



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

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10 December 2024 Ordinary Council Meeting

Reference: F2020/03205 - D16439248  
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## **Recommendation**

### ***That Council receives the Monthly Financial Report – November 2024***

#### **Report purpose**

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

#### **Executive Summary**

For 2024-25 FY Council has budgeted, on a consolidated basis, an adopted operating surplus before capital income of \$17.3M (including adopted Quarter 1 changes). As at 30 November 2024, Council has an operating surplus of \$25.6M, compared to a YTD budgeted operating surplus of \$9.7M.

The budgeted net operating position will fluctuate throughout the financial year, reflecting income and expenditure timing. This YTD variance of \$15.9M represents 2% of Council's gross annual operating expenditure budget of \$779M.

As at the end of the reporting period, there are no concerns regarding Council's performance against the adopted budget. Based on financial performance as at the end of the reporting period, Council is tracking to achieve a better operating result than budgeted.

As part of Council's financial management framework, actual results for income and expenditure, against the amounts estimated for the reporting period, are monitored monthly. Reasons for significant variations, as well as any mitigation actions required are identified. Any required budget changes are submitted to Council as part of the legislated Quarterly Budget Review process.

## **Background**

The monthly financial report has 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.

## **Report**

### Consolidated Operating Statement

As at 30 November 2024, Council has a consolidated net operating surplus of \$25.6M, before capital income, which is favourable to YTD budget by \$15.9M. The overall variance is predominantly driven by a YTD favourable variance in operating income, being an overall favourable YTD variance of \$9.8M (1% of full year budget) of operating income and a YTD favourable variance in operating expenses against budget of \$6.1M (1% of full year budget).


Some of the variances are timing differences only. Where variances are permanent differences to the amounts anticipated for the financial year, amounts will be reviewed as part of the upcoming Q2 December 2024 Quarterly Budget Review process.

The net operating surplus including capital income is \$71.7M which is favourable to YTD budget by \$41.6M.

It is noted that the FY Budget includes adjustments adopted through Q1 September 2024 Quarterly Budget Review process. Ongoing monitoring will continue and if required further adjustments will be proposed in future Quarterly reviews.

## 2.1 Monthly Finance Report November 2024 (cont'd)

Table 1 – Consolidated (all Funds) Operating Statement November 2024

		<b>Consolidated</b>							
		<b>Operating Statement</b>							
		<b>November 2024</b>							
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	Current Year Commitments	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)	
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	%	
<b>Operating Income</b>									
Rates and Annual Charges	421,528	460,606	461,704	193,869	193,858	-	(11)	0%	
User Charges and Fees	169,410	170,284	171,739	57,561	62,241	-	4,680	8%	
Other Revenue	24,155	15,532	16,696	3,926	4,641	-	715	18%	
Interest	38,249	26,022	26,790	9,440	10,841	-	1,401	15%	
Grants and Contributions	52,810	44,668	51,656	12,566	12,586	-	20	0%	
Gain on Disposal	3,084	-	265	265	458	-	192	73%	
Other Income	10,306	10,462	10,585	4,913	5,114	-	201	4%	
Internal Revenue	57,120	56,950	56,648	22,539	25,147	-	2,608	12%	
<b>Total Income attributable to Operations</b>	<b>776,662</b>	<b>784,524</b>	<b>796,083</b>	<b>305,080</b>	<b>314,887</b>	<b>-</b>	<b>9,807</b>	<b>3%</b>	
<b>Operating Expenses</b>									
Employee Costs	194,560	217,710	218,564	87,395	84,377	1	3,019	3%	
Borrowing Costs	12,466	12,010	11,119	2,212	2,057	-	155	7%	
Materials and Services	229,244	245,138	249,418	89,121	83,923	82,452	5,198	6%	
Depreciation and Amortisation	197,293	202,942	204,068	85,659	85,960	-	(301)	0%	
Other Expenses	43,096	47,217	46,743	11,463	11,355	194	108	1%	
Loss on Disposal	11,911	-	-	-	580	-	(580)	100%	
Internal Expenses	49,488	48,807	48,889	19,515	21,006	-	(1,491)	8%	
Overheads	(0)	-	-	(0)	(0)	-	(0)	100%	
<b>Total Expenses attributable to Operations</b>	<b>738,060</b>	<b>773,823</b>	<b>778,800</b>	<b>295,366</b>	<b>289,258</b>	<b>82,647</b>	<b>6,107</b>	<b>2%</b>	
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>38,602</b>	<b>10,701</b>	<b>17,284</b>	<b>9,714</b>	<b>25,628</b>	<b>-</b>	<b>15,914</b>	<b>164%</b>	
Capital Grants	63,325	85,684	80,767	9,317	19,205	-	9,888	106%	
Capital Contributions	43,842	23,908	24,684	11,067	26,853	-	15,786	143%	
<b>Grants and Contributions Capital Received</b>	<b>107,167</b>	<b>109,592</b>	<b>105,452</b>	<b>20,384</b>	<b>46,058</b>	<b>-</b>	<b>25,674</b>	<b>126%</b>	
<b>Net Operating Result</b>	<b>145,769</b>	<b>120,293</b>	<b>122,735</b>	<b>30,099</b>	<b>71,687</b>	<b>-</b>	<b>41,588</b>	<b>138%</b>	

## 2.1 Monthly Finance Report November 2024 (cont'd)

### Financial Performance by Fund

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

**Table 2 – General (including Drainage and Waste) Fund Operating Statement - November 2024**

<b>Total General (+Drainage &amp; Waste) Fund</b>								
<b>Operating Statement</b>								
<b>November 2024</b>								
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	Current Year Commitments	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	%
<b>Operating Income</b>								
Rates and Annual Charges	313,733	329,428	330,525	138,409	138,264	-	(145)	0%
User Charges and Fees	76,366	75,789	76,393	28,549	30,779	-	2,230	8%
Other Revenue	22,826	15,532	16,446	3,676	4,337	-	661	18%
Interest	28,347	22,440	22,331	7,473	8,077	-	605	8%
Grants and Contributions	52,506	44,668	51,560	12,527	12,591	-	63	1%
Gain on Disposal	2,482	-	265	265	458	-	192	73%
Other Income	10,306	10,462	10,585	4,913	5,114	-	201	4%
Internal Revenue	52,827	54,085	52,683	21,253	23,664	-	2,411	11%
<b>Total Income attributable to Operations</b>	<b>559,392</b>	<b>552,403</b>	<b>560,788</b>	<b>217,066</b>	<b>223,284</b>	<b>-</b>	<b>6,219</b>	<b>3%</b>
<b>Operating Expenses</b>								
Employee Costs	159,433	177,004	177,604	70,326	68,482	1	1,844	3%
Borrowing Costs	4,934	3,352	3,352	493	356	-	137	28%
Materials and Services	183,599	191,871	196,080	70,901	67,134	71,793	3,767	5%
Depreciation and Amortisation	116,976	118,464	119,223	50,275	50,575	-	(300)	1%
Other Expenses	42,817	47,217	46,743	11,463	11,326	194	137	1%
Loss on Disposal	8,703	-	-	-	577	-	(577)	100%
Internal Expenses	36,876	34,518	34,557	13,941	15,680	-	(1,739)	12%
Overheads	(24,514)	(23,585)	(23,585)	(9,827)	(9,827)	-	(0)	0%
<b>Total Expenses attributable to Operations</b>	<b>528,824</b>	<b>548,841</b>	<b>553,974</b>	<b>207,572</b>	<b>204,304</b>	<b>71,988</b>	<b>3,269</b>	<b>2%</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>30,569</b>	<b>3,562</b>	<b>6,814</b>	<b>9,493</b>	<b>18,981</b>	<b>-</b>	<b>9,487</b>	<b>100%</b>
Capital Grants	52,066	65,482	62,238	4,390	13,362	-	8,972	204%
Capital Contributions	36,009	17,908	17,908	7,790	22,729	-	14,939	192%
<b>Grants and Contributions Capital Received</b>	<b>88,075</b>	<b>83,390</b>	<b>80,146</b>	<b>12,180</b>	<b>36,092</b>	<b>-</b>	<b>23,911</b>	<b>196%</b>
<b>Net Operating Result</b>	<b>118,644</b>	<b>86,951</b>	<b>86,960</b>	<b>21,674</b>	<b>55,073</b>	<b>-</b>	<b>33,399</b>	<b>154%</b>



## 2.1 Monthly Finance Report November 2024 (cont'd)

Table 3 – Water and Sewer Fund Operating Statement - November 2024

<b>Total Water &amp; Sewer Fund</b>								
<b>Operating Statement</b>								
<b>November 2024</b>								
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	Current Year Commitments	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	%
<b>Operating Income</b>								
Rates and Annual Charges	107,795	131,178	131,178	55,460	55,594	-	134	0%
User Charges and Fees	93,044	94,495	95,345	29,012	31,462	-	2,450	8%
Other Revenue	1,329	-	250	250	303	-	53	21%
Interest	9,902	3,582	4,460	1,968	2,764	-	796	40%
Grants and Contributions	304	-	96	39	(4)	-	(43)	111%
Gain on Disposal	602	-	-	-	-	-	-	100%
Other Income	-	-	-	-	-	-	-	100%
Internal Revenue	4,294	2,866	3,966	1,286	1,484	-	197	15%
<b>Total Income attributable to Operations</b>	<b>217,269</b>	<b>232,122</b>	<b>235,295</b>	<b>88,015</b>	<b>91,602</b>	-	<b>3,588</b>	<b>4%</b>
<b>Operating Expenses</b>								
Employee Costs	35,127	40,705	40,960	17,069	15,894	-	1,175	7%
Borrowing Costs	7,533	8,658	7,767	1,719	1,701	-	18	1%
Materials and Services	45,645	53,267	53,337	18,220	16,789	10,659	1,431	8%
Depreciation and Amortisation	80,317	84,478	84,845	35,384	35,384	-	(0)	0%
Other Expenses	279	-	-	-	29	-	(29)	100%
Loss on Disposal	3,208	-	-	-	3	-	(3)	100%
Internal Expenses	12,612	14,289	14,332	5,574	5,326	-	247	4%
Overheads	24,514	23,585	23,585	9,827	9,827	-	-	0%
<b>Total Expenses attributable to Operations</b>	<b>209,236</b>	<b>224,982</b>	<b>224,826</b>	<b>87,794</b>	<b>84,955</b>	<b>10,659</b>	<b>2,839</b>	<b>3%</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>8,033</b>	<b>7,139</b>	<b>10,470</b>	<b>221</b>	<b>6,648</b>	-	<b>6,427</b>	<b>2908%</b>
Capital Grants	11,259	20,202	18,529	4,927	5,843	-	916	19%
Capital Contributions	7,833	6,000	6,777	3,277	4,123	-	847	26%
<b>Grants and Contributions Capital Received</b>	<b>19,092</b>	<b>26,202</b>	<b>25,306</b>	<b>8,204</b>	<b>9,966</b>	-	<b>1,763</b>	<b>21%</b>
<b>Net Operating Result</b>	<b>27,125</b>	<b>33,341</b>	<b>35,775</b>	<b>8,425</b>	<b>16,614</b>	-	<b>8,189</b>	<b>97%</b>

### 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.

Table 4 – Financial Performance Benchmarks - November 2024

Financial Performance Ratio	Industry Benchmark	Full year Forecast	Ratio – YTD Actuals	
Operating Performance Ratio	> 0%	1.47%	8.5%	✓
Own Source operating Revenue Ratio	> 60%	81.57%	82.4%	✓
Unrestricted Current Ratio	> 1.5x	2.57x	3.8x	✓
Cash Expense Cover Ratio	> 3 months	3.44 months	4.0 months	✓
Buildings and Infrastructure Renewals Ratio	100%	138%	103.8%	
Infrastructure Maintenance Ratio	100%	n/a	51.8%	

As at the end of the November 2024, on a consolidated basis, Council exceeded the mandated benchmark for the operating performance ratio, achieving 8.5%.

## **2.1 Monthly Finance Report November 2024 (cont'd)**

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Council has also performed favourably against the unrestricted current ratio, achieving 3.8x against a benchmark of >1.5x. This ratio considers all current assets and liabilities, including cash.

Council maintained positive performance regarding the cash expense cover. Council is in a strong liquidity position.

The infrastructure ratios are monitored each month and are based on a point in time. The Infrastructure Renewal Ratio is based on the actual renewal expenditure as at the end of the reporting period, compared to the depreciation over the same period. The Asset Maintenance Ratio is calculated based on actual maintenance as at the end of the reporting period compared to the required maintenance estimated over the same reporting period. Annual performance regarding these ratios is included in the Special Schedules in the annual Financial Statements, noting that the infrastructure section within the Schedules does not form part of the NSW Audit Office audit.

Noting the volatility in the timing of asset renewal and maintenance, performance as at the end of a reporting period, is an indication only of Council's likely performance against the benchmark for the year. To further enhance the reliability of these measures, a cross unit project is currently underway to ensure that all maintenance and renewal activities are appropriately captured and accounted for.

### **Cash and Investments**

Details on cash and investments as at 30 November 2024 are included in the Monthly Investment Report November 2024.

### **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 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 November 2024 capital expenditure is \$102.1M against a YTD budget of \$108.8M for the same period, and a 2024-25 FY budget of \$316.5M. Commitments (approved purchase orders to external suppliers) of \$72.5M have been raised for delivery this year.

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The current expenditure against budget indicates that delivery of works is trending slightly behind of anticipated timing, noting that delivery of works will accelerate in the second half of the financial year. Delivery of works is impacted by several factors including weather conditions, availability of suppliers, and any required approval processes.

**Table 5 – Capital Expenditure - November 2024**

Department	Original Budget	FULL YEAR Budget	YTD Budgets	YTD Actuals	Commitments	YTD Variance	YTD Variance
	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	%
01. Office of the Chief Executive Officer	-	-	-	-	-	-	-
02. Community and Recreation Services	51,420	49,747	13,231	12,031	6,204	1,201	9.1%
03. Infrastructure Services	106,650	115,084	43,216	38,026	17,680	5,189	12.0%
04. Water and Sewer	122,366	122,366	43,217	42,984	36,756	233	0.5%
05. Environment and Planning	9,911	10,787	2,188	2,362	3,830	(174)	-8.0%
06. Corporate Services	18,180	18,560	6,952	6,687	8,079	265	3.8%
<b>Total</b>	<b>308,527</b>	<b>316,545</b>	<b>108,804</b>	<b>102,090</b>	<b>72,549</b>	<b>6,714</b>	<b>6.2%</b>

**Figure 1 – Capital Expenditure by Directorate**

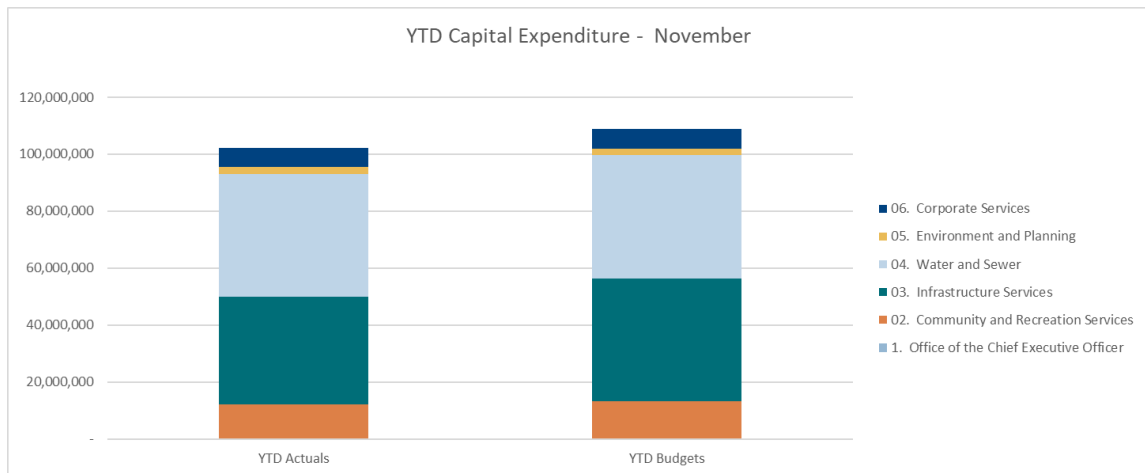
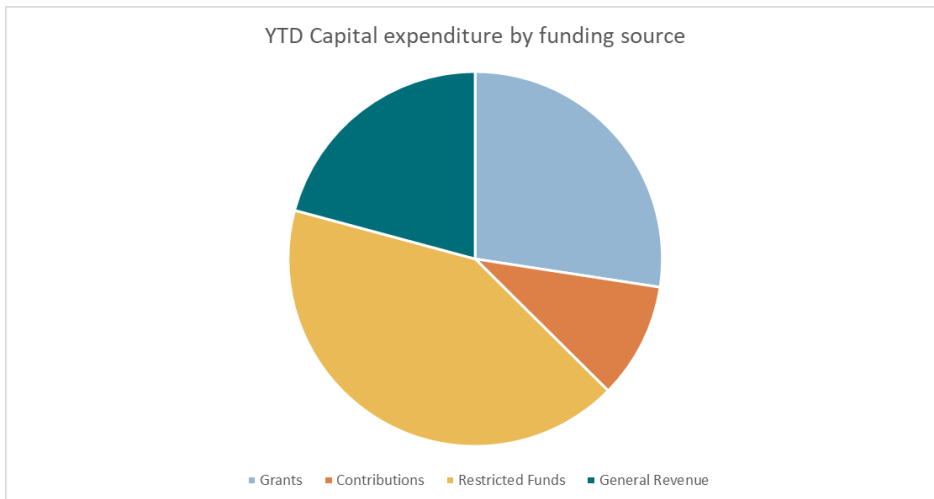


Figure 2 – Capital Expenditure by Funding Source



### Stakeholder Engagement

The preparation of the November 2024 monthly financial report included consultation with business units across Council to identify the reasons and mitigation strategies for significant variances to budget.

### Financial Considerations

Financial Year (FY) Implications

**The proposal has cost and revenue implications for the current FY only.**

Budget and Long-Term Financial Plan (LTFP) Impact.

**The FY adopted budget includes funding for this proposal.**

This report presents the financial position of Council as at 30 November 2024. To date, there are no concerns regarding Council's financial performance for the remainder of the financial year.

### Link to Community Strategic Plan

Theme 4: Responsible

### Goal G: Good governance and great partnerships

R-G3: Provide leadership that is transparent and accountable, makes decisions in the best interest of the community, ensures Council is financially sustainable and adheres to a strong audit process.



**Risk Management**

Council's financial management framework includes the monthly review and reporting of significant variances to budget. This ensures that any issues are identified and rectified in a timely manner, with any necessary adjustments being captured in the appropriate Quarterly Budget Review.

**Critical Dates or Timeframes**

Council receives monthly financial reports to ensure that Council is kept up to date with Council's financial performance.

**Attachments**

*Nil.*