



LATE REPORTS TO COUNCIL

28 November 2017

LATE REPORTS TO COUNCIL



REPORT TO COUNCIL

Department:	Finance
Submitted by:	Chief Financial Officer
Reference:	Late Report 1
Subject:	2017/18 – 1st Quarter Budget Review Statements

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

Objective:	4.2 An effective and efficient organisation
Strategy:	4.2.2 Operate in a financially responsible and sustainable manner
Activity:	4.2.2.1 Maintain and control financial system and improve long term financial sustainability
Action:	Complete and report quarterly budget review statements

SUMMARY:

The purpose of this report is to present to Council a review of the budget for the first quarter of the 2017/18 financial year.

Attached to this report are the quarterly budget review statements for the first quarter ending 30 September 2017.

OFFICER'S RECOMMENDATION:

- 1. That the first quarter budget review summary for the 2017/18 financial year be received and noted; and**
- 2. That the adjustments to budget allocations, including transfers to and from reserves, be adopted;**
- 3. That expenditure to be revoted from 2016/17 be adopted;**

BACKGROUND:

It is a statutory requirement that council's Responsible Accounting Officer prepares and submits a budget review statement to Council on a Quarterly basis each financial year (LGGR 2005 cl.203 (1)). Also, in compliance with the Local Government (General) Regulation, Council's Responsible Accounting Officer must include with the budget review report an opinion on the financial position of Council and any recommendations for remedial action if required. As such the first quarterly review for the 2017/18 financial year has been prepared and attached for Council's review.

REPORT:

The attached budget report statements show a first quarter result for 2017/18 significantly different to the original budget adopted by Council in June 2017 due to the prepayment of the Financial Assistance Grant of \$1,193,081. This is a timing issue and does not affect the overall cash flow position of Council. Apart from this adjustment, the overall position is approximately in line with the adopted budget.

Apart from the FAG adjustment, there are no proposed changes to budget estimates that would have a major impact on the budget results.

Issues

The first quarter budget review statement usually shows very little in the way of major variations because it is so early in the finance cycle. However, a number of items have been identified that require immediate adjustment and these are noted below.

1. FAGS payment of \$1,193,081 received in advance in the financial year 2016/17 was included in the budget for 2017/18. As we are not certain of receiving the payment in advance again, an adjustment is necessary in quarter 1;
2. Revenue from Home Care Package (HCP) is expected to grow \$30,000 per quarter, at the same time costs of this service are expected to increase by the same amount;
3. Insurance costs of \$21,265 for Uralla water division inadvertently excluded from budget;

In addition to the above adjustments, some variations are apparent from analysis beyond the quarter in question or through other available reports. The issues that have been highlighted which will require further monitoring or future budget variations include the following:

1. RFS costs for 2016/17 exceeded the estimated cost by \$43,641. This cost will be paid in the second quarter. It is likely that the same adjustment will be required for 2017/18.
2. Maintenance costs associated with identified problems (electrical and drainage) during the construction phase of the sport complex change rooms and canteen.

Apart from general variations for the first quarter, this report includes revotes from the previous financial year. The amounts disclosed in this summary have previously been discussed with Council. These are budget items from the previous year that were not included in the current Annual Operational Plan as incomplete works and do not qualify as works in progress (although the strategic development work had commenced prior to 30 June 2017). As the previous vote of expenditure expired on 30 June they will require a revote from Council to be completed in the current financial year.

Expenditure to be revoted from 2016/17

Program	Operating Income	Operating Expenses	Capital Income	Capital Expenses
Fencing at waste facility				71,297
VIC redevelopment				299,775
Sealed roads work				554,084
Sports complex				270,937
Strategic development funds (reporting etc.)		320,000		
Revitalising regional libraries		5,981		
Abington bridge				145,435
New money safes				13,450
RMS Block Grant	105,044			
Roads to Recovery expenditure				1,088,711

Conclusion

The budget result for the year ended 30 June 2018 is still likely to meet original expectations subject to cost reallocations in quarter two for those items outlined above and after allowing for the FAG adjustment.

COUNCIL IMPLICATIONS:

1. Community Engagement/ Communication

Not required.

2. Policy and Regulation

- Local Government Act 1993;
- Local Government Regulations (General) 2005;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Australian Accounting Standards.

3. Financial (LTFP)

This report is a review of the annual budget up to the end of the first quarter. Changes to the budget are as outlined in the attached statements.

4. Asset Management (AMS)

N/A

5. Workforce (WMS)

N/A

6. Legal and Risk Management

N/A

7. Performance Measures

N/A

8. Project Management

N/A

Simon Paul
Chief Financial Officer

Prepared by staff member:

Simon Paul

Approved/Reviewed by Manager:

Andrew Hopkins, General Manager

Department:

Finance

Attachments:

A. 1st Quarter Budget Review Statements

Uralla Shire Council
For the Quarter ended 30 September, 2017

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Uralla Shire Council
Quarterly Budget Review Statement
For the Quarter ended 30 September, 2017

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 Uralla Shire Council for the quarter ended 30 September, 2017 indicates that Council's projected financial position at 30 June, 2018 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed: _____

Simon Paul
Responsible Accounting Officer

Uralla Council

**Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018**

**Income & Expenses Budget Review Statement
Consolidated by Fund
Budget review for the quarter ended 30 September, 2017**

(\$000's)	Original Budget 2017/2018	Variations Other than by a QBRS	Revised Budget Jul-17	Variations from this QBRS	Notes	Projected		Actual	
						Year End Result	Year End Result	YTD Sep-17	YTD Sep-17
Income									
General Fund	14,876		14,876	(1,073)		13,803	6,904	6,904	50%
McMaugh Gardens	3,053		3,053	-		3,053	740	740	24%
Water Supplies	1,050		1,050	-		1,050	437	437	42%
Sewer Services	1,015		1,015	-		1,015	721	721	71%
Total Income from Continuing Operations	19,994	-	19,994	(1,073)		18,921	8,802	8,802	47%
Expenses									
General Fund	14,506		14,506	120		14,626	3,603	3,603	25%
McMaugh Gardens	3,055		3,055	-		3,055	671	671	22%
Water Supplies	987		987	21		1,008	272	272	27%
Sewer Services	685		685	-		685	163	163	24%
Total Expenses from Continuing Operations	19,232	-	19,232	141		19,373	4,708	4,708	24%
Net Operating Result from Continuing Operations	762	-	762	(1,214)		(453)	4,094	4,094	
Discontinued Operations									
Net Operating Result from Continuing Operations	762	-	762	(1,214)		(453)	4,094	4,094	
Capital grants and contributions	593	-	593			593	-	-	
Net Operating Result before Capital Grants	169	-	169	(1,214)		(1,046)	4,094	4,094	

Uralla Council

Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018

Income & Expenses Budget Review Statement
Consolidated by Activity
Budget review for the quarter ended 30 September, 2017

(\$000's)	Original Budget 2017/2018	Variations Other than by a QBRS	Revised Budget Jul-17	Variations from this QBRS	Notes	Projected Year End Result	Actual YTD Sep-17	
Income								
Organisational Services	5,301	-	5,301	(1,193)		4,108	3,751	91%
Community & Culture	6,201	-	6,201	120		6,321	1,677	27%
Infrastructure & Regulation	6,426	-	6,426	-		6,426	2,217	34%
Water Supplies	1,050	-	1,050	-		1,050	437	42%
Sewer Services	1,015	-	1,015	-		1,015	721	71%
Total Income from Continuing Operations	19,994	-	19,994	(1,073)		18,921	8,802	47%
Expenses								
Organisational Services	1,706	-	1,706	-		1,706	420	25%
Community & Culture	6,681	-	6,681	120		6,801	1,428	21%
Infrastructure & Regulation	9,173	-	9,173	-		9,173	2,425	
Water Supplies	987	-	987	21		1,008	272	27%
Sewer Services	685	-	685	-		685	163	24%
Total Expenses from Continuing Operations	19,232	-	19,232	141		19,373	4,708	24%
Net Operating Result from Continuing Operations	762	-	762	(1,214)		(453)	4,094	
Discontinued Operations			-			-		
Net Operating Result from Continuing Operations	762	-	762	(1,214)		(453)	4,094	
Capital grants and contributions	593		593			593	-	
Net Operating Result before Capital Grants	169	-	169	(1,214)	3	(1,046)	4,094	

Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018

Income & Expenses Budget Review Statement
Recommended changes to revised budget
Budget review for the quarter ended 30 September, 2017

Budget Variations include the following material items:

Notes	Amount	Details
1	\$ 1,193,081	FAGS of 2017-18 received in advance in June 2017
2	-\$ 120,000	Revenue from Home Care Package (HCP) expected to grow by \$30K per quarter
3	\$ 120,000	Expense of HCP expected to increase in line with the increment in income
4	\$ 21,265	Insurance costs for water assets inadvertently excluded from original budget
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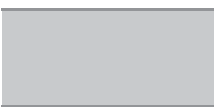
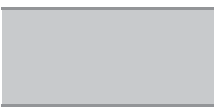
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LATE REPORT TO COUNCIL



Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018

Capital Budget Review Statement
Budget review for the quarter ended 30 September, 2017
Capital Budget - Consolidated by Fund

	Original Budget 2017/2018	Variations Other than by a QBRS	Revised Budget Jul-17	Variations from this QBRS	Notes	Projected Year End Result	Actual YTD figures
(\$000's)							
Capital Expenditure							
- General	5,418	-	5,418	-		5,418	906
- McMaugh Gardens	83	-	83	-		83	3
- Water	140	-	140	-		140	1
- Sewer	345	-	345	-		345	9
Total Capital Expenditure	5,986	-	5,986	-		5,986	918
Capital Funding							
Consolidated Fund Income	4,639	-	4,639	-		4,639	826
Unrestricted Cash Reserves	-	-	-	-		-	-
Capital Grants & Contributions	593	-	593	-		593	-
Loan Funds	-	-	-	-		-	-
Receipts from Sale of Assets	186	-	186	-		186	82
Reserves:							
- Developer Contributions	-	-	-	-		-	-
- General Restricted Assets	-	-	-	-		-	-
- Water & Sewer Restricted Assets	485	-	485	-		485	10
- McMaugh Gardens Restricted Assets	83	-	83	-		83	-
Total Capital Funding	5,986	-	5,986	-		5,986	918
Net Capital Funding	-	-	-	-		-	-

Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018

Capital Budget Review Statement
Budget review for the quarter ended 30 September, 2017
Capital Budget - Consolidated by Activity

	Original Budget 2017/2018	Variations	Revised Budget Jul-17	Variations	Notes	Projected Year End Result	Actual YTD figures
		Other than by a QBRS		from this QBRS			
(\$'000's)							
Capital Expenditure							
Organisational Services	126	-	126	-		126	13
Community & Culture	102	-	102	-		102	3
Infrastructure & Regulation	5,273	-	5,273	-		5,273	892
Water Supplies	140	-	140	-		140	1
Sewer Services	345	-	345	-		345	9
Total Capital Expenditure	5,986	-	5,986	-		5,986	918
Capital Funding							
Consolidated Fund Income	4,639	-	4,639	-		4,639	826
Unrestricted Cash Reserves	-	-	-	-		-	-
Capital Grants & Contributions	593	-	593	-		593	-
Loan Funds	-	-	-	-		-	-
Receipts from Sale of Assets	186	-	186	-		186	82
Reserves:							
- Developer Contributions	-	-	-	-		-	-
- General Restricted Assets	-	-	-	-		-	-
- Water & Sewer Restricted Assets	485	-	485	-		485	10
- McMaugh Gardens Restricted Assets	83	-	83	-		83	-
Total Capital Funding	5,986	-	5,986	-		5,986	918
Net Capital Funding	-	-	-	-		-	-

Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018

Capital Budget Review Statement
Recommended changes to revised budget
Budget review for the quarter ended 30 September, 2017

Budget Variations being recommended include the following material items:

Notes	Details
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Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018

Cash & Investments Budget Review Statement
Budget review for the quarter ended 30 September, 2017
Consolidated

	Original Budget 2017/2018	Variations Other than by a QBRS	Revised Budget 2017/2018	Variations from this QBRS	Notes	Projected Year End Result	Actual YTD figures
Externally Restricted							
Developer Contributions - General	565	(19)	546	-		546	522
Developer Contributions - Water Fund	-	-	-	-		-	-
Developer Contributions - Sewer Fund	-	-	-	-		-	-
Specific Purpose Unexpended Grants	317	993	1,310	-		1,310	1,878
Water Supplies	1,133	214	1,347	-		1,347	2,333
Sewerage Services	2,040	(35)	2,005	-		2,005	2,379
McMaugh Gardens	1,988	168	2,156	-		2,156	2,159
Unexpended Loans	619	-	619	-		619	619
	-	-	-	-		-	-
Total Externally Restricted	6,662	1,321	7,983	-		7,983	9,891
Internally Restricted							
Plant & Vehicle Replacement	59	774	833	-		833	833
Employees Leave Entitlement	539	475	1,014	-		1,014	1,014
Accommodation Bond Guarantees	-	-	-	-		-	-
Community Care	304	(304)	-	-		-	-
Waste Management	-	-	-	-		-	-
Stormwater Drainage	150	(165)	(15)	-		(15)	-
Strategic Development	200	120	320	-		320	320
Carry Forward Works	636	362	998	-		998	998
	-	-	-	-		-	-
Total Internally Restricted	1,888	1,262	3,150	-		3,150	3,165
Unrestricted (ie. available after the above Restrictions)	106	1,873	1,979	(1,214)		765	1,380
Total Cash & Investments	8,656	4,456	13,112	(1,214)		11,898	14,436

Note: Variations other than by QBRS represent alignment of opening balances to final 2017 financial statement balances.

**Uralla Shire Council
Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018**

**Key Performance Indicators Statement
Budget review for the quarter ended 30 September, 2017**

LTFP KPI's

	30/06/2018	30/06/2017	30/06/2016	30/06/2015
Operating ratio	-5.70%	11.57%	-1.45%	-1.94%
Debt service ratio	7.27	16.74	10.28	14.21
Own source operating revenue ratio	76%	71.30%	68.24%	62.98%
Rates & charges outstanding %	7.03%	4.33%	4.20%	4.77%
Asset renewals ratio	152%	87%	112%	201%

Target
>0
>2.0x
>60%
<8%
>100%

LATE REPORT TO COUNCIL
Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018

Contracts Budget Review Statement
Budget review for the quarter ended 30 September, 2017
Part A - Contracts Listing

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)	Notes
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Notes:

1. Only contracts that were entered into during the quarter and remain incomplete are included.
2. Minimum reporting level is \$50,000.
3. Contracts listed exclude contractors on Council's Preferred Supplier list.
4. Contracts for employment are not required to be included.

Part B - Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	\$ 114,710	Y
Legal Fees	\$ 5,400	Y

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

Comments

Expenditure included in the above YTD figure but not budgeted includes:
Details

Quarterly Budget Review Statement
For the period 01 July, 2017 to 30 June, 2018

Cash & Investments Budget Review Statement
Budget review for the quarter ended 30 September, 2017

Comment on Cash & Investments Position

No material variations to Council's Cash and Investments have occurred in the first quarter.

Investments

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

Cash

The value of cash at bank which was included in the Cash & Investment Statement totals \$45,287.

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.
The date of completion of this reconciliation was 28 September, 2017.

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows:

	\$ 000's
Cash at Bank (as per bank statements)	48,915
Investments on Hand	14,390,897
less: Unpresented Cheques (Timing Difference)	(4,653)
add: Undeposited Funds (Timing Difference)	1,025
less: Identified Deposits (not yet accounted in Ledger) (Require Actioning)	-
add: Identified Outflows (not yet accounted in Ledger) (Require Actioning)	-
Reconciled Cash at Bank & Investments	14,436,184
Balance as per Review Statement:	14,436,184
Difference:	-

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