

2019-2020 quarterly report

October - December 2019



Lithgow
CITY COUNCIL



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 October 2019 to 31 December 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:

31 December 2019

It is my opinion that the Quarterly Budget review Statement for Lithgow City Council for the quarter ended 31/12/19 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

Contents

Executive Summary.....	1
Report by Responsible Accounting Officer	1
Table of Contents.....	2
Summary of Financial Position.....	3
Income and Expenses Budget Review Statement - Consolidated	4
Income and Expenses Budget Variation Notes.....	5
Income and Expenses Budget Review Statement – General Fund	6
Income and Expenses Budget Review Statement – Water Fund.....	7
Income and Expenses Budget Review Statement – Sewer Fund.....	8
Capital Budget Review Statement	9
Capital Budget Review Statement Variation Notes	10
Cash and Investments Statement	11
Key Performance Indicators.....	13
Contracts Budget Review Statement.....	16
Consultancy and Legal Expenses Review Statement	17

Summary of Financial Position

This report provides the Quarterly Performance Report on the 2019-2020 Operational Plan for the period of 1 October to 31 December 2019 with a recommendation that variations to income and expenditure estimates are voted.

2019/2020 Quarterly Budget Comparison			
Budget	Income \$'000	Expenditure \$'000	Result \$'000
Original Budget	49,686	44,056	5,630
September Review	51,251	44,697	6,554
December Review	52,529	45,592	6,937

2019/2020 Quarterly Budget Comparison - By Fund			
Budget	Income \$'000	Expenditure \$'000	Result \$'000
General	34,525	31,027	3,498
Water	7,503	7,485	18
Wastewater	10,500	7,079	3,421

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

Income and Expenses Budget Review Statement - Consolidated

Income and Expenses Budget Review Statement											
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Notes	Projected Year End Result	Actual YTD Figures
Revenue											
Rates and Annual Charges	27,245						27,245			27,245	26,743
User Fees and Charges	7,363			40			7,403	(120)	1	7,283	1,967
Interest and Investment Revenue	873			(300)			573			573	363
Other Revenue	1,197			34			1,231			1,231	652
Operating Grants and Contributions	7,870	257		649			8,776	1,398	2	10,174	3,354
Capital Grants and Contributions	4,500	130		105			4,735			4,735	1,234
Gain on Sale of Assets	638			650			1,288			1,288	
Total Revenue	49,686	387		1,178			51,251	1,278		52,529	31,950
Expenses											
Employee Costs	17,426	12		83			17,521	(128)	3	17,393	8,824
Borrowing Costs	665						665			665	324
Materials and Contracts	9,175	68	(17)	461			9,687	1,072	4	10,759	4,600
Depreciation Expense	11,863						11,863			11,863	6,156
Other Expenses	4,927			17			4,944	(32)	5	4,912	2,314
Loss on Sale of Assets											
Total Expenses	44,056	80	(17)	561			44,680	912		45,592	22,218
Operating Result	5,630	307	17	617			6,571	366		6,937	9,732
Operating Result before Capital	1,130	177	17	512			1,836	366		2,202	8,498

Income and Expenses Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none">Reduce development planning income due to lower than expected applications.
2	<ul style="list-style-type: none">Increase operating grant revenue due to additional Roads to Recovery allocation and disaster relief funding.
3	<ul style="list-style-type: none">Reduce casual and overtime salaries in development to offset reduction in planning income (see note 1).
4	<ul style="list-style-type: none">Increase material and contracts budget for disaster relief project costs.
5	<ul style="list-style-type: none">Correct other expenses budget, duplicate budget amount amended.

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.

Income and Expenses Budget Review Statement – General Fund

Income and Expenses Budget Review Statement										
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Projected Year End Result	Actual YTD Figures
Revenue										
Rates and Annual Charges	18,149						18,149		18,149	17,866
User Fees and Charges	1,512			40			1,552	(120)	1,432	774
Interest and Investment Revenue	843			(300)			543		543	357
Other Revenue	1,197			34			1,231		1,231	626
Operating Grants and Contributions	7,686	257		649			8,592	1,398	9,990	3,022
Capital Grants and Contributions	1,657	130		105			1,892		1,892	1,226
Gain on Sale of Assets	638			650			1,288		1,288	-
Total Revenue	31,682	387		1,178			33,247	1,278	34,525	23,871
Expenses										
Employee Costs	13,011	12		104			13,127	(128)	12,999	7,084
Borrowing Costs	156						156		156	82
Materials and Contracts	3,978	68	(17)	311			4,340	742	5,082	2,518
Depreciation Expense	8,489						8,489		8,489	4,513
Other Expenses	4,316			17			4,333	(32)	4,301	2,037
Loss on Sale of Assets										
Total Expenses	29,950	80	(17)	432			30,445	582	31,027	16,234
Operating Result	1,732	307	17	746			2,802	696	3,498	7,637
Operating Result before Capital	75	177	17	641			910	696	1,606	6,411

Income and Expenses Budget Review Statement – Water Fund

Income and Expenses Budget Review Statement										
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Projected Year End Result	Actual YTD Figures
Revenue										
Rates and Annual Charges	1,713						1,713		1,713	1,757
User Fees and Charges	5,545						5,545		5,545	1,139
Interest and Investment Revenue	30						30		30	7
Other Revenue										27
Operating Grants and Contributions	94						94		94	170
Capital Grants and Contributions	121						121		121	1
Gain on Sale of Assets										
Total Revenue	7,503						7,503		7,503	2,893
Expenses										
Employee Costs	2,250			(11)			2,239		2,239	889
Borrowing Costs	38						38		38	20
Materials and Contracts	3,288			150			3,438	37	3,475	1,172
Depreciation Expense	1,586						1,586		1,586	702
Other Expenses	147						147		147	92
Loss on Sale of Assets										
Total Expenses	7,309						7,448	37	7,485	2,875
Operating Result	194						55	(37)	18	18
Operating Result before Capital	73						(66)	(37)	(103)	17

Income and Expenses Budget Review Statement – Sewer Fund

Income and Expenses Budget Review Statement										
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Projected Year End Result	Actual YTD Figures
Revenue										
Rates and Annual Charges	7,384						7,384		7,384	7,119
User Fees and Charges	305						305		305	55
Interest and Investment Revenue										
Other Revenue										
Operating Grants and Contributions	90						90		90	161
Capital Grants and Contributions	2,721						2,721		2,721	7
Gain on Sale of Assets										
Total Revenue	10,500						10,500		10,500	7,310
Expenses										
Employee Costs	2,166			(11)			2,155		2,155	851
Borrowing Costs	470						470		470	221
Materials and Contracts	1,909						1,909	294	2,203	910
Depreciation Expense	1,788						1,788		1,788	942
Other Expenses	463						463		463	185
Loss on Sale of Assets										
Total Expenses	6,796			(11)			6,785	294	7,079	3,109
Operating Result	3,704			11			3,715	(294)	3,421	4,201
Operating Result before Capital	983			11			994	(294)	700	4,194

Capital Budget Review Statement

Capital Budget Review Statement											
	Original Budget	Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget	Variations for Dec QBRs	Notes	Projected Year End Result	Actual YTD Figures
Capital Expenditure											
Plant and Equipment	1,371	410					1,781			1,781	584
Land and Buildings	2,162	811	(63)	(7)			2,903	33	1	2,936	1,065
Other Structures	2,204	1,160		322			3,686	72	2	3,758	1,321
Roads, Bridges and Footpaths	4,725	1,016	84	120			5,945	(52)	3	5,893	2,602
Stormwater	541	3					544			544	19
Swimming Pools	-										
Water Infrastructure	1,994	1,806					3,800			3,800	910
Sewer Infrastructure	3,977	1,247		40			5,264	204	4	5,468	354
Furniture and Fittings	-										1
Office Equipment	64	61					125			125	50
Tip Assets	3,697	70		2			3,769	(33)	5	3,736	28
Loan Repayments	1,503						1,503			1,503	1,086
Total Capital Expenditure	22,238	6,584	21	477			29,320	224		29,544	8,020
Capital Funding											
Rates and Other Untied Funding	15,038		9	328			15,375	7		15,382	
Capital Grants and Contributions	3,207	131		105			3,443			3,443	
Reserves:											
External Restriction/Reserve	3,190	3,786		44			7,020	191		7,211	
Internal Restriction/Reserve	803	2,667	12				3,482	26		3,508	
New Loans											
Receipts from Asset Sales											
Total Capital Funding	22,238	6,584	21	477			29,320	224		29,544	
Net Capital Funding	-	-	-	-			-	-		-	

Capital Budget Review Statement Variation Notes

Notes	Details
1	<ul style="list-style-type: none">Additional funding required for Union Theatre project to match grant requirements.
2	<ul style="list-style-type: none">Multiple variations due to changes in projects funded by the Drought Communities grant.
3	<ul style="list-style-type: none">Variation processed to fund additional Bins and Enclosures from transport capital.
4	<ul style="list-style-type: none">Additional funding required for sewer mains renewal works.
5	<ul style="list-style-type: none">Funding for Lithgow SWF returned to reserve due to delay in works being completed.

Cash and Investments Statement

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 \$28,381,630.

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

The date of completion of this bank reconciliation was 8/1/2020.

Reconciliation Status

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

	\$'000's
Cash at Bank	261
Investments on Hand	29,534
Less: Unpresented Cheques	(4)
Add: Undeposited Funds	-
Less: Identified Deposits	(1,312)
Add: Identified Outflows	12
Less: Unidentified Deposits	(109)
Add: Unidentified Outflows	-
Reconciled Cash at Bank & Investments	28,382
Balance as per Review Statement	28,382
Difference	-

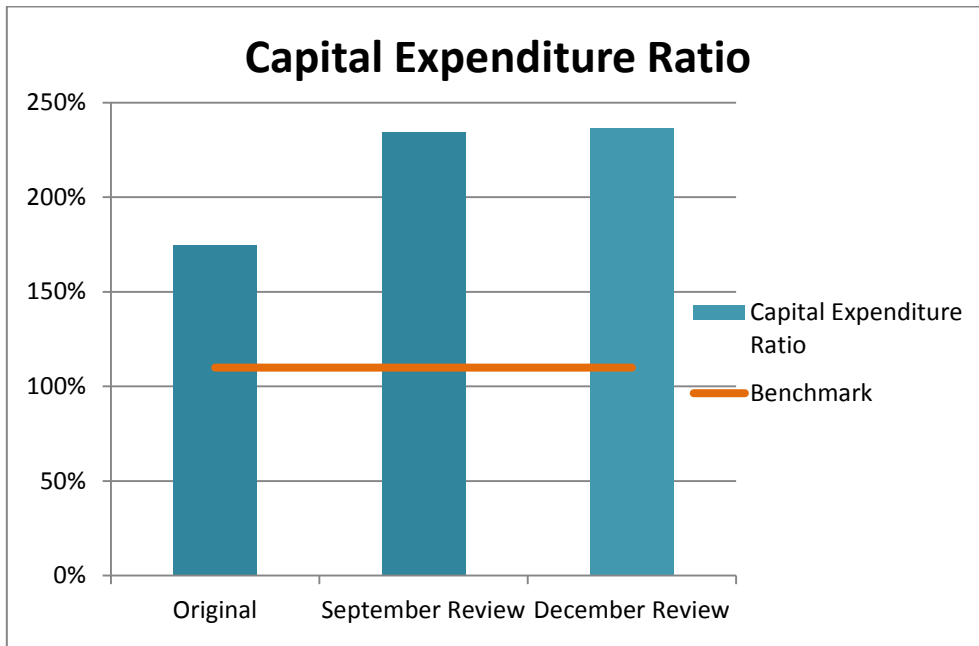
*Total does not balance to above figures due to rounding in each line item.

Cash and Investments Statement

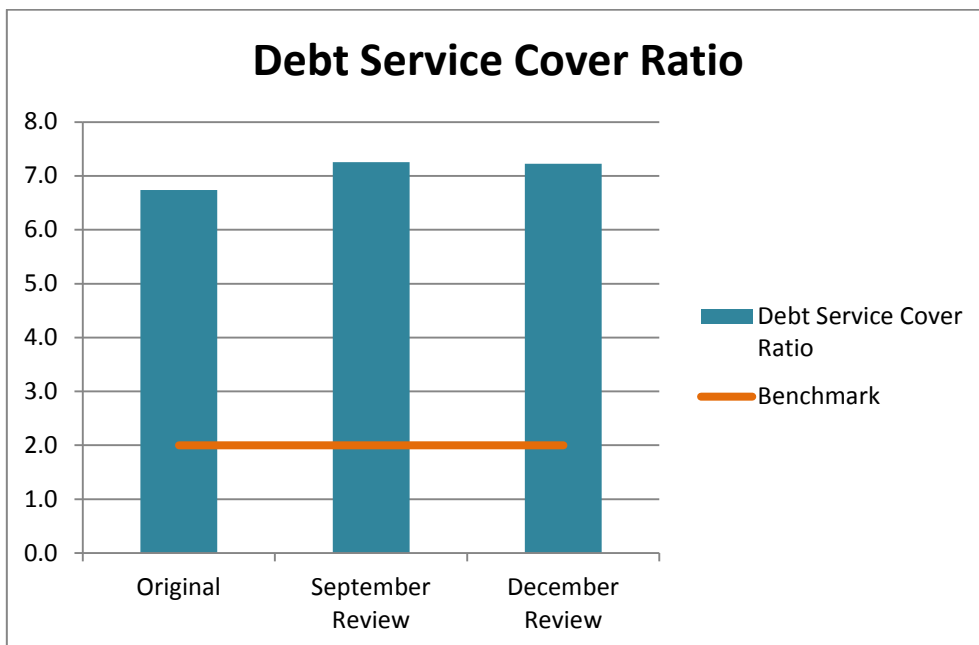
	30 June 2019	30 Sept 2019	31 Dec 2019
	Position	Position	Position
Externally Restricted			
Developer Contributions	1,887	1,959	1,909
Special Purpose Grants	3,321	1,246	475
RMS Grants			
Water Supplies	1,462	2,083	1,661
Sewerage Services	6,297	8,248	7,702
Domestic Waste	4,168	5,436	5,604
Unexpended Loans	2,591	2,579	2,579
Total Externally Restricted	19,726	21,550	19,931
Internally Restricted			
Land & Buildings	4,852	4,792	4,536
Plant & Equipment	961	775	477
Bonds, Deposits & Retentions	630	671	644
Works in Progress	1,037	1,025	1,034
Carry Over Works	2,017	1,393	1,247
ELE	831	831	831
Election			
Total Internally Restricted	10,326	9,487	8,770
Unrestricted	-	494	(319)*
Total Cash and Investments	30,052	31,532	28,382

*This amount relates to expenditure already outlaid under the Drought Communities program where the grant funding is yet to be received.

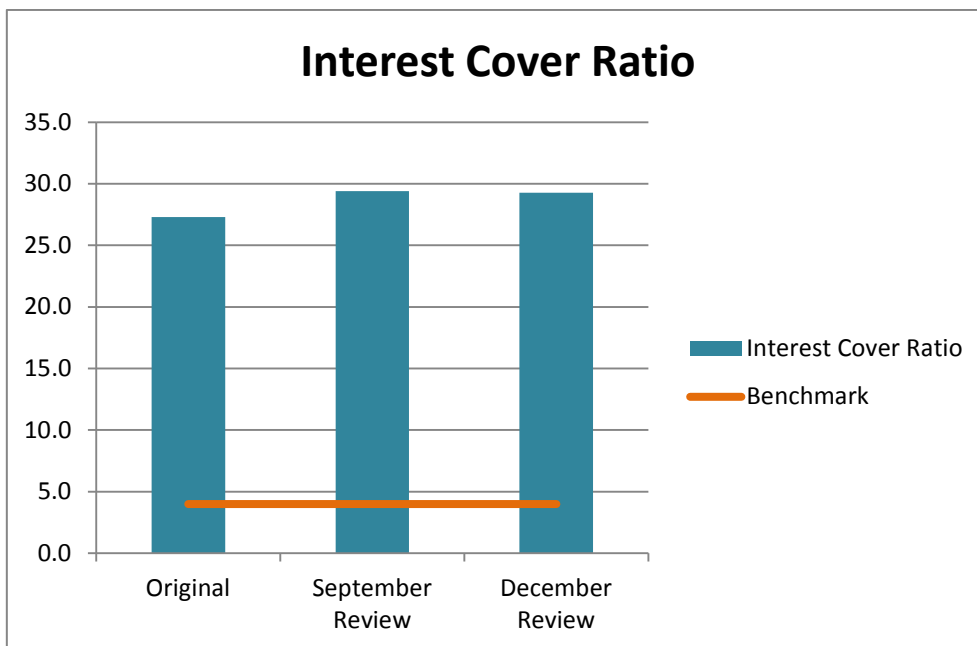
Key Performance Indicators



Purpose of Capital Expenditure Ratio	Commentary on 2019/20 Result December 2019/20 Ratio 236%
To assess the extent to which Council is expanding its asset base through capital expenditure.	A capital expenditure ratio of 2.36 suggests that Council has a substantial capital works program.



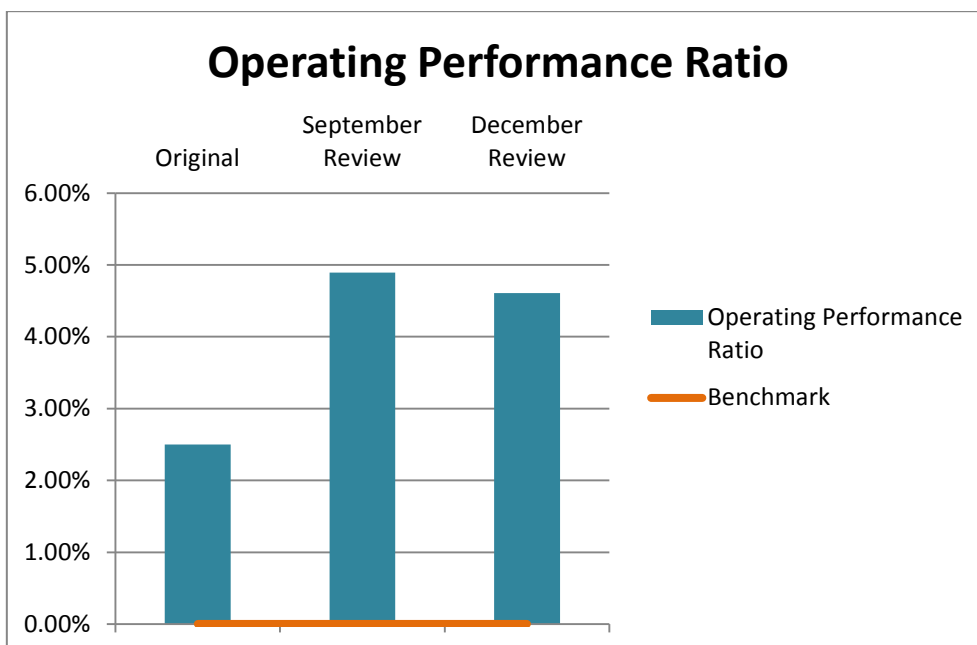
Purpose of Debt Service Cover Ratio	Commentary on 2019/20 Result December 2019/20 Ratio 7.2x
This ratio measures the availability of operating cash to service debt including principal and interest.	A debt service ratio of 7.2 times means Council has capacity to meet its loan repayments



Purpose of Interest Cover Ratio	Commentary on 2019/20 Result December 2019/20 Ratio 29.3x
----------------------------------------	----------------------------------------------------------------------

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

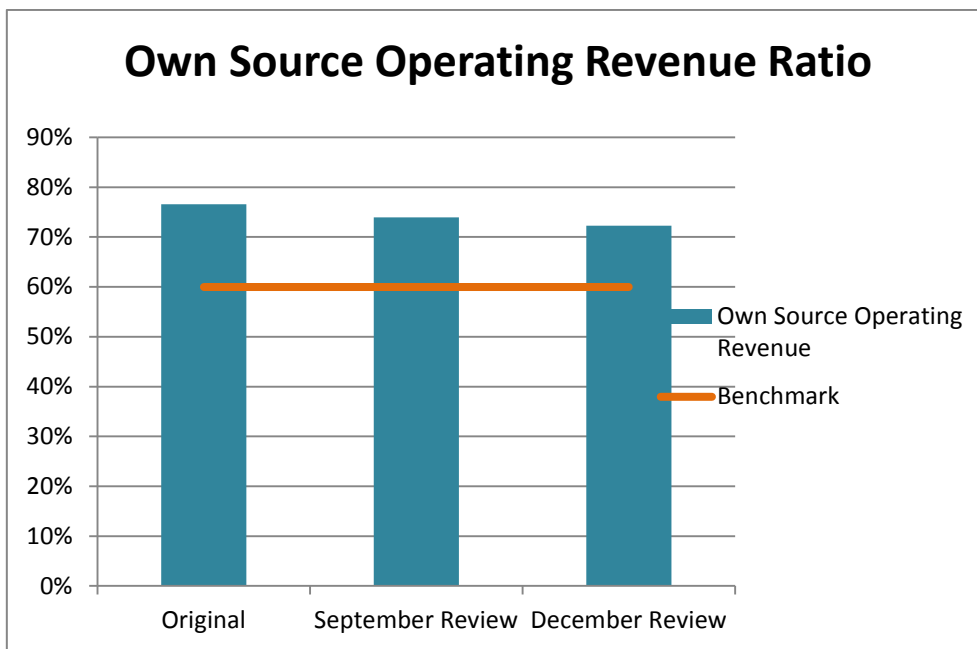
An interest cover ratio of 29 times means Council has more than adequate cash to cover interest payments on its debt.



Purpose of Operating Performance Ratio	Commentary on 2019/20 Result December 2019/20 Ratio 4.6%
-----------------------------------------------	---------------------------------------------------------------------

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

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



Purpose of Own Source Operating 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 December 2019/20 Ratio 72%

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

Contracts Budget Review Statement

For the period 1 October 2019 to 31 December 2019

Contracts Budget Review Statement						
Contractor	Contract Detail and Purpose	Contract Value (GST Inc)	Date	Minute No.	Length of Contract	Budgeted (Y/N)
Elite Haulage	Movement of soil and spread to Wallerawang Oval	\$52,679.00	28/11/2019	N/A	1 Month	Y
All Pavement Solutions Pty Ltd	Roads Sealing Capital – Various Roads	\$664,462.00	5/11/2019	N/A	Until Complete	Y
Downer EDI Works	Road Sealing – Bridge & Inch Street	\$316,530.42	6/12/2019	N/A	Until Complete	Y
Downer EDI Works	Road Sealing – Enfield Avenue & John Street	\$107,614.56	1/10/2019	N/A	Until Complete	Y
Downer EDI Works	Portland Tip Supply and Lay Seal	\$61,847.34	28/11/2019	N/A	1 Month	Y
Sewer Vent Supplies and Repairs Pty Ltd	Replacement of vent shafts	\$59,361.50	9/12/2019	N/A	1 Month	Y
L-Don Sporting Areas Pty Ltd	Lithgow Croquet Field Reconstruction	\$156,687.30	9/11/2019	N/A	4 Months	Y
Westrac	Purchase of Caterpillar 432F2 Backhoe	\$217,720.00	23/10/2019	N/A	N/A	Y

Consultancy and Legal Expenses Review Statement

Consultancy and Legal Expenses Review Statement		
Expense	YTD Expenditure*	Budgeted (Y/N)
Consultancies	200,504	Y
Legal Fees	170,097	Y

*Actual expenditure 1 July 2019 to 31 December 2019.

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.