



**COOTAMUNDRA-  
GUNDAGAI REGIONAL  
COUNCIL**

# **Quarterly Budget Review Statement**

**30 September 2018**

# Contents

Commentary .....	3
Budgeted Operating Result .....	3
Budget Variations to the Operating Result .....	3
Possible future changes.....	3
Budget Cash Flows.....	4
Report by Responsible Accounting Officer .....	5
Income and Expense Budget Review .....	6
Consolidated.....	6
Detail of budget variations .....	7
Capital budget review.....	8
Detail of budget variations .....	9
Cash and investments budget review.....	10
Restricted and unrestricted cash (reserves) .....	10
Detail cash and investments .....	11



# 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 \$15,536,000 (original budget was a surplus of \$11,786,000) and the revised estimated result before capital grants and contributions is a \$1,589,000 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 \$3,750,000.

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

### Favourable variation

- 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.

### Unfavourable variation

- With the changes to the Cemetery fees it is anticipated that revenue will fall by \$50K.

## 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. We will be in a better position to make a determination at the December review.
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. Plant budget – work is currently underway reviewing the plant fund to ensure it is earning the income needed to maintain and replace all the items. A change to the budget may be required once this review is completed. It is anticipated this will be ready for the December review should a change be required.
4. Cootamundra Town Hall Refurbishment – funding sources for this refurbishment are still to be finalised, options will be included in the December Quarterly Budget Review. To date approximately \$700K has been expended in addition to the office refurbishment.
5. Electricity and insurance – both items are currently trending higher than budget. More work is needed to drill down into expenditure and the budget before any changes are recommended to council.

## Budget Cash Flows

The Council's Cashflow and Reserve Movements are reported on pages 10 and 11 of this this Review Statement.

The revised estimated net cash movement over the year is a cash decrease of \$6,825,000 (original budget was for a cash decrease of \$9,969,000).

The reserve balances have all been adjusted to reflect the balances actually achieved at 30 June 2018. The budget balances were based on estimates only which in a number of cases were significantly different to the final balance achieved. Those with the biggest changes include:

Water – end of year result better than originally budgeted

Sewer – end of year result better than originally budgeted

Gundagai Town Improvement District – level of spending not as high as anticipated

Domestic Waste Management – end of year result better than originally budgeted

Development – level of sales of Bourke estate not as high as budgeted

Plant – March quarterly budget review not factored into budget estimates and end of year result worse than expected

Saleyards – reduced income lead to poorer than expected result



# Report by Responsible Accounting Officer

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

**30 September 2018**

It is my opinion that the Quarterly Budget Review Statement for Cootamundra Gundagai Regional Council for the quarter ended 30/09/18 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:**

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Tim Swan  
Responsible Accounting Officer

**date: 14 November 2018**

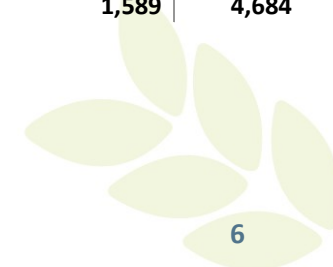


# Income and Expense Budget Review

## Consolidated

### Income & Expenses - Council Consolidated

(\$000's)	Original Budget 2018/19	Approved Changes					Revised Budget 2018/19	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs					
<b>Income</b>											
Rates and Annual Charges	12,248						12,248			12,248	10,065
User Charges and Fees	5,645						5,645	(50)	1	5,595	1,276
Interest and Investment Revenues	811						811			811	232
Other Revenues	523						523			523	114
Grants & Contributions - Operating	8,245						8,245	5,450	2	13,695	1,171
Grants & Contributions - Capital	13,597						13,597	350	2	13,947	5,896
Net gain from disposal of assets	50						50			50	-
<b>Total Income from Continuing Operations</b>	<b>41,119</b>	-	-	-	-	-	<b>41,119</b>	<b>5,750</b>		<b>46,869</b>	<b>18,754</b>
<b>Expenses</b>											
Employee Costs	11,072						11,072			11,072	3,084
Borrowing Costs	121						121			121	(11)
Materials & Contracts	6,756						6,756			6,756	3,240
Depreciation	8,031						8,031			8,031	-
Legal Costs	64						64			64	31
Consultants	458						458			458	102
Other Expenses	2,831						2,831	2,000	3	4,831	1,728
<b>Total Expenses from Continuing Operations</b>	<b>29,333</b>	-	-	-	-	-	<b>29,333</b>	<b>2,000</b>		<b>31,333</b>	<b>8,174</b>
<b>Net Operating Result from Continuing Operations</b>	<b>11,786</b>	-	-	-	-	-	<b>11,786</b>	<b>3,750</b>		<b>15,536</b>	<b>10,580</b>
<b>Net Operating Result before Capital Items</b>	<b>(1,811)</b>	-	-	-	-	-	<b>(1,811)</b>	<b>3,400</b>		<b>1,589</b>	<b>4,684</b>



## Detail of budget variations

### Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
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1	Cemetery fees reduced downwards reflecting the change in fee structure
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2	Round two funding received for the the New Council Implementation fund and Stronger Communities fund
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3	Estimate of expenditure this financial year on funds received from grants as described in point 2. The balance will be transferred to reserves.
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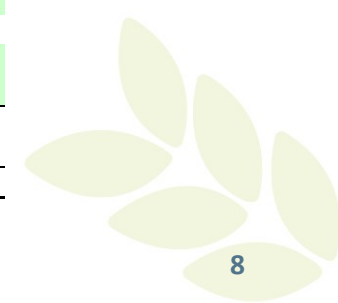
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# Capital budget review

## Capital Budget - Council Consolidated

(\$000's)	Original Budget 2018/19	Approved Changes					Revised Budget 2018/19	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs					
<b>Capital Expenditure</b>											
New Assets											
- Plant & Equipment						-			-		
- Land & Buildings						-			-		
- Roads, Bridges, Footpaths	815					815			815		
- Recreation	3,201					3,201			3,201		
- Water	1,226					1,226			1,226		
- Sewer									-		
- Other						-			-		
Renewal Assets (Replacement)											
- Plant & Equipment	1,373					1,373	1,632	1	3,005	1,486	
- Land & Buildings	3,895					3,895			3,895	1,004	
- Roads, Bridges, Footpaths	6,562					6,562			6,562	982	
- Recreation	184					184			184	708	
- Water	2,054					2,054			2,054		
- Sewer	10,763					10,763	250		11,013		
- Other	71					71			71	19	
Loan Repayments (Principal)						-			-		
Waste facilities						-			-		
<b>Total Capital Expenditure</b>	<b>30,144</b>	-	-	-	-	<b>30,144</b>	<b>1,882</b>		<b>32,026</b>	<b>4,199</b>	
<b>Capital Funding</b>											
Rates & Other Untied Funding	4,856					4,856			4,856		
Capital Grants & Contributions	13,524					13,524			13,524	5,945	
Reserves:											
- External Restrictions/Reserves	9,726					9,726	250	2	9,976		
- Internal Restrictions/Reserves	1,400					1,400	1,532	1	2,932		
New Loans	-					-			-		
Receipts from Sale of Assets											
- Plant & Equipment	383					383	100	1	483	355	
- Land & Buildings	255					255			255	374	
<b>Total Capital Funding</b>	<b>30,144</b>	-	-	-	-	<b>30,144</b>	<b>1,882</b>		<b>32,026</b>	<b>6,674</b>	
<b>Net Capital Funding - Surplus/(Deficit)</b>	<b>-</b>	-	-	-	-	<b>-</b>	-		<b>-</b>	<b>2,475</b>	





## Detail of budget variations

### Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
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- |   |   |
|---|---|
| 1 | Includes carry forward plant purchases of \$976K and Waste plant replacements of \$656K funded from the Unexpended Works reserve, Waste reserve and proceeds from sale of existing plant. |
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# 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		Projected Year End Result
		Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS		Sep	Notes Qtr	
<b>Externally Restricted <sup>(1)</sup></b>										
Developers contributions	72					72	(60)	1	12	
Specific purpose unexpended grants & contributions	960					960			960	
Water network infrastructure	4,890					4,890	1,471	1	6,361	
Sewer network infrastructure	4,098					4,098	1,013	1, 3	5,111	
Gundagai town improvement district	923					923	253	1	1,176	
Domestic waste management	348					348	1,043	1	1,391	
Stormwater infrastructure	216					216	(56)	1	160	
<b>Total Externally Restricted</b>	<b>11,507</b>	-	-	-	-	<b>11,507</b>	<b>3,664</b>		<b>15,171</b>	
(1) Funds that must be spent for a specific purpose										
<b>Internally Restricted <sup>(2)</sup></b>										
Merger implementation fund	-					-	-		-	
Stronger communities fund	-					-	3,800	2	3,800	
Aerodrome bitumen resurfacing	241					241	5	1	246	
Bradman's birthplace	43					43	8	1	51	
Coolac bypass	53					53	25	1	78	
Cootamundra caravan park	106					106	(14)	1	92	
Council election reserve	-					-	-		-	
Development	479					479	(286)	1	193	
Employee leave entitlement	1,396					1,396	190	1	1,586	
Financial assistance grant	-					-	-		-	
Heritage centre	11					11	1	1	12	
Incomplete works	276					276	(276)	1	-	
Plant replacement	2,735					2,735	(1,878)	1	857	
Quarries and pit restoration	82					82	(31)	1	51	
Saleyards	278					278	(168)	1	110	
Special projects	467					467	2	1	469	
Swimming pool pump & equipment	12					12			12	
Cemetery reserve	65					65	(37)	1	28	
<b>Total Internally Restricted</b>	<b>6,244</b>	-	-	-	-	<b>6,244</b>	<b>1,341</b>		<b>7,585</b>	
(2) Funds that Council has earmarked for a specific purpose										
<b>Unrestricted</b> (ie. available after the above Restrictions)	5,319	-	-	-	-	5,319	227		5,546	
<b>Total Cash &amp; Investments</b>	<b>23,070</b>					<b>23,070</b>	<b>5,232</b>		<b>28,302</b>	



# 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	6,381
Investments on hand	29,489

<b>Reconciled cash at bank and investments</b>	<b><u>35,870</u></b>
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#### Recommended changes to revised budget

Budget Variations being recommended include the following material items:

#### Notes Details

1 Reserve balances have been updated to take into account the final result of the 2018 financial statements.

2 The balance of the second round of the New Council Implementation fund and Stronger Communities fund not expected to be spent by the end of the financial year.

3 Additional capital works for sewer relining in Cootamundra.



## **COOTAMUNDRA-GUNDAGAI REGIONAL COUNCIL**

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