



Quarterly Budget Review Statement

March 2019

2018 - 2019 Financial Year



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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:

31 March 2019

It is my opinion that the Quarterly Budget Review Statement for Bega Valley Shire Council for the quarter ended 31/03/19 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:  _____ CFO

date: 09/09/2019

Graham Stubbs
Responsible Accounting Officer

Income & Expenses Budget Review Statement

Budget review for the quarter ended 31 March 2019

Income & Expenses - Council Consolidated

(\$000's)	Original Budget 2018/19	Approved Changes				Revised Budget 2018/19	Variations for this Mar Qtr		Notes	Projected Year End Result	Budget YTD figures	Actual YTD figures
		Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS							
Income												
Rates and Annual Charges	50,179					50,179	(466)		2	49,713	50,179	49,713
User Charges and Fees	19,635					19,635	(750)		3	18,885	14,694	14,969
Interest and Investment Revenues	1,441					1,441	746		4	2,187	1,081	1,687
Other Revenues	1,023					1,023	-			1,023	746	739
Grants & Contributions - Operating	12,149				1,256	13,405	-		5	13,405	9,508	12,564
Grants & Contributions - Capital	19,428				20,938	40,366	(22,716)		6	17,650	14,946	15,373
Net gain from disposal of assets	-					-	-			-	-	-
Share of Interests in Joint Ventures	-					-	-			-	-	-
Total Income from Continuing Operations	103,855	-	-	-	22,194	126,049	(23,186)			102,863	91,154	95,045
Expenses												
Employee Costs	33,084				325	33,409	7,000		7	40,409	24,502	30,260
Borrowing Costs	1,937				-	1,937				1,937	1,450	1,058
Materials & Contracts	22,052				651	22,703	(3,000)		8	19,703	16,539	13,623
Depreciation	20,490				-	20,490	-		9	20,490	15,368	15,368
Other Expenses	8,573				225	8,798	(4,000)		9	4,798	6,430	3,919
Interest & Investment Losses	-				-	-				-	-	-
Net Loss from disposal of assets	-				-	-				-	-	-
Share of interests in Joint Ventures	-				-	-				-	-	-
Total Expenses from Continuing Operations	86,136	-	-	-	1,201	87,337	-			87,337	66,006	64,228
Net Operating Result from Continuing Operations	17,719	-	-	-	20,993	38,712	(23,186)			15,526	25,148	30,817
Discontinued Operations - Surplus/(Deficit)						-				-		
Net Operating Result from All Operations	17,719	-	-	-	20,993	38,712	(23,186)			15,526	25,148	30,817
Net Operating Result before Capital Items	(1,709)	-	-	-	55	(1,654)	(470)			(2,124)	10,202	15,444

Income & Expenses Budget Review Statement

(includes internal transactions)

Budget review for the quarter ended 31 March 2019

Income & Expenses - Council Consolidated

(\$000's)	Original	Approved Changes				Revised	Variations		Notes	Projected	Budget	Actual
	Budget 2018/19	Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Budget 2018/19	for this Mar	Qtr		Year End Result	YTD figures	YTD figures
Income												
Assets and Operations Coordination	2,243	-	-	-	-	2,243	-		1	2,243	1,683	3,080
Leisure and Recreation	6,339	-	-	-	255	6,594	-		10a	6,594	9,508	1,869
Project Development Services	9,502	-	-	-	-	9,502	-		11a	9,502	5,713	792
Sewer Services	18,492	-	-	-	1,132	19,624	-		12	19,624	13,869	17,651
Strategy and Asset Services	762	-	-	-	-	762	-		13	762	571	356
Transport Services	14,439	-	-	-	1,332	15,771	(3,464)		14	12,307	10,829	12,959
Waste Services	11,524	-	-	-	2,895	14,419	-		15a	14,419	8,640	10,393
Water Supplies	12,306	-	-	-	3,300	15,606	(750)		16a	14,856	9,226	10,226
Works Operations	10,631	-	-	-	13,225	23,856	(13,000)		17a	10,856	7,974	5,438
						-			18	-		
Business and Governance Coordination	441	-	-	-	-	441	-			441	330	268
Economic Development	719	-	-	-	-	719	-		19	719	540	1,989
Financial Management	6	-	-	-	-	6	-		19	6	5	26
Information, Communication and Technology	129	-	-	-	-	129	-		19	129	97	11
People and Governance	156	-	-	-	-	156	-		19	156	767	636
Fire and Emergency Services	866	-	-	-	-	866	-		19	866	650	464
						-				-		
Community, Environment and Planning Coordination	-	-	-	-	-	-	-		20	-	-	-
Communications and Events	12	-	-	-	-	12	-		20	12	9	15
Certification and Compliance	2,600	-	-	-	-	2,600	-		20	2,600	1,949	1,549
Community and Cultural Assets	42	-	-	-	-	42	-		20	42	30	26
Community Connections	4,093	-	-	-	-	4,093	-		20	4,093	3,070	5,693
						-				-		
Planning and Sustainability	765	-	-	-	55	820	-		20	820	-	-
						-				-		
Council Wide	24,133					24,133	6,288			30,421	22,940	25,762
Total Income from Continuing Operations	120,200	-	-	-	22,194	142,394	(10,926)			131,468	-	99,203

Expenses

Assets and Operations Coordination	690					690		690		517	688
Leisure and Recreation	5,903				225	6,128		6,128		4,427	4,186
Project Development Services	1,795	-	-	-	-	1,795	-	1,795	-	1,345	1,397
Sewer Services	11,855					11,855		11,855		8,891	6,806
Strategy and Asset Services	1,952					1,952		1,952		1,464	838
Transport Services	8,387					8,387		8,387		6,291	8,437
Waste Services	10,124				976	11,100		11,100		7,593	6,595
Water Supplies	7,846					7,846		7,846		5,884	3,580
Works Operations	7,109					7,109		7,109		5,332	4,212
						-		-			
Business and Governance Coordination	2,380					2,380		2,380		1,785	1,614
Business and Governance Coordination	1,520	-	-	-	-	1,520	-	1,520	-	1,140	1,145
Financial Management	1,049					1,049		1,049		787	855
Information, Communication and Technology	2,170					2,170		2,170		1,627	1,589
People and Governance	3,805					3,805		3,805		2,854	2,698
Fire and Emergency Services	981					981		981		736	1,119
						-		-			
Community, Environment and Planning Coordination	390					390		390		293	219
Communications and Events	440					440		440		330	323
Certification and Compliance	2,746	-	-	-	-	2,746	-	2,746	-	2,059	1,689
Community and Cultural Assets	138					138		138		566	121
Community Connections	5,206	-	-	-	-	5,206	-	5,206	-	3,906	6,526
						-		-			
Planning and Sustainability	3,425	-	-	-	-	3,425	-	3,425	-	2,109	2,135
						-		-			
Council Wide	30,610	-	-	-	-	30,610	(2,326)	28,284	-	6,084	7,459
Total Expenses from Continuing Operations	110,521	-	-	-	1,201	111,722	(2,326)	109,396	-	66,020	64,231
Net Operating Result from Continuing Operations	9,679	-	-	-	20,993	30,672	(8,600)	22,072		32,380	34,972
Discontinued Operations - Surplus/(Deficit)						-		-			
Net Operating Result from All Operations	9,679	-	-	-	20,993	30,672	(8,600)	22,072		32,380	34,972
Net Operating Result before Capital Items	(9,749)	-	-	-	55	(9,694)	14,116	4,422		17,434	19,599

Income & Expenses Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

1	Note: Reporting format is transitioning to reflect revised GL structure	
1a	Income General Note: Includes transfers from Reserves	
2	Rates and Annual Charges Annual Rates and charges are 0.9% lower than budget as at 31/03/19. This position is not expected to change significantly since the majority of rates have been invoiced for this financial year and any new rates will not have a material impact.	-466k
3	User Charges and Fes User Charges and Fees is tracking slightly over original budget YTD. However, projected year end is expected to be down due to lower than expected water and sewer receipts.	-750k
4	Interest and Investment Revenues Investment revenue is tracking above the original budget, due to interest realised from the additional grant funds invested. End of year resuklt is expected to increase \$746k.	746k
5	Grants & Contributions - Operating Revenue from operating grants continue to track higher than the original budget, but are on track with the Revised Budget.	
6	Grants & Contributions - Capital Revenue from capital Grants and Contributions is now tracking above the original budget, due to the realisation of some grants reported in the Q2 statement. As reported in Q2, year end result is difficult to forecast due to the timing of the funding deeds being received and evaluated. Consequently, the \$13m revised in Q2 will not be realised until next FY.State grants (\$10m) were received during Q3, but these funds won't be utilised until next FY. Finally, capital works of \$3.5m will need to be carried over to next FY. \$6.451m of re-votes requested from Q2 will not be used this FY. Finally, capital works of \$4.795m will need to be carried over to next FY, comprising: BRIDGES ON SEALED RURAL ROADS - LOCAL BRIDGES ON SEALED RURAL ROADS - REGIONAL BRIDGES ON UNSEALED RURAL ROADS - LOCAL CYCLEWAYS NOT ON ROAD RESERVE ROADS RURAL SEALED REGIONAL ROADS RURAL UNSEALED LOCAL ROADS RURAL UNSEALED REGIONAL TOWN CENTRE CARPARKS WHARVES, JETTIES & BOATRAMPs	-22,716k <

10	Assets and Operations Group	
a	Overall Revenue is above budget due to grant funding.	
b	Overall expenses are down 10% ytd, mainly due to underspends in water and sewer.	
11	Leisure & Recreation	
a	Revenue is expected to be at the Revised Budget by end of year.	
b	Expenses are over budget, but are predominately capital. Operating expenses are above budget due to increased maintenance.	
12	Project Development Services	
a	Net proceeds from insurance claim, flood event Zingel Place building (Administration Buildings).	100k
b	Flood works still to be committed (Administration Buildings).	80k
13	Sewer Services	
	Revenue up due to timing of rate notices and slight increase in s94 contributions and expense is down. However, both are expected to be near to budget by year end. .	
14	Strategy and Asset Services	
	Revenue is down, but is expected to be near budget by year end.	
	Expenses are also down due to diversion of resources to other areas.	
15	Transport Services	
a	Revenue up due to receipt of State grant	
b	Expenses up due to diversion to increased maintenance expenses instead of capital.	
16	Waste Services	
a	Revenue is up YTD, but is expected to be near budget by end of year since rates have been levied for the year.	
b	Expenses are within budget and are expected to be within budget for the remainder of the year.	
17	Water Supplies	
a	Revenue: Annual Rates and charges are above YTD budget. However, this position is expected to be near budget by end of year since the majority of rates have been invoiced for this financial year and there is a sight increase in user receipts.	
b	Expenses are under budget YTD, but are expected to be near budget when end of year processing is complete.	
18	Works Operations	
	Works income and expenditure levels are both below budget and are expected to remain within budget as an overall result for the full year.	
19	Business and Governance	
	Expenditure to date is slightly above budget, but is expected to fall within budget for the full year.	
20	Community, Environment and Planning	
	Revenue and expense is up \$2m YTD, however this is due to NDIS and will be neutralised by year end.	

Capital Budget Review Statement

Budget review for the quarter ended 31 March 2019

Capital Budget - Council Consolidated

Choice: Council Consolidated

(\$000's)	Original	Approved Changes					Revised	Variations for this Mar Qtr	Notes	Projected	Budget	Actual
	Budget 2018/19	Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS	Budget 2018/19			Year End Result	YTD figures	YTD figures
Capital Funding												
Capital Grants & Contributions	19,928				21,914		41,842	(22,716)	1	19,126	14,946	15,373
New Loans	-				-		-			-		
Receipts from Sale of Assets												
- Plant & Equipment					171		171			171	-	171
- Land & Buildings	1,250				-		1,250			1,250	938	1,817
- Other	-						-			-		
Other Funding	23						23			23	-	-
Reserves FROM:	-						-	6,252	1	6,252	11,633	(5)
Total Capital Funding	21,201	-	-	-	22,085	-	43,286	(16,464)		26,822	27,517	17,356
Capital Expenditure												
Employee Costs	1,009						1,009			1,009	757	1,861
Materials & Contracts	30,920	-	-	-	20,688	-	51,608	(16,464)	1	47,103	30,233	13,538
Loan Repayments (Principal)	3,829				-		3,829			3,829	2,811	-
Reserves TO:	9,389						9,389			9,389	7,332	(10)
Total Capital Expenditure	45,147	-	-	-	20,688	-	65,835	(16,464)		61,330	41,133	15,389
Net Capital Funding - Surplus/(Deficit)	(23,946)	-	-	-	1,397	-	(22,549)	-		(34,508)	(13,616)	1,967
Total capital expense is made up of:												
Renewals	30,709				14,443		45,152			45,152		
Upgrades												
New Assets	14,438				6,245		20,683			20,683		
Total	45,147	-	-	-	20,688	-	65,835	(16,464)		61,330	41,133	15,389

Capital Budget Review Statement**Recommended changes to revised budget**

Budget Variations being recommended include the following material items:

Notes Details

1	Grants & Contributions - Capital	-16,464k
	Revenue from capital Grants and Contributions is now tracking above the original budget, due to the realisation of some grants reported in the Q2 statement.	
	As reported in Q2, year end result is difficult to forecast due to the timing of the funding deeds being received and evaluated. Consequently, the \$13m revised in Q2 will not be realised until next FY. State grants (\$10m) were received during Q3, but these funds won't be utilised until next FY. Finally, capital works of \$3.5m will need to be carried over to next FY.	
	\$6.451m of re-votes requested from Q2 will not be used this FY.	
	Finally, capital works of \$4.795m will need to be carried over to next FY, comprising:	
	BRIDGES ON SEALED RURAL ROADS - LOCAL	-131k
	BRIDGES ON SEALED RURAL ROADS - REGIONAL	-785k
	BRIDGES ON UNSEALED RURAL ROADS - LOCAL	-305k
	CYCLEWAYS NOT ON ROAD RESERVE	-2,599k
	ROADS RURAL SEALED REGIONAL	-702k
	ROADS RURAL UNSEALED LOCAL	-144k
	ROADS RURAL UNSEALED REGIONAL	-53k
	TOWN CENTRE CARPARKS	-58k
	WHARVES, JETTIES & BOATRAMPs	-18k

Cash & Investments Budget Review Statement
Comment on Cash & Investments Position

Councils investments continue to exceed the balance of reserves and will continue to do so for the rest of the year.

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 \$89,390,436

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.
 The date of completion of this bank reconciliation is 29/03/18

Reconciliation Status

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

			\$ 000's
Cash at Bank (as per bank statements)			2,389
Invstments on Hand			86,959
less: Unpresented Cheques	(Timing Difference)		(3)
add: Undeposited Funds	(Timing Difference)		45
Reconciled Cash at Bank & Investments			89,390
Balance as per Review Statement:			89,390
Difference:			(0)

Key Performance Indicators Budget Review Statement - Council KPI's

Budget review for the quarter ended 31 March 2019

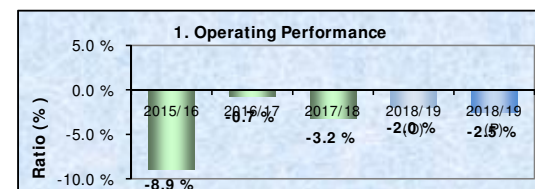
(\$000's)	Current Projection		Original Budget 18/19	Actuals Prior Periods	
	Amounts 18/19	Indicator 18/19		17/18	16/17

NSW Local Government Industry Key Performance Indicators (OLG):

1. Operating Performance

Operating Revenue (excl. Capital) - Operating Expenses	-2124	-2.5 %	-2.0 %	-3.2 %	-0.7 %
Operating Revenue (excl. Capital Grants & Contributions)	85213				

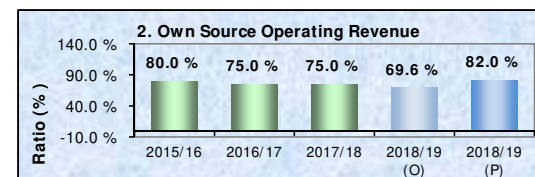
This ratio measures Council's achievement of containing operating expenditure within operating revenue and whilst Council is still in a small deficit the trend over the series is toward a breakeven point



2. Own Source Operating Revenue

Operating Revenue (excl. ALL Grants & Contributions)	85213	82.0 %	69.6 %	75.0 %	75.0 %
Total Operating Revenue (incl. Capital Grants & Cont)	103855				

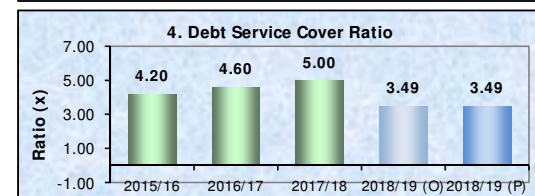
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions. Council's Own Source Revenue is over the benchmark of 60% and is expected to continue to exceed the benchmark.



4. Debt Service Cover Ratio

Operating Result before Interest & Dep. exp (EBITDA)	20718	3.49	3.49	5.00	4.60
Principal Repayments + Borrowing Interest Costs	5940				

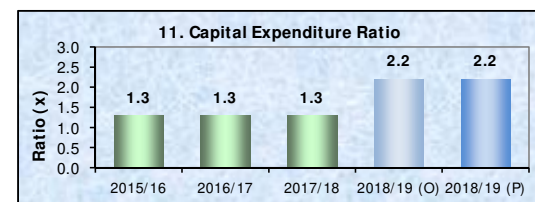
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. Council's debt service ratio is above the benchmark indicating strong capacity of Council to service its borrowing repayments. It is expected this KPI will remain above the benchmark in the foreseeable future



11. Capital Expenditure Ratio

Annual Capital Expenditure	45147	2.2	2.2	1.3	1.3
Annual Depreciation	20490				

To assess the extent to which a Council is expanding its asset base through capital expenditure on both new assets and the replacement and renewal of existing assets.



Contracts Budget Review Statement

Budget review for the quarter ended 31 March 2019
Part A - Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Budgeted (Y/N)	Notes
Joss Construction	Merimbula Airport Extension	\$2,389,251	Y	
GJ & C Clarke Building Pty Lts	Retaining Wall	\$8,000	Y	
Western Safety Barriers Group	Installation of Guardrail	\$1,226,123	Y	

Quarterly Budget Review Statement
for the period 01/01/19 to 31/03/19**Consultancy & Legal Expenses Budget Review Statement**

Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	1,436,000	y
Legal Fees	461,000	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: