \$85,000
- Buildings and Amenities	213	Addition to Operating income: Sale of Surplus Property - Sugarbag Rd, Drake \$205,546; Expected insurance settlement for House at 268 Douglas St - Carpet replacement \$7,000
- Plant, Fleet and Equipment	(140)	Reduction to Operating income: Fuel tax credits -\$140,000
- Transport Network	2,252	Ongoing Disaster Recovery program - expected reimbursement funding (Operating): DRFA AGRN1012 February 2022 Immediate Reconstruction Works (IRW) \$1,556,289
		New Operating grant income: Fixing Local Roads Pothole Repair \$578,524.
		Ongoing Disaster Recovery program - expected reimbursement funding (Capital): DRFA AGRN1012 February 2022 Essential Public Asset Reconstruction (EPAR) \$56,047; DRFA AGRN960 March 2021 Dumaresq River Bridge EPAR \$61,108
- Waste Management	32	Addition to Operating income: Recycling income \$32,000
- Water Supply	132	New Operating grant income: Tenterfield Flood Study grant \$89,998
		Addition to Operating income: Water Network Installation charges \$12,000
		Addition to Capital income: Developer Contributions (Water Fund) \$30,000
Total Recommended Income Variations this Quarter	3,653	

Budget Variations - Explanations

C/F = Carry-forward from 2021/22 financial year

Recommended Expenditure Variations this Quarter	(\$'000)	Explanation:
- Civic Office	11	New Operating grant: National Australia Day grant \$11,000
- Organisation Leadership	(65)	Reduction: Wages -\$65,000
- Community Development	6	New Operating grant: Youth Week grant \$5,826 (requires Council contribution \$2,513)
- Economic Growth & Tourism	(41)	Addition: Depreciation \$4,221
		Reduction: Wages -\$40,000; Economic Development -\$5,000
- Theatre and Museum Complex	127	Addition: Wages \$120,000; Fire Safety Maintenance \$5,000; Depreciation \$1,637
- Library Services	20	Addition: Wages \$15,000; Depreciation \$4,971
- Workforce Development	366	Ongoing Resilience NSW program: Community Recovery Officer \$31,010
		Addition: Employee Leave Entitlements \$300,000; Recruitment Costs \$30,000; Travel Costs \$5,000
- Emergency Services	2	Addition: Depreciation \$2,085
- Finance and Technology	20	Addition: Contract Staff - Statutory Accounting Function \$20,000
- Corporate and Governance	4	Addition: Procurement System increase \$3,065; Governance & Compliance Register increase \$775
- Environmental Management	10	New Operating grant: Millbrook Park Flying-Fox Camp Management Plan \$10,000
- Livestock Saleyards	(11)	Reduction: Depreciation -\$10,927
- Parks, Gardens and Open Spaces	(14)	Reduction: Depreciation -\$13,580
- Planning and Regulation	3	Addition: Depreciation \$2,788
- Buildings and Amenities	203	Addition: Depreciation \$102,873
		Addition: Loss on Derecognition of Assets - Sugarbag Rd, Drake \$102,415
		Addition: Public Toilets cleaning & maintenance \$36,000; Sale of Surplus Property Bendalls - survey & real estate costs \$10,000; Leasing agreements legal costs \$1,600
		Reduction: Wages -\$50,000
- Swimming Complex	(4)	Reduction: Depreciation -\$3,741
- Asset Management and Resourcing	15	Addition: Depreciation \$14,772
- Transport Network	2,429	Ongoing Disaster Recovery program (Operating): DRFA AGRN1012 February 2022 Immediate Reconstruction Works (IRW) \$1,556,289
		New Operating grant: Fixing Local Roads Pothole Repair \$578,524
		Addition: Depreciation \$294,403
- Waste Management	686	Addition: Depreciation \$641,099
		Addition: Boonoo Boonoo Landfill operating costs \$20,111 (includes additional EPA directed costs for leachate pumps, water monitoring & lab testing)
		Addition: Waste Collection costs \$20,000; Tenterfield Transfer Station Maintenance (air conditioner) \$5,000

Budget Variations - Explanations

C/F = Carry-forward from 2021/22 financial year

- Water Supply	345	Addition: Depreciation \$142,380
		New Operating grant: Tenterfield Flood Study grant \$104,998 (requires Council contribution \$15,000)
		Addition: Integrated Water Cycle Management Strategy grant \$26,957 (extra costs required to be contributed by Council - grant funds expended)
		Addition: NSW Dam Safety Reporting Requirements \$13,033; Water Treatment & Testing \$46,500; Tenterfield Dam Maintenance \$8,000; Water reservoir maintenance \$3,399
- Sewerage Service	149	Addition: Depreciation \$54,344
		Addition: Sewer Pump Station Maintenance \$51,500; Sewer Treatment & Testing \$26,000; Sewer Network Maintenance \$11,100; Sewer Pump Station Electricity \$6,500
- Stormwater & Drainage	7	Addition: Depreciation \$7,239
Total Recommended Expenditure Variations this Quarter		4,268

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2022 and should be read in conjunction with other documents in the QBRs.

Tenterfield Shire Council

Budget Statement for the year ended - 31 December 2022

Capital Budget Review

	Original Budget 2022/23	Approved Changes September Review	Recommend Changes December Review	REVISED Budget	ACTUAL YTD as at 31/12/22
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Funding					
<i>Rates and other untied funding</i>	3,086	774	(115)	3,745	-
<i>Capital Grants & Contributions</i>	361	39,565	1,137	41,063	19,876
External Restrictions					
- <i>Specific Purpose Unexpended Grants</i>	-	43	-	43	43
- <i>Developer Contributions</i>	-	-	41	41	41
- <i>Water Supply Fund</i>	577	271	-	848	848
- <i>Sewerage Service Fund</i>	1,213	197	-	1,410	1,410
- <i>Domestic Waste Management Fund</i>	2,754	282	(70)	2,966	2,966
- <i>Stormwater Management Fund</i>	130	-	-	130	130
Internal restrictions					
- <i>Plant & Vehicle Replacement Reserve</i>	-	-	-	-	-
Other Capital Funding Sources					
- <i>New Loan 2022/23</i>	3,100	-	-	3,100	-
- <i>Balance unspent from Transport loan taken out in 2021/22</i>	-	1,014	-	1,014	1,014
- <i>Balance unspent from loan taken out in 2020/21</i>	-	1,054	-	1,054	1,054
<i>Income from sale of assets</i>	3,042	-	-	3,042	1,030
Total Capital Funding	14,263	43,200	993	58,456	28,412

Tenterfield Shire Council

Budget Statement for the year ended - 31 December 2022

Capital Budget Review

	Original Budget	Approved Changes	Recommend Changes	REVISED Budget	ACTUAL YTD
	2022/23	September Review	December Review		as at 31/12/22
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure					
New Assets					
CHIEF EXECUTIVE OFFICE					
- Civic Office	-	-	-	-	-
- Organisation Leadership	-	-	-	-	-
- Community Development	-	-	-	-	-
- Economic Growth and Tourism	-	1,969	905	2,874	168
- 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	-	15	-	15	-
- Planning and Regulation	-	-	-	-	-
- Buildings and Amenities	-	-	-	-	-
- Swimming Complex	-	-	-	-	-
CHIEF OPERATING OFFICE					
- Asset Management and Resourcing	-	-	-	-	-
- Commercial Works	-	-	-	-	-
- Plant, Fleet and Equipment	-	-	-	-	-
- Transport Network	-	-	-	-	-
- Waste Management	2,500	144	(70)	2,574	52
- Water Supply	-	2,597	-	2,597	225
- Sewerage Service	50	-	-	50	-
- Stormwater & Drainage	-	-	-	-	-
Renewals (Replacement)					
CHIEF EXECUTIVE OFFICE					
- Civic Office	-	-	-	-	-
- Organisation Leadership	-	-	-	-	-
- Community Development	-	-	-	-	-
- Economic Growth and Tourism	-	-	-	-	-
- Theatre and Museum Complex	94	(94)	-	-	-
- Library Services	19	245	-	264	11
- Workforce Development	-	-	-	-	-
- Emergency Services	-	-	-	-	-
CHIEF CORPORATE OFFICE					
- Finance and Technology	225	-	-	225	33
- Corporate and Governance	-	-	-	-	-
- Environmental Management	-	1	-	1	1
- Livestock Saleyards	-	208	-	208	178
- Parks, Gardens and Open Spaces	-	377	-	377	174
- Planning and Regulation	-	-	-	-	-
- Buildings and Amenities	330	974	-	1,304	181
- Swimming Complex	25	-	-	25	7
CHIEF OPERATING OFFICE					
- Asset Management and Resourcing	220	-	-	220	2
- Commercial Works	-	-	-	-	-
- Plant, Fleet and Equipment	3,944	-	-	3,944	899
- Transport Network	4,143	28,006	158	32,307	13,052
- Waste Management	68	827	-	895	46
- Water Supply	317	7,734	-	8,051	2,985
- Sewerage Service	1,062	197	-	1,259	154
- Stormwater & Drainage	130	-	-	130	-
Loan Repayments (principal)	1,136	-	-	1,136	445
Total Capital Expenditure	14,263	43,200	993	58,456	18,613

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

Capital Expenditure Budget Variations - Explanations

Recommended Expenditure Variations

(\$'000)

C/F = Carry-forward from 2021/22 financial year

New Assets

- Economic Growth & Tourism	905	New Capital grant: Stronger Country Communities Fund Round 5 - Tenterfield Youth Precinct Infrastructure Upgrade Stage 2 \$904,968
- Waste Management	(70)	Reduction Waste fund capital projects: Mingoola Open Transfer Station - deferred to 2023/24 year -\$70,000
Total New Asset Budget Adjustments	835	

Renewal Assets

- Transport Network	158	Ongoing Disaster Recovery program (Capital): DRFA AGRN1012 February 2022 Essential Public Asset Reconstruction (EPAR) \$56,047; DRFA AGRN960 March 2021 Dumaresq River Bridge EPAR \$61,108
		Addition General fund capital projects: Developer Contribution Road Works \$40,540 (funded from Developer Contributions - General Fund Reserve)
		Addition General fund capital projects: Gravel Pit Rehabilitation \$20,000 (funds reallocated from Concrete Bridges budget)
		Reduction General fund capital projects: Concrete Bridges -\$20,000 (funds reallocated to Gravel Pit Rehabilitation budget)
Total Renewal Asset Budget Adjustments	158	

Liabilities

Total Liabilities Budget Adjustments	0
Total Proposed Expenditure Variations	993

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2022 and should be read in conjunction with other documents in the QBRS.

Tenterfield Shire Council

Budget Statement for the year ended - 31 December 2022

Cash and Investment Review

	Opening Balance	Approved	Recommend	PROJECTED	ACTUAL YTD
	30/06/2022	Changes	Changes	year end	31/12/2022
	from Audited	September	December	Result	
	Financial Statements	Review	Review	2022/23	
	\$'000	\$'000	\$'000	\$'000	\$'000
Externally restricted					
<i>Specific Purpose Unexpended Grants - General Fund</i>	13,786	(12,775)	-	1,011	8,386
<i>Specific Purpose Unexpended Grants - Water Fund</i>	616	(616)	-	-	821
<i>Specific Purpose Unexpended Grants - Sewer Fund</i>	-	-	-	-	-
<i>Specific Purpose Unexpended Grants - Waste Fund</i>	-	-	-	-	499
<i>Specific Purpose Unexpended Grants - Stormwater Fund</i>	-	-	-	-	-
<i>Developer Contributions - General Fund</i>	348	38	14	400	400
<i>Developer Contributions - Water Fund</i>	38	-	37	75	74
<i>Developer Contributions - Sewer Fund</i>	41	-	3	44	45
<i>Developer Contributions - Waste Fund</i>	37	3	5	45	45
<i>Developer Contributions - Stormwater Fund</i>	4	-	1	5	4
<i>Water Supply Fund</i>	2,181	(521)	(101)	1,559	949
<i>Sewerage Service Fund</i>	5,703	(86)	(95)	5,522	6,348
<i>Domestic Waste Management Fund</i>	7,373	(1,774)	57	5,656	8,358
<i>Stormwater Management Fund</i>	1,026	(129)	30	927	982
<i>Trust Fund</i>	382	-	-	382	382
Total Externally restricted	31,535	(15,860)	(49)	15,626	27,293
Internally restricted					
<i>Plant & Vehicle Replacement</i>	-	-	-	-	-
<i>Employees Leave Entitlements</i>	-	-	-	-	-
<i>International Town Partnerships</i>	-	-	-	-	-
<i>Roads & Bridges (Pending outcomes of grant applications)</i>	-	-	-	-	-
<i>Special Projects</i>	5,000	(5,000)	-	-	2,283
<i>RFS Unspent Funds</i>	92	(8)	-	84	173
Total Internally restricted	5,092	(5,008)	-	84	2,456
Total Restricted	36,627	(20,868)	(49)	15,710	29,749
Available Cash (Unrestricted Funds)	482	-	-	482	400
Total Cash and Investments	37,109	(20,868)	(49)	16,192	30,149

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.

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 11 January 2023.

Cash Book Reconciliation

\$

Operating Account Cash balance as at 30 September 2022	23,767,165.37
Trust Account Cash balance as at 30 September 2022	382,340.85
Total Cash (Not invested) as at 30 September 2022	24,149,506.22

Reconciliation

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

Financial Institution	Amount	Rating	Interest	Maturity Date
National Australia Bank	1,500,000.00	AA-	3.71%	24/01/2023
Commonwealth Bank	3,000,000.00	AA-	3.98%	23/03/2023
Westpac	1,500,000.00	AA-	3.45%	27/01/2023
TOTAL INVESTMENTS	6,000,000.00			
TOTAL CASH ON HAND	24,149,506.22			
TOTAL CASH AND INVESTMENTS	30,149,506.22			

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2022 and should be read in conjunction with other documents in the QBRS.

Tenterfield Shire Council

Budget review for the quarter ended - 31 December 2022

Contracts

Contractor	Contract detail & purpose	Contract value \$	Commencement date	Duration of contract	Budgeted (Y/N)
	None to report				

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).

Consultancy and Legal Fees

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	<u>157,725</u>	<u>Y</u>
Legal Fees	<u>30,533</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 portion of the legal fees relating to Debt Recovery are recoverable.

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2022 and should be read in conjunction with other documents in the QBRS.