



# 2019-2020 quarterly report

July - September 2019



# Executive Summary

The Quarterly Performance Report provides a budget review statement with a revised estimate of income and expenditure for the year. This is a requirement of the Local Government Act 1993 and Local Government (General) Regulation 2005. This Quarterly Performance Report for the period of 1 July 2019 to 30 September 2019 achieves these requirements.

From the General Manager,  
Graeme Faulkner

## 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 Lithgow City Council for the quarter ended 30/9/19 indicates that Council's projected position at 30 June 2020 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Ross Gurney

Responsible Accounting Officer



# Table of Contents

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Executive Summary.....	1
Report by Responsible Accounting Officer .....	1
Table of Contents.....	2
Summary of Financial Position .....	3
Consolidated - Income and Expense Budget Review Statement.....	4
Income and Expense Budget Variation Notes .....	6
General Fund - Income and Expenditure Review Statement .....	7
Water Fund - Income and Expenditure Review Statement .....	8
Sewer Fund - Income and Expenditure Review Statement .....	9
Capital Budget Review Statement .....	10
Capital Budget Review Statement -Budget Variation Notes .....	12
Cash and Investment Review Statement.....	14
Key Performance Indicators .....	15
Part A: Contracts Review Statement .....	18



# Summary of Financial Position

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This report provides the Quarterly Performance Report on the 2019-2020 Operational Plan for the period of 1 July to 30 September 2019 with a recommendation that variations to income and expenditure estimates are voted.

2019/20 Quarterly Budget Comparison			
Budget	Income \$'000	Expenditure \$'000	Result \$'000
Original	49,686	44,056	5,630
September Quarter	51,251	44,697	6,554

2019/20 Quarterly Budget Comparison Fund – Proposed September Review			
Budget	Income \$'000	Expenditure \$'000	Result \$'000
General	33,247	30,462	2,785
Water	7,503	7,448	55
Wastewater	10,500	6,785	3,715

Please note the above tables will not balance due to rounding within income and expense types.



# Consolidated - Income and Expense Budget Review Statement

2019/20 September Quarterly Budget Review Statement											
Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Other than by QBRs	Sept Review	Dec Review	Mar Review	Revised Budget	Variations for this Sept Quarter	Notes	Projected Year End Result	Actual YTD Figures
Rates and Annual Charges	27,245						27,245			27,245	26,830
User Fees and Charges	7,363						7,363	40	1	7,403	1,407
Interest and Investment Revenue	873						873	(300)	2	573	200
Other Revenue	1,197						1,197	34	3	1,231	369
Operating Grants and Contributions	7,870	257					8,127	649	4	8,776	2,240
Capital Grants and Contributions	4,500	130					4,630	105	5	4,735	904
Gain Sale of Assets	638						638	650	6	1,288	0
<b>Total Revenue</b>	<b>49,686</b>	<b>387</b>					<b>50,073</b>	<b>1,178</b>		<b>51,251</b>	<b>31,950</b>
Employee Costs	17,426	12					17,438	83	7	17,521	4,195
Borrowing Costs	665						665			665	148
Material and Contracts	9,175	68					9,242	461	8	9,704	1,931
Depreciation Expense	11,863						11,863			11,863	3,068
Other Expenses	4,927						4,927	17	9	4,944	1,847
Loss on Sale of Assets											0
<b>Total Expenses</b>	<b>44,056</b>	<b>80</b>					<b>44,136</b>	<b>561</b>		<b>44,697</b>	<b>11,189</b>
<b>Operating Result Surplus/(Deficit)</b>	<b>5,630</b>	<b>307</b>					<b>5,937</b>	<b>617</b>		<b>6,554</b>	<b>20,761</b>



## 2019/20 September Quarterly Budget Review Statement

Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Other than by QBRS	Sept Review	Dec Review	Mar Review	Revised Budget	Variations for this Sept Quarter	Notes	Projected Year End Result	Actual YTD Figures
Operating Result before Capital Grants	1,130	177					1,307	512		1,819	19,857



# Income and Expense Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none"> <li>Additional private works income expected from NBN restoration of footpaths within LGA.</li> </ul>
2	<ul style="list-style-type: none"> <li>Interest and Investment revenue budget reduced as a result of lower than expected interest rates.</li> </ul>
3	<ul style="list-style-type: none"> <li>Other revenue budget has increased due to the recovery of legal fees.</li> </ul>
4	<ul style="list-style-type: none"> <li>Operating grants revenue increased as a result of drought communities funding programme, 5% increase in the financial assistance grant 2019/2020 &amp; increased library operating grant.</li> </ul>
5	<ul style="list-style-type: none"> <li>Capital grants increased as a result of additional funding for heavy vehicle access works on Glen Davis Road.</li> </ul>
6	<ul style="list-style-type: none"> <li>Gain on sale of assets increased due to sale of land at Barton Avenue.</li> </ul>
7	<ul style="list-style-type: none"> <li>Change of employee classifications (casual to part-time) leading to variation in allocation of employee on-cost recovery.</li> </ul>
8	<ul style="list-style-type: none"> <li>Expenditure on materials &amp; contracts increased due to additional spending requirements as a result of additional funding from the library operating grant and the drought communities funding programme.</li> <li>Additional expenditure for a new caustic soda tank, the IWCM strategy &amp; the Main Street water assets performance improvement assessment also increased the expenditure budget.</li> </ul>
9	<ul style="list-style-type: none"> <li>Funding provided for Arts Out West</li> </ul>

Please note where there is a variation in the review table but no corresponding note, the variation is due to rounding within the asset class.



# General Fund - Income and Expenditure Review Statement

2019/20 September Quarterly Budget Review Statement							
Income and Expenditure Review Statement							
Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Proposed Sept Review	Dec Review	March Review	Proposed Sept Revised Budget	Actual YTD Figures to 30 Sept 2019
Rates and Annual Charges	18,149					18,149	17,950
User Fees and Charges	1,512		40			1,552	436
Interest and Investment Revenue	843		(300)			543	193
Other Revenue	1,197		34			1,231	343
Operating Grants and Contributions	7,686	257	649			8,592	1,927
Capital Grants and Contributions	1,657	130	105			1,892	898
Gain Sale of Assets	638		650			1,288	-
<b>Total Revenue</b>	<b>31,682</b>	<b>387</b>	<b>1,178</b>			<b>33,247</b>	<b>21,747</b>
Employee Costs	13,011	12	104			13,127	3,390
Borrowing Costs	156					156	34
Material and Contracts	3,978	68	311			4,357	1,066
Depreciation Expense	8,489					8,489	2,164
Other Expenses	4,316		17			4,333	1,723
Loss on Sale of Assets							
<b>Total Expenses</b>	<b>29,950</b>	<b>80</b>	<b>432</b>			<b>30,462</b>	<b>8,377</b>
<b>Operating Result (Surplus)/Deficit</b>	<b>1,732</b>	<b>307</b>	<b>746</b>			<b>2,785</b>	<b>13,370</b>
<b>Operating Result before Capital Grants</b>	<b>75</b>	<b>177</b>	<b>641</b>			<b>893</b>	<b>12,472</b>



# Water Fund - Income and Expenditure Review Statement

2019/20 September Quarterly Budget Review Statement							
Income and Expenditure Review Statement							
Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Proposed Sept Review	Dec Review	March Review	Proposed Sept Revised Budget	Actual YTD Figures
Rates and Annual Charges	1,713					1,713	1,769
User Fees and Charges	5,545					5,545	928
Interest and Investment Revenue	30					30	7
Other Revenue							26
Operating Grants and Contributions	94					94	161
Capital Grants and Contributions	121					121	2
Gain Sale of Assets							
<b>Total Revenue</b>	<b>7,503</b>					<b>7,503</b>	<b>2,893</b>
Employee Costs	2,250		(11)			2,239	398
Borrowing Costs	38					38	6
Material and Contracts	3,288		150			3,438	466
Depreciation Expense	1,586					1,586	410
Other Expenses	147					147	46
Loss on Sale of Assets							
<b>Total Expenses</b>	<b>7,309</b>		<b>(139)</b>			<b>7,448</b>	<b>1,326</b>
<b>Operating Result Surplus/(Deficit)</b>	<b>194</b>					<b>55</b>	<b>1,567</b>
<b>Operating Result before Capital Grants</b>	<b>73</b>					<b>(66)</b>	<b>1,565</b>



# Sewer Fund - Income and Expenditure Review Statement

2019/20 September Quarterly Budget Review Statement							
Income and Expenditure Review Statement							
Projected Income and Expenditure Statement	Original Budget	Carry Forwards	Proposed Sept Review	Dec Review	March Review	Proposed Sept Revised Budget	Actual YTD Figures
Rates and Annual Charges	7,384					7,384	7,111
User Fees and Charges	305					305	43
Interest and Investment Revenue							
Other Revenue							
Operating Grants and Contributions	90					90	152
Capital Grants and Contributions	2,721					2,721	4
Gain Sale of Assets							
<b>Total Revenue</b>	<b>10,500</b>					<b>10,500</b>	<b>7,310</b>
Employee Costs	2,166		(11)			2,155	407
Borrowing Costs	470					470	108
Material and Contracts	1,909					1,909	399
Depreciation Expense	1,788					1,788	495
Other Expenses	463					463	78
Loss on Sale of Assets							
<b>Total Expenses</b>	<b>6,796</b>					<b>6,785</b>	<b>1,487</b>
<b>Operating Result (Surplus)/Deficit</b>	<b>3,704</b>					<b>3,715</b>	<b>5,823</b>
<b>Operating Result before Capital Grants</b>	<b>983</b>					<b>994</b>	<b>5,819</b>



# Capital Budget Review Statement

2019/20 September Quarterly Budget Review Statement								
Capital Funding Review Statement								
	Original Budget	Carry Forwards	Approved Changes			Revised Budget	Variations for this Sept Qtr	Projected Year End Result
			Sept Review	Dec Review	Mar Review			
Rates & Other Untied Funding	15,038					15,038	328	15,366
Capital Grants & Contributions	3,207	131				3,338	105	3,443
Internal Restrictions	803	2,667				3,470		3,470
External Restrictions	3,190	2,836				6,026	44	6,070
Other Capital Funding Sources e.g.								
• Loans		950				950		950
Income from sale of assets								
<b>Total Capital Funding</b>	<b>22,238</b>	<b>6,584</b>				<b>28,822</b>	<b>477</b>	<b>29,299</b>



## 2019/20 September Quarterly Budget Review Statement

### Capital Expenditure Review Statement

	Original Budget	Carry Forwards	Approved Changes				Variations for this Sept Qtr	Projected Year End Result	Notes	Actual YTD Figures
			Sept Review	Dec Review	Mar Review	Revised Budget				
• Plant & Equipment	1,371	410				1,781		1,871		486
• Land & Buildings	2,162	811				2,973	(7)	2,966	1	404
• Water Network	1,994	1,806				3,800		3,800		558
• Sewer Network	3,977	1,247				5,224	40	5,264	2	90
• Office Equipment	64	61				125		125		8
• Furniture & Fittings	-	-				-		-		
• Other Structures	2,204	1,160				3,364	322	3,686	3	732
• Swimming Pools	-	-				-		-		
• Stormwater Drainage	541	3				544		544		15
• Tip Assets	3,697	70				3,767	2	3,769	4	12
• Roads, Bridges & Footpaths	4,725	1,016				5,741	120	5,861	5	919
Loan Repayments (principal)	1,503	-				1,503		1,503		284
<b>Total Capital Expenditure</b>	<b>22,238</b>	<b>6,584</b>				<b>28,822</b>	<b>477</b>	<b>29,299</b>		<b>3,508</b>



# Capital Budget Review Statement -Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none"> <li>Buildings capital reduced due to grant funded Library refurbishment not going ahead which was mostly offset by Library façade project and various Drought Communities buildings projects being added to the budget.</li> </ul>
2	<ul style="list-style-type: none"> <li>Sewerage network capital budget increased for purchase of caustic soda tank.</li> </ul>
3	<ul style="list-style-type: none"> <li>Other structures capital increased for various Drought Communities grant funded projects.</li> </ul>
4	<ul style="list-style-type: none"> <li>Tip assets capital increased for small additional grant funding received for Cullen Bullen tip closure project.</li> </ul>
5	<ul style="list-style-type: none"> <li>Roads, bridges and footpaths capital increased for footpath construction project under the Drought Communities grant program.</li> </ul>

Please note where there is a variation in the review table but no corresponding note, the variation is due to rounding within the asset class.



## 2019/20 September Quarterly Budget Review Statement

### Income and Expenditure Review Statement

Externally Restricted	30 June 2019 Position	YTD Actuals to 30 September 2019
Developer Contributions	1,887	1,959
Special Purpose Grants	3,321	1,246
RMS Grants		
Water Supplies	1,462	2,083
Sewerage Services	6,297	8,248
Domestic Waste	4,168	5,436
Unexpended Loans	2,591	2,579
<b>Total External Restriction</b>	<b>19,726</b>	<b>21,550</b>
Land & Buildings	4,852	4,792
Plant & Equipment	961	775
Bonds, Deposits & Retentions	630	671
Works in Progress	1,037	1,025
Carry Over Works	2,017	1,393
ELE	831	831
Election		
<b>Total External Restriction</b>	<b>10,326</b>	<b>9,487</b>



# Cash and Investment Review Statement

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## Investments

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

## Cash

The cash at Bank figure included in the Cash & Investment Statement totals \$147,501.41.

The Cash at Bank amount has been reconciled to Council's physical Bank Statements.

The date of completion of this bank reconciliation was 2/10/19.

## Reconciliation Status

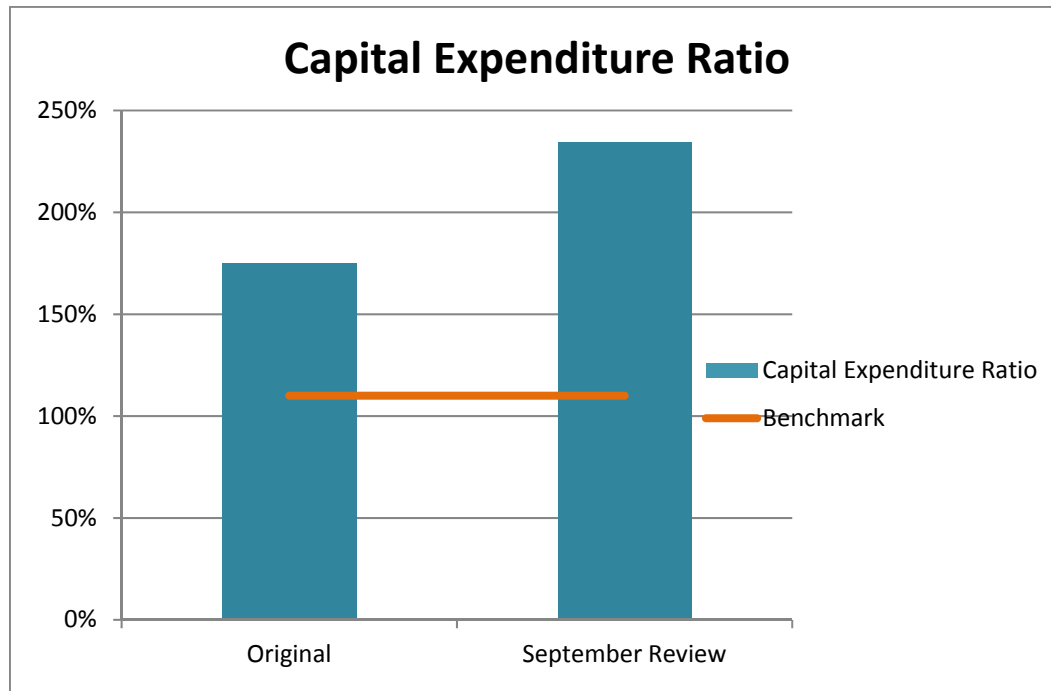
The YTS Cash and Investment figures reconciles to the actual balances held as follows:

	<b>\$'000's</b>
Cash at Bank	148
Investments on Hand	32,267
Less: Unpresented Cheques	(7)
Add: Undeposited Funds	-
Less: Identified Deposits	(624)
Add: Identified Outflows	-
Less: Unidentified Deposits	(253)
Add: Unidentified Outflows	-
<b>Reconciled Cash at Bank &amp; Investments</b>	<b>31,531</b>
<b>Balance as per Review Statement</b>	<b>31,531</b>
<b>Difference</b>	<b>-</b>

\*Total does not balance to above figures due to rounding in each line item.



# Key Performance Indicators



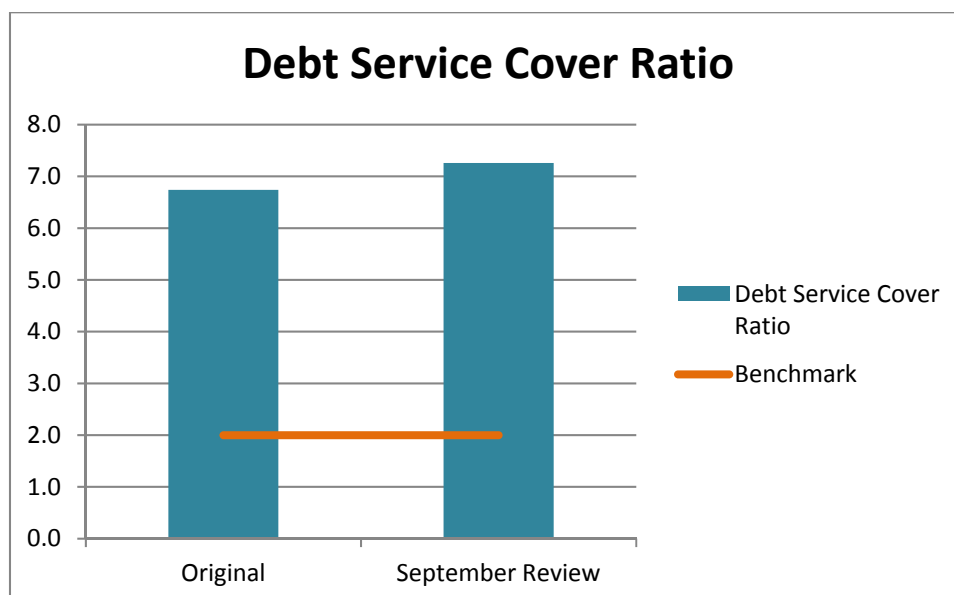
#### Purpose of Capital Expenditure Ratio

To assess the extent to which Council is expanding its asset base through capital expenditure

#### Commentary on 2019/20 Result

##### September 2019/20 Ratio 234%

A capital expenditure ratio of 2.34 suggests that Council has a substantial capital works program.



#### Purpose of Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including principal, interest

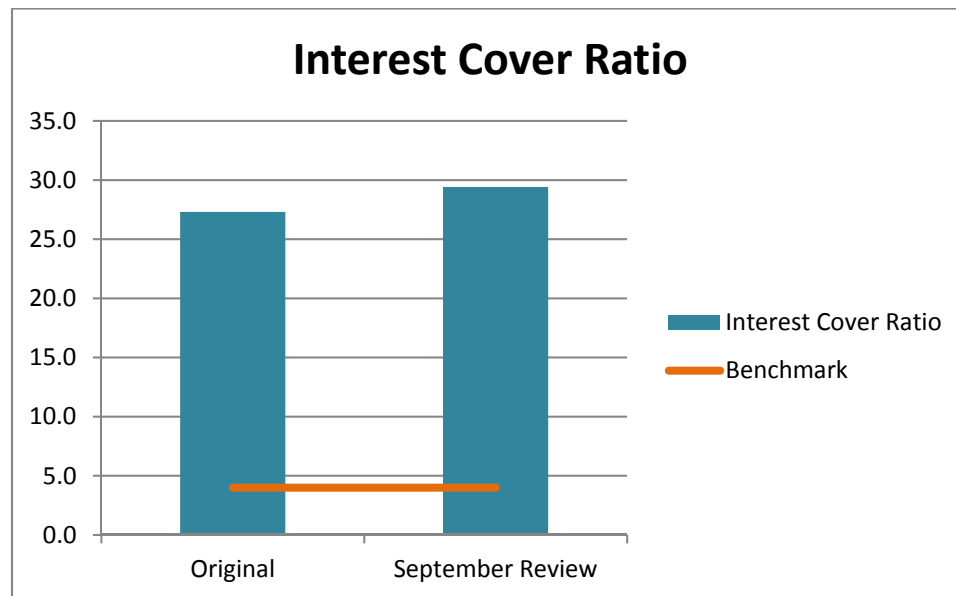
#### Commentary on 2019/20 Result

##### September 2019/20 Ratio 7.3x

A debt service ratio of 7.3 times means Council has capacity to meet its loan repayments.



and lease payments



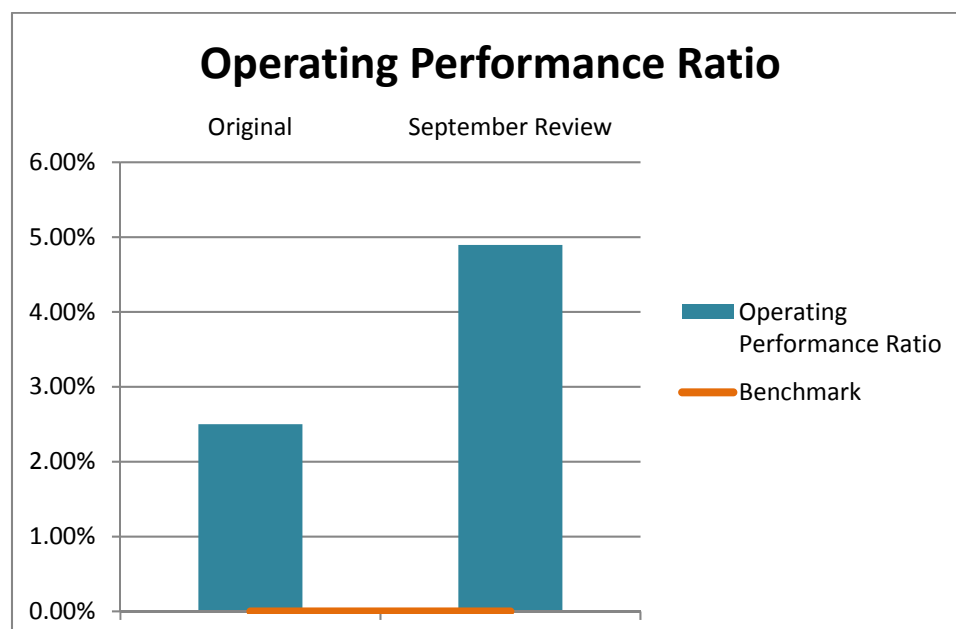
#### Purpose of Interest Cover Ratio

This ratio measures the availability of operating cash to service interest payments.

#### Commentary on 2019/20 Result

**September 2019/20 Ratio 29.4x**

An Interest Cover ratio of 29 times means Council has more than adequate cash to cover interest repayments on its debt.



#### Purpose of Operating Performance Ratio

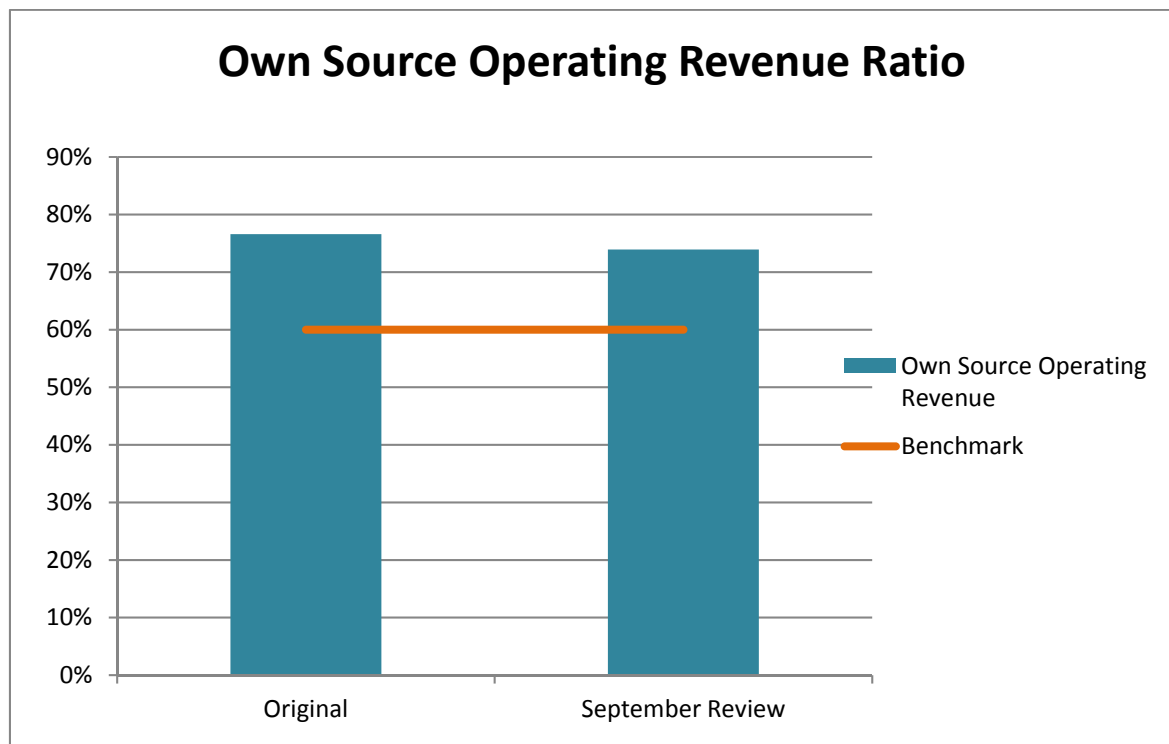
This ratio measures Council's achievement in containing operating expenses within operating revenue.

#### Commentary on 2019/20 Result

**September 2019/20 Ratio 4.9%**

Council's current consolidated operating budget is above the OLG benchmark.





#### Purpose of Own Source Revenue Ratio

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

#### Commentary on 2019/20 Result

##### September 2019/20 Ratio 74%

This ratio shows that Council exceeds the benchmark and is not overly reliant on external grant funding.



# Part A: Contracts Review Statement

## 2018/19 September Quarterly Budget Review Statement

### Contracts Review Statement

For the period 01 July 2019 to 30 September 2019

Contractor	Contract Detail and Purpose	Contract Value (GST Inc.)	Date	Minute No.	Length of Contract	Budgeted (Y/N)
Note: Contracts listed are those entered into during the quarter, under review and have not been fully performed or completed of \$50,000 or greater. Contracts for employment are not required to be included.						
Nil.						



# Part B: Consultancy and Legal Expenses

## Review Statement

2017/18 September Quarterly Budget Review Statement		
Contracts Review Statement		
Actual expenditure 1 July 2019 to 30 September 2019		
Expense	Year to Date	Legal Budget Allocation (Y/N)
Consultancies	115,149	Y
Legal Fees	54,762	Y

Note: 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.