

Finance Advisory Committee Meeting

A Finance Advisory Committee Meeting of Byron Shire Council
will be held as follows:

Venue	Conference Room, Station Street, Mullumbimby
Date	Thursday, 19 May 2022
Time	2.00pm

Esmeralda Davis
Acting Director Corporate and Community Services

12022/537
Distributed 12/05/22



BYRON
SHIRE
COUNCIL

CONFLICT OF INTERESTS

What is a “Conflict of Interests” - A conflict of interests can be of two types:

Pecuniary - an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.

Non-pecuniary – a private or personal interest that a Council official has that does not amount to a pecuniary interest as defined in the Code of Conduct for Councillors (eg. A friendship, membership of an association, society or trade union or involvement or interest in an activity and may include an interest of a financial nature).

Remoteness – a person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to a matter or if the interest is of a kind specified in the Code of Conduct for Councillors.

Who has a Pecuniary Interest? - a person has a pecuniary interest in a matter if the pecuniary interest is the interest of the person, or another person with whom the person is associated (see below).

Relatives, Partners - a person is taken to have a pecuniary interest in a matter if:

- The person’s spouse or de facto partner or a relative of the person has a pecuniary interest in the matter, or
- The person, or a nominee, partners or employer of the person, is a member of a company or other body that has a pecuniary interest in the matter.

N.B. “Relative”, in relation to a person means any of the following:

- (a) the parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descends or adopted child of the person or of the person’s spouse;
- (b) the spouse or de facto partners of the person or of a person referred to in paragraph (a)

No Interest in the Matter - however, a person is not taken to have a pecuniary interest in a matter:

- If the person is unaware of the relevant pecuniary interest of the spouse, de facto partner, relative or company or other body, or
- Just because the person is a member of, or is employed by, the Council.
- Just because the person is a member of, or a delegate of the Council to, a company or other body that has a pecuniary interest in the matter provided that the person has no beneficial interest in any shares of the company or body.

Disclosure and participation in meetings

- A Councillor or a member of a Council Committee who has a pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or Committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.
- The Councillor or member must not be present at, or in sight of, the meeting of the Council or Committee:
 - (a) at any time during which the matter is being considered or discussed by the Council or Committee, or

- (b) at any time during which the Council or Committee is voting on any question in relation to the matter.

No Knowledge - a person does not breach this Clause if the person did not know and could not reasonably be expected to have known that the matter under consideration at the meeting was a matter in which he or she had a pecuniary interest.

Non-pecuniary Interests - Must be disclosed in meetings.

There are a broad range of options available for managing conflicts & the option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with. Non-pecuniary conflicts of interests must be dealt with in at least one of the following ways:

- It may be appropriate that no action be taken where the potential for conflict is minimal. However, Councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. Participate in discussion but not in decision making or vice-versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (eg. Relinquishing or divesting the personal interest that creates the conflict)
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as of the provisions in the Code of Conduct (particularly if you have a significant non-pecuniary interest)

RECORDING OF VOTING ON PLANNING MATTERS

Clause 375A of the Local Government Act 1993 – Recording of voting on planning matters

- (1) In this section, **planning decision** means a decision made in the exercise of a function of a council under the Environmental Planning and Assessment Act 1979:
- (a) including a decision relating to a development application, an environmental planning instrument, a development control plan or a development contribution plan under that Act, but
- (b) not including the making of an order under that Act.
- (2) The general manager is required to keep a register containing, for each planning decision made at a meeting of the council or a council committee, the names of the councillors who supported the decision and the names of any councillors who opposed (or are taken to have opposed) the decision.
- (3) For the purpose of maintaining the register, a division is required to be called whenever a motion for a planning decision is put at a meeting of the council or a council committee.
- (4) Each decision recorded in the register is to be described in the register or identified in a manner that enables the description to be obtained from another publicly available document, and is to include the information required by the regulations.
- (5) This section extends to a meeting that is closed to the public.

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BUSINESS OF MEETING

1. APOLOGIES

2. DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY

3. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

- 3.1 Adoption of Minutes from Previous Meeting 18 August 2021 5

4. STAFF REPORTS

Corporate and Community Services

- 4.1 Budget Review - 1 January 2022 to 31 March 2022 10

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

**Report No. 3.1 Adoption of Minutes from Previous Meeting
18 August 2021**

5 **Directorate:** Corporate and Community Services
Report Author: James Brickley, Manager Finance
File No: I2022/536

10

RECOMMENDATION:

That the minutes of the Finance Advisory Committee Meeting held on 18 February 2021 be confirmed.

15 <Section5>

Attachments:

1 Minutes 18/02/2021 Finance Advisory Committee, I2021/247 , page 7 [↓](#)

20

Report

The attachment to this report provides the minutes of the Finance Advisory Committee Meeting of 19 May 2022 .

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STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 4.1 Budget Review - 1 January 2022 to 31 March 2022

5 **Directorate:** Corporate and Community Services
Report Author: James Brickley, Manager Finance
File No: I2022/531

Summary:

10 This report has been prepared to comply with Section 203 of the *Local Government (General) Regulation 2021* and to inform Council and the Community of Council's estimated financial position for the 2020/2021 financial year, reviewed as at 31 March 2022.

15 This report contains an overview of the proposed budget variations for the General Fund, Water Fund and Sewerage Fund. The specific details of these proposed variations are included in Attachment 1 and 2 for Council's consideration and authorisation.

20 Attachment 3 contains the Integrated Planning and Reporting Framework (IP&R) Quarterly Budget Review Statement (QBRS) as outlined by the Office of Local Government in circular 10-32.

RECOMMENDATION:

That the Finance Advisory Committee recommends to Council:

- 25 1. **That Council authorises the itemised budget variations as shown in Attachment 2 (#E2022/43292) which include the following results in the 31 March 2022 Quarterly Review of the 2021/2022 Budget:**
- a) **General Fund – \$354,500 decrease to the Estimated Unrestricted Cash Result**
 - b) **General Fund - \$9,405,900 increase in reserves**
 - 30 c) **Water Fund - \$1,021,300 increase in reserves**
 - d) **Sewerage Fund - \$100,400 increase in reserves**

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2. That Council adopts the revised General Fund Estimated Unrestricted Cash Result of \$126,500 for the 2021/2022 financial year as at 31 March 2022.

Attachments:

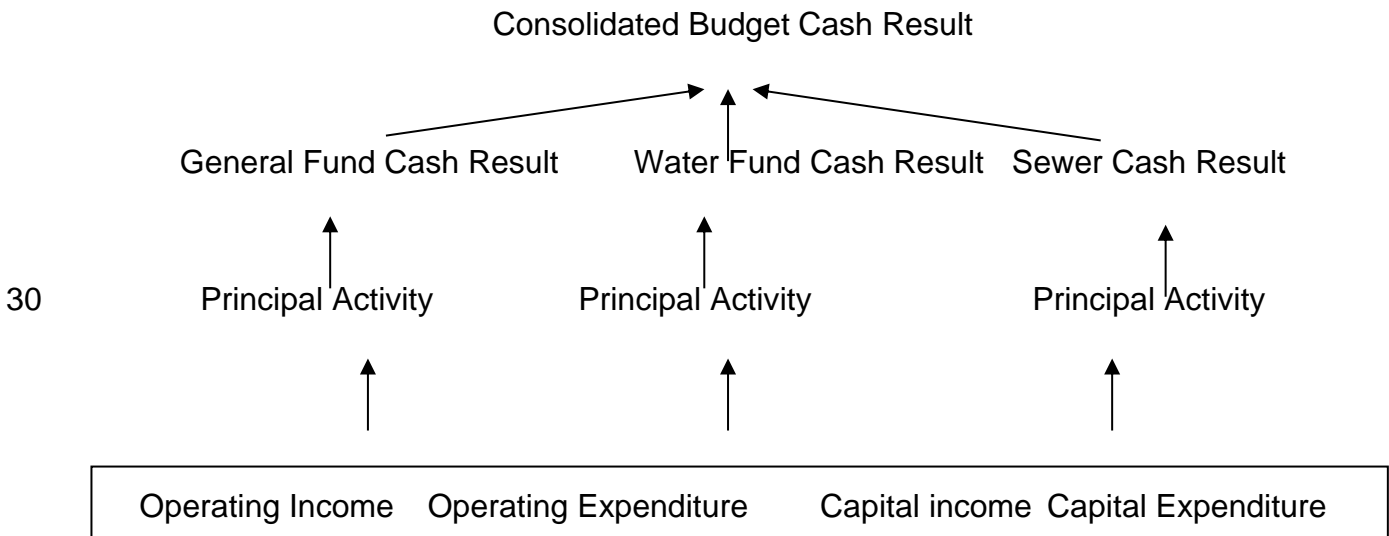
- 5 1 Budget Variations for General, Water and Sewerage Funds, E2022/43282 , page 24
- 2 Itemised Listing of Budget Variations for General, Water and Sewerage Funds, E2022/43292 , page 88
- 3 Integrated Planning and Reporting Framework (IP&R) required Quarterly Review Statements, E2022/43333 , page 95

Report

Council adopted the 2021/2022 budget on 24 June 2021 via Resolution 21-243. Council also considered and adopted the budget carryovers from the 2020/2021 financial year, to be incorporated into the 2021/2022 budget at its Ordinary Meeting held on 26 August 2021 via Resolution 21-315. Since that date, Council has reviewed the budget taking into consideration the 2020/2021 Financial Statement results and progress through the first three quarters of the 2021/2022 financial year. This report considers the March 2022 Quarter Budget Review.

The details of the budget review for the Consolidated, General, Water and Sewer Funds are included in Attachment 1, with an itemised listing in Attachment 2. This aims to show the consolidated budget position of Council, as well as a breakdown by Fund and Principal Activity. The document in Attachment 1 is also effectively a publication outlining a review of the budget and is intended to provide Councillors with more detailed information to assist with decision making regarding Council's finances.

Contained in the document at Attachment 1 is the following reporting hierarchy:



The pages within Attachment 1 are presented (from left to right) by showing the original budget as adopted by Council on 24 June 2021 plus the adopted carryover budgets from 2020/2021 followed by any budget adjustments prior to this report and the revote (or

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adjustment for this review) and then the revised position projected for 30 June 2022 as at 31 March 2022.

5 On the far right of the Principal Activity, there is a column titled "Note." If this is populated by a number, it means that there has been an adjustment in the quarterly review. This number then corresponds to the notes at the end of the Attachment 1 which provides an explanation of the variation.

There is also information detailing restricted assets (reserves) to show Council's estimated balances as at 30 June 2022 for all Council's reserves.

A summary of Capital Works is also included by Fund and Principal Activity.

10 **Office of Local Government Budget Review Guidelines:**

The Office of Local Government on 10 December 2010 issued the new Quarterly Budget Review Guidelines via Circular 10-32, with the reporting requirements to apply from 1 July 2011. This report includes a Quarterly Budget Review Statement (refer Attachment 3) prepared by Council in accordance with the guidelines.

15 The Quarterly Budget Review Guidelines set a minimum standard of disclosure, with these standards being included in the Local Government Code of Accounting Practice and Financial Reporting as mandatory requirements for Councils to address.

20 Since the introduction of the new planning and reporting framework for NSW Local Government, it is now a requirement for Councils to provide the following components when submitting a Quarterly Budget Review Statement (QBRs):

- A signed statement by the Responsible Accounting Officer on Council's financial position at the end of the year based on the information in the QBRs
- Budget review income and expenses statement in one of the following formats:
 - Consolidated
 - 25 ○ By fund (e.g. General, Water, Sewer)
 - By function, activity, program etc. to align with the management plan/operational plan
- Budget Review Capital Budget
- Budget Review Cash and Investments Position
- Budget Review Key performance indicators
- 30 • Budget Review Contracts and Other Expenses

The above components are included in Attachment 3:

Income and Expenditure Budget Review Statement by Type

35 This shows Council's income and Expenditure by type. This has been split by Fund. Adjustments are shown, looking from left to right. These adjustments are commented on through the last 13 pages of Attachment 1.

Capital Budget Review Statement

5 This statement identifies in summary Council's capital works program on a consolidated basis and then split by Fund. It also identifies how the capital works program is funded. As this is the third quarterly review for the reporting period, the statement may not necessarily indicate the total progress achieved on the delivery of the capital works program.

Cash and Investments Budget Review Statement

10 This statement reconciles Council's restricted funds (reserves) against available cash and investments. Council has attempted to indicate an actual position as at 31 March 2022 of each reserve to show a total cash position of reserves with any difference between that position and total cash and investments held as available cash and investments. It should be recognised that the figure is at a point in time and may vary greatly in future quarterly reviews pending on cash flow movements.

Key Performance Indicators (KPI's)

The KPI's within this report are:

- 15 ○ **Debt Service Ratio** - This assesses the impact of loan principal and interest repayments on the discretionary revenue of Council.
- **Rates and Annual Charges Outstanding Ratio** – This assesses the impact of uncollected rates and annual charges on Councils liquidity and the adequacy of recovery efforts
- 20 ○ **Asset Renewals Ratio** – This assesses the rate at which assets are being renewed relative to the rate at which they are depreciating.

These may be expanded in future to accommodate any additional KPIs that Council may adopt to use in the future.

Contracts and Other Expenses

25 This report highlights any contracts Council entered into during the January to March quarter that are greater than \$50,000.

CONSOLIDATED RESULT

30 The following table provides a summary of the overall Council budget on a consolidated basis inclusive of all funds' budget movements for the 2021/2022 financial year projected to 30 June 2022 but revised as at 31 March 2022.

2021/2022 Budget Review Statement as at 31 March 2022	Original Estimate (Including Carryovers) 1/7/2021	Adjustments to 31 Mar 2022 including Resolutions*	Proposed 31 Mar 2022 Review Revotes	Revised Estimate 30/6/2022 at 31/3/2022
Operating Revenue	93,504,500	(2,712,400)	5,140,200	95,932,300

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2021/2022 Budget Review Statement as at 31 March 2022	Original Estimate (Including Carryovers) 1/7/2021	Adjustments to 31 Mar 2022 including Resolutions*	Proposed 31 Mar 2022 Review Revotes	Revised Estimate 30/6/2022 at 31/3/2022
Operating Expenditure	97,728,100	4,277,700	3,422,100	105,427,900
Operating Result – Surplus/Deficit	(4,223,600)	(6,990,100)	1,718,100	(9,495,600)
Add: Capital Revenue	28,841,500	(2,768,700)	(5,228,900)	20,843,900
Change in Net Assets	24,617,900	(9,758,800)	(3,510,800)	(11,348,300)
Add: Non Cash Expenses	15,779,900	1,750,500	0	17,530,400
Add: Non-Operating Funds Employed	13,500,000	6,557,500	(17,500,000)	2,557,500
Subtract: Funds Deployed for Non-Operating Purposes	(80,385,700)	(8,058,300)	31,183,900	(57,260,100)
Cash Surplus/(Deficit)	(26,487,900)	(9,509,100)	10,173,100	(25,823,900)
Restricted Funds – Increase / (Decrease)	(26,487,900)	(9,472,500)	10,527,600	(25,432,800)
Forecast Result for the Year – Surplus/(Deficit) – Unrestricted Cash Result	0	(36,600)	(354,500)	(391,100)

GENERAL FUND

In terms of the General Fund projected Unrestricted Cash Result the following table provides a reconciliation of the estimated position as at 31 March 2022:

Opening Balance – 1 July 2021	\$517,600
Plus original budget movement and carryovers	0
Council Resolutions July – September Quarter	0
September 2021 QBR	271,800

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Council Resolutions October – December Quarter	0
December 2021 QBR	(308,400)
Council Resolutions October – December Quarter	0
Recommendations within this Review – increase/(decrease)	(354,500)
Estimated Unrestricted Cash Result Closing Balance – 30 June 2022	\$126,500

The General Fund financial position overall has decreased by \$354,500 as a result of this proposed budget review, leaving the forecast cash result for the year to an estimated overall deficit of \$391,100. The proposed budget changes are detailed in Attachment 1 and summarised further in this report below.

5 Council Resolutions

Council has not passed any resolutions that impact the unrestricted cash result for the January 2022 to March 2022 quarter.

Budget Adjustments

10 The budget adjustments identified in Attachments 1 & 2 for the General Fund have been summarised by Budget Directorate in the following table:

Budget Directorate	Revenue Increase/ (Decrease) \$	Expenditure Increase/ (Decrease) \$	Accumulated Surplus (Working Funds) Increase/ (Decrease) \$
General Manager	(84,600)	(84,600)	0
Corporate & Community Services	3,364,400	3,507,200	(142,800)
Infrastructure Services	(11,292,600)	(11,075,900)	(216,700)
Sustainable Environment & Economy	509,000	504,000	5,000
Total Budget Movements	(7,503,800)	(7,149,300)	(354,500)

Budget Adjustment Comments

15 Within each of the Budget Directorates of the General Fund, are a series of budget adjustments identified in detail at Attachment 1 and 2. More detailed notes on these are provided in Attachment 1 but in summary the major additional items included are summarised below by Directorate and are included in the overall budget adjustments table above:

General Manager

- In the General Manager's program, It is proposed to increase the budget for operating income as Council has received \$5,400 for the preparation of leases. It is proposed to decrease operating expenditure as the budgets for the Implementation of the Crown Lands Act (\$30,000), the Development of a Plan of Management for Crown reserves (\$60,000) and the Community Survey (\$35,000) are not required in 2021/22. These have been added to the Draft 2022/23 budget and are funded through the General Managers Office Reserve.

Corporate and Community Services

- In the General Purpose Revenue program, it is proposed to increase operating income by \$2,639,000 as Council has received 75% of the Financial Assistance Grant due for the 2022/23 financial year (\$2,789,000) in advance. This is required to be restricted in reserve, with a transfer from reserve accounted for in the Draft 2022/23 Budget. It is also proposed to decrease interest received on investments by \$150,000 due to the reduced amount of interest that Council is currently earning on investments due to ongoing low interest rates.
- In the Community Development program, it is proposed to increase operating income and expenditure by \$1,000,000 due to a grant received for the recent February/March 2022 flood events. At the time of writing this report, it has not been determined which projects this will fund subject to a separate report to Council. It is proposed to increase the operating expenditure budget for New Year's eve (\$30,000). The expenditure for this event is higher than the budget and can be funded from the Community Development reserve. It is proposed to decrease operating expenditure due to actual expenditure being less than the budget for schoolies approvals (\$5,000) and the contribution to the staff Christmas party (\$2,000). It is proposed to add a budget for a community building asbestos removal program (\$20,000) and repairs to the Admin Centre roof (\$50,000). These can be funded through unallocated community building maintenance funds. It is proposed to remove the budgets for the Marvell Hall ramp (\$70,000) and kitchen (\$145,000) and add these to the Draft 2022/23 Budget as they will not be completed this financial year. These are also funded through the Community Building Maintenance Reserve.
- In the Sandhills program, it is proposed to decrease income by \$100,000 due to decreased occupancy from COVID impacts and the recent flood events. This can be offset by a decrease in salaries as the actual expenditure is less than the budget, also due to closures and decreased occupancy rates. An additional budget of \$20,000 is required for general maintenance to prevent a water pond that appears in a high-risk play area in times of heavy rain.

Infrastructure Services

- In the Projects & Commercial Development program, it is proposed to decrease operating expenditure due to budgets not being required for property consultancy services (\$10,000), survey services (\$8,000) and property maintenance services

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5 (\$10,000). It is proposed to decrease capital expenditure due to budgets not being required for Lot 22 Mullumbimby (\$50,500), Lot 102 Depot Relocation (\$10,000) and Deacon St road closure (\$500). A budget of \$40,000 is required to install insulation at the Broken Head Hall which can be funded through existing developer contributions held.

- 10 • In the Depot Services program, it is proposed to increase operating income due to a contribution from the sewer fund for the purchase of upgraded plant items. This can be transferred to the plant reserve from where the original purchase was made.
- 15 • In the Local Roads and Drainage program, there are a number of adjustments outlined under Note 16 in the Budget Variations explanations section of Attachment 1. Further disclosure is included in the second and third pages of Attachment 2 under the budget program heading Local Roads and Drainage. As a general comment the proposed budget amendments in this budget program are principally related to removing works from the 2021/22 Budget that will not be completed given the impact of the flood events. These works have been carried forward and included in the Draft 2022/23 Budget.
- 20 • In the Transport for New South Wales (TfNSW) program, It is proposed to increase operating income and expenditure by \$2,500,000 due to an advanced payment of the natural disaster funding from the February/March 2022 flood events. It is also proposed to add a \$7,000 budget for the speed radar sign project, funded from the TfNSW block grant.
- 25 • In the Open Space and Recreation program, there are a number of adjustments outlined under Note 18 in the Budget Variations explanations section of Attachment 1. Further disclosure is included in the fourth page of Attachment 2 under the budget program heading Open Space & Recreation.
- 30 • In the Waste & Recycling program, it is proposed to increase operating income and expenditure by \$23,800 as Council received a grant for illegal dumping. It is proposed to decrease capital works due to the On-Site Leachate Management Project (\$900,000), Infrastructure improvement & Enhancement (\$6,500), Upgrade and Renewal at the BRRC (\$150,000) and Second Life for Second Hand Shop Projects (\$34,600) not being completed in 2021/2022 and being moved to the Draft 2022/23 Budget. The upgrade to internet & security system budget of \$85,000 is also not required for 2021/2022.
- 35 • In the First Sun Holiday Park program, it is proposed to decrease operating income due to the effect that COVID has had on occupancy rates at First Sun Holiday Park over the course of the 2021/2022 financial year. It is also proposed to decrease capital expenditure by \$1,500,000 (Loan funded) as the purchase of land in the rail corridor has been moved to the Draft 2022/23 Budget.
- 40 • In the Suffolk Park Holiday Park program, it is proposed to decrease operating income due to the effect that COVID has had on occupancy rates at Suffolk Park Holiday Park over the course of the 2021/22 financial year.
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- In the Facilities Management program, it is proposed to decrease operating income due to fee relief being granted for the Byron Bay pool café due to the effects of COVID during the 2021/22 financial year (\$63,700). A decrease in income is also proposed for Byron Bay (\$25,000) and Mullumbimby (\$50,000) swimming pools as the actual income is lower than the budget, also due to COVID effects, and the flood events of February/March 2022. It is proposed to decrease capital expenditure by \$3,435,000 as the Brunswick Valley Community Centre Roof Replacement (\$75,000), Brunswick Memorial Hall Ramp Upgrade (\$70,000), Neighbourhood Centre Repairs to Brickwork and Walls (\$120,000) and the Byron Bay Hospital Development (\$3,170,000) will not be completed in the 2021/22 financial year and have been moved to the Draft 2022/23 Budget.

Sustainable Environment and Economy

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- In the Development Certification program, it is proposed to increase operating income due to an increase in actual income against the budget for Footpath Dining (\$58,000, transferred to reserves), Information Technology Service Fees (\$30,000, transferred to reserves), advertising income (\$40,000), Construction Certificates (\$20,000) and Income Activities Over Roads (\$440,000). It is proposed to create a new Development and Certification reserve and restrict \$250,000 of this additional income to use for resourcing an increased workload.
- 20
- In the Environment & Compliance program, it is proposed to decrease operating income by \$250,000 due to the estimated actual income for fine revenue being under budget as a result of the COVID and the February/March 2022 flood events.
- 25
- In the Planning Policy & Natural Environment program, it is proposed to increase operating income and expenditure by \$161,000 due to grants received for Mapping Open Forests (\$11,400), Vegetation Mapping (\$24,000), Riparian Restoration Project (\$16,400), Roadside Vegetation Mapping (\$8,000) and a Koala Habitat Restoration program (\$101,200). It is also proposed to increase operating expenditure by a further \$10,000 to enable repairs to be undertaken at the electric vehicle charging station at Byron Bay library. This can be funded from the Byron Bay Library reserve.
- 30

WATER FUND

35 After completion of the 2020/2021 Financial Statements the Water Fund as at 30 June 2021 has a capital works reserve of \$6,077,800 and held \$1,859,500 in section 64 developer contributions.

The estimated Water Fund reserve balances as at 30 June 2022, and forecast in this Quarter Budget Review, are derived as follows:

Capital Works Reserve

Opening Reserve Balance at 1 July 2020	\$6,077,800
Plus original budget reserve movement	(3,545,100)

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Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(723,300)
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	31,100
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	331,300
Forecast Reserve Movement for 2021/2022 – Increase / (Decrease)	(3,906,000)
Estimated Reserve Balance at 30 June 2022	\$2,171,800

Section 64 Developer Contributions

Opening Reserve Balance at 1 July 2021	\$1,859,500
Plus original budget reserve movement	(1,022,800)
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(50,000)
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	(10,000)
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	690,000
Forecast Reserve Movement for 2021/2022 – Increase / (Decrease)	(392,800)
Estimated Reserve Balance at 30 June 2022	\$1,466,700

Movements for Water Fund can be seen in Attachment 1 with a proposed estimated increase to reserves (including S64 Contributions) overall of \$1,021,300 from the 31 March 2022 Quarter Budget Review.

5 SEWERAGE FUND

After completion of the 2020/2021 Financial Statements the Sewer Fund as at 30 June 2021 has a capital works reserve of \$3,453,200 and plant reserve of \$896,200. It also held \$8,871,900 in section 64 developer contributions.

Capital Works Reserve

Opening Reserve Balance at 1 July 2021	\$3,453,200
Plus original budget reserve movement	(3,128,300)
Resolutions July - September Quarter – increase / (decrease)	(210,000)

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September Quarterly Review Adjustments – increase / (decrease)	187,900
Resolutions October - December Quarter – increase / (decrease)	(15,000)
December Quarterly Review Adjustments – increase / (decrease)	233,200
Resolutions January - March Quarter – increase / (decrease)	(70,000)
March Quarterly Review Adjustments – increase / (decrease)	(444,600)
Forecast Reserve Movement for 2021/2022 – Increase / (Decrease)	(3,446,800)
Estimated Reserve Balance at 30 June 2022	\$6,400

Plant Reserve

Opening Reserve Balance at 1 July 2021	\$896,200
Plus original budget reserve movement	0
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	0
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	0
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	0
Forecast Reserve Movement for 2021/2022 – Increase / (Decrease)	0
Estimated Reserve Balance at 30 June 2022	\$896,200

Section 64 Developer Contributions

Opening Reserve Balance at 1 July 2020	\$8,871,900
Plus original budget reserve movement	(2,731,200)
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	(2,904,200)
Resolutions October - December Quarter – increase / (decrease)	0
December Quarterly Review Adjustments – increase / (decrease)	(225,000)
Resolutions January - March Quarter – increase / (decrease)	0
March Quarterly Review Adjustments – increase / (decrease)	545,000
Forecast Reserve Movement for 2020/2021 – Increase / (Decrease)	(5,315,400)
Estimated Reserve Balance at 30 June 2021	\$3,556,500

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Movements for the Sewerage Fund can be seen in Attachment 1 with a proposed estimated overall increase to reserves (including S64 Contributions) of \$100,400 from the 31 March 2022 Quarter Budget Review.

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Legal Expenses

One of the major financial concerns for Council in previous years has been legal expenses. Not only does this item represent a large expenditure item funded by general revenue, but can also be susceptible to large fluctuations.

- 10 The table that follows indicates the allocated budget and actual legal expenditure within Council on a fund basis as at 31 March 2022.

Total Legal Income & Expenditure as at 31 March 2022

Program	2021/2022 Budget (\$)	Actual (\$)	Percentage To Revised Budget
Income			
Legal Expenses Recovered	0	110,700	0%
Total Income	0	0	0%
Expenditure			
General Legal Expenses	200,000	223,073	111.54%
Total Expenditure General Fund	200,000	223,073	111.54%

Note: Legal expenses should continue to be monitored to ensure there is enough funding for future expenses.

15 Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
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Community Objective 5: We have community led decision making which is open and inclusive	5.5: Manage Council's finances sustainably	5.5.1: Enhance the financial capability and acumen of Council	5.5.1.1	Financial reporting as required provided to Council and Management
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Legal/Statutory/Policy Considerations

In accordance with Section 203 of the Local Government (General) Regulation 2021 the Responsible Accounting Officer of a Council must:

- 5 (1) *Not later than 2 months after the end of each quarter (except the June quarter), the responsible accounting officer of a council must prepare and submit to the council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the statement of the council's revenue policy included in the operational plan for the relevant year, a revised estimate of the income and*
- 10 *expenditure for that year.*
- (2) *A budget review statement must include or be accompanied by:*
- (a) *a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure, and*
- 15 *(b) if that position is unsatisfactory, recommendations for remedial action.*
- (3) *A budget review statement must also include any information required by the Code to be included in such a statement.*

Financial Considerations

20 The 31 March 2022 Quarter Budget Review of the 2021/2022 Budget is showing a deficit of \$354,500. This leaves the movement against the unrestricted cash balance attributable to the General Fund to an overall estimated deficit of \$391,100 for the year, leaving the estimated unrestricted cash balance attributable to the General Fund at an estimated \$126,500 at 30 June 2022.

25 It is the view of the Responsible Accounting Officer that the short term financial position of the Council is still satisfactory for the 2021/22 financial year, having consideration of the original estimate of income and expenditure at the 31 March 2022 Quarter Budget Review.

30 This opinion is based on the estimated General Fund Unrestricted Cash Result position and that the current indicative budget position for 2021/2022 outlined in this Budget Review. Council must remember it has a short term financial goal of maintaining \$1,000,000 in unrestricted cash.

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5 Council is now in a challenging financial environment not only impacted by COVID-19 during the course of the current financial year but also now responding to the devastating flood events during February/March 2022. There may be costs Council has incurred that it may not be able to recover through Natural Disaster Funding so this will need to be considered at the 30 June 2022 Quarterly Budget Review.

The major impacts influencing the revised budget outcome in this review are:

- Reduction in interest on investment revenue \$150,000
- Provide for Council contribution to Flood Recovery works in accord with Natural Disaster Funding guidelines \$182,300.

10 Aside from the General Fund, Council must also monitor the level of the Capital Works Reserve in the Sewerage Fund. This reserve is estimated to be more or less completely exhausted at the end of 2021/2022 which is not ideal. It is likely the end of year position will be better than expected given the size of capital works in Sewerage still budgeted that may not be completed. That being said, this reserve needs to be monitored.

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