

TITLE: [FRIT-CM] Quarterly Budget Review - December 2018

SUBMITTED BY: Financial Services

mhm



Making decisions with you

We're in this together

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK:

2	Making decisions with you
2.2	Engagement
2.2.5	Financial Services - To collect and manage Council funds and provide information and advice to support sound financial decision-making.

ROLE: **Leader**

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 2018/2019 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 2019 in all Funds.

RECOMMENDATION:

That the:

1. Quarterly Budget Review Statement as at 31 December 2018 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 2019.

Description	Change to Vote	
	Deficit	Surplus
General Fund		
<u>Expenses</u>		
Employee costs	30,279	0
Materials & Contracts	4,680,579	0
Interest	0	0
Other Operating costs	0	0
Capital	1,891,379	0
Loan Repayments	0	0
Transfers to Reserves	35,776	0
	<u>6,638,013</u>	<u>0</u>

Income

Rates and Annual Charges	0	0
Interest revenue	0	0
Operating Grants & Conts	0	5,133,335
Capital Grants & Conts	0	62,000
User Charges & Fees	42,030	0
Other Operating Revenue	0	117,282
Loan Funds	0	0
Recoupments	0	0
Transfers from Reserves	0	1,376,710
Asset Sales	0	0
	<u>42,030</u>	<u>6,689,327</u>

Net Surplus/(Deficit)	<u>9,284</u>
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	Deficit	Surplus
Sewer Fund		
<u>Expenses</u>		
Employee costs	0	0
Materials & Contracts	476,203	0
Interest	0	0
Other Operating costs	0	0
Capital	191,446	0
Loan Repayments	0	0
Transfers to Reserves	0	4,484,903
	<u>667,649</u>	<u>4,484,903</u>

<u>Income</u>	0	0
Rates and Annual Charges	60,133	0
Interest revenue	0	0
Operating Grants & Conts	0	0
Capital Grants & Conts	3,901,608	0
User Charges & Fees	14,474	0
Other Operating Revenue	0	0
Loan Funds	0	0
Recoupments	3,200	0
Transfers from Reserves	0	162,161
Asset Sales	0	0
	<u>3,979,415</u>	<u>162,161</u>

Net Surplus/(Deficit)	<u>0</u>
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Water Fund**Expenses**

Employee costs	0	0
Materials & Contracts	0	409,075
Interest	0	0
Other Operating costs	0	0
Capital	0	4,383,743
Loan Repayments	0	0
Transfers to Reserves	0	6,327,897
	<u>0</u>	<u>11,120,715</u>

Income

Rates and Annual Charges	11,759	0
Interest revenue	85,757	0
Operating Grants & Conts	0	0
Capital Grants & Conts	8,056,594	0
User Charges & Fees	0	12,138
Other Operating Revenue	0	0
Loan Funds	0	0

Recoupments	0	1,240,257
Transfers from Reserves	4,219,000	0
Asset Sales	0	0
	<hr/>	<hr/>
	12,373,110	1,252,395
 Net Surplus/(Deficit)		<hr/> <hr/> 0

REPORT:**Budget Review 31 December 2018 (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 2018/2019 Budget	
General Fund		Net Effect on LTFP
Nil		
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	0	0

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	Condong Creek boundary adjustment & stormwater works		25,000	Preliminary design and investigation
In	1	In-TFR	Infrastructure reserve		-25,000	Funding for above
Ex	2	Ex-Op	Wardrop Valley Area 6		34,000	Planning proposal costs
In	2	In-TFR	Land Development Reserve		-34,000	Funding for above
Ex	3	Ex-Op	Tweed Heads Admin Office operating expenses	247,808	125,000	Adjust to reflect actual costs
Ex	3	Ex-Op	Civic Buildings Asset Management	127,771	-125,000	Funding for above
Ex	4	Ex-Op	Downtown Gallery	100,000	50,219	Stronger Country Communities Fund
In	4	In-OG&C	NSW government grant funding		-50,219	Funding for above
Ex	5a	Ex-Op	Flood Mitigation Lot Consolidation		300,000	Revision/Reallocation of flood mitigation budget
Ex	5b	Ex-Op	Burringbar/Mooball/Crabbes Creek Gauge Network Enhancement		116,000	Revision/Reallocation of flood mitigation budget
In	5b	In-OG&C	Office of Environment & Heritage		-77,333	Revision/Reallocation of flood mitigation budget
Ex	5c	Ex-Op	South Murwillumbah Flood Risk Management Study		225,000	Revision/Reallocation of flood mitigation budget
In	5c	In-OG&C	Office of Environment & Heritage		-150,000	Revision/Reallocation of flood mitigation budget
Ex	5d	Ex-Op	Voluntary House Purchase - Coastal Creeks		400,000	Revision/Reallocation of flood mitigation budget
Ex	5e	Ex-Op	Voluntary House Purchase - Sth Murbah & Bray Pk	1,000,000	-813,667	Revision/Reallocation of flood mitigation budget
In	6	In-OG&C	Flood claim, residential clean-up		-581,908	Claim finalised
In	6	In-OG&C	Flood claim, recovery centre costs		-101,008	Claim finalised
Ex	6	Ex-Capital	Dog Pound relocation costs		682,916	Allocation of above revenue
Ex	7	Ex-Capital	Black Spot Numinbah Road	571	34,790	Revision of Roads Construction budget
Ex	7	Ex-Capital	Black Spot Tweed Valley Way Wire Rope	67,609	22,000	Revision of Roads Construction budget
Ex	7	Ex-Capital	Black Spot Kyogle Road curve at No. 1245	0	19,454	Revision of Roads Construction budget

Ex	7	Ex-Capital	Black Spot Kyogle Road north of Braeside	0	672,219	Revision of Roads Construction budget
In	7	In-TFR	Asset management reserve - infrastructure		-748,463	Funding for above
Ex	8	Ex-Capital	Boardwalk extension Cudgen Creek	169,953	460,000	Revision of Foot & cycleways budget
In	8	In-TFR	Asset management reserve - infrastructure		-460,000	Funding for above
Ex	9	Ex-Op	Quarry operations expenditure	277,878	-50,776	Revision of Quarries budget
In	9	In-Fees	Quarry operations income	-111,881	15,000	Revision of Quarries budget
Ex	9	Ex-TTR	Future Quarry Rehabilitation Reserve		35,776	Revision of Quarries budget
Ex	10	Ex-OpEmp	Art Gallery Salaries	741,362	20,000	Revision of Community & Cultural budget
Ex	10	Ex-Op	Olive Cotton award	39,610	-14,000	Revision of Community & Cultural budget
Ex	10	Ex-Op	Border Art prize	10,275	-6,000	Revision of Community & Cultural budget
Ex	10	Ex-Op	Art Gallery Collection Expenses	24,600	12,000	Revision of Community & Cultural budget
Ex	10	Ex-Op	TRAG Conservation	17,622	-12,000	Revision of Community & Cultural budget
Ex	10	Ex-Op	Art exhibition - Kate Rhodes	0	3,500	Revision of Community & Cultural budget
Ex	10	Ex-Op	Art exhibition - 30 Year Anniversary	18,627	-3,500	Revision of Community & Cultural budget
Ex	10	Ex-Op	Art exhibition - Fred Jessup	60,000	40,000	Revision of Community & Cultural budget
In	10	In-OG&C	Art Gallery grant income	-54,636	-40,000	Revision of Community & Cultural budget
Ex	10	Ex-Op	Aboriginal Community Development	131,303	11,497	Revision of Community & Cultural budget
Ex	10	Ex-Op	Aboriginal Network Conference	11,497	-11,497	Revision of Community & Cultural budget
Ex	11	Ex-OpEmp	Cultural Planning	81,571	10,279	Revision of Community & Cultural budget
Ex	11	Ex-Op	Arts Northern Rivers	28,931	-14,466	Revision of Community & Cultural budget
Ex	11	Ex-Op	Placemaking and Public Art Grant		4,187	Revision of Community & Cultural budget
Ex	12	Ex-Op	Tweed Heads Library expansion	21,373	42,247	Revision of Community & Cultural budget
In	12	In-TFR	Community Facilities Reserve		-42,247	Revision of Community & Cultural budget
Ex	13	Ex-Op	Tweed Byron Resilience Coordination Project		123,527	Revision of Community & Cultural budget
In	13	In-OG&C	NSW Department of Justice		-123,527	Revision of Community & Cultural budget
Ex	14	Ex-Op	Mar 17 Flood - Community Printmakers		61,530	Revision of Community & Cultural budget
Ex	14	Ex-Op	Mar 17 Flood - Nullum soup kitchen		7,505	Revision of Community & Cultural budget
In	14	In-OpOther	Insurance payments		-69,035	Revision of Community & Cultural budget
In	15	In-Fees	Northern Rivers Childrens Service	-21,800	21,800	Revision of Community & Cultural budget
In	15	In-Fees	Northern Rivers Childrens Service		-21,800	Revision of Community & Cultural budget
Ex	16	Ex-Op	Access & Inclusion Plan - Toilet upgrade	15,014	-12,389	Revision of Community & Cultural budget
Ex	16	Ex-Op	Public toilet operations	829,143	12,389	Revision of Community & Cultural budget
Ex	17	Ex-Op	Knox Park Lighting Safety Improvement	46,916	-46,916	Revision of Community & Cultural budget
Ex	17	Ex-Op	Knox Park pathway & lighting		46,916	Revision of Community & Cultural budget
Ex	18	Ex-Op	Live and Local Music Festival	460	-350	Revision of Community & Cultural budget
Ex	18	Ex-Op	Cultural Development Fund	48,399	350	Revision of Community & Cultural budget
					0	

Sewer Fund

Ex	19	Ex-Op	Operations		476,203	Various revisions
In	19	In-Rates	Annual charges		60,133	Various revisions
Ex	19	In-Interest	Interest received			No adjustments this quarter
In	19	In-Fees	Fees & Charges		14,474	Reviewed
In	19	In-CG&C	s64 income		3,901,608	Funding adjustments
Ex	19	In-CG&C	Capital grants			No adjustments this quarter
Ex	19	Ex-Capital	Capital works		191,446	Various revisions
In	19	In-TFR	Transfers from reserves		-162,161	Funding adjustments
In	19	In-Recoup	Recoupment from s64		3,200	Funding adjustments
Ex	19	Ex-TTR	s64 reversal		-3,901,608	Funding adjustments
Ex	19	Ex-TTR	Transfers to reserves		-583,295	Funding adjustments
					0	

Water Fund

Ex	20	Ex-Op	Operations		-409,075	Various revisions
In	20	In-Rates	Annual charges		11,759	Various revisions
Ex	20	In-Interest	Interest received		85,757	Funding adjustments
In	20	In-Fees	Fees & Charges		-12,138	Reviewed

In	20	In-CG&C	s64 income		7,999,094	Funding adjustments
Ex	20	In-CG&C	Capital grants		57,500	Deferrals
Ex	20	Ex-Capital	Capital works		-4,383,743	Deferrals
In	20	In-TFR	Transfers from reserves		4,219,000	Funding adjustments
In	20	In-Recoup	Recoupment from s64		-1,240,257	Funding adjustments
	20	Ex-TTR	s64 reversal		-7,999,094	Funding adjustments
Ex	20	Ex-TTR	Transfers to reserves		1,671,197	Funding adjustments
					0	

2. Variations Arising from Council Resolutions

Ex	21	Ex-Op	Conserving Cockatoos & Curlews on the Tweed Coast		99,810	Resolution 25 October 2018 Item 26
In	21	In-OG&C	NSW Environmental Trust		-99,810	Resolution 25 October 2018 Item 26
Ex	22	Ex-Op	Riparian and Aquatic Habitat Rehabilitation		96,780	Resolution 25 October 2018 Item 26
In	22	In-OG&C	NSW Environmental Trust		-96,780	Resolution 25 October 2018 Item 26
Ex	23	Ex-Op	Small Farms Big Changes		59,050	Resolution 25 October 2018 Item 26
In	23	In-OG&C	NSW Environmental Trust		-59,050	Resolution 25 October 2018 Item 26
Ex	24	Ex-Op	Mar 17 Flood - South Murwillumbah Flood Levee Repair		3,782,700	Resolution 25 October 2018 Item 34
In	24	In-OG&C	Department of Finance		-3,753,700	Resolution 25 October 2018 Item 34
Ex	24	Ex-Op	Voluntary House Purchase - Sth Murbah & Bray Pk	1,000,000	-29,000	Revision/Reallocation of flood mitigation budget
Ex	25	Ex-Op	Country Passenger Transport Infrastructure Grants Scheme		62,000	Resolution 25 October 2018 Item 36
In	25	In-CG&C	Transport NSW		-62,000	Resolution 25 October 2018 Item 36
Ex	26	Ex-Op	LED Street lighting replacement - Casuarina/Salt	85,000	67,000	Resolution 19 July, Item 31
In	26	In-TFR	Asset Management Reserve - Infrastructure		-85,000	Funding for above
					0	

Summary of Votes by Type

2018/19 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	
Reps	Repayment on principal on loans
Ex-TTR	Transfers to reserves
Ex-Dep	Depreciation
Ex-Deprev	Depreciation reversal
In-Rates	Rates & annual charges
In-Interest	Interest income
In-OG&C	Operating grants & contributions
In-CG&C	Capital grants & contributions
In-Fees	User charges & fees
In-OpOther	Other operating income
In-Loan	Loan funds
In-Recoup	Recoupment from s64 & s94 funds
In-TFR	476.203
In-Sales	Proceeds from sale of assets

Expenses

Employee costs	30,279
Materials & Contracts	4,735,774
Interest	0
Other Operating costs	0
Capital	-2,300,918
Loan Repayments	0
Transfers to Reserves	10,777,024
	-8,311,889
Income	
Rates and Annual Charges	71,892
Interest revenue	85,757
Operating Grants & Conts	-5,133,335
Capital Grants & Conts	11,896,202
User Charges & Fees	17,336
Other Operating Revenue	-69,035
Loan Funds	0
Recoupments	-1,237,057
Transfers from Reserves	2,680,129
Asset Sales	0
	8,311,889
Net	0

Summary of Votes - by Division

Corporate Services	-69,035
Planning & Regulation	0
Community & Natural Resources	69,035
Engineering	0
General Manager	0
	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 2018**

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	111,135	-	-	111,135	(72)	111,063	55,455
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User Charges and Fees	46,920	73	-	46,993	(17)	46,976	23,582
Interest and Investment Revenue	9,821	31	-	9,852	(86)	9,766	4,842
Other Revenues	2,955	-	-	2,955	69	3,024	2,708
Grants & Contributions - Operating	17,123	(136)	-	16,987	5,133	22,120	13,033
Grants and Contributions - Capital	1,017	6,806	-	7,823	62	7,885	1,744
- Contributions (S94)	16,732	58	-	16,790	(11,959)	4,831	5,388
Net gain from the disposal of assets	-	-	-	-	-	-	-
Total Income	205,703	6,832	-	212,535	(6,870)	205,665	106,752

Expense

Employee costs	57,916	278	-	58,194	30	58,224	28,001
Borrowing Costs	11,666	-	-	11,666	-	11,666	5,893
Materials & Contracts	46,739	15,966	-	62,705	4,736	67,441	25,831
Depreciation	42,623	-	-	42,623	-	42,623	15,068
Legal Costs	476	-	-	476	-	476	345
Consultants	492	-	-	492	-	492	80
Other Expenses	16,931	(150)	-	16,781	-	16,781	7,327
Net Loss from Disposal of Assets	-	-	-	-	-	-	129
Total Expenses	176,843	16,094	-	192,937	4,766	197,703	82,674

Net Operating Result

	28,860	(9,262)	-	19,598	(11,636)	7,962	24,078
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Net Operating Result before capital items

	11,111	(16,126)	-	(5,015)	261	(4,754)	16,946
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Funding Statement - Consolidated - Source & Application of Funds

Operating Result (Income Statement)	28,860	(9,262)	-	19,598	(11,636)	7,962
Add Back non-funded items:						
Depreciation	42,623	-	-	42,623	-	42,623
Add non-operating funding sources						
Transfers from Externally Restricted Cash	25,659	3,961	-	29,620	1,237	30,857
Transfers from Internally Restricted Cash	3,499	53,996	-	57,495	(2,680)	54,815
Proceeds from sale of assets	2,210	-	-	2,210	-	2,210
Loan Funds Utilised	3,066	1,153	-	4,219	-	4,219
Repayments from Deferred Debtors	-	-	-	-	-	-
Funds Available	105,917	49,848	-	155,765	(13,079)	142,686
Funds were applied to:						
Purchase and construction of assets	45,771	50,076	-	95,847	(2,302)	93,545

Repayment of principal on loans	8,838	-	-	8,838	-	8,838
Transfers to Externally Restricted Cash	47,590	-	-	47,590	-	47,590
Transfers to Internally Restricted Cash	3,718	(228)	-	3,490	(10,777)	(7,287)
Funds Used	105,917	49,848	-	155,765	(13,079)	142,686
Increase/(Decrease) in Available Working Capital	-	-	-	-	-	-

* Includes Carried Forward Works revotes

Income & Expense- General Fund Budget Review Statement for the quarter ended 31 December 2018

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	74,731	-		74,731	-	74,731	37,732
User Charges and Fees	19,177	73		19,250	(15)	19,235	10,657
Interest and Investment Revenue	5,243	-		5,243	-	5,243	2,837
Other Revenues	2,624	-		2,624	69	2,693	2,372
Grants & Contributions - Operating	16,209	(136)		16,073	5,133	21,206	12,219
Grants and Contributions - Capital	1,017	6,806		7,823	62	7,885	1,744
- Contributions (S64/S94)	1,856			1,856		1,856	3,161
Net gain from the disposal of assets				-		-	-
Total Income	120,857	6,743	-	127,600	5,249	132,849	70,722

Expense

Employee costs	45,838	278		46,116	30	46,146	21,951
Borrowing Costs	5,393	-		5,393	-	5,393	2,735
Materials & Contracts	25,620	15,184		40,804	4,669	45,473	21,211
Depreciation	24,978			24,978		24,978	6,245
Legal Costs	476			476		476	343
Consultants	94			94		94	71
Other Expenses	12,708	(150)		12,558	-	12,558	5,897
Net Loss from Disposal of Assets				-		-	116
Total Expenses	115,107	15,312	-	130,419	4,699	135,118	58,569

Net Operating Result

	5,750	(8,569)	-	(2,819)	550	(2,269)	12,153
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Net Operating Result before capital items

	2,877	(15,375)	-	(12,498)	488	(12,010)	7,248
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Funding Statement - General Fund - Source & Application of Funds

Operating Result (Income Statement)	5,750	(8,569)	-	(2,819)	550	(2,269)
Add Back non-funded items:						
Depreciation	24,978			24,978	-	24,978
Add non-operating funding sources						
Transfers from Externally Restricted Cash	1,554	1,553		3,107	-	3,107
Transfers from Internally Restricted Cash	3,499	51,876		55,375	1,377	56,752
Proceeds from sale of assets	2,210	-		2,210	-	2,210
Loan Funds Utilised	3,066	1,153		4,219	-	4,219
Internal charges				-		-
Repayments from Deferred Debtors				-		-
Funds Available	41,057	46,013	-	87,070	1,927	88,997
Funds were applied to:						
Purchase and construction of assets	25,543	45,488		71,031	1,891	72,922
Repayment of principal on loans	4,419	-		4,419	-	4,419
Transfers to Externally Restricted Cash	7,377			7,377		7,377
Transfers to Internally Restricted Cash	3,718	525		4,243	36	4,279
Funds Used	41,057	46,013	-	87,070	1,927	88,997
Increase/(Decrease) in Available Working Capital	-	-	-	-	-	-

* Includes Carried Forward Works revotes

Income & Expense- Sewer Fund Budget Review Statement for the quarter ended 31 December 2018

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	30,680			30,680	(60)	30,620	14,765
User Charges and Fees	3,389			3,389	(14)	3,375	1,655
Interest and Investment Revenue	2,687	65		2,752	-	2,752	1,170
Other Revenues	17			17	-	17	8
Grants & Contributions - Operating	505			505	-	505	444
Grants and Contributions - Capital				-		-	
- Contributions (S64/S94)	4,877			4,877	(3,902)	975	824
Net gain from the disposal of assets				-		-	
Total Income	42,155	65	-	42,220	(3,976)	38,244	18,866

Expense

Employee costs	7,381			7,381	-	7,381	3,565
Borrowing Costs	2,030			2,030	-	2,030	1,027
Materials & Contracts	10,268	613		10,881	477	11,358	2,437
Depreciation	10,196			10,196	-	10,196	5,098
Legal Costs				-	-	-	
Consultants	158			158	-	158	4
Other Expenses	2,761			2,761	-	2,761	793
Net Loss from Disposal of Assets				-		-	13
Total Expenses	32,794	613	-	33,407	477	33,884	12,937

Net Operating Result	9,361	(548)	-	8,813	(4,453)	4,360	5,929
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Net Operating Result before capital items	4,484	(548)	-	3,936	(551)	3,385	5,105
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Funding Statement - Sewer Fund - Source & Application of Funds

Operating Result (Income Statement)	9,361	(548)	-	8,813	(4,453)	4,360
Add Back non-funded items:						
Depreciation	10,196	-	-	10,196	-	10,196
Add non-operating funding sources						
Transfers from Externally Restricted Cash	8,631	216		8,847	(3)	8,844
Transfers from Internally Restricted Cash		1,485		1,485	162	1,647
Proceeds from sale of assets				-	-	-
Loan Funds Utilised				-	-	-
Repayments from Deferred Debtors				-	-	-
Funds Available	28,188	1,153	-	29,341	(4,294)	25,047
Funds were applied to:						
Purchase and construction of assets	5,933	1,566		7,499	191	7,690
Repayment of principal on loans	2,867	-		2,867	-	2,867
Transfers to Externally Restricted Cash	19,388	-		19,388	-	19,388
Transfers to Internally Restricted Cash		(413)		(413)	(4,485)	(4,898)
Internal charges				-		-
Funds Used	28,188	1,153	-	29,341	(4,294)	25,047
Increase/(Decrease) in Available Working Capital	-	-	-	-	-	-

Income & Expense- Water Fund Budget Review Statement for the quarter ended 31 December 2018

		Recommended	Projected	
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Original Budget (000's)	Previously approved			changes for Council Resolution (000's)	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	5,724		5,724	(12)	5,712	2,958
User Charges and Fees	24,354		24,354	12	24,366	11,270
Interest and Investment Revenue	1,891	(34)	1,857	(86)	1,771	835
Other Revenues	314	-	314	-	314	328
Grants & Contributions - Operating	409	-	409	-	409	370
Grants and Contributions - Capital			-		-	-
- Contributions (S64/S94)	9,999	58	10,057	(8,057)	2,000	1,403
Net gain from the disposal of assets			-		-	-
Total Income	42,691	24	42,715	(8,143)	34,572	17,164

Expense

Employee costs	4,697		4,697	-	4,697	2,485
Borrowing Costs	4,243		4,243	-	4,243	2,131
Materials & Contracts	10,851	169	11,020	(410)	10,610	2,183
Depreciation	7,449		7,449	-	7,449	3,725
Legal Costs			-	-	-	2
Consultants	240		240	-	240	5
Other Expenses	1,462		1,462	-	1,462	637
Net Loss from Disposal of Assets			-		-	-
Total Expenses	28,942	169	29,111	(410)	28,701	11,168

Net Operating Result

	13,749	(145)	-	13,604	(7,733)	5,871	5,996
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Net Operating Result before capital items

	3,750	(203)	-	3,547	324	3,871	4,593
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Funding Statement - Water Fund - Source & Application of Funds

Operating Result (Income Statement)	13,749	(145)	-	13,604	(7,733)	5,871
Add Back non-funded items:						
Depreciation	7,449	-	-	7,449	-	7,449
Add non-operating funding sources						
Transfers from Externally Restricted Cash	15,474	2,192		17,666	1,240	18,906
Transfers from Internally Restricted Cash		635		635	(4,219)	(3,584)
Proceeds from sale of assets				-		-
Loan Funds Utilised				-		-
Repayments from Deferred Debtors				-		-

Funds Available	36,672	2,682	-	39,354	(10,712)	28,642
Funds were applied to:						
Purchase and construction of assets	14,295	3,022		17,317	(4,384)	12,933
Repayment of principal on loans	1,552	-		1,552	-	1,552
Transfers to Externally Restricted Cash	20,825	-		20,825	-	20,825
Transfers to Internally Restricted Cash		(340)		(340)	(6,328)	(6,668)
Internal charges				-		-
Funds Used	36,672	2,682	-	39,354	(10,712)	28,642
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 2018 and should be read in conjunction with other documents in the QBRS.

Capital Budget Review Statement - Consolidated - for the quarter ended 31 December 2018

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	31,961	625		32,586		32,586	8,494
Capital Grants & Contributions	928	6,863		7,791		7,791	2,031
Internal Restrictions (Reserves)	1,987	25,769		27,756		27,756	7,236
External Restrictions	12,366	13,567		25,933		25,933	6,761
- s64 & s94 funds	2,205	2,600		4,805		4,805	1,253
Other Capital Funding Sources							
- loans	3,066	652		3,718		3,718	969
Income from sale of assets							
- plant and equipment	2,210			2,210		2,210	576
- Land,Buildings,Furniture,Fittings							
Total Capital Funding	54,723	50,076		104,799		104,799	27,320

Capital Expenditure

New Assets

- Plant and Equipment	230	106		336		336	229
- Land,Buildings,Furniture,Fittings	3,939	15,799		19,738	683	20,421	7,430
- Roads, Bridges, Footpaths	20	6,748		6,768	460	7,228	740
- Drainage							
- Water & Sewer Infrastructure	7,016	2,504		9,520	(3,288)	6,232	1,842
- Other	3,200	9,836		13,036		13,036	171

<u>Renewals (Replacement)</u>						
- Plant and Equipment	7,170		7,170		7,170	1,259
- Land, Buildings, Furniture, Fittings	101	219	320		320	337
- Roads, Bridges, Footpaths	11,338	4,288	15,626	749	16,375	7,686
- Drainage	644	134	778		778	21
- Water & Sewer Infrastructure	6,845	1,673	8,518	52	8,570	2,089
- Other		2,544	2,544		2,544	956
<u>Upgrades</u>						
- Plant and Equipment						
- Land, Buildings, Furniture, Fittings		2,227	2,227		2,227	555
- Roads, Bridges, Footpaths	630	2,761	3,391		3,391	1,442
- Drainage	800	772	1,572		1,572	776
- Water & Sewer Infrastructure	3,952	411	4,363	(956)	3,407	754
- Other		54	54		54	29
Loan Repayments (principal)	8,838		8,838		8,838	1,006
Total Capital Expenditure	54,723	50,076	104,799	(2,300)	102,499	27,322

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2018 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 2018

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

7,814			7,814		7,814	2,410
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Externally restricted

Developer contributions	40,632	(3,961)	36,671		36,671	42,942
Domestic waste management	20,659	(11,387)	9,272		9,272	20,000
Special Rates	224		224		224	301
Unexpended grants & contributions	6,019	(6,019)	0		0	6,000
Water Supplies	75,087		75,087		75,087	62,410
Sewerage Services	100,861		100,861		100,861	98,931
Other	17,396		17,396		17,396	15,000
Total Externally restricted	260,878	(21,367)	239,511	0	239,511	245,584

Internally restricted

Employee Leave entitlements	13,554		13,554		13,554	13,554
Unexpended untied grants	1,501	(1,501)	0		0	1,500
Unexpended loans	3,091	(1,968)	1,123		1,123	3,000
7 Year Plan	2,445	(2,282)	163		163	2,400

Works Carried Forward	8,508	(7,070)		1,438		1,438	8,000
Replacement of Plant and Vehicles	5,456			5,456		5,456	5,000
Tip improvements	14,545	(7,625)		6,920		6,920	14,000
Asset renewals	28,534	(6,163)		22,371		22,371	28,000
Other	8,844			8,844		8,844	6,000
Total Internally restricted	86,478	(26,609)	0	59,869	0	59,869	81,454
Total Restricted	347,356	(47,976)	0	299,380	0	299,380	327,038
Total cash and investments	355,170	(47,976)	0	307,194	0	307,194	329,448
Available cash	7,814	0	0	7,814	0	7,814	2,410

* 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:

Total restricted funds	(000's) 327,038
Total invested funds as per December Investment Report	325,973

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:

Cash and investments as per above	(000's) 329,448
Cash on hand and at bank	3,475
Investments	<u>325,973</u>
	329,448

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2018 and should be read in conjunction with other documents in the QBRS.

Key Performance Indicators Budget Review Statement for the quarter ended 31 December 2018

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)	
Current assets less all external restrictions	82,358	2.9:1
Current liabilities	28,631	
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)	
Debt Service Cost	6,899	7.65%
Selected operating income	90,146	
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 2018 and should be read in conjunction with other documents in the QBRS.

Budget Review Contracts and Other Expenses for the quarter ended 31 December 2018

PART A-Contracts Listing

Contractor	Contract Title	Contract Value \$	Award Date	Duration of Contract	Budgeted (Y/N)
East Coast Asphalt & Concrete Edging Pty Ltd	RFO2018108 - Supply, Lay & Compact AC Casuarina Way, Casuarina	\$ 63,438.15	02-Oct-18	2 Weeks	Y
KC Equipment	RFO2018103 - Supply of Tractor Mounted Gand Mowers	\$ 73,200.00	09-Oct-18	Supply	Y
Veolia Energy	RFO2018124 - MCC Executive Floor (L2) Services - Stage 1	\$ 188,642.83	15-Oct-18	8 Weeks	Y
Chesterfield Australia PTY LTD	RFO2018104 - Supply of 25-40 Hp Out Front Mowers	\$ 227,272.73	16-Oct-18	Supply	Y
KAEFER Integrated Services Pty Ltd	RFO2018069 - REAP PV Solar Tender 1 Water and Wastewater sites	\$ 304,222.00	25-Oct-18	12 Weeks	Y
KAEFER Integrated Services Pty Ltd	RFO2018081 - REAP Design, supply and install PV Solar system for TRAC Murwillumbah.	\$ 183,982.50	25-Oct-18	12 Weeks	Y

Stabilised Pavements of Australia	RFO2018105 - Road Pavement Stabilisation Program 2018/2019	\$ 1,456,187.50	25-Oct-18	6 Weeks	Y
Fulton Trotter Architects Pty Ltd	RFO2018077 - Principal Consultant - Captain Cook Lighthouse Revitalisation	\$ 124,326.36	09-Nov-18	18 Weeks	Y
Elliott & Son Venue Management	RFO2018120 - Venue Management - Tweed Heads Civic Centre, Auditorium, Library & Meeting Rooms	\$ 300,000.00	15-Nov-18	3 Years	Y
Elliott & Son Venue Management	RFO2018121 - Murwillumbah Civic Centre Auditorium, Canvas and Kettle and Kitchen Venue Services	\$ 189,000.00	15-Nov-18	3 Years	Y
Desire Contractors Pty Ltd	RFO2018127 - Murwillumbah VIC Building Restoration	\$ 229,052.50	15-Nov-18	16 Weeks	Y
Clearflow Australia	RFO2018118 - Water Mains Cleaning, Hydrant and Valve	\$ 105,796.51	19-Nov-18	10 Weeks	Y
Chris MacDonald Fencing	RFO2018154 - Supply and Installation of Cattle Fence at Doon Doon NSW 2484	\$ 108,926.36	29-Nov-18	4 Weeks	Y
TCD Services	RFO2018117 - Rehabilitation of Gravity Sewerage Reticulation Mains	\$ 1,038,907.85	06-Dec-18	28 Weeks	Y
Spinifex Recruiting	RFO2018129 - Provision of manual Traffic Control Teams for Council Works	\$ 1,308,372.00	06-Dec-18	2 Years	Y
Eric Child and Sons NuGrow Ipswich Pty Ltd Phoenix Power Recyclers Pty Ltd	RFO2018125 - Bulk receipt of Food Organics and Garden Organics	\$ 1,080,000.00	12-Dec-18	2 Years	Y
Hunter H2O Holdings Pty Limited	RFO2018138 - Bray Park Weir - Mitigation of Salt Water Contamination, Options Assessment	\$ 172,289.09	19-Dec-18	19 Weeks	Y

PART B - Consultancy and Legal expenses

Expense	Expenditure	Budgeted
	YTD \$	(Y/N)
Consultancies	122,059	Y
Legal expenses	332,056	Y

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2018 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 2018 indicates that Council's projected financial position at 30 June 2019 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 7 February 2019

"Responsible Accounting Officer"

Executive Manager Finance, Revenue and Information Technology

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.

