



LATE REPORTS AGENDA & BUSINESS PAPERS

Notice is hereby given, in accordance with the provision of the *Local Government Act 1993* that a meeting of Uralla Shire Council will be held in the Council Chambers, 32 Salisbury Street, Uralla.

ORDINARY COUNCIL MEETING

21 May 2024

Commencing at 4:00pm

Statement of Ethical Obligations

The Mayor and Councillors are bound by the Oath/ Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of Uralla Shire and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the *Local Government Act* or any other Act, to the best of their skill and judgement.

It is also a requirement that the Mayor and Councillors disclose conflicts of interest in relation to items listed for consideration on the Agenda or which are considered at this meeting in accordance with Council's Code of Conduct and Code of Meeting Practice.

Mick Raby

Acting General Manager

AGENDA

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8 LATE REPORTS/SUPPLEMENTARY/URGENT ITEMS (INCLUDING PETITIONS)

8.1 Quarterly Budget Review April 2023-24 (QBRs)

Department:	Corporate & Community
Prepared By:	Manager Finance & IT
Authorised By:	Interim Director Corporate & Community
Reference:	UINT/24/7156

Attachments: 1. Third Quarterly Budget Review 2023-24 [↓](#)

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

Goal:	4. We are an independent shire and well-governed community
Strategy:	4.3. An efficient and effective independent local government

SUMMARY

The purpose of this report is to present to Council a review of the budget for the third quarter of the 2023/24 financial year.

RECOMMENDATION

The Council receive the third quarter budget review summary for the 2023/24 financial.

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 second quarterly review for the 2023/24 financial year has been prepared and attached for Council's review.

REPORT

The original budget for the financial year 2023-24 indicated a negative operating result prior to taking grants for capital purposes into consideration and after accounting for depreciation and amortisation. However, based on the adjustments made through QBRs1, the year ending operating result suggests a positive outcome.

ISSUES

Proposed adjustments in QBRs3 encompass both operational and capital income and expenses. A number of significant adjustments proposed in QBRs3 are intended to align income and expenses with the relevant accounting standards, mainly due to timing differences in grant receipt and project execution.

The rate of special project delivery, include both operational and capital, is below the historical average, primarily due to vacancies at both the manager/supervisor and operator levels. Moreover, the target for special project delivery in the current year was set higher than the historical average. As a result, several special projects have been deferred to the next financial year.

As of March 31, 2024, the Council holds approximately \$1 million in unrestricted cash. The improvement in the cash position can be attributed to two primary factors: firstly, the government-funded repair and maintenance work on roads during the flood seasons, which would otherwise have been funded by the Council, and secondly, higher interest income from the funds held by the Council. Additionally, the council has been engaged in road projects under a funding agreement with Transport NSW, where project costs will be reclaimed based on actual expenses and submission of claims. The council has recently lodged a claim and on the recovery of this claim, it is anticipated that the cash position will further improve by the end of the financial year.

CONCLUSION

It is my opinion that the Quarterly Budget Review Statement for Uralla Shire Council for the quarter ended 31 March 2024 indicates that Council's projected financial position as at 30 June 2024 will be satisfactory, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

COUNCIL IMPLICATIONS

Community Engagement/Communication

Report of budget reviews to the Council's ordinary meeting.

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.

Financial/Long Term Financial Plan

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

Asset Management/Asset Management Strategy

N/A

Workforce/Workforce Management Strategy

N/A

Legal and Risk Management

Council is required by legislation (clause 203 of the Regulations) to prepare quarterly budget review statements for the first three quarters of each year, including an opinion by the Responsible Accounting Officer as to whether the financial position of the Council is considered to be satisfactory.

Corporate Governance – the second quarter budget complies with legislative requirements. This risk is assessed as low.

Financial Management – the third quarter budget is in line with the original budget adopted by Council in June 2023. This risk is assessed as low.

Performance Measures

One of three required budget reviews.

Project Management

N/A

URALLA SHIRE COUNCIL
QUARTERLY BUDGET REVIEW STATEMENT
FOR THE QUARTER ENDING 31 MARCH 2024

Report by the Responsible Accounting Officer

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

The initial budget for the fiscal year 2023-24 indicated a negative operating result before taking grants for capital purposes and after considering depreciation and amortization. However, subsequent adjustments made through QBR3 for two major funding turned the operating results positive, although the amounts will remain subject to restrictions until the funds have been utilised.

Proposed adjustments in QBR3 encompass both operational and capital income and expenses. A number of significant adjustments proposed in QBR3 are intended to align income and expenses with the relevant accounting standards, mainly due to timing differences in grant receipt and project execution.

The rate of special project delivery, include both operational and capital, is below the historical average, primarily due to vacancies at both the manager/supervisor and operator levels. Moreover, the target for special project delivery in the current year was set higher than the historical average. As a result, several special projects have been deferred to the next financial year.

As of March 31, 2024, the Council holds approximately \$1 million in unrestricted cash. The improvement in the cash position can be attributed to two primary factors: firstly, the government-funded repair and maintenance work on roads during the flood seasons, which would otherwise have been funded by the Council, and secondly, higher interest income from the funds held by the Council. Additionally, the council has been engaged in road projects under a funding agreement with Transport NSW, where project costs will be reclaimed based on actual expenses and submission of claims. The council has recently lodged a claim, on the recovery of the claim, it is anticipated that the cash position will further improve by the end of the financial year.

It is my opinion that the Quarterly Budget Review Statement for Uralla Shire Council for the quarter ended 31 March 2024 indicates that Council's projected financial position as at 30 June 2024 will be satisfactory, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.



Mustaq Ahammed
Responsible Accounting Officer

URALLA SHIRE COUNCIL
REVENUE BUDGET REVIEW SUMMARY
Key variances identified as at 31 March, 2024

			815,034		
GL Account	Function	Comments	Amount	Impact on Cash Flow	
1110.0100	Rates	Interest income on outstanding rates has increased due to a rise in both the outstanding rates, which have grown from \$874k as of June 30, 2023, to \$1.1 million as of April 30, 2024, and the interest rate has increased from 6% to 9%. Due to increasing trend of outstanding debtors, the Council has recently engaged a debt collector to expedite the debt collection process.	-25,119	↑	
01120.0130	Finance	The number of employees subject to Fringe Benefits Tax has significantly decreased over the past years, as a result FBT contribution being lower than budgeted.	13,527	↓	
01160.0130	Human Resource	The recovery of shared service costs with Walcha Shire Council was not included in the original budget.	-16,258	↑	
01230.0135	Uralla Parks & Reserves	Part of the SCCF5A funding has been received in advance and is currently restricted. Since the project will be implemented next fiscal year, the revenue will also be recognized next year to match the expenses and to comply with relevant accounting standards.	282,238	↓	
01230.0135	Uralla Parks & Reserves	The PSLP Glen and Pioneer Park projects were budgeted in previous years, and the grants received in advance and held in restrictions. As these projects are being implemented this year, the revenue will be recognized accordingly. This change in accounting treatment will not affect the cash position.	-972,624	↑	
01235.0135	Bundarra Parks & Reserves	Part of the SCCF5A funding has been received in advance and is currently restricted. Since the project will be implemented next fiscal year, the revenue will also be recognized next year to match the expenses and to comply with relevant accounting standards.	50,000	↓	
01240.0135	Sports Grounds & Facilities	The advance of SCCF5A grant was recognised as Capital Grant income in the financial year 2022-23 upon receipt, which is remain unused. In order to comply with accounting standards, we need to reverse the income and recognize once expended.	425,479	↓	
01300.0135	Footpaths	The Get Active NSW Cycling Path Grant, received mid-year, was not included in the original budget.	-37,500	↑	
01300.0135	Footpaths	The revenue and Capex for the Plane Avenue to Sports Complex Footpath and Cycleway was included in this year's budget. However, since the project is now scheduled to start next year, the revenue will also be recognized next year to comply with accounting standards.	96,800	↓	
01330.0115	Urban Streets	The total budget under Roads to Recovery funding was forecasted at \$900k for the budget. However, based on actual expenditures, the Council may not be able to spend the full amount. Therefore, the budget officer proposes to reduce the estimate by \$50,000.	50,000	↓	
01330.0135	Urban Streets	The Get Active NSW Cycling Path Grant, received mid-year, was not included in the original budget.	-12,500	↑	
01340.0135	Regional Sealed Roads	The Council has been allocated with a total funding estimate of \$3.9mil under Restart Fixing Country Roads for a couple of projects on Thunderbolts Way. The funding will be claimed based on the actual progress of the work. The initial estimate for the current financial year was \$2 million, the actual progress now indicates a reduction to \$1 million for this year, with the remaining project funding deferred to next financial years.	1,000,000	↓	
01350.0135	Sealed Rural Roads	The LRCI3 funded programs are not expected to be completed by the deadline, therefore, the estimate for the income from LRCI3 is reduced.	313,127	↓	
01350.0135	Sealed Rural Roads	The income from LRCI4 funding was included in the budget for the current financial year. However, since the work has not commenced this year, the budgeted income will be deferred to the next financial year.	596,106	↓	
01350.0135	Sealed Rural Roads	NSW Black Spots Program (Kingstown Rd) will be partly implemented this year, with the reminder to be deferred to next financial year. As such, revenue will also be recognised in the current financial year to align with expenses, while the remaining portion will be deferred to next financial year.	600,000	↓	

URALLA SHIRE COUNCIL
REVENUE BUDGET REVIEW SUMMARY
Key variances identified as at 31 March, 2024

			815,034	
GL Account	Function	Comments	Amount	Impact on Cash Flow
01400.0115	Stormwater Drainage	Total AGRN1034 funding was \$1mil, out of this \$850k was allocated as budget through QBR51, the remaining \$150k is allocated through this QBR5.	-150,000	↑
01430.0130	Waste Sites	Scrap metal stockpiling is currently in progress, with no significant sales expected in the current financial year. Accordingly, the revenue forecast will be adjusted to reflect the actual progress up to April 2024.	105,000	↓
01430.0135	Waste Sites	The grant funding process for the Bundarra waste transfer station has not started yet. Once the funding is confirmed, the revenue and expense will be included into the budget through Quarterly Budget Reviews next year.	350,000	↓
01550.0125	Plant	\$174k was received from an insurance claim, the amount was unforeseen at the time budget was prepared last year.	-174,256	↑
01550.0130	Plant	After a recent training session on Fuel Tax Rebate, the Finance Team has reevaluated the initial estimate and determined that the amount of FTC claim will be lower than originally budgeted.	35,674	↓
01550.0950	Plant	The proceeds from the sales and trade-in of plant were unknown during budget preparation phase, so adjustments are made based on actual figures.	-197,715	↑
01580.0125	Workers Compensation	As reimbursement for workers' compensation claims is unpredictable, the estimate for the financial year is revised based on the actual amount as of the day the statement is prepared.	-126,949	↑
01600.0125	Private Works	Private works revenue is not anticipated to meet its target based on the actual results as of May 20, 2024. Therefore, a revision is proposed to align with the current actual results.	5,000	↓
01720.0110	Swimming Pool	The estimate for swimming pool revenue was initially set very ambitiously. A revision is now proposed based on actual figures.	13,029	↓
01720.0115	Swimming Pool	The Regional Youth Holiday Break Program Funding was not initially anticipated in the original budget, hence the amount is included. This is a non-recurring grant funding.	-22,000	↑
1740.0110	Halls & Community Centres	Based on the revenue trend observed so far, it is anticipated that the revenue target from public hall hire will not be achieved. Therefore, a budget revision is proposed.	6,956	↓
1740.0135	Halls & Community Centres	The Old Court House refurbishment project was budgeted for in prior years, but its actual implementation is taking place in the current financial year. Revenue will accordingly be recognized to match the capital expenditure. The funding will be received based on actual claims after the completion of the project.	-591,774	↑
01850.0110	Hill Street Aged Units	Due to units at the Hill St Aged Accommodation facility being vacant for several months, the actual revenue forecast is not expected to be met.	7,064	↓
01866.0115	TCS	The home care package funding budget was estimated optimistically, with the view of heavy usage of TCS services by consumers. Unfortunately, this expectation did not materialize, resulting in a significant shortfall against the target and necessitating a revision of the budget.	711,965	↓
01866.014	TCS	TCS exerted additional effort to collect all outstanding fees, leading to increased income. However, this increase is not expected to be recurring.	-26,498	↑
01868.0115	TCT	Funded demand not able to be met due to staff and vehicle resources.	346,273	↓
01868.0130	TCT	Donations received during the year were not incorporated into the original budget due to the absence of any definite commitments.	-37,858	↑
01868.0140	TCT	TCT provided many out-of-hours services for clients to attend festivals, fruit picking, etc., which generated higher income than budgeted.	-14,132	↑
01910.0115	Events & Promotions	The Events Promotion Grants were not included in the original budget. A revision is now proposed to include them.	-39,848	↑
01920.0110	Tourism	The revenue from Visitor Information Center sales is adjusted to align with the actual trend up to April.	-6,148	↑

