



Hawkesbury City Council

Attachment 1
to
item 221

The Quarterly Budget Review
Statement - September 2019

date of meeting: 26 November 2019
location: council chambers
time: 6:30 p.m.

HAWKESBURY CITY COUNCIL
**QUARTERLY BUDGET
REVIEW STATEMENT**
September 2019

The Hawkesbury 2036...It's Our Future



Quarterly Budget Review Statement

September 2019

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Executive Summary

Financial Performance

Financial Position

The Quarterly Budget Review Statement – September 2019 (Quarterly Budget Review Statement) results in a balanced Full Year Budget (FY Budget) being maintained, after allowing for a number of recommended variations.

Details of all variations processed in this Quarterly Budget Review Statement have been included at the end of this document. Commentary on Council's financial performance for the period ending 30 September 2019, and details on the more significant issues in this Quarterly Budget Review Statement are provided below.

Operating Revenue

As at the end of the first quarter, Council's operating revenue from general rates and annual charges, user charges and fees, other income streams and operating grants, net of any applicable subsidies, is \$65.0M, and after the recommended variations, is tracking to meet the projected FY Budget of \$79.9M. As at the end of September 2019, interest and investment earnings are \$0.4M, tracking to meet the projected FY Budget of \$1.8M.

Operating Expenditure

Council incurs operating expenditure in delivering operational programs as outlined in the adopted 2019/2020 Operational Plan. Council's operating budgets are expended in maintaining the infrastructure in the Hawkesbury such as parks, recreational facilities, roads, bridges, community buildings and community facilities. These funds are also required to deliver essential services to the community, including waste, sewerage, storm water services, community services and cultural services. Other services provided include city planning and support services. Apart from direct service delivery, Council also supports other bodies, including emergency services and recreational services by way of contributions. Main expenditure items include employee costs, materials, contractors, consultants, legal expenses, contributions and utilities.

As at the end of September 2019, operating expenditure, excluding depreciation, amounts to \$14.9M, or 20.8% of the projected FY budget of \$71.8M. Based on these figures, overall, operating expenditure is tracking well against budget.

Operating income and expenditure reports are prepared and analysed on a monthly basis to ensure that problem areas are identified and acted upon in a timely manner.

Capital Expenditure

For the 2019/2020 financial year, Council has a FY Budget for capital works of \$49.7M, excluding September Quarterly Budget Review Statement variations, of \$4.6M. As at the end of the first quarter, actual capital expenditure amounted to \$7.6M. A number of projects are in the planning or procurement phase as at the reporting period, with a further \$7.2M committed.

Capital expenditure (excluding dedicated assets) in the first quarter of the financial year includes expenditure on new infrastructure assets, with \$159K spent on land, buildings and land improvements, \$2.9M on roads, bridges, footpaths and drainage, \$18K for sewer infrastructure and \$41K for park improvement and recreation.

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Infrastructure renewal expenditure amounted to \$288K spent on land, buildings and land improvements, \$2.8M spent on roads, bridges, footpaths and drainage, \$582K on sewer infrastructure and \$346K on park improvement and recreation.

Capital expenditure as at the end of the first quarter also included \$338K in respect of plant and equipment, and \$201K on other assets including library resources and IT equipment.

Cash and Investments

Council's reserve balances as at the end of the first quarter amount to \$59.9M. This balance was made up of \$42.5M in externally restricted reserves and \$17.4M in internally restricted reserves.

Council's investments portfolio as at the end of September 2019 is \$62.6M and returned an annualised average of 2.01% for over the period 1 July 2019 to 30 September 2019.

Analysis of the more significant adjustments included in the Quarterly Budget Review Statement can be found within this document.

Quarterly Budget Review Statement

The Quarterly Budget Review Statement of the 2019/2020 Operational Plan is reported to Council in accordance with the requirements of Clause 203 of the Local Government (General) Regulation 2005. The Quarterly Budget Review Statement recommends budget adjustments that result in a balanced adjustment for the quarter.

In revising estimates, a conservative approach has been taken. Unfavourable trends relating to income outside Council's control are proposed to be adjusted to reflect the anticipated performance up to the 30 June 2020. Unfavourable trends relating to expenditure outside Council's control are also proposed to be adjusted for the same period.

Unfavourable adjustments required to meet existing commitments or to implement Council resolutions are included in the Quarterly Budget Review Statement, as are certain unfavourable income budget adjustments.

Financial Position

The Quarterly Budget Review Statement recommends Budget adjustments that result in an overall balanced budget adjustment for the quarter, and in the opinion of the Responsible Accounting Officer, maintains a satisfactory short term financial position for Council. The Responsible Accounting Officer Statement is included in within this Quarterly Budget Review Statement attachment.

The more significant items of the Quarterly Budget Review Statement include:

- ***Dissolution of Regional Strategic Alliance – Favourable Variance \$150K***

A favourable variance of \$150K is included in this Quarterly Budget Review Statement to adjust the amount budgeted for the contribution towards the Regional Strategic Alliance. Council endorsed the dissolution of the Regional Strategic Alliance on 27 August 2019. The amount of the variation is comprised of \$95K being the budgeted annual contribution as a member of the Alliance, and the remaining \$55K being the budgeted contribution to the regional tourism initiative, that was being delivered through the Alliance.

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- ***Street Lighting Expenditure – Favourable Variance \$64K***

The projected increase in rates for Street Lighting at the time of developing the Original Budget differs to the actual increase incurred. A favourable variance of \$64K is included in the Quarterly Budget Review Statement to reflect the actual increase in rates.

- ***Rates Income – Net Favourable Variance \$42K***

A variable variance of \$42K is included in this Quarterly Budget Review Statement to adjust the amount budgeted for general rates revenue in line with the amount generated as at the end of the reporting period. The additional income is a result of additional properties through subdivisions.

- ***Animal Shelter Refurbishment – Unfavourable Variance \$90K***

Council received donations to the value of \$175K to refurbish the Companion Animal Shelter. The refurbishment works were brought forward to incorporate these donations. An unfavourable variance of \$90K is included in this Quarterly Budget Review Statement in regard to associated stormwater and electrical works.

- ***Restriction of Childcare Levy Income to Reserve – Unfavourable Variance \$65K***

When developing the Original Budget, it was projected that the expenditure associated with the Childcare Levy would be spent in the same year as collected. This assumption has been reviewed based on asset modelling. As optimal asset intervention and associated expenditure does not necessarily line up with the levy collected each year, it is necessary to restrict the levy collected each year to an Internal Reserve. This will facilitate the availability of funds required for asset renewal expenditure as and when required, will ensure the levy collected can only be used for the reason it was collected for, and supports transparency. The process of restricting the budgeted income from the levy has resulted in an unfavourable variance of \$65K within this Quarterly Budget Review Statement.

- ***Fire Safety Statements – Unfavourable Variance \$40K***

The actuals are trending below the project budget for the reporting period, requiring a \$40K unfavourable variance. A new process has been developed for the annual fire safety statements, but the rollout has been impacted by the limited resources in the Building Services team.

- ***Plumbing and Drainage Inspections – Unfavourable Variance \$27K***

The unfavourable variance for plumbing and drainage inspections is attributed to a reduction in development within the Hawkesbury Local Government Area. These inspections typically stem from new dwellings being built which then require inspections of the pipework leading into and from a dwelling or building.

- ***Encampment Clean-up Program – Unfavourable Variance \$20K***

Council was involved in a multi-agency project that sought to rehouse people sleeping rough at South Creek and Macquarie Park. This project was outside of Council's 2019/2020 Operational Plan and therefore not budgeted for. The unfavourable variance of \$20K is a result of clean-up costs associated with the removal and disposal of abandoned material from both sites.

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- ***Financial Assistance Grant – Net Unfavourable Variance \$10K***

In line with advice received from the NSW Local Government Grants Commission, Council's Financial Assistance Grant allocation for 2019/2020 is \$4.5M, which is \$10K lower than the Original Budget. This has resulted in an unfavourable variance of \$10K.

Adjustments were also made to reflect the one-half advance payment of the 2019/2020 allocation received in 2018/2019. An amount of \$2.3M was prepaid. The prepayment amount was placed in a Reserve to restrict it as at June 2019. This adjustments results in a neutral impact on the overall 2019/2020 bottom line. However, the prepayment does have a negative impact on Council's Operating Performance Ratio that can only be offset if a prepayment is received again in 2019/2020 in respect of the 2020/2021 allocation.

- ***Contribution to Hawkesbury River County Council –Unfavourable Variance \$9K***

After the development of the 2019/2020 Operational Plan, the Hawkesbury River County Council advised that the contribution required would be \$9K greater than budgeted. An unfavourable variance of this amount is included in this Quarterly Budget Review Statement.

- ***McQuade Park Pond Rehabilitation – Nil Net Adjustment***

As part of the pond reconstruction, it was identified that it would be advantageous to bring forward hydraulic and water quality works, including the aeration system, and undertake these works in conjunction with the civil works. Funding for these works is proposed to be made available through deferment of other works and reallocation of funding in 2020/2021.

Due to the timing of works to construct the Freemans Reach RFS station, it is considered desirable to delay work on the adjacent Freemans Reach Tennis Court refurbishment (\$68K). Works on bank stabilisation at Governor Phillip Park (\$32K) are also proposed to be deferred and undertaken as part of a larger project in 2020/2021. McQuade Park funding proposed for 2020/2021 will be used on a contra basis for these works.

It should be noted that grant funding of up to \$300K has now been received and this will be recognised in the December Quarterly Review. These funds will enable continuation of further master plan works implementation in McQuade Park.

- ***Grants – Additional Works and Programs Totalling \$7.8M***

A number of adjustments relating to grant funding successfully secured by Council, are included in this Quarterly Budget Review Statement. These adjustments have a nil effect on the Budget position, as amounts included for income have a corresponding amount for expenditure. The securing of grant funding assists Council to undertake works otherwise not funded through Council's available funds.

There are several major adjustments relating to grant funding, as outlined below:

- ***Western Sydney Parkland City Liveability Program Grant*** – The Australian and New South Wales Governments have jointly approved funding of \$15M over 4 years. This program will rejuvenate Hawkesbury's town centres and deliver a safer, more vibrant public domain in Windsor, Richmond and South Windsor. An amount of \$3.9M was received in late 2018/2019. The actual income received was restricted through placement in a Reserve; Included In this Quarterly Budget Review Statement, are the necessary adjustments for expenditure to be funded from this grant. The funding source is the Reserve holding the grant funds.

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- *RMS Black Spot Program* – The Roads and Maritime Services have allocated \$1.9M towards the construction of roundabouts at:
 - Argyle and Mileham Streets, South Windsor (\$635K)
 - George and James Streets, South Windsor (\$400K)
 - George and Ham Streets, South Windsor (\$400K); and
 - Woods and Mileham Streets, South Windsor (\$500K).
- *Construction of New Freemans Reach Rural Fire Brigade Shed* – The NSW Rural Fire Service have allocated \$1.2M of the Rural Fire Fighting Fund towards the construction of a new bushfire shed for the Freemans Reach Rural Fire Brigade.
- *Active Transport – Walking Communities* – Roads and Maritime Services have granted \$600K towards the upgrade of kerb ramps at Lennox / East Market Streets, Richmond and March / East Market Streets, Richmond.
- *Acquisition of land for Lower Macdonald Rural Fire Service Brigade* – An amount of \$140K has been provided from the NSW Rural Fire Service for the acquisition of the land that the Lower Macdonald Rural Fire Brigade Shed is located on, which is currently leased.
- *Library Per Capita Subsidy* – In line with the subsidy received from the State Library of NSW, an additional \$51K is included in this Quarterly Budget Review Statement. The additional grant money has been allocated towards a conservation program and security gates.
- *Save Our Species* – The NSW Environmental Trust has granted Council a total of \$154K over several years to assist in the survival of the shale sandstone transition forest. This year is the second year of the program and an amount of \$31K has been allocated and incorporated into the Quarterly Budget Review Statement.
- *Aboriginal Cultural Heritage* – The NSW Office of Environment and Heritage has granted Council \$30K to undertake an Aboriginal Cultural Heritage Study.
- *Cycleways Grant* – As part of the development of the Original Budget, an amount of \$100K was included for the extension of the cycleway network. The Roads and Maritime Services have advised that Council will not be receiving the funds this year. Adjustments have been made to reduce the length of cycleway to be delivered this year, accordingly.

- ***Reserve Funded Adjustments***

The following adjustments are within internally or externally restricted funds, and consequently have nil impact on Council's overall position:

- *Section 64A Plan Reserves* – An increase of \$377K for Section 64 Plan Development Contributions (Drainage – Pitt Town Catchment Area 2) has been included, in line with contributions received. Additionally, the Pitt Town Catchment Area 1 Reserve has opened in 2019/2020 with a negative balance, due to expenditure being required prior to the associated contributions being received. Accordingly an amount of \$42K has been included for the interest to be paid to General Funds from this Plan.
- *Section 7.11 Reserve* – In line with the amount expended in relation to the acquisition of land for drainage purposes within the Vineyard Precinct, an amount of \$70K has been included in this Quarterly Budget Review Statement. Costs include valuation costs, drainage reports, legal costs and surveys.

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- *Information Technology Reserve* – The Information Technology Reserve is being utilised to fund \$39K for the purchase of a corporate planning and performance reporting platform. This will assist in a more efficient and effective process to report on the delivery of Council's Delivery Program. The adjustment is simply to bring out the existing allocation in the Reserve, in the 2019/2020 Budget.
- *Domestic Waste Management Reserve* – The following adjustments have been included in the Quarterly Budget Review Statement:
 - An increase in annual charges in line with income received (\$101K);
 - The sale of plant replaced in 2018/2019 (\$23K);
 - Additional costs of \$138K associated with the extension of the Bulk Kerbside Collection contract, as reported to Council in June 2019;
 - Increases in the cost of recycling processing in line with the extended contract, as reported to Council in June 2019; and
 - Costs of \$26K for the community consultation required as part of the change in timing of the domestic waste collections.
- *Waste Management Facility Reserve* – The following adjustments have been included in the Quarterly Budget Review Statement:
 - Construction of infrastructure for erosion and soil control (\$181K);
 - Increased costs of the lease with University of Western Sydney (\$123K); and
 - Consultants engaged to undertake works as a result of internal compliance audit requirements (\$53K).
- *Sewerage Reserves* – The following adjustments have been proposed as part of the Quarterly Budget Review Statement:
 - An increase of \$52K in annual charges in line with actuals received;
 - Costs associated with the extension of the South Windsor Recycled Water network over the replacement Windsor Bridge (\$87K);
 - Increased plant on-costs of \$64K due to enhanced reporting practices;
 - The installation of Davitt Systems for pump stations, totalling \$55K. Works were undertaken for Work Health and Safety compliance and involved additional structural work to achieve certification.
 - As a result of optimisation of sizing and site selection for the solar installation program, additional panels will be installed at the South Windsor Treatment Plant and funding of \$53K is to be provided from the sewer reserve;
 - Additional staff training costs of \$24K to achieve required certification has been included in the Quarterly Budget Review Statement.

The Quarterly Budget Review Statement includes a number of minor adjustments and reallocation of funds that have not been detailed above. Further details can be found in the attachment to this report.

Performance against Financial Sustainability Benchmarks

The table below provides an update of Council's performance against the Financial Sustainability Benchmarks, as determined as part of the Fit for the Future Framework.

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Table 1

Financial Sustainability Ratio	Benchmark	Original Budget 19/20	Amended Budget 19/20 After Sep Quarterly Budget Review Statement
Operating Performance	≥ 0	-0.004	-0.128
Own Source Revenue	$> 60\%$	84.0%	81.9%
Asset Renewal	$> 100\%$	118.5%	181.47%
Infrastructure Backlog	$< 2\%$	1.4%	0%
Asset Maintenance	$> 100\%$	85.3%	98.98%
Debt Service	0%-20%	4.7%	4.8%
Real Operating Expenditure per Capita	Decrease	Decrease	Increase

As shown in table above, the proposed amendments included in the Quarterly Budget Review Statement will result in changes to the projected Financial Sustainability Ratios:

- a) The Operating Performance Ratio deteriorates to -0.128 due to a decrease in projected operating income and increased expenditure since the adoption of the 2019/2020 Original Budget. The majority of the impact is attributable to timing differences in relation to the prepayment Financial Assistance Grant and the expenditure in relation to the Liveability Grant.
- b) Asset Maintenance Ratio improves due to an increase in asset maintenance since the adoption of the 2019/2020 Original Budget.
- c) The Real Operating Expenditure per Capita no longer meets the benchmark due to the aforementioned increases. Operating expenditure has increased since the adoption of the 2019/2020 Original Budget, without a corresponding increase in population.

Conclusion

The Quarterly Budget Review Statement – September 2019 has resulted in a balanced budget position.

Branch Managers monitor operational income and expenditure on a monthly basis and variations exceeding established thresholds need to be justified. Capital expenditure is reported to the Executive Management Team on a monthly basis to ensure that expenditure remains within budget estimates and that the capital works program for 2019/2020 is delivered within the stipulated timeframe.

Quarterly Budget Review Statement September 2019

Statement by the Responsible Accounting Officer

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 Hawkesbury City Council for the quarter ended 30 September 2019 indicates that Council's projected financial 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.

Signed: 

date: 14 November 2019

Emma Galea
Responsible Accounting Officer

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Income and Expenses Budget Review Statement by Report Code

(\$'000)	Original Budget 2019/2020	Carry Forwards 2018/2019	Revised Budget 2019/2020	Variations for Sep Qtr	Projected Year End Result	Actual YTD 2019/2020
Income						
Rates & Annual Charges	61,313	-	61,313	248	61,561	61,526
User Charges & Fees	7,227	-	7,227	(27)	7,200	1,282
Interest & Investment Revenue	1,794	-	1,794	-	1,794	401
Other Revenues	4,513	-	4,513	26	4,539	1,218
Grants & Contributions - Operating	8,246	-	8,246	(1,964)	6,282	990
Grants & Contributions - Capital	4,520	-	4,520	4,021	8,541	1,116
Net gains from the disposal of assets	-	-	-	-	-	-
Share of Interests in Joint Ventures	265	-	265	-	265	-
Total Income from Continuing Operations	87,878	-	87,878	2,305	90,183	66,533
Expenses						
Employee Costs	30,378	224	30,602	269	30,871	7,081
Borrowing Costs	982	-	982	-	982	39
Materials & Contracts	19,248	2,591	21,839	4,474	26,313	3,304
Depreciation	18,244	-	18,244	-	18,244	4,244
Other Expenses	13,725	249	13,974	(307)	13,667	4,434
Net Losses from disposal of assets	-	-	-	-	-	73
Share of Interests in Joint Ventures	-	-	-	-	-	-
Total Expenses from Continuing Operations	82,577	3,064	85,641	4,436	90,077	19,175
Net Operating Result from Continuing Operations	5,301	(3,064)	2,237	(2,132)	105	47,358
Net Operating Result before Capital Items	781	(3,064)	(2,283)	(6,153)	(8,436)	46,242

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Income and Expenses Budget Review Statement by CSP Theme

(\$'000's)	Original Budget 2019/2020	Carry Forwards 2018/2019	Revised Budget 2019/2020	Variations for Sep Qtr	Projected Year End Result	Actual YTD 2018/2019
Income						
Governance	9	-	9	-	9	3
Our Leadership	50,137	-	50,137	(1,444)	48,693	40,544
Our Community	825	-	825	1,209	2,034	135
Our Environment	842	-	842	(11)	831	169
Our Assets	35,703	-	35,703	2,548	38,251	25,503
Our Future	362	-	362	3	365	179
Total Income from Continuing Operations	87,878	-	87,878	2,305	90,183	66,533
Expenses						
Governance	607	33	640	(157)	483	43
Our Leadership	9,831	468	10,299	296	10,595	3,967
Our Community	7,846	869	8,715	34	8,749	2,130
Our Environment	2,170	23	2,193	4	2,197	470
Our Assets	59,278	876	60,154	541	60,695	11,820
Our Future	2,845	795	3,640	3,719	7,359	745
Total Expenses from Continuing Operations	82,577	3,064	85,641	4,436	90,077	19,175
Net Operating Result from Continuing Operations	5,301	(3,064)	2,237	(2,132)	106	47,358
Net Operating Result before Capital Items	781	(3,064)	(2,283)	(6,153)	(8,436)	46,242

Quarterly Budget Review Statement September 2019

Capital Budget Review Statement

(\$'000)	Original Budget 2019/2020	Carry Forwards 2018/2019	Revised Budget 2019/2020	Variations for Sep Qtr	Projected Year End Result	Actual YTD 2019/2020
Capital Expenditure						
New Assets						
Land, Building & Land Improvements	175	606	781	1,323	2,104	159
Roads, Bridges, Footpaths & Drainage	13,486	3,146	16,632	1,990	18,622	2,906
Sewer Infrastructure	-	-	-	142	142	18
Parks Assets & Other Structures	180	478	658	-	658	41
Renewal of Assets						
Land, Building & Land Improvements	2,619	1,832	4,451	(133)	4,318	288
Roads, Bridges, Footpaths & Drainage	10,877	6,036	16,913	448	17,361	2,760
Sewer Infrastructure	1,270	795	2,065	44	2,109	582
Parks Assets & Other Structures	1,560	392	1,952	303	2,255	346
Other Assets	1,470	574	2,044	372	2,416	201
Plant & Equipment	3,196	1,032	4,228	139	4,367	338
Total Capital Expenditure	34,833	14,891	49,724	4,629	54,353	7,639
Capital Funding						
Accumulated Depreciation	18,244	-	18,244	-	18,244	4,244
Capital Grants & Contributions	4,520	-	4,520	4,021	8,541	1,116
Reserves						
External Restrictions	10,739	9,357	20,096	6,214	26,310	(14,534)
Internal Restrictions	(1,019)	8,598	7,579	382	7,961	(173)
New Loans			-		-	
Receipts from Sale of Assets						
Plant & Equipment	1,063	-	1,063	165	1,228	253
Other Assets	5	-	5	-	5	1
Sewer Infrastructure	-	-	-	-	-	0
Parks Assets & Other Structures	-	-	-	-	-	-
Land and Buildings	500	-	500	-	500	9
Total Capital Funding	34,052	17,955	52,007	10,782	62,789	(9,084)
Net Capital Funding - Surplus/(Deficit)	781	(3,064)	(2,283)	(6,153)	(8,436)	16,723
Net Operating Result (excl. Capital Grants)	781	(3,064)	(2,283)	(6,153)	(2,283)	46,242
Retained surplus/(deficit) available for general funding purposes	-	-	-	-	-	(29,519)

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Cash and Investments Budget Review Statement

(\$000's)	Opening Reserve Balance	Original Budget Transfers	Carry Forwards Transfers	Revised Budget Transfers	Variations for Sep Qtr	Projected Budget Transfers	Projected Closing Balances	Actual YTD 2019/2020
Externally Restricted (1)								
S64 Sewerage Contributions	2,523	196	-	196	7	203	2,726	2,676
S64 Drainage Works Reserve	903	17	(29)	(12)	350	338	1,241	1,285
S7.11 Contributions	10,123	238	(3,996)	(3,758)	(74)	(3,832)	6,291	10,288
S7.12 Contribution	3,208	126	(178)	(52)	-	(52)	3,156	3,323
Better Waste & Recycling Fund Reserve	119	-	(119)	(119)	-	(119)	-	209
Domestic Waste Mangement Reserve	1,652	235	(8)	227	(70)	157	1,809	12,749
Ferry Replacement Reserve	-	208	-	208	-	208	208	208
Infrastructure Borrowings Reserve	(1,820)	(6,451)	(1,016)	(7,467)	-	(7,467)	(9,287)	(3,818)
Local Infrastructure Renewal Scheme Loan Reserve	(1,828)	574	-	574	-	574	(1,254)	(1,254)
Sewerage Capital	8,745	860	(845)	15	(52)	(37)	8,708	(560)
Sewer Operating Reserve	(5,714)	571	(308)	263	29	292	(5,422)	9,340
Stormwater Mgmt Reserve	1,982	(171)	(468)	(639)	6	(633)	1,349	2,260
Stormwater Reserve - Redbank	-	16	-	16	2	18	18	-
South Windsor Effluent Re-use Scheme	392	8	-	8	(88)	(80)	312	394
Unspent Grants Reserve	7,156	-	(973)	(973)	(6,184)	(7,157)	(1)	4,964
Unspent Contributions Reserve	500	-	(212)	(212)	(140)	(352)	148	411
Low Cost Loan Initiative - Vineyard	-	(7,180)	(1,205)	(8,385)	-	(8,385)	(8,385)	-
4.5 Redbank VPA	59	14	-	14	-	14	73	60
Total Externally Restricted	28,000	(10,739)	(9,357)	(20,096)	(6,214)	(26,310)	1,690	42,535
(1) Funds that must be spent for a specific purpose								
Internally Restricted (2)								
Bligh Park Reserve	17	-	(17)	(17)	-	(17)	-	17
Carryover Reserve	8,194	-	(8,194)	(8,194)	-	(8,194)	-	6,266
Childcare Building Levy Reserve	-	-	-	-	65	65	65	-
Construction Engineering Reserve	166	(18)	-	(18)	(17)	(35)	131	152
Contingency Reserve	421	119	-	119	-	119	540	941
Election Reserve	241	100	-	100	-	100	341	341
ELE Reserve	1,466	-	-	-	-	-	1,466	1,465
Heritage Reserve	80	(75)	-	(75)	-	(75)	5	80
Information Tech Reserve	560	-	(23)	(23)	(39)	(62)	498	540
Multi-year Infrastructure Projects Reserve	267	1,831	-	1,831	-	1,831	2,098	45
Legal Services Reserve	175	125	-	125	-	125	300	300
Planning Proposals Reserve	30	28	-	28	-	28	58	58
Property Development Reserve	337	210	(8)	202	(15)	187	524	310
Risk Management Reserve	157	-	-	-	-	-	157	157
Sullage Reserve	(12)	(65)	-	(65)	19	(46)	(58)	1,269
Waste Management Facility Reserve	4,520	(1,236)	(356)	(1,592)	(396)	(1,988)	2,532	4,851
Workers Compensation Reserve	575	-	-	-	-	-	575	574
Total Internally Restricted	17,194	1,019	(8,598)	(7,579)	(382)	(7,961)	9,233	17,366
(2) Funds that must be spent for a specific purpose								
Total Reserve (accrual basis)	45,194	(9,720)	(17,955)	(27,675)	(6,596)	(34,271)	10,923	59,901
Unrestricted (cash basis)								19,838
Total Cash & Investments								62,614

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Investments

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

Cash

The Cash at Bank figure included in the Cash & Investment Statement totals \$1,199,089.

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.
The date of completion of this bank reconciliation is 30 September 2019.

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows:		\$ 000's
Cash at Bank (as per bank statements)		1,199
Investments on Hand		61,411
less: Unpresented Cheques	(Timing Difference)	(21)
less: Payments not processed		(38)
add: Undeposited Funds	(Timing Difference)	44
less: Identified Deposits (not yet accounted in Ledger)	(Require Actioning)	(46)
add: Identified Outflows (not yet accounted in Ledger)	(Require Actioning)	64
less: Unidentified Deposits (not yet actioned)	(Require Investigation)	-
add: Unidentified Outflows (not yet actioned)	(Require Investigation)	-
Reconciled Cash at Bank & Investments		62,614
Balance as per Review Statement:		62,614
Difference:		-

Quarterly Budget Review Statement September 2019

Key Performance Indicators Budget Review Statement

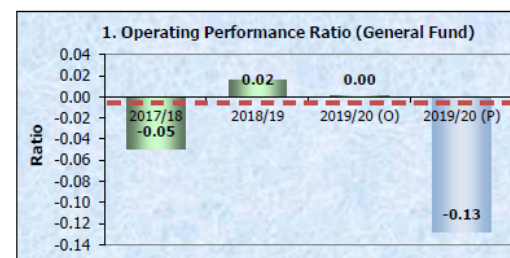
(\$000's)	Actuals		Original Budget 19/20	Current Projection	
	Prior Periods 17/18	18/19		Amounts 19/20	Indicator 19/20

1. Operating Performance Ratio (General Fund)

Operating Revenue (excl. Capital) - Operating Expenses	-0.05	0.02	0.00	-9,315	-0.13
Operating Revenue (excl. Capital Grants & Contributions)				72,517	

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

Minimum Benchmark: 0.0

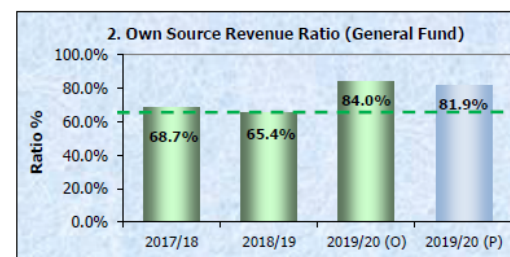


2. Own Source Revenue Ratio (General Fund)

Operating Revenue (excl. ALL Grants & Contributions)	68.7%	65.4%	84.0%	66,276	81.9%
Total Operating Revenue (incl. Capital Grants & Cont)				80,921	

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

Minimum Benchmark: 60.0%

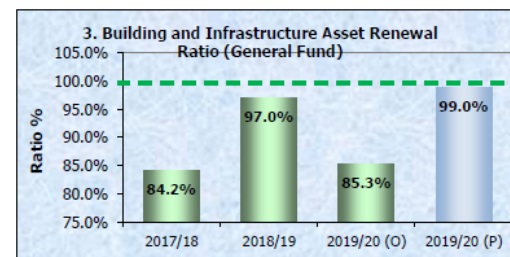


3. Building and Infrastructure Asset Renewal Ratio (General Fund)

Asset Renewals (Building and Infrastructure)	57.0%	80.4%	118.5%	23,054	181.5%
Depreciation, Amortisation & Impairment				12,704	

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Minimum Benchmark: 100.0

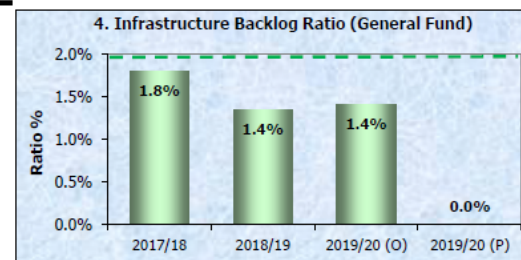


Quarterly Budget Review Statement September 2019

(\$000's)	Actuals		Original Budget 19/20	Current Projection	
	Prior Periods			Amounts	Indicator
	17/18	18/19		19/20	19/20
4. Infrastructure Backlog Ratio (General Fund)					
Est costs to bring assets to a satisfactory condition				0	
WDV of Building & Infrastructure Assets	1.8%	1.4%	1.4%	714,181	0.0%

To assess the extent to which asset renewal is required to maintain or improve service delivery in a sustainable manner.

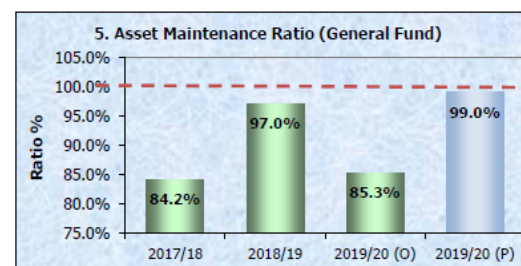
Minimum Benchmark: less than 2.0%



5. Asset Maintenance Ratio (General Fund)					
Asset Maintenance	84.2%	97.0%	85.3%	14,102	99.0%
Required Asset Maintenance				14,248	

To assess the rate of asset degradation (or renewal).

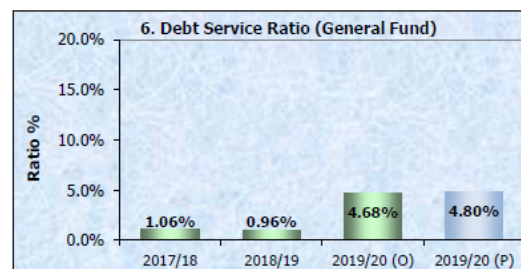
Minimum Benchmark: 100%



6. Debt Service Ratio (General Fund)					
Cost of Debt Service (interest & principal repayments)	1.06%	0.96%	4.68%	3,478	4.80%
Operating Revenue (excl. Capital Grants & Contributions)				72,517	

This ratio measures the effectiveness of Council's management of debt servicing to smooth funding costs and promote intergenerational equity.

Minimum Benchmark: Greater than 0% and less than or equal to 20%

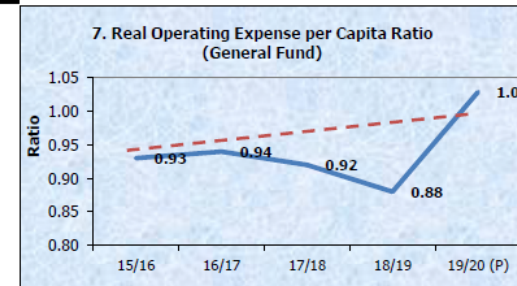


Quarterly Budget Review Statement September 2019

(\$000's)	Actuals		Original Budget 19/20	Current Projection	
	Prior Periods			Amounts 19/20	Indicator 19/20
	17/18	18/19			
7. Real Operating Expense per Capita Ratio (General Fund)					
Discounted Operating Expenses	0.88	0.91	0.94	71,702	1.03
Population				69,702	

To assess the efficiency of Council's operations.

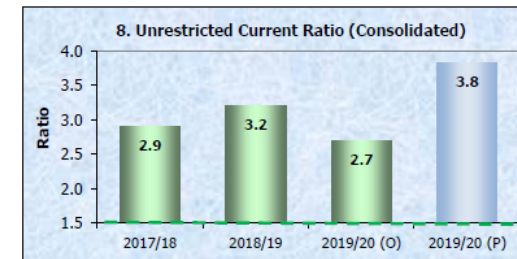
Minimum Benchmark: Decrease in trend over five years.



8. Unrestricted Current Ratio (Consolidated)					
Current Assets less all External Restrictions	2.9	3.2	2.7	71,471	3.8
Current Liabilities less Specific Purpose Liabilities				18,643	

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

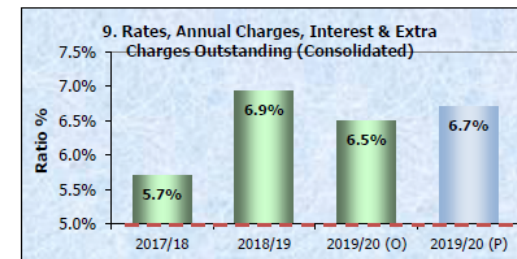
Minimum Benchmark: 1.5



9. Rates, Annual Charges, Interest & Extra Charges Outstanding (Consolidated)					
Rates, Annual & Extra Charges Outstanding	5.7%	6.9%	6.5%	4,129	6.7%
Rates, Annual & Extra Charges Collectible				61,561	

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Maximum Benchmark: 5.0



Quarterly Budget Review Statement September 2019

(\$000's)	Actuals		Original Budget 19/20	Current Projection	
	Prior Periods 17/18	18/19		Amounts 19/20	Indicator 19/20
10. Cash Expense Cover Ratio (Consolidated)					
Current Year's Cash & Cash Equivalents (incl.TDs)	12.4	12.3	10.0	38,753	6.3
Operating & financing activities Cash Flow payments				6,162	

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

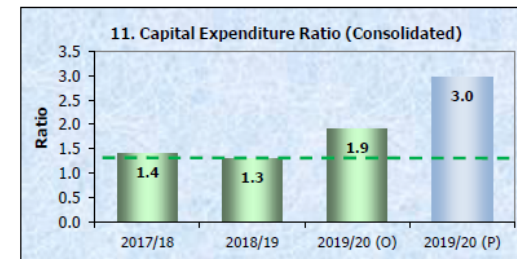
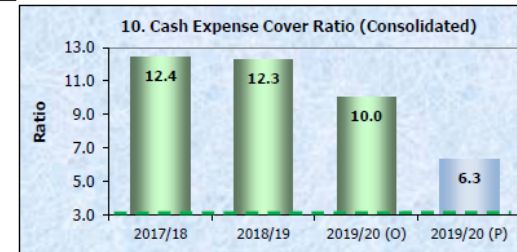
Minimum Benchmark: 3.0

11. Capital Expenditure Ratio (Consolidated)

Annual Capital Expenditure	1.4	1.3	1.9	54,353	3.0
Annual Depreciation				18,244	

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Minimum Benchmark: 1.10



Quarterly Budget Review Statement September 2019

Contracts Budget Review Statement

Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)
Sydney Ship Repair and Engineering P/L	Tender 00092 - Overhaul of Lower Portland Ferry	\$459,935	18-Sep-19	16 weeks	Y
MJ and MD Skinner Earthmoving P/L	Tender 00086 - Reconstruction of King and Settlers Roads	1,014,331	3-Jul-19	10 weeks	Y

Notes:

1. Minimum reporting level is 1% of estimated income from continuing operations of Council or \$50,000 - whatever is the lesser.
2. Contracts listed are those entered into during the quarter being reported and exclude contractors on Council's Preferred Supplier list.
3. Contracts for employment are not required to be included.

Tenders Awarded under Delegation of General Manager - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)
Civil Constructions P/L	Tender 000089 - Hanna Park entrance and carpark upgrade	\$283,994	9-Aug-19	10 weeks	Y
Convil Group P/L	Tender 00087 - Renconstruction and upgrade of intersections of Francis and Pitt Streets and Francis and East Market Streets, Richmond	\$317,354	10-Sep-19	12 weeks	Y

Quarterly Budget Review Statement

September 2019

Consultancy and Legal Expenses Budget Review Statement

<u>Expense</u>	<u>YTD Expenditure (Actual Dollars)</u>	<u>Budgeted (Y/N)</u>
Consultancies	191,334	Y
Legal Fees	63,925	Y

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or advice to assist decision making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.

Quarterly Budget Review Statement September 2019

Quarterly Budget Variations

Natural Account	Proposed Variation
INCOME FROM CONTINUING OPERATIONS	
Rates & Annual Charges	
1101. Residential Rates Income	70,377
1102. Farmland Rates Income	-16,043
1103. Business Rates Income	-10,485
1110. Pensioner Rebate	-12,746
2595. HCC Land Rates - Business	10,568
1109. Domestic Waste Charges	103,880
1121. Garbage Serv Chrg Business	4,691
1122. Residential Availability Charge	19,382
1127. Sewer Rates Residential Connected	12,545
1128. Sewer Rates Residential Unconnected	1,849
1129. Sewer Rates Business Connected	44,009
1130. Sewer Rates Business Unconnected	-599
1134. Stormwater Charge - Business	2,611
1137. Sewer Pensioner Council Rebate	-6,063
1138. Redbank Stormwater Charge	1,300
1140. Sullage Collection Annual Residential	18,893
2616. HCC Garbage Rates	3,352
Total Rates & Annual Charges	247,521
User Charges & Fees	
1002. Plant Income - Leaseback	7,507
1125. Better Waste & Recycling Fund Income (Reserve)	472
1310. Septic Tank Permits	-27,247
1317. Sundry Building Control Income DIV81	-39,710
1334. Licences & Fees DIV81	4,034
1363. Governor Phillip Park Income	1,938
1403. Road Reinstatement Fees	30,942
1719. Library Charges and Fees	-10
1754. Other Waste Disposal Income - Internal	9,227
2964. Other Waste Disposal Expenses - Internal	-13,781
Total User Charges & Fees	-26,628
Other Income	
1150. Charges & Fees Recovery Legal Costs	11,130
1155. Rental, Lease and fees Income	6,155
1710. Staff Reimbursements	1,851
1751. Recycling Income	-1,765
1799. Sundry Income	9,040
Total Other Income	26,411

Variation by Naturals - () Favourable + Unfavourable.

Quarterly Budget Review Statement

September 2019

Natural Account	Proposed Variation
Operating Grants and Contributions	
1811. Bus Route-Weight Tax Subsidy-RTA Grant	-5
1819. Financial Assistance Gr-L/Gvt Grants Com	-2,263,279
183C. Save Our Species - NSW Enviro Trust	30,900
186Y. Library Per Capita Sub-State Lib of NSW	51,155
187Y. Tech Savvy Seniors-State Lib NSW-Gr 187Y	4,600
1881. Heritage Incentive Fund - OEH - Grant 1881	-10,000
1882. Heritage Assistance Fund-Heritage Grant	5,500
188M. Community Heritage Studies-Office Env & Heritage	30,000
1891. RFS M&R Reimbursement	-84,200
1893. Street Lighting Subsidy-RTA	3,000
1894. NSW Bike Week-RMS Grant	2,800
1897. CRC Communication & Education Plan-EPA	10,000
1901. Contributions	5,700
1934. Ferry Cont Baulkham Hills/Lw Portlan	250,000
Total Operating Grants and Contributions	-1,963,829
Capital Grants & Contributions	
3812. Active Transport-Walking Communities-RMS	600,000
3815. Cycleways-RTA Grant	-100,000
382E. RMS Black Spot Program	1,935,000
382H. PAMP-RMS Grant	750
387J. Lib Local Priority Projects-StateLib NSW Capital Gr	4,100
3901. Capital Contribution	1,200,000
3903. S64 Sewer Contribution (No specific Catch)	4,889
3984. S64 Stormwater Contributions-P/Town CA2	376,537
Total Capital Grants & Contributions	4,021,276
INCOME FROM CONTINUING OPERATIONS	2,304,751
EXPENDITURE FROM CONTINUING OPERATIONS	
Employee Costs	
2101. Salaries	504,307
2102. Annual Leave Entitlement	41,826
2103. Sick Leave	1,701
2107. Casuals	153,655
2108. Travelling	1,000
2110. Overtime	15,346
2111. Superannuation	6,114
2112. Allowances	3,474
2114. Training	15,000
2119. Public Holidays	-776
2122. Wages	-374,521
2123. Wages Oncosts	-83,565
2125. Salary Reclassifications	-20,000
2134. Sick Leave on cost - out doors staff	27,180
2141. Function Reviews	-14,535
2570. Safety Expenses & Training	-7,090
Total Employee Costs	269,116

Variation by Naturals - () Favourable + Unfavourable.

Quarterly Budget Review Statement

September 2019

Natural Account	Proposed Variation
Materials & Contracts	
1000. Plant Surplus -PW Hire Earned	-720
2000. Plant - Running Costs	29,044
2116. Contractors	49,006
2403. Plant On Costs	113,370
2407. Consultancy Fees	4,023,756
2410. External Plant Hire	44,240
2421. Artists and Curators Fees	20,324
2429. Contractors Charges	7,924
2430. Production & Exhibition Expenses	-31,100
2431. Education & Public Programs	-8,340
2433. Penrith CC Land Rates Payable	25,421
2440. Property Leases	121,308
2456. Employment Agencies	7,300
2490. Activity Expenses	-3,837
2510. Local Economic Development Program	-19,405
2511. Sustenance	2,316
2512. Food & Beverages subject to FBT (entertainment)	1,136
2540. Lower Portland Ferry	144,875
2590. Print Machine Maintenance	2,141
2606. Maintenance - Buildings	-17,350
2607. Maintenance - Plant & Equipment	2,000
2618. Parks - M&R	-8,022
2625. Road Line & Signs Maintenance	-10,572
2628. Road Restorations	22,254
2641. Roadworks Maintenance	-326,632
2643. Roadworks Maint Clear Drainage Structure	14,757
2644. Roadworks Maintenance Edge Patch	4,635
2648. Roadworks Maint Heavy Patching	32,556
2654. Roadworks Maint Gravel Sheet Pavement	25,206
2661. Road Safety Grant Programs Expenditure	2,800
2678. Land Management Bushcare	30,900
2690. Car Parking M&R	11,167
2742. Annual Support and Maintenance	593
2743. Network Administration	-1,116
2768. Communication & Stakeholder Pgm Expenses	-23,930
2770. Valuation Expenses	4,900
2900. Stores Items	132,566
2911. Cost of Goods Sold	1,500
2937. Sludge Processing & Disposal	-150,000
2961. Waste Education Expenses	10,000
2962. Recycling Program	49,413
2963. Waste Depot Work Expenditure	-2,953
2965. Kerbside bulk waste collection Expense	138,155
2970. Other Waste Disposal Expenses	2,318
Total Materials & Contracts	4,473,904

Variation by Naturals - () Favourable + Unfavourable.

Quarterly Budget Review Statement

September 2019

Natural Account	Proposed Variation
Other Expenses	
1168. Council Rates & Annual Charges Recoveries	2,274
2402. Sundry Expenses	-871
2405. Contribution to outside bodies	-140,526
2408. Printing & Stationery Costs	17,377
2422. Telephone Expenses	-8,709
2423. Postage & Freight	21,065
2426. Licences, Subscriptions & Memberships	7,064
2427. Advertising	-40,000
2500. Heritage Programs - Assistance Funds	-4,566
2521. Members Fees Section 29A	-6,656
2530. Better Waste & Recycling OP Program	-23,893
2550. Fire Control Operating Ex	-25,000
2554. Contribution Board Fire Commission	8,325
2571. Rates Property Revaluation	-16,101
2582. Database Subscriptions & Memberships	1,000
2593. Contribution Emergency Mgt SES	-3,562
2601. Electricity	-30,000
2603. Insurance	1,500
2613. HCC Sewer Rates	-8,144
2630. Street Lighting Expenditure	-64,167
2638. Claims for Damages	13,728
2744. Corporate Systems	-4,882
2930. Treatment Works Operating Expenditure	-1,879
Total Other Expenses	-306,623
EXPENDITURE FROM CONTINUING OPERATIONS	4,436,397
NET CAPITAL EXPENDITURE	
Property, Plant & Equipment	
3101. Sale of Plant	-164,652
4101. Purchase of Plant	161,115
4103. Purchase of Computer Equipment	-26,523
4106. Purchase Office Equipment	2,725
4110. Purchase Library Resources	-9,420
4113. Purchase Sewer Assets	150,724
4114. Purchase Park Assets	139,415
4132. Purchase of Software	47,704
4612. Purchase of Furniture & Fittings	72,694
4613. Purchase of Equipment	2,133
4614. Conservation of Cultural Collections	650
4650. Land - Operational Land	175,786
4701. Road Construction	1,939,851
4719. Cycleways Construction	-100,000
4720. Road Rehabilitation	-4,607
4730. Construct Footpaths	6,832
4750. Kerb and Gutter Construction	600,214
4760. Drainage Construction	10,832
4764. Land Acquisiton - Drainage	70,700
4780. Land Improvements - Depreciable	-271,116
4801. Park Improvement Program	-68,031
4804. Park Improvement Program Landscaping	398,628
4806. Purchase Other Structures	76,004
4824. Park Improvements-IRP	-166,927

Variation by Naturals - () Favourable + Unfavourable.

Quarterly Budget Review Statement

September 2019

Natural Account	Proposed Variation
4829. Pathways - IRP	-6,832
4838. Land improvement non Depreciable - IRP	-31,969
4901. Building Construction	1,281,949
4904. Building Services - IRP	-34,390
4913. Road Sealing	-8,660
4955. Treatment Works Upgrade	4,736
4957. Upgrade Pump Stations	31,245
4971. Capital Works-Waste	183,959
Total Property, Plant & Equipment	4,464,769
NET CAPITAL EXPENDITURE	4,464,769
RESERVE FUNDING	
Cash Assets	
3201. Tfr from Rsve - Sewer	2,193,824
3203. Tfr from Rsve Domestic Waste Management	-197,282
3228. Tfr From Construction Engineering Reserve	-16,540
3229. Tfr from Rsve Sewer Reserve	-2,144,683
3230. Tfr from Waste Mgmt Facility Reserve	-408,181
3238. Tfr From Sth Windsor Effluent Reuse Scheme Reserve	-87,000
3248. Tfr from Rsve Info Tech Reserve	-38,946
3254. Tfr from Rsve Property Develop't Res	-14,688
3267. Tfr from Unexpended Grants Reserve	-6,183,521
3273. Tfr From Better Waste & Recycling Fund Res	-472
3274. Tfr from Unspent Contributions Reserve	-140,000
3292. Tfr From Stormwater Charge Reserve	-832
3296. Tfr From S7.11 Vineyard Stormwater Reserve	-70,700
4201. TFR to Rsve - Sewer	-2,246,114
4203. TFR to Rsve Domestic Waste Management	127,519
4229. TFR to Rsve Sewer Reserve	2,173,361
4230. Tfr to Waste Mgmt Facility Reserve	12,153
4231. Tfr to Redbank Stormwater Reserve	1,557
4237. Tfr to Rsve Child Care Buildings Reserve	65,000
4238. Tfr To Sth Windsor Effluent Reuse Scheme Reserve	-1,163
4257. TFR to Rsve Sullage Reserve	18,893
4264. TRF to Rsve S64 Sewerage Contributions	7,097
4265. TFR to Stormwater Management Reserve	4,458
4273. Tfr To Better Waste & Recycling Fund Res	472
4288. Tfr To S64 Stormwater Res PittTown CA1	-41,626
4289. Tfr To S64 Stormwater Res PittTown CA2	391,546
4292. TFR to Stormwater Charge Reserve	2,611
4296. Tfr To S7.11 Vineyard Stormwater Reserve	-3,158
Total Cash Assets	-6,596,415
TOTAL RESERVE FUNDING	(6,596,415)
TOTAL OF PROPOSED VARIATIONS	0

Variation by Naturals - () Favourable + Unfavourable.



This document contains important information.
If you do not understand it, contact the
Telephone Interpreter Service on 131 450.



Hawkesbury City Council

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