



URALLA SHIRE COUNCIL BUSINESS PAPER

BUDGET REVIEW AND FINANCE COMMITTEE MEETING

09 June 2020

Uralla Shire Council
Budget Review and Finance Committee
Business Paper – 09 June 2020

1. OPENING & WELCOME	4
2. ACKNOWLEDGEMENT OF COUNTRY.....	4
3. APOLOGIES, REQUESTS FOR LEAVE OF ABSENCE	4
4. DISCLOSURES & DECLARATIONS OF INTEREST	4
5. ANNOUNCEMENTS	4
6. CONFIRMATION OF MINUTES.....	4
7. URGENT, SUPPLEMENTARY & LATE ITEMS OF BUSINESS	9
8. REPORTS TO COMMITTEE	9
Report 1 - Review of 2019/20 3rd Quarter Budget Review Statements	10
9. MOTIONS ON NOTICE	27
10. CONFIDENTIAL BUSINESS.....	27



- A G E N D A -

Budget Review & Finance Committee Meeting

09 June 2020, 12:30pm, Council Chambers

1. Opening & Welcome
2. Acknowledgement of Country
3. Apologies, Requests for Leave of Absence
4. Disclosures & Declaration of Interests
5. Announcements
6. Confirmation of Minutes
7. Urgent Supplementary & Late Items of Business
8. Reports to Committee
Report 1 - Review of 2019/20 3rd Quarter Budget Review Statements
9. Motions on Notice
10. Confidential Business
11. Meeting Close

www.uralla.nsw.gov.au

1. **OPENING & WELCOME**
2. **ACKNOWLEDGEMENT OF COUNTRY**
3. **APOLOGIES, REQUESTS FOR LEAVE OF ABSENCE**
4. **DISCLOSURES & DECLARATIONS OF INTEREST**
5. **ANNOUNCEMENTS**
6. **CONFIRMATION OF MINUTES**

Minutes to be confirmed at the 09 June 2020 Meeting:

- Budget Review and Finance Committee Meeting held 11 February 2020 (copy enclosed)



MINUTES

Budget Review & Finance Committee

Meeting 11 February 2020, 12:30pm, Council Chambers

TABLE OF CONTENTS

1.	OPENING & WELCOME	2
2.	PRAYER.....	2
3.	ACKNOWLEDGEMENT OF COUNTRY	2
4.	APOLOGIES, REQUESTS FOR LEAVE OF ABSENCE.....	2
5.	DISCLOSURES & DECLARATION OF INTERESTS	2
6.	CONFIRMATION OF MINUTES	2
7.	URGENT, SUPPLEMENTARY & LATE ITEMS OF BUSINESS	3
8.	REPORTS TO COMMITTEE	3
	Report 1 – Review increases in water fund fees and charges	3
9.	MOTIONS ON NOTICE	3
10.	CONFIDENTIAL BUSINESS.....	3
11.	MEETING CLOSE	4

**Minutes of the Budget Review & Finance Committee Meeting
held at 11 February 2020, 12:30pm, Council Chambers**

ATTENDANCE

Present were the Chairperson Cr M Pearce (Mayor), Cr R Crouch (Deputy Mayor), and Councillors, R Bell, M Dusting, N Ledger, T O'Connor, L Sampson, I Strutt, and T Toomey, Acting General Manager (Mr D Aber), Director Infrastructure and Development (Mr T Seymour), Chief Financial Officer (Mr S Paul), Executive Manager Corporate Services (Ms S Glasson) and Minute Clerk.

1. OPENING & WELCOME

The Chair declared the meeting opened at 12:35pm.

2. PRAYER

The chair recited the Uralla Shire Council prayer.

3. ACKNOWLEDGEMENT OF COUNTRY

The Uralla Shire Council recognises the traditional custodians of the land on which this meeting is being held and acknowledge Aboriginal Elders past and present and we pay respect to them and their heritage.

4. APOLOGIES, REQUESTS FOR LEAVE OF ABSENCE

The Chair advised there were no apologies received.

5. DISCLOSURES & DECLARATION OF INTERESTS

There were no disclosures or declarations made.

6. CONFIRMATION OF MINUTES

Minutes to be confirmed at the 11 February 2020 Meeting:

- Minutes of the Budget Review and Finance Committee Meeting held 12 November 2019.

The Chair referred Councillors to the minutes and called for any amendments.

MOTION (Crs R Crouch / I Strutt)

That the Committee confirm the minutes as a true and accurate record of the Budget Review and Finance Committee meeting held 12 November 2019.

BRFC01/20 CARRIED

**Minutes of the Budget Review & Finance Committee Meeting
held at Date, Time, Location**

7. URGENT, SUPPLEMENTARY & LATE ITEMS OF BUSINESS

The Chair advised there were no urgent, supplementary or late items of business.

8. REPORTS TO COMMITTEE

Department: General Manager's Office
Submitted by: Chief Financial Officer
Reference/Subject: Report 1 – Review increases in water fund fees and charges

OFFICER'S RECOMMENDATION:

That the Committee recommend to Council that:

1. Water access charges for Uralla and Bundarra residents be increased by 22.5% in 2020-21;
2. Water access charges for Uralla and Bundarra residents be increased by 12.5% in 2021-22;
3. Water access charges for Uralla and Bundarra residents be increased by 7.5% in 2022-23;
4. Water consumption charges for Uralla and Bundarra residents be increased by 22.5% in 2020-21;
5. Water consumption charges for Uralla and Bundarra residents be increased by 12.5% in 2021-22;
6. Water consumption charges for Uralla and Bundarra residents be increased by 7.5% in 2022-23.

MOTION (Crs T O'Connor / I Strutt)

That the Committee recommend that Council:

- i) Set a strategic objective for both the water and sewer funds to operate during the next ten years at a balanced operating position including the full funding of depreciation, amortisation and impairment of intangible assets and infrastructure, property, plant, equipment and the modelling of tiered water pricing.

BRFC02/20 CARRIED

9. MOTIONS ON NOTICE

There were no 'Notices of Motion' addressed to the 11 February 2020 Meeting.

10. CONFIDENTIAL BUSINESS

There were no Confidential Business items.

**Minutes of the Budget Review & Finance Committee Meeting
held at Date, Time, Location**

11. MEETING CLOSE

The meeting closed at 1:48pm.

UNCONFIRMED

- 7. URGENT, SUPPLEMENTARY & LATE ITEMS OF BUSINESS**

- 8. REPORTS TO COMMITTEE**



REPORT TO COUNCIL

Department:	Finance
Submitted by:	Chief Financial Officer
Reference/Subject:	Report 1 - Review of 2019/20 3rd Quarter Budget Review Statements

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

Goal:	4.2	An effective and efficient organisation
Strategy:	4.2.2	Operate in a financially responsible and sustainable manner
Activity:	4.2.2.1	Maintain and control financial system and improve long term financial sustainability
Action:	4.2.2.1.3	Complete and report quarterly budget review statements

SUMMARY:

Resolution 29.05/20 requests that the 2019/20 3rd Quarter Budget Review Statements be referred to the Budget Review & Finance Committee for detailed examination.

OFFICER'S RECOMMENDATION:

That Council:

1. Review the 2019/20 3rd Quarter Budget Review Statements in detail; and
2. Approve the 2019/20 3rd Quarter Budget Review Statements at the June Ordinary Meeting of Council.

BACKGROUND:

At the Ordinary Meeting of Council held 26 May 2020, and in reference to Report to Council 2 - 2019/20 3rd Quarter Budget Review Statements, Council resolved:

That Council:

1. Receive and note the third quarter budget review summary for the 2019/2020 financial year as prepared by Council's Chief Financial Officer;
2. Note that the Council's projected financial position at 30 June 2020 is likely to be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure as well as the requested budget adjustments outlined in the report; and
3. Refer the Report to a meeting of the Council's Budget Review and Finance Committee for detailed examination of the budget adjustments and capital expenditure authorisations necessary to comply with Local Government (General) Regulations Clause 211.

Uralla Shire Council
Budget Review and Finance Committee
Business Paper – 09 June 2020

REPORT:

The Report to Council from the 26 May 2020 Ordinary Meeting of Council and the 3rd Quarter Review Statements are attached to allow detailed examination of the budget adjustments and capital expenditure authorisations.

COUNCIL IMPLICATIONS:

1. Community Engagement/ Communication

Not required.

2. Policy and Regulation

- Local Government Act 1993;
- Local Government Regulations (General) 2005;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Australian Accounting Standards.

3. Financial (LTFP)

The attached report is a review of the annual budget up to the end of the third quarter, 2020.

4. Asset Management (AMS)

N/A

5. Workforce (WMS)

N/A

6. Legal and Risk Management

N/A

7. Performance Measures

N/A

8. Project Management

N/A

Prepared by staff member:

TRIM reference

Approved/Reviewed by Manager:

Department:

Attachments:

Chief Financial Officer

UINT/20/4868

Acting General Manager

Finance

A. 3rd Quarter Budget Review Statements

B. Report to Council – 26 May 2020 Ordinary Meeting of Council Business Paper

Uralla Shire Council
Quarterly Budget Review Statement
For the Quarter ended 31 March, 2020

Table of Contents	Page
1. Responsible Accounting Officer's Statement	2
2. Income & Expenses Budget Review Statement's	
Consolidated - By Fund	3
Consolidated - By Activity	4
Material Variations	5
3. Capital Budget Review Statement	
Consolidated - By Fund	6
Consolidated - By Activity	7
Material Variations	8
4. Cash & Investments Budget Review Statement	
Consolidated	9
5. Key Performance Indicator (KPI) Budget Review Statement	10
6. Contracts & Other Expenses Budget Review Statement	11
7. Cash Variations	12

**Uralla Shire Council
Quarterly Budget Review Statement
For the Quarter ended 31 March, 2020**

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 Uralla Shire Council for the quarter ended 31 March, 2020 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: _____

Simon Paul
Responsible Accounting Officer

Uralla Council
Quarterly Budget Review Statement
For the period 01 July, 2019 to 30 June, 2020

Income & Expenses Budget Review Statement
Consolidated by Fund
Budget review for the quarter ended 31 March, 2020

(\$000's)	Original Budget 2019/2020	Variations		Revised Budget Dec-19	Variations from this QBRs	Notes	Projected Year End Result	Actual YTD Mar-20	
		Sep QBRs	Dec QBRs						
Income									
General Fund	16,412	115	789	17,316	(94)		17,222	14,622	85%
McMaugh Gardens	3,223	-	(11)	3,212	306		3,518	2,342	67%
Water Supplies	1,157	-	(50)	1,107	464		1,570	1,352	86%
Sewer Services	3,927	-	(2,500)	1,427	-		1,427	855	60%
Total Income from Continuing Operations	24,719	115	(1,772)	23,062	676		23,738	19,171	81%
Expenses									
General Fund	15,358	55	206	15,619	(428)		15,192	10,824	71%
McMaugh Gardens	3,140	-	(15)	3,125	7		3,132	2,250	72%
Water Supplies	1,437	31	41	1,509	456		1,965	1,588	81%
Sewer Services	712	25		737	(15)		722	510	71%
Total Expenses from Continuing Operations	20,647	111	232	20,990	20		21,011	15,172	72%
Net Operating Result from Continuing Operations	4,072	4	(2,004)	2,072	656		2,727	3,999	
Discontinued Operations				-			-		
Net Operating Result from Continuing Operations	4,072	4	(2,004)	2,072	656		2,727	3,999	
Capital grants and contributions	5,086	-	(1,919)	3,167	(63)		3,104	2,136	
Net Operating Result before Capital Grants	(1,014)	4	(85)	(1,095)	719		(377)	1,864	

Uralla Council
Quarterly Budget Review Statement
For the period 01 July, 2019 to 30 June, 2020

Income & Expenses Budget Review Statement
Consolidated by Activity
Budget review for the quarter ended 31 March, 2020

(\$000's)	Original Budget 2019/2020	Variations		Revised Budget Dec-19	Variations from this QBRS	Notes	Projected Year End Result	Actual YTD Mar-20	
		Sep QBRS	Dec QBRS						
Income									
Organisational Services	5,664	-	9	5,673	-		5,673	4,360	77%
Community & Culture	6,644	-	299	6,943	309		7,252	5,564	77%
Infrastructure & Development	7,327	115	470	7,912	(97)		7,815	7,040	90%
Water Supplies	1,157	-	(50)	1,107	464		1,570	1,352	86%
Sewer Services	3,927	-	(2,500)	1,427	-		1,427	855	60%
Total Income from Continuing Operations	24,719	115	(1,772)	23,062	676		23,738	19,171	81%
Expenses									
Organisational Services	1,343	40	80	1,463	(94)		1,369	1,289	94%
Community & Culture	7,449	-	21	7,470	32		7,502	5,037	67%
Infrastructure & Development	9,706	15	91	9,812	(359)		9,454	6,747	71%
Water Supplies	1,437	31	40	1,508	456		1,964	1,588	81%
Sewer Services	712	25	-	737	(15)		722	510	71%
Total Expenses from Continuing Operations	20,647	111	232	20,990	20		21,011	15,172	72%
Net Operating Result from Continuing Operations	4,072	4	(2,004)	2,072	656		2,727	3,999	
Discontinued Operations				-			-		
Net Operating Result from Continuing Operations	4,072	4	(2,004)	2,072	656		2,727	3,999	
Capital grants and contributions	5,086		(1,919)	3,167	(63)		3,104	2,136	
Net Operating Result before Capital Grants	(1,014)	4	(85)	(1,095)	719	3	(377)	1,864	

Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2019 to 30 June, 2020

Income & Expenses Budget Review Statement
Recommended changes to revised budget
Budget review for the quarter ended 31 March, 2020

Budget Variations include the following material items:

Notes	Amount	Details
1	-\$ 215,302	Reduced staff costs due to the timing of employee appointments.
2	\$ 58,000	Reduction in McMaugh Gardens governmentt funding due to resident care levels
3	-\$ 40,000	Reduced personal care costs at McMaugh Gardens due to resident care levels
4	-\$ 10,000	McMaugh Gardens maintenance costs expected to be lower than anticipated
5	-\$ 35,000	Reduced plant fuel costs
6	\$ 5,250	Additional Covid-19 expenditure
7	-\$ 14,009	Reallocation from footpath maintenance to footpath capital
8	-\$ 298,053	Additional R2R funding per government announcement: \$596,106 over 2 years
9	-\$ 247,301	Reallocate regional road maintenance to regional road capital expenditure
10	-\$ 21,000	Reallocate unsealed rural road maintenance budget to unsealed urban road maintenance budget
11	\$ 21,000	Reallocate from unsealed rural road maintenance budget to unsealed urban road maintenance budget
12	\$ 8,230	Additional wage costs at swimming pool
13	\$ 5,000	Anticipated reduction in income at Bundarra Caravan Park
14	-\$ 21,000	Reallocate budget for Council recording equipment from administration expenditure to capital expenditure
15	-\$ 31,500	Painting of Grace Munro deferred to 2020/21
16	\$ 26,000	Container Deposit Scheme payment reduced to anticipated revenue of \$8,000 for 2019/20
17	-\$ 463,666	Grant income from State Government for bottled water alert to end of quarter 3
18	\$ 414,692	Bottled water costs to end of quarter 3
19	\$ 75,000	Esimated increase in operating costs for Bundarra Water
20	\$ 127,916	Adjustments to depreciation in 33 cost centres to align with actuals
21	\$ 3,250	Additional costs for youth activities funded from drought stimulus packages
22	-\$ 9,990	Drought stimulus funding for library including for youth activities
23	\$ 7,000	Reduced TCS income associated with Covid-19
24		

Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2019 to 30 June, 2020

Capital Budget Review Statement
Budget review for the quarter ended 31 March, 2020
Capital Budget - Consolidated by Fund

(\$000's)	Original Budget 2019/2020	Variations		Revised Budget Dec-19	Variations from this QBRs	Notes	Projected Year End Result	Actual YTD figures
		Sep QBRs	Dec QBRs					
Capital Expenditure								
- General	7,507	60	262	7,829	345		7,484	3,855
- McMaugh Gardens	180	-		180	364		544	211
- Water	490	7		497	54		551	31
- Sewer	4,862	-	(4,000)	862	-		862	191
Total Capital Expenditure	13,039	67	(3,738)	9,368	73		9,441	4,288
Capital Funding								
Consolidated Fund Income	5,754	60	(418)	5,396	(571)		4,825	1,543
Unrestricted Cash Reserves		-		-			-	
Capital Grants & Contributions	5,086	-	(1,919)	3,167	(63)		3,104	2,136
Loan Funds	-	-		-	-		-	-
Receipts from Sale of Assets	-	-		-	-		-	-
Reserves:								
- Developer Contributions		-		-			-	
- General Restricted Assets		-	99	99	653		752	388
- Water & Sewer Restricted Assets	2,148	7	(1,500)	655	54		710	222
- McMaugh Gardens Restricted Assets	50	-		50			50	
Total Capital Funding	13,039	67	(3,738)	9,368	73		9,441	4,288
Net Capital Funding	-	-	-	-	-		-	-

Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2019 to 30 June, 2020

Capital Budget Review Statement
Budget review for the quarter ended 31 March, 2020
Capital Budget - Consolidated by Activity

(\$000's)	Original Budget 2019/2020	Variations		Revised Budget Dec-19	Variations from this QBRs	Notes	Projected Year End Result	Actual YTD figures
		Sep QBRs	Dec QBRs					
Capital Expenditure								
Organisational Services	90	60	-	150	21		171	50
Community & Culture	180	-	20	200	364		564	233
Infrastructure & Development	7,417	-	242	7,659	(366)		7,293	3,784
Water Supplies	490	7	-	497	54		551	31
Sewer Services	4,862	-	(4,000)	862	-		862	191
Total Capital Expenditure	13,039	67	(3,738)	9,368	73		9,441	4,288
Capital Funding								
Consolidated Fund Income	2,551	60	(418)	2,193	(571)		1,622	3,678
Unrestricted Cash Reserves		-	-	-	-		-	-
Capital Grants & Contributions	5,086	-	(1,919)	3,167	(63)		3,104	-
Loan Funds	-	-	-	-	-		-	-
Receipts from Sale of Assets	-	-	-	-	-		-	-
Reserves:								
- Developer Contributions	-	-	-	-	-		-	-
- General Restricted Assets	-	-	99	99	653		752	388
- Water & Sewer Restricted Assets	5,351	7	(1,500)	3,858	54		3,913	222
- McMaugh Gardens Restricted Assets	50	-	-	50	-		50	-
Total Capital Funding	13,039	67	(3,738)	9,368	73		9,441	4,288
Net Capital Funding	-	-	-	-	-		-	-

Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2019 to 30 June, 2020

Capital Budget Review Statement
Recommended changes to revised budget
Budget review for the quarter ended 31 March, 2020

Budget Variations being recommended include the following material items:

Notes	Amount	Details
1	\$ 364,210	McMaugh Garden bathroom upgrade costs funded from restrictions
2	-\$ 364,210	Transfer from restrictions for McMaugh bathroom upgrade
3	-\$ 586,458	No further costs expected for industrial development before June 2020
4	-\$ 616,204	Reduced plant purchases - remainder carried to 2021
5	\$ 14,009	Reallocation from footpath maintenance to footpath capital
6	\$ 373,832	Additional works at Hill Street (Maitland to Duke St) using some R2R funding, cost of John St asphalt overlay funded from R2R
7	\$ 120,000	Sealing Mt Mitchell Rd from additional R2R funding per Council Resolution. Note: allowance made in R2R application for possible variation to original resolution
8	-\$ 289,104	Transfer from restrictions for sealed regional road reseals and drought funding work
9	\$ 289,104	Sealed regional road expenditure funded from restrictions
10	\$ 247,301	Sealed regional road capital expenditure funded from reduction in regional road maintenance
11	-\$ 195,779	Reallocation of sealed rural road capital expenditure to sealed urban streets
12	\$ 21,000	Reallocate budget for Council recording equipment from administration expense.
13	-\$ 12,000	Budgeted work at Hill St units not required
14	\$ 54,415	Part of capital costs associated with bottled water alert
15		
16		

Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2019 to 30 June, 2020

Cash & Investments Budget Review Statement
Budget review for the quarter ended 31 March, 2020
Consolidated

(\$000's)	Original	Variations			Revised	Variations	Notes	Projected Year End Result	Actual YTD figures
	Budget 2019/2020	Other than by a QBRS	Sep QBRS	Dec QBRS	Budget 2019/2020	from this QBRS			
Externally Restricted									
Developer Contributions - General	764	(52)	-	-	712	-		712	670
Developer Contributions - Water Fund	-	-	-	-	-	-		-	-
Developer Contributions - Sewer Fund	-	-	-	-	-	-		-	-
Specific Purpose Unexpended Grants	555	823	-	(79)	1,299	(364)		935	935
Water Supplies	1,643	524	(38)	(91)	2,038	(54)		1,984	2,570
Sewerage Services	678	124	-	1,500	2,302	-		2,302	2,558
McMaugh Gardens	1,918	447	-	-	2,365	-		2,365	2,237
Unexpended Loans	-	-	-	-	-	493		493	493
Total Externally Restricted	5,558	1,866	(38)	1,330	8,716	75		8,791	9,463
Internally Restricted									
Plant & Vehicle Replacement	-	404	-	-	404	616		1,020	2,390
Employees Leave Entitlement	883	98	-	-	981	-		981	1,068
Tip Remediation	138	18	-	-	156	-		156	156
Stormwater Drainage	15	(30)	-	-	(15)	-		(15)	25
Strategic Development	388	(120)	-	-	268	-		268	320
FAGS Received in advance	1,319	10	-	-	1,329	-		1,329	1,329
Carry Forward Works	293	645	-	(20)	918	(289)		629	664
Total Internally Restricted	3,036	1,025	-	(20)	4,041	327		4,368	5,952
Unrestricted (ie. available after the above Restrictions)	-	(84)	(26)	424	314	308		622	749
Total Cash & Investments	8,594	2,807	(64)	1,734	13,071	710		13,781	16,164

Note: Variations other than by QBRS represent alignment of opening balances to final 2019 financial statement balances.

Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2019 to 30 June, 2020

Key Performance Indicators Statement
Budget review for the quarter ended 31 March, 2020

LTFP KPI's	Target	30/06/2020	30/06/2019	30/06/2018	30/06/2017
Operating ratio	>0	-1.82%	-0.09%	2.16%	11.57%
Debt service ratio	>2.0x	12.38	11.43	13.18	16.74
Own source operating revenue ratio	>60%	64%	70.03%	69.45%	71.30%
Rates & charges outstanding %	<6.5%	10.98%	7.37%	5.38%	4.33%
Asset renewals ratio	>100%	92%	95%	63%	84%

**Quarterly Budget Review Statement
For the period 01 July, 2019 to 30 June, 2020**

Contracts Budget Review Statement

Budget review for the quarter ended 31 March, 2020

Part A - Contracts Listing

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)	Notes
Servco Australia Tamworth Pty Ltd	Purchase 2 x Subaru Forester AWD	60,625	24/03/20	To delivery	Y	
JR & JG Dezius Pty Ltd	Bundarra Sport & Rec Centre	153,275	10/03/20	To completion	Y	
Essential Energy	Change street lighting to LED	89,441	05/03/20	To completion	Y	
GCM Agencies Pty Ltd	Multipac Smooth Drum roller	99,000	18/02/20	To delivery	Y	

Notes:

1. Only contracts that were entered into during the quarter and remain incomplete are included.
2. Minimum reporting level is \$50,000.
3. Contracts listed exclude contractors on Council's Preferred Supplier list.
4. Contracts for employment are not required to be included.

Part B - Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	\$ 228,449	Y
Legal Fees	\$ 10,077	Y

Note: 1. All consultancy amounts were included in the 2019/20 budget except for items adjusted in this QBRS.

Definition of a 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.

Comments

Expenditure included in the above YTD figure but not budgeted includes:

Details



REPORT TO COUNCIL

Department:	Finance
Submitted by:	Chief Financial Officer
Reference/Subject:	Report 2 - 2019/20 3rd Quarter Budget Review Statements

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

Goal:	4.2	An effective and efficient organisation
Strategy:	4.2.2	Operate in a financially responsible and sustainable manner
Activity:	4.2.2.1	Maintain and control financial system and improve long term financial sustainability
Action:	4.2.2.1.3	Complete and report quarterly budget review statements

SUMMARY:

The purpose of this report is to present to Council a review of the budget for the third quarter of the 2019/20 financial year.

OFFICER'S RECOMMENDATION:

- 1. That the third quarter budget review summary for the 2019/20 financial year be received and noted; and**
- 2. That the adjustments to budget allocations, including transfers to and from reserves, be adopted;**

BACKGROUND:

It is a statutory requirement that council's Responsible Accounting Officer prepares and submits a budget review statement to Council on a Quarterly basis each financial year (LGGR 2005 cl.203 (1)). Also, in compliance with the Local Government (General) Regulation, Council's Responsible Accounting Officer must include with the budget review report an opinion on the financial position of Council and any recommendations for remedial action if required. As such the third quarterly review for the 2019/20 financial year has been prepared and attached for Council's review.

REPORT:

The attached quarterly budget review report shows income and expenditure adjustments of over \$656,000 and net capital adjustments of \$73,000. Approximately \$653,000 of these adjustments will be met from both internal and external restrictions with the remainder coming from unrestricted cash. The overall net operating profit before capital grants should be better than the adopted budget, partially due to the transfer of regional road maintenance expenditure to regional road capital expenditure. The projected cash position at 30 June 2020 should also be better than the adopted budget due to the deferral of plant expenditure and costs for the industrial subdivision.

Issues

The third quarter budget review statement continues to reflect some of the variations that arise from normal operating changes in any given year. The variations are detailed in the *Recommended changes*

to revised budget for income and expenses budget and capital budget pages of the attached report. The major net changes can be summarised as follows:

1. There have been some delays in the appointment of staff and this has resulted in reduced employment costs of over \$215,000;
2. *Regional Roads adjustments:*
 - a. Reallocation of over \$247,000 in sealed regional road maintenance to sealed regional road capital expenditure;
 - b. Additional expenditure of over \$289,000 on sealed regional roads (reseals), funded from restrictions;

Notes re above:

Adopted budget – maintenance	439,371
Adopted budget – capital	648,500
Adopted budget - total	1,087,871
Add: Restriction for reseals	248,500
Add: Restriction for State drought funding	40,604
Adjusted budget	1,376,975
<i>Allocated as follows:</i>	
Regional road maintenance	192,070
Regional road capital expenditure	1,184,905
Total regional road expenditure	1,376,975

3. *Roads to Recovery funding:*
 - a. Additional Roads to Recovery funding of \$596,106 to be spent over two years - \$298,053 in this report;
 - b. The above funding has been used to fund additional work on sealed urban streets and for sealing Mt Mitchell Road.

	Adopted	Revised	Variance
<i>Roads to Recovery Income</i>			
Sealed rural roads	596,106	400,327	-195,779
Sealed urban streets		373,832	373,832
Unsealed rural roads		120,000	120,000
<i>Financial Assistance Grant</i>			
Sealed rural roads	390,627	390,627	
Sealed urban streets	253,997	253,997	
Total income	1,240,730	1,538,783	298,053
Represented by additional Roads to Recovery funding			298,053
<i>Spent as follows:</i>			
Sealed rural roads	986,733	790,954	-195,779
Sealed urban streets	253,997	627,829	373,832
Unsealed rural roads (includes contingency)		120,000	120,000
Total expenditure	1,240,730	1,538,783	298,053

4. Net increase in estimated depreciation of nearly \$128,000;
Note: Budgeted depreciation is estimated at the time of preparation of the budget based on information contained in the asset reporting system (around February). This depreciation is calculated before finalising the capitalisation of assets and any adjustments for the revaluation of asset classes for that year. Any adjustments during the remaining months of the financial year are likely to have an impact on the budgeted depreciation for the following year, as has occurred above. Depreciation is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives. Cost has been based on independent comprehensive valuations which are performed at least every five years.

5. Bottled water alert costs:

Bottled water costs to March 2020	414,692
Part capital costs re bottled water alert – funded as to 90%	54,415
Grant income from State Government for bottled water costs to March 2020	463,666

6. Outstanding rates and charges have risen above the upper limit for regional councils (10%). Finance staff have been working with ratepayers to enter into repayment arrangements in an attempt to limit any further increases.

Conclusion

The Councils projected financial position at 30 June 2020 is likely to be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

COUNCIL IMPLICATIONS:

1. Community Engagement/ Communication

Not required.

2. Policy and Regulation

- Local Government Act 1993;
- Local Government Regulations (General) 2005;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Australian Accounting Standards.

3. Financial (LTFP)

This report is a review of the annual budget up to the end of the third quarter. Changes to the budget are as outlined in the attached statements.

4. Asset Management (AMS)

N/A

5. Workforce (WMS)

N/A

6. Legal and Risk Management

N/A

7. Performance Measures

N/A

8. Project Management

N/A

Simon Paul

Chief Financial Officer

Prepared by staff member:

Simon Paul

TRIM reference

UINT/20/1588

Approved/Reviewed by Manager:

Scott Phillips, Acting General Manager

Department:

Finance

Attachments:

A. 3rd Quarter Budget Review Statements

9. MOTIONS ON NOTICE

10. CONFIDENTIAL BUSINESS

There are no Confidential Business Items.

END OF BUSINESS PAPER