



**COOTAMUNDRA-
GUNDAGAI** REGIONAL
COUNCIL

Quarterly Budget Review Statement

31 December 2019



Commentary

Budgeted Operating Result

The Council's Income and Expenses, and Net Operating Result are reported on pages 4 & 5 of this Review Statement.

The revised estimated net operating result for the year to 30 June 2020 is a surplus of \$10,480,000 (original budget was a surplus of \$7,649,000) and the revised estimated result before capital grants and contributions is a \$2,927,000 deficit (original \$5,758,000 deficit).

The major changes detailed in this report are related to timing of income and expenditure.

Budget Variations to the Operating Result

The budget adjustments recommended to Council for approval in this report result in a net increase to the operating surplus of \$3,265,000.

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

Favourable variations

- Amounts levied for annual waste charges exceeded the budget by \$45,000.
- \$25,000 is recommended to be reallocated from operational expenditure to a capital project.
- The result for cemeteries is expected to be \$100,000 better than budgeted.
- Revenue from the waste soil operation is expected to be \$120,000 better than budgeted.
- Expenditure of \$1,625,000 on community projects funded by grants was

completed earlier than anticipated, and was included in the 2019 Financial Year.

- Budgeted repayment of funding received under NCIF round one has been removed, resulting in a positive adjustment of \$1,400,000.

Unfavourable variations

- Projected interest to be received from investments has been downgraded by \$180,000
- Changes to the organisational structure as a result of amalgamation have resulted in termination payments funded by NCIF (New Council Implementation Fund) and the Employee Leave Entitlement Reserve.

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:

- Several positions included in the original budget are unlikely to be approved by the finance committee, with a positive adjustment likely to be included in the next QBR.
- Council's application for a loan of \$4,000,000 from TCorp is currently on hold, pending outcomes of the finance committee. Rejection of the application would have major budgetary and operational ramifications.

Budget Cash Flows

Council's Cashflow and Reserve Movements are reported on page 9 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:

It is my opinion that the Quarterly Budget Review Statement for Cootamundra Gundagai Regional Council for the quarter ended 31/12/19 indicates that Council's projected financial position at 30/6/20 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: 22 January 2020



Income and Expense Budget Review

Cootamundra Gundagai Regional Council

Budget review for the quarter ended 31 December 2019



Income and Expenses Consolidated

(\$000's)	Original Budget	Council Approved Changes					Revised budget	Variations	Notes	Revised budget after variation	YTD Actual
		Carry Forwards	Other than by QBRs	Sept QBRs	Dec QBRs	Mar QBRs					
Income											
Rates and Annual Charges	12,975			45			13,020	-		13,020	11,279
User Charges and Fees	8,181			-			8,181	100	1	8,281	2,293
Interest and Investment Revenues	677			(180)			498	-		498	182
Other Revenues	400			-			400	120	2	520	394
Grants & Contributions - Operating	10,511			-			10,511	20	3	10,531	2,907
Grants & Contributions - Capital	13,407			-			13,407	-		13,407	39
Internal Plant Hire	3,420			-			3,420	-		3,420	1,390
Internal Overheads	2,279			-			2,279	-		2,279	-
Internal Easements	1,465			-			1,465	-		1,465	-
Total Income from Continuing Operations	53,314	-	-	(134)	-	-	53,180	240		53,420	18,485
Expenses											
Employee Costs	11,955			325			12,280	-		12,280	6,374
Borrowing Costs	184			-			184	-		184	30
Materials & Contracts	14,102			(25)			14,077	(1,625)	4	12,452	6,306
Plant Hire	2,686			-			2,686	-		2,686	1,066
Legal Costs	72			-			72	-		72	116
Consultants	257			-			257	-		257	592
Depreciation	7,677			-			7,677	-		7,677	-
Other Expenses	4,988			-			4,988	(1,400)	5	3,588	2,617
Internal Overheads	2,279			-			2,279	-		2,279	-
Internal Easements	1,465			-			1,465	-		1,465	-
Total Expenses from Continuing Operations	45,665	-	-	300	-	-	45,965	(3,025)		42,940	17,100
Net Operating Result from Continuing Operations	7,649	-	-	(434)	-	-	7,215	3,265		10,480	1,385
Net Operating Result before Capital Items	(5,758)	-	-	(434)	-	-	(6,192)	3,265		(2,927)	1,346

Cootamundra Gundagai Regional Council
Budget review for the quarter ended 31 December 2019



Income and Expenses by Business Unit

Income and Expenses by business Unit		Council Approved Changes									
	Original Budget	Carry forwards	Other than by QBRs	Sept QBRs	Dec QBRs	Mar QBRs	Revised budget	Variations	Notes	Revised budget after variation	YTD Actual
(\$000's)											
Income											
Development, Building and Compliance	384			-			384	-		384	140
Regulatory Services	524			-			524	120	1, 3	644	277
Community and Culture	267			-			267	-		267	101
Business Services	12			-			12	-		12	15
Finance and Customer Services	16,629			(73)			16,557	-		16,557	8,700
Executive Office	10			-			10	-		10	(51)
Operations Management	5,568			-			5,568	-		5,568	1,222
Facilities	133			-			133	120	2	253	247
Recreation	187			-			187	-		187	247
Technical Services	516			-			516	-		516	331
Civil Works	3,366			-			3,366	-		3,366	21
Asset Management	3,795			-			3,795	-		3,795	1,656
Waste Services	2,427			32			2,458	-		2,458	2,324
Water	4,275			(50)			4,224	-		4,224	1,928
Sewer	15,220			(43)			15,177	-		15,177	1,328
Total Income from Continuing Operations	53,314	-	-	(134)	-	-	53,180	240		53,420	18,485
Expenses											
Development, Building and Compliance	1,315			-			1,315	-		1,315	535
Regulatory Services	1,099			-			1,099	-		1,099	548
Community and Culture	1,392			-			1,392	-		1,392	864
Business Services	2,126			-			2,126	-		2,126	1,179
Finance and Customer Services	2,086			-			2,086	-		2,086	774
Executive Office	6,397			-			6,397	(3,025)	4, 5	3,372	1,970
Operations Management	1,175			-			1,175	-		1,175	1,445
Facilities	1,408			(25)			1,383	-		1,383	710
Recreation	1,721			-			1,721	-		1,721	992
Technical Services	2,316			-			2,316	-		2,316	1,035
Civil Works	5,311			-			5,311	-		5,311	2,056
Asset Management	2,976			325			3,301	-		3,301	2,125
Waste Services	2,093			-			2,093	-		2,093	828
Water	4,073			-			4,073	-		4,073	1,471
Sewer	2,500			-			2,500	-		2,500	568
Total Expenses from Continuing Operations	37,989	-	-	300	-	-	38,289	(3,025)		35,264	17,100
Net Operating Result from Continuing Operations	15,326	-	-	(434)	-	-	14,891	3,265		18,156	1,385
Depreciation	7,677						7,677			7,677	-
Net Operating Result including depreciation	7,649	-	-	(434)	-	-	7,215	3,265		10,480	1,385
Net Operating Result before Capital Items	(5,758)	-	-	(434)	-	-	(6,192)	3,265		(2,927)	1,346

Detail of budget variations

Cootamundra Gundagai Regional Council
Budget review for the quarter ended 31 December 2019



Income and Expenses Consolidated

Notes	Variance \$000	Details
1	100	Cemetery fees for 2019/20 were increased after the adoption of the budget. The current trend indicates an increase in income of \$100,000.
2	120	Income from the waste soil arrangement is projected to exceed budget by \$120,000.
3	20	Grants relating to management of noxious weeds have been secured.
4	1,625	Community projects budgeted for completion in the 2019/20 financial year were completed prior to July 2019.
5	1,400	\$1.4M was included in the original budget to allow for repayment of NCIF funds expended on ineligible projects. Qualifying projects have since been identified, and repayment of this amount is now unlikely.
Total	3,265	



Capital budget review

Cootamundra Gundagai Regional Council
Budget review for the quarter ended 31 December 2019



Capital budget

(\$000's)	Original Budget	Approved Changes					Revised Budget	Variations this quarter	Notes	Revised budget after variations	YTD Actual
		Carry forwards	Other than by QBRs	Sept QBRs	Dec QBRs	Mar QBRs					
Capital Expenditure											
Plant and equipment	2,484			-			2,484	-		2,484	659
Office equipment	40			-			40	-		40	29
Buildings	50			135			185	-		185	216
Land improvements	25			-			25	-		25	44
Major projects	5,920			-			5,920	-		5,920	4,103
Roads, bridges and footpaths	4,290			-			4,290	-		4,290	2,037
Stormwater drainage	-			-			-	-		-	282
Recreation assets	-			-			-	-		-	5
Parks and Gardens	-			-			-	-		-	51
Waste Services	-			-			-	-		-	2
Water supply network	4,000			-			4,000	-		4,000	2,986
Sewerage network	12,856			-			12,856	-		12,856	458
Other assets	-			-			-	-		-	-
Total Capital Expenditure	29,665	-	-	135	-	-	29,800	-		29,800	10,872
Capital Funding											
Rates & Other Untied Funding	4,069			135			4,204			4,204	1,727
Capital Grants & Contributions	13,407						13,407			13,407	39
Reserves:											
- External Restrictions/Reserves	7,493						7,493			7,493	8,564
- Internal Restrictions/Reserves							-			-	
New Loans	4,000						4,000			4,000	-
Receipts from Sale of Assets											
- Plant & Equipment	697			-			697	-		697	327
- Land & Buildings	-			-			-	-		-	216
Total Capital Funding	29,665	-	-	135	-	-	29,800	-		29,800	10,872
Net Capital Funding - Surplus/(Deficit)	0	-	-	-	-	-	0	-		0	-

Detail of budget variations

Cootamundra Gundagai Regional Council
Budget review for the quarter ended 31 December 2019



Capital Budget

Capital Budget		
Notes	Variance \$000	Details
Total	-	

Cash and investments budget review

Restricted and unrestricted cash (reserves)

Cootamundra Gundagai Regional Council
Budget review for the quarter ended 31 December 2019



Cash and Investments

(S000's)	Original Budget	Approved Changes				Revised Budget	Variations		Revised budget after variations	YTD Actual
		Carry forwards	Other than by QBRs	Sept QBRs	Dec QBRs	Mar QBRs	Variations this quarter	Notes		
Externally Restricted ⁽¹⁾										
Developers contributions	12					12	(12)		0	0
Specific Purpose Unexpended Grants & Contributions	960					960	0		960	1,589
Water network infrastructure	6,197					6,197	(3,412)		2,785	194
Sewer network infrastructure	5,226					5,226	(847)		4,379	4,796
Gundagai Town Improvement District	1,376					1,376	141		1,517	1,446
Domestic Waste Management	1,725					1,725	542		2,267	2,655
Stormwater infrastructure renewal	160					160	103		263	263
Total Externally Restricted	15,656	-	-	-	-	15,656	(3,485)	1	12,171	10,943
Internally Restricted ⁽²⁾										
Merger Implementation Fund	-					-			-	1,400
Stronger communities fund	-					-			-	
Aerodrome bitumen resurfacing	246					246	(1)		245	245
Bradman's birthplace	51					51	2		53	53
Coolac bypass	78					78	24		102	102
Cootamundra caravan park	92					92	0		92	92
Development	193					193	401		594	594
Employee leave entitlements	1,586			(195)		1,391	(6)		1,385	1,385
Financial assistance grant	-					-	-		-	-
Heritage centre	12					12	2		14	14
Incomplete works	-					-	33		33	33
Plant replacement	76					76	172		248	966
Quarries & pit restoration	51					51	(35)		16	16
Saleyards	110					110	(75)		35	(22)
Special projects	-					-	(15)		(15)	454
Swimming Pool Pump & Equipment	12					12	0		12	12
Cemetery reserve	28					28	(28)		0	0
Total Internally Restricted	2,535	-	-	(195)	-	2,340	474	1	2,814	5,345
Unrestricted	2,184	-	-	195	-	2,379	99		2,478	(103)
Total Cash & Investments	20,375					20,375	(2,911)	1, 2, 3, 4	17,464	16,186

(1) Funds that must be spent for a specific purpose

(2) Funds that Council has earmarked for a specific purpose

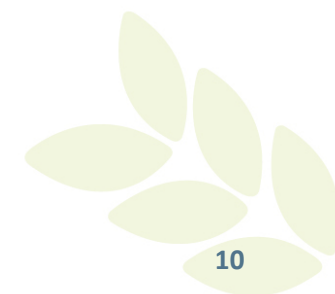
Detail of budget variations

Cootamundra Gundagai Regional Council
Budget review for the quarter ended 31 December 2019



Cash & Investments

Notes	Variance \$000	Details
1	(3,010)	Reconciled closing balances of reserves for the draft 2019 Financial Statements varied from the projections used for the preparation of the current year budget. The bulk of this variation was the result of expenditure on community projects occurring earlier than expected. This has resulted in a reduction to budgeted expenditure in the current year of \$1,625,000.
2	6,528	Reconciled closing balances of Cash & Investments for the 2019 Financial Year varied from the projections used for the preparation of the current year budget.
3	(2,831)	Adjustments to the current year budget have improved the projected cash position by \$2,831,000.
4	(786)	The sale of Council's share in Southern Phone has yielded \$786,000.
Total	(99)	



Key Performance Indicators

Cootamundra Gundagai Regional Council
Budget review for the quarter ended 31 December 2019



Key Performance Indicators

	This revision	Original budget	2018/19	2017/18	Target
1. Operating performance					
Operating revenue less operating expense	(3,661)	-11.14%	-19.83%	-29.61%	>0%
Operating revenue	32,850				
2. Own source revenue					
Total operating revenue less grants	22,318	48.25%	48.17%	65.28%	>60%
Total operating revenue	46,257				
3. Rates and annual charges outstanding					
Rates outstanding	2,839	21.80%		7.68%	<10%
Rates collectible	13,020				

Note: Rates and annual charges outstanding reflects the balances at quarter end



COOTAMUNDRA-GUNDAGAI REGIONAL COUNCIL

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