



Hawkesbury City Council

attachment 1
to
item 282

The Quarterly Budget Review Statement
September 2018

date of meeting: 27 November 2018
location: council chambers
time: 6:30 p.m.

HAWKESBURY CITY COUNCIL **QUARTERLY BUDGET REVIEW STATEMENT**

September 2018

The Hawkesbury 2036...It's Our Future



Quarterly Budget Review Statement

September 2018

Table of Contents

Executive Summary	1
Financial Performance.....	1
Financial Position	1
Operating Revenue	1
Operating Expenditure	1
Capital Expenditure	1
Cash and Investments.....	2
Quarterly Budget Review Statement	2
Financial Position	2
Conclusion	7
Statement by the Responsible Accounting Officer	8
Income and Expenses Budget Review Statement by Report Code	9
Income and Expenses Budget Review Statement by CSP Theme	10
Capital Budget Review Statement.....	11
Cash and Investments Budget Review Statement	12
Key Performance Indicators Budget Review Statement.....	14
Contracts Budget Review Statement	18
Consultancy and Legal Expenses Budget Review Statement	19
Quarterly Budget Variations - Summary.....	20

Quarterly Budget Review Statement September 2018

Executive Summary

Financial Performance

Financial Position

The Quarterly Budget Review Statement – September 2018 (QBRs) 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 QBRs have been included at the end of this document. Commentary on Council's financial performance for the period ending 30 September 2018, and details on the more significant issues in this QBRs 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 \$60.0M, and after the recommended variations, is tracking to meet the projected FY Budget of \$73.2M. As at the end of September 2018, interest and investment earnings are \$0.4M, tracking to meet the projected FY Budget of \$1.6M.

Operating Expenditure

Council incurs operating expenditure in delivering operational programs as outlined in the adopted 2018/2019 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 2018, operating expenditure, excluding depreciation, amounts to \$14.1M, or 22.2% of the projected FY budget of \$63.5M. 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 2018/2019 financial year, Council has a FY Budget for capital works of \$37.4M, excluding September QBRs variations, of \$1.2M. As at the end of the first quarter, actual capital expenditure amounted to \$3.9M. A number of projects are in the planning or procurement phase as at the reporting period, with a further \$2.7M committed.

Capital expenditure (excluding dedicated assets) in the first quarter of the financial year includes expenditure on new infrastructure assets, with \$90K spent on land, buildings and land improvements, \$828K on roads, bridges, footpaths and drainage and \$176K for park improvement and recreation.

Quarterly Budget Review Statement

September 2018

Infrastructure renewal expenditure amounted to \$246K spent on land, buildings and land improvements, \$761K spent on roads, bridges, footpaths and drainage, \$198K on sewer infrastructure and \$494K on park improvement and recreation.

Capital expenditure as at the end of the first quarter also included \$902K in respect of plant and equipment, and \$204K 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 \$57.7M. This balance was made up of \$37.3M in externally restricted reserves and \$20.4M in internally restricted reserves.

Council's investments portfolio as at the end of September 2018 is \$59.1M and returned an annualised average of 2.55% for over the period 1 July 2018 to 30 September 2018.

Analysis of the more significant adjustments included in the QBRS can be found within this document.

Quarterly Budget Review Statement

The QBRS of the 2018/2019 Operational Plan is reported to Council in accordance with the requirements of Clause 203 of the Local Government (General) Regulation 2005. The QBRS recommends budget adjustments that result in a balanced adjustment for the quarter.

In the first QBRS of the financial year a conservative approach is taken, whereby under expended budgets are generally left unchanged, but monitored closely, and income budgets are only increased where income has already been received or is reasonably certain to be received.

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

Financial Position

The QBRS 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 QBRS attachment.

The more significant items of the QBRS include:

- **General Rates – Favourable Variance \$177K**

A favourable variance of \$177K is included in this QBRS 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 reflects "growth" associated with the revaluation of properties within the Vineyard Precinct Stage One area.

- **Financial Assistance Grant (FAG) – Net Favourable Variance \$131K**

In line with advice received from the NSW Local Government Grants Commission, Council is to receive \$4.4M as its FAG allocation for 2018/2019. The 2018/2019 Budget, which was based on the 2017/2018 FAG amount received less one and a half per-cent, to reflect the expected reduction in Council's allocation, is \$4.3M. The resulting favourable variance of \$131K is included in this QBRS.

Quarterly Budget Review Statement

September 2018

Adjustments were also made to reflect the one-half advance payment of the 2018/2019 allocation received in 2017/2018. An amount of \$2.3M was prepaid. The prepayment amount was placed in a Reserve to restrict it as at June 2018. The prepayment does not impact on the overall 2018/2019 bottom line. However, the prepayment does have a negative impact on Council's Operating Performance Ratio for 2018/2019, as at time of reporting.

- ***Contributions Payable to Emergency Services – Net Favourable Variance \$60K***

In line with advice from both NSW Revenue and NSW Rural Fire Service, the contributions payable to the NSW Rural Fire Service, NSW Fire and Rescue and NSW State Emergency Service are \$60K less than projected when developing the Original Budget 2018/2019.

- ***Sewerage Management Facilities Licensing & Inspections – Net Unfavourable Variance \$64K***

As part of the development of the Original Budget 2018/2019, a process review and associated increased potential income were identified in relation to the sewerage management facilities licensing and inspection program. This review is underway and nearing completion. This review has recommended a staged approach to the implementation of an improvement plan in order to engage the community of the associated changes to the program. Due to this staged implementation, a reduction of \$64K in income is included in this QBRs.

- ***Swimming Pool Inspections & Fire Safety Statements – Net Unfavourable Variance \$148K***

Difficulties have been encountered in filling a long-term vacancy within Council's Development Services area. As a result the Swimming Pool Inspection and Fire Safety Statements programs have not been able to be resourced. This has resulted in a substantial decline in anticipated income, requiring a budget adjustment of \$148K. Management is currently considering alternatives for the resourcing of these programs.

- ***Car-Parking Infringements Processing Fees – Unfavourable Variance \$42K***

The QBRs includes an increase in the processing fees for car-parking infringements of \$42K, in order to align the projected income with the average rate charged by NSW Revenue during 2017/2018, to more accurately project these costs.

- ***Buy-A-Bale Program – Net Unfavourable Variance \$30K***

In line with the Council Resolution made 11 September 2018 in relation to Drought Assistance, a \$30K net unfavourable variance is included in this QBRs.

- ***Light Up Windsor Event***

In order to provide an enhanced event and encourage favourable conditions for the economy of Windsor, \$29K has been reallocated from the development of the Economic Development Strategy to fund the Light Up Windsor event to be held 7 December 2018.

- ***Mitchell Drive, Glossodia***

Council currently has provision for carrying out works on two drainage projects which are unable to proceed due to acquisition of easements being unsuccessful for a number of years.

Quarterly Budget Review Statement

September 2018

It is proposed to reallocate the funding (\$105K) toward the survey and design of kerb and drainage works in Mitchell Drive and Ian Street, Glossodia, which will enable consideration of earlier construction of that project.

- ***Refurbishment of the Companion Animal Shelter***

Donations in the amount of \$175K have enabled the bringing forward of works in regard to the Animal Shelter refurbishment - Stage 1, comprised of kennel upgrades.

- ***Richmond Preschool Refurbishment***

In line with advice received from Richmond Preschool, a contribution of \$100K will be provided by the school. In this QBRs is the associated income and increase in works to be completed.

- ***Construction of New Freemans Reach Rural Fire Shed***

During the development of the Original Budget, there was some confidence in receiving a \$1.1M contribution from NSW RFS for construction of a new Freemans Reach Rural Fire Shed. In advice received from NSW RFS in August 2018, this contribution will not be received during 2018/2019. Both the associated income and construction / relocation costs have been removed during this QBRs.

- ***Grants – Additional works and programs totalling \$1.0M***

A number of adjustments relating to grant funding successfully secured by Council, are included in this QBRs. 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.

The major adjustments relating to grant funding are outlined below:

- *Church Street Reserve Inclusive Play-space* – In line with advice received from NSW Planning and Environment, Council will receive \$500K for the construction of an inclusive play-space at Church Street Reserve, South Windsor as part of the Everyone Can Play Initiative.
- *Hawkesbury Heritage Community Study* – Council has been successful in obtaining a \$100K grant to undertake a community based heritage study from the Office of Environment and Heritage.
- *Community Conservation – Hawkesbury Historic Cemeteries* – Council has received additional grant funding of \$100K for community conservation of historic cemeteries in the Hawkesbury LGA from the Office of Environment and Heritage.
- *Privately Owned Heritage Remediation (Stage 1)* – A further \$95K was granted from the Office of Environment and Heritage to engage a consultant to prepare a schedule of remediation works that accommodates 25 individual funding applications from heritage owners within the Hawkesbury.
- *Macquarie Park Amenities Renewal* – Council was successful in obtaining \$50K as part of the Crown Reserves Improvement Fund Program from the NSW Department of Industry for the replacement and upgrade of existing showers, toilets and storage shed in Macquarie Park.

Quarterly Budget Review Statement

September 2018

- *Upper Hawkesbury Estuary Health Card* – Council has received grant funding of \$45K for water quality testing in the Hawkesbury River for three years as part of the Coastal and Estuary Management Program from the Office of Environment and Heritage. An adjustment of \$15K is included in this QBRs, for the first year of monitoring.
- *Fire Hazard Reduction Works* – NSW Rural Fire Service have approved an allocation of \$32K towards hazard reduction works at Duffy's Fire Trail, Bowen Mountain and Peter Place, Bligh Park under the Bush Fire Risk Mitigation and Resilience Program.
- *Relocation of Wilberforce Rural Fire Brigade Shed* – As part of the Rural Fire Fighting Fund Program, NSW Rural Fire Service has allocated \$20K towards the survey and design of a new Wilberforce Rural Fire Brigade Shed.

- **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* – A repayment of the internal loan of \$998K for the purchase of Mitchell Drive, Pitt Town from Section 64 Drainage is included in this QBRs. An increase in income of \$25K for Section 64 Sewer contributions is also included.
- *Section 94 Plan Reserve* – An additional \$300K has been allocated for the preparation of a Masterplan, Plan of Management and Concept Design for the Pitt Town Community Precinct as resolved by Council.
- *Section 94A Plan Reserve* – In order to bring forward works at Wilberforce Community Precinct, an allocation of \$125K has been incorporated in this QBRs.
- *Planning Reserve* – This reserve has been established to fund works associated with engineering inspections associated with Redbank, funded from the associated income. An increase in the reserve in line with the projected income of \$90K has been restricted to this Reserve and the known costs to December 2018 for engineering inspections (\$39K) will be funded from this Reserve.
- *Workers Compensation Reserve* – Several large cases have been managed during the first quarter of the financial year, with \$113K spent against the projected budget of \$144K. As this represents 78% of the budget spent in the first quarter of the year, a further \$31K has been allocated.
- *Information Technology Reserve* – Several items of software, approved as part of the 2018/2019 Original Budget, were purchased in late 2017/2018 in order to take advantage of discounts on offer at the time. The budget funding from the Information Technology Reserve of \$32K has been removed, as it was used in last financial year.
- *Domestic Waste Management Reserve* – A annual charges received are greater than forecasted, requiring a favourable variance of \$111K in this QBRs.
- *Waste Management Facility Reserve* – Included in this QBRs, is a favourable variance of \$998K for the repayment of the aforementioned internal loan, which is offset by unfavourable variance of \$50K to implement actions identified as part of an internal audit, \$30K to cover consultancy costs to consider options in relation to the land strategy at the site and \$27K for additional costs to establish the Community Recycling Centre.

Quarterly Budget Review Statement

September 2018

- *Sewerage Reserves* – Favourable variances of \$25K for the unbudgeted receipt of insurance compensation for storm damage and \$58K for annual charges exceeding budgetary projections have been included in this QBRS. Unfavourable variances include \$35K for reactive breakages, \$55K for additional funds required to complete renewal at McGraths Hill Sewer Treatment Plant and the Relining Program (\$80K). A review of the computer system identified that replacement was needed earlier than expected (60K) and a major failure of the South Windsor Treatment Plant Discharge Line requires \$500K for urgent repairs.

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.

Table 1

Financial Sustainability Ratio	Benchmark	Original Budget 18/19	Amended Budget 18/19	Amended Budget 18/19 After Sep QBRS
Operating Performance	≥ 0	-0.06	-0.091	-0.128
Own Source Revenue	$> 60\%$	82.5%	82.5%	85.4%
Asset Renewal	$> 100\%$	92.4%	119.68%	123.4%
Infrastructure Backlog	$< 2\%$	2.60%	1.34%	1.26%
Asset Maintenance	$> 100\%$	100.3%	83.96%	85.6%
Debt Service	0%-20%	1.1%	1.4%	1.4%
Real Operating Expenditure per Capita	Decrease	Decrease	Decrease	Increase

As shown in table above, the proposed amendments included in the September QBRS will result in changes to the projected Financial Sustainability Ratios. Overall, the number of the seven benchmarks achieved is 4. The Operating Performance Ratio has deteriorated and the Real Operating Expenditure per Capita is projected to slightly increase.

An outline of the impacts on each ratio is provided below:

The Operating Performance Ratio deteriorates by \$2.0M due to overall income not achieved (\$1.8M), predominantly as a result of the advanced payment of the Financial Assistance Grant; and additional expenditure required to meet grant programs and Council's service levels (\$0.5M);

- The Own Source Revenue improves as a result of increased rates and annual charges;
- The Asset Renewal Ratio improves from the Original Budget due to works carried over from 2017/2018;
- The Infrastructure Backlog improves due to works carried over from 2017/2018;
- The Asset Maintenance Ratio improves due to the receipt of unbudgeted grants;
- The Debt Service Ratio remained unchanged; and

Quarterly Budget Review Statement

September 2018

- f) The Real Operating Expenditure per Capita is projected to slightly increase.

Conclusion

The Quarterly Budget Review Statement – September 2018 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 2018/2019 is delivered within the stipulated timeframe.

Quarterly Budget Review Statement September 2018

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 2018 indicates that Council's projected financial position at 30 June 2019 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: 19 November 2018

Emma Galea
Responsible Accounting Officer

Quarterly Budget Review Statement September 2018

Income and Expenses Budget Review Statement by Report Code

(\$'000)	Original Budget 2018/2019	Carry Forwards 2017/2018	Revised Budget 2018/2019	Variations for Sep Qtr	Projected Year End Result	Actual YTD 2018/2019
Income						
Rates & Annual Charges	56,331	-	56,331	335	56,666	56,743
User Charges & Fees	7,154	-	7,154	(198)	6,956	1,299
Interest & Investment Revenue	1,569	-	1,569	-	1,569	427
Other Revenues	4,396	-	4,396	10	4,407	1,134
Grants & Contributions - Operating	6,990	-	6,990	(1,859)	5,130	817
Grants & Contributions - Capital	6,235	-	6,235	(643)	5,592	438
Net gains from the disposal of assets	-	-	-	-	-	-
Share of Interests in Joint Ventures	265	-	265	-	265	-
Total Income from Continuing Operations	82,940	-	82,940	(2,355)	80,585	60,858
Expenses						
Employee Costs	28,431	290	28,721	69	28,790	6,788
Borrowing Costs	303	-	303	-	303	47
Materials & Contracts	18,484	1,741	20,225	555	20,781	3,168
Depreciation	19,214	-	19,214	-	19,214	4,546
Other Expenses	13,555	211	13,766	(116)	13,650	4,136
Net Losses from disposal of assets	-	-	-	-	-	7
Share of Interests in Joint Ventures	-	-	-	-	-	-
Total Expenses from Continuing Operations	79,987	2,243	82,230	508	82,738	18,692
Net Operating Result from Continuing Operations	2,953	(2,243)	710	(2,863)	(2,153)	42,166
Net Operating Result before Capital Items	(3,282)	(2,243)	(5,525)	(2,220)	(7,745)	41,728

Quarterly Budget Review Statement September 2018

Income and Expenses Budget Review Statement by CSP Theme

(\$'000's)	Original Budget 2018/2019	Carry Forwards 2017/2018	Revised Budget 2018/2019	Variations for Sep Qtr	Projected Year End Result	Actual YTD 2018/2019
Income						
Governance	9	-	9	-	9	2
Our Leadership	45,886	-	45,886	(1,308)	44,578	36,994
Our Community	1,843	-	1,843	(931)	912	122
Our Environment	874	-	874	(61)	813	185
Our Assets	34,017	-	34,017	(53)	33,964	23,431
Our Future	311	-	311	(2)	309	125
Total Income from Continuing Operations	82,940	-	82,940	(2,355)	80,585	60,858
Expenses						
Governance	487	135	622	(138)	484	88
Our Leadership	8,678	521	9,199	6	9,205	2,728
Our Community	8,110	212	8,322	180	8,502	1,964
Our Environment	2,482	76	2,558	9	2,567	632
Our Assets	57,506	459	57,965	437	58,402	12,704
Our Future	2,724	840	3,564	14	3,578	576
Total Expenses from Continuing Operations	79,987	2,243	82,230	508	82,738	18,692
Net Operating Result from Continuing Operations	2,953	(2,243)	710	(2,863)	(2,153)	42,166
Net Operating Result before Capital Items	(3,282)	(2,243)	(5,525)	(2,220)	(7,745)	41,728

Quarterly Budget Review Statement September 2018

Capital Budget Review Statement

(\$'000)	Original Budget 2018/2019	Carry Forwards 2017/2018	Revised Budget 2018/2019	Variations for Sep Qtr	Projected Year End Result	Actual YTD 2018/2019
Capital Expenditure						
New Assets						
Land, Building & Land Improvements	3,508	260	3,768	(951)	2,818	90
Roads, Bridges, Footpaths & Drainage	4,875	2,690	7,565	265	7,830	828
Sewer Infrastructure	-	-	-	-	-	-
Parks Assets & Other Structures	322	273	595	800	1,395	176
Renewal of Assets						
Land, Building & Land Improvements	1,942	980	2,922	512	3,434	246
Roads, Bridges, Footpaths & Drainage	10,026	2,035	12,061	(278)	11,784	761
Sewer Infrastructure	1,000	109	1,109	665	1,774	198
Parks Assets & Other Structures	781	751	1,532	53	1,585	494
Other Assets	1,738	633	2,371	(8)	2,364	204
Plant & Equipment	3,480	1,989	5,469	123	5,592	902
Total Capital Expenditure	27,672	9,720	37,392	1,183	38,575	3,899
Capital Funding						
Accumulated Depreciation	19,214	-	19,214	-	19,214	4,546
Capital Grants & Contributions	6,235	-	6,235	(643)	5,592	438
Reserves						
External Restrictions	1,921	3,787	5,708	4,930	10,638	(14,357)
Internal Restrictions	2,087	8,176	10,263	(903)	9,360	(333)
New Loans			-		-	
Receipts from Sale of Assets						
Plant & Equipment	992	-	992	19	1,011	114
Other Assets	5	-	5	-	5	2
Sewer Infrastructure	-	-	-	-	-	-
Parks Assets & Other Structures	-	-	-	-	-	-
Land and Buildings	500	-	500	-	500	-
Total Capital Funding	30,954	11,963	42,917	3,403	46,320	(9,590)
Net Capital Funding - Surplus/(Deficit)	(3,282)	(2,243)	(5,525)	(2,220)	(7,745)	13,489
Net Operating Result (excl. Capital Grants)	(3,282)	(2,243)	(5,525)	(2,220)	(7,745)	41,728
Retained surplus/(deficit) available for general funding purposes	-	-	-	-	-	(28,239)

Quarterly Budget Review Statement September 2018

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 2018/2019
Externally Restricted (1)								
S64 Sewerage Contributions	735	154	-	154	26	180	915	899
S64 Drainage Works Reserve	1,774	-	-	-	(998)	(998)	776	1,781
S94 Contributions	9,606	(756)	(1,804)	(2,560)	(307)	(2,867)	6,739	9,658
S94A Contribution	2,734	414	(408)	6	(128)	(122)	2,612	2,800
Better Waste & Recycling Fund Reserve	148	-	(148)	(148)	-	(148)	-	217
Domestic Waste Mangement Reserve	1,455	383	(376)	7	114	121	1,576	11,748
Infrastructure Borrowings Reserve	-	(2,827)	-	(2,827)	-	(2,827)	(2,827)	-
Local Infrastructure Renewal Scheme Loan Reserve	(2,214)	544	-	544	-	544	(1,670)	(2,214)
Sewerage Capital	9,230	72	(109)	(37)	(725)	(762)	8,468	9,280
Sewer Operating Reserve	(6,649)	174	11	185	69	254	(6,395)	(1,233)
Stormwater Mgmt Reserve	1,796	(90)	(341)	(431)	(9)	(440)	1,356	2,232
South Windsor Effluent Re-use Scheme	352	11	-	11	-	11	363	353
Unspent Grants Reserve	3,338	-	(537)	(537)	(2,796)	(3,333)	5	1,129
Unspent Contributions Reserve	603	-	(75)	(75)	(175)	(250)	353	592
4.5 Redbank VPA	27	-	-	-	-	-	27	50
Total Externally Restricted	22,934	(1,921)	(3,787)	(5,708)	(4,930)	(10,638)	12,296	37,291
(1) Funds that must be spent for a specific purpose								
Internally Restricted (2)								
Bligh Park Reserve	56	(39)	-	(39)	-	(39)	18	34
Carryover Reserve	8,467	(411)	(8,056)	(8,467)	-	(8,467)	-	7,066
Contingency Reserve	721	(359)	-	(359)	-	(359)	362	721
Election Reserve	141	100	-	100	-	100	241	141
ELE Reserve	1,465	-	-	-	-	-	1,465	1,465
Heritage Reserve	80	-	(5)	(5)	-	(5)	75	80
Information Tech Reserve	517	(243)	(69)	(312)	32	(280)	237	481
Multi-year Infrastructure Projects Reserve	267	-	-	-	-	-	267	267
Legal Services Reserve	250	-	-	-	-	-	250	250
Planning Proposals Reserve	229	27	-	27	51	78	307	229
Property Development Reserve	439	391	-	391	(40)	351	790	407
Risk Management Reserve	173	-	(16)	(16)	-	(16)	157	169
Sullage Reserve	144	(137)	-	(137)	(11)	(148)	(4)	1,256
Waste Management Facility Reserve	6,546	(1,417)	(29)	(1,446)	902	(544)	6,003	7,070
Workers Compensation Reserve	800	-	-	-	(31)	(31)	769	800
Total Internally Restricted	20,297	(2,087)	(8,176)	(10,263)	903	(9,360)	10,938	20,437
(2) Funds that must be spent for a specific purpose								
Total Reserve (accrual basis)	43,232	(4,008)	(11,963)	(15,971)	(4,027)	(19,998)	23,234	57,728
Unrestricted (cash basis)								17,460
Total Cash & Investments								59,067

Quarterly Budget Review Statement

September 2018

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 \$1,249,504.

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 2018.

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows:		\$ 000's
Cash at Bank (as per bank statements)		1,250
Investments on Hand		58,157
less: Unpresented Cheques	(Timing Difference)	(18)
less: Payments not processed		(339)
add: Undeposited Funds	(Timing Difference)	57
less: Identified Deposits (not yet accounted in Ledger)	(Require Actioning)	(39)
add: Identified Outflows (not yet accounted in Ledger)	(Require Actioning)	-
less: Unidentified Deposits (not yet actioned)	(Require Investigation)	-
add: Unidentified Outflows (not yet actioned)	(Require Investigation)	-
Reconciled Cash at Bank & Investments		59,067
Balance as per Review Statement:		59,067
Difference:		-

Quarterly Budget Review Statement September 2018

Key Performance Indicators Budget Review Statement

(Including Fit for the Future Benchmarks)

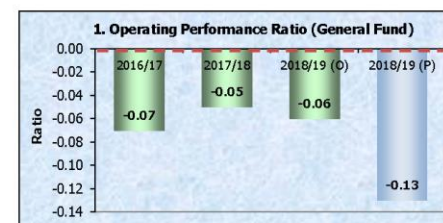
(\$000's)	Actuals		Original Budget 18/19	Current Projection	
	Prior Periods 16/17	17/18		Amounts 18/19	Indicator 18/19

1. Operating Performance Ratio (General Fund)

Operating Revenue (excl. Capital) - Operating Expenses	-0.07	-0.05	-0.06	-8,528	-0.13
Operating Revenue (excl. Capital Grants & Contributions)				66,668	

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

Minimum Benchmark: 0.0

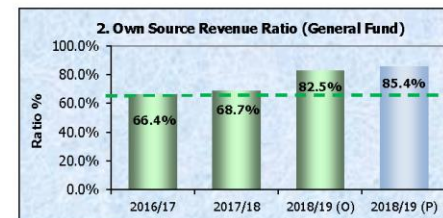


2. Own Source Revenue Ratio (General Fund)

Operating Revenue (excl. ALL Grants & Contributions)	66.4%	68.7%	82.5%	61,577	85.4%
Total Operating Revenue (incl. Capital Grants & Cont)				72,102	

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

Minimum Benchmark: 60.0%

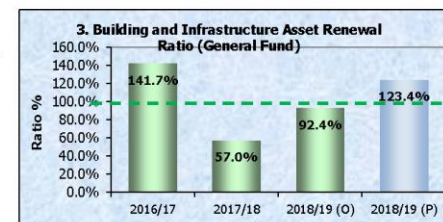


3. Building and Infrastructure Asset Renewal Ratio (General Fund)

Asset Renewals (Building and Infrastructure)	141.7%	57.0%	92.4%	17,025	123.4%
Depreciation, Amortisation & Impairment				13,799	

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

Minimum Benchmark: 100.0



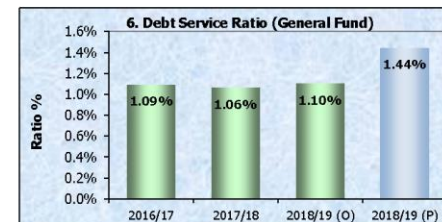
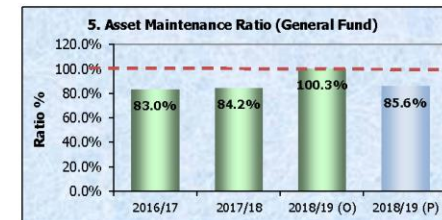
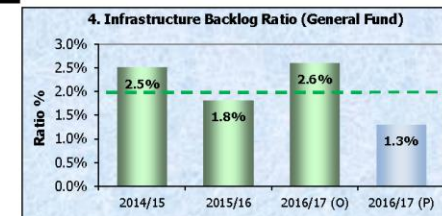
Quarterly Budget Review Statement September 2018

(Including Fit for the Future Benchmarks)

(\$000's)	Actuals		Original Budget 18/19	Current Projection	
	Prior Periods 16/17	17/18		Amounts 18/19	Indicator 18/19
4. Infrastructure Backlog Ratio (General Fund)					
Est costs to bring assets to a satisfactory condition	2.5%	1.8%	2.6%	8,745	1.3%
WDV of Building & Infrastructure Assets				691,546	
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	83.0%	84.2%	100.3%	13,677	85.6%
Required Asset Maintenance				15,975	
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)	1.09%	1.06%	1.10%	959	1.44%
Operating Revenue (excl. Capital Grants & Contributions)				66,668	

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%



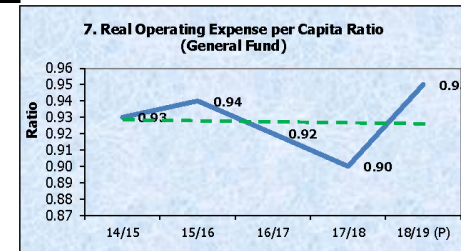
Quarterly Budget Review Statement September 2018

(Including Fit for the Future Benchmarks)

(\$000's)	Actuals		Original Budget 18/19	Current Projection	
	Prior Periods 16/17	17/18		Amounts 18/19	Indicator 18/19
7. Real Operating Expense per Capita Ratio (General Fund)					
Discounted Operating Expenses	0.90	0.88	0.91	65,969	
Population				69,702	0.95

To assess the efficiency of Council's operations.

Minimum Benchmark: Decrease in trend over five years.

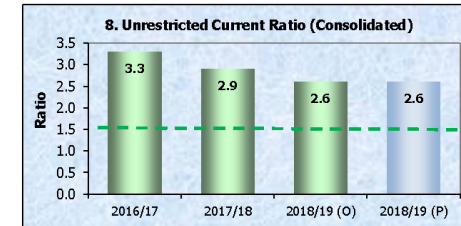


8. Unrestricted Current Ratio (Consolidated)

Current Assets less all External Restrictions	3.3	2.9	2.6	33,707	
Current Liabilities less Specific Purpose Liabilities				13,011	2.6

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

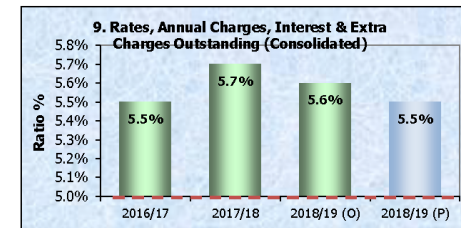


9. Rates, Annual Charges, Interest & Extra Charges Outstanding (Consolidated)

Rates, Annual & Extra Charges Outstanding	5.5%	5.7%	5.6%	3,134	
Rates, Annual & Extra Charges Collectible				56,666	5.5%

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 2018

(Including Fit for the Future Benchmarks)

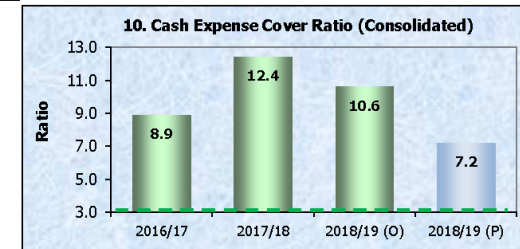
(\$000's)	Actuals Prior Periods		Original Budget 18/19	Current Projection	
	16/17	17/18		Amounts 18/19	Indicator 18/19

10. Cash Expense Cover Ratio (Consolidated)

Current Year's Cash & Cash Equivalents (incl. TDs)	8.9	12.4	10.6	38,843	7.2
Operating & financing activities Cash Flow payments				5,386	

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

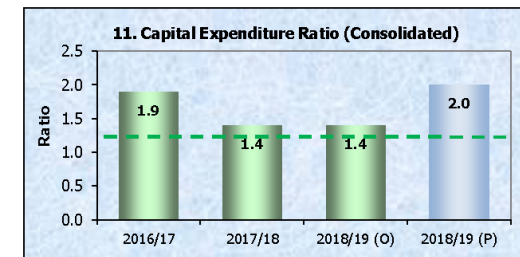


11. Capital Expenditure Ratio (Consolidated)

Annual Capital Expenditure	1.9	1.4	1.4	38,575	2.0
Annual Depreciation				19,214	

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 2018

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)
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Nil

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)
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Court Craft (Aust) Pty Ltd	Tennis Court Upgrade	\$201,840	9-Sep-18	12 weeks	Y
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Panel - Various Suppliers	Supply and Placement of Asphalt	N/A	25-Jul-18	2 years	Y
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Panel - Various Suppliers	Bitumen Sealing and Resealing	N/A	4-Sep-18	2 years	Y
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Quarterly Budget Review Statement

September 2018

Consultancy and Legal Expenses Budget Review Statement

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	151,479	Y
Legal Fees	53,172	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 2018

Quarterly Budget Variations - Summary

Natural Account	Proposed Variation
INCOME FROM CONTINUING OPERATIONS	
Rates & Annual Charges	
1101. Residential Rates Income	154,008
1102. Farmland Rates Income	41,531
1103. Business Rates Income	-16,596
1104. Rural Residential Rates Income	5,596
2595. HCC Land Rates - Business	-6,776
2608. HCC Land Rates - Residential	-840
1109. Domestic Waste Charges	110,926
1121. Garbage Serv Chrg Business	6,116
1127. Sewer Rates Residential Connected	16,671
1128. Sewer Rates Residential Unconnected	1,684
1129. Sewer Rates Business Connected	39,253
1137. Sewer Pensioner Council Rebate	-4,962
1140. Sullage Collection Annual Residential	-10,574
2616. HCC Garbage Rates	-953
Total Rates & Annual Charges	335,084
User Charges & Fees	
1002. Plant Income - Leaseback	-4,774
1310. Septic Tank Permits	-28,326
1317. Sundry Building Control Income DIV81	-101,900
1339. Animal Impounding Income	1,682
1351. Inspection Services	-83,014
1362. Public Cemeteries Sundry Income	2,213
1363. Governor Phillip Park Income	1,891
1400. Vehicle Inspections	202
1403. Road Reinstatement Fees	2,370
1409. Vehicle Inspections Internal vehicles only	400
1754. Other Waste Disposal Income - Internal	3,993
1770. Sewer Connections	5,597
1771. Pasture Improvement Income	2,108
2964. Other Waste Disposal Expenses - Internal	-39
Total User Charges & Fees	-197,597
Other Income	
1155. Rental, Lease and fees Income	-7,217
1156. Shops & Offices - Rental Income	-11,751
1157. Other Rents & Leases	1,722
1420. Other Revenue	279
1710. Staff Reimbursements	660
1751. Recycling Income	405
1780. Insurance Settlement	24,658
1799. Sundry Income	1,614
Total Other Income	10,370
Operating Grants and Contributions	
1813. Road Safety LG Funding Programs-RMS Grants	-1,200
1814. Bowens Creek Fire Trail-DeptInfrRegDev	79,038
1819. Financial Assistance Gr-L/Gvt Grants Com	-2,141,986
182A. H'bury Child Restrains Proj-RTA Gr	4,000
183U. Estuary Management Program-Office Env & Heritage	14,900

Variation by Naturals - () Favourable + Unfavourable.

Quarterly Budget Review Statement

September 2018

Natural Account	Proposed Variation
1864. Collection Assessment-CHG-NatLibAust-Gr 1864	4,500
187Y. Tech Savvy Seniors-State Lib NSW-Gr 187Y	2,400
1882. Heritage Assistance Fund-Heritage Grant	-10,000
188L. Heritage Near Me Funding - Office Env & Heritage	145,000
1892. Fire Hazard Reduction-NSW RFS Grant	32,127
1894. NSW Bike Week-RMS Grant	2,000
1897. CRC Communication & Education Plan-EPA	10,000
Total Operating Grants and Contributions	-1,859,221
Capital Grants & Contributions	
3812. Active Transport-Walking Communities-RMS	127,300
383N. Greenspace Governor Phillip Park Rec Trail	131,070
385J. Upgrade Macquarie Pk Amenities-DeptIndustry-Gr 385J	50,000
3901. Capital Contribution	-977,000
3903. S64 Sewer Contribution (No specific Catch)	25,303
Total Capital Grants & Contributions	-643,327
INCOME FROM CONTINUING OPERATIONS	(2,354,691)
EXPENDITURE FROM CONTINUING OPERATIONS	
Employee Costs	
2101. Salaries	-5,351
2102. Annual Leave Entitlement	1,366
2103. Sick Leave	-2,230
2107. Casuals	68,284
2109. Workers Compensation	30,513
2110. Overtime	4,582
2111. Superannuation	-4,514
2112. Allowances	276
2119. Public Holidays	615
2122. Wages	14,917
2123. Wages Oncosts	3,333
2141. Function Reviews	-35,000
2570. Safety Expenses & Training	-8,213
Total Employee Costs	68,578
Materials & Contracts	
2000. Plant - Running Costs	1,052
2116. Contractors	18,114
2264. Legal Expenses-Infrastructure Services	2,905
2403. Plant On Costs	1,292
2407. Consultancy Fees	470,695
2421. Artists and Curators Fees	14,255
2430. Production & Exhibition Expenses	87,221
2431. Education & Public Programs	18,110
2433. Penrith CC Land Rates Payable	-2,982
2435. Promotion Expenditure	978
2443. Collections Management	3,217
2456. Employment Agencies	107,382
2491. Consumables	5,000
2504. Bush Fire Mitigation Works	32,127
2510. Local Economic Development Program	-33,643
2511. Sustenance	4,354
2513. Food & Beverages (client - entertainment) not subject to FBT	3,234

Variation by Naturals - () Favourable + Unfavourable.

Quarterly Budget Review Statement

September 2018

Natural Account	Proposed Variation
2590. Print Machine Maintenance	1,620
2591. Print Machine Rental	3,293
2607. Maintenance - Plant & Equipment	-70
2619. Buildings Works Program	-50,179
2628. Road Restorations	2,370
2641. Roadworks Maintenance	141,505
2643. Roadworks Maint Clear Drainage Structure	6,652
2648. Roadworks Maint Heavy Patching	-195,000
2655. Roadworks Maint Guidepost Maintenance	737
2656. Roadworks Maint - Maintenance Grading	1,954
2660. Community Safety Programs	-250
2661. Road Safety Grant Programs Expenditure	3,956
2662. Infringement Processing Expenses	42,160
2681. Tree Maintenance	-16,040
2702. Plant & Equipment	870
2721. Stock Pound Expenses	50
2742. Annual Support and Maintenance	719
2760. Youth Worker Programs	-250
2762. Art Gallery Expenses	-95,571
2768. Communication & Stakeholder Pgm Expenses	13,594
2820. Grant Funded Operational Exp	-102,663
2900. Stores Items	10,709
2948. Pasture Improve Program	15,000
2961. Waste Education Expenses	10,000
2963. Waste Depot Work Expenditure	50,000
2970. Other Waste Disposal Expenses	5,000
2986. Museum Program Expenses	-28,547
Total Materials & Contracts	554,930
Other Expenses	
2402. Sundry Expenses	-28,790
2405. Contribution to outside bodies	537
2408. Printing & Stationery Costs	7,175
2419. General Office Expenditure	2,729
2422. Telephone Expenses	-513
2423. Postage & Freight	8,587
2426. Licences, Subscriptions & Memberships	2,258
2427. Advertising	19,303
2457. Contribution to HSC & HLC	3,743
2492. Comty Services Program Expenses	-250
2500. Heritage Programs - Assistance Funds	-30,000
2530. Better Waste & Recycling OP Program	-42,540
2550. Fire Control Operating Ex	-10,000
2553. Contribution Bush Fire Fight Fund	-26,147
2554. Contribution Board Fire Commission	-12,748
2580. Adminstration Charges	7,712
2593. Contribution Emergency Mgt SES	-21,610
2602. Water	6,900
2603. Insurance	7,408
2613. HCC Sewer Rates	-10,912
2663. Insurance Contra	-2,000
2765. Section 356 Expenditure	3,150
Total Other Expenses	-116,008
EXPENDITURE FROM CONTINUING OPERATIONS	507,500

Variation by Naturals - () Favourable + Unfavourable.

Quarterly Budget Review Statement

September 2018

Natural Account	Proposed Variation
NET CAPITAL EXPENDITURE	
Investment Properties at fair value	
4966. Investment Propety - Building	34,000
Total Investment Properties at fair value	34,000
Property, Plant & Equipment	
3101. Sale of Plant	-18,777
4101. Purchase of Plant	73,780
4103. Purchase of Computer Equipment	49,069
4114. Purchase Park Assets	500,000
4132. Purchase of Software	-17,389
4406. Capex - Swimming Pool	-65,000
4612. Purchase of Furniture & Fittings	-77,788
4613. Purchase of Equipment	636
4650. Land - Operational Land	40,740
4652. Long Term Waste Strategy	30,000
4720. Road Rehabilitation	-200,504
4755. Kerb & Gutter Renewal	105,146
4760. Drainage Construction	-103,523
4761. Land Under Roads	191,423
4761. Land Under Roads	-191,423
4781. Traffic Facilities	150,570
4801. Park Improvement Program	325,166
4802. Park Improvement Furniture Replacement	-25,166
4806. Purchase Other Structures	19,770
4820. Grant Funded Capital Expenses	131,070
4823. Pool - refurbishment IRP	65,000
4824. Park Improvements-IRP	-12,805
4828. Car Park - IRP	12,805
4836. Other Structure IRP	2,051
4901. Building Construction	-390,650
4904. Building Services - IRP	-152,527
4913. Road Sealing	23,471
4953. Sewer Rehabilitation	96,415
4955. Treatment Works Upgrade	568,745
Total Property, Plant & Equipment	1,130,306
NET CAPITAL EXPENDITURE	1,164,306
RESERVE FUNDING	
Cash Assets	
3201. Tfr from Rsve Capital - Sewer	-729,854
3229. Tfr from Rsve Sewer Operating Reserve	-18,315
3230. Tfr from Waste Mgmt Facility Reserve	-106,785
3248. Tfr from Rsve Info Tech Reserve	31,845
3254. Tfr from Rsve Property Develop't Reserv	-40,470
3260. Tfr from Rsve Workers Comp Reserve	-30,513
3267. Tfr from Unexpended Grants Reserve	-2,795,879
3269. Tfr from S94A Contributions Reserve	-125,000
3273. Tfr From Better Waste & Recyling Fund Res	-100,697
3274. Tfr from Unspent Contributions Reserve	-175,000
3279. Tfr From S94 Rec Facilities-Pitt Town Catch 5	-300,000
3288. Tfr From S64 Stormwater Res PittTown CA1	-998,420

Variation by Naturals - () Favourable + Unfavourable.

Quarterly Budget Review Statement

September 2018

Natural Account	Proposed Variation
3292. Tfr From Stormwater Charge Reserve	-9,428
3294. Tfr From Planning Proposals Reserve	-39,166
4201. TFR to Rsve Capital - Sewer	5,265
4203. TFR to Rsve Domestic Waste Management	113,976
4229. TFR to Rsve Sewer Operating Reserve	87,201
4230. Tfr to Waste Mgmt Facility Reserve	1,008,934
4257. TFR to Rsve Sullage Reserve	-10,574
4264. TRF to Rsve S64 Sewerage Contributions	25,999
4269. Tfr To S94A Contributions Reserve	-3,438
4273. Tfr To Better Waste & Recycling Fund Res	100,697
4279. Tfr To S94 Rec Facilities-Pitt Town Catch 5	-6,875
4294. Tfr To Planning Proposals Reserve	90,000
Total Cash Assets	-4,026,497
TOTAL RESERVE FUNDING	(4,026,497)
TOTAL OF PROPOSED VARIATIONS	0

Variation by Naturals - () Favourable + Unfavourable.



This document contains important information.
If you do not understand it, contact the
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