



**COOTAMUNDRA-
GUNDAGAI** REGIONAL
COUNCIL

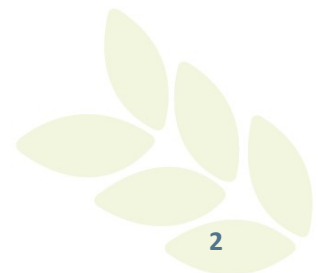
Quarterly Budget Review Statement

31 December 2018



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Commentary

Councillors are now receiving a monthly financial report which details how council is tracking against its budget with explanations of any significant budget variances. As such the focus of the quarterly budget review shifts from an update on how council is performing to presenting Councillors with changes to the adopted budget for their endorsement.

Budgeted Operating Result

The Council's Income and Expenses, and Net Operating Result are reported on page 6 of this Review Statement.

The revised estimated net operating result for the year to 30 June 2019 is a surplus of \$17,321,000 (original budget was a surplus of \$11,786,000) and the revised estimated result before capital grants and contributions is a \$3,283,000 surplus (original \$1,811,000 deficit).

This change is driven primarily to the receipt of additional grant funding from the NSW State Government and the fact that not all of these funds will be expended this financial year.

Budget Variations to the Operating Result

The budget adjustments recommended to Council for approval in this report result in a net change to the operating result of \$1,785,000.

The material variations from the original budget for the year to date are attributed to:

Favourable variations

- Council has received a further \$5.8M in funding from the NSW State government. It is anticipated that approximately \$2M of this funding will be expended this financial year, the remainder being transferred to reserve and spent in subsequent financial years.
- Income of \$1.8m has been identified relating to RMS works performed

in the previous financial year.

Unfavourable variations

- With the changes to the Cemetery fees it is anticipated that revenue will fall by \$50K.
- Internal investigations being undertaken by Blackadder & Associates are expected to cost \$100,000.

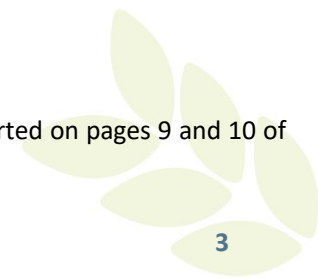
Possible future changes

There are a few items we are currently monitoring that may require a change to the budget in a future review. At this point in time we either do not have the necessary information to quantify the change or sufficient guarantee that the change will actually be required. These are:

1. Timing of grant receipts – this relates primarily to the Gundagai sewerage treatment plant. The budget includes \$10.125M in expected income. We may not receive all of this in the current financial year which will impact the operating result adversely.
2. Financial Assistance Grant – the current budget assumes we will receive the full grant in the current financial year. As we have already received half the grant prior to 30 June 2018 there is a chance we will need to reduce the income by that amount. We are working on the assumption that the Federal government will again prepay half the next years grant in this financial year.
3. Cootamundra Town Hall Refurbishment – the total cost of this project is still being finalised. Once this is determined funding options will be discussed in future councillor workshops. To date approximately \$700K has been expended in addition to the office refurbishment.

Budget Cash Flows

Council's Cashflow and Reserve Movements are reported on pages 9 and 10 of this Review Statement.



Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

30 December 2018

It is my opinion that the Quarterly Budget Review Statement for Cootamundra Gundagai Regional Council for the quarter ended 31/12/18 indicates that Council's projected financial position at 30/6/19 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.



Signed:

Tim Swan
Responsible Accounting Officer

date: 19 February 2019



Income and Expense Budget Review

Consolidated

Income & Expenses - Council Consolidated

(\$000's)	Original Budget 2018/19	Approved Changes				Revised Budget 2018/19	Variations for this Dec Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs					
Income										
Rates and Annual Charges	12,248					12,248		12,248	10,890	
User Charges and Fees	5,645			(50)		5,595	1,800 1	7,395	4,286	
Interest and Investment Revenues	811					811		811	427	
Other Revenues	523					523	35 2	558	566	
Grants & Contributions - Operating	8,245			5,450		13,695		13,695	2,638	
Grants & Contributions - Capital	13,597			350		13,947	91 3	14,038	5,925	
Net gain from disposal of assets	50					50		50	-	
Total Income from Continuing Operations	41,119	-	-	5,750	-	46,869	1,926	48,795	24,732	
Expenses										
Employee Costs	11,072					11,072	590 4	11,662	6,310	
Borrowing Costs	121					121		121	34	
Materials & Contracts	6,756					6,756	1,059 5	7,815	6,235	
Depreciation	8,031					8,031		8,031	-	
Legal Costs	64					64		64	47	
Consultants	458					458		458	244	
Other Expenses	2,831			2,000		4,831	(1,508) 6	3,323	2,183	
Total Expenses from Continuing Operations	29,333	-	-	2,000	-	31,333	141	31,474	15,053	
Net Operating Result from Continuing Operations	11,786	-	-	3,750	-	15,536	1,785	17,321	9,679	
Net Operating Result before Capital Items	(1,811)	-	-	3,400	-	1,589	1,694	3,283	3,754	



Detail of budget variations

Income & Expenses Budget Review Statement Recommended changes to revised budget

Budget Variations being recommended include the following material items:

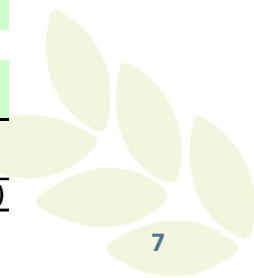
Notes	Details
1	Income of \$1.8m has been identified relating to RMS works performed in the previous financial year.
2	As discussed at a recent councillor workshop, a major review of the Plant Replacement Program and the operation of the Plant Fund have been completed, with several adjustments to the current year budget required. Projected insurance income and leaseback fees have been increased by \$30,000 and \$5,070 respectively.
3	The final instalment for the Sheridan St upgrade has been claimed from the National Stronger Regions Fund, and will be applied against relevant works.
4	Salaries and wages of \$508,300 have been reclassified from Other Expenses. Trainee positions with a total cost of \$82,044 have been created since the adoption of the original budget.
5	As discussed at a recent councillor workshop, consulting fees of \$46,322 have been paid to Stephen Sykes. Christmas decorations have been purchased for display on both admin offices, at a cost of \$30,207. Investigations being undertaken by Blackadder & Associates and others are expected to cost \$100,000. Expenses totalling \$1m have been reclassified from Materials and Contracts to Other Expenses. The review of the plant fund has identified decreased expenditure of \$300,000, and decreased plant hire income of \$182,405, a net decrease in materials and contracts of \$117,595.
6	\$1,508,300 of expenses have been reclassified from Salaries & Wages and Materials & Contracts to Other Expenses. This relates to the grant funding received through NCIF, SCF and SCCF.



Capital budget review

Capital Budget - Council Consolidated

(\$000's)	Original Budget 2018/19	Approved Changes					Revised Budget 2018/19	Variations for this Dec Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS					
Capital Expenditure											
New Assets											
- Plant & Equipment						-			-		
- Land & Buildings						-			-		
- Roads, Bridges, Footpaths	815					815	91	1	906		
- Recreation	3,201					3,201			3,201		
- Water	1,226					1,226			1,226		
- Sewer									-		
- Other									-		
Renewal Assets (Replacement)											
- Plant & Equipment	1,373		1,632			3,005	300	2	3,305	3,143	
- Land & Buildings	3,895					3,895			3,895	2,844	
- Roads, Bridges, Footpaths	6,562					6,562			6,562	2,340	
- Recreation	184					184			184	756	
- Water	2,054					2,054			2,054	786	
- Sewer	10,763		250			11,013			11,013	1,437	
- Other	71					71			71	95	
Loan Repayments (Principal)						-			-		
Waste facilities						-			-		
Total Capital Expenditure	30,144	-	-	1,882	-	-	391		32,417	11,401	
Capital Funding											
Rates & Other Untied Funding	4,856					4,856			4,856		
Capital Grants & Contributions	13,524					13,524	91	1	13,615	5,925	
Reserves:											
- External Restrictions/Reserves	9,726		250			9,976			9,976		
- Internal Restrictions/Reserves	1,400		1,532			2,932	112	3	3,044		
New Loans	-					-			-		
Receipts from Sale of Assets											
- Plant & Equipment	383		100			483	35	4	518	394	
- Land & Buildings	255					255			255	632	
Total Capital Funding	30,144	-	-	1,882	-	-	238		32,264	6,951	
Net Capital Funding - Surplus/(Deficit)	-	-	-	-	-	-	(153)		(153)	(4,450)	



Detail of budget variations

Capital Budget Review Statement Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
1	The final instalment for the Sheridan St upgrade has been claimed from the National Stronger Regions Fund, and will be applied against relevant works.
2, 3, 4	As discussed at a recent councillor workshop, a major review of the Plant Replacement Program and the operation of the Plant Fund have been completed, with several adjustments to the current year budget required.



Cash and investments budget review

Restricted and unrestricted cash (reserves)

Cash & Investments - Council Consolidated

(\$000's)	Original Budget 2018/19	Approved Changes					Revised Budget 2018/19	Variations for this Dec Qtr	Notes	Projected Year End Result
		Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs				
Externally Restricted ⁽¹⁾										
Developers contributions	72			(60)		12			12	
Specific purpose unexpended grants & contributions	960					960			960	
Water network infrastructure	4,890			1,471		6,361			6,361	
Sewer network infrastructure	4,098			1,263		5,361			5,361	
Gundagai town improvement district	923			253		1,176			1,176	
Domestic waste management	348			1,043		1,391			1,391	
Stormwater infrastructure	216			(56)		160			160	
Total Externally Restricted	11,507	-	-	3,914	-	15,421	-		15,421	
(1) Funds that must be spent for a specific purpose										
Internally Restricted ⁽²⁾										
Merger implementation fund	-			1,000		1,000			1,000	
Stronger communities fund	-			2,800		2,800			2,800	
Aerodrome bitumen resurfacing	241			5		246			246	
Bradman's birthplace	43			8		51			51	
Coolac bypass	53			25		78			78	
Cootamundra caravan park	106			(14)		92			92	
Council election reserve	-			-		-			-	
Development	479			(286)		193			193	
Employee leave entitlement	1,396			190		1,586			1,586	
Financial assistance grant	-			-		-			-	
Heritage centre	11			1		12			12	
Incomplete works	276			(276)		-			-	
Plant replacement	2,735			(1,878)		857	(112)	1	745	
Quarries and pit restoration	82			(31)		51			51	
Saleyards	278			(168)		110			110	
Special projects	467			2		469			469	
Swimming pool pump & equipment	12					12			12	
Cemetery reserve	65			(37)		28			28	
Total Internally Restricted	6,244	-	-	1,341	-	7,585	(112)		7,473	
(2) Funds that Council has earmarked for a specific purpose										
Unrestricted (ie. available after the above Restrictions)	5,319	-	-	(23)	-	5,296	1,800		7,096	
Total Cash & Investments	23,070			5,232		28,302	1,688		29,990	



Detail cash and investments

Cash & Investments Budget Review Statement

Comment on Cash & Investments Position

The cash and investments position has been adjusted to reflect the budget adjustments detailed in this report

Investments

Investments have been invested in accordance with Council's Investment Policy.

Cash

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows: \$ 000's

Cash at bank	1,946
Investments on hand	30,031

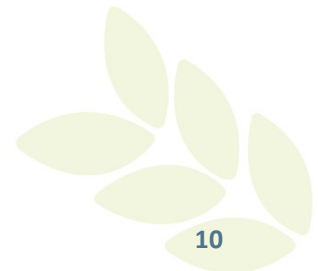
Reconciled cash at bank and investments	<u>31,977</u>
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Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

- 1 As discussed at a recent councillor workshop, a major review of the Plant Replacement Program and the operation of the Plant Fund have been completed. The adjustments result in a reduction in the reserve of \$112,335.



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