



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

25 June 2024 Ordinary Council Meeting

Reference: F2020/03205 - D16194807
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Recommendation

That Council receives the Monthly Financial Report – May 2024.

Report purpose

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

Executive Summary

This report presents the May 2024 monthly financial report.

For 2023-24 FY Council has budgeted, on a consolidated basis, an operating surplus before capital income of \$25.9M. As at 31 May 2024, Council has an operating surplus of \$44.5M, compared to a YTD budget of an operating surplus of \$16.8M. The budgeted net operating position will fluctuate throughout the financial year, reflecting income and expenditure timing.

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. The most recent correspondence on this matter, dated 6 June 2024, indicates that the government is intending to pay the Financial Assistance Grant in four equal quarterly instalments commencing August 2024, however have not ruled out a partial pre-payment. If the grant is paid as indicated then the reduced income of \$23M this financial year will have a direct impact on the budgeted operating surplus.

It is noted that the June 2024 monthly financial report will be a summary report based on indicative results at time of reporting. The 2023-24 FY results will be subject to change as end of year processes are undertaken to complete the 2023-24 FY Annual Financial Statements.

2.1 Monthly Finance Report May 2024 (cont'd)

The July 2024 monthly financial report will also be a summary report as the focus of staff will be on the completion of the 2023-24 FY Annual Financial Statements to be submitted to Council for referral to audit.

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 May 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 31 May 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 31 May 2024, Council has a consolidated net operating surplus of \$44.5M, before capital income, which is favourable to YTD budget by \$27.7M. The variance is driven by a YTD favourable variance in operating income of \$12.8M, and a favourable variance in operating expenses, mostly in materials and services of \$14.9M.

The net operating surplus including capital income is \$122.6M which is favourable to YTD budget by \$40.3M.

Consolidated Operating Statement											
May 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	40,960	41,066	(106)	395,485	395,022	463	363,884	389,283	421,456	295	421,751
User Charges and Fees	13,483	12,824	659	153,535	151,181	2,354	147,338	164,977	163,782	(707)	163,075
Other Revenue	2,321	2,286	35	20,834	18,780	2,053	18,435	21,086	13,683	6,249	19,932
Interest	3,372	5,064	(1,692)	34,700	29,912	4,787	20,669	23,888	15,244	18,518	33,762
Grants and Contributions	1,350	1,292	58	22,859	20,693	2,166	23,269	56,621	49,880	1,707	51,587
Gain on Disposal	379	1,462	(1,084)	2,762	2,396	367	7,360	7,785	-	2,258	2,258
Other Income	894	890	4	9,267	8,747	520	8,796	8,775	8,775	749	9,524
Internal Revenue	5,321	2,482	2,840	51,383	51,310	73	55,752	61,923	60,701	(4,028)	56,673
Total Income attributable to Operations	68,080	67,366	714	690,824	678,040	12,784	645,503	735,318	733,521	25,040	758,561
Operating Expenses											
Employee Costs	18,633	19,366	734	173,752	177,970	4,219	156,133	184,873	195,069	1,417	196,486
Borrowing Costs	938	980	42	8,755	8,568	(187)	9,517	13,073	13,746	(1,088)	12,659
Materials and Services	19,984	17,879	(2,305)	194,801	206,288	11,487	189,525	216,095	237,509	(8,544)	228,965
Depreciation and Amortisation	16,657	16,335	(322)	178,931	178,031	(901)	159,282	174,925	192,226	3,619	195,845
Other Expenses	4,523	5,709	1,186	40,014	41,605	1,591	38,567	44,044	44,523	1,007	45,530
Loss on Disposal	658	1,734	1,076	5,743	5,174	(569)	4,354	17,193	-	5,175	5,175
Internal Expenses	4,968	2,898	(2,070)	44,329	43,574	(755)	44,991	50,087	47,634	342	47,976
Overheads	(0)	(0)	-	0	0	-	(0)	(0)	(0)	-	(0)
Total Expenses attributable to Operations	66,360	64,701	(1,660)	646,326	661,211	14,885	602,369	700,290	730,708	1,928	732,636
Operating Result after Overheads and before Capital Amounts	1,720	2,665	(945)	44,498	16,830	27,669	43,134	35,028	2,813	23,112	25,925
Capital Grants	3,531	10,653	(7,122)	47,708	45,611	2,097	31,700	48,684	59,854	(1,675)	58,179
Capital Contributions	2,134	1,029	1,105	30,421	19,868	10,553	34,882	63,141	17,500	7,899	25,399
Grants and Contributions Capital Received	5,664	11,682	(6,018)	78,129	65,479	12,650	66,582	111,824	77,354	6,224	83,578
Net Operating Result	7,384	14,347	(6,963)	122,627	82,308	40,319	109,716	146,852	80,167	29,335	109,502

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

Operating Revenue – \$12.8M favourable to YTD Budget

- **Rates and Annual Charges +\$0.5M**
 - Minor variance compared to budget.
- **User Fees and Charges \$2.3M**
 - \$0.6M favourable variance from statutory and regulatory function fees.
 - \$0.4M favourable variance on tourist park fees.
 - \$0.4M favourable variance from CCB childcare fee relief.
 - Balance is made up of variances across many business units and fee types.
- **Other revenue +\$2.1M**
 - \$1.0M favourable variance in fines income.
 - \$0.7M favourable variance in stadium income.
 - \$0.6M favourable variance in unrealised gain on investments, floating rate notes and bonds.

2.1 Monthly Finance Report May 2024 (cont'd)

- **Interest +\$4.8M**
Favourable variance predominantly from an increased interest rate environment, hence receiving more interest on investments than budgeted.
- **Operating Grants and Contributions +\$2.1M**
Favourable, timing only difference relating to:
 - \$1.0M in Financial Assistance Grant top up payment (total grant to be received in 23/24 is still unknown).
 - \$0.8M in operating grants relating to environmental programs.
 - \$0.3M in operating grants relating to bushfire and emergency services.
 - \$0.3M in operating grants relating to Roads and bridges funding.
 - \$0.3M in contributions slightly under YTD budget.
- **Gain on Disposal +\$0.4M**
 - \$0.4M favourable variance from disposals of plant & equipment.
- **Other Income +\$0.5M**
 - \$0.3M favourable variance in commercial rental income.
 - \$0.2M favourable variance in facilities hire income.
- **Internal revenue +\$0.1M**
 - \$0.8M favourable internal plant and fleet revenue.
 - \$0.7M unfavourable internal tipping fees revenue.All internal revenue items are offset by internal operating and capital expenditure.

Operating Expenses – \$14.9M favourable to YTD Budget

- **Employee costs + \$4.2M**
 - \$4.2M favourable variance due to staff vacancies trending higher than budgeted.
- **Borrowing costs (\$0.2M)**
 - Minor variance.
- **Materials and services +\$11.5M**
 - \$8.2M favourable variance in contracts and consultants.
 - \$0.8M favourable variance in legal expenses.
 - \$0.7M favourable variance in computer software expenses.
 - \$0.6M favourable variance in training costs.
 - \$0.5M favourable variance in materials and consumables.
 - \$0.5M favourable variance in agency hire contracts.

2.1 Monthly Finance Report May 2024 (cont'd)

- \$1.0M unfavourable variance in waste management contracts.
Other variances are spread across expense categories and delivery units of Council. Some of these variances are timing differences only.
- **Depreciation (\$0.9M)**
 - Minor variance.
- **Other expenses + \$1.6M**
 - \$0.8M favourable variance in EPA waste levy.
 - \$0.7M favourable variance in bad debts (timing only).
 - \$0.2M favourable variance in levy payable on Crown land.
 - \$0.3M unfavourable variance in unrealised decrements in investments. Net unrealised gain of \$4.2M April YTD.
- **Loss on Disposal (\$0.6M)**
 - Minor unfavourable variance due to asset values having minor residual values at time of disposal due to earlier than anticipated replacement due to various factors. This includes roads, bridges, water and sewer networks, and buildings.
- **Internal expenses (\$0.8M)**
 - \$0.8M unfavourable variance in Plant and Fleet Permanent Hire.

Capital Items – \$25.3M favourable to YTD Budget

- **Capital Grants +\$2.1M**
Timing differences due to alignment of recognition of income with capital delivery and payment milestones. All expenditure and income remain on track.
 - \$3.9M favourable in parks, gardens and beaches grants.
 - \$2.4M favourable in Roads to Recovery grants.
 - \$3.2M favourable in environmental programs grants.
 - \$0.8M favourable in community centres grants.
 - \$0.7M favourable in Water & Sewer grants.
 - \$2.1M unfavourable in RMS grants.
 - \$5.6M unfavourable other grants across multiple projects and units.
- **Capital Contributions +\$10.6M**
Favourable timing only differences relating to:
 - \$4.5M in non-cash contributions in roads works, roads land, open space works, community facilities works and other works.
 - \$1.4M in s7.12 capital contributions.
 - \$1.4M in community facilities.

2.1 Monthly Finance Report May 2024 (cont'd)

- \$1.3M of open space.
- \$1.0M of donated assets.
- \$0.9M of road works.
- \$0.5M 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											
May 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	26,876	26,893	(17)	289,437	289,149	287	278,510	302,073	312,872	660	313,533
User Charges and Fees	5,955	5,213	642	70,208	67,543	2,665	69,680	79,306	72,227	993	73,220
Other Revenue	2,173	1,106	1,067	19,477	17,600	1,877	17,291	19,957	13,663	5,069	18,752
Interest	2,431	3,381	(951)	25,876	22,002	3,874	15,610	18,149	12,336	13,048	25,384
Grants and Contributions	1,343	1,220	123	22,627	20,451	2,176	23,014	56,253	49,860	1,448	51,328
Gain on Disposal	379	860	(482)	2,160	1,793	367	7,360	7,785	-	1,856	1,856
Other Income	894	890	4	9,267	8,747	520	8,794	9,752	8,763	761	9,524
Internal Revenue	4,935	2,224	2,711	48,730	48,872	(143)	53,479	59,248	58,030	(4,098)	53,932
Total Income attributable to Operations	44,886	41,788	3,098	487,781	476,159	11,622	473,938	552,521	527,792	19,537	547,329
Operating Expenses											
Employee Costs	14,955	15,202	247	142,751	147,407	4,657	133,223	156,491	163,347	(1,083)	162,264
Borrowing Costs	135	58	(77)	1,781	1,599	(182)	2,279	5,280	5,358	(409)	4,949
Materials and Services	16,174	14,921	(1,252)	158,441	168,223	9,782	158,640	181,380	190,650	(4,633)	186,017
Depreciation and Amortisation	9,825	9,579	(246)	107,089	106,267	(822)	94,050	102,748	113,759	3,274	117,032
Other Expenses	4,523	5,510	987	39,804	41,406	1,602	38,101	43,291	44,523	809	45,331
Loss on Disposal	387	520	133	4,259	3,961	(298)	4,141	15,015	-	3,961	3,961
Internal Expenses	3,677	2,186	(1,491)	32,679	31,972	(707)	34,097	37,851	35,857	(826)	35,030
Overheads	(2,067)	(2,067)	-	(22,734)	(22,734)	-	(20,772)	(20,067)	(24,801)	-	(24,801)
Total Expenses attributable to Operations	47,608	45,909	(1,699)	464,070	478,101	14,031	443,758	521,989	526,692	1,092	529,785
Operating Result after Overheads and before Capital Amounts	(2,722)	(4,121)	1,399	23,711	(1,942)	25,654	30,179	30,533	(900)	18,445	17,544
Capital Grants	2,602	10,327	(7,725)	38,000	36,619	1,380	16,643	30,264	35,318	12,884	48,202
Capital Contributions	1,741	338	1,402	24,356	14,128	10,229	27,879	54,647	10,964	8,254	19,218
Grants and Contributions Capital Received	4,343	10,665	(6,323)	62,356	50,747	11,609	44,522	84,911	46,282	21,138	67,420
Net Operating Result	1,620	6,544	(4,924)	86,067	48,804	37,263	74,701	115,443	45,381	39,582	84,964

Total Water & Sewer Fund											
Operating Statement											
May 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	14,084	14,172	(89)	106,048	105,873	175	85,374	87,209	108,584	(366)	108,218
User Charges and Fees	7,628	7,611	17	83,327	83,638	(311)	77,658	85,672	91,555	(1,700)	89,855
Other Revenue	148	1,180	(1,032)	1,357	1,180	177	1,144	1,130	-	1,180	1,180
Interest	941	1,683	(742)	8,824	7,910	914	4,859	5,739	2,908	5,470	8,378
Grants and Contributions	7	71	(64)	232	241	(9)	255	368	-	258	258
Gain on Disposal	-	602	(602)	602	602	(0)	-	-	-	602	602
Other Income	-	-	-	-	-	-	2	2	12	(12)	-
Internal Revenue	387	258	129	2,854	2,438	216	2,273	2,676	2,671	70	2,741
Total Income attributable to Operations	23,194	25,578	(2,384)	203,043	201,882	1,162	171,565	182,796	205,729	5,503	211,232
Operating Expenses											
Employee Costs	3,677	4,164	487	31,001	30,563	(438)	22,910	28,383	31,722	2,500	34,222
Borrowing Costs	803	922	119	6,975	6,970	(5)	7,238	7,794	8,389	(679)	7,710
Materials and Services	3,810	2,758	(1,053)	36,360	38,065	1,704	30,886	34,716	46,859	(3,911)	42,848
Depreciation and Amortisation	6,832	6,756	(76)	71,842	71,764	(78)	65,232	72,177	78,468	345	78,813
Other Expenses	-	199	199	210	199	(11)	467	752	-	199	199
Loss on Disposal	271	1,214	943	1,485	1,214	(271)	213	2,178	-	1,214	1,214
Internal Expenses	1,291	712	(579)	11,650	11,603	(48)	10,893	12,236	11,777	1,168	12,945
Overheads	2,067	2,067	-	22,734	22,734	-	20,772	20,067	24,801	-	24,801
Total Expenses attributable to Operations	18,752	18,791	39	182,256	183,110	853	158,611	178,301	202,015	836	202,851
Operating Result after Overheads and before Capital Amounts	4,442	6,787	(2,344)	20,787	18,772	2,015	12,954	4,495	3,713	4,667	8,381
Capital Grants	929	326	603	9,708	8,992	717	15,057	18,420	24,537	(14,559)	9,978
Capital Contributions	393	690	(297)	6,065	5,740	325	7,004	8,494	6,536	(355)	6,181
Grants and Contributions Capital Received	1,322	1,017	305	15,773	14,732	1,041	22,061	26,913	31,072	(14,914)	16,158
Net Operating Result	5,764	7,803	(2,039)	36,560	33,504	3,056	35,015	31,409	34,786	(10,247)	24,539

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 31/05/24
Operating Performance Ratio	> 0%	7.7%
Own Source operating Revenue Ratio	> 60%	85.8%
Unrestricted Current Ratio	> 1.5x	4.0 x
Cash Expense Cover Ratio	> 3 months	7.1 months
Buildings and Infrastructure Renewals Ratio	> = 100% (at end of year)	86.8% (year to date)

As at the end of the May 2024, on a consolidated basis, Council exceeded the mandated benchmark for the operating performance ratio, achieving 7.7%.

Council has also performed favourably against the unrestricted current ratio, achieving 4.0x 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.

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As at 31 May 2024, some works have been delayed due to factors outside Council's control, including ongoing severe adverse weather. This impacts the building and infrastructure renewals as at the reporting period.

Cash and Investments

Details on cash and investments as at May 2024 are included in the Monthly Investment Report May 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	233,075	39,209	272,284	18,495	29,378	105,479
Internal Restricted Funds	118,152	68	118,220	974	935	45
Total Restricted Funds	351,227	39,277	390,504	19,469	30,313	105,524
Unrestricted Funds	103,845	(33,137)	70,708	16,056	136,067	14,881
Total funds by Fund	455,072	6,140	461,212	35,525	166,380	120,405

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

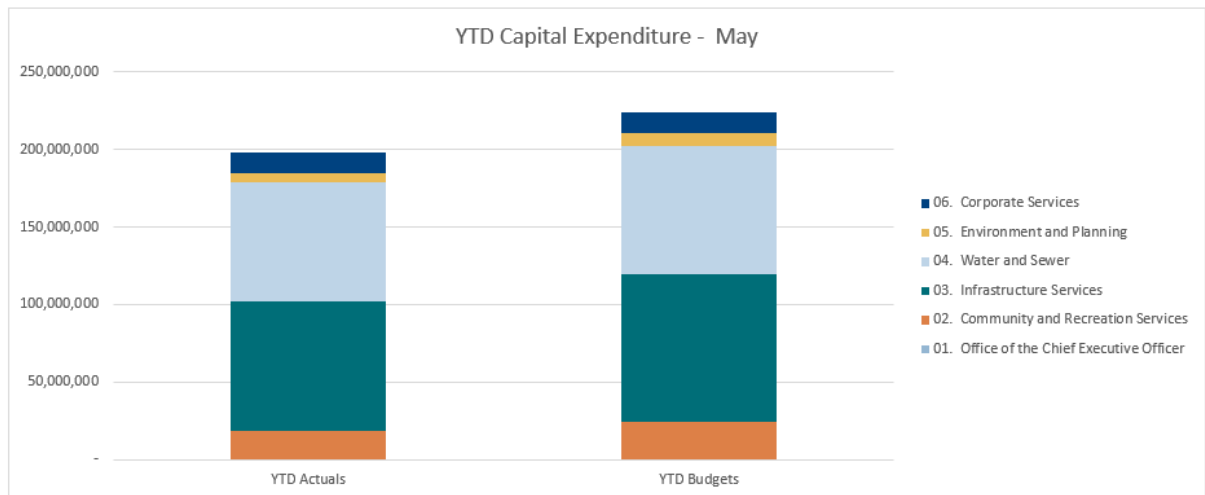
2.1 Monthly Finance Report May 2024 (cont'd)

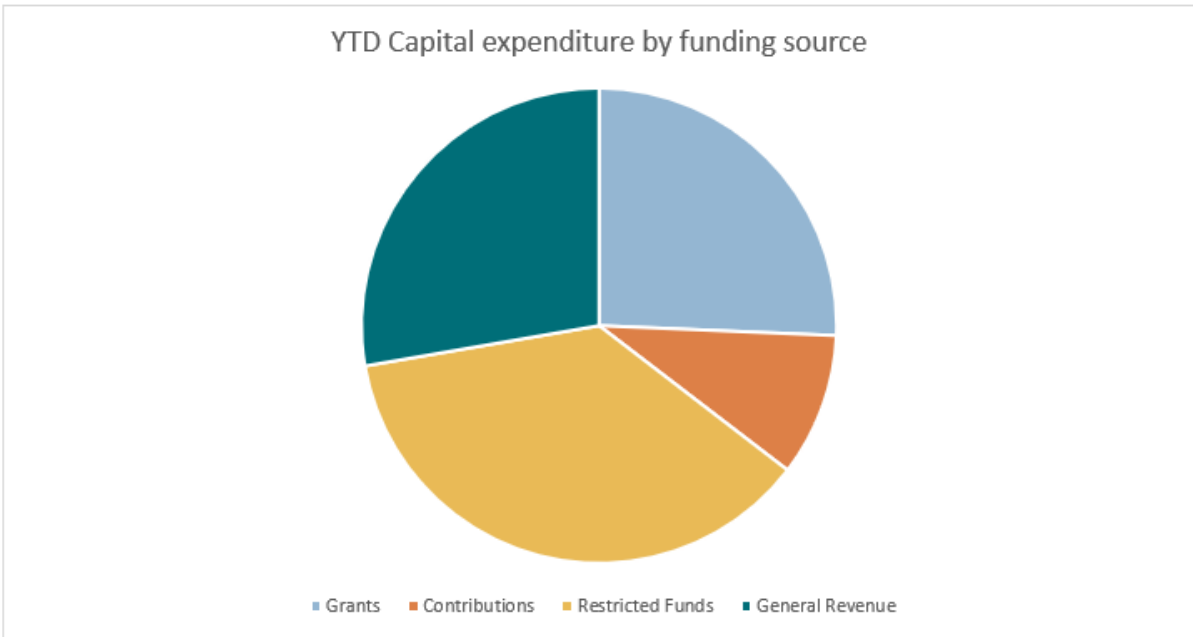
Council will continue to internally restrict funds with the aim of settling the remaining \$50M in November 2025, without the need to refinance any amount. The interest rates environment will be monitored and the timing and amount of any repayment or extinguishment of the loan will be optimised accordingly.

Capital Works

As at 31 May 2024 capital expenditure is \$198.2M against a YTD budget of \$224.1M for the same period, and a 2023-24 FY budget of \$263.6M. As at 31 May 2024, some works have been delayed due to factors outside Council's control, including ongoing severe adverse weather, resulting in some expenditure continuing into the 2024-25FY.

Department	YTD Actuals	YTD Budgets	YTD Variance	YTD Variance	Full Year Approved Budget
	000 S	000 S	000 S	%	000 S
01. Office of the Chief Executive Officer	-	-	-		-
02. Community and Recreation Services	18,095	24,161	6,066	25.1%	26,037
03. Infrastructure Services	83,718	95,716	11,997	12.5%	110,248
04. Water and Sewer	77,374	82,376	5,003	6.1%	98,143
05. Environment and Planning	5,452	8,295	2,843	34.3%	10,769
06. Corporate Services	13,550	13,530	(21)	-0.2%	18,383
Total	198,190	224,077	25,888	11.6%	263,580





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.

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Attachments

Nil.