

TITLE: [CS-CM] Quarterly Budget Review - December 2017

SUBMITTED BY: Financial Services

Validms



Civic Leadership

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK:

- 1 Civic Leadership
- 1.2 Improve decision making by engaging stakeholders and taking into account community input
- 1.2.3 Financial requirements and the community's capacity to pay will be taken into account when meeting the community's desired levels of service

SUMMARY OF REPORT:

This is the second quarter statutory budget review for this financial year and summarises the estimated expenditure and income changes to the 2017/2018 Budget.

This statutory report is prepared in accordance with the Local Government (General) Regulations 2005, sections 202 and 203. Council will have a balanced budget as at 30 June 2018 in all Funds.

RECOMMENDATION:

That the:

1. Quarterly Budget Review Statement as at 31 December 2017 be adopted.
2. Expenditure and income, as summarised below and detailed within the report, be voted and adjusted in accordance with the revised total expenditure and income for the year ending 30 June 2018.

Description	Change to Vote	
	Deficit	Surplus
General Fund		
<u>Expenses</u>		
Employee costs	0	147,592
Materials & Contracts	227,797	0
Interest	0	0
Other Operating costs	988,550	0
Capital	0	271,347
Loan Repayments	0	0
Transfers to Reserves	878,681	0
	2,095,028	418,939
<u>Income</u>		
Rates and Annual Charges	0	200,000

Interest revenue	20,000	0
Operating Grants & Conts	0	318,581
Capital Grants & Conts	2,325,000	0
User Charges & Fees	0	60,000
Other Operating Revenue	0	2,533,296
Loan Funds	0	20,000
Recoupments	0	0
Transfers from Reserves	0	1,063,812
Asset Sales	174,600	0
	<u>2,519,600</u>	<u>4,195,689</u>

Net Surplus/(Deficit)		<u>0</u>
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	Deficit	Surplus
Sewer Fund		
<u>Expenses</u>		
Employee costs	0	0
Materials & Contracts	228,051	0
Interest	0	0
Other Operating costs	0	0
Capital	396,048	0
Loan Repayments	0	0
Transfers to Reserves	0	345,257
	<u>624,099</u>	<u>345,257</u>
<u>Income</u>		
Rates and Annual Charges	0	0
Interest revenue	0	0
Operating Grants & Conts	0	0
Capital Grants & Conts	0	0
User Charges & Fees	0	0
Other Operating Revenue	0	0
Loan Funds	0	0
Recoupments	0	119,421
Transfers from Reserves	0	159,421
Asset Sales	0	0
	<u>0</u>	<u>278,842</u>

Net Surplus/(Deficit)		<u>0</u>
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Water Fund		
<u>Expenses</u>		
Employee costs	0	0
Materials & Contracts	0	828,022
Interest	0	0
Other Operating costs	0	0
Capital	0	214,000
Loan Repayments	0	0
Transfers to Reserves	1,322,022	0
	<u>1,322,022</u>	<u>1,042,022</u>
<u>Income</u>		
Rates and Annual Charges	0	0
Interest revenue	0	0
Operating Grants & Conts	0	0
Capital Grants & Conts	0	0
User Charges & Fees	0	0
Other Operating Revenue	0	0
Loan Funds	0	0
Recoupments	0	0
Transfers from Reserves	0	280,000

Asset Sales	<u>0</u>	<u>0</u>
	0	280,000
Net Surplus/(Deficit)		<u>0</u>

REPORT:**Budget Review 31 December 2017 (Quarterly Budget Review)**

In accordance with section 203(1) of the Local Government (General) Regulation 2005, a Budget Review Statement and revision of the estimates of income and expenditure must be submitted to council within two months of the close of each quarter.

The Regulation requires that the quarterly financial review must include the following:

- A revised estimate for income and expenditure for the year.
- A report as to whether or not such statements indicate that the financial position of the Council is satisfactory and if the position is unsatisfactory, make recommendations for remedial action.

Report by Responsible Accounting Officer – Quarterly Budget Review Statements

The Quarterly Budget Review Reports are prepared to provide Council and the community with information in relation to Council's financial performance and proposed amendments to its budget and forward estimates. The reports are prepared under accrual accounting principles in accordance with the requirements of the Local Government Act 1993.

New South Wales councils are required to prepare a Quarterly Budget Review Statement, which includes the following information:

- The original budget
- Approved changes to the original budget
- Recommendations by Council officers regarding changes to the revised budget
- A projected year end result
- Actual year to date figures
- Key Performance Indicators
- New contracts entered into during the quarter
- Consultancy and legal expenses

This information is presented in the following reports:

- List of changes which will impact on revenue, i.e. will affect the Operational Plan (budget) or Long Term Financial Plan
- Detailed list of recommended changes, including those recommended by officers and those adopted by Council
- Income and Expenses Statement, consolidated and by fund
- Funding Statement, consolidated and by fund, which gives the total budget result
- Capital Budget Review Statement
- Cash & Investments Budget Review Statement
- Budget Review Key Performance Indicators Statement
- Budget Review Contracts (part A) and Other Expenses (part B)

Impacts on the Operational Plan and/or Long Term Financial Plan

Some recommended changes will have no net effect on the Operational Plan (1 year budget). Others will have long term effects and will need to be reflected in the next revision of the Long Term Financial Plan. The changes which will have such an effect are listed below:

Description	\$	\$
	Net Effect on 2017/2018 Budget	Net Effect on LTFP
General Fund		
Street lighting		483,550
Overdue rates expenses		-290,000
Legal fees recovery		290,000
Interest on overdue charges	20,000	20,000
Pensioner rebate subsidy	-92,000	-92,000
Brett St Commercial Space	15,000	15,000
Planning Legal expenses	550,000	
Conveyancing Drainage Diagrams	-30,000	
Essential Fire Services	-10,000	
Sewer Plans	-20,000	
Rates and Charges	-200,000	
Workers compensation	-233,000	
	0	426,550

Detailed list of changes

In/Ex	Item	Category	Description	Current Vote	Change to Vote	Details / Comments
1. Proposed Variations						
General Fund						
Ex	1	Ex-Op	Cultural Development Fund	85,369	10,000	Art in the Park, Sacred Littoral
Ex	1	Ex-Op	Economic Development - Internal	1,420,642	-10,000	Funding for above
Ex	2	Ex-Op	Waterways Asset Management	37,625	-37,000	Restructure waterways budget
Ex	2	Ex-Op	Waterways Asset Replacement	0	37,000	Foysters Jetty
Ex	2	Ex-Op	Catchment Water Quality	183,564	-36,186	Restructure waterways budget
Ex	2	Ex-Op	Waterways Asset Replacement	0	36,186	Crystal Waters Drive
Ex	2	Ex-Op	Lower Tweed Management Plan	672,620	-2,279	Restructure waterways budget
Ex	2	Ex-Op	Bioengineered bank stabilisation	10,000	2,279	Restructure waterways budget
Ex	2	Ex-Op	Acid Sulfate Soils ID/Remediation	52,361	-46,661	Restructure waterways budget
Ex	2	Ex-Op	Tweed Coast Estuary Management	0	16,161	Mooball Creek log wall
Ex	2	Ex-Op	Waterways Asset Replacement	0	5,500	Keith Curran jetty abutment
Ex	2	Ex-Op	Waterways Asset Replacement	0	12,500	Hospital revetment repair
Ex	2	Ex-Op	Waterways Asset Replacement	0	12,500	Sunset seawall repair
Ex	2	Ex-Op	Uki Riparian Parks	0	24,035	Restructure waterways budget
In	2	In-OG&C	Office of Environment & Heritage	0	-24,035	Funding for above
Ex	2	Ex-Op	Oxley River Bank Stabilisation project	176,762	204,106	Revised projections
Ex	2	Ex-Op	Catchment Water Quality	147,378	107,018	Revised projections
In	2	In-TFR	Catchment Water Quality reserve	-265,099	-311,124	Funding for above
Ex	3	Ex-OpOther	Careflight	25,419	2,000	Additional contribution

Ex	3	Ex-OpOther	Donations policy	59,290	361	Funding for above
Ex	3	Ex-OpOther	Miscellaneous donations	4,361	-2,361	Funding for above
Ex	4	Ex-OpEmp	Human Resources Salaries		20,000	Funding of staff costs to HRP Project
In	4	In-TFR	Software & Equipment reserve		-20,000	Funding for above
					-	
Ex	5	Ex-Capital	Korns Bridge	2,601,862	2,601,862	RMS project deferred indefinitely
In	5	In-CG&C	Commonwealth Timber Bridges program	-2,500,000	2,500,000	Reversal of funding for above
In	5	In-TFR	Unexpended grant	-101,862	101,862	Reversal of funding for above
Ex	6	Ex-Capital	Tweed River bridge Byrill Creek		250,000	Investigation & design work
In	6	In-CG&C	Grant funding		-125,000	Funding for above
			Asset management reserve - infrastructure		-125,000	Funding for above
In	6	In-TFR	Industry Central flood resilience subdivision		80,000	Business case and flood study
Ex	7	Ex-Op	State government grant		-80,000	Funding for above
In	7	In-OG&C				
Ex	8	Ex-OpOther	Street lighting	869,374	438,550	Revised projections
Ex	8	Ex-Op	Queensland border monument	90,000	-90,000	Funding for above - not required
Ex	8	Ex-Op	Stormwater drainage rehabilitation	724,252	-100,000	Funding for above
			Asset management reserve - infrastructure		-248,550	Funding for above
In	8	In-TFR				
Ex	9	Ex-Op	Flood mitigation works - land acquisition	90,467	20,000	Outstanding rates
In	9	In-Loan	Unexpended loans	-90,467	-20,000	Funding for above
Ex	10	Ex-Capital	Cudgen foreshore park & play space		73,500	Improvement project
In	10	In-CG&C	Family & Community Services grant		-50,000	Funding for above
Ex	10	Ex-Op	Passive recreation asset maintenance	456,429	-23,500	Funding for above
Ex	11	Ex-Op	Overdue rates expenses	490,000	-290,000	Revised projections
In	11	In-OpOther	Legal fees recovery	-490,000	290,000	Revised projections
In	12	In-Interest	Interest on overdue charges	-40,000	20,000	Revised projections
						Former Federal subsidy currently being paid by State
In	13	In-OG&C	Pensioner rebate subsidy	-836,000	-92,000	
Ex	14	Ex-OpEmp	Humans Resources Salaries	810,783	133,408	Resourcing new HR/Payroll software
Ex	14	Ex-Op	Humans Resources project fund	14,351	-14,531	Funding for above
Ex	14	Ex-OpEmp	Workers comp wages	87,483	-50,000	Funding for above
Ex	14	Ex-Op	IT Resourcing strategy	1,001,576	-68,877	Funding for above
In	15	In-OpOther	Brett St Commercial Space	-179,639	15,000	New leases
Ex	16	Ex-Capital	Plant purchases	7,537,427	1,777,015	Revised projections
In	16	In-Sales	Plant sales	-2,173,654	174,600	Revised projections
					-	
In	16	In-OpOther	Insurance proceeds		2,830,296	Flood loss claims
Ex	16	Ex-TTR	Plant replacement reserve		878,681	Transferring net income to reserve
Ex	17	Ex-Op	Nullum House		40,000	Post-flood redesign
In	17	In-TFR	Community Facilities reserve		-40,000	Funding for above
Ex	18	Ex-Op	Age-friendly Plan		-2,760	Budget restructure
Ex	18	Ex-Op	Project Support - Community Services		2,760	Budget restructure
Ex	19	Ex-OpOther	Planning Legal expenses	280,695	550,000	Court action
Ex	20	Ex-Op	IT Resourcing Strategy	1,001,576	31,000	Data Centre Hardware Refresh project
In	20	In-TFR	Software & Equipment reserve		-31,000	Funding for above
						Additional year maintenance for Server Hardware - life extended
Ex	21	Ex-Op	Hardware Maintenance	33,127	40,000	
Ex	21	Ex-Op	Core Business Systems	251,512	-40,000	Funding for above
						Cloud subscriptions moved from Software Maintenance
Ex	22	Ex-Op	Software subscriptions	0	80,915	
Ex	22	Ex-Op	Software Maintenance	28,912	-80,915	Funding for above
In	23	In-Fees	Conveyancing Drainage Diagrams	-154,350	-30,000	Revised projections
In	24	In-Fees	Essential Fire Services	-47,463	-10,000	Revised projections
In	25	In-Fees	Sewer Plans	-130,095	-20,000	Revised projections
						Auditorium component of works within library expansion
Ex	26	Ex-Capital	Tweed Heads Library Expansion/Re-fit	1,473,040	50,000	
Ex	26	Ex-Op	Civic Centre: Tweed Heads Northern Rivers Community Recovery Fund	74,328	-50,000	Funding for above
Ex	27	Ex-Op		0	122,546	Grant funded project
In	27	In-OG&C	NSW Department of Justice	0	-122,546	Funding for above

Ex	28	Ex-Op	10 Buchanan St House: Old Caretakers Property	10,813	33,500	Repairs and maintenance
Ex	29	Ex-Op	Workshop Mechanics Administration		-5,000	Revised projections
Ex	29	Ex-Op	Workshop Metal Fabrication Administration		5,000	Revised projections
Ex	30	Ex-Op	Non-Inventory Store Issued Items	26,093	-10,000	One-off budget reduction
Ex	31	In-OpOther	Scrap Metal Sales	0	-8,000	Revised projections
Ex	32	Ex-Op	Depot Murwillumbah	598,059	62,000	Revised projections
Ex	33	Ex-Op	Depot Tweed Heads	283,848	-53,000	One-off budget reduction
Ex	34	Ex-Op	Depot Improvements Murwillumbah	316,059	-57,671	One-off budget reduction
Ex	35	Ex-Op	Depot Improvements Tweed Heads	46,667	-31,500	One-off budget reduction
Ex	36	Ex-Op	Infrastructure Delivery Other Costs	109,212	18,000	Revised projections
Ex	37	Ex-Op	Storekeeping	386,901	38,671	Revised projections
Ex	38	Ex-Op	Indirect Expenditure	0	23,000	Electrical equipment testing
Ex	39	Ex-Op	Safety Equipment	15,000	3,000	Chain and fire testing
Ex	40	Ex-OpEmp	Contracts Section	658,286	-18,000	One-off budget reduction
In	41	In-Rates	Rates and Charges	57,761,527	-200,000	Revised projections
Ex	42	Ex-OpEmp	Workers compensation	1,011,418	-233,000	Revised projections
					0	
Sewer Fund						
Ex	43	Ex-Op	Operations		228,051	Revisions
Ex	43	Ex-Capital	Capital works		396,048	Revisions
In	43	In-TFR	Transfers from reserves		-159,421	Funding adjustments
In	43	In-Recoup	Recoupment from s64		-119,421	Funding adjustments
Ex	43	Ex-TTR	Transfers to reserves		-345,257	Funding adjustments
					0	
Water Fund						
Ex	44	Ex-Op	Operations		-828,022	Revisions and deferrals
Ex	44	Ex-Capital	Capital works		-214,000	Revisions and deferrals
In	44	In-TFR	Transfers from reserves		-280,000	Funding adjustments
Ex	44	Ex-TTR	Transfers to reserves		1,322,022	Funding adjustments
					0	
2. Variations Arising from Council Resolutions						
Ex	45	Ex-Op	Festivals & Events	429,708	7,500	Resolution 18 May Item 17
Ex	45	Ex-Op	Community Sponsorship	59,290	-7,500	Resolution 18 May Item 17
Ex	46	Ex-Op	Western Drainage sediment removal		150,000	Resolution 26 October 2017 Item 38.6
In	46	In-TFR	Asset management reserve - infrastructure		-150,000	Funding for above
Ex	47	Ex-Op	NSW Local Government Property Professionals Conference		60,000	Resolution 13 December 2017 Item C108
In	47	In-TFR	Land Development Reserve		-60,000	Funding for above
Ex	48	Ex-Capital	TRAG climate control system	211,308	180,000	Resolution 20 July 2017 Item C3
In	48	In-TFR	Community Facilities Reserve		-180,000	Funding for above
					0	
Summary of Votes by Type						
			2017/18 Variations		0	
			Council Resolutions		0	
					0	
Key to Category codes						
		Ex-OpEmp	Employee costs			
		Ex-Op	Materials & contracts			
		Ex-Interest	Interest on loans			

Ex-OpOther	Other operating expenses	
Ex-Capital	Capital works	
Ex-Loan	Repayment on principal on loans	
Reps	Transfers to reserves	
Ex-TTR	Depreciation	
Ex-Dep	Depreciation reversal	
Ex-Deprev	Rates & annual charges	
In-Rates	Interest income	
In-Interest	Operating grants & contributions	
In-OG&C	Capital grants & contributions	
In-CG&C	User charges & fees	
In-Fees	Other operating income	
In-OpOther	Loan funds	
In-Loan	Recoupment from s64 & s94 funds	
In-Recoup	Transfers from reserves	
In-TFR	Proceeds from sale of assets	
In-Sales		
	<u>Expenses</u>	
	Employee costs	-147,592
	Materials & Contracts	-372,174
	Interest	0
	Other Operating costs	988,550
	Capital	-89,299
	Loan Repayments	0
	Transfers to Reserves	1,855,446
		2,234,931
	<u>Income</u>	
	Rates and Annual Charges	-200,000
	Interest revenue	20,000
	Operating Grants & Conts	-318,581
	Capital Grants & Conts	2,325,000
	User Charges & Fees	-60,000
		-
	Other Operating Revenue	2,533,296
	Loan Funds	-20,000
	Recoupments	-119,421
		-
	Transfers from Reserves	1,503,233
	Asset Sales	174,600
		-
		2,234,931
	Net	0
	Summary of Votes - by Division	
	Corporate Services	-497,500
	Planning & Regulation	490,000
	Community & Natural Resources	17,500
	Engineering	0
	General Manager	-10,000
		0

Results by fund:

General Fund

The General Fund is expected to remain as a “balanced budget”.

Water Fund

The Water Fund is expected to remain as a “balanced budget”.

Sewer Fund

The Sewer Fund is expected to remain as a “balanced budget”.

Quarterly Budget Review Statements

Income and Expense - Consolidated Budget Review Statement for the quarter ended 31 December 2017

Original Budget (000's)	Previously approved			Recommended changes for Council Resolution (000's)	Projected year end result (000's)	Actual YTD (000's)
	Sep Review (000's) *	Dec Review (000's)	Revised Budget (000's)			

Income

Rates and Annual Charges	106,898	68	-	106,966	200	107,166	53,851
User Charges and Fees	42,491	2,232	-	44,723	60	44,783	23,249
Interest and Investment Revenue	9,084	2,788	-	11,872	(20)	11,852	4,947
Other Revenues	2,651	13	-	2,664	2,533	5,197	3,164
Grants & Contributions - Operating	17,583	209	-	17,792	319	18,111	8,440
Grants and Contributions - Capital	3,070	3,505	-	6,575	(2,325)	4,250	6,077
- Contributions (S94)	14,079	-	-	14,079	-	14,079	6,812
Net gain from the disposal of assets	-	-	-	-	-	-	-
Total Income	195,856	8,815	-	204,671	767	205,438	106,540

Expense

Employee costs	54,269	202	-	54,471	(148)	54,323	27,085
Borrowing Costs	12,153	186	-	12,339	-	12,339	6,125
Materials & Contracts	47,069	22,823	-	69,892	(374)	69,518	23,073
Depreciation	41,503	-	-	41,503	-	41,503	18,915
Legal Costs	463	-	-	463	-	463	673
Consultants	436	-	-	436	-	436	179
Other Expenses	16,093	(32)	-	16,061	989	17,050	8,022
Net Loss from Disposal of Assets	-	-	-	-	-	-	246
Total Expenses	171,986	23,179	-	195,165	467	195,632	84,318

Net Operating Result

	23,870	(14,364)	-	9,506	300	9,806	22,222
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Net Operating Result before capital items

	6,721	(17,869)	-	(11,148)	2,625	(8,523)	9,333
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Funding Statement - Consolidated - Source & Application of Funds

Operating Result (Income Statement)	23,870	(14,364)	-	9,506	300	9,806
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Add Back non-funded items:						
Depreciation	41,503	-	-	41,503	-	41,503
Add non-operating funding sources						
Transfers from Externally Restricted Cash	33,346	4,233	-	37,579	119	37,698
Transfers from Internally Restricted Cash	9,074	41,860	-	50,934	1,503	52,437
Proceeds from sale of assets	2,174	-	-	2,174	(175)	1,999
Loan Funds Utilised	1,976	2,710	-	4,686	20	4,706
Repayments from Deferred Debtors	-	-	-	-	-	-
Funds Available	111,943	34,439	-	146,382	1,767	148,149
Funds were applied to:						
Purchase and construction of assets	57,110	30,609	-	87,719	(89)	87,630
Repayment of principal on loans	8,453	-	-	8,453	-	8,453
Transfers to Externally Restricted Cash	42,243	-	-	42,243	-	42,243
Transfers to Internally Restricted Cash	4,137	3,830	-	7,967	1,856	9,823
Funds Used	111,943	34,439	-	146,382	1,767	148,149
Increase/(Decrease) in Available Working Capital	-	-	-	-	-	-

* Includes Carried Forward Works revotes

Income and Expense- General Fund Budget Review Statement for the quarter ended 31 December 2017

Original Budget (000's)	Previously approved			Recommended changes for Council Resolution (000's)	Projected year end result (000's)
	Sep Review (000's) *	Dec Review (000's)	Revised Budget (000's)		

Income

Rates and Annual Charges	71,968	68		72,036	200	72,236
User Charges and Fees	17,556	100		17,656	60	17,716
Interest and Investment Revenue	5,145	-		5,145	(20)	5,125
Other Revenues	2,335	13		2,348	2,533	4,881
Grants & Contributions - Operating	16,693	209		16,902	319	17,221
Grants and Contributions - Capital	3,070	3,505		6,575	(2,325)	4,250
- Contributions (S64/S94)	1,824			1,824		1,824
Net gain from the disposal of assets				-		-
Total Income	118,591	3,895	-	122,486	767	123,253

Expense

Employee costs	42,233	202		42,435	(148)	42,287
Borrowing Costs	5,682	-		5,682	-	5,682

Materials & Contracts	25,773	21,853		47,626	227	47,853
Depreciation	24,043			24,043		24,043
Legal Costs	463			463		463
Consultants	128			128		128
Other Expenses	12,012	(32)		11,980	989	12,969
Net Loss from Disposal of Assets				-		-
Total Expenses	110,334	22,023	-	132,357	1,068	133,425

Net Operating Result	8,257	(18,128)	-	(9,871)	(301)	(10,172)
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Net Operating Result before capital items	3,363	(21,633)	-	(18,270)	2,024	(16,246)
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Funding Statement - General Fund - Source & Application of Funds

Operating Result (Income Statement)	8,257	(18,128)	-	(9,871)	(301)	(10,172)
Add Back non-funded items:						
Depreciation	24,043			24,043	-	24,043
Add non-operating funding sources						
Transfers from Externally Restricted Cash	10,842	3,257		14,099	-	14,099
Transfers from Internally Restricted Cash	9,074	41,558		50,632	1,064	51,696
Proceeds from sale of assets	2,174	-		2,174	(175)	1,999
Loan Funds Utilised	1,976	2,710		4,686	20	4,706
Internal charges				-		-
Repayments from Deferred Debtors				-		-
Funds Available	56,366	29,397	-	85,763	608	86,371
Funds were applied to:						
Purchase and construction of assets	42,145	29,397		71,542	(271)	71,271
Repayment of principal on loans	4,234			4,234	-	4,234
Transfers to Externally Restricted Cash	5,850			5,850		5,850
Transfers to Internally Restricted Cash	4,137			4,137	879	5,016
Funds Used	56,366	29,397	-	85,763	608	86,371
Increase/(Decrease) in Available Working Capital	-	-	-	-	-	-

* Includes Carried Forward Works revotes

Income and Expense- Sewer Fund Budget Review Statement for the quarter ended 31 December 2017

Original	Previously approved	Recommended changes	Projected year end
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Budget	Sep	Dec	Revised	for Council	result	Actual
(000's)	Review	Review	Budget	Resolution	(000's)	YTD
(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)

Income

Rates and Annual Charges	29,433		29,433	-	29,433	14,296
User Charges and Fees	1,437	2,132	3,569	-	3,569	1,698
Interest and Investment Revenue	2,296	1,713	4,009	-	4,009	1,121
Other Revenues	16		16	-	16	37
Grants & Contributions - Operating	491		491	-	491	449
Grants and Contributions - Capital			-		-	
- Contributions (S64/S94)	4,021		4,021	-	4,021	1,296
Net gain from the disposal of assets			-		-	
Total Income	37,694	3,845	-	41,539	-	41,539
						18,897

Expense

Employee costs	6,908		6,908	-	6,908	3,620
Borrowing Costs	2,124	186	2,310	-	2,310	1,073
Materials & Contracts	9,666		9,666	227	9,893	1,874
Depreciation	10,112		10,112	-	10,112	5,056
Legal Costs			-	-	-	
Consultants	154		154	-	154	6
Other Expenses	2,673		2,673	-	2,673	936
Net Loss from Disposal of Assets			-		-	
Total Expenses	31,637	186	-	31,823	227	32,050
						12,565

Net Operating Result

	6,057	3,659	-	9,716	(227)	9,489	6,332
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Net Operating Result before capital items

	2,036	3,659	-	5,695	(227)	5,468	5,036
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Funding Statement - Sewer Fund - Source & Application of Funds

Operating Result (Income Statement)	6,057	3,659	-	9,716	(227)	9,489
Add Back non-funded items:						
Depreciation	10,112	-	-	10,112	-	10,112
Add non-operating funding sources						
Transfers from Externally Restricted Cash	9,799	406		10,205	119	10,324
Transfers from Internally Restricted Cash		385		385	159	544
Proceeds from sale of assets				-	-	-
Loan Funds Utilised				-	-	-
Repayments from Deferred Debtors				-	-	-
Funds Available	25,968	4,450	-	30,418	51	30,469

Funds were applied to:						
Purchase and construction of assets	7,278	922		8,200	396	8,596
Repayment of principal on loans	2,772	-		2,772	-	2,772
Transfers to Externally Restricted Cash	15,918	-		15,918	-	15,918
Transfers to Internally Restricted Cash		3,528		3,528	(345)	3,183
Internal charges				-		-
Funds Used	25,968	4,450	-	30,418	51	30,469
Increase/(Decrease) in Available Working Capital	-	-	-	-	-	-

Income and Expense- Water Fund Budget Review Statement for the quarter ended 31 December 2017

Original Budget (000's)	Previously approved			Recommended changes for Council Resolution (000's)	Projected year end result (000's)	Actual YTD (000's)
	Sep Review (000's)	Dec Review (000's)	Revised Budget (000's)			

Income

Rates and Annual Charges	5,497			5,497	-	5,497	2,859
User Charges and Fees	23,498			23,498	-	23,498	11,518
Interest and Investment Revenue	1,643	1,075		2,718	-	2,718	1,188
Other Revenues	300			300	-	300	180
Grants & Contributions - Operating	399			399	-	399	217
Grants and Contributions - Capital				-		-	
- Contributions (S64/S94)	8,234			8,234	-	8,234	2,450
Net gain from the disposal of assets				-		-	
Total Income	39,571	1,075	-	40,646	-	40,646	18,412

Expense

Employee costs	5,128			5,128	-	5,128	2,446
Borrowing Costs	4,347			4,347	-	4,347	2,192
Materials & Contracts	11,630	970		12,600	(828)	11,772	2,872
Depreciation	7,348			7,348	-	7,348	1,837
Legal Costs				-	-	-	23
Consultants	154			154	-	154	53
Other Expenses	1,408			1,408	-	1,408	598
Net Loss from Disposal of Assets				-		-	
Total Expenses	30,015	970	-	30,985	(828)	30,157	10,021

Net Operating Result

	9,556	105	-	9,661	828	10,489	8,391
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Net Operating Result before capital items

	1,322	105	-	1,427	828	2,255	5,941
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Funding Statement - Water Fund - Source & Application of Funds

Operating Result (Income Statement)	9,556	105	-	9,661	828	10,489
Add Back non-funded items:						
Depreciation	7,348	-	-	7,348	-	7,348
Add non-operating funding sources						
Transfers from Externally Restricted Cash	12,705	570		13,275	-	13,275
Transfers from Internally Restricted Cash		(83)		(83)	280	197
Proceeds from sale of assets				-		-
Loan Funds Utilised				-		-
Repayments from Deferred Debtors				-		-
Funds Available	29,609	592	-	30,201	1,108	31,309
Funds were applied to:						
Purchase and construction of assets	7,687	290		7,977	(214)	7,763
Repayment of principal on loans	1,447	-		1,447	-	1,447
Transfers to Externally Restricted Cash	20,475	-		20,475	-	20,475
Transfers to Internally Restricted Cash		302		302	1,322	1,624
Internal charges				-		-
Funds Used	29,609	592	-	30,201	1,108	31,309
Increase/(Decrease) in Available Working Capital	-	-	-	-	-	-

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2017 and should be read in conjunction with other documents in the QBRS.

Capital Budget Review Statement - Consolidated - for the quarter ended 31 December 2017

Original Budget (000's)	Previously approved			Recommended changes for Council Resolution (000's)	Projected year end result (000's)	Actual YTD (000's)
	Sep Review (000's) *	Dec Review (000's)	Revised Budget (000's)			

Capital Funding **

Rates and other untied funding	30,207		30,207	2,089	32,296	10,222
Capital Grants & Contributions	4,226	3,505	7,731	(2,325)	5,406	1,711
Internal Restrictions (Reserves)	21,178	22,148	43,326	305	43,631	13,810
External Restrictions		237	237	(102)	135	43
- s64 & s94 funds	5,801	2,682	8,483	119	8,602	2,723
Other Capital Funding Sources						
- loans	1,976	2,037	4,013		4,013	1,270
Income from sale of assets						
- plant and equipment	2,174		2,174	(175)	1,999	633

- Land, Buildings, Furniture, Fittings						
Total Capital Funding	65,562	30,609		96,171	(89)	96,082 30,412

Capital ExpenditureNew Assets

- Plant and Equipment	78	93		171		171	311
- Land, Buildings, Furniture, Fittings	9,854	2,731		12,585		12,585	1,312
- Roads, Bridges, Footpaths	2,500	1,969		4,469	(2,602)	1,867	330
- Drainage							
- Water & Sewer Infrastructure	6,663	74		6,737	217	6,954	2,316
- Other	9,860	737		10,597		10,597	111
<u>Renewals (Replacement)</u>							
- Plant and Equipment	7,537			7,537	1,777	9,314	5,512
- Land, Buildings, Furniture, Fittings	100	1,779		1,879		1,879	1,792
- Roads, Bridges, Footpaths	10,982	9,377		20,359	250	20,609	7,137
- Drainage	436			436		436	24
- Water & Sewer Infrastructure	3,085	1,080		4,165	(318)	3,847	1,094
- Other		7,634		7,634		7,634	5,547
<u>Upgrades</u>							
- Plant and Equipment							
- Land, Buildings, Furniture, Fittings		154		154	230	384	15
- Roads, Bridges, Footpaths	2,064	4,194		6,258		6,258	2,222
- Drainage	950	426		1,376		1,376	997
- Water & Sewer Infrastructure	3,000	59		3,059	283	3,342	497
- Other		302		302	74	376	258
Loan Repayments (principal)	8,453			8,453		8,453	937
Total Capital Expenditure	65,562	30,609		96,171	(89)	96,082	30,412

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2017 and should be read in conjunction with other documents in the QBRS.

* Note: Includes Carry over works

* *Note: figures in the Actual YTD column of capital funding are estimates only. Detailed calculations of funding results are performed annually.

Cash and Investments Budget Review Statement for the quarter ended 31 December 2017

Original Budget (000's)	Previously approved			Recommended changes for Council Resolution (000's)	Projected year end result (000's)	Actual * YTD (000's)
	Sep Review (000's)	Dec Review (000's)	Revised Budget (000's)			

Unrestricted

10,240			10,240		10,240	9,238
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Externally restricted

RTA Contributions			0		0	
Developer contributions	39,608	(3,257)	36,351		36,351	39,014
Domestic waste management	7,662		7,662		7,662	8,000

Special Rates	240			240		240	275
Unexpended grants & contributions	5,626	(5,626)		0		0	5,000
Water Supplies	64,900	(185)		64,715		64,715	53,000
Sewerage Services	91,069	2,738		93,807		93,807	83,000
Other	23,301			23,301		23,301	20,000
Total Externally restricted	232,406	(6,330)	0	226,076	0	226,076	208,289

Internally restricted							
Employee Leave entitlements	8,274			8,274		8,274	8,274
Unexpended untied grants	3,779	(3,779)		0		0	3,000
Unexpended loans	3,760	(2,710)		1,050		1,050	3,000
7 Year Plan	2,528	(2,392)		136		136	2,500
Works Carried Forward	8,274	(6,464)		1,810		1,810	8,000
Replacement of Plant and Vehicles	2,723			2,723		2,723	2,500
Tip improvements	5,857			5,857		5,857	6,000
Asset renewals	31,038	(10,983)		20,055	(744)	19,311	31,000
Other	13,533	(12,312)		1,221	(111)	1,110	13,000
Total Internally restricted	79,766	(38,640)	0	41,126	(855)	40,271	77,274

Total Restricted	312,172	(44,970)	0	267,202	(855)	266,347	285,563
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Total cash and investments	322,412	(44,970)	0	277,442	(855)	276,587	294,801
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Available cash	10,240	0	0	10,240	0	10,240	9,238
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* Note: figures in the Actual YTD are estimates only. Detailed calculations of funding results and cash restrictions are performed annually.

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 purpose.

Statement of compliance with investment policy:

Council's investments have been made in accordance with Council's investment policies.

Reconciliation of restricted funds with current investment report:

	(000's)
Total restricted funds	285,563
Total invested funds as per December Investment Report	292,651

Note, some restricted funds are held as cash as they will be utilised in the current period.

Statement of bank reconciliation:

Cash has been reconciled with the bank statement. Bank reconciliations are up to date.

Reconciliation of cash and investments:

(000's)

Cash and investments as per above	294,801
Cash on hand and at bank	2,150
Investments	<u>292,651</u>
	294,801

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2017 and should be read in conjunction with other documents in the QBRs.

Key Performance Indicators Budget Review Statement for the quarter ended 31 December 2017

Note that KPIs may be distorted by the fact that detailed calculations are only prepared on an annual basis.

These ratios should therefore be viewed with caution.

	Amounts	Indicator
1. Unrestricted Current Ratio		
	(000's)	
<u>Current assets less all external restrictions</u>	<u>77,644</u>	2.9:1
Current liabilities	26,464	
Target:		2:1

Purpose:

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

	Amounts	Indicator
2. Debt Service Ratio		
	(000's)	
<u>Debt Service Cost</u>	<u>7,062</u>	7.96%
Selected operating income	88,769	
Target:		15%

Purpose:

To assess the impact of loan principal and interest repayments on the discretionary revenue of Council.

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2017 and should be read in conjunction with other documents in the QBRs.

Budget Review Contracts and Other Expenses for the quarter ended 31 December 2017

Contractor	Contract Title	Contract Value \$	Award Date	Duration of Contract	Budgeted (Y/N)
G & R Brown & Sons Pty Ltd (ABN 33 154 911 609)	RFO2017082 Package 1 - Road Flood Damage Restoration	\$1,380,320.70	05-Oct-17	24 Weeks	Y
SEE Civil Pty Ltd (ABN 88 115 963 427)	RFO2016114 - Kingscliff Foreshore Revitalisation Construction Works - Variations Report Update	\$292,259.45	05-Oct-17	-	Y
Carseldine Air Conditioning Pty Ltd (ABN- 26 082 563 193)	RFO2017125 - Detailed Design, Construction, Installation and Commissioning of a Chiller and Associated Equipment for the Tweed Regional Gallery	\$283,306.36	26-Oct-17	18 Weeks	Y
Tox Free Solutions Pty Ltd (ABN 31 127 853 561)	RFO2017104 - Supply of Fixed Term Full Time Hire of Vacuum Excavation Combination Truck	\$422,547.84	26-Oct-17	104 Weeks	Y
Skeen Constructions Pty Ltd (ABN 42 122 970 978)	RFO2017082 Special Project A - Road Flood Damage Restoration	\$457,479.83	16-Nov-17	14 Weeks	Y
Hazell Bros Group Pty Ltd (ABN 46 145 228 986)	RFO2017082 Package 3 - Road Flood Damage	\$1,225,000.00	13-Dec-17	19 Weeks	Y

PART B - Consultancy and Legal expenses

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	29,626	Y
Legal expenses	171,480	Y

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2017 and should be read in conjunction with other documents in the QBRs.

**Statutory Statement – Local Government (General) Regulations 2005
(Sections 202 & 203) by “Responsible Accounting Officer”**

202 Responsible accounting officer to maintain system for budgetary control

The responsible accounting officer of a council must:

- (a) *establish and maintain a system of budgetary control that will enable the council's actual income and expenditure to be monitored each month and to be compared with the estimate of the council's income and expenditure, and*
- (b) *if any instance arises where the actual income or expenditure of the council is materially different from its estimated income or expenditure, report the instance to the next meeting of the council.*

203 Budget review statements and revision of estimates

- (1) *Not later than 2 months after the end of each quarter (except the June quarter), the responsible accounting officer of a council must prepare and submit to the council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the Statement of the council's revenue policy included in the operational plan for the relevant year, a revised estimate of the income and expenditure for that year.*
- (2) *A budget review statement must include or be accompanied by:*
 - (a) *a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure, and*
 - (b) *if that position is unsatisfactory, recommendations for remedial action.*
- (3) *A budget review statement must also include any information required by the Code to be included in such a statement.*

Statutory Statement

It is my opinion that the Quarterly Budget Review Statement for Tweed Shire Council for the quarter ended 31 December 2017 indicates that Council's projected financial position at 30 June 2018 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.



M A Chorlton 5 February 2018
"Responsible Accounting Officer"
Manager Financial Services
Tweed Shire Council

OPTIONS:

Not Applicable

CONCLUSION:

Refer to Statutory Statement above

COUNCIL IMPLICATIONS:

a. Policy:

Not Applicable

b. Budget/Long Term Financial Plan:

As detailed within the report.

c. Legal:

Not Applicable.

d. Communication/Engagement:

Inform - We will keep you informed.

UNDER SEPARATE COVER/FURTHER INFORMATION:

Nil.
