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HORNSBY SHIRE COUNCIL

Quarterly Budget Review Statement for the period 01/10/20 to 31/12/20

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 HORNSBY SHIRE COUNCIL for the quarter ended 31/12/20 indicates that Council's projected financial position at 30/6/21 will be Satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed:



Duncan Chell
Responsible Accounting Officer

date: 25/01/2021

HORNSBY SHIRE COUNCIL

Quarterly Budget Review Statement for the period 01/10/20 to 31/12/20

Budget review for the quarter ended 31 December 2020

Income & Expenses - All Principal Activities

(\$000's)	Original Budget 2020/21	Approved Changes					Revised Budget 2020/21	Bud Change Request for Dec Qtr	Notes	Projected Year End Result	Actual YTD figures
		Total QBRS Contra Changes	Sep QBRS	Dec QBRS	Mar QBRS	Jun QBRS					
Income											
Rates & Annual Charges	-99,079,422	0	-300,000	0	0	0	-99,379,422	0		-99,379,422	-99,880,508
User Charges & Fees	-9,288,024	4,900	0	0	0	0	-9,283,124	0		-9,283,124	-6,640,000
Interest	-5,375,587	0	0	0	0	0	-5,375,587	0		-5,375,587	-2,830,217
Other Revenues	-3,119,432	8,000	-32,500	0	0	0	-3,143,932	0		-3,143,932	-4,009,274
Operating Grants	-9,877,236	871,538	2,420,629	0	0	0	-6,585,069	0		-6,585,069	-7,714,807
Operating Contributions & Donations	-962,396	3,600	0	0	0	0	-958,796	0		-958,796	-798,704
Total Income from Continuing Operations	-127,702,097	888,039	2,088,129	0	0	0	-124,725,929	0		-124,725,929	-121,873,510
Expenses											
Employee Expense	50,578,228	-110	39,264	0	0	0	50,617,382	0		50,617,382	23,102,148
Borrowing Expense	44,462	0	0	0	0	0	44,462	0		44,462	32,117
Materials & Contracts	43,848,446	294,130	421,646	0	0	0	44,564,222	0		44,564,222	19,789,861
Depreciation-&-Amortisation	20,133,482	0	0	0	0	0	20,133,482	0		20,133,482	9,829,453
Internal Expenses	-25,712	0	4,500	0	0	0	-21,212	0		-21,212	15,417
Legal Expenses	1,333,301	0	0	0	0	0	1,333,301	0		1,333,301	427,591
Consultants	2,426,818	-4,500	74,035	0	0	0	2,496,353	0		2,496,353	1,647,931
Other Expenses	13,096,540	11,920	-26,872	0	0	0	13,081,588	0		13,081,588	6,237,332
Total Expenses from Continuing Operations	131,435,565	301,439	512,573	0	0	0	132,249,577	0		132,249,577	61,081,850
Net Operating Result from Continuing Operations	3,733,468	1,189,479	2,600,702	0	0	0	7,523,649	0		7,523,649	-60,791,660
Net Operating Result before Capital Items	3,733,468	1,189,479	2,600,702	0	0	0	7,523,649	0		7,523,649	-60,791,660

Income & Expenses Budget Review Statement
Recommended changes to revised budget

There are no Budget Variations being recommended include the following material items:

Notes	Details
\$	

There are no budget variations this quarter.

HORNSBY SHIRE COUNCIL

Quarterly Budget Review Statement

for the period 01/10/20 to 31/12/20

Budget review for the quarter ended 31 December 2020

Capital Budget - All Principal Activities

(\$000's)	Original Budget 2020/21	Approved Changes					Revised Budget 2020/21	Bud Change Request for Dec Qtr	Notes	Projected Year End Result	Actual YTD figures
		Total QBRs Contra Changes	Sep QBRs	Dec QBRs	Mar QBRs	Jun QBRs					
Capital Expenditure											
WIP Expenditure & Asset Purchases	44,933,415	4,111,000	13,498,100	0	0	0	62,542,515	0		62,542,515	11,586,854
Total Capital Expenditure	44,933,415	4,111,000	13,498,100	0	0	0	62,542,515	0		62,542,515	11,586,854
Capital Funding											
Capital Grants	-131,000	-4,451,538	0	0	0	0	-4,582,538	0		-4,582,538	-3,215,175
Capital Contributions & Donations	-3,540,000	0	0	0	0	0	-3,540,000	0		-3,540,000	-2,306,037
Asset Sales	-1,000,000	-220,000	0	0	0	0	-1,220,000	0		-1,220,000	-418,462
	-4,671,000	-4,671,538	0	0	0	0	-9,342,538	0		-9,342,538	-5,939,675
Other Funding											
External Restricted Assets	-21,773,397	0	-10,974,441	0	0	0	-32,747,838	0		-32,747,838	22,752,681
Internal Restricted Assets	-5,048,728	-628,940	-4,614,102	0	0	0	-10,291,770	0		-10,291,770	-2,815,858
External Loan Principal Repayments	365,820	0	0	0	0	0	365,820	0		365,820	179,099
Employee Leave Payments	956,069	0	0	0	0	0	956,069	0		956,069	192,285
Writeback Depreciation	-20,133,482	0	0	0	0	0	-20,133,482	0		-20,133,482	-9,830,187
Total Funding	-50,304,718	-5,300,478	-15,588,543	0	0	0	-71,193,739	0		-71,193,739	4,538,345
Net Capital Funding	-5,371,303	-1,189,478	-2,090,443	0	0	0	-8,651,224	0		-8,651,224	16,125,198
Net Operating Result before Capital Items	3,733,468	1,189,479	2,600,702	0	0	0	7,523,649	0		7,523,649	-60,791,660
Net Operating & Capital Result after Funding	-1,637,835	0	510,259	0	0	0	-1,127,575	0		-1,127,575	-44,666,462

HORNSBY SHIRE COUNCIL

Quarterly Budget Review Statement
for the period 01/10/20 to 31/12/20

Capital Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	\$	Details
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There are no budget variations this quarter.

HORNSBY SHIRE COUNCIL

Quarterly Budget Review Statement

for the period 01/10/20 to 31/12/20

Budget review for the quarter ended 31 December 2020

Cash & Investments - All Principal Activities

(\$000's)	Original Budget 2020/21	Revised Budget Projected Year End 2020/21	Actual YTD figures
Total Cash & Investments	292,707,000	292,707,000	306,420,750
Externally Restricted ⁽¹⁾	193,247,164	193,247,164	202,144,966
Internally Restricted ⁽²⁾	80,342,503	80,342,503	76,991,102
Total Restrictions	273,589,667	273,589,667	279,136,068
Unrestricted (ie. available after the above Restrictions)	19,117,333	19,117,333	27,284,682
Total Cash & Investments	292,707,000	292,707,000	306,420,750

(1) Funds that must be spent for a specific purpose

(2) Funds that Council has earmarked for a specific purpose

Cash & Investments Budget Review Statement

Investments

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

Cash

The value of Cash at Bank which has been included in the Cash & Investment Statement totals \$2,640,847

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.
The date of completion of this bank reconciliation is 31/12/20

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows:

	\$ 000's
GL Investments - Trial Balance	303,590
GL Cash at Bank - Trial Balance	2,831
GL Cash on Hand - Trial Balance	6
	306,421
 <i>Reconciled Cash at Bank & Investments</i>	
Investments	303,590
Investment Total	303,590
Cash at Bank (as per bank statements)	2,641
less: Ledger transactions not yet in the bank (Timing Difference)	69
add: Bank transactions to be posted to the ledger (Timing Difference)	121
Cash at Bank Total	2,831
Cash on Hand Total	6

HORNSBY SHIRE COUNCIL

Quarterly Budget Review Statement

for the period 01/10/20 to 31/12/20

Key Performance Indicators Budget Review Statement (subject to external audit)

Budget review for the quarter ended 31 December 2020

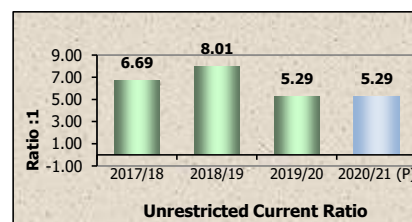
(\$000's)	Projected June \$'000 20/21	Projected June Indicator 20/21	Actuals Prior Periods Indicator 19/20 18/19
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The Council monitors the following Key Performance Indicators:

Unrestricted Current Ratio

Current Assets less External Restrictions	110,853	5.29	5.29	8.01
Current Liabilities less Specific Purpose Liabilities	20,973			

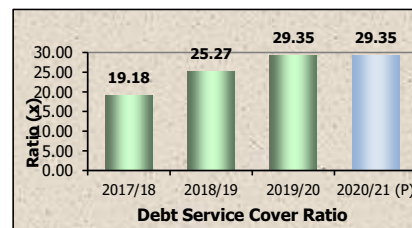
This indicator assesses the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.



Debt Service Cover Ratio

Operating Result before capital excl. interest and depreciation/impairment/amortisation	26,856	29.35	29.35	25.27
Principal repayments and borrowing interest costs	915			

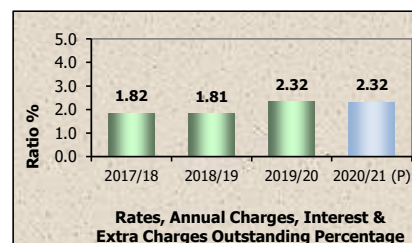
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.



Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

Rates, Annual and Extra Charges Outstanding	2,296	2.32	2.32	1.81
Rates, Annual and Extra Charges Collectible	99,105			

This indicator is to assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.



HORNSBY SHIRE COUNCIL

Quarterly Budget Review Statement for the period 01/10/20 to 31/12/20

Key Performance Indicators Budget Review Statement (subject to external audit)

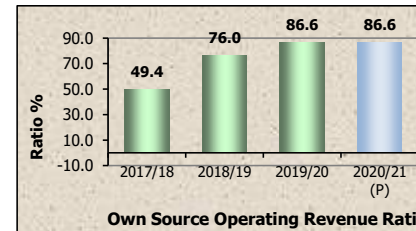
Budget review for the quarter ended 31 December 2020

(\$000's)	Projected June \$'000 20/21	Projected June Indicator 20/21	Actuals Prior Periods Indicator 19/20 18/19	
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Own Source Operating Revenue Ratio

Total continuing operating revenue (less All Grants & Contributions)	121,883	86.59	86.59	76.00
Total continuing operating revenue	140,764			

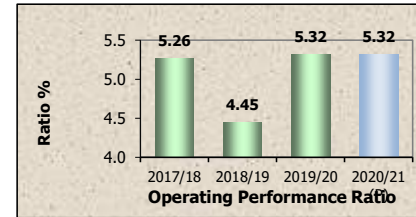
This ratio measures Council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.



Operating Performance Ratio

Total continuing operating revenue (excl. Capital Grants & Contributions) - Operating Expenses	7,088	5.32	5.32	4.45
Total continuing operating revenue (excl. Capital Grants & Contributions)	133,184			

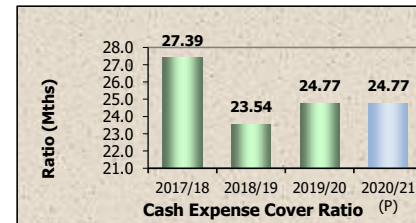
This ratio measures Council's achievement of containing operating expenditure within operating revenue.



Cash Expense Cover Ratio

Current Years Cash and Cash Equivalents including All Term Deposits	239,316	24.77	24.77	23.54
Payments from Cash flow of operating and financing activities	9,662			

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



HORNSBY SHIRE COUNCIL

Quarterly Budget Review Statement

for the period 01/10/20 to 31/12/20

Contracts Budget Review Statement

Budget review for the quarter ended 31 December 2020

Part A - Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value (\$)	Start Date	Duration of Contract	Budgeted (Y/N)	Notes
Staples Bros (Nowra) Pty Ltd Trading as Premier Pumpouts 11 Wandypark Road, WANDANDIAN, NSW, 2540	Sullage removal services Septic Tank Cleaning Services	150,000	10/09/20	2 years	Y	
Church Communities Australia T/As Danthonia Designs	Documentation, manufacture and Installation of gateway and suburb marker signs	408,062	01/10/20	22 weeks	Y	
Delaney Civil 13a/24-32 Lexington Drive, Bella Vista, NSW, 2153	Construction of pontoon, boat ramp and carpark as per project documentation	4,000,000	27/11/20	12 months	Y	
Corrigan Traffic Signals Pty Ltd, 503 Windsor Road, Vineyard, NSW, 2765	Signal works at Duffy Avenue and Chilvers Road Thornleigh	398,000	06/10/20	12 months	Y	
Built Pty Limited Level 7, 343 George Street, SYDNEY NSW 2000	Building works to refurbish Hornsby Central Library	3,189,252	21/12/20	26 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.

HORNSBY SHIRE COUNCIL

Quarterly Budget Review Statement for the period 01/10/20 to 31/12/20

Consultancy & Legal Expenses Budget Review Statement

Budget review for the quarter ended 31 December 2020

Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	1,647,931	Y
Legal Fees	427,591	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 professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

Comments

Consultancy and legal expenses are in line with budgeted amounts at the quarter end.