



**Item No:** 2.1  
**Title:** Monthly Finance Report July 2023  
**Department:** Corporate Services

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22 August 2023 Ordinary Council Meeting

Reference: F2020/03205 - D15807873  
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## **Recommendation**

***That Council receive the report Monthly Financial Reports – July 2023.***

### **Report purpose**

To present to Council the monthly financial report for July 2023.

For the months of July 2023 and August 2023, the monthly financial reports will be limited to a high-level summary to allow for the completion of the 2023/2024 FY Annual Financial Statements as a priority.

During this period, the content of the monthly financial reports is under review with the aim to provide reports that capture overall organisational performance, and to measure performance against the relevant mandated benchmarks.

### **Executive Summary**

This report presents the July 2023 monthly financial report.

For 2023/2024 FY Council has budgeted an operating surplus before capital income of \$2.8M. The budgeted net operating position will fluctuate throughout the financial year, reflecting income and expenditure timing.

As at 31 July 2023, on a consolidated basis, Council has an operating deficit of \$10.1M against a budgeted operating deficit for the same period of \$6.3M. The YTD unfavourable variance relates to the Water, Sewer and Drainage funds result and is mainly a timing difference due to a delay in generating the first cycle of billing for 2023/2024 FY. The delayed billing was subsequently generated in August 2023, totalling \$6.8M in operating income.

Council's consolidated operating position is better than budgeted when removing the unfavourable impact of the timing difference.

## 2.1 Monthly Finance Report July 2023 (contd)

The financial results included in this report are subject to change due to adjustments that may be requested as part of the audit by the NSW Audit Office of the 2022/2023 FY Annual Financial Statements. Accordingly, the report is limited to a high-level summary of the results for the month of July 2023.

### Background

The monthly financial reports have been prepared in accordance with the requirements of the *Local Government Act 1993* ("LG Act"), the *Local Government (General) Regulation 2005* ("LG Reg"), 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

As at 31 July 2023, Council has a consolidated net operating deficit of \$10.1M, before capital income, which is unfavourable to budget by \$3.8M and a net operating deficit including capital income of \$2.8M which is favourable to budget by \$2.9M.

## Consolidated Operating Statement

July 2023




	CURRENT MONTH			YEAR TO DATE				FULL YEAR		
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD Actuals	Last Year Actual	Original Budget	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Income</b>										
Rates and Annual Charges	22,398	28,192	(5,794)	22,398	28,192	(5,794)	26,736	389,283	421,456	421,456
User Charges and Fees	10,925	12,203	(1,278)	10,925	12,203	(1,278)	11,358	164,977	163,782	163,782
Other Revenue	1,692	890	802	1,692	890	802	2,010	21,086	13,683	13,683
Interest	2,678	1,747	931	2,678	1,747	931	991	23,888	15,244	15,244
Grants and Contributions	583	891	(307)	583	891	(307)	432	56,621	49,880	49,880
Gain on Disposal	(13)	-	(13)	(13)	-	(13)	1,034	7,785	-	-
Other Income	1,109	739	369	1,109	739	369	426	9,754	8,775	8,775
Internal Revenue	4,726	5,561	(835)	4,726	5,561	(835)	4,729	61,923	60,701	60,701
<b>Total Income attributable to Operations</b>	<b>44,098</b>	<b>50,222</b>	<b>(6,124)</b>	<b>44,098</b>	<b>50,222</b>	<b>(6,124)</b>	<b>47,715</b>	<b>735,318</b>	<b>733,521</b>	<b>733,521</b>
<b>Operating Expenses</b>										
Employee Costs	12,433	11,868	(565)	12,433	11,868	(565)	11,722	184,873	195,069	195,069
Borrowing Costs	732	662	(71)	732	662	(71)	821	13,073	13,746	13,746
Materials and Services	17,840	20,690	2,850	17,840	20,690	2,850	15,793	216,095	237,509	237,509
Depreciation and Amortisation	15,492	15,492	-	15,492	15,492	-	12,137	176,143	192,226	192,226
Other Expenses	3,401	3,387	(14)	3,401	3,387	(14)	3,390	44,044	44,523	44,523
Loss on Disposal	-	-	-	-	-	-	-	22,060	-	-
Internal Expenses	4,312	4,423	111	4,312	4,423	111	4,291	50,087	47,634	47,634
Overheads	(0)	(0)	-	(0)	(0)	-	-	0	(0)	(0)
<b>Total Expenses attributable to Operations</b>	<b>54,211</b>	<b>56,522</b>	<b>2,311</b>	<b>54,211</b>	<b>56,522</b>	<b>2,311</b>	<b>48,153</b>	<b>706,375</b>	<b>730,708</b>	<b>730,708</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>(10,113)</b>	<b>(6,300)</b>	<b>(3,814)</b>	<b>(10,113)</b>	<b>(6,300)</b>	<b>(3,814)</b>	<b>(438)</b>	<b>28,943</b>	<b>2,813</b>	<b>2,813</b>
Capital Grants	3,006	-	3,006	3,006	-	3,006	788	48,684	59,854	59,854
Capital Contributions	4,296	545	3,751	4,296	545	3,751	701	55,754	17,500	17,500
Grants and Contributions Capital Received	7,301	545	6,757	7,301	545	6,757	1,490	104,438	77,354	77,354
<b>Net Operating Result</b>	<b>(2,812)</b>	<b>(5,755)</b>	<b>2,943</b>	<b>(2,812)</b>	<b>(5,755)</b>	<b>2,943</b>	<b>1,052</b>	<b>133,381</b>	<b>80,167</b>	<b>80,167</b>

## 2.1 Monthly Finance Report July 2023 (contd)

For the General Fund, as at 31 July 2023, Council has an operating surplus of \$2.6M before capital income, which is favourable to budget by \$3.4M. Operating income has exceeded the YTD budget, mainly due to interest earned on the investment portfolio. Operating expenditure is tracking lower than budgeted, mainly to materials and services being less than budgeted for the period.

### 10. General Fund Operating Statement

July 2023



	CURRENT MONTH			YEAR TO DATE				FULL YEAR		
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD Actuals	Last Year Actual	Original Budget	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Income</b>										
Rates and Annual Charges	17,779	17,772	8	17,779	17,772	8	17,051	206,122	215,021	215,021
User Charges and Fees	5,440	5,647	(207)	5,440	5,647	(207)	5,306	79,244	72,197	72,197
Other Revenue	1,481	890	591	1,481	890	591	1,663	19,949	13,683	13,683
Interest	2,027	1,508	519	2,027	1,508	519	757	17,844	12,167	12,167
Grants and Contributions	536	506	29	536	506	29	397	56,189	46,666	46,666
Gain on Disposal	(13)	-	(13)	(13)	-	(13)	1,034	7,785	-	-
Other Income	1,109	739	369	1,109	739	369	426	9,752	8,763	8,763
Internal Revenue	4,692	5,325	(633)	4,692	5,325	(633)	4,657	59,155	57,994	57,994
<b>Total Income attributable to Operations</b>	<b>33,050</b>	<b>32,387</b>	<b>663</b>	<b>33,050</b>	<b>32,387</b>	<b>663</b>	<b>31,290</b>	<b>456,038</b>	<b>426,492</b>	<b>426,492</b>
<b>Operating Expenses</b>										
Employee Costs	10,224	9,683	(541)	10,224	9,683	(541)	9,753	153,843	160,297	160,297
Borrowing Costs	157	62	(95)	157	62	(95)	179	4,793	4,996	4,996
Materials and Services	12,091	14,813	2,722	12,091	14,813	2,722	11,191	145,932	149,774	149,774
Depreciation and Amortisation	7,919	7,919	-	7,919	7,919	-	6,176	90,631	100,690	100,690
Other Expenses	1,967	1,953	(14)	1,967	1,953	(14)	2,125	27,488	27,311	27,311
Loss on Disposal	-	-	-	-	-	-	-	19,553	-	-
Internal Expenses	1,053	1,683	630	1,053	1,683	630	1,717	21,802	15,516	15,516
Overheads	(3,014)	(3,014)	-	(3,014)	(3,014)	-	-	(30,098)	(36,173)	(36,173)
<b>Total Expenses attributable to Operations</b>	<b>30,396</b>	<b>33,098</b>	<b>2,702</b>	<b>30,396</b>	<b>33,098</b>	<b>2,702</b>	<b>31,142</b>	<b>433,944</b>	<b>422,412</b>	<b>422,412</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>2,654</b>	<b>(712)</b>	<b>3,366</b>	<b>2,654</b>	<b>(712)</b>	<b>3,366</b>	<b>149</b>	<b>22,094</b>	<b>4,080</b>	<b>4,080</b>
Capital Grants	1,969	-	1,969	1,969	-	1,969	200	29,128	33,520	33,520
Capital Contributions	2,920	-	2,920	2,920	-	2,920	440	41,637	7,550	7,550
Grants and Contributions Capital Received	4,889	-	4,889	4,889	-	4,889	640	70,765	41,070	41,070
<b>Net Operating Result</b>	<b>7,542</b>	<b>(712)</b>	<b>8,254</b>	<b>7,542</b>	<b>(712)</b>	<b>8,254</b>	<b>789</b>	<b>92,859</b>	<b>45,149</b>	<b>45,149</b>

For the Water, Sewer and Drainage Funds, as at 31 July 2023 Council has a combined operating deficit of \$11.6M before capital income, which is unfavourable to budget by \$7.8M. For these Funds, the unfavourable variance is mainly a timing difference due a delay in the first cycle of billing for 2023/2024 FY. The billing was generated in August 2023 totalling \$6.8M.

For the reporting period, the Domestic Waste Fund, Council has an operating deficit of \$1.1M before capital income, which is favourable to budget by \$0.6M.

### Consultation

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

### Financial Considerations

At its meeting held 19 October 2020, Council resolved the following:

## **2.1 Monthly Finance Report July 2023 (contd)**

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1108/20 *That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

As at 31 July 2023, on a consolidated basis Council has an operating deficit of \$10.1M against a budgeted operating deficit for the same period of \$6.3M. The YTD unfavourable variance relates to the Water, Sewer and Drainage funds result and is mainly a timing difference due to a delay in generating the first cycle of billing for 2023/2024 FY. The billing was generated in August 2023 totalling \$6.8M.

Council's consolidated operating position is better than budgeted when removing the unfavourable impact of the timing difference of \$6.8M.

As at 31 July 2023 Council remains on track to achieve the 2023/2024 FY budgeted operating surplus before capital income of \$2.8M.

### **Cash and Investments / External Borrowings / Cash Flows**

Details on cash and investments as at July 2023 is included in the Monthly Investment Report July 2023, included as a separate report in this business paper.

End of year adjustments relating to borrowings were still in progress at the time of preparing this report.

### **Restricted Funds**

In accordance with Council's resolution at its November 22 Council meeting, Internal Restrictions were created to set aside funds to make an early loan repayment against the \$100M loan which is due for refinancing in December 2023. An amount of \$4M was transferred each month following the resolution. At its meeting on 25 June 23 Council resolved to transfer an additional \$11.0M to the restriction. As at 31 July 2023, the Emergency Loan Repayment restriction has a balance of \$47.0M.

Council is on track to make at least an early loan repayment of \$50M to reduce the amount to be refinanced in December 2023.

### **Capital Works**

As at 31 July 2023 capital expenditure is \$11.6M against a YTD budget of \$11.2M for the same period, and a 2023/2024 FY budget of \$202.1M.

## 2.1 Monthly Finance Report July 2023 (contd)

Department	YTD Actuals	YTD Budgets	YTD Variance	Full Year Approved Budget
01. Office of the Chief Executive Officer	-	-	-	-
02. Community and Recreation Services	283,323	810,994	527,671	24,140,473
03. Infrastructure Services	4,494,973	3,436,294	(1,058,679)	65,369,682
04. Water and Sewer	6,566,594	5,921,464	(645,130)	84,155,136
05. Environment and Planning	114,572	198,944	84,372	10,190,500
06. Corporate Services	101,591	820,000	718,409	18,236,000
<b>Total</b>	<b>11,561,054</b>	<b>11,187,697</b>	<b>(373,357)</b>	<b>202,091,791</b>

### 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