



Item No: 2.1
Title: Monthly Finance Report April 2024
Department: Corporate Services

28 May 2024 Ordinary Council Meeting

Reference: F2020/03205 - D16192125
Author: Leslie Chan, Team Leader Financial Accounting
Garry Teesson, Section Manager Financial Planning and Business Support
Manager: Emma Galea, Chief Financial Officer.Finance
Executive: Marissa Racomelara, Director Corporate Services

Recommendation

That Council receives the Monthly Financial Report – April 2024.

Report purpose

To present to Council the monthly financial report for April 2024.

Executive Summary

This report presents the April 2024 monthly financial report.

For 2023-24 FY Council has budgeted, on a consolidated basis, an operating surplus before capital income of \$8.3M. As at 30 April 2024, Council has an operating surplus of \$42.8M, compared to a YTD budget of an operating surplus of \$1.7M. The budgeted net operating position will fluctuate throughout the financial year, reflecting income and expenditure timing.

In accordance with legislative requirements Council has completed the March 2024 Quarterly Budget Review. The outcome of the Review is included in this business paper as a separate item. The budget adjustments in the review, if adopted, will move the 2023-24 FY Council Budget on a consolidated basis, to an operating surplus before capital income of \$25.9M.

It is further noted that Council has budgeted to receive the 2024-25 Financial Assistance Grant entitlement of \$23M in advance, in the 2023-24 financial year. The risk remains regarding the level of, if any, advance payment being received. This has a direct impact on the budgeted operating surplus.

Background

The monthly financial reports have been prepared in accordance with the requirements of the *Local Government Act 1993*, the *Local Government (General) Regulation 2021*, and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting and Australian Accounting Standards.

Stakeholder Engagement

The preparation of the April 2024 monthly financial report included consultation with business units across Council to ensure all revenue and expenditure attributable to the 2023-24 FY is captured.

Financial Considerations

This report presents the financial position of Council as at 30 April 2024. Variations from budgeted amounts are detailed and an explanation provided. For the reporting period, Council is performing better than budget. To date, there are no concerns regarding Council's financial performance for the remainder of the financial year.

Consolidated Operating Statement

As at 30 April 2024, Council has a consolidated net operating surplus of \$42.8M, before capital income, which is favourable to YTD budget by \$41.1M, The variance is driven by a YTD favourable variance in operating income of \$22.9M, and a favourable variance in operating expenses, mostly in materials and services (\$18.6M).

The net operating surplus including capital income is \$115.2M which is favourable to YTD budget by \$66.5M.

Consolidated Operating Statement

April 2024



	CURRENT MONTH			YEAR TO DATE			Last Year YTD Actuals	FULL YEAR			Year End Forecast
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance		Last Year Actual	Original Budget	Adopted Changes (Q2)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income											
Rates and Annual Charges	39,474	39,163	311	354,525	353,826	699	326,869	389,283	421,456	62	421,519
User Charges and Fees	12,648	14,164	(1,515)	140,052	137,745	2,307	134,650	164,977	163,782	(12)	163,770
Other Revenue	1,430	1,075	355	18,512	11,904	6,608	16,461	21,086	13,683	425	14,108
Interest	3,049	879	2,169	31,328	21,877	9,451	18,029	23,888	15,244	8,428	23,672
Grants and Contributions	1,238	904	334	21,509	17,196	4,313	20,647	56,621	49,880	(791)	49,089
Gain on Disposal	111	24	87	2,384	764	1,620	2,717	7,785	-	812	812
Other Income	698	732	(34)	8,373	7,990	383	8,008	9,754	8,775	843	9,618
Internal Revenue	4,632	4,820	(187)	46,062	48,529	(2,467)	49,514	61,923	60,701	(1,928)	58,772
Total Income attributable to Operations	63,281	61,762	1,520	622,744	599,831	22,913	576,895	735,318	733,521	7,840	741,361
Operating Expenses											
Employee Costs	15,048	15,120	73	155,119	159,169	4,050	142,377	184,873	195,069	820	195,889
Borrowing Costs	654	567	(87)	7,817	8,857	1,040	8,526	13,073	13,746	1,243	14,989
Materials and Services	16,970	19,691	2,721	174,817	193,394	18,577	169,271	216,095	237,509	(1,902)	235,607
Depreciation and Amortisation	16,956	15,903	(1,054)	162,274	160,210	(2,064)	144,096	174,925	192,226	3,020	195,246
Other Expenses	2,329	2,946	618	35,491	36,374	883	35,443	44,044	44,523	214	44,737
Loss on Disposal	192	-	(192)	5,086	6	(5,079)	3,650	17,193	-	6	6
Internal Expenses	3,787	3,845	58	39,362	40,164	802	40,183	50,087	47,634	(1,079)	46,555
Overheads	0	0	-	(0)	(0)	-	0	0	(0)	-	(0)
Total Expenses attributable to Operations	55,935	58,072	2,138	579,966	598,174	18,208	543,547	700,290	730,708	2,321	733,029
Operating Result after Overheads and before Capital Amounts	7,347	3,689	3,657	42,778	1,657	41,121	33,349	35,028	2,813	5,519	8,332
Capital Grants	14,841	143	14,698	44,177	28,939	15,239	27,704	48,684	59,854	9,371	69,226
Capital Contributions	5,868	940	4,927	28,287	18,138	10,149	19,477	63,141	17,500	6,634	24,133
Grants and Contributions Capital Received	20,709	1,083	19,626	72,465	47,077	25,388	47,181	111,824	77,354	16,005	93,359
Net Operating Result	28,055	4,772	23,283	115,243	48,734	66,509	80,530	146,852	80,167	21,524	101,691

An overview of consolidated financial performance against budget, and variance analysis is as follows:

Operating Revenue – \$22.9M favourable to YTD Budget

- **Rates +\$0.2M**
Overall Rates are on track (within 0.1% of budget).
- **Annual charges +\$0.5M**
Overall Annual charges are on track (within 0.3% of budget).
- **User charges (\$0.2M)**
Overall Annual charges are on track (within 0.3% of budget).
- **Fees +\$2.5M**
 - \$1.0M favourable variance on RMS User Charges.
 - \$0.7M favourable variance in Pool Fees.
 - \$0.3M favourable variance from statutory and regulatory function fees.
 - \$0.3M favourable variance from CCB Childcare Fee Relief.
 - \$0.2M favourable variance in Tourist Park fees.

- **Other revenue +\$6.6M**
 - \$5.1M favourable variance in unrealised gain on investments, floating rate notes and bonds. Net unrealised gain of \$4.2M April YTD.
 - \$0.9M favourable variance in fines income.
 - \$0.4M favourable variance in insurance recoveries.
 - \$0.2M favourable variance in miscellaneous sales income.

- **Interest +\$9.5M**

Favourable variance predominantly from an increased interest rate environment, hence receiving more interest on investments than budgeted.

- **Operating Grants +\$4.5M**

Favourable, timing only difference relating to:

 - \$1.8M in operating grants relating to Bushfire and Emergency Services.
 - \$1.4M in operating grants relating to Environmental Programs.
 - \$0.7M in Financial Assistance Grant Top Up Payment (total grant to be received in 23/24 is still unknown).
 - \$0.6M in operating grants relating to Other Roads and Bridges funding.

- **Operating Contributions (\$0.2M)**

Overall Operating Contributions are on track (within 3.8% of budget).

- **Gain on Disposal +\$1.6M**
 - \$0.9M favourable variance from disposals of Operational land.
 - \$0.7M favourable variance from disposals of plant & equipment.

- **Other Income +\$0.4M**
 - \$0.3M favourable variance in Community Facilities rental income.
 - \$0.1M favourable variance in Facilities hire income.

- **Internal revenue (\$2.5M)**
 - (\$0.9M) unfavourable variance in plant pool hire.
 - (\$0.6M) unfavourable variance in tipping fees.
 - (\$0.6M) unfavourable variance in plant and fleet permanent hire.
 - (\$0.3M) unfavourable variance in plant and fleet casual hire.
 - (\$0.1M) unfavourable variance in road rehabilitation income.

Operating Expenses – \$18.2M favourable to YTD Budget

- *Employee costs + \$4.0M*
 - \$4.0M favourable variance due to staff vacancies.

- *Borrowing costs + \$1.0M*
 - \$1.0M favourable variance due to timing difference regarding repayment of loans.

- *Materials and services + \$18.6M*
 - \$12.8M favourable variance in contract, labour hire and consultant costs.
 - \$2.2M favourable variance in materials purchased.
 - \$1.1M favourable variance in software licenses, memberships and software expenses.
 - \$0.7M favourable variance in training costs.
 - \$0.4M favourable variance in green waste processing contract costs.
 - \$0.3M favourable variance in electricity and gas costs.
 - \$0.4M favourable variance in legal expenses.
 - \$0.3M favourable variance in postage expenses.
 - \$0.3M favourable variance in street lighting expenses.
 - \$0.1M favourable variance in recycling processing contract costs.

Some of these variances are timing differences only.

- *Depreciation (\$2.1M)*
Unfavourable, due to higher than anticipated capitalisations as at the reporting period in:
 - Sewerage Network (\$0.6M)
 - Buildings (\$0.6M)
 - Other Open Space/Recreational Assets (\$0.6M)
 - Plant & Equipment (\$0.3M)

- *Other expenses + \$0.9M*
 - \$1.6M favourable variance in EPA Waste Levy.
 - \$0.2M favourable variance in levy payable on Crown Land.
 - (\$0.9M) unfavourable variance in unrealised decrements in investments. Net unrealised gain of \$4.2M April YTD.

2.1 Monthly Finance Report April 2024 (cont'd)

- **Loss on Disposal (\$5.1M)**
Unfavourable due to disposals of assets that were unbudgeted for, including:
 - Roads (\$2.3M)
 - Sewerage Network (\$1.1M)
 - Stormwater Drainage (\$0.7M)
 - Open Space/Recreation Assets (\$0.4M)
 - Bridges (\$0.2M)
 - Buildings (\$0.2M)
 - Plant and Equipment (\$0.1M)
 - Footpaths (\$0.1M)

- **Internal expenses +\$0.8M**
 - \$1.0M favourable variance in Plant and Fleet Permanent Hire.
 - (\$0.2M) unfavourable variance in Casual Hire.

Capital Items – \$25.3M favourable to YTD Budget

- **Capital Grants +\$15.2M**
Timing only difference relating to:
 - \$3.8M of capital grants relating to RMS.
 - \$3.4M of capital grants relating to Parks, Gardens and Beaches.
 - \$3.4M of capital grants relating to Roads to Recovery.
 - \$3.2M of multiple other capital grant categories.
 - \$0.8M of capital grants relating to Community Centres.
 - \$0.6M of capital grants relating to Environmental Programs.

- **Capital Contributions +\$10.1M**
Favourable timing only differences relating to:
 - \$4.4M of Non-cash contributions in roads works, roads land, open space works, community facilities works and shire wide works.
 - \$1.3M of Community Facilities works.
 - \$1.2M of Open Space works.
 - \$1.1M of s7.12 capital contributions.
 - \$0.9M of other small amounts from multiple categories of capital contributions.
 - \$0.7M of Road works.

- o \$0.4M of Water Quality works.

Financial Performance by Fund

The following tables summarise the financial performance for the reporting period by Fund.

Total General (+ Drainage & Waste) Fund											
Operating Statement											
April 2024											
	CURRENT MONTH			YEAR TO DATE				FULL YEAR			
	Actuals \$'000	Adopted Budget \$'000	Variance \$'000	Actuals \$'000	Adopted Budget \$'000	Variance \$'000	Last Year YTD Actuals \$'000	Last Year Actual \$'000	Original Budget \$'000	Adopted Changes \$'000	Year End Forecast \$'000
Operating Income											
Rates and Annual Charges	26,857	26,763	94	262,560	262,126	435	252,724	302,073	312,872	428	313,300
User Charges and Fees	6,035	6,444	(410)	64,353	61,718	2,634	64,271	79,306	72,227	988	73,216
Other Revenue	1,421	1,075	346	17,304	11,904	5,399	15,313	19,957	13,683	425	14,108
Interest	2,236	471	1,765	23,445	15,650	7,795	13,853	18,149	12,336	4,233	16,569
Grants and Contributions	1,211	887	323	21,284	17,026	4,258	20,424	56,253	49,880	(935)	48,885
Gain on Disposal	111	24	87	1,781	764	1,018	2,717	7,785	-	812	812
Other Income	698	732	(34)	8,373	7,990	383	8,006	9,752	8,763	855	9,618
Internal Revenue	4,205	4,621	(416)	43,795	46,533	(2,738)	47,630	59,248	58,030	(1,928)	56,102
Total Income attributable to Operations	42,773	41,018	1,755	442,895	423,711	19,184	424,938	552,521	527,792	4,819	532,610
Operating Expenses											
Employee Costs	12,383	12,718	335	127,796	132,770	4,975	121,621	156,491	163,347	(680)	162,667
Borrowing Costs	122	60	(62)	1,646	2,810	1,164	2,085	5,280	5,358	1,265	6,622
Materials and Services	13,733	16,090	2,358	142,267	157,954	15,687	142,052	181,380	190,650	741	191,391
Depreciation and Amortisation	10,200	9,485	(715)	97,264	95,908	(1,357)	84,812	102,748	113,759	3,564	117,323
Other Expenses	2,318	2,946	629	35,281	36,374	1,093	35,101	43,291	44,523	214	44,737
Loss on Disposal	192	-	(192)	3,872	6	(3,865)	3,647	15,015	-	6	6
Internal Expenses	2,830	2,791	(39)	29,003	29,282	279	30,488	37,851	35,857	(1,839)	34,018
Overheads	(2,067)	(2,067)	-	(20,667)	(20,667)	-	(18,884)	(20,067)	(24,801)	-	(24,801)
Total Expenses attributable to Operations	39,710	42,024	2,314	416,461	434,436	17,975	400,922	521,989	528,692	3,271	531,963
Operating Result after Overheads and before Capital Amounts	3,063	(1,007)	4,069	26,434	(10,725)	37,158	24,015	30,533	(900)	1,547	647
Capital Grants	13,952	(478)	14,429	35,398	20,273	15,125	15,051	30,264	35,318	22,013	57,330
Capital Contributions	5,059	500	4,559	22,616	13,089	9,527	13,742	54,647	10,964	7,239	18,203
Grants and Contributions Capital Received	19,011	22	18,988	58,013	33,362	24,652	28,793	84,911	46,282	29,251	75,533
Net Operating Result	22,074	(984)	23,058	84,447	22,637	61,810	52,809	115,443	45,381	30,799	76,180

Total Water & Sewer Fund											
Operating Statement											
April 2024											
	CURRENT MONTH			YEAR TO DATE				FULL YEAR			
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD	Last Year Actual	Original Budget	Adopted Changes	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income											
Rates and Annual Charges	12,617	12,400	217	91,965	91,701	264	74,145	87,209	108,584	(366)	108,218
User Charges and Fees	6,614	7,719	(1,106)	75,699	76,027	(327)	70,380	85,672	91,555	(1,000)	90,555
Other Revenue	9	-	9	1,209	-	1,209	1,148	1,130	-	-	-
Interest	813	408	404	7,882	6,227	1,656	4,176	5,739	2,908	4,195	7,103
Grants and Contributions	28	17	11	225	170	55	223	368	-	204	204
Gain on Disposal	-	-	-	602	-	602	-	-	-	-	-
Other Income	-	-	-	-	-	-	2	2	12	(12)	-
Internal Revenue	428	199	229	2,267	1,996	271	1,883	2,676	2,671	-	2,671
Total Income attributable to Operations	20,508	20,744	(236)	179,849	176,120	3,729	151,958	182,796	205,729	3,021	208,750
Operating Expenses											
Employee Costs	2,665	2,402	(263)	27,324	26,398	(925)	20,756	28,383	31,722	1,500	33,222
Borrowing Costs	532	506	(25)	6,171	6,048	(123)	6,442	7,794	8,389	(22)	8,367
Materials and Services	3,237	3,601	364	32,550	35,440	2,890	27,219	34,716	46,859	(2,644)	44,216
Depreciation and Amortisation	6,757	6,418	(339)	65,010	64,302	(708)	59,284	72,177	78,468	(544)	77,924
Other Expenses	11	-	(11)	210	-	(210)	342	752	-	-	-
Loss on Disposal	-	-	-	1,214	-	(1,214)	3	2,178	-	-	-
Internal Expenses	956	1,054	98	10,359	10,883	524	9,695	12,236	11,777	760	12,537
Overheads	2,067	2,067	-	20,667	20,667	-	18,884	20,067	24,601	-	24,601
Total Expenses attributable to Operations	16,225	16,048	(177)	163,505	163,738	234	142,625	178,301	202,015	(950)	201,065
Operating Result after Overheads and before Capital Amounts	4,284	4,696	(412)	16,345	12,382	3,963	9,333	4,495	3,713	3,971	7,685
Capital Grants	889	620	269	8,780	8,666	114	12,653	18,420	24,537	(12,641)	11,895
Capital Contributions	808	440	368	5,672	5,050	622	5,735	8,494	6,536	(605)	5,931
Grants and Contributions Capital Received	1,698	1,061	637	14,452	13,715	736	18,388	26,913	31,072	(13,246)	17,826
Net Operating Result	5,982	5,757	225	30,796	26,097	4,699	27,721	31,409	34,786	(9,275)	25,511

Financial Performance Benchmarks

Below is a summary of Council's performance, on a consolidated basis against main industry financial performance benchmarks set by the Office of Local Government.

Financial Performance Ratio	Industry Benchmark	Ratio as at 30/04/24
Operating Performance Ratio	> 0%	8.2%
Own Source operating Revenue Ratio	> 60%	85.4%
Unrestricted Current Ratio	> 1.5x	4.4x
Cash Expense Cover Ratio	> 3 months	7.1 months
Buildings and Infrastructure Renewals Ratio	> = 100%	84.7% (year to date)

As at the end of the April 2024, on a consolidated basis, Council exceeded the mandated benchmark for the operating performance ratio, achieving 8.2%.

Council has also performed favourably against the unrestricted current ratio, achieving 4.4x against a benchmark of > 1.5x. This ratio considers all assets and liabilities, including cash. Council maintained positive performance regarding the cash expense cover. Council is in a strong liquidity position.

2.1 Monthly Finance Report April 2024 (cont'd)

As at 30 April 2024, Council was tracking well to meet the building and infrastructure renewals benchmark by the end of the financial year.

Cash and Investments

Details on cash and investments as at April 2024 is included in the Monthly Investment Report April 2024, included as a separate report in this business paper.

Restricted Funds

A summary of restricted and unrestricted funds is as follows:

Fund	General Fund	Drainage Fund	Consolidated General Fund	Water Fund	Sewer Fund	Domestic Waste Fund
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
External Restricted Funds	229,667	38,464	268,131	17,725	28,670	105,926
Internal Restricted Funds	117,752	68	117,820	974	935	45
Total Restricted Funds	347,419	38,532	385,951	18,699	29,605	105,971
Unrestricted Funds	100,304	(31,830)	68,474	14,452	132,345	12,574
Total funds by Fund	447,723	6,702	454,425	33,151	161,950	118,545

Details on Council's restriction balances as at April 2024 is included in the Monthly Investment Report April 2024, included as a separate report in this business paper.

Emergency Loans

In 2020 Council obtained emergency loans totalling \$150M. These loans were required to finance Council's working capital, cash reserves, maturing debt facilities and capital expenditure.

In December 2023, the \$100M Emergency Loan was settled and repaid in full, extinguishing the requirement to refinance any amount.

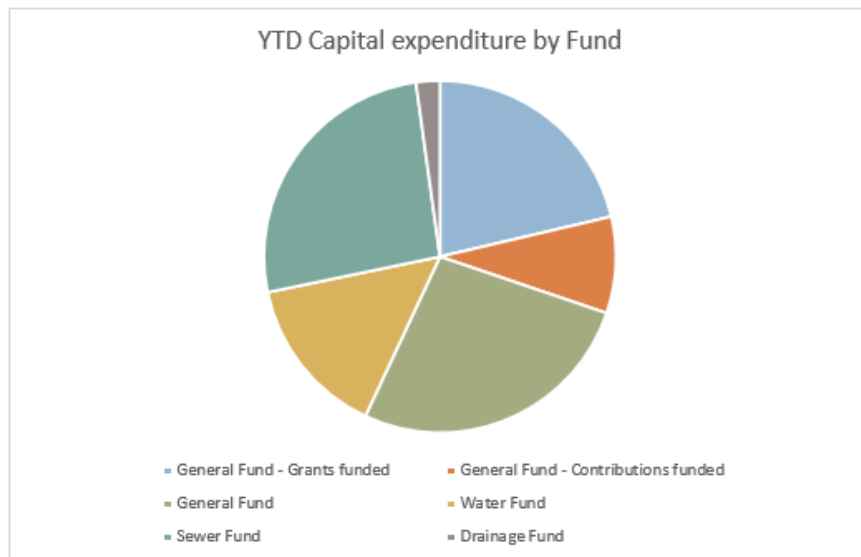
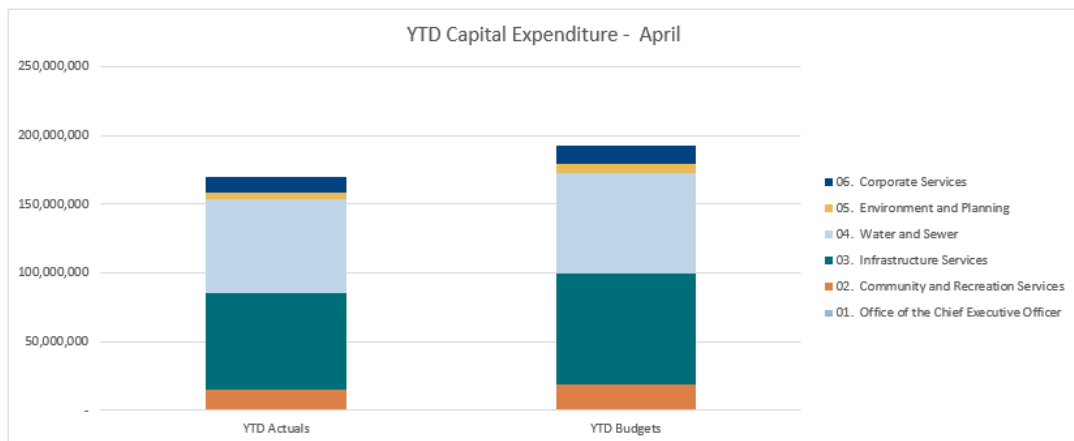
2.1 Monthly Finance Report April 2024 (cont'd)

Council will continue to internally restrict funds with the aim of settling the remaining \$50M in November 2025, without the need to refinance any amount. The interest rates environment will be monitored and the timing and amount of any repayment or extinguishment of the loan will be optimised accordingly.

Capital Works

As at 30 April 2024 capital expenditure is \$169.4M against a YTD budget of \$192.1M for the same period, and a 2023-2024 FY budget of \$254.8M.

Department	YTD Actuals	YTD Budgets	YTD Variance	YTD Variance %	Full Year Approved Budget
01. Office of the Chief Executive Officer	-	-	-	-	-
02. Community and Recreation Services	15,349,238	19,203,696	3,854,458	79.9%	25,592,876
03. Infrastructure Services	69,453,601	80,014,109	10,560,508	86.8%	107,094,893
04. Water and Sewer	69,162,549	73,413,350	4,250,801	94.2%	92,767,570
05. Environment and Planning	4,656,496	6,404,118	1,747,622	72.7%	11,142,489
06. Corporate Services	10,728,545	13,031,414	2,302,869	82.3%	18,236,000
Total	169,350,429	192,066,687	22,716,258	88.2%	254,833,828



Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G2: Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making.

Attachments

Nil.