

TITLE: [TCS-CM] September 2011 Quarterly Budget Review

ORIGIN:

Financial Services

SUMMARY OF REPORT:

This is the first quarter statutory budget review for this financial year and summarises the estimated expenditure and income changes to the 2011/12 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 September 2011 in all Funds. The General Fund includes an amount of \$124,228 transferred to the Budget Surplus Reserve in anticipation of an income shortfall from the Tweed Coast Holiday Parks Reserve Trust to be considered at the next quarterly budget review.

RECOMMENDATION:

That:

- 1. The Quarterly Budget Review Statement as at 30 September 2011 be adopted.**
- 2. The 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 2012.**

Description	Change to Vote	
	Deficit	Surplus
General Fund		
<u>Expenses</u>		
Employee costs	0	440,380
Materials & Contracts	15,642,521	0
Interest	0	0
Other Operating costs	0	37,884
Capital	24,534,633	0
Loan Repayments	0	0
Transfers to Reserves	310,567	0
	40,487,721	478,264
<u>Income</u>		
Rates and Annual Charges	0	2,116
Interest revenue	0	0
Operating Grants & Conts	0	327,285
Capital Grants & Conts	0	4,406,000
User Charges & Fees	18,000	0
Other Operating Revenue	0	0
Loan Funds	0	6,487,861
Recoupments	0	13,028,747
Transfers from Reserves	0	15,013,000
Asset Sales	0	762,448
	18,000	40,027,457

Description	Change to Vote	
Net Surplus/(Deficit)		<u>0</u>
	Deficit	Surplus
Sewer Fund		
<u>Expenses</u>		
Employee costs	0	0
Materials & Contracts	31,182	0
Interest	0	0
Other Operating costs	0	0
Capital	10,873,079	0
Loan Repayments	0	0
Transfers to Reserves	0	1,594,191
	<u>10,904,261</u>	<u>1,594,191</u>
<u>Income</u>		
Rates and Annual Charges	107,366	0
Interest revenue	0	260,677
Operating Grants & Conts	0	0
Capital Grants & Conts	798,145	0
User Charges & Fees	0	0
Other Operating Revenue	0	0
Loan Funds	0	0
Recoupments	0	255,734
Transfers from Reserves	0	9,699,170
Asset Sales	0	0
	<u>905,511</u>	<u>10,215,581</u>
Net Surplus/(Deficit)		<u>0</u>
Water Fund		
<u>Expenses</u>		
Employee costs	0	0
Materials & Contracts	0	202,363
Interest	0	0
Other Operating costs	0	0
Capital	984,737	0
Loan Repayments	0	0
Transfers to Reserves	3,102,554	0
	<u>4,087,291</u>	<u>202,363</u>
<u>Income</u>		
Rates and Annual Charges	17,946	0
Interest revenue	0	402,216
Operating Grants & Conts	0	13,506
Capital Grants & Conts	1,660,966	0
User Charges & Fees	71,309	0
Other Operating Revenue	0	0
Loan Funds	0	0
Recoupments	0	5,101,092
Transfers from Reserves	0	118,335
Asset Sales	0	0
	<u>1,750,221</u>	<u>5,635,149</u>
Net Surplus/(Deficit)		<u>0</u>

REPORT:**Budget Review 30 September 2011 (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 Councils 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.

From the 2011/12 financial year, 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 & 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) & Other Expenses (part B)

Kingscliff Beach Erosion

The Tweed Coast Holiday Parks Reserve Trust has indicated that due to income lost and expenses incurred as a result of Kingscliff Beach erosion, it is likely that the budgeted distribution payment to Council of \$1,042,759 will not be occurring in 2011/12. It is anticipated that this will need to be considered at the next quarterly budget review. This current quarterly budget review includes an amount of \$124,228 which has been set aside in the Budget Surplus Reserve which may need to be drawn upon to assist any budget shortfall due to a loss of income from the Tweed Coast Holiday Parks Reserve Trust.

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:

The 20% reduction in outdoor dining fees will have an \$18,000 effect on the current budget. Council's advice in relation to whether this is intended to be a long term reduction and therefore impact on the Long Term Financial Plan or if it is intended to be relief for the 2011/2012 financial year only, or 2011/2012 and 2012/2013 financial years, is the subject of another report in this Agenda. The Long Term Financial Plan will be reviewed accordingly following the subject resolution of Council.

Description	\$	\$	Comments
	Net Effect on	Net Effect on	
General Fund	2011/12 Budget	LTFP	
Financial Assistance Grant -General	83,282	83,282	
Financial Assistance Grant - Roads	(192,806)	(192,806)	
FAG roads maintenance	192,806	192,806	
Kingscliff erosion	90,000		
Art Gallery salaries	6,750	6,750	
Art Gallery cleaning	2,316	2,316	
Art Gallery insurance	13,536	13,536	
Other Property insurance	(11,420)	(11,420)	
Other Property council rates	(2,116)	(2,116)	
Contact centre fit-out	15,000		
Seniors Information & Project Officer	25,786		
Vehicle & other costs for above	38,500		
Public Liability Insurance	(40,000)	(40,000)	
Contact Centre salaries	26,932	26,932	
Kingscliff SLSC Protect South	36,300		
Kingscliff SLSC Protect North	11,000		
Donations: Tweed Valley Wildlife Carers	5,000	5,000	
Reduction in Outdoor Dining Fees	18,000	TBA	Pending resolution by Council at this meeting.
Arts Northern Rivers	1,375		
Workers Compensation Insurance	(444,469)		
Payment to Budget Surplus Reserve	124,228		
	0	84,280	

Detailed list of changes

In/Ex	Item	Category	Description	Current Vote	Change to Vote	Details / Comments
1. Proposed Variations						
General						
In	1	In-OG&C	Financial Assistance Grant -General	(6,592,328)	83,282	Advice received
In	1	In-OG&C	Financial Assistance Grant - Roads	(2,266,455)	-192,806	Advice received
Ex	1	Ex-Operating	FAG roads maintenance	2,266,455	192,806	Advice received Rock protection, south of SLSC seawall
Ex	2	Ex-Operating	Kingscliff erosion		90,000	Expression of interest expenses
Ex	3	Ex-Operating	Building Better Cities program	0	6,000	
Ex	3	Ex-OpEmp	Community & Cultural salaries	503,894	-6,000	Saving from vacancy Education officer higher grade than budgeted
Ex	4	Ex-OpEmp	Art Gallery salaries	466,357	6,750	Higher costs for labour, plant & materials
Ex	4	Ex-OpEmp	Art Gallery cleaning	30,000	2,316	
Ex	5	Ex-OpOther	Art Gallery insurance	17,000	13,536	Increase in premium
Ex	5	Ex-OpOther	Other Property insurance	15,750	-11,420	Funding for above
In	5	In-Rates	Other Property council rates	75,738	-2,116	Funding for above
Ex	6	Ex-Operating	Dec 2010 Storm Event Restoration Work Rock Protection		165,546	Grant funding approved
In	6	In-OG&C	Flood restoration grant	0	-165,546	Funding for above
Ex	7	Ex-Capital	Contact centre fit-out	0	15,000	New carpet
Ex	8	Ex-Operating	Goorimahbah "Place of Stories"		62,000	Public art work
In	8	In-OG&C	Grant - Office of Prime Minister		-62,000	Funding for above
Ex	9	Ex-Operating	Community Options & related programs	2,229,173	-59,785	Advice received
In	9	In-OG&C	Grants for above	-2,229,173	59,785	Advice received
Ex	10	Ex-OpEmp	T&CS operating		2,349	Design unit timesheet transfer
Ex	10	Ex-OpEmp	P&R operating		8,734	Design unit timesheet transfer
Ex	10	Ex-Capital	P&R capital		13	Design unit timesheet transfer
Ex	10	Ex-OpEmp	C&NR operating		11,200	Design unit timesheet transfer
Ex	10	Ex-Capital	C&NR capital		13,114	Design unit timesheet transfer
Ex	10	Ex-OpEmp	GM operating		16,702	Design unit timesheet transfer
Ex	10	Ex-Capital	E&O capital		73,004	Design unit timesheet transfer
Ex	10	Ex-OpEmp	E&O operating		-125,116	Design unit timesheet transfer
Ex	11	Ex-Operating	Aboriginal Heritage Management Plan		100,000	Heritage study
In	11	In-OG&C	Heritage Office grant		-50,000	Funding for above
Ex	11	Internal	Internal income from 7YP		-50,000	Funding for above
Ex	11	Internal	Aboriginal Community Development		50,000	Internal transfer to Heritage study
Ex	11	Ex-Operating	Aboriginal Community Development		-50,000	Funding for above
Ex	12	Ex-OpEmp	Seniors Information & Project Officer		25,786	BPCC grant received
Ex	12	Ex-Operating	Vehicle & other costs for above		38,500	BPCC grant received New biodiversity program
Ex	13	Ex-Operating	Land for Wildlife		3,000	
Ex	13	Ex-Operating	Tweed River Management Plan	324,577	-3,000	Funding for above
Ex	14	Ex-Capital	Art Gallery Construction - Design - External		2,000	Cafe design costs
Ex	14	Ex-Capital	Art Gallery Construction - Design - Internal		3,000	Cafe design costs
Ex	14	Ex-OpEmp	Community & Cultural salaries	503,894	-5,000	Saving from vacancy
Ex	15	Ex-OpOther	Public Liability Insurance	740,000	-40,000	Less than budgeted
Ex	16	Ex-Capital	Black Spot Program - Numinbah Rd		408,000	RTA funded project

In/Ex	Item	Category	Description	Current Vote	Change to Vote	Details / Comments
In	16	In-CG&C	Black Spot grant		-408,000	Funding for above
Ex	16	Ex-Capital	Black Spot Program - Guard Rail Scenic Dr		198,000	RTA funded project
In	16	In-CG&C	Black Spot grant		-198,000	Funding for above
Ex	16	Ex-Capital	Black Spot Program - Traffic separation works		2,000,000	RTA funded project
In	16	In-CG&C	Black Spot grant		-2,000,000	Funding for above
Ex	17	Ex-OpEmp	Contact Centre salaries	816,407	26,932	Additional contact officer
Ex	18	Ex-Capital	Southern boat harbour maintenance	49,191	30,000	Upgrade of pump
Ex	18	Ex-TTR	Southern boat harbour transfer to reserve	44,151	-30,000	Funding for above
Ex	19	Ex-OpEmp	Workers Compensation Insurance	2,947,749	-444,469	Adjustment premium 2010/11
In	20	In-Sales	Sale of Wollumbin St property		-366,339	Net sale proceeds * for Sewer relocation costs
Ex	20	Ex-TTR	Repayment to land development reserve		106,869	from sale of Wollumbin St
Ex	20	Ex-Capital	Murwillumbah Community Centre		150,000	
Ex	20	Ex-TTR	Payment to land development reserve		109,470	Balance of proceeds
Ex	21	Ex-TTR	Payment to Budget Surplus Reserve		124,228	For next QBR - TCHP income
					-71,675	

* \$1,300,000 already allocated in budget to Murwillumbah Museum

Sewer Fund

Ex	22	Ex-Operating	Various Operating Expenses	13,168,000	31,182	Minor adjustments
In	22	In-Rates	Rates & Annual Charges	-18,683,000	107,366	Adjustment of estimated access charge income
In	22	In-Interest	Interest on investments	-2,649,000	-260,677	Adjustment of estimated income
In	22	In-CG&C	Grants and Contributions - Capital	-1,330,000	798,145	Adjustment of estimated s64 income
Ex	22	Ex-TTR	Reversal of s64 income	1,330,000	-798,145	Restriction of above
Ex	22	Ex-Capital	Various Capital Works	26,689,000	10,873,079	Various adjustments, deferrals from 2010/11
Ex	22	Ex-TTR	Transfers to Asset Replacement Reserve	3,521,000	-796,046	Funding adjustment for above
In	22	In-TFR	Transfers from Asset Replacement Reserve	-20,794,000	-9,699,170	Funding adjustment for above
In	22	In-Recoup	Transfers from Capital Contributions Reserve	-5,212,000	-255,734	Funding adjustment for above
					0	

Water Fund

Ex	23	Ex-Operating	Various Operating Expenses	11,561,000	-202,363	Net effect of various reductions, eg consultancy & telemetry expenses
In	23	In-Rates	Rates & Annual Charges	-3,570,000	17,946	Adjustment of estimated access charge income
In	23	In-Interest	Interest on investments	-1,479,000	-402,216	Adjustment of estimated income
In	23	In-Operating	User Charges and Fees	-14,111,000	71,309	Adjustment of estimated volumetric charge income
In	23	In-OG&C	Grants & Contributions - Operating	-450,000	-13,506	Adjustment of estimated Pensioner subsidy income
In	23	In-CG&C	Grants and Contributions - Capital	-2,768,000	1,660,966	Adjustment of estimated s64 income

In/Ex	Item	Category	Description	Current Vote	Change to Vote	Details / Comments
Ex	23	Ex-TTR	Reversal of s64 income	2,768,000	-1,660,966	Restriction of above
Ex	23	Ex-Capital	Various Capital Works	16,877,000	984,737	Various adjustments eg reservoir construction
Ex	23	Ex-TTR	Transfers to Asset Replacement Reserve	0	4,763,520	Funding adjustment for above
In	23	In-TFR	Transfers from Asset Replacement Reserve	-5,094,000	-118,335	Funding adjustment for above
In	23	In-Recoup	Transfers from Capital Contributions Reserve	-12,545,000	-5,101,092	Funding adjustment for above
					0	

2. Variations Arising from Council Resolutions

Ex	24	Ex-Operating	Kingscliff SLSC Protect South		36,300	Ccl meeting 21/6/11
Ex	24	Ex-Operating	Kingscliff SLSC Protect North		11,000	Ccl meeting 21/6/11
Ex	25	Ex-Operating	Donations: Tweed Valley Wildlife Carers		5,000	Ccl meeting 19/7/11
In	26	In-Operating	Reduction in Outdoor Dining Fees	-90,000	18,000	Ccl meeting 16/8/11
Ex	27	Ex-Capital	Murwillumbah Community Centre		1,500,000	Ccl meeting 20/9/11
In	27	In-CG&C	Federal Grant		-1,500,000	Ccl meeting 20/9/11
Ex	28	Ex-Capital	Murwillumbah Hockey Pitch		948,809	Ccl meeting 20/9/11
In	28	In-Recoup	Contribution Plan 26		-948,809	Ccl meeting 20/9/11
Ex	29	Ex-Operating	Arts Northern Rivers	23,638	1,375	Ccl meeting 18/10/11
Ex	30	Ex-OpEmp	2010/11 Carry Over Works		39,436	Ccl meeting 18/10/11
Ex	30	Ex-Operating	2010/11 Carry Over Works		15,043,779	Ccl meeting 18/10/11
Ex	30	Ex-Capital	2010/11 Carry Over Works		19,193,693	Ccl meeting 18/10/11
In	30	In-CG&C	2010/11 Carry Over Works		-300,000	Ccl meeting 18/10/11
In	30	In-Sales	2010/11 Carry Over Works		-396,109	Ccl meeting 18/10/11
In	30	In-TFR	2010/11 Carry Over Works		-15,013,000	Ccl meeting 18/10/11
In	30	In-Recoup	2010/11 Carry Over Works		-12,079,938	Ccl meeting 18/10/11
In	30	In-Loan Funds	2010/11 Carry Over Works		-6,487,861	Ccl meeting 18/10/11
					71,675	

Summary of Votes by Type

2011/12 Variations	-71,675
Council Resolutions	71,675
Carried forward	0

Key to Category codes

ExOpEmp	Employee costs
Ex-Operating	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
In-Rates	Rates & annual charges
In-Interest	Interest income
In-OG&C	Operating grants & contributions
In-CG&C	Capital grants & contributions
In-Operating	User charges & fees
In-OpOther	Other operating income
In-Loan funds	Loan funds

In/Ex	Item	Category	Description	Current Vote	Change to Vote	Details / Comments
		In-Recoup	Recoupment from s64 & s94 funds			
		In-TFR	Transfers from reserves			
		In-Sales	Proceeds from sale of assets			

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 & Expense - Consolidated Budget Review Statement for the quarter ended 30 September 2011

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

Income

Rates and Annual Charges	77,934	-	-	77,934	(123)	77,811	20,545
User Charges and Fees	32,034	-	-	32,034	(89)	31,945	7,215
Interest and Investment Revenue	7,640	-	-	7,640	663	8,303	2,916
Other Revenues	1,872	-	-	1,872	-	1,872	385
Grants & Contributions - Operating	15,560	-	-	15,560	341	15,901	3,076
Grants and Contributions - Capital	6,362	-	-	6,362	1,947	8,309	1,213
- Contributions (\$94)	8,862	-	-	8,862	-	8,862	302
Net gain from the disposal of assets	-	-	-	-	-	-	-
Share of interests in joint ventures	-	-	-	-	-	-	-
Total Income	150,264	-	-	150,264	2,739	153,003	35,652

Expense

Employee costs	43,654	-	-	43,654	(440)	43,214	10,978
Borrowing Costs	13,307	-	-	13,307	-	13,307	3,327
Materials & Contracts	40,984	-	-	40,984	15,472	56,456	9,570
Depreciation	38,141	-	-	38,141	-	38,141	9,298
Legal Costs	427	-	-	427	-	427	91
Consultants	728	-	-	728	-	728	124
Other Expenses	13,553	-	-	13,553	(38)	13,515	1,901
Interest and Investment Losses	-	-	-	-	-	-	-
Net Loss from Disposal of Assets	-	-	-	-	-	-	-
Share of interests in joint ventures	-	-	-	-	-	-	-
Total Expenses	150,794	-	-	150,794	14,994	165,788	35,289

Net Operating Result

(530)	-	-	(530)	(12,255)	(12,785)	363
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Net Operating Result before capital items

(15,754)	-	-	(15,754)	(14,202)	(29,956)	(1,152)
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Funding Statement - Consolidated - Source & Application of Funds

Operating Result (Income Statement)	(530)	-	-	(530)	(12,255)	(12,785)
Add Back non-funded items:						
Depreciation	38,141	-	-	38,141	-	38,141
		-	-	-	-	-
Add non-operating funding sources						
Transfers from Externally Restricted Cash	31,153	-	-	31,153	18,386	49,539
Transfers from Internally Restricted Cash	27,070	-	-	27,070	24,829	51,899
Proceeds from sale of assets	3,587	-	-	3,587	762	4,349
Loan Funds Utilised	9,443	-	-	9,443	6,488	15,931
Repayments from Deferred Debtors	-	-	-	-	-	-
Funds Available	108,864	-	-	108,864	38,210	147,074
Funds were applied to:						
Purchase and construction of assets	79,305	-	-	79,305	36,392	115,697
Repayment of principal on loans	6,435	-	-	6,435	-	6,435
Transfers to Externally Restricted Cash	14,238	-	-	14,238		14,424
Transfers to Internally Restricted Cash	8,886	-	-	8,886	1,820	10,706
Funds Used	108,864	-	-	108,864	38,210	147,074
Increase/(Decrease) in Available Working Capital	-	-	-	-		

Income & Expense- General Fund Budget Review Statement for the quarter ended 30 September 2011

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

Income

Rates and Annual Charges	55,681		55,681	2	55,683	14,237
User Charges and Fees	16,439		16,439	(18)	16,421	4,053
Interest and Investment Revenue	3,512		3,512	-	3,512	1,629
Other Revenues	1,651		1,651	-	1,651	291
Grants & Contributions - Operating	14,668		14,668	327	14,995	3,063
Grants and Contributions - Capital	2,264		2,264	4,406	6,670	716
- Contributions (S94)	8,862		8,862		8,862	302
Net gain from the disposal of assets			-		-	
Share of interests in joint ventures			-		-	
Total Income	103,077	-	103,077	4,717	107,794	24,291

Expense

Employee costs	35,010		35,010	(440)	34,570	8,734
Borrowing Costs	5,765		5,765	-	5,765	1,441
Materials & Contracts	24,899		24,899	15,643	40,542	8,130
Depreciation	22,934		22,934		22,934	5,676
Legal Costs	377		377		377	88
Consultants	81		81		81	99
Other Expenses	10,774		10,774	(38)	10,736	1,446
Interest and Investment Losses			-		-	
Net Loss from Disposal of Assets			-		-	
Share of interests in joint ventures			-		-	
Total Expenses	99,840	-	99,840	15,165	115,005	25,614

Net Operating Result

3,237			3,237	(10,448)	(7,211)	(1,323)
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Net Operating Result before capital items

(7,889)			(7,889)	(14,854)	(22,743)	(2,341)
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Funding Statement – General Fund - Source & Application of Funds

Operating Result (Income Statement)	3,237	-	-	3,237	(10,448)	(7,211)
Add Back non-funded items:						
Depreciation	22,934	-	-	22,934	-	22,934
Add non-operating funding sources						
Transfers from Externally Restricted Cash	13,396			13,396	13,029	26,425
Transfers from Internally Restricted Cash	1,182			1,182	15,013	16,195
Proceeds from sale of assets	3,587			3,587	762	4,349
Loan Funds Utilised	9,443			9,443	6,488	15,931
Repayments from Deferred Debtors				-		-
Funds Available	53,779	-	-	53,779	24,844	78,623
Funds were applied to:						
Purchase and construction of assets	35,739	-	-	35,739	24,535	60,274
Repayment of principal on loans	2,587	-	-	2,587	-	2,587
Transfers to Externally Restricted Cash	10,088			10,088		10,088
Transfers to Internally Restricted Cash	5,365			5,365	311	5,676
Funds Used	53,779	-	-	53,779	24,844	78,623
Increase/(Decrease) in Available Working Capital	-	-	-	-		

Income & Expense- Sewer Fund Budget Review Statement for the quarter ended 30 September 2011

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

Income

Rates and Annual Charges	18,683		18,683	(107)	18,576	5,364
User Charges and Fees	1,484		1,484	-	1,484	261
Interest and Investment Revenue	2,649		2,649	261	2,910	1,215
Other Revenues	20		20	-	20	1
Grants & Contributions - Operating	442		442	-	442	13
Grants and Contributions - Capital	1,330		1,330	(798)	532	167
- Contributions (\$94)			-		-	
Net gain from the disposal of assets			-		-	
Share of interests in joint ventures			-		-	
Total Income	24,608	-	24,608	(644)	23,964	7,021

Expense

Employee costs	5,297		5,297	-	5,297	1,305
Borrowing Costs	2,687		2,687	-	2,687	672
Materials & Contracts	7,871		7,871	31	7,902	551
Depreciation	7,913		7,913		7,913	1,985
Legal Costs			-		-	3
Consultants	86		86		86	6
Other Expenses	1,511		1,511	-	1,511	249
Interest and Investment Losses			-		-	
Net Loss from Disposal of Assets			-		-	
Share of interests in joint ventures			-		-	
Total Expenses	25,365	-	25,365	31	25,396	4,771

Net Operating Result

(757)			(757)	(675)	(1,432)	2,250
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**Net Operating Result before
capital items**

(2,087)			(2,087)	123	(1,964)	2,083
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Income & Expense- Water Fund Budget Review Statement for the quarter ended 30 September 2011

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

Income

Rates and Annual Charges	3,570			3,570	(18)	3,552	944
User Charges and Fees	14,111			14,111	(71)	14,040	2,901
Interest and Investment Revenue	1,479			1,479	402	1,881	72
Other Revenues	201			201	-	201	93
Grants & Contributions - Operating	450			450	14	464	
Grants and Contributions - Capital	2,768			2,768	(1,661)	1,107	330
- Contributions (S94)				-		-	
Net gain from the disposal of assets				-		-	
Share of interests in joint ventures				-		-	
Total Income	22,579	-	-	22,579	(1,334)	21,245	4,340

Expense

Employee costs	3,347			3,347	-	3,347	939
Borrowing Costs	4,855			4,855	-	4,855	1,214
Materials & Contracts	8,214			8,214	(202)	8,012	889
Depreciation	7,294			7,294		7,294	1,637
Legal Costs	50			50		50	
Consultants	561			561		561	19
Other Expenses	1,268			1,268	-	1,268	206
Interest and Investment Losses				-		-	
Net Loss from Disposal of Assets				-		-	
Share of interests in joint ventures				-		-	
Total Expenses	25,589	-	-	25,589	(202)	25,387	4,904

Net Operating Result

	(3,010)			(3,010)	(1,132)	(4,142)	(564)
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**Net Operating Result before
capital items**

	(5,778)			(5,778)	529	(5,249)	(894)
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Funding Statement – Water Fund - Source & Application of Funds

Operating Result (Income Statement)	(3,010)	-	-	(3,010)	(1,132)	(4,142)
Add Back non-funded items:						
Depreciation	7,294	-	-	7,294	-	7,294
Add non-operating funding sources						
Transfers from Externally Restricted Cash	12,545			12,545	5,101	17,646
Transfers from Internally Restricted Cash	5,094			5,094	118	5,212
Proceeds from sale of assets				-	-	-
Loan Funds Utilised				-	-	-
Repayments from Deferred Debtors				-	-	-
Funds Available	21,923	-	-	21,923	4,087	26,010
Funds were applied to:						
Purchase and construction of assets	16,877			16,877	984	17,861
Repayment of principal on loans	939			939	-	939
Transfers to Externally Restricted Cash	4,107			4,107		4,107
Transfers to Internally Restricted Cash	-			-	3,103	3,103
Funds Used	21,923	-	-	21,923	4,087	26,010
Increase/(Decrease) in Available Working Capital	-	-	-	-	-	-

and should be read in conjunction with other documents in the QBRS.

Capital Budget Review Statement - Consolidated - for the quarter ended 30 September 2011

Original Budget (000's)	Approved Changes			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	14,553		14,553	1,054	15,607	3,693
Capital Grants & Contributions	4,263		4,263	4,406	8,669	213
Internal Restrictions (Reserves)	26,185		26,185	10,142	36,327	1,988
External Restrictions						352
- s64 & s94 funds	29,868		29,868	14,152	44,020	1,237
Other Capital Funding Sources						
- loans	7,284		7,284	6,488	13,772	298
Income from sale of assets						
- plant and equipment	2,287		2,287		2,287	178
- Land,Buildings,Furniture,Fittings	1,300		1,300		1,300	
Total Capital Funding	85,740		85,740	36,242	121,982	7,959

Capital Expenditure

New Assets

- Plant and Equipment	1,413		1,413	1,547	2,960	167
- Land,Buildings,Furniture,Fittings	6,338		6,338	4,328	10,666	185
- Roads, Bridges, Footpaths	8,797		8,797	7,350	16,147	419
- Drainage						
- Water & Sewer Infrastructure	21,333		21,333	(1,726)	19,607	366
- Other	1,170		1,170	54	1,224	24
Renewals (Replacement)						
- Plant and Equipment	5,598		5,598	997	6,595	615
- Land,Buildings,Furniture,Fittings	570		570	781	1,351	29
- Roads, Bridges, Footpaths	7,989		7,989	1,874	9,863	1,458
- Drainage	1,718		1,718		1,718	225
- Water & Sewer Infrastructure	3,540		3,540	1,036	4,576	365
- Other	13		13	86	99	
Upgrades						
- Plant and Equipment	602		602	185	787	
- Land,Buildings,Furniture,Fittings	1,576		1,576	4,145	5,721	410
- Roads, Bridges, Footpaths	470		470	3,011	3,481	133
- Drainage				6	6	
- Water & Sewer Infrastructure	18,178		18,178	12,548	30,726	2,772
- Other				20	20	2
Loan Repayments (principal)	6,435		6,435		6,435	789
Total Capital Expenditure	85,740		85,740	36,242	121,982	7,959

Capital Budget Review Statement - General Fund - for the quarter ended 30 September 2011

Original Budget (000's)	Approved Changes			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	10,024		10,024	136	10,160	2,902
Capital Grants & Contributions	4,263		4,263	4,406	8,669	213
Internal Restrictions (Reserves)	1,060		1,060	325	1,385	
External Restrictions						352
- s64 & s94 funds	12,108		12,108	13,029	25,137	
Other Capital Funding Sources						
- loans	7,284		7,284	6,488	13,772	298
Income from sale of assets						
- plant and equipment	2,287		2,287		2,287	178
- Land,Buildings,Furniture,Fittings	1,300		1,300		1,300	
Total Capital Funding	38,326		38,326	24,384	62,710	3,943

Capital Expenditure

New Assets

- Plant and Equipment	1,398		1,398	1,547	2,945	167
- Land,Buildings,Furniture,Fittings	5,838		5,838	4,328	10,166	107
- Roads, Bridges, Footpaths	8,797		8,797	7,350	16,147	419
- Drainage						
- Water & Sewer Infrastructure						
- Other	1,170		1,170	54	1,224	24
Renewals (Replacement)						
- Plant and Equipment	5,598		5,598	997	6,595	615
- Land,Buildings,Furniture,Fittings	570		570	781	1,351	29
- Roads, Bridges, Footpaths	7,989		7,989	1,874	9,863	1,458
- Drainage	1,718		1,718		1,718	225
- Water & Sewer Infrastructure						
- Other	13		13	86	99	
Upgrades						
- Plant and Equipment	602		602	185	787	
- Land,Buildings,Furniture,Fittings	1,576		1,576	4,145	5,721	410
- Roads, Bridges, Footpaths	470		470	3,011	3,481	133
- Drainage				6	6	
- Water & Sewer Infrastructure						
- Other				20	20	2
Loan Repayments (principal)	2,587		2,587		2,587	354
Total Capital Expenditure	38,326		38,326	24,384	62,710	3,943

Capital Budget Review Statement - Sewer Fund - for the quarter ended 30 September 2011

Original Budget (000's)	Approved Changes			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	3,590		3,590	918	4,508	508
Capital Grants & Contributions						
Internal Restrictions (Reserves)	20,794		20,794	9,699	30,493	1,709
External Restrictions						
- s64 & s94 funds	5,214		5,214	256	5,470	429
Other Capital Funding Sources						
- loans						
Income from sale of assets						
- plant and equipment						
- Land,Buildings,Furniture,Fittings						
Total Capital Funding	29,598		29,598	10,873	40,471	2,646

Capital Expenditure

New Assets

- Plant and Equipment	15		15		15	
- Land,Buildings,Furniture,Fittings						78
- Roads, Bridges, Footpaths						
- Drainage						
- Water & Sewer Infrastructure	10,825		10,825	(2,861)	7,964	89
- Other						
Renewals (Replacement)						
- Plant and Equipment						
- Land,Buildings,Furniture,Fittings						
- Roads, Bridges, Footpaths						
- Drainage						
- Water & Sewer Infrastructure	1,410		1,410	875	2,285	97
- Other						
Upgrades						
- Plant and Equipment						
- Land,Buildings,Furniture,Fittings						
- Roads, Bridges, Footpaths						
- Drainage						
- Water & Sewer Infrastructure	14,439		14,439	12,859	27,298	2,169
- Other						
Loan Repayments (principal)	2,909		2,909		2,909	213
Total Capital Expenditure	29,598		29,598	10,873	40,471	2,646

Capital Budget Review Statement - Water Fund - for the quarter ended 30 September 2011

Original Budget (000's)	Approved Changes			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	939		939		939	283
Capital Grants & Contributions						
Internal Restrictions (Reserves)	4,331		4,331	118	4,449	279
External Restrictions						
- s64 & s94 funds	12,546		12,546	867	13,413	808
Other Capital Funding Sources						
- loans						
Income from sale of assets						
- plant and equipment						
- Land,Buildings,Furniture,Fittings						
Total Capital Funding	17,816		17,816	985	18,801	1,370

Capital Expenditure

New Assets

- Plant and Equipment						
- Land,Buildings,Furniture,Fittings	500		500		500	
- Roads, Bridges, Footpaths						
- Drainage						
- Water & Sewer Infrastructure	10,508		10,508	1,135	11,643	277
- Other						
Renewals (Replacement)						
- Plant and Equipment						
- Land,Buildings,Furniture,Fittings						
- Roads, Bridges, Footpaths						
- Drainage						
- Water & Sewer Infrastructure	2,130		2,130	161	2,291	268
- Other						
Upgrades						
- Plant and Equipment						
- Land,Buildings,Furniture,Fittings						
- Roads, Bridges, Footpaths						
- Drainage						
- Water & Sewer Infrastructure	3,739		3,739	(311)	3,428	603
- Other						
Loan Repayments (principal)	939		939		939	222
Total Capital Expenditure	17,816		17,816	985	18,801	1,370

* Note, figures in the Actual YTD column of capital funding are estimates only.

Detailed calculations of funding results are performed annually.

and should be read in conjunction with other documents in the QBRs.

Cash and Investments Budget Review Statement for the quarter ended 30 September 2011

	Original Budget (000's)	Approved Changes			Recommended changes for Council Resolution (000's)	Projected year end result (000's)	Actual * YTD (000's)
		Sep	Dec	Revised			
		Review (000's)	Review (000's)	Budget (000's)			
Unrestricted	2,009			2,009		2,009	10,127
Externally restricted							
RTA Contributions	143			143	(143)	0	143
Developer contributions	25,213			25,213		25,213	24,693
Domestic waste management	8,483			8,483		8,483	10,214
Special Rates	229			229		229	246
Special purpose grants	3,252			3,252	(3,252)	0	3,252
Water Supplies	20,813			20,813	(2,117)	18,696	27,270
Sewerage Services	42,081			42,081	(258)	41,823	63,329
Other	933			933		933	1,111
Total Externally restricted	101,147	0	0	101,147	(5,770)	95,377	130,258
Internally restricted							
Employee Leave entitlements	2,399			2,399		2,399	2,399
Unexpended loans	6,488			6,488		6,488	5,651
Unexpended grants	3,404			3,404	(2,190)	1,214	1,938
7 Year Plan	3,535			3,535	(2,978)	557	3,535
Works Carried Forward	4,584			4,584	(3,969)	615	4,198
Replacement of Plant and Vehicles	1,102			1,102		1,102	1,102
Tip improvements	3,442			3,442		3,442	3,442
Asset renewals	958			958		958	958
Other	4,319			4,319	(2,387)	1,932	4,319
Total Internally restricted	30,231	0	0	30,231	(11,524)	18,707	27,542
Total Restricted	131,378	0	0	131,378	(17,294)	114,084	157,800
Total cash and investments	133,387	0	0	133,387	(17,294)	116,093	167,927
Available cash	2,009	0	0	2,009	0	2,009	10,127

* Note, the breakdown between various categories of restriction is an estimate only.

Detailed calculations of cash restrictions are performed annually.

Notes:

The available cash position excludes restricted funds. External restrictions are funds that must be spent for a specific purpose and cannot be used by council for general operations. Internal restrictions are funds that council has determined will be used for a specific 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	157,800
Total invested funds as per September Investment Report	169,650
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. The last bank reconciliation was completed to 31 October 2011

Reconciliation of cash and investments:

	(000's)
Cash and investments as per above	167,927
Cash on hand and at bank	(1,723)
Investments	<u>169,650</u>
	167,927

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 30 September 2011 and should be read in conjunction with other documents in the QBRs.

Key Performance Indicators Budget Review Statement for the quarter ended 30 September 2011

Note that KPIs will be distorted by the short reporting period (3 months), and 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	115,490	4.44:1
<u>Current liabilities</u>	<u>26,029</u>	

Purpose:

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

Comment:

Higher than it would be for the annual calculation, as expenditure throughout the year will run down cash and receivables.

	Amounts	Indicator
2. Debt Service Ratio		
	(000's)	
Debt Service Cost	4,116	12.57%
<u>Selected operating income</u>	<u>32,742</u>	

Purpose:

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

Comment:

Lower than it would be for the annual calculation, as the majority or principal repayments occur in the 2nd and 4th quarters and should be read in conjunction with other documents in the QBRs.

Budget Review Contracts and Other Expenses for the quarter ended 30 September 2011

PART A-Contracts Listing		Contract value	Commencement	Duration of	Budgeted
Contractor	Contract detail & purpose	\$	date	contract	(Y/N)
Fulton Hogan	EQ2011-133 Supply & Lay Compact A/C Piggabeen Road	\$51,125.00	06/07/2011	Job specific	Y
Lindsay Electrical Services Pty Ltd	EQ2011-135 SPS 3015 Bosun Boulevard Supply of Switchboard	\$76,690.06	26/09/2011	12 weeks	Y
Fulton Hogan	EQ2011-137 - Wharf Street Pavement Rehabilitation	\$127,985.77	16/08/2011	4 weeks	Y
WasteWell Pty Ltd	EC2011-139 - Alternative Landfill Cover - Stotts Creek Resource Recovery Centre	\$236,800.00	22/09/2011	6 weeks	Y
Envite Environment	EQ2011-156 - Kingscliff Old STP Restoration	\$77,983.00	09/09/2011	260 weeks	Y
Water Research Laboratory	EQ2011-170 - Options & Design Report for Kingscliff Foreshore Protection	\$39,000.00	05/10/2011	20 weeks	Y
Relsof Pty Ltd	EQ2011-166 - Various Footpaths, Cycleways & Pram Ramps 2011/2012	\$80,805.00	22/09/2011	to 30/06/2012	Y
Greenwood Landscape Management	EQ2011-167 - Tumbulgum Playground	\$83,237.65	19/09/2011	8 weeks	Y
Kellogg Brown & Root Pty Ltd	EC2011-134 - Preliminary Operations Design and Environmental Impact Statement for Tweed River Area 5 Dredging and Sand Delivery Pipeline	\$142,340.00	20/09/2011	36 weeks	Y
Jamie Godfrey	EQ2011-036 - Provision of Mowing and Ground Maintenance Services to Sewage Pumping Stations and Water Storage Reservoirs	\$71,097.40	27/07/2011	23 months	Y
Tweed Coast Mowing	EQ2011-037 - Provision of Mowing Services to Water and Wastewater Treatment Plant Sites	\$101,728.00	28/07/2011	23 months	Y
Rico Enterprises Pty Ltd	EC2011-049 - Management of Stotts Creek Landfill Facility	\$1,632,290.00	22/07/2011	12 months	Y
John Mongard Landscape Architects Pty Ltd	EQ2011-108 - Tweed Sustainable Agriculture Strategy	\$55,000.00	07/07/2011	to 01/05/2012	Y

PART B - Consultancy and Legal expenses	Expenditure YTD	Budgeted
Expense	\$	(Y/N)
Consultancies	164,969	Y
Legal expenses	93,409	Y

This document forms part of Tweed Shire Council's Quarterly Budget Review Statement for the quarter ended 30 September 2011 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 30/9/2011 indicates that Council's projected financial position at 30/6/2012 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 28/10/2011
“Responsible Accounting Officer”
Manager Financial Services
Tweed Shire Council

LEGAL/RESOURCE/FINANCIAL IMPLICATIONS:

As discussed in the report.

POLICY IMPLICATIONS:

Nil.

UNDER SEPARATE COVER:

Nil.
