

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 the Tenterfield Shire Council for the quarter ended 31 December 2024 indicates that Council's projected financial position at 30 June 2025 will be unsatisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure. Noting, this is primarily due to funding and timing of grants despite administrations ongoing operational deferrals.

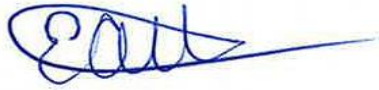
Under Regulation 203 (2) of the Local Government Act, I am required to suggest recommendations for remedial action.

To that end, I recommend in the December 2024 Quarterly Budget Review that:

- 1) No additional operating or capital expenditure outside of the recommendations in this review be approved by Council unless they are offset by other savings (e.g. with road works such as re-sheeting, with a plan to reduce maintenance costs) or grant funded, and even then only where there will be no additional operating costs as a result of the expenditure i.e. if capital related expenditure, it should be for the replacement of existing assets only, not new assets;*

- 2) Acknowledge the ongoing governance and treasury management difficulties Council faces with the current structure of many grant and disaster funding payments, and advocate for changes to the timing of these cash payments from State and Federal governments;*

- 3) Council continues to explore increases in operational income by considering selling assets to increase cash flow to meet requirements for the financial year in line with the original budget.*



Signed:

Date: 17/02/2025

Responsible Accounting Officer

Tenterfield Shire Council

Budget Statement for the year ended - 31 December 2024

Income and Expenditure Review by Function

	Original Budget	Adopted Changes	Adopted Changes	Adopted Changes	Recommend Changes	REVISED Budget	ACTUAL YTD
	2024/25	July	Carry-Forward	September	December	2024/25	as at 31/12/24
	\$'000	Amendments	Projects	Review	Review	\$'000	\$'000
Income							
<i>Rates and annual charges</i>	14,981	-	-	-	20	15,001	15,280
<i>User fees and charges</i>	2,790	-	-	14	32	2,836	1,609
<i>Other revenues</i>	391	-	-	104	26	521	347
<i>Grants and contributions provided for operating purposes</i>	8,973	-	1,234	3,793	293	14,293	2,295
<i>Interest and investment income</i>	1,085	-	-	310	650	2,045	1,576
<i>Grants and contributions provided for capital purposes</i>	80	-	26,085	2,094	(400)	27,859	20,886
Total Income including Capital Grants & Contributions	28,300	-	27,319	6,315	621	62,555	41,993
Expenses							
<i>Employee benefits and on-costs</i>	8,637	(164)	-	(139)	(49)	8,285	3,591
<i>Materials and services</i>	7,586	(189)	4,034	6,579	211	18,221	3,932
<i>Borrowing costs</i>	900	-	-	-	-	900	456
<i>Depreciation, amortisation & impairment of non-financial assets</i>	10,186	-	-	-	(767)	9,419	4,713
<i>Other expenses</i>	2,570	-	-	18	113	2,701	1,680
<i>Net loss from the disposal of assets</i>	304	-	-	-	-	304	251
Total Expenses	30,183	(353)	4,034	6,458	(492)	39,830	14,623
Total Surplus/ (Deficit)	(1,883)	353	23,285	(143)	1,113	22,725	27,370
Capital Grants and Contributions	80	0	26,085	2,094	(400)	27,859	20,886
Net Operating Result excluding Capital Grants and Contributions	(1,963)	353	(2,800)	(2,237)	1,513	(5,134)	6,484
Operating Ratio (including Capital Income)	-6.65%					36.33%	65.18%
Operating Ratio (excluding Capital Income)	-6.96%					-14.80%	30.72%

Budget Variations - Explanations

C/F = Carry-forward from 2023/24 financial year

Recommended Income Variations

\$

RATES AND ANNUAL CHARGES	20,000
- Finance and Technology	20,000
Addition to Operating income: Rates Income (due to subdivisions and land revaluations - this will reduce the 2025/26 rates forecast)	20,000
USER FEES AND CHARGES	32,120
- Arts, Culture and Library Services	1,620
Addition to Operating grant income: School of Arts Fees and Charges	1,620
- Planning and Regulation	30,500
Addition to Operating income: Fees and Charges	30,500
OTHER REVENUES	25,973
- Finance and Technology	25,973
Addition to Operating income: Financial Support Payment for Preliminary Land Classifications 2024 (NSW Emergency Services Levy Funding Reform)	25,973
GRANTS AND CONTRIBUTIONS PROVIDED FOR OPERATING PURPOSES	292,463
- Civic Office	10,000
New Operating grant income: National Australia Day Grant 2025	10,000
- Arts, Culture and Library Services	3,412
New Operating grant income: Youth Week 2025 grant	3,412
- Transport Network	279,051
Addition to Operating grant income: Disaster Recovery Funding Agreement (DRFA) program - approved Essential Public Asset Restoration (EPAR) projects for AGRN1075 October 2023 Far North NSW Bushfires	279,051
INTEREST AND INVESTMENT INCOME	650,000
- Finance and Technology	500,000
Addition to Operating income: Interest on Investments (operating bank account)	500,000
- Transport Network	150,000
Addition to Operating income: Interest in Investments for DRFA and RERRF funds	150,000
GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES	(400,000)
- Transport Network	(400,000)
Reduction to Capital grant income: Special Grant Mt Lindesay Road (deferred to 2025/26 year)	(400,000)
Total Recommended Income Variations	620,556

Recommended Operating Expenditure Variations

\$

EMPLOYEE BENEFITS	(49,000)
- Workforce Development	(49,000)
Reduction: Wages budget reallocated to Contractor budgets - Safety and Risk Officer (\$40,000) and Recruitment Senior Staff (\$9,000)	(49,000)
MATERIALS AND SERVICES	211,463
- Civic Office	10,000
New Operating grant: National Australia Day Grant 2025	10,000
- Arts, Culture and Library Services	3,412
New Operating grant: Youth Week 2025 grant	3,412
- Workforce Development	89,000
Addition: Wages budget reallocated from Employee Wages budget - Safety and Risk Officer (\$40,000) and Recruitment Senior Staff (\$9,000)	49,000
Addition: Staff Recruitment costs	40,000
- Finance and Technology	(170,000)
Reduction: IT Operating Costs (IT upgrade deferred to future years)	(170,000)
- Transport Network	279,051
Addition: Disaster Recovery Funding Agreement (DRFA) program - Operational works: approved Essential Public Asset Restoration (EPAR) projects for AGRN1075 October 2023 Far North NSW Bushfires	279,051
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-FINANCIAL ASSETS	(767,020)
Addition: Depreciation - Economic Growth and Tourism	4,047
Addition: Depreciation - Arts, Culture and Library Services	16,396
Reduction: Depreciation - Finance and Technology	(3,933)
Addition: Depreciation - Livestock Saleyards	3,053
Addition: Depreciation - Parks, Gardens and Open Spaces	57,913
Addition: Depreciation - Planning and Regulation	1,722
Addition: Depreciation - Buildings and Amenities	29,297
Addition: Depreciation - Swimming Complex	2,282
Addition: Depreciation - Asset Management and Resourcing	6,745
Reduction: Depreciation - Transport Network	(497,683)
Reduction: Depreciation - Waste Management	(683,592)
Addition: Depreciation - Water Supply	302,194
Reduction: Depreciation - Sewerage Service	(14,209)
Addition: Depreciation - Stormwater and Drainage	8,748
OTHER EXPENSES	112,795
- Arts, Culture and Library Services	27,268
C/F Operating grant: Reconnecting Regional NSW Community Events Program grant	27,268
- Transport Network	434,962
Addition: Non-cash expense to bring to account asset revaluation process	434,962
- Waste Management	(318,350)
Reduction: Non-cash expense to bring to account asset revaluation process	(318,350)
- Water Supply	(35,327)
Reduction: Non-cash expense to bring to account asset revaluation process	(35,327)
- Sewerage Service	4,242
Addition: Non-cash expense to bring to account asset revaluation process	4,242
Total Recommended Expense Variations	(491,762)

Tenterfield Shire Council

Budget Statement for the year ended - 31 December 2024

Capital Budget Review

	Original Budget 2024/25	Adopted Changes	Adopted Changes	Adopted Changes	Recommend Changes	REVISED Budget 2024/25	ACTUAL YTD as at 31/12/24
		July Amendments	Carry-Forward Projects	September Review	December Review		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sources of Capital Funding for Capital Expenditure							
<i>Rates and other untied funding (e.g. FAGS, Block Grant, Roads to Recovery, Library Subsidy)</i>	4,549	(575)	473	894	(336)	5,005	1,508
<i>Capital Grants & Contributions</i>	21	-	26,085	1,813	(400)	27,519	7,102
External Restrictions							
- <i>Specific Purpose Unexpended Grants</i>	-	-	5	-	50	55	5
- <i>Developer Contributions</i>	-	-	-	14	-	14	10
- <i>Water Supply Fund</i>	656	-	217	559	105	1,537	862
- <i>Sewerage Service Fund</i>	818	-	19	270	(270)	837	59
- <i>Domestic Waste Management Fund</i>	288	-	3,198	42	(40)	3,488	1,358
- <i>Stormwater Management Fund</i>	51	-	-	-	(51)	-	-
Internal restrictions							
- <i>Plant & Vehicle Replacement Reserve</i>	-	-	-	-	-	-	-
- <i>SRV Money unspent 2014</i>	298	-	37	-	385	720	106
- <i>SRV Money unspent 2023</i>	78	-	-	87	(8)	157	47
- <i>Saleyards Specific Purpose reserve</i>	-	-	-	102	-	102	37
Other Capital Funding Sources							
<i>Income from sale of assets (Plant & Fleet)</i>	1,000	-	-	-	-	1,000	1,330
Total Capital Funding	7,759	(575)	30,034	3,781	(565)	40,434	12,424

Tenterfield Shire Council

Budget Statement for the year ended - 31 December 2024

Capital Budget Review

	Original Budget	Adopted Changes	Adopted Changes	Adopted Changes	Recommend Changes	REVISED Budget	ACTUAL YTD
	2024/25	July Amendments	Carry-Forward Projects	September Review	December Review	2024/25	as at 31/12/24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure							
New Assets							
- Civic Office	-	-	-	-	-	-	-
- Organisation Leadership	-	-	-	-	-	-	-
- Economic Growth and Tourism	-	-	160	-	-	160	42
- Arts, Culture and Library Services	-	-	-	-	-	-	-
- Workforce Development	-	-	-	-	-	-	-
- Emergency Services	-	-	-	-	-	-	-
- Finance and Technology	-	-	-	-	-	-	-
- Corporate and Governance	-	-	-	-	-	-	-
- Environmental Management	-	-	-	-	-	-	-
- Livestock Saleyards	-	-	-	-	-	-	-
- Parks, Gardens and Open Spaces	35	-	-	(9)	(1)	25	-
- Planning and Regulation	-	-	-	-	-	-	-
- Buildings and Amenities	-	-	-	-	-	-	-
- Swimming Complex	-	-	-	-	-	-	-
- Asset Management and Resourcing	-	-	-	-	-	-	-
- Commercial Works	-	-	-	-	-	-	-
- Plant, Fleet and Equipment	-	-	-	-	-	-	-
- Transport Network	-	-	-	-	50	50	2
- Waste Management	-	-	3,082	27	12	3,121	1,291
- Water Supply	-	-	515	-	-	515	113
- Sewerage Service	-	-	-	120	(120)	-	-
- Stormwater and Drainage	-	-	-	-	-	-	-
Asset Renewals/Replacement							
- Civic Office	-	-	-	-	-	-	-
- Organisation Leadership	-	-	-	-	-	-	-
- Economic Growth and Tourism	-	-	-	-	-	-	-
- Arts, Culture and Library Services	21	-	5	(1)	-	25	3
- Workforce Development	-	-	-	-	-	-	-
- Emergency Services	-	-	-	-	-	-	-
- Finance and Technology	20	-	-	-	-	20	-
- Corporate and Governance	-	-	-	-	-	-	-
- Environmental Management	-	-	-	-	-	-	-
- Livestock Saleyards	-	-	-	102	-	102	37
- Parks, Gardens and Open Spaces	33	-	10	57	(8)	92	54
- Planning and Regulation	-	-	-	-	-	-	-
- Buildings and Amenities	90	-	148	33	-	271	72
- Swimming Complex	25	-	-	-	-	25	15
- Asset Management and Resourcing	100	-	-	-	50	150	-
- Commercial Works	-	-	-	-	-	-	-
- Plant, Fleet and Equipment	1,500	-	-	-	-	1,500	1,267
- Transport Network	3,523	(575)	22,840	2,728	(400)	28,116	6,486
- Waste Management	174	-	197	15	(52)	334	51
- Water Supply	432	-	2,758	559	105	3,854	2,475
- Sewerage Service	701	-	319	150	(150)	1,020	3
- Stormwater and Drainage	51	-	-	-	(51)	-	-
Loan Repayments (principal)	1,054	-	-	-	-	1,054	513
Total Capital Expenditure	7,759	(575)	30,034	3,781	(565)	40,434	12,424

* Some restricted cash is finalised as part of the end of year Financial Statement Process.

Capital Expenditure Budget Variations - Explanations

Proposed Capital Expenditure Variations

C/F = Carry-forward from 2023/24 financial year

New Assets

\$

- Parks, Gardens and Open Spaces	(1,300)
Reduction General fund capital project: Liston Mower Shed	(1,300)
- Transport Network	50,000
Addition DRFA Category D project: AGRN1012 Integrated Smart Infrastructure System	50,000
- Waste Management	12,000
Reallocate budget to Waste fund capital project: Torrington - Landfill Closure & Transfer Station Construction	12,000
- Sewerage Service	(120,000)
Removal Sewer fund capital project: Tenterfield STP - 3 Bay Shed for Storage (deferred to 2025/26 year)	(120,000)
Total Proposed New Asset Variations	(59,300)

Renewal Assets

\$

- Parks, Gardens and Open Spaces	(7,860)
Reduction General fund capital project: Parks & Gardens - Fixtures Replacement in Apex Park (SRV 2023)	(7,860)
- Asset Management and Resourcing	50,000
Reduction General fund capital project: Tenterfield Depot - Fuel Tank Replacement/Remediation (SRV 2014)	50,000
- Transport Network	(400,000)
Reduction Capital grant: Special Grant Mt Lindesay Road (deferred to 2025/26 year)	(400,000)
- Waste Management	(52,000)
Addition Waste fund capital project: EPA Bushfire Recovery Program for Council Landfills grant (Council contribution)	60,000
Removal Waste fund capital project: Tenterfield WTS Recycling Infrastructure (deferred to 2025/26 year)	(100,000)
Reallocate budget from Waste fund capital project: Boonoo Boonoo - Cell Remediation Asset	(12,000)
- Water Supply	105,000
Addition Water fund capital project: Cowper St Mains Replacement - Transport NSW Works	105,000
- Sewerage Service	(150,000)
Removal Sewer fund capital project: Tenterfield New Pump Station - Trail Lane (deferred to 2025/26 year)	(150,000)
- Stormwater and Drainage	(50,628)
Removal Stormwater fund capital project: Drainage Pits - Upgrade	(30,814)
Removal Stormwater fund capital project: Stormwater Pipe Renewal	(19,814)
Total Proposed Renewal Asset Variations	(505,488)

Liabilities

\$

Total Proposed Liabilities Variations	-
Total Proposed Expenditure Variations	(564,788)

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2024 and should be read in conjunction with other documents in the QBRs.

Budget Statement for the year ended - 31 December 2024

Cash and Investment Review

	Opening Balance	Adopted	Recommend	PROJECTED	ACTUAL YTD
	30/06/2024	Changes	Changes	year end	31/12/2024
	from Audited	September	December	Result	
	Financial Statements	Review	Review	2024/25	
	\$'000	\$'000	\$'000	\$'000	\$'000
Externally restricted					
<i>Specific Purpose Unexpended Grants - General Fund</i>	29,478	(22,985)	(50)	6,443	26,777
<i>Specific Purpose Unexpended Grants - Water Fund</i>	225	(225)	-	-	675
<i>Specific Purpose Unexpended Grants - Sewer Fund</i>	-	-	-	-	-
<i>Specific Purpose Unexpended Grants - Waste Fund</i>	-	-	-	-	-
<i>Specific Purpose Unexpended Grants - Stormwater Fund</i>	-	-	-	-	-
<i>Developer Contributions - General Fund</i>	1,091	286	-	1,377	1,234
<i>Developer Contributions - Water Fund</i>	130	10	-	140	130
<i>Developer Contributions - Sewer Fund</i>	85	10	-	95	85
<i>Developer Contributions - Waste Fund</i>	114	20	-	134	129
<i>Developer Contributions - Stormwater Fund</i>	9	-	-	9	9
<i>RFS Unspent Funds</i>	107	-	-	107	168
<i>Water Supply Fund</i>	2,348	(340)	(105)	1,903	2,606
<i>Sewerage Service Fund</i>	7,724	481	270	8,475	8,834
<i>Domestic Waste Management Fund</i>	9,771	(2,111)	40	7,700	9,268
<i>Stormwater Management Fund</i>	1,038	-	51	1,089	1,098
<i>Trust Fund</i>	69	-	-	69	69
Total Externally restricted	52,189	(24,854)	206	27,541	51,082
Internally restricted					
<i>Plant & Vehicle Replacement</i>	850	-	1,500	2,350	2,350
<i>Employee Leave Entitlements</i>	805	-	-	805	805
<i>FAG Road Component (Advanced Payment)</i>	1,852	(1,852)	-	-	914
<i>Special Projects - Disaster Recovery Contingency</i>	2,500	-	-	2,500	2,500
<i>SRV Money unspent 2014</i>	1,048	(339)	(385)	324	939
<i>SRV Money unspent 2023</i>	439	(298)	8	149	385
<i>Saleyards Specific Purpose</i>	101	(101)	-	-	64
<i>Interest earned from RERRF funds in term deposits</i>	-	203	75	278	201
<i>Interest earned from DRFA funds in term deposits</i>	-	50	75	125	55
<i>IT System Upgrade</i>	-	500	270	770	770
<i>Financial Support Payment for Preliminary Land Classifications 2024 (NSW</i>	-	-	26	26	26
<i>Emergency Services Levy Funding Reform)</i>	-	-	200	200	200
<i>Future Grant Co-Contributions</i>	-	-	-	-	-
Total Internally restricted	7,595	(1,837)	1,769	7,527	9,209
Total Restricted	59,784	(26,691)	1,975	35,068	60,291
Available Cash (Unrestricted Funds)	8,701	(764)	(1,798)	6,139	8,289
Total Cash and Investments	68,485	(27,455)	177	41,207	68,580

Notes:

The **available cash** position excludes restricted funds. External restrictions are funds that must be spent for a specific purpose and cannot be used by council for general operations. Internal restrictions are funds that council has determined will be used for a specific future purpose. Internal and external restrictions are not determined fully until after year end.

Comment on Cash and Investments Position

Some restricted cash is finalised as part of the end of year Financial Statement Process.

Council's Cash and Investments are performing within anticipated parameters.

Recommended Changes to Revised Budget

Include:

- an explanation for recommended changes and any impact on Council's original management plan / operational plan, delivery program or LTFP.
- any impacts of YTD expenditure on recommended changes to the budget

All changes required are in respect of the variations detailed in both the Capital budget and the Income and Expenditure Review

Certification regarding Investments and Bank Reconciliations

Investments

It is hereby certified that all investments listed below have made in accordance with the requirements of the Local Government Act 1993, (Section 625), the companion Regulations and Council's Investment Policy.

Cash

Bank reconciliations occur on a daily basis with a full reconciliation performed on a monthly basis. The full reconciliation for the December quarter occurred on 16 January 2025.

Cash Book Reconciliation

\$

Operating Account Cash balance as at 31 December 2024	52,511,296.63
Trust Account Cash balance as at 31 December 2024	69,074.35
Total Cash (Not invested) as at 31 December 2024	52,580,370.98

Reconciliation

The YTD total Cash and Investments has been reconciled with funds invested and cash at bank:

Financial Institution	Amount	Rating	Interest	Maturity Date
National Australia Bank	1,500,000.00	AA-	4.95%	20/01/2025
National Australia Bank	1,000,000.00	AA-	5.10%	26/05/2025
National Australia Bank	2,000,000.00	AA-	5.05%	8/04/2025
National Australia Bank	3,000,000.00	AA-	5.00%	25/02/2025
Commonwealth Bank	3,000,000.00	AA-	4.92%	15/04/2025
Westpac	1,500,000.00	AA-	4.89%	30/01/2025
Westpac	2,000,000.00	AA-	4.93%	28/02/2025
Westpac	2,000,000.00	AA-	4.98%	12/05/2025
TOTAL INVESTMENTS	16,000,000.00			
TOTAL CASH ON HAND	52,580,370.98			
TOTAL CASH AND INVESTMENTS	68,580,370.98			

Council earns an interest rate of 4.35% on its On-call General (Consolidated) Bank Account

Tenterfield Shire Council

Budget review for the quarter ended - 31 December 2024

Contracts

Contractor	Contract detail & purpose	Contract value \$	Commencement date	Duration of contract	Budgeted (Y/N)
Vanguard Consulting Group Pty Ltd	Igor Ivannikov - Financial & Asset Accounting Services	94,144	18/11/2024	12 months	Y
Grahams Quarry Cedar Point Pty Ltd	Supply and delivery of roadbase gravel for grant project: Fixing Local Roads - Paddys Flat Road South (Council Resolution 194/24)	1,180,300	16/12/2024	30/06/2025	Y

Notes:

1. Minimum reporting level is 1% of estimated income from continuing operations or \$50,000 whichever is the lesser.
2. Contracts to be listed are those entered into during the quarter and have yet to be fully performed (excluding contractors that are on Council's preferred supplier list).
3. Contracts for employment are not required to be included.
4. Where a contract for services etc was not included in the budget, an explanation is to be given (or reference made to an explanation in another Budget Review Statement).

Consultancy and Legal Fees

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	78,668	Y
Legal Fees	8,824	Y

Definition of 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.

Notes:

Both Legal Fees and Consultancy fees are in line with expectations. A portion of the legal fees relating to Debt Recovery are recoverable.

This document forms part of Tenterfield Shire Council's Quarterly Budget Review Statement for the quarter ended 31 December 2024 and should be read in conjunction with other documents in the QBR.