



QUARTERLY BUDGET REVIEW STATEMENT

For the period 1 Sept - 31 December 2018

Operational Plan 2018/19



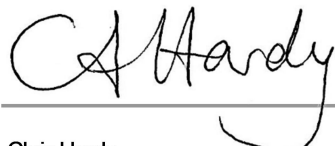
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Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

31 December 2018

It is my opinion that the Quarterly Budget Review Statement for Wollondilly Shire Council for the quarter ended 31/12/18 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: 
Clair Hardy
Acting Responsible Accounting Officer

date: 8-Feb-19

Income & Expenses Budget Review Statement

Budget review for the quarter ended 31 December 2018

Income & Expenses - General Fund

(\$000's)	Original Budget 2018/19	Approved Changes		Revised Budget 2018/19	Variations for this Dec Qtr	Notes	Projected Year End Result	Actual YTD figures
		Other than by QBRS	Sep QBRS					
Income								
Rates and Annual Charges	44,278		488	44,766	(286)	1	45,052	22,262
User Charges and Fees	6,265		162	6,427	(172)	2	6,599	3,384
Interest and Investment Revenues	2,288		2	2,290	-	3	2,290	994
Other Revenues	808		51	859	(183)	4	1,042	685
Grants & Contributions - Operating	7,037		(1,516)	5,521	(114)	5	5,635	3,143
Grants & Contributions - Capital	2,620	477	3,895	6,992	(3,524)	6	10,516	5,848
Total Income from Continuing Operations	63,296	477	3,082	66,855	(4,279)		71,134	36,316
Expenses								
Employee Costs	24,279		(338)	23,941	245	7	23,696	11,573
Borrowing Costs	726			726	3	8	723	374
Materials & Contracts	14,911		2,012	16,923	(510)	9	17,433	7,281
Depreciation	12,580		1,395	13,975	-	10	13,975	6,987
Legal Costs	799		27	826	(56)	11	882	477
Consultants	566		210	776	(196)	12	972	404
Other Expenses	5,691		58	5,749	(100)	13	5,849	3,316
Total Expenses from Continuing Operations	59,552	-	3,364	62,916	(614)		63,530	30,412
Net Operating Result from Continuing Operations	3,744	477	(282)	3,939	(3,665)		7,604	5,904
Discontinued Operations - Surplus/(Deficit)				-			-	
Net Operating Result from All Operations	3,744	477	(282)	3,939	(3,665)		7,604	5,904
Net Operating Result before Capital Items	1,124	-	(4,177)	(3,053)	(141)		(2,912)	56

Income & Expenses Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

1	<p>Rates & Annual Charges Increased income from domestic waste charges and stormwater charges as a result of supplementary levies and changes to the number and type of bin services by ratepayers.</p>
2	<p>User Charges & Fees Increases in income are expected from building and development fees as a result of increased growth in the Shire (\$140K); commercial tipping fees (\$20K); stall holder fees (\$15K); animal registrations (\$20K); penalty income (\$10K); various certificate and inspection income (\$12K). Fee income that is expected to decrease includes: children's services user fees(\$9K); contract works income (\$30K) and vehicle servicing income (\$5K)</p>
3	<p>Interest and Investment Revenue No variation this quarter.</p>
4	<p>Other Operating Revenues Increases in operating revenue is expected in relation to Insurance rebate for good claims history (\$138K); sponsorship income (\$13K); general sales income (\$11K) and the reimbursement of legal costs (\$20K).</p>
5	<p>Operating Grants and Contributions Council received additional operating grants and contributions in relation to bushfire hazard reduction (\$101K); a review of Children's services (\$27K) and a tourism grant (\$8K). Grant income is expected to reduce in relation to community projects (a budgeted \$5K CASP grant will not be received in this financial year) and Occasional Care funding (\$6K). Also, the maintenance contribution received from the Rural Fire Service towards maintenance of the RFS fleet was \$12K lower than expected.</p>
6	<p>Capital Grants & Contributions Contributions from developers are expected to increase by \$3M as a result of increased development in the Shire. Additional grant funding has been allocated for Remembrance Drive at Razorback (\$84K) and disaster recovery funding for work at Moreton Park Road at Douglas Park (\$476K). Proposed grant funding for way finding signs is not expected to be received (\$25K).</p>
7	<p>Employee Costs Employee costs have decreased as a result of staff vacancies. Salary savings have been used to offset external labour hire and other recruitment costs required as Council continues to recruit staff to fill the current vacancies.</p>
8	<p>Borrowing Costs Borrowing costs reduced in this quarter due to an expected reduction in the use of Council's overdraft facility.</p>
9	<p>Materials & Contracts The main areas where increases in materials and contract costs occurred are: external labour hire costs as a result of staff vacancies (\$122K); strategic planning project contractors (including finalisation of the developer contribution plan review) (\$79K); contractors to carry out hazard reduction work (\$104K); equipment repairs and maintenance (\$23K); information technology costs (including computer software and licences, equipment leases and internet costs) (\$32K); external plant and equipment hire (\$63K); minor equipment purchases (\$51K); security contractors (\$8K); vet services (\$10K); promotional materials and external printing (\$14K); tree maintenance contractors (\$29K); vehicle maintenance costs (\$28K); catering costs including bushfire incident catering (\$18K) and other road maintenance expenses including traffic control contractors and signs(\$44K). Memberships and subscriptions are expected to reduce by \$62K with the disbanding of MACROC. Other costs expected to reduce include mowing costs (\$11K), waste contractor costs (\$19K), aquatic centre costs (\$5K) and environment project costs (\$42K).</p>
10	<p>Depreciation No variation this quarter.</p>
11	<p>Legal Expenses There was an expected increase in legal costs in relation to planning and compliance matters (\$67K) and an increase in legal costs in relation to various governance matters (\$78K).</p>
12	<p>Consultants Additional consultants have been required in relation to Council service reviews (\$15K), administration and governance projects (\$49K), planning & development consultants (\$45K); human resource consultants (\$23K); waste projects (\$29K); future infrastructure requirement reviews (\$63K).</p>
13	<p>Other Expenses Areas where costs are expected to increase include: advertising (\$23K); licence fees (\$51K); contribution payments (\$41K); fines and penalty payments (\$5K). It is expected that utility costs will increase by \$39K. Expenses expected to decrease include tipping fees (\$30K) and vehicle registration and insurance (\$31K).</p>

Capital Budget Review Statement

Budget review for the quarter ended 31 December 2018

Capital Budget - General Fund

(\$000's)	Original Budget 2018/19	Approved Changes		Variations for this Dec Qtr		Projected Year End Result	Actual YTD figures
		Other than by QBRs	Sep QBRs	Dec	Qtr		
Capital Expenditure							
New Assets							
- Plant & Equipment	610	314	64	54	1,042	715	
- Land & Buildings	-	500	14	(350)	164	14	
- Roads , Bridges & Footpaths	730	179		-	909	97	
- Recreation	2,275	745	52	350	3,422	1,519	
- Other	50		54	(50)	54	9	
Renewal Assets (Replacement)							
- Plant & Equipment					-		
- Land & Buildings	750	25	10	143	928	510	
- Roads, Bridges, Footpaths	10,862	2,182	307	244	13,595	6,123	
- Recreation	350	25	139	24	538	502	
- Environment	204	150	54	(100)	308	170	
Loan Repayments (Principal)	1,668	-	-	-	1,668	404	
Total Capital Expenditure	17,499	4,120	694	315	22,628	10,063	
Capital Funding							
Rates & Other Untied Funding	11,142	1,668		150	12,960	6,115	
Capital Grants & Contributions	1,620	477	1,822	59	3,978	1,474	
Reserves:							
- External Restrictions/Reserves	3,572	1,470	103	(1,516)	3,629	1,291	
- Internal Restrictions/Reserves	1,165	505	(1,231)	1,622	2,061	1,183	
New Loans							
Receipts from Sale of Assets							
- Plant & Equipment					-		
- Land & Buildings					-		
Total Capital Funding	17,499	4,120	694	315	22,628	10,063	
Net Capital Funding - Surplus/(Deficit)	-	-	-	-	-	-	

Capital Budget Review Statement
Recommended changes to revised budget

Budget variations being recommended include the following material items:

Program	Original Budget	Revised Budget previously adopted*	Sept Review Budget	Proposed Budget as at Dec QR	Proposed Variation
Road Renewal Program No variation proposed at this quarterly review.	8,800,500	9,632,148	9,890,416	9,890,416	0
Road Upgrade Program Additional Developer contribution funding available towards intersection upgrade at Prince Street Picton.	250,000	1,580,000	1,580,000	1,780,000	200,000
Bridges Program No variation proposed at this quarterly review.	883,500	883,500	883,500	883,500	0
Kerb & Gutter (new) No variation proposed at this quarterly review.	300,000	300,000	300,000	300,000	0
Kerb & Gutter (renewal) Minor adjustment to the finalisation of the Abelia Street Tahmoor kerb & gutter project from the 2017/18 program as outstanding orders and commitments were finalised.	365,000	365,000	413,555	416,894	3,339
Footpaths & Cycleways (new) No variation proposed at this quarterly review.	380,000	558,640	558,640	558,640	0
Footpaths & Cycleways (renewal) Additional work required to complete work at Denmead Street, Thirlmere to construct driveway crossovers to meet design standards.	300,000	300,000	300,000	315,820	15,820
Public Transport Facilities No variation proposed at this quarterly review.	53,000	73,000	73,000	73,000	0
Traffic Facilities (new) No variation proposed at this quarterly review.	50,000	50,000	50,000	50,000	0
Traffic Facilities (renewal) No variation proposed at this quarterly review.	210,000	210,000	210,000	210,000	0
Open Space Projects (new) Revised scope of work to be completed in 2018/19 at Cubbitch Barta Reserve at Bridgewater. Also work is to commence on stage 1 of the development of master plans for the Picton cultural precinct and Tahmoor sportsground. These projects are part of the Wollondilly Liveability Program which is partly funded by the State Government.	2,275,000	3,020,000	3,072,342	3,421,992	349,650
Open Space Projects (renewal) Development of master plan for Appin Park added to the program.	350,000	375,000	513,517	538,526	25,009
Building Renewal Program (new) Revised scope of work to be completed in 2018/19 at Wilton Recreation Reserve.	0	500,000	514,375	164,375	(350,000)
Building Renewal Program (renewal) Projects added include the construction of a bunker cover for road materials and pallet racking at Council's depot. The scope of work has been revised for the replacement of the public toilets at Willis park and also changes to Council's administration building to accommodate additional staff. These projects are funded from restricted cash.	750,000	775,000	784,850	927,817	142,967
Plant Fleet Additional replacement vehicle is required and it is proposed to purchase a drone to assist with mapping work. These purchases are funded from restricted cash.	500,000	813,821	817,748	870,956	53,208
Car Fleet No variation proposed at this quarterly review.	110,000	110,000	170,651	170,651	0
Stormwater Improvement Program Revised scope of projects to be delivered in 2018/19.	204,000	204,000	204,000	104,000	(100,000)
Other Projects The project budget for the construction of way finding signs has been revised as the proposed grant funding has not been received.	50,000	200,000	308,012	283,247	(24,765)
	15,831,000	19,950,109	20,644,606	20,959,834	315,228

Cash & Investments Budget Review Statement

Budget review for the quarter ended 31 December 2018

Cash & Investments - make a choice >>>

(\$000's)	Original Budget 2018/19	Approved Changes Sep QBRS	Revised Budget 2018/19	Variations for this Dec Qtr	Notes Projected Year End Result	Actual YTD figures
Externally Restricted ⁽¹⁾						
Domestic Waste Management	8,627	232	8,859	(114)	8,745	8,423
Stormwater Management	670	(30)	640	99	739	599
Developer Contributions	25,957	797	26,754	2,750	29,504	28,378
Unexpended Grants & Contributions	3,889	(2,147)	1,742	8	1,750	1,750
Total Externally Restricted	39,143	(1,148)	37,995	2,743	40,738	39,150
(1) Funds that must be spent for a specific purpose						
Internally Restricted ⁽²⁾						
Recreation	421	(81)	340	(45)	295	295
Sportsgrounds	674	-	674	-	674	674
Effluent Disposal	191	(22)	169	-	169	169
Animal Management	20	-	20	-	20	20
Legal & Risk	578	(59)	519	(60)	459	459
Asset Maintenance	3,322	(1,228)	2,094	868	2,962	2,962
Golf Club Maintenance	85	24	109	-	109	109
Plant & Vehicle Replacement	1,821	(639)	1,182	(83)	1,099	1,099
Leisure Centre Improvements	513	-	513	-	513	513
Information Technology	123	1	124	(56)	68	68
Employee Leave Entitlements	2,732	-	2,732	-	2,732	2,732
Organisational Development	718	(604)	114	13	127	127
Property	2,359	9	2,368	(39)	2,329	1,923
Royalties	1,116	20	1,136	-	1,136	981
Roads	312	8	320	-	320	312
Tourism & Economic Development	254	(50)	204	(13)	191	191
Election	200	75	275	-	275	275
Infrastructure Projects	1,697	(1,399)	298	1,246	1,544	1,544
Sustainability Savings	449	(235)	214	(15)	199	199
Growth Management Strategy	560	(278)	282	100	382	382
Work in Progress	533	(303)	230	(69)	161	161
Cemetery Maintenance	186	(25)	161	7	168	168
Other	-	-	-	-	-	-
Total Internally Restricted	18,864	(4,786)	14,078	1,854	15,932	15,363
(2) Funds that Council has earmarked for a specific purpose						
Unrestricted (ie. available after the above Restricti	1,145	1,150	2,295	3,445	2	15,969
Total Cash & Investments	59,152	(4,784)	54,368	(4,784)	56,672	70,482

Cash & Investments Budget Review Statement

Comment on Cash & Investments Position

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 \$345,417

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.
The date of completion of this bank reconciliation is 03/01/19

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows: **\$ 000's**

Cash at Bank (as per bank statements)		345
Investments on Hand		69,484
less: Unpresented Cheques	(Timing Difference)	(49)
add: Undeposited Funds	(Timing Difference)	12
less: Identified Deposits (not yet accounted in Ledger)	(Require Actioning)	224
add: Identified Outflows (not yet accounted in Ledger)	(Require Actioning)	466
less: Unidentified Deposits (not yet actioned)	(Require Investigation)	
add: Unidentified Outflows (not yet actioned)	(Require Investigation)	
Reconciled Cash at Bank & Investments		70,482
Balance as per Review Statement:		70,482
Difference:		-

Quarterly Budget Review Statement
for the period 01/10/18 to 31/12/18

Key Performance Indicators Budget Review Statement for Quarter ended 31 December 2018

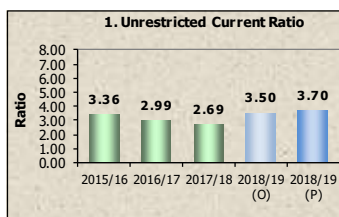
(\$000's)	Current Projection		Original Budget 18/19	Actuals Prior Periods		Industry Benchmark
	Amounts 18/19	Indicator 18/19		17/18	16/17	

The Council monitors the following Key Performance Indicators:

1. Unrestricted Current Ratio

Current Assets less all External Restrictions	52,540	3.70	3.50	2.69	2.99	1.50
Current Liabilities less Specific Purpose Liabilities	14,182					

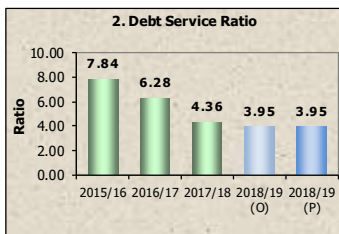
This indicator assesses the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.



2. Debt Service Ratio

Debt Service Cost	2,394	3.95	3.95	4.36	6.28	<10.00
Operating Revenue	60,618					

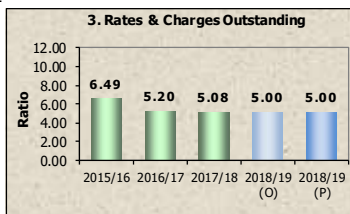
This indicator assesses the impact of loan principal & interest repayments on the discretionary revenue of Council.



3. Rates & Charges Outstanding

Rates, Annual & Extra Charges Outstanding	2,252	5.00	5.00	5.08	5.20	<5.00
Rates, Annual & Extra Charges Collectible	45,052					

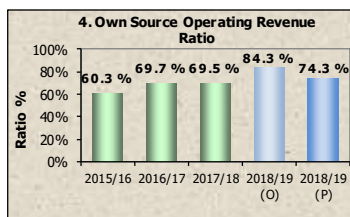
This indicator assesses the impact of uncollected rates & annual charges on Council's liquidity & the adequacy of recovery efforts.



4. Own Source Operating Revenue Ratio

Rates & Annual Charges	45,052	74.3 %	84.3 %	69.5 %	69.7 %
Operating Revenue	60,618				

This indicator assesses the degree of Council's dependence upon external funding sources such as operating grants and contributions.

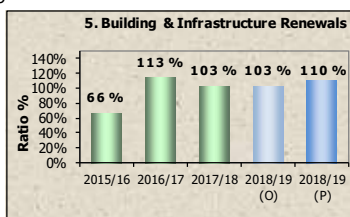


5. Building & Infrastructure Renewals

Asset Renewals (Building & Infrastructure)	15,369	110 %	103 %	103 %	113 %	(1)
Depreciation, Amortisation & Impairment	13,975					

This indicator assesses the rate at which these assets are being renewed relative to the rate at which they are depreciating.

(1) Industry average is 84.4%. Preferred figure is 100%



Contracts Budget Review Statement

Budget review for the quarter ended 31 December 2018

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

Contractor	Contract detail & purpose	Contract Value	Start Date of Contract	Duration	Budgeted (Y/N)	Notes
Kamen Engineering	Pavement testing - various areas	62,859	04/10/18	4 mths	Y	
Swanshore Pty Ltd	Installation of fitness equipment at Cubbich Barta Reserve	62,273	04/10/18	2 mths	Y	
Agriquip Machinery	Purchase of John Deere Cab Tractor	107,313	23/10/18	3 mths	Y	
Agriquip Machinery	Purchase of telescopic reach arm mower	80,850	23/10/18	3 mths	Y	
SLR Consulting Australia Pty Ltd	Development of Picton Town Centre Transport Plan	72,644	08/11/18	3 mths	Y	
Microsystems Pty Ltd	Scanning of microfiche records	80,004	11/12/18	1 mth	Y	
Dwyers Truck Centre	Purchase of Izuzu crew cab truck	60,436	18/12/18	1 mth	Y	

Notes:

1. Minimum reporting level is 1% of estimated income from continuing operations of Council or \$50,000 - whatever is the lesser.
2. Contracts listed are those entered into during the quarter being reported and exclude contractors on Council's Preferred Supplier list.
3. Contracts for employment are not required to be included.

Consultancy & Legal Expenses Budget Review Statement

Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	403,704	Y
Legal Fees	477,072	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.