

2019-2020

**1st QUARTERLY
BUDGET REVIEW**

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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 2019

It is my opinion that the Quarterly Budget Review Statement for Snowy Valleys Council for the quarter ended 30/09/19 indicates that Council's projected financial position at 30/6/20 will be unsatisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

My opinion above, that Council's projected financial position as at 30/6/20 will be unsatisfactory has been based on the fact that the increase to roads and parks budgets to reflect historical service level expenditure will consume a considerable portion of Council's unrestricted cash and investments, leaving these well below the Reserve Policy requirement of \$2M by the end of 2019/20

I recommend that the following remedial actions be taken:

1. Council hold a workshop to consider a revised Council Improvement Plan identifying actions to improve financial sustainability in light of the updated information about Council's financial position and the cost of delivering current service levels (particularly in roads and parks);
2. Council review its capital works program for 2019/20 to identify non-essential projects that can be postponed to maintain sufficient cash;
3. Council resolve a way forward to implement the Council Improvement Plan and revised capital works program, including community engagement as appropriate; and
4. Council incorporate further changes to its 2019/20 Budget based on this way forward at its second and third quarterly budget reviews and subsequently in the formulation of its 2020/21 Budget.

Signed: _____

date: 11/11/2019

Responsible Accounting Officer

Income & Expenses Budget Review Statement

Budget review for the quarter ended 30 September 2019

Income & Expenses - Council Consolidated

(\$000's)	Original Budget 2019/20	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures	
Income						
Rates and Annual Charges	17,840			17,840	17,253	97%
User Charges and Fees	8,796	3,033	10,14,18,20,22	11,829	2,933	25%
Interest and Investment Revenues	865			865	419	48%
Other Revenues	1,152			1,152	268	23%
Grants & Contributions - Operating	10,282	199	7,8	10,481	1,586	15%
Grants & Contributions - Capital	5,377			5,377	272	5%
Net gain from disposal of assets				-	8	
Total Income from Continuing Operations	44,312	3,232		47,544	22,739	48%
Expenses						
Employee Costs	15,589	990	1,5,9	16,579	4,694	28%
Materials & Contracts	9,742	5,074	2,4,6-17,19	14,816	3,715	25%
Depreciation	11,047			11,047	2,585	23%
Other Expenses	4,332	32	3,21	4,364	1,864	43%
Interest & Investment Losses				-	137	
Total Expenses from Continuing Operations	40,710	6,096		46,806	12,995	28%
Net Operating Result from All Operations	3,602	(2,864)		738	9,744	
Net Operating Result before Capital Items	(1,775)	(2,864)		(4,639)	9,472	

Income & Expenses Budget Review Statement

Budget review for the quarter ended 30 September 2019

Income & Expenses - Council Consolidated

Choice:

(\$000's)	Original Budget 2019/20	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures	
Income						
Community Services						
Children Services	1,829			1,829	527	29%
Public Libraries	74			74	13	18%
Aged persons and disabled	877			877	223	25%
Strategy and Place						
Community Programs and Grants	19	25	8	44	28	64%
Economic Development	-			-	-	
Events, Tourism and Marketing	230			230	77	33%
Development and Environment						
Weed Control	59			59	-	0%
Health and Environment	20			20	5	25%
Town Planning	325			325	84	26%
Building Control	37			37	19	51%
Animal Control - Ranger Services	80			80	5	6%
Internal Services						
Governance	-			-	6	
Corporate and Executive	14,216			14,216	10,237	72%
Asset and Infrastructure						
RMS Road Safety Program	82			82	30	37%
Public Conveniences	-			-	-	
Cemeteries	207	53	22	260	65	25%
Stormwater - Urban Drainage	27			27	27	100%
Swimming Pools	130	25	22	155	5	3%
Public Halls	4			4	4	100%
Parks and Sporting Grounds	4,545			4,545	97	2%
RMS Road Programs	1,091			1,091	723	66%
Street Lighting	46			46	-	0%
Aerodromes	20			20	14	70%
Roads and Transport	4,193	174	7	4,367	629	14%
Private Works	2,350	2,650	10,14	5,000	1,249	25%
Gravel Pits	152			152	-	0%
Domestic Waste	3,269			3,269	3,060	94%
Water Supply	4,608			4,608	1,480	32%
Waste Water Services	4,554			4,554	4,279	94%
Caravan Parks	405	250	18	655	55	8%
Saleyards	6			6	5	83%
Real Estate Activities	611	55	20	666	109	16%
Fire and Emergency Services	246			246	(340)	-138%
Trusts					24	
Total Income from Continuing Operations	44,312	3,232		47,544	22,739	

(\$000's)	Original Budget 2019/20	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures	
	-				-	
Expenses						
Community Services						
Children Services	1,746			1,746	439	25%
Public Libraries	815			815	288	35%
Aged persons and disabled	847			847	11	1%
Strategy and Place						
Community Programs and Grants	700	25	8	725	183	25%
Economic Development	143			143	45	31%
Events, Tourism and Marketing	824			824	111	13%
Development and Environment						
Weed Control	208			208	15	7%
Health and Environment	208			208	70	34%
Town Planning	435			435	113	26%
Building Control	443			443	80	18%
Animal Control - Ranger Services	148			148	81	55%
Internal Services						
Governance	304			304	103	34%
Corporate and Executive	7,205	650	1,5,16	7,855	2,849	36%
Asset and Infrastructure						
RMS Road Safety Program	88			88	28	32%
Public Conveniences	246	(15)	12	231	59	26%
Cemeteries	203	47	13	250	71	28%
Stormwater - Urban Drainage	280			280	81	29%
Swimming Pools	965	105	4	1,070	134	13%
Public Halls	336	46	17	382	80	21%
Parks and Sporting Grounds	2,203	674	6,11	2,877	588	20%
RMS Road Programs	1,091			1,091	358	33%
Street Lighting	250			250	50	20%
Aerodromes	110	11	2	121	45	37%
Roads and Transport	6,382	1,511	,9	7,893	2,516	32%
Private Works	2,154	2,510	10,14	4,664	664	14%
Gravel Pits	150			150	9	6%
Domestic Waste	2,410			2,410	562	23%
Water Supply	3,808			3,808	1,301	34%
Waste Water Services	4,323			4,323	1,414	33%
Caravan Parks	274	340	19	614	129	21%
Saleyards	33			33	12	36%
Real Estate Activities	610	192	3,15,21	802	275	34%
Fire and Emergency Services	768			768	225	29%
Trusts					6	
Total Expenses from Continuing Operations	40,710	6,096		46,806	12,995	
	-				-	
Net Operating Result from Continuing Ope	3,602	(2,864)		738	9,744	

Income & Expenses Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details	
Income Adjustments		
7	\$ 174,000	Additional income received from Roads to Recovery, Capital expenditure increased in line with Grant
8	\$ 25,000	Recognise Snowy Hydro Contribution to Council Community Grants Program and
10	\$ 900,000	Additional works from Incident at Alpine Way
14	\$ 1,750,000	Increase to Private Works, additional projects expected, offset in expenditure
18	\$ 250,000	Increase Caravan Park expected income due to reforecasting more accurate booking estimates
20	\$ 55,000	Increase Snowview income from sales of Stage 2
22	\$ 78,000	Increase in expected revenues for cemeteries and pools
	\$ 3,232,000	

Expenditure Adjustments		
1	\$ 390,000	Fund redundancies from the Employee Leave Entitlement Reserve
2	\$ 11,097	Increase Aerodrome expenditure budget to fund disabled parking funded from Aerodrome reserve
3	\$ 2,000	Increase operational budget to reflect additional costs for marketing the Snowview Estate that is funded by Project Development Reserve
4	\$ 105,000	Additional operational funding for swimming pools, funded by reserve
5	\$ 100,000	Additional costs to recruitment of Senior Staff
6	\$ 10,000	Allocate funding to Adelong Falls
8	\$ 25,000	Recognise Snowy Hydro Contribution to Council Community Grants Program and
9	\$ 1,511,000	Increase Roads budget to maintain current service levels
10	\$ 900,000	Additional works from Incident at Alpine Way
11	\$ 664,000	Increase Parks and Sporting Grounds budget to maintain current service levels
12	\$ (14,500)	Reduction to Public Toilets inline with current service levels
13	\$ 46,900	Increase to Cemeteries budget to maintain current service levels
14	\$ 1,610,000	Increase to Private Works, additional projects expected, offset in expenditure
15	\$ 160,000	Increase to Buildings budget to maintain current service levels
16	\$ 160,000	Asbestos Register partially funded from the Insurance (Risk Management) Reserve
17	\$ 46,000	Increase to Public Halls to maintain current service levels
19	\$ 340,000	Increased in expected operational budget for Tumbarumba Caravan Park due to reforecasting more accurate booking estimates
21	\$ 30,000	Fund development of stage 3 Snowview Estate
	\$ 6,096,497	

Capital Budget Review Statement

Budget review for the quarter ended 30 September 2019

Capital Budget - Council Consolidated

(\$000's)	Original Budget 2019/20	Approved Changes Carry Forwards	Revised Budget 2019/20	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
Capital Expenditure							
New Assets							
- Plant & Equipment	228		228	60	7	288	3
- Land & Buildings	12,724	93	12,817	500	1	13,317	1,654
- Other	1,495		1,495	24	7	1,519	237
Renewal Assets (Replacement)							
- Plant & Equipment	2,006	32	2,038			2,038	
- Land & Buildings	457	531	988	(38)	5	950	
- Roads, Bridges, Footpaths	6,205	1,926	8,131	212	4	8,343	1,013
- Water and Sewer	1,108	616	1,724	74	2,3,6,7	1,798	7
Total Capital Expenditure	24,223	3,198	27,421	832		28,253	2,914
Capital Funding							
Rates & Other Untied Funding	5,631		5,631			5,631	687
Capital Grants & Contributions	5,377		5,377	174	4,5	5,551	800
Reserves:							
- External Restrictions/Reserves	11,610	250	11,860	98	2,3,6,7	11,958	1,427
- Internal Restrictions/Reserves	1,605	2,948	4,553	60	8	4,613	
New Loans			-	500	1	500	
Total Capital Funding	24,223	3,198	27,421	832		28,253	2,914
Net Capital Funding - Surplus/(Deficit)	-	-	-	-		-	-

Capital Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

1	\$	500,000	loan to fund purchase of cabins at Tumbarumba Caravan Park
2	\$	30,000	Allocate funds to caravan park water mains
3	\$	34,000	Allocate funds to Batlow Irrigation
4	\$	212,000	Increase to roads funded from additional Roads to Recovery Grant and reallocations of parks projects
5	\$	(38,000)	Increase to roads funded from additional Roads to Recovery Grant and reallocations of parks projects
6	\$	10,000	Fund safety devices for sewer manholes
7	\$	24,000	Increase budget for Talbingo Lights
8	\$	60,000	Allocate budget to Swipe Card Access machine for Tumbarumba and Khancoban pools

Cash & Investments Budget Review Statement

Budget review for the quarter ended 30 September 2019

Cash & Investments - Council Consolidated

(\$000's)	Original Budget 2019/20	Approved Changes Carry Forwards	Revised Budget 2019/20	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
Externally Restricted ⁽¹⁾							
Water Fund	4,677		4,677	(74)	7,8,9	4,603	4,677
Sewer Fund	5,669		5,669			5,669	5,669
Domestic Waste	1,389		1,389			1,389	1,389
Developer Contributions	3,495		3,495			3,495	3,495
Unexpended Specific Purpose Grants	15,729	(15,448)	281			281	15,729
Tumbarumba Retirement Village	717		717			717	717
Urban Stormwater - - Tumbarumba	104		104			104	104
Snowy Valleys Way	49		49			49	49
Total Externally Restricted	31,829	(15,448)	16,381	(74)		16,307	31,829
⁽¹⁾ Funds that must be spent for a specific purpose							
Internally Restricted ⁽²⁾							
Aboriginal Br. Reserve	45		45			45	45
Adelong Showground	10		10			10	10
Aerodrome	182		182	(11)	2	171	182
Asset Renewal Reserve	88		88			88	88
Batlow Literary Institute	56		56	(5)	5	51	56
Caravan Park	80		80			80	80
Carry Over works	6,726	(6,726)	-			-	-
Community Services Reserve	275		275			275	275
Employee Leave Entitlement Reserve	2,152		2,152	(390)	1	1,762	2,152
Hazard Reduction	52		52			52	52
Information Technology Reserve	102		102			102	102
Insurance (Risk Management)	124		124	(100)		24	124
Legal	105		105			105	105
Plant & Vehicle replacement	2,748		2,748			2,748	2,748
Project Development Reserve	98		98	(2)	4	96	98
Real Estate Development Reserve	37		37	(30)	3	7	37
Saleyards	37		37			37	37
Scholarships	6		6			6	6
Security Deposits	9		9			9	9
Swimming Pools Reserve	312		312	(165)	6	147	312
Contingencies	500		500			500	500
Talbingo Town Improvement	123		123	(24)	10	99	123
Telecentre	26		26			26	26
Trust Reserves	982		982			982	982
Quarries	945		945			945	945
Television/Radio Upgrade to Digital	32		32			32	32
TumbaFest	60		60			60	60
Other Waste Management	5		5			5	5
Total Internally Restricted	15,917	(6,726)	9,191	(727)		8,464	9,191
⁽²⁾ Funds that Council has earmarked for a specific purpose							
Unrestricted	885		885	801		1,686	10,091
Total Cash & Investments	48,631		26,457			26,457	51,111

Cash & Investments Budget Review Statement

Investments

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

Cash

The Cash at Bank figure included in the Cash & Investment Statement totals \$51,111

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.
The date of completion of this bank reconciliation is 30/09/19

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows:	\$ 000's
Cash at Bank (as per bank statements)	14,693
Investments on Hand	36,418
Reconciled Cash at Bank & Investments	51,111
Balance as per Review Statement:	51,111
Difference:	-

Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

1	\$ (390,000)	Reduce reserve to fund redundancies
2	\$ (11,097)	Reduce Aerodrome reserve to fund disabled parking through operational budget
3	\$ (30,000)	Fund development of stage 3 Snowview Estate
4	\$ 2,000	Reduce reserve to fund marketing of Snowview Estate
5	\$ (5,000)	Additional funding required for the Batlow Literary Building
6	\$ (165,000)	Reduction in reserve to fund additional operational costs for swimming pools and swipe card access machine (capital project)
7	\$ (30,000)	Allocate funds to caravan park water mains
8	\$ (34,000)	Allocate funds to Batlow Irrigation
9	\$ (10,000)	Fund safety devices for sewer manholes
10	\$ (24,000)	Allocate funds to Talbingo Carpark lights
11	\$ (100,000)	Reduce Risk Management Reserve to fund Absestos Register

Key Performance Indicators Budget Review Statement - Industry KPI's (OLG)

Budget review for the quarter ended 30 September 2019

(\$000's)	Current Projection		Original Budget 19/20	Actuals Prior Periods	
	Amounts	Indicator		18/19	17/18
	19/20	19/20			

NSW Local Government Industry Key Performance Indicators (OLG):

1. Operating Performance

Operating Revenue (excl. Capital) - Operating Expenses	- 4,639	-9.91 %	-4.36 %	1.84 %	-7.95 %
Operating Revenue (excl. Capital Grants & Contributions)	46,806				

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

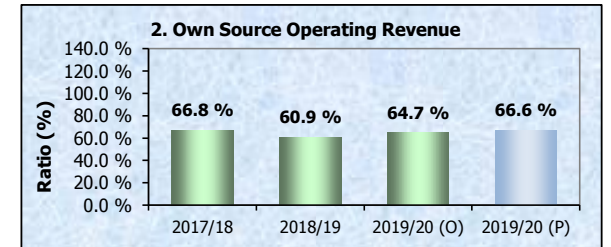
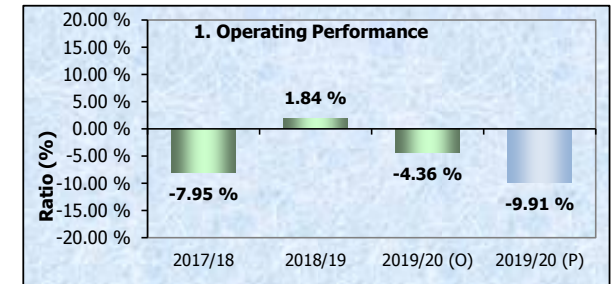
Benchmark for Operating Performance Ratio is >0.00%

2. Own Source Operating Revenue

Operating Revenue (excl. ALL Grants & Contributions)	31,686	66.6 %	64.7 %	60.9 %	66.8 %
Total Operating Revenue (incl. Capital Grants & Cont)	47,544				

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

Benchmark for Own Source Operating Ratio is >60.00%



Contracts Budget Review Statement

Budget review for the quarter ended 30 September 2019

Part A - Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Budgeted (Y/N)	Notes
Arcscape Landscape Services	Design and construction of Khancoban Streetscape Stage 1 and partial stage 2	328,578	25/07/19	Y	
Arcscape Landscape Services	Design and construction of the Talbingo Improvements to Public Areas	149,906	25/07/19	Y	

Consultancy & Legal Expenses Budget Review Statement

Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)	
Consultancies	\$	446,665
Legal Fees	\$	34,283

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.