



QUARTERLY BUDGET REVIEW STATEMENT

For the period 1 July - 30 September 2018

Operational Plan 2018/19



Table of Contents

page

1. Responsible Accounting Officer's Statement	1
2. Income & Expenses Budget Review Statement	1
3. Capital Budget Review Statement	3
4. Cash & Investments Budget Review Statement	5
5. Key Performance Indicator (KPI) Budget Review Statement	7
6. Contracts & Other Expenses Budget Review Statement	8

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 Wollondilly Shire Council for the quarter ended 30/09/18 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: _____



date: 16-Nov-18

Ashley Christie
Responsible Accounting Officer

Income & Expenses Budget Review Statement

Budget review for the quarter ended 30 September 2018

Income & Expenses

(\$000's)	Original Budget 2018/19	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
Income					
Rates and Annual Charges	44,278	488	1	44,766	14,769
User Charges and Fees	6,265	162	2	6,427	1,756
Interest and Investment Revenues	2,288	2	3	2,290	497
Other Revenues	808	51	4	859	326
Grants & Contributions - Operating	7,037	(1,516)	5	5,521	1,386
Grants & Contributions - Capital	2,620	4,372	6	6,992	3,181
Total Income from Continuing Operations	63,296	3,559		66,855	21,915
Expenses					
Employee Costs	24,279	(338)	7	23,941	5,664
Borrowing Costs	726	-	8	726	190
Materials & Contracts	14,911	2,012	9	16,923	2,456
Depreciation	12,580	1,395	10	13,975	3,494
Legal Costs	799	27	11	826	158
Consultants	566	210	12	776	168
Other Expenses	5,691	58	13	5,749	2,005
Total Expenses from Continuing Operations	59,552	3,364		62,916	14,135
Net Operating Result from Continuing Operations	3,744	195		3,939	7,780
Discontinued Operations - Surplus/(Deficit)	-	-		-	-
Net Operating Result from All Operations	3,744	195		3,939	7,780
Net Operating Result before Capital Items	1,124	(4,177)		(3,053)	4,599

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 rezoning fees (\$123K), building and development fees as a result of increased growth in the Shire (\$15K), commercial tipping fees (\$21K), various inspection fees (\$3K) and animal registration fees (\$7K). Children's Services educator fees are expected to decrease by \$10K.</p>
3	<p>Interest and Investment Revenue Minor variation only.</p>
4	<p>Other Operating Revenues Increases in operating revenue is expected in relation to environmental study fees (\$28K) and the reimbursement of legal costs (\$23K).</p>
5	<p>Operating Grants and Contributions Council received additional operating grants and contributions in relation to the Better Waste and Recycling program (\$87K) and an initial \$250K grant payment from the State Government towards the development of a new Local Environment Plan. Council has also been allocated a grant of \$37.5K in 2018/19 to pursue a Plan of Management for Mermaids Pool (a further \$37.5K is to be received in 2019/20) and \$25K is to be received in 2018/19 from South West Sydney Health District towards a joint funded Health Planner position. Council received a prepayment of 50% of its 2019/20 Financial Assistance Grant allocation in June 2017/18 resulting in a budget decrease by \$1,900K in this financial year.</p>
6	<p>Capital Grants & Contributions Additional funding has been allocated in relation to the following projects: Walton Street lighting (\$179K); building projects (\$100K); traffic facilities improvements (\$20K) and Remembrance Drive at Cawdor (\$87K). Federal Black Spot funding has been allocated for Remembrance Drive at Cawdor and Silverdale Road, Silverdale (\$1,130K). Contributions from developers are expected to increase by \$2.25M as a result of increased development in the Shire. Note that these figures include grants for projects that were approved in the July and October Council meetings.</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 No variation this quarter.</p>
9	<p>Materials & Contracts The increases in materials and contract costs occurred in the following areas: external labour hire costs as a result of staff vacancies (\$275K); waste contractors (\$927K); information system contractors (\$45K), strategic planning project contractors (including finalisation of the developer contribution plan review and the commencement of the local environment plan review) (\$350K), environmental project contractors in relation to the koala conservation plan project, wild deer project and Stonequarry Creek project (\$262K), plans of management for Mermaids Pool (\$37.5K) and an allocation of \$20K for community engagement in relation to the Warragamba Dam Wall Raising campaign. Projects carried forward from 2017/18 include contractors for community wellbeing projects at Wilton (\$30K) and memorial trees project at Thirlmere cemetery (\$19K).</p>
10	<p>Depreciation At the end of the 2017/18 financial year, Council revalued the future cost to remediate each of its landfill and effluent pond sites which has resulted in a material increase in Council's annual depreciation charge. Council also revalued all of its buildings which further increased annual depreciation.</p>
11	<p>Legal Expenses There was an expected reduction in legal costs in relation to planning and compliance matters (\$14K) and an increase in legal costs in relation to various governance matters (\$40K).</p>
12	<p>Consultants Additional consultants have been required in relation to Council service reviews (\$58K), governance investigations (\$55K), environmental studies (\$20K) and planning & development consultants (\$20K). Also, some amounts originally budgeted as contractor costs have been regategorised as consultancy costs.</p>
13	<p>Other Expenses Council's insurance provider has advised of an increase in insurance costs for the coming year (\$17K). Other areas where costs are expected to increase include function attendance costs (\$5K), committee attendance payments (\$20K), sponsorship payments (\$30K), advertising costs (\$12K) and EPA costs (\$22K). It is expected that utility costs will decrease by \$30K.</p>

Capital Budget Review Statement

Budget review for the quarter ended 30 September 2018

Capital Budget

(\$000's)	Original Budget 2018/19	Revised Budget 2018/19	Variations for this Sep Qtr	Projected Year End Result	Actual YTD figures
Capital Expenditure					
New Assets					
- Plant & Equipment	610	924	64	988	482
- Land & Buildings	-	500	14	514	14
- Roads, Bridges, Footpaths	730	909	-	909	-
- Recreation	2,275	3,020	52	3,072	124
- Other	50	50	54	104	-
Renewal Assets (Replacement)					
- Land & Buildings	750	775	10	785	228
- Roads, Bridges, Footpaths	10,862	13,044	307	13,351	2,588
- Recreation	350	375	139	514	406
- Environment	204	354	54	408	116
Loan Repayments (Principal)	1,668	1,668	-	1,668	404
Total Capital Expenditure	17,499	21,619	694	22,313	4,362
Capital Funding					
Rates & Other Untied Funding	11,142	11,142	-	11,142	3,078
Capital Grants & Contributions	1,620	2,097	1,822	3,919	28
Reserves:					
- External Restrictions/Reserves	3,572	5,042	103	5,145	385
- Internal Restrictions/Reserves	1,165	3,338	(1,231)	2,107	871
New Loans	-	-	-	-	-
Total Capital Funding	17,499	21,619	694	22,313	4,362
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*	Proposed Budget as at Sept QR	Proposed Variation
Road Renewal Program Finalisation of projects from 2017/18 program: Moreton Park Road landslip rectification; Finns Road Menangle pavement reconstruction; Mayfarm Road pavement reconstruction; and Blaxland Crossing Bridge bearing	8,800,500	9,632,148	9,890,416	258,268
Road Upgrade Program No variation proposed at this quarterly review.	250,000	1,580,000	1,580,000	0
Bridges Program No variation proposed at this quarterly review.	883,500	883,500	883,500	0
Kerb & Gutter (new) No variation proposed at this quarterly review.	300,000	300,000	300,000	0
Kerb & Gutter (renewal) Finalisation of the Abelia Street Tahmoor kerb & gutter project from the 2017/18 program.	365,000	365,000	413,555	48,555
Footpaths & Cycleways (new) No variation proposed at this quarterly review.	380,000	558,640	558,640	0
Footpaths & Cycleways (renewal) No variation proposed at this quarterly review.	300,000	300,000	300,000	0
Public Transport Facilities No variation proposed at this quarterly review.	53,000	73,000	73,000	0
Traffic Facilities (new) No variation proposed at this quarterly review.	50,000	50,000	50,000	0
Traffic Facilities (renewal) No variation proposed at this quarterly review.	210,000	210,000	210,000	0
Open Space Projects (new) Bargo Skate Park - new shelter and maintenance to skate facility deferred from 2017/18 program and completed in 2018/19.	2,275,000	3,020,000	3,072,342	52,342
Open Space Projects (renewal) Development of master plans for various parks and reserves, funded from developer contributions.	350,000	375,000	513,517	138,517
Building Renewal Program (new) Installation of a forklift loading platform at Council depot to address WH&S risks (funded from Risk Management Restricted Cash).	0	500,000	514,375	14,375
Building Renewal Program (renewal) Repairs to concrete pathway and fencing at the Animal Shelter to address WH&S risks (funded from Risk Management Restricted Cash).	750,000	775,000	784,850	9,850
Plant Fleet Minor WH&S projects to improve workplace safety.	500,000	813,821	817,748	3,927
Car Fleet Adjustment to scheduled timing of replacement of some of Council's vehicles, funded from vehicle replacement reserve. Proceeds from trade-in of old vehicles will contribute to the replenishment of the reserve.	110,000	110,000	170,651	60,651
Stormwater Improvement Program No variation proposed at this quarterly review.	204,000	204,000	204,000	0
Other Projects Retention money transferred to provision in relation to a project from the 2017/18 program.	50,000	200,000	308,012	108,012
	15,831,000	19,950,109	20,644,606	694,497

* Note: \$1,285,288 additional works were introduced to the Capital Works Program at the July Council Meeting and an additional \$2,833,821 was added in the October Council meeting.

Cash & Investments Budget Review Statement

Budget review for the quarter ended 30 September 2018

Cash & Investments - Council Consolidated

(\$000's)	Original Budget 2018/19	Variations for this Sep Qtr	Projected Year End Result	Actual YTD figures
Externally Restricted ⁽¹⁾				
Domestic Waste Management	8,627	232	8,859	8,626
Stormwater Management	670	(30)	640	640
Developer Contributions	25,957	797	26,754	26,090
Unexpended Grants & Contributions	3,889	(2,147)	1,742	1,742
Total Externally Restricted	39,143	(1,148)	37,995	37,098
(1) Funds that must be spent for a specific purpose				
Internally Restricted ⁽²⁾				
Recreation	421	(81)	340	340
Sportsgrounds	674	-	674	674
Effluent Disposal	191	(22)	169	169
Animal Management	20	-	20	20
Legal & Risk	578	(59)	519	495
Asset Maintenance	3,322	(1,228)	2,094	2,094
Golf Club Maintenance	85	24	109	109
Plant & Vehicle Replacement	1,821	(639)	1,182	1,182
Leisure Centre Improvements	513	-	513	513
Information Technology	123	1	124	124
Employee Leave Entitlements	2,732	-	2,732	2,732
Organisational Development	718	(604)	114	114
Property	2,359	9	2,368	2,311
Royalties	1,116	20	1,136	955
Roads	312	8	320	312
Tourism & Economic Development	254	(50)	204	204
Election	200	75	275	275
Infrastructure Projects	1,697	(1,399)	298	298
Sustainability Savings	449	(235)	214	214
Growth Management Strategy	560	(278)	282	282
Work in Progress	533	(303)	230	230
Cemetery Maintenance	186	(25)	161	161
Total Internally Restricted	18,864	(4,786)	14,078	13,808
(2) Funds that Council has earmarked for a specific purpose				
Unrestricted (ie. available after the above Restrictions)	1,145	1,150	2,295	16,946
Total Cash & Investments	59,152	(4,784)	54,368	67,852

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 \$359,555

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.
The date of completion of this bank reconciliation is 02/10/18

Reconciliation Status

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

	\$ 000's
Cash at Bank (as per bank statements)	360
Investments on Hand	68,086
less: Unpresented Cheques (Timing Difference)	(7)
add: Undeposited Funds (Timing Difference)	321
less: Identified Deposits (not yet accounted in Ledger) (Require Actioning)	(1,197)
add: Identified Outflows (not yet accounted in Ledger) (Require Actioning)	289
less: Unidentified Deposits (not yet actioned) (Require Investigation)	-
add: Unidentified Outflows (not yet actioned) (Require Investigation)	-
Reconciled Cash at Bank & Investments	67,852
Balance as per Review Statement:	67,852
Difference:	(0)

Quarterly Budget Review Statement
for the period 01/07/18 to 30/09/18

Key Performance Indicators Budget Review Statement for Quarter ended 30 September 2018

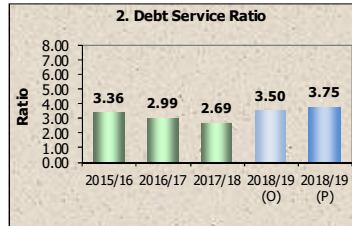
(\$000's)	Current Projection		Original Budget 18/19	Actuals Prior Periods		Industry Benchmark
	Amounts 18/19	Indicator 18/19		17/18	16/17	

The Council monitors the following Key Performance Indicators:

1. Unrestricted Current Ratio

Current Assets less all External Restrictions	32,294	3.75	3.50	2.69	2.99	1.50
Current Liabilities less Specific Purpose Liabilities	8,605					

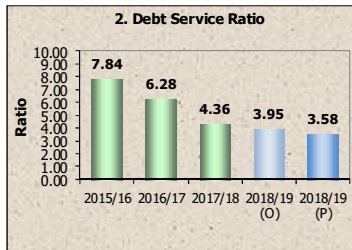
This indicator assesses the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.



2. Debt Service Ratio

Debt Service Cost	2,394	3.58	3.95	4.36	6.28	<10.00
Operating Revenue	66,855					

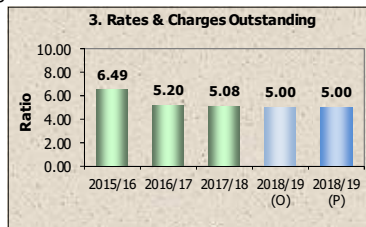
This indicator assesses the impact of loan principal & interest repayments on the discretionary revenue of Council.



3. Rates & Charges Outstanding

Rates, Annual & Extra Charges Outstanding	2,238	5.00	5.00	5.08	5.20	<5.00
Rates, Annual & Extra Charges Collectible	44,766					

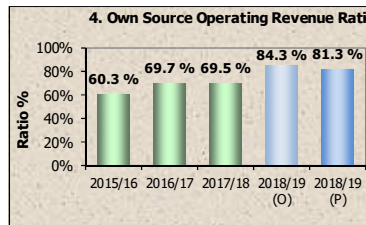
This indicator assesses the impact of uncollected rates & annual charges on Council's liquidity & the adequacy of recovery efforts.



4. Own Source Operating Revenue Ratio

Operating Revenue excl grants & contributions	54,342	81.3 %	84.3 %	69.5 %	69.7 %	
Operating Revenue	66,855					

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

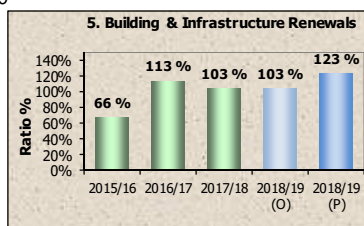


5. Building & Infrastructure Renewals

Asset Renewals (Building & Infrastructure)	15,003	123 %	103 %	103 %	113 %	(1)
Depreciation, Amortisation & Impairment	12,219					

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 30 September 2018

Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)
NSW Public Works	Project Management re Bargo Waste Management Centre Weighbridge Project	63,251	10/09/18	3 mths	Y
Complex Civil Pty Ltd	Additional work to water and sewerage mains near Blaxland Crossing Bridge	100,000	04/07/18	3 mths	N
Blackadder Associates	Labour Hire	117,975	05/09/18	4 mths	N
Steffanutti Construction Pty Limited	Land slip restoration on Moreton Park Road	340,965	06/08/18	3 mths	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

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	167,870	Y
Legal Fees	158,458	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.