

2019-2020 quarterly report

January - March 2020



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 January 2020 to 31 March 2020 achieves these requirements.

From the General Manager,
Craig Butler

Report by Responsible Accounting Officer

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

31 March 2020

It is my opinion that the Quarterly Budget review Statement for Lithgow City Council for the quarter ended 31/3/2020 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

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Summary of Financial Position

This report provides the Quarterly Performance Report on the 2019-2020 Operational Plan for the period of 1 January to 31 March 2020 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
March Review	50,718	46,986	3,732

2019/2020 Quarterly Budget Comparison - By Fund			
Budget	Income \$'000	Expenditure \$'000	Result \$'000
General	35,506	32,053	3,453
Water	7,458	7,503	(45)
Wastewater	7,755	7,427	328

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
Income											
Rates and Annual Charges	27,245						27,245	(33)	1	27,212	26,746
User Fees and Charges	7,363			40	(120)		7,283	(45)	2	7,238	3,278
Interest and Investment Revenue	873			(300)			573	47	3	620	523
Other Revenue	1,197			34			1,231	453	4	1,684	938
Operating Grants and Contributions	7,870	257		649	1,398		10,174	617	5	10,791	9,141
Capital Grants and Contributions	4,500	130		105			4,735	(2,631)	6	2,104	1,491
Gain on Sale of Assets	638			650			1,288	(291)	7	1,069	972
Total Revenue	49,686	387		1,178	1,278		52,529	(1,811)		50,718	43,089
Expenses											
Employee Costs	17,426	12		83	(128)		17,393	254	8	17,647	13,038
Borrowing Costs	665						665			665	466
Materials and Contracts	9,175	68	(17)	461	1,072		10,759	1,230	9	11,989	8,131
Depreciation Expense	11,863						11,863			11,863	9,272
Other Expenses	4,927			17	(32)		4,912	(90)	10	4,822	3,411
Loss on Sale of Assets											
Total Expenses	44,056	80	(17)	561	912		45,592	1,394		46,986	34,318
Operating Result	5,630	307	17	617	366		6,937	(3,205)		3,732	8,771

Operating Result before Capital	1,130	177	17	512	366	2,202	(574)	1,628	7,280
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Income and Expenses Budget Variation Notes

Notes	Details
1	<ul style="list-style-type: none"> Minor reduction in rates and annual charges due to additional pension rebates applied from review of prior year rebates applied.
2	<ul style="list-style-type: none"> Decrease in user fees and charges revenue due to duplicate trade waste income budget being removed, less than expected development income and a reduction in user fees related to communities centre and facilities affected by COVID-19 closures, partly offset by increase in private works income.
3	<ul style="list-style-type: none"> Increase in interest and investment income due to better than expected returns on investments.
4	<ul style="list-style-type: none"> Increase in other revenues due to RFS Section 44 reimbursement due to be received.
5	<ul style="list-style-type: none"> Increase in operating grants due to additional grants expected for the additional bushfire recovery grant, pension rebate grant, Emergency Services Levy grant and Local Infrastructure Renewal Scheme subsidy.
6	<ul style="list-style-type: none"> Reduction of capital grants and contributions due to Cullen Bullen sewerage upgrade project budget being transferred to 20/21 financial year, lower than expected water and sewer developer contributions and Lake Wallace Assessable Fishing Platform project being moved to 20/21 financial year.
7	<ul style="list-style-type: none"> Reduction of Gain on Sales due to fleet sales being on hold due to COVID-19 to allow extra cars for adequate social distancing protocols.
8	<ul style="list-style-type: none"> Additional salary and wage costs for RFS Section 44 to be reimbursed under item 4.
9	<ul style="list-style-type: none"> Increase in materials and contracts budget due to RFS Section 44 costs, costs due to incident at Wallerawang STP, private works projects and other minor adjustments.
10	<ul style="list-style-type: none"> Decrease in other expenses transferred to materials and contract expense type in various departmental budgets.

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 Mar QBRS	Projected Year End Result	Actual YTD Figures
Income										
Rates and Annual Charges	18,149						18,149		18,149	17,850
User Fees and Charges	1,512			40	(120)		1,432	76	1,508	1,211
Interest and Investment Revenue	843			(300)			543	61	604	508
Other Revenue	1,197			34			1,231	453	1,684	921
Operating Grants and Contributions	7,686	257		649	1,398		9,990	448	10,438	8,788
Capital Grants and Contributions	1,657	130		105			1,892	162	2,054	1,468
Gain on Sale of Assets	638			650			1,288	(219)	1,069	972
Total Revenue	31,682	387		1,178	1,278		34,525	981	35,506	31,718
Expenses										
Employee Costs	13,011	12		104	(128)		12,999	263	13,262	10,445
Borrowing Costs	156						156		156	114
Materials and Contracts	3,978	68	(17)	311	742		5,082	867	5,949	4,846
Depreciation Expense	8,489						8,489		8,489	6,765
Other Expenses	4,316			17	(32)		4,301	(104)	4,197	2,987
Loss on Sale of Assets										
Total Expenses	29,950	80	(17)	432	582		31,027	1,026	32,053	25,157
Operating Result	1,732	307	17	746	696		3,498	(45)	3,453	6,561
Operating Result before Capital	75	177	17	641	696		1,606	(207)	1,399	5,093

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 Mar QBRs	Projected Year End Result	Actual YTD Figures
Income										
Rates and Annual Charges	1,713						1,713	(18)	1,695	1,746
User Fees and Charges	5,545						5,545		5,545	2,003
Interest and Investment Revenue	30						30	(14)	16	16
Other Revenue										17
Operating Grants and Contributions	94						94	88	182	182
Capital Grants and Contributions	121						121	(101)	20	9
Gain on Sale of Assets										
Total Revenue	7,503						7,503	(45)	7,458	2,893
Expenses										
Employee Costs	2,250			(11)			2,239	(14)	2,225	1,328
Borrowing Costs	38						38		38	26
Materials and Contracts	3,288			150	37		3,475	17	3,492	1,839
Depreciation Expense	1,586						1,586		1,586	1,102
Other Expenses	147						147	15	162	135
Loss on Sale of Assets										
Total Expenses	7,309				37		7,485	18	7,503	4,430
Operating Result	194				(37)		18	(63)	(45)	(1,537)
Operating Result before Capital	73				(37)		(103)	38	(65)	(1,546)

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 Mar QBRs	Projected Year End Result	Actual YTD Figures
Income										
Rates and Annual Charges	7,384						7,384	(15)	7,369	7,151
User Fees and Charges	305						305	(120)	185	64
Interest and Investment Revenue										
Other Revenue										
Operating Grants and Contributions	90						90	81	171	171
Capital Grants and Contributions	2,721						2,721	(2,691)	30	14
Gain on Sale of Assets										
Total Revenue	10,500						10,500	(2,745)	7,755	7,310
Expenses										
Employee Costs	2,166			(11)			2,155	4	2,159	1,265
Borrowing Costs	470						470		470	327
Materials and Contracts	1,909				294		2,203	344	2,547	1,446
Depreciation Expense	1,788						1,788		1,788	1,404
Other Expenses	463						463		463	289
Loss on Sale of Assets										
Total Expenses	6,796			(11)			7,079	348	7,427	4,731
Operating Result	3,704			11			3,421	(3,093)	328	2,579
Operating Result before Capital	983			11			700	(402)	298	2,565

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 Mar QBRs	Notes	Projected Year End Result	Actual YTD Figures
Capital Expenditure											
Plant and Equipment	1,371	410					1,781			1,781	1,333
Land and Buildings	2,162	811	(63)	(7)	33		2,936	(281)	1	2,655	1,332
Other Structures	2,204	1,160		322	72		3,758	(1,169)	2	2,589	1,442
Roads, Bridges and Footpaths	4,725	1,016	84	120	(52)		5,893	(249)	3	5,644	3,498
Stormwater	541	3					544	(250)	4	294	16
Swimming Pools	-										
Water Infrastructure	1,994	1,806					3,800	(441)	5	3,359	2,366
Sewer Infrastructure	3,977	1,247		40	204		5,468	(2,677)	6	2,791	538
Furniture and Fittings	-										
Office Equipment	64	61					125	(10)	7	115	55
Tip Assets	3,697	70		2	(33)		3,736	(3,313)	8	423	160
Loan Repayments	1,503						1,503	868	9	2,371	1,541
Total Capital Expenditure	22,238	6,584	21	477	224		29,544	(7,522)		22,022	12,281
Capital Funding											
Rates and Other Untied Funding	15,038		9	328	7		15,382	720		16,102	
Capital Grants and Contributions	3,207	131		105			3,443	(1,839)		1,604	
Reserves:											
External Restriction/Reserve	3,190	3,786		44	191		7,211	(5,473)		1,738	
Internal Restriction/Reserve	803	2,667	12		26		3,508	(1,880)		1,628	
New Loans								950		950	
Receipts from Asset Sales											
Total Capital Funding	22,238	6,584	21	477	224		29,544	(7,522)		22,022	
Net Capital Funding	-	-	-	-	-		-	-		-	

Capital Budget Review Statement Variation

Notes

Notes	Details
1	<ul style="list-style-type: none"> Transfer of unspent project funds to Building Reserve for future years use.
2	<ul style="list-style-type: none"> Removal of projects which will not be undertaken in current financial year or projects under budget which have resulted in cost savings. Major projects include Lake Lyell Septic/Sewer Upgrade (revote to 20/21), Cook St Plaza Shade Structures (saving), Adventure Playground (revote to 20/21) and Lake Wallace Assessable Fishing Platform (revote to 20/21).
3	<ul style="list-style-type: none"> Transfer funds to reserve for works which are not expected to commence in the current financial year. Major project is Wolgan Slope Stability works.
4	<ul style="list-style-type: none"> Transfer to reserve for future years major stormwater renewal project.
5	<ul style="list-style-type: none"> Removal of water supply projects which are not expected to be completed in current financial year, including major project in reservoirs upgrade to be funded from 2019/20 loan. This project has been moved to the 20/21 financial year.
6	<ul style="list-style-type: none"> Removal of sewerage projects not expected to be completed in current financial year, major project being the Cullen Bullen sewerage construction works which have been moved to the 20/21 financial year.
7	<ul style="list-style-type: none"> Transfer of HR Performance Appraisal module project budget to reserve, moved to 20/21 financial year for implementation.
8	<ul style="list-style-type: none"> Removal of waste projects not expected to be complete in current financial year, major project being the Lithgow Resource Recovery Centre which has been moved to the 20/21 financial year.
9	<ul style="list-style-type: none"> Additional loan repayment to be made on existing wastewater loan to allow for water loan drilldown so as to not increase loan facilities across Council.

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 \$48,986.37

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

The date of completion of this bank reconciliation was 1/4/2020

Reconciliation Status

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

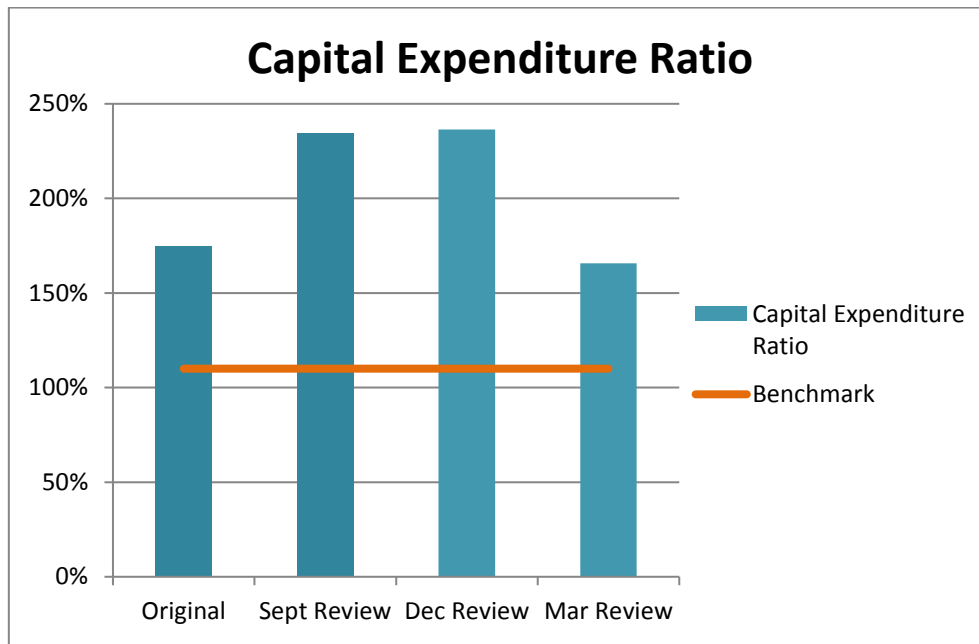
	\$'000's
Cash at Bank	49
Investments on Hand	28,140
Less: Unpresented Cheques	(5)
Add: Undeposited Funds	-
Less: Identified Deposits	(351)
Add: Identified Outflows	216
Less: Unidentified Deposits	(86)
Ad: Unidentified Outflows	2
Reconciled Cash at Bank & Investments	27,966
Balance as per Review Statement	27,966
Difference	-

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

Cash and Investments Statement				
	30 June 2019 Position	30 September 2019 Position	31 December 2019 Position	31 March 2020 Position
Externally Restricted				
Developer Contributions	1,887	1,959	1,909	1,960
Special Purpose Grants	3,321	1,246	475	2,233
RMS Grants	-	-	-	-
Water Supplies	1,462	2,083	1,661	73
Sewerage Services	6,297	8,248	7,702	7,960
Domestic Waste	4,168	5,436	5,604	5,580
Unexpended Loans	2,591	2,579	2,579	2,579
Total Externally Restricted	19,726	21,550	19,931	20,386
Internally Restricted				
Land & Buildings	4,852	4,792	4,536	5,683
Plant & Equipment	961	775	477	27
Bonds, Deposits & Retentions	630	671	644	614
Works in Progress	1,037	1,025	1,034	1,067
Carry Over Works	2,017	1,393	1,247	1,677
ELE	831	831	831	831
Election				
Total Internally Restricted	10,326	9,487	8,770	9,899
Unrestricted	-	494	(319)	(2,318) *
Total Cash and Investments	30,052	31,532	28,382	27,966

* Delays in issuing water accounts following the installation of smart meters and an increase in overdue rates instalments during the COVID-19 pandemic are the main reasons for the deficit in unrestricted cash. Remedial action to address the unrestricted cash deficit is currently being considered.

Key Performance Indicators

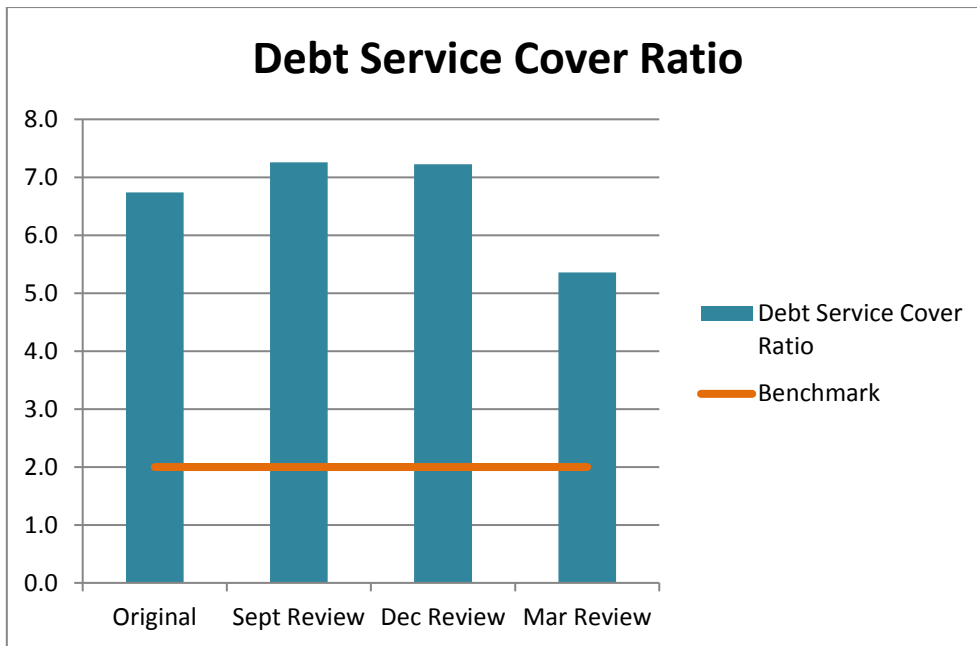


Purpose of Capital Expenditure Ratio

Commentary on 2019/20 Result
March 2019/20 Ratio 166%

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

A capital expenditure ratio of 1.66 suggests that Council has a substantial capital works program.

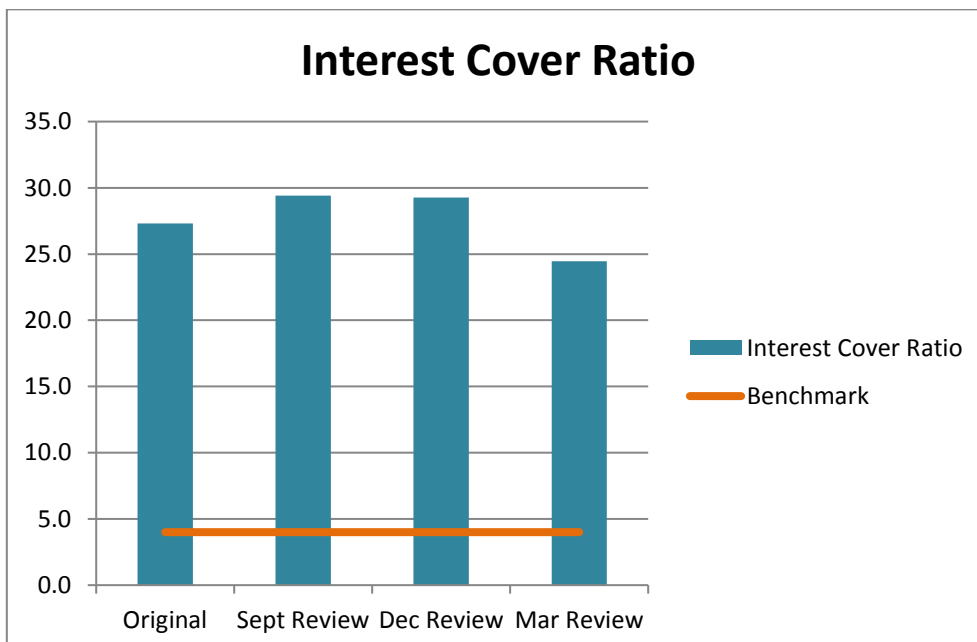


Purpose of Debt Service Cover Ratio

Commentary on 2019/20 Result
March 2019/20 Ratio 5.4x

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

A debt service ratio of 5.4 times means Council has capacity to meet its loan repayments

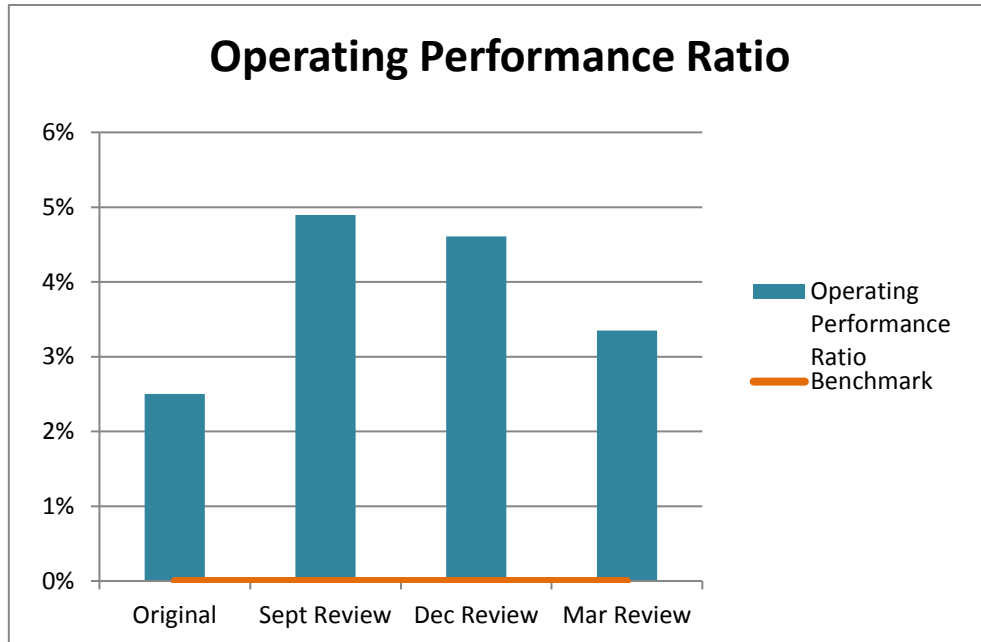


Purpose of Interest Cover Ratio

Commentary on 2019/20 Result
March 2019/20 Ratio 24.5x

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

An interest cover ratio of 24 times means Council has more than adequate cash to cover interest payments on its debt.

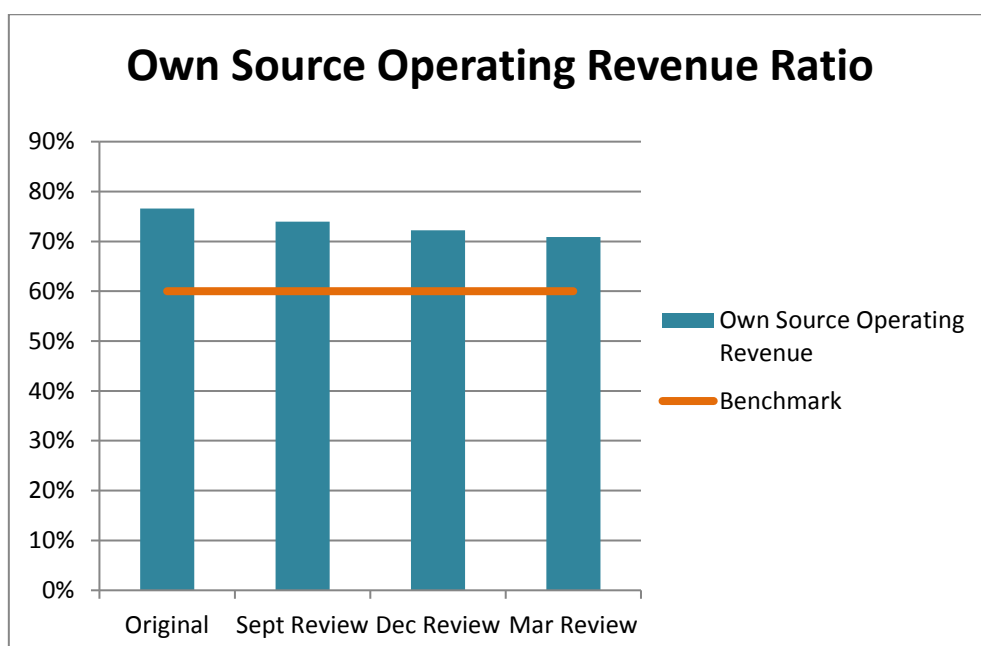


Purpose of Operating Performance Ratio

Commentary on 2019/20 Result
March 2019/20 Ratio 3.3%

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

Council's current consolidated operating budget is above the OLG benchmark of 0%.



**Purpose of Own Source Operating
Revenue Ratio**

**Commentary on 2019/20 Result
March 2019/20 Ratio 71%**

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

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 January 2020 to 31 March 2020

Contracts Budget Review Statement						
Contractor	Contract Detail and Purpose	Contract Value (GST Inc)	Date	Minute No.	Length of Contract	Budgeted (Y/N)
Bridge Check Australia Pty Ltd	Hartley Bridge Refurbish / Construction	\$217,723.00	05/03/2020	N/A	-	Y
The Green Guys Group Pty Ltd	74.1KW Solar + 81KWh Battery Storage Inc 2 year monitoring & maintenance program	\$184,259.90	20/01/2020	N/A	-	Y
The Green Guys Group Pty Ltd	Upgrades to electrical switch room and construction commissioning of new MSB	\$59,755.30	20/01/2020	N/A	-	Y
Robbie Lee Developments	Demolition – Sheedy’s Gully House	\$164,631.50	04/02/2020	N/A	-	Y
APV Valuers & Associates	For valuation of LCC Operational Land, Buildings and Other Structures	\$94,149.00	26/02/2020	N/A	-	Y
Q Max Pumping Stations	Cook Street Pump station upgrade	\$149,820.00	5/2/2020	N/A	-	Y
Golder Associates Pty Ltd	Slope Stability Risk Assessments	\$205,864.00	6/2/2020	N/A	-	Y

Consultancy and Legal Expenses Review Statement

Consultancy and Legal Expenses Review Statement			
Expense	YTD Expenditure*	Budgeted (Y/N)	
Consultancies	320,319.07	Y	
Legal Fees	233,144.86	Y	

*Actual expenditure 1 July 2019 to 31 March 2020.

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.