



**COOTAMUNDRA-  
GUNDAGAI REGIONAL  
COUNCIL**

# **Quarterly Budget Review Statement**

**30 September 2019**

# Commentary

## Budgeted Operating Result

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

The revised estimated net operating result for the year to 30 June 2020 is a surplus of \$7,215,000 (original budget was a surplus of \$7,649,000) and the revised estimated result before capital grants and contributions is a \$6,192,000 deficit (original \$5,758,000 deficit).

The changes detailed in this report are relatively minor operational events.

## Budget Variations to the Operating Result

The budget adjustments recommended to Council for approval in this report result in a net reduction to the operating surplus of \$434,000.

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.

### 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:

- It is unlikely that budgeted repayment of funding received under NCIF round one will be necessary. A positive adjustment of \$1,400,000 is anticipated in the next QBR.
- 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.
- Acceptance of an offer to purchase Council's holding in Southern Phone Limited would result in a positive adjustment of approximately \$800,000.
- 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 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:

It is my opinion that the Quarterly Budget Review Statement for Cootamundra Gundagai Regional Council for the quarter ended 30/9/19 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:**

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Tim Swan  
Responsible Accounting Officer

**date: 23 October 2019**



# Income and Expense Budget Review

Cootamundra Gundagai Regional Council

Budget review for the quarter ended 30 September 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					
<b>Income</b>											
Rates and Annual Charges	12,975						12,975	45	1	13,020	10,409
User Charges and Fees	8,181						8,181	-		8,181	1,443
Interest and Investment Revenues	677						677	(180)	2	498	188
Other Revenues	400						400	-		400	167
Grants & Contributions - Operating	10,511						10,511	-		10,511	1,964
Grants & Contributions - Capital	13,407						13,407	-		13,407	434
Internal Plant Hire	3,420						3,420	-		3,420	647
Internal Overheads	2,279						2,279	-		2,279	-
Internal Easements	1,465						1,465	-		1,465	-
<b>Total Income from Continuing Operations</b>	<b>53,314</b>	-	-	-	-	-	<b>53,314</b>	<b>(134)</b>		<b>53,180</b>	<b>15,253</b>
<b>Expenses</b>											
Employee Costs	11,955						11,955	325	3	12,280	3,193
Borrowing Costs	184						184	-		184	10
Materials & Contracts	14,102						14,102	(25)	4	14,077	3,678
Plant Hire	2,686						2,686	-		2,686	557
Legal Costs	72						72	-		72	47
Consultants	257						257	-		257	87
Depreciation	7,677						7,677	-		7,677	-
Other Expenses	4,988						4,988	-		4,988	1,622
Internal Overheads	2,279						2,279	-		2,279	-
Internal Easements	1,465						1,465	-		1,465	-
<b>Total Expenses from Continuing Operations</b>	<b>45,665</b>	-	-	-	-	-	<b>45,665</b>	<b>300</b>		<b>45,965</b>	<b>9,175</b>
<b>Net Operating Result from Continuing Operations</b>	<b>7,649</b>	-	-	-	-	-	<b>7,649</b>	<b>(434)</b>		<b>7,215</b>	<b>6,078</b>
<b>Net Operating Result before Capital Items</b>	<b>(5,758)</b>	-	-	-	-	-	<b>(5,758)</b>	<b>(434)</b>		<b>(6,192)</b>	<b>5,644</b>

# Cootamundra Gundagai Regional Council

Budget review for the quarter ended 30 September 2019



## Income and Expenses by Business Unit

(\$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					
<b>Income</b>											
Development, Building and Compliance	384						384	-		384	110
Regulatory Services	524						524	-		524	149
Community and Culture	267						267	-		267	61
Business Services	12						12	-		12	1
Finance and Customer Services	16,629						16,629	(73)	2	16,557	7,908
Executive Office	10						10	-		10	128
Operations Management	5,568						5,568	-		5,568	911
Facilities	133						133	-		133	159
Recreation	187						187	-		187	187
Technical Services	516						516	-		516	801
Civil Works	3,366						3,366	-		3,366	444
Asset Management	3,795						3,795	-		3,795	735
Waste Services	2,427						2,427	32	1,2	2,458	2,153
Water	4,275						4,275	(50)	2	4,224	844
Sewer	15,220						15,220	(43)	2	15,177	664
<b>Total Income from Continuing Operations</b>	<b>53,314</b>	-	-	-	-	-	<b>53,314</b>	<b>(134)</b>		<b>53,180</b>	<b>15,253</b>
<b>Expenses</b>											
Development, Building and Compliance	1,315						1,315	-		1,315	291
Regulatory Services	1,099						1,099	-		1,099	230
Community and Culture	1,392						1,392	-		1,392	530
Business Services	2,126						2,126	-		2,126	712
Finance and Customer Services	2,086						2,086	-		2,086	424
Executive Office	6,397						6,397	-		6,397	1,325
Operations Management	1,175						1,175	-		1,175	895
Facilities	1,408						1,408	(25)	4	1,383	450
Recreation	1,721						1,721	-		1,721	500
Technical Services	2,316						2,316	-		2,316	525
Civil Works	5,311						5,311	-		5,311	952
Asset Management	2,976						2,976	325	3	3,301	1,066
Waste Services	2,093						2,093	-		2,093	329
Water	4,073						4,073	-		4,073	670
Sewer	2,500						2,500	-		2,500	276
<b>Total Expenses from Continuing Operations</b>	<b>37,989</b>	-	-	-	-	-	<b>37,989</b>	<b>300</b>		<b>38,289</b>	<b>9,175</b>
<b>Net Operating Result from Continuing Operations</b>	<b>15,326</b>	-	-	-	-	-	<b>15,326</b>	<b>(434)</b>		<b>14,891</b>	<b>6,078</b>
Depreciation	7,677						7,677			7,677	-
<b>Net Operating Result including depreciation</b>	<b>7,649</b>	-	-	-	-	-	<b>7,649</b>	<b>(434)</b>		<b>7,215</b>	<b>6,078</b>
<b>Net Operating Result before Capital Items</b>	<b>(5,758)</b>	-	-	-	-	-	<b>(5,758)</b>	<b>(434)</b>		<b>(6,192)</b>	<b>5,644</b>



## Detail of budget variations

### Cootamundra Gundagai Regional Council

Budget review for the quarter ended 30 September 2019



#### Income and Expenses Consolidated

Notes	Variance \$000	Details
1	45	The amount levied in annual waste charges has exceeded the budget by just over 2%.
2	(180)	In the current calendar year the benchmark interest rate has fallen from 2.07% to 1.09%. This, combined with expenditure of grant funding earlier than expected, has forced a major downgrade in anticipated interest income.
3	(325)	Changes to the organisational structure as a result of amalgamation have required termination payments. The eligible portions of these payments have been funded by the New Council Implementation Fund, with the remainder paid from the ELE reserve.
4	25	A shed to store equipment for the Parks & Gardens team is proposed for the Gundagai works depot. It is anticipated that this shed can be constructed using resources reallocated from the current operational budget.
<b>Total</b>	<b>(435)</b>	



# Capital budget review

## Cootamundra Gundagai Regional Council

Budget review for the quarter ended 30 September 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					
<b>Capital Expenditure</b>											
Plant and equipment	2,484						2,484	-		2,484	604
Office equipment	40						40	-		40	24
Buildings	50						50	135	1	185	80
Land improvements	25						25	-		25	35
Major projects	5,920						5,920	-		5,920	2,192
Roads, bridges and footpaths	4,290						4,290	-		4,290	606
Stormwater drainage	-						-	-		-	65
Recreation assets	-						-	-		-	-
Parks and Gardens	-						-	-		-	21
Waste Services	-						-	-		-	2
Water supply network	4,000						4,000	-		4,000	1,668
Sewerage network	12,856						12,856	-		12,856	281
Other assets	-						-	-		-	-
<b>Total Capital Expenditure</b>	<b>29,665</b>	-	-	-	-	-	<b>29,665</b>	<b>135</b>		<b>29,800</b>	<b>5,577</b>
<b>Capital Funding</b>											
Rates & Other Untied Funding	4,069						4,069	135	1	4,204	758
Capital Grants & Contributions	13,407						13,407			13,407	434
Reserves:											
- External Restrictions/Reserves	7,493						7,493			7,493	4,032
- Internal Restrictions/Reserves							-			-	
New Loans	4,000						4,000			4,000	-
Receipts from Sale of Assets											
- Plant & Equipment	697						697	-		697	144
- Land & Buildings	-						-	-		-	209
<b>Total Capital Funding</b>	<b>29,665</b>	-	-	-	-	-	<b>29,665</b>	<b>135</b>		<b>29,800</b>	<b>5,577</b>
<b>Net Capital Funding - Surplus/(Deficit)</b>	<b>0</b>	-	-	-	-	-	<b>0</b>	-		<b>0</b>	-

## Detail of budget variations

**Cootamundra Gundagai Regional Council**  
Budget review for the quarter ended 30 September 2019



### Capital Budget

Notes	Variance \$000	Details
1	(135)	At a meeting of council earlier in the year it was resolved to purchase a block of land adjoining the Mount St park. An adjustment for the purchase price and associated costs is \$135,000.
<b>Total</b>	(135)	





# Cash and investments budget review

## Restricted and unrestricted cash (reserves)

Cootamundra Gundagai Regional Council  
Budget review for the quarter ended 30 September 2019



### Cash and Investments

(\$000's)	Original Budget	Approved Changes					Variations			Revised budget after variations	YTD Actual
		Carry forwards	Other than by QBRs	Sept QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations this quarter	Notes		
<b>Externally Restricted <sup>(1)</sup></b>											
Developers contributions	12						12			12	12
Specific Purpose Unexpended Grants & Contributions	960						960			960	960
Water network infrastructure	6,197						6,197			6,197	4,493
Sewer network infrastructure	5,226						5,226			5,226	5,226
Gundagai Town Improvement	1,376						1,376			1,376	1,241
Domestic Waste Mangement	1,725						1,725			1,725	1,319
Stormwater infrastructure renewal	160						160			160	160
<b>Total Externally Restricted</b>	<b>15,656</b>	-	-	-	-	-	<b>15,656</b>	-		<b>15,656</b>	<b>13,411</b>
<b>Internally Restricted <sup>(2)</sup></b>											
Merger impementation fund	-						-			-	1,286
Stronger communities fund	-						-			-	3,507
Aerodrome bitumen resurfacing	246						246			246	246
Bradman's birthplace	51						51			51	51
Coolac bypass	78						78			78	78
Cootamundra caravan park	92						92			92	92
Development	193						193			193	193
Employee leave entitlements	1,586						1,586	(195)		1,391	1,391
Financial assistance grant	-						-			-	-
Heritage centre	12						12			12	12
Incomplete works	-						-			-	-
Plant replacement	76						76			76	261
Quarries & pit restoration	51						51			51	51
Saleyards	110						110			110	96
Special projects	-						-			-	469
Swimming pool pump replacement	12						12			12	12
Cemetery reserve	28						28			28	28
<b>Total Internally Restricted</b>	<b>2,535</b>	-	-	-	-	-	<b>2,535</b>	<b>(195)</b>		<b>2,340</b>	<b>7,772</b>
<b>Unrestricted</b>	<b>2,184</b>	-	-	-	-	-	<b>2,184</b>	<b>195</b>		<b>2,379</b>	<b>813</b>
<b>Total Cash &amp; Investments</b>	<b>20,375</b>						<b>20,375</b>			<b>20,375</b>	<b>21,997</b>

## Detail of budget variations

### Cootamundra Gundagai Regional Council

Budget review for the quarter ended 30 September 2019



#### Cash & Investments

Notes	Variance \$000	Details
1	(195)	Changes to the organisational structure as a result of amalgamation have required termination payments. The eligible portions of these payments have been funded by the New Council Implementation Fund, with the remainder paid from the ELE reserve.
<b>Total</b>	(195)	



# Key Performance Indicators

## Cootamundra Gundagai Regional Council

Budget review for the quarter ended 30 September 2019



### Key Performance Indicators

	This revision	Original budget	2018/19	2017/18	Target
<b>1. Operating performance</b>					
Operating revenue less operating expense	(6,926)	-21.24%	-19.83%	-29.61%	>0%
Operating revenue	32,610				
<b>2. Own source revenue</b>					
Total operating revenue less grants	22,098	48.02%	48.17%	65.28%	>60%
Total operating revenue	46,017				
<b>3. Rates and annual charges outstanding</b>					
Rates outstanding	1,372	10.54%		7.68%	<10%
Rates collectible	13,020				

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



**Budget review for the quarter ended 30 September 2019**

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## **COOTAMUNDRA-GUNDAGAI REGIONAL COUNCIL**

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