



Item No: 3.1
Title: Monthly Finance Report February 2024
Department: Corporate Services

26 March 2024 Ordinary Council Meeting

Reference: F2020/03205 - D16105472
Author: Leslie Chan, Team Leader Financial Accounting
Executive: Marissa Racomelara, Director Corporate Services

Recommendation

That Council receives the Monthly Financial Report – February 2024.

Report purpose

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

Executive Summary

This report presents the February 2024 monthly financial report.

For 2023/2024 FY Council has budgeted, on a consolidated basis, an operating surplus before capital income of \$8.3M. As at 29 February 2024, Council has an operating surplus of \$32.8M, compared to a YTD budget of an operating deficit of (\$2.3M). The budgeted net operating position will fluctuate throughout the financial year, reflecting income and expenditure timing.

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.

Consultation

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

3.1 Monthly Finance Report February 2024 (cont'd)

Financial Considerations

This report presents the financial position of Council as at 29 February 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 29 February 2024, Council has a consolidated net operating surplus of \$32.8M, before capital income, which is favourable to YTD budget by \$35.1M. The variance is driven by a YTD favourable variance in operating income of \$20.4M, and a favourable variance in operating expenses (\$14.7M), mostly in materials and services (\$13M).

Net operating surplus including capital income is \$75.1M which is favourable to YTD budget by \$37.4M.

Consolidated Operating Statement											
February 2024											
	CURRENT MONTH			YEAR TO DATE				FULL YEAR			
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD Actuals	Last Year Actual	Original Budget	Adopted Changes (Q2)	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income											
Rates and Annual Charges	34,318	33,771	547	279,172	276,435	2,736	259,575	389,283	421,456	62	421,519
User Charges and Fees	14,461	12,090	2,371	112,150	108,230	3,919	105,874	164,977	163,782	(12)	163,770
Other Revenue	3,099	2,330	770	15,113	9,640	5,473	13,585	21,086	13,683	425	14,108
Interest	3,021	3,017	4	25,181	20,125	5,056	13,540	23,888	15,244	8,428	23,672
Grants and Contributions	3,886	1,576	2,309	18,380	14,494	3,886	18,122	56,621	49,880	(791)	49,089
Gain on Disposal	1,008	24	984	2,007	715	1,292	1,015	7,785	-	812	812
Other Income	789	770	19	6,729	6,367	362	6,308	9,754	8,775	843	9,618
Internal Revenue	4,885	4,835	50	36,563	38,889	(2,325)	39,166	61,923	60,701	(1,928)	58,772
Total Income attributable to Operations	65,468	58,414	7,054	495,295	474,896	20,399	457,185	735,318	733,521	7,840	741,361
Operating Expenses											
Employee Costs	18,793	19,310	516	124,577	129,003	4,426	110,373	184,873	195,069	820	195,889
Borrowing Costs	890	799	(92)	6,485	6,925	440	7,026	13,073	13,746	1,243	14,989
Materials and Services	17,634	17,299	(334)	138,860	151,846	12,987	130,355	216,095	237,509	(1,902)	235,607
Depreciation and Amortisation	15,815	16,023	209	128,058	128,390	332	96,535	174,925	192,226	3,020	195,246
Other Expenses	2,815	2,905	90	28,289	28,605	315	28,686	44,044	44,523	214	44,737
Loss on Disposal	2,324	-	(2,324)	4,661	6	(4,655)	-	17,193	-	6	6
Internal Expenses	4,157	3,727	(430)	31,552	32,411	859	31,610	50,087	47,634	(1,079)	46,555
Overheads	(0)	(0)	-	(0)	(0)	-	(0)	0	0	0	0
Total Expenses attributable to Operations	62,428	60,063	(2,364)	462,483	477,186	14,704	404,586	700,290	730,708	2,321	733,029
Operating Result after Overheads and before Capital Amounts	3,040	(1,650)	4,690	32,813	(2,290)	35,103	52,599	35,028	2,813	5,519	8,332
Capital Grants	3,160	3,454	(294)	25,390	26,024	(634)	20,304	48,684	59,854	9,371	69,226
Capital Contributions	1,919	(89)	2,008	16,874	13,958	2,917	9,521	63,141	17,500	6,634	24,133
Grants and Contributions Capital Received	5,079	3,364	1,714	42,264	39,981	2,283	29,826	111,824	77,354	16,005	93,359
Net Operating Result	8,119	1,715	6,404	75,077	37,691	37,385	82,425	146,852	80,167	21,524	101,691

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

Operating Revenue – \$20.4M favourable to YTD Budget

- Rates **+\$2.3M**
 - \$2.3M favourable variance from a timing difference of Pensioner Subsidy Rebates received from Rates.

- **Annual charges +\$0.4M**
Overall user charges are on track (within 0.3% of budget).
- **User charges +\$0.5M**
Overall user charges are on track (within 0.9% of budget).
- **Fees +\$3.4M**
 - \$2.2M favourable variance on RMS User Charges.
 - \$0.5M favourable variance in Pool entry Fees.
 - \$0.5M favourable variance from statutory and regulatory function fees.
 - \$0.2M favourable variance in Plumbing and Drainage Inspection fees.
- **Other revenue +\$5.5M**
 - \$4.6M favourable variance in unrealised gain on investments, floating rate notes and bonds. Net unrealised gain of \$3.7M February YTD.
 - \$0.4M favourable variance in insurance recoveries.
 - \$0.3M favourable variance in fines income.
 - \$0.2M favourable variance in miscellaneous sales income.
- **Interest +\$5.1M**
Favourable variance predominantly from an increased interest rate environment, hence receiving more interest on investments than budgeted.
- **Grants and contributions +\$3.9M**
Favourable, timing only difference relating to:
 - \$1.9M in operating grants relating to Bushfire and Emergency Services.
 - \$1.3M 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).
- **Gain on Disposal +\$1.3M**
 - \$0.9M favourable variance from disposals of Operational land.
 - \$0.4M 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 Recovery of Outgoings from rental properties.
- **Internal revenue (\$2.3M)**

- (\$0.7M) unfavourable variance in tipping fees.
- (\$0.7M) unfavourable variance in plant pool hire.
- (\$0.3M) unfavourable variance in road restoration income.
- (\$0.2M) unfavourable variance in facilities management charges.
- (\$0.2M) unfavourable variance in plant and fleet permanent hire.
- (\$0.2M) unfavourable variance in plant and fleet casual hire.

Operating Expenses – \$14.7M favourable to YTD Budget

- **Employee costs + \$4.4M**
 - \$4.4M favourable variance due to vacancies across multiple Units.
- **Borrowing costs + \$0.4M**
 - \$0.4M favourable variance due to timing differences only.
- **Materials and services + \$13.0M**
 - \$8.0M favourable variance in contract, labour hire and consultant costs.
 - \$2.0M favourable variance in materials purchased.
 - \$1.1M favourable variance in garbage collection.
 - \$0.6M favourable variance in software licenses, memberships and software expenses.
 - \$0.3M favourable variance in electricity and gas costs.
 - \$0.3M favourable variance in green waste processing contract costs.
 - \$0.3M favourable variance in training costs.
 - \$0.2M favourable variance in legal expenses.
 - \$0.2M favourable variance in street lighting expenses.

Some of these variances are timing differences only.

- **Depreciation + \$0.3M**
Overall depreciation are on track (within 0.3% of budget).
- **Other expenses + \$0.3M**
Overall other expenses are on track (within 1.1% of budget).
- **Loss on Disposal (\$4.7M)**
Unfavourable due to disposals of assets that were unbudgeted for, including:
 - Roads (\$2.1M)
 - Sewerage Network (\$1.1M)
 - Stormwater Drainage (\$0.7M)

3.1 Monthly Finance Report February 2024 (cont'd)

- Open Space/Recreation Assets (\$0.2M)
- Bridges (\$0.2M)
- Buildings (\$0.2M)
- Plant and Equipment (\$0.1M)

- *Internal expenses* **+\$0.9M**
 - \$0.9M favourable variance in Plant and Fleet Permanent Hire.

Capital Items – \$2.3M favourable to YTD Budget

- *Capital Grants* **(\$0.6M)**
Timing only difference relating to:
 - (\$3.7M) of multiple other capital grant categories.
 - \$1.3M of capital grants relating to Parks, Gardens and Beaches.
 - \$1.8M of capital grants relating to Roads to Recovery.

- *Capital Contributions* **+\$2.9M**
Favourable timing only differences relating to:
 - \$1.3M of Non-cash contributions in roads works, roads land, open space works and community facilities works.
 - \$1.1M of s7.12 capital contributions.
 - \$0.5M of other small amounts from multiple categories of capital contributions.

Financial Performance by Fund

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

Total General (+ Drainage & Waste) Fund											
Operating Statement											
February 2024											
	CURRENT MONTH			YEAR TO DATE				FULL YEAR			
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD Actuals	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	26,119	25,699	420	209,558	207,032	2,526	203,286	302,073	312,872	428	313,300
User Charges and Fees	7,573	6,132	1,441	51,805	48,339	3,466	50,412	79,306	72,227	988	73,216
Other Revenue	2,885	2,330	555	14,035	9,640	4,395	12,647	19,957	13,683	425	14,108
Interest	2,213	464	1,749	18,345	14,715	4,230	10,467	18,149	12,336	4,233	16,569
Grants and Contributions	3,872	1,559	2,313	18,187	14,358	3,828	18,030	56,253	49,880	(935)	48,885
Gain on Disposal	406	24	382	1,405	715	690	1,015	7,785	-	812	812
Other Income	789	770	19	6,729	6,367	362	6,305	9,752	8,763	855	9,618
Internal Revenue	4,661	4,638	23	34,911	37,292	(2,380)	37,837	59,248	58,030	(1,328)	56,102
Total Income attributable to Operations	48,519	41,617	6,902	355,575	338,458	17,116	339,999	552,521	527,792	4,819	532,610
Operating Expenses											
Employee Costs	15,370	15,140	(230)	102,717	107,720	5,003	94,505	156,491	163,347	(680)	162,667
Borrowing Costs	119	61	(58)	1,397	1,926	528	1,700	5,280	5,358	1,265	6,622
Materials and Services	14,543	13,697	(846)	113,673	123,983	10,310	108,719	181,380	190,650	741	191,391
Depreciation and Amortisation	9,405	9,606	201	76,630	76,924	294	56,806	102,748	113,759	3,564	117,323
Other Expenses	2,815	2,905	90	28,091	28,605	514	28,344	43,291	44,523	214	44,737
Loss on Disposal	2,324	-	(2,324)	3,448	6	(3,441)	-	15,015	-	6	6
Internal Expenses	2,956	2,695	(262)	23,312	23,618	306	24,056	37,851	35,857	(1,839)	34,018
Overheads	(2,067)	(2,067)	-	(16,534)	(16,534)	-	(15,107)	(20,067)	(24,801)	-	(24,801)
Total Expenses attributable to Operations	45,465	42,035	(3,429)	332,733	346,248	13,514	299,023	521,989	528,692	3,271	531,963
Operating Result after Overheads and before Capital Amounts	3,055	(419)	3,473	22,841	(7,789)	30,630	40,976	30,533	(900)	1,547	647
	-	-	-	-	-	-	-	-	-	-	-
Capital Grants	2,435	3,178	(743)	18,276	18,969	(693)	11,550	30,264	35,318	22,013	57,330
Capital Contributions	1,653	28	1,625	12,526	9,789	2,737	5,750	54,647	10,964	7,239	18,203
Grants and Contributions Capital Received	4,088	3,207	882	30,802	28,758	2,044	17,300	84,911	46,282	29,251	75,533
Net Operating Result	7,143	2,788	4,355	53,643	20,968	32,674	58,276	115,443	45,381	30,799	76,180

Total Water & Sewer Fund											
Operating Statement											
February 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	8,199	8,072	127	69,614	69,403	210	56,289	87,209	108,584	(368)	108,218
User Charges and Fees	6,888	5,958	930	60,345	59,891	453	55,462	85,672	91,555	(1,000)	90,555
Other Revenue	214	-	214	1,079	-	1,079	938	1,130	-	-	-
Interest	808	2,553	(1,745)	6,236	5,410	826	3,073	5,739	2,308	4,195	7,103
Grants and Contributions	14	17	(3)	193	136	57	93	368	-	204	204
Gain on Disposal	602	-	602	602	-	602	-	-	-	-	-
Other Income	-	-	-	-	-	-	2	2	12	(12)	-
Internal Revenue	223	197	26	1,652	1,597	55	1,328	2,676	2,671	-	2,671
Total Income attributable to Operations	16,948	16,797	151	139,720	136,438	3,283	117,186	182,796	205,729	3,021	208,750
Operating Expenses											
Employee Costs	3,424	4,170	746	21,860	21,283	(577)	15,868	28,383	31,722	1,500	33,222
Borrowing Costs	771	738	(34)	5,087	4,999	(89)	5,327	7,794	8,389	(22)	8,367
Materials and Services	3,091	3,603	512	25,187	27,864	2,677	21,636	34,716	46,859	(2,644)	44,216
Depreciation and Amortisation	6,410	6,418	8	51,428	51,466	38	39,729	72,177	78,468	(544)	77,924
Other Expenses	-	-	-	199	-	(199)	342	752	-	-	-
Loss on Disposal	-	-	-	1,214	-	(1,214)	-	2,178	-	-	-
Internal Expenses	1,201	1,033	(168)	8,240	8,793	553	7,554	12,236	11,777	760	12,537
Overheads	2,067	2,067	-	16,534	16,534	-	15,107	20,067	24,801	-	24,801
Total Expenses attributable to Operations	16,963	18,028	1,065	129,749	130,938	1,189	105,563	178,301	202,015	(950)	201,065
Operating Result after Overheads and before Capital Amounts	(15)	(1,231)	1,216	9,971	5,499	4,472	11,623	4,495	3,713	3,971	7,685
Capital Grants	725	275	449	7,114	7,055	59	8,754	18,420	24,537	(12,641)	11,895
Capital Contributions	266	(118)	383	4,348	4,169	180	3,772	8,494	6,536	(605)	5,931
Grants and Contributions Capital Received	990	158	832	11,463	11,224	239	12,526	26,913	31,072	(13,246)	17,826
Net Operating Result	976	(1,073)	2,049	21,434	16,723	4,711	24,149	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.

<i>Financial Performance Ratio</i>	<i>Industry Benchmark</i>	<i>Ratio as at 29/02/24</i>
Operating Performance Ratio	> 0%	8.1%
Own Source operating Revenue Ratio	> 60%	87.7%
Unrestricted Current Ratio	> 1.5x	3.9x
Cash Expense Cover Ratio	> 3 months	7.2 months
Buildings and Infrastructure Renewals Ratio	> = 100%	84.9% (year to date)

As at the end of the February 2024, on a consolidated basis, Council exceeded the mandated benchmark for the operating result, achieving 8.1%.

Council has also performed favourably against the unrestricted current ratio, achieving 3.9x 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.

3.1 Monthly Finance Report February 2024 (cont'd)

As at 29 February 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 February 2024 is included in the Monthly Investment Report February 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	226,242	39,148	265,390	17,725	28,708	106,380
Internal Restricted Funds	114,284	68	114,352	974	935	45
Total Restricted Funds	340,526	39,216	379,742	18,699	29,643	106,425
Unrestricted Funds	99,025	(33,107)	65,918	11,018	130,122	20,849
Total funds by Fund	439,551	6,109	445,660	29,717	159,765	127,274

Details on Council's restriction balances as at February 2024 is included in the Monthly Investment Report February 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.

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

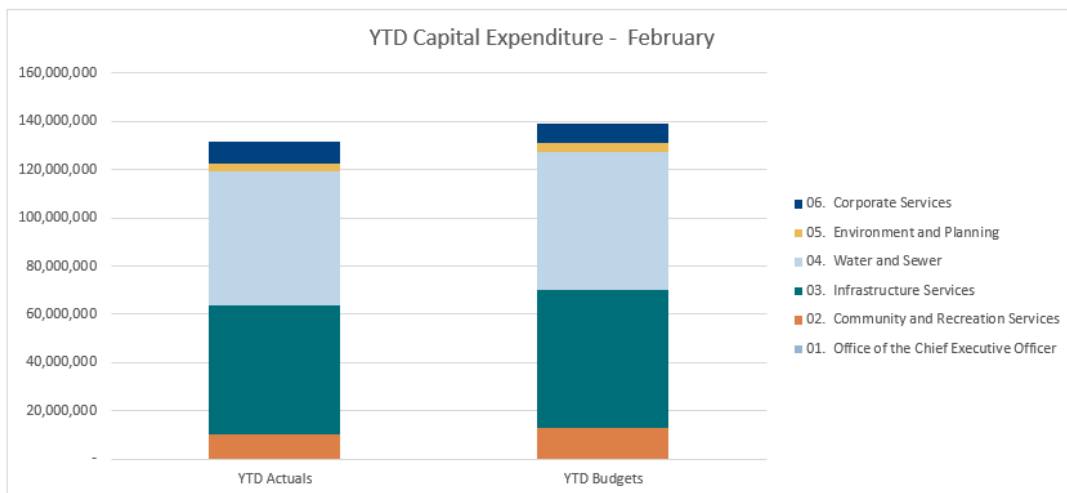
3.1 Monthly Finance Report February 2024 (cont'd)

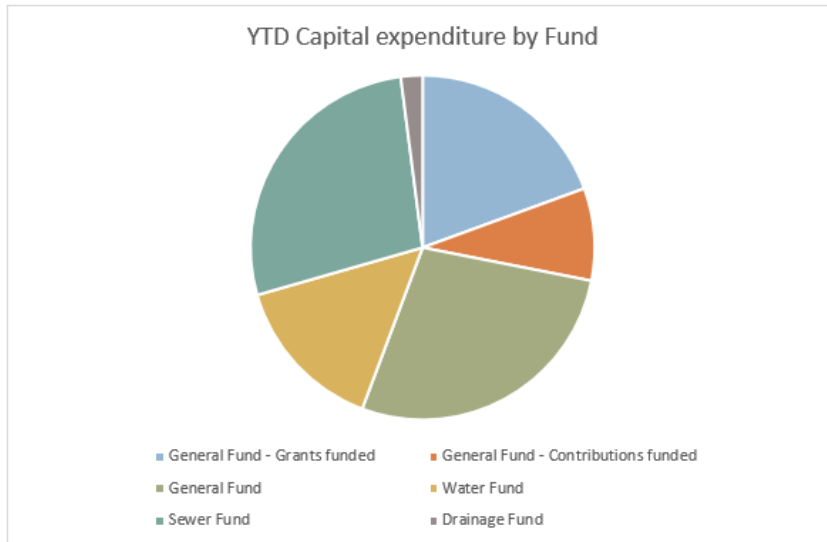
will be monitored and the timing and amount of any repayment or extinguishment of the loan will be optimised accordingly.

Capital Works

As at 29 February 2024 capital expenditure is \$131.6M against a YTD budget of \$139.3M for the same period, and a 2023/2024 FY budget of \$254.8M.

Department	YTD Actuals	YTD Budgets	YTD Variance	Full Year Approved Budget
01. Office of the Chief Executive Officer	-	-	-	-
02. Community and Recreation Services	10,441,016	12,683,068	2,242,052	25,592,876
03. Infrastructure Services	53,136,046	57,206,930	4,070,884	107,094,893
04. Water and Sewer	55,617,570	57,195,373	1,577,803	92,767,570
05. Environment and Planning	3,373,713	4,133,118	759,405	11,142,489
06. Corporate Services	9,073,092	8,051,204	(1,021,888)	18,236,000
Total	131,641,437	139,269,693	7,628,256	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