

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 2023 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 March 2023 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: 16/05/2023

Responsible Accounting Officer

Tenterfield Shire Council

Budget Statement for the year ended - 31 March 2023

Income and Expenditure Review by Function

	Original Budget	Approved Changes	Approved Changes	Recommend Changes	PROJECTED	ACTUAL
	2022/23	September Review	December Review	March Review	year end Result 2022/23	YTD as at 31/03/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
- Civic Office	-	(12)	11	-	(1)	(3)
- Organisation Leadership	-	-	-	-	-	-
- Community Development	6	64	3	7	80	13
- Economic Growth and Tourism	27	1,994	895	-	2,916	2,552
- Theatre and Museum Complex	168	-	(61)	4	111	82
- Library Services	89	202	-	-	291	290
- Workforce Development	164	121	59	140	484	250
- Emergency Services	138	311	-	-	449	449
- Finance and Technology	8,381	(239)	150	150	8,442	6,263
- Corporate and Governance	2	-	-	-	2	2
- Environmental Management	86	44	10	15	155	85
- Livestock Saleyards	78	(162)	-	30	(54)	(80)
- Parks, Gardens and Open Spaces	125	397	-	-	522	452
- Planning and Regulation	308	13	97	196	614	407
- Buildings and Amenities	133	870	213	24	1,240	706
- Swimming Complex	-	-	-	-	-	-
- Asset Management and Resourcing	10	-	-	-	10	1
- Commercial Works	152	-	-	-	152	119
- Plant, Fleet and Equipment	188	-	(140)	-	48	41
- Transport Network	4,835	27,589	2,252	8,727	43,403	23,755
- Waste Management	3,118	849	32	59	4,058	3,885
- Water Supply	2,995	9,849	132	286	13,262	6,163
- Sewerage Service	2,900	-	-	6	2,906	2,821
- Stormwater and Drainage	71	-	-	-	71	73
Total Income including Capital Grants & Contributions	23,974	41,890	3,653	9,644	79,161	48,326
Expenses						
- Civic Office	355	(38)	11	-	328	199
- Organisation Leadership	970	48	(65)	-	953	583
- Community Development	101	305	6	7	419	238
- Economic Growth and Tourism	620	154	(41)	-	733	477
- Theatre and Museum Complex	294	6	127	12	439	285
- Library Services	546	(29)	20	-	537	320
- Workforce Development	1,096	14	366	140	1,616	1,296
- Emergency Services	731	(49)	2	-	684	486
- Finance and Technology	701	(60)	20	(41)	620	364
- Corporate and Governance	812	(33)	4	-	783	495
- Environmental Management	333	74	10	15	432	194
- Livestock Saleyards	159	(20)	(11)	30	158	90
- Parks, Gardens and Open Spaces	1,161	11	(14)	(30)	1,128	693
- Planning and Regulation	532	137	3	-	672	253
- Buildings and Amenities	1,169	132	203	10	1,514	859
- Swimming Complex	272	(41)	(4)	20	247	128
- Asset Management and Resourcing	1,028	(20)	15	(40)	983	362
- Commercial Works	117	-	-	-	117	77
- Plant, Fleet and Equipment	(375)	(15)	-	-	(390)	(184)
- Transport Network	7,401	2,964	2,429	-	12,794	8,597
- Waste Management	2,317	-	686	35	3,038	1,933
- Water Supply	2,525	80	345	49	2,999	1,914
- Sewerage Service	1,905	195	149	251	2,500	1,403
- Stormwater and Drainage	112	30	7	-	149	69
Total Expenses	24,882	3,845	4,268	458	33,453	21,131
Total Surplus/ (Deficit)	(908)	38,045	(615)	9,186	45,708	27,195
Capital Grants and Contributions	361	39,565	1,137	9,158	50,221	25,877
Net Operating Result excluding Capital Grants and Contributions	(1,269)	(1,520)	(1,752)	28	(4,513)	1,318
Operating Ratio (including Capital Income)	-3.79%				57.74%	56.27%
Operating Ratio (excluding Capital Income)	-5.37%				-15.59%	5.87%

Budget Variations - Explanations

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

Recommended Income Variations this Quarter	(\$'000)	Explanation:
- Community Development	7	New Operating grant income: Autumn Holiday Break 2023 grant \$7,000
- Theatre and Museum Complex	4	Addition to Operating income: Advertising income \$3,000; Fees & Charges \$1,200
- Workforce Development	140	Ongoing Resilience NSW program - expected reimbursement income (Operating): Community Recovery Officer \$30,646
		Addition to Operating income: Training Reimbursement \$109,000
- Finance and Technology	150	Addition to Operating income: Interest On Investments \$150,000
- Environmental Management	15	Addition to Operating grant income: Millbrook Park Flying-Fox Camp Management Plan \$15,000
- Livestock Saleyards	30	Addition to Operating income: Saleyard Dues income \$25,000; WHS Surcharge income \$5,000
- Planning and Regulation	196	Addition to Operating income: Planning & Regulation fees & charges \$35,000
		Addition to Capital income: Developer Contributions Section 7.11 (General Fund) \$60,000; Developer Contributions Section 7.12 (General Fund) \$100,760
- Buildings and Amenities	24	Addition to Operating income: Drought Communities Programme Extension - Street Scap Recovery (National Monumental Project) Project Fees \$24,000
- Transport Network	8,727	Addition to Operating income: Permits/Application Fees Income \$11,500; Gravel Royalties \$6,000; North West Weight of Loads income \$5,000
		Addition to Capital grant income: Special Mt Lindesay Road \$1,500,000
		New Capital grant income: Fixing Local Roads - Paddys Flat Road South, Tabulam \$2,999,116; Fixing Country Bridges Program (FCBP) - Koreelah Creek Bridge, White Swamp Road \$1,416,420; FCBP - Mole River Bridge, Springfield Road \$1,308,221; FCBP - Acacia Creek Bridge, Patersons Road \$767,229; FCBP - Acacia Creek Bridge, Tooloom Street Legume \$713,128
- Waste Management	59	Addition to Operating income: Transfer Station & Landfill fees & charges \$45,000
		Addition to Capital income: Developer Contributions (Waste Fund) \$13,500
- Water Supply	286	Addition to Operating income: Water Network Installation charges \$7,000; Other Fees income \$2,000.
		New Capital grant income: Regional Leakage Reduction Program grant \$69,391
		New Capital income: Cowper St Mains Replacement - Transport NSW Contribution \$200,000
		Addition to Capital income: Developer Contributions (Water Fund) \$10,000
- Sewerage Service	6	Addition to Operating income: Sewer Network Installation charges \$4,000; Application Fees income \$2,000
Total Recommended Income Variations this Quarter	9,644	

Budget Variations - Explanations

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

Recommended Expenditure Variations this Quarter	(\$'000)	Explanation:
- Community Development	7	New Operating grant: Autumn Holiday Break 2023 grant \$7,000
- Theatre and Museum Complex	12	Addition: School of Arts Maintenance \$7,000; Cinema Maintenance \$5,000
- Workforce Development	140	Ongoing Resilience NSW program: Community Recovery Officer \$30,646 Addition: Consultancy Risk Management \$65,275; Workplace Health & Safety \$24,000; Employee Leave Entitlements \$19,725
- Finance and Technology	(41)	Reallocate costs from Capital Expenditure to Operational Expenditure: IT Systems Operating Costs \$50,000 Reduction: Depreciation (Intangible assets) -\$91,206
- Environmental Management	15	Addition to Operating grant: Millbrook Park Flying-Fox Camp Management Plan \$15,000
- Livestock Saleyards	30	Addition: Saleyards Operation Costs \$25,000; Saleyards Asset Maintenance \$5,000
- Parks, Gardens and Open Spaces	(30)	Reduction - moved to Buildings and Amenities: Parks, Gardens & Open Space Salaries & Wages -\$30,000
- Buildings and Amenities	10	Addition - moved from Parks, Gardens and Open Spaces: Public Toilet Maintenance \$30,000 Reduction - moved to Swimming Complex: Building and Amenities Salaries & Wages -\$20,000
- Swimming Complex	20	Addition - moved from Buildings and Amenities: Swimming Pool Maintenance \$20,000
- Asset Management and Resourcing	(40)	Reduction: Tenterfield Depot Expenses -\$20,000; Tenterfield Depot Maintenance -\$20,000
- Waste Management	35	Addition: Boonoo Boonoo Landfill operating costs \$29,000; Bulk Bin Trade Waste Operating Costs \$6,000
- Water Supply	49	Addition: Water Network maintenance \$21,000; Water Purchases Southern Downs Regional Council \$10,000; Water Treatment & Testing \$7,700 Addition: Interest on Dam Wall Loan 2 \$9,830 (due to timing of repayments after refinancing)
- Sewerage Service	251	Addition: Urbenville Desludge Lagoons \$247,800; Sewer Treatment & Testing \$3,000
Total Recommended Expenditure Variations this Quarter	458	

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 March 2023 and should be read in conjunction with other documents in the QBRS.

Tenterfield Shire Council

Budget Statement for the year ended - 31 March 2023

Capital Budget Review

	Original Budget 2022/23	Approved Changes	Approved Changes	Recommend Changes	REVISED Budget	ACTUAL YTD as at 31/03/23
		September Review	December Review	March Review		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Funding						
<i>Rates and other untied funding</i>	3,086	774	(115)	(220)	3,525	767
<i>Capital Grants & Contributions</i>	361	39,565	1,137	9,158	50,221	25,877
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	-	(70)	778	778
- <i>Sewerage Service Fund</i>	1,213	197	-	60	1,470	1,470
- <i>Domestic Waste Management Fund</i>	2,754	282	(70)	(5)	2,961	2,961
- <i>Stormwater Management Fund</i>	130	-	-	(40)	90	90
Internal restrictions						
- <i>Plant & Vehicle Replacement Reserve</i>	-	-	-	-	-	-
Other Capital Funding Sources						
- <i>New Loan 2022/23</i>	3,100	-	-	-	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	1,840
Total Capital Funding	14,263	43,200	993	8,883	67,339	39,035

Tenterfield Shire Council

Budget Statement for the year ended - 31 March 2023

Capital Budget Review

	Original Budget	Approved Changes	Approved Changes	Recommend Changes	REVISED Budget	ACTUAL YTD as at 31/03/23
	2022/23	September Review	December Review	March Review		
	\$'000	\$'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	314
- 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	-	(4)	2,593	248
- Sewerage Service	50	-	-	-	50	-
- Stormwater and 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	12
- Workforce Development	-	-	-	-	-	-
- Emergency Services	-	-	-	-	-	-
CHIEF CORPORATE OFFICE						
- Finance and Technology	225	-	-	(50)	175	55
- Corporate and Governance	-	-	-	-	-	-
- Environmental Management	-	1	-	-	1	1
- Livestock Saleyards	-	208	-	-	208	184
- Parks, Gardens and Open Spaces	-	377	-	-	377	174
- Planning and Regulation	-	-	-	-	-	-
- Buildings and Amenities	330	974	-	-	1,304	202
- Swimming Complex	25	-	-	-	25	7
CHIEF OPERATING OFFICE						
- Asset Management and Resourcing	220	-	-	14	234	22
- Commercial Works	-	-	-	-	-	-
- Plant, Fleet and Equipment	3,944	-	-	-	3,944	1,724
- Transport Network	4,143	28,006	158	8,704	41,011	18,088
- Waste Management	68	827	-	(5)	890	103
- Water Supply	317	7,734	-	293	8,344	3,640
- Sewerage Service	1,062	197	-	60	1,319	282
- Stormwater and Drainage	130	-	-	(40)	90	5
Loan Repayments (principal)	1,136	-	-	(89)	1,047	852
Total Capital Expenditure	14,263	43,200	993	8,883	67,339	25,965

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

Capital Expenditure Budget Variations - Explanations

Recommended Expenditure Variations (\$'000)

New Assets

- Water Supply	(4)	Reduction to Water fund capital projects: Legume Catchment Water Supply Options Study -\$4,300
Total New Asset Budget Adjustments	(4)	

Renewal Assets

- Asset Management and Resourcing	14	Addition to General fund capital projects: Tenterfield Depot - Refurbishment Stage 1 \$13,921 (retention payment)
- Finance and Technology	(50)	Reallocate costs from Capital Expenditure to Operational Expenditure: Capitalised Software -\$50,000
- Transport Network	8,704	Addition to Capital grant project: Special Mt Lindesay Road \$1,500,000
		New Capital grant projects: Fixing Local Roads - Paddys Flat Road South, Tabulam \$2,999,116; Fixing Country Bridges Program (FCBP) - Koreelah Creek Bridge, White Swamp Road \$1,416,420; FCBP - Mole River Bridge, Springfield Road \$1,308,221; FCBP - Acacia Creek Bridge, Patersons Road \$767,229; FCBP - Acacia Creek Bridge, Tooloom Street Legume \$713,128
		Reallocation of budgets between General fund capital projects: Reductions - Bridges/Causeways -\$500,000; Causeways -\$208,163; Rural Culverts & Pipes -\$50,000
		Reallocation of budgets between General fund capital projects: Additions - Fixing Local Roads Kildare Road (Council contribution) \$550,000; Footpaths (to complete SCCF Urbenville footpath project) \$150,000; Fixing Country Bridges Washpool Creek Bridge (Council contribution) \$58,163
- Waste Management	(5)	Addition Waste fund capital project: 240L Wheelie Bins \$1,000. Reduction: Industrial Bins -\$6,000
- Water Supply	293	New Capital grant: Regional Leakage Reduction Program grant \$92,522 (requires Council contribution \$23,131)
		New Water fund capital project: Cowper St Mains Replacement - Transport NSW Contribution \$200,000
- Sewerage Service	60	Addition to Sewer fund capital projects: Tenterfield Mains Relining \$327,010
		Reduction to Sewer fund capital projects: Tenterfield Man Hole Level Alterations -\$73,210; Tenterfield Network Renewal -\$193,800
- Stormwater and Drainage	(40)	Reduction to Stormwater fund capital projects: Urban Culverts Renewal -\$20,000; Stormwater Pipe Renewal -\$20,000
Total Renewal Asset Budget Adjustments	8,976	

Liabilities

- Water Supply	(89)	Reduction to Repayments on Dam Wall Loan 2 -\$89,302 (due to timing of repayments after refinancing)
Total Liabilities Budget Adjustments	(89)	
Total Proposed Expenditure Variations	8,883	

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 March 2023 and should be read in conjunction with other documents in the QBRS.

Tenterfield Shire Council

Budget Statement for the year ended - 31 March 2023

Cash and Investment Review

	Opening Balance	Approved	Approved	Recommend	PROJECTED	ACTUAL YTD
	30/06/2022	Changes	Changes	Changes	year end	31/03/2023
	from Audited	September	December	March	Result	
	Financial Statements	Review	Review	Review	2022/23	
	\$'000	\$'000	\$'000	\$'001	\$'000	\$'000
Externally restricted						
<i>Specific Purpose Unexpended Grants -</i>	13,786	(12,775)	-	-	1,011	14,309
<i>Specific Purpose Unexpended Grants -</i>	616	(616)	-	-	-	589
<i>Specific Purpose Unexpended Grants -</i>	-	-	-	-	-	-
<i>Specific Purpose Unexpended Grants -</i>	-	-	-	-	-	454
<i>Specific Purpose Unexpended Grants - Stormwater Fund</i>	-	-	-	-	-	-
<i>Developer Contributions - General Fund</i>	348	38	14	139	539	539
<i>Developer Contributions - Water Fund</i>	38	-	37	10	85	85
<i>Developer Contributions - Sewer Fund</i>	41	-	3	7	51	51
<i>Developer Contributions - Waste Fund</i>	37	3	5	7	52	52
<i>Developer Contributions - Stormwater</i>	4	-	1	1	6	6
<i>Water Supply Fund</i>	2,181	(521)	(101)	29	1,588	2,802
<i>Sewerage Service Fund</i>	5,703	(86)	(95)	(305)	5,217	6,575
<i>Domestic Waste Management Fund</i>	7,373	(1,774)	57	15	5,671	8,407
<i>Stormwater Management Fund</i>	1,026	(129)	30	40	967	992
<i>Trust Fund</i>	382	-	-	-	382	382
Total Externally restricted	31,535	(15,860)	(49)	(57)	15,569	35,243
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)	-	-	-	-
<i>RFS Unspent Funds</i>	92	(8)	-	-	84	141
Total Internally restricted	5,092	(5,008)	-	-	84	141
Total Restricted	36,627	(20,868)	(49)	(57)	15,653	35,384
Available Cash (Unrestricted Funds)	482	-	-	(482)	-	2,396
Total Cash and Investments	37,109	(20,868)	(49)	(539)	15,653	37,780

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 March quarter occurred on 04 April 2023.

Cash Book Reconciliation

\$

Operating Account Cash balance as at 31 March 2023	31,397,629.02
Trust Account Cash balance as at 31 March 2023	382,340.85
Total Cash (Not invested) as at 31 March 2023	31,779,969.87

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-	3.95%	24/04/2023
Commonwealth Bank	3,000,000.00	AA-	4.27%	21/06/2023
Westpac	1,500,000.00	AA-	3.93%	27/04/2023
TOTAL INVESTMENTS	6,000,000.00			
TOTAL CASH ON HAND	31,779,969.87			
TOTAL CASH AND INVESTMENTS	37,779,969.87			

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 March 2023 and should be read in conjunction with other documents in the QBRS.

Tenterfield Shire Council

Budget review for the quarter ended - 31 March 2023

Contracts

Contractor	Contract detail & purpose	Contract value \$	Commencement date	Duration of contract	Budgeted (Y/N)
Convic Australia	Public Spaces Legacy Program (PSLP) grant; Stronger Country Communities Fund (SCCF) Round 5 grant; and Streets as Shared Spaces grant	2,243,500	13/10/2022	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).

Consultancy and Legal Fees

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies **	619,802	Y
Legal Fees	36,807	Y

** Note - of this total YTD expenditure, \$410,902 is for Grant or Disaster Recovery works, and the remaining \$208,900 is for Council-funded works

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.

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