



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

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28 November 2023 Ordinary Council Meeting

Reference: F2020/03205 - D15846752  
Author: Leslie Chan, Team Leader Financial Accounting  
Manager: Emma Galea, Chief Financial Officer  
Executive: Marissa Racomelara, Director Corporate Services

## **Recommendation**

***That Council notes the report Monthly Financial Reports – October 2023.***

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## **Report purpose**

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

The content of the monthly financial reports is currently 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 October 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 October 2023, on a consolidated basis, Council has an operating surplus of \$15.6M against a budgeted operating deficit of (\$1.5M).

## **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.

## 2.1 Monthly Finance Report October 2023 (contd)

### Consultation

The preparation of the October 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:

*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.

### Consolidated Operating Statement

As at 31 October 2023, Council has a consolidated net operating surplus of \$15.6M, before capital income, which is favourable to budget by \$17.1M and a net operating surplus including capital income of \$42.0M which is favourable to budget by \$41.3M.

<b>Consolidated Operating Statement</b>										
October 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	34,938	35,014	(76)	136,902	136,917	(15)	122,831	389,283	421,456	421,456
User Charges and Fees	13,630	13,156	474	53,756	52,804	952	48,698	164,977	163,782	163,782
Other Revenue	1,389	1,588	(199)	5,657	4,647	1,010	5,088	21,086	13,683	13,683
Interest	3,345	1,812	1,532	12,155	7,158	4,997	5,549	23,888	15,244	15,244
Grants and Contributions	3,013	2,198	815	7,016	5,783	1,233	5,881	56,621	49,880	49,880
Gain on Disposal	462	-	462	449	-	449	1,014	7,785	-	-
Other Income	700	738	(38)	3,586	3,079	507	3,123	9,754	8,775	8,775
Internal Revenue	4,568	5,002	(434)	18,549	20,031	(1,482)	20,038	61,923	60,701	60,701
<b>Total Income attributable to Operations</b>	<b>62,044</b>	<b>59,508</b>	<b>2,537</b>	<b>238,070</b>	<b>230,420</b>	<b>7,650</b>	<b>212,222</b>	<b>735,318</b>	<b>733,521</b>	<b>733,521</b>
<b>Operating Expenses</b>										
Employee Costs	14,534	14,929	395	59,249	59,526	277	54,386	184,873	195,069	195,069
Borrowing Costs	740	660	(80)	3,157	2,951	(206)	3,475	13,073	13,746	13,746
Materials and Services	16,996	19,250	2,252	67,601	76,693	9,092	63,256	216,095	237,509	237,509
Depreciation and Amortisation	15,771	15,463	(308)	62,212	61,904	(308)	48,479	174,925	192,226	192,226
Other Expenses	2,920	3,063	144	14,001	14,052	51	14,972	44,044	44,523	44,523
Loss on Disposal	171	-	(171)	171	-	(171)	-	17,193	-	-
Internal Expenses	3,755	3,979	224	16,062	16,803	741	16,828	50,087	47,634	47,634
Overheads	0	0	-	0	0	-	-	(0)	(0)	(0)
<b>Total Expenses attributable to Operations</b>	<b>54,889</b>	<b>57,344</b>	<b>2,455</b>	<b>222,453</b>	<b>231,929</b>	<b>9,475</b>	<b>201,396</b>	<b>700,290</b>	<b>730,708</b>	<b>730,708</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>7,156</b>	<b>2,164</b>	<b>4,992</b>	<b>15,617</b>	<b>(1,508)</b>	<b>17,125</b>	<b>10,826</b>	<b>35,028</b>	<b>2,813</b>	<b>2,813</b>
Capital Grants	9,273	-	9,273	16,807	-	16,807	11,516	48,684	59,854	59,854
Capital Contributions	745	545	200	9,570	2,179	7,391	5,775	63,141	17,500	17,500
<b>Grants and Contributions Capital Received</b>	<b>10,018</b>	<b>545</b>	<b>9,474</b>	<b>26,377</b>	<b>2,179</b>	<b>24,198</b>	<b>17,291</b>	<b>111,824</b>	<b>77,354</b>	<b>77,354</b>
<b>Net Operating Result</b>	<b>17,174</b>	<b>2,708</b>	<b>14,466</b>	<b>41,994</b>	<b>670</b>	<b>41,323</b>	<b>28,118</b>	<b>146,852</b>	<b>80,167</b>	<b>80,167</b>

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

**Operating Revenue – \$7.7M favourable to budget**

- **Rates and Annual Charges < +\$0.1M**  
On track with no material variation to budget.
- **User charges and fees +\$1.0M**
  - User charges
    - (\$0.4M) unfavourable variance from water supply user charges.
    - \$0.1M favourable variance from sewer user charges.
  - Fees
    - \$0.3M favourable variance from Private Works.
    - \$0.2M favourable variance from DA Planning Fees levied.
    - \$0.2M favourable variance from advertising of Development and Building Applications.
    - \$0.2M favourable variance in Ground Fees
    - \$0.1M favourable variance in CCB Childcare Fee Relief and Childcare Fees.
    - \$0.1M favourable variance in Water Connection income.
- **Other revenue +\$1.0M**
  - \$1.6M favourable variance in unrealised gain on investments, floating rate notes and bonds. Net unrealised gain of \$0.7M October YTD.
  - (\$0.6M) unfavourable variance in event/ticketing income.
- **Interest +\$5.0M**  
Favourable variance predominantly from an increased interest rate environment, hence receiving more interest on investments than budgeted.
- **Grants and contributions +\$1.2M**  
Favourable, timing only difference relating to:
  - \$0.5M in RMS related operating contributions.
  - \$0.4M in other operating grants relating to Environmental Programs.
  - \$0.3M additional Financial Assistance Grant instalment that was unbudgeted for this period.
- **Gain on Disposal +\$0.4M**
  - \$0.4M favourable variance from disposals of plant & equipment.

- **Other Income +\$0.5M**
  - \$0.4M favourable variance in Community Facilities rental income.
  - \$0.1M favourable variance in recovery of outgoings from rental properties.
  
- **Internal revenue (\$1.5M)**
  - (\$1.9M) unfavourable variance in external plant hire.
  - (\$0.6M) unfavourable variance in plant and fleet permanent hire.
  - (\$0.2M) unfavourable variance in internal water usage charges.
  - (\$0.2M) unfavourable variance in facilities management charges.
  - \$1.4M favourable variance in internal tipping fees.

**Operating Expenses – \$9.5M favourable to budget**

- **Employee costs + \$0.3M**  
Overall employee costs and associated expense is on track (within 0.5% of budget).
  
- **Borrowing costs (\$0.2M)**
  - (\$0.2M) unfavourable variance due to increased interest paid on external loans due to a higher interest rate environment.
  
- **Materials and services +\$9.1M**
  - \$3.8M favourable variance in contract, labour hire and consultant costs.
  - \$2.4M favourable variance in materials purchased.
  - \$1.0M favourable variance in garbage collection.
  - \$0.4M favourable variance in training costs.
  - \$0.3M favourable variance in software and other licenses and software expenses.
  - \$0.3M favourable variance in audit fees.
  - \$0.3M favourable variance in legal fees.
  - \$0.2M favourable variance in Bank and EFTPOS charges.
  - \$0.2M favourable variance in external plant hire costs.

Some of these variances are timing differences only.

- **Depreciation (\$0.3M)**  
Overall depreciation costs are on track (within 0.5% of budget).
  
- **Other expenses + \$0.1M**  
Overall other expenses are on track (within 0.4% of budget).
  
- **Loss on Disposal (\$0.2M)**
  - (\$0.2M) unfavourable variance in disposal of buildings assets.

- *Internal expenses* **+0.8M**
  - \$0.6M favourable variance in Plant and Fleet permanent hire costs.
  - \$0.2M favourable variance in facilities maintenance charges.

**Capital Items – \$24.2M favourable to budget**

- *Capital Grants* **+\$16.8M**  
Favourable, timing only difference relating to:
  - RMS related capital projects \$8.2M
  - Water and Sewer projects \$5.1M
  - Library projects \$1.1M
  - Other capital grants \$1.1M
  - Parks, Gardens and Beaches \$1.0M
  - Community centres projects \$0.3M
- *Capital Contributions* **+\$7.2M**  
Timing only difference relating to:
  - Developer contributions in Open Space Works \$2.7M.
  - Non-cash contributions \$1.7M.
  - Developer contributions in GCIP \$1.6M.
  - Developer contributions in Roads Works \$0.7M.
  - Developer contributions in Community Facilities Works \$0.5M.

## 2.1 Monthly Finance Report October 2023 (contd)

### Financial Performance by Fund

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

<b>Total General (+ Drainage &amp; Waste) Fund</b>										
<b>Operating Statement</b>										
October 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	26,150	26,253	(103)	102,049	101,807	241	97,463	302,073	312,872	312,872
User Charges and Fees	5,677	5,726	(48)	23,939	22,753	1,186	22,591	79,306	72,227	72,227
Other Revenue	1,388	1,588	(200)	5,294	4,647	647	4,742	19,957	13,683	13,683
Interest	2,540	1,575	965	9,269	6,209	3,060	4,281	18,149	12,336	12,336
Grants and Contributions	2,990	2,198	792	6,909	5,783	1,126	5,862	56,253	49,880	49,880
Gain on Disposal	462	-	462	449	-	449	1,014	7,785	-	-
Other Income	700	738	(38)	3,586	3,079	507	3,123	9,752	8,763	8,763
Internal Revenue	4,328	4,801	(474)	17,915	19,231	(1,316)	19,476	53,248	58,030	58,030
<b>Total Income attributable to Operations</b>	<b>44,236</b>	<b>42,878</b>	<b>1,358</b>	<b>169,411</b>	<b>163,510</b>	<b>5,900</b>	<b>158,552</b>	<b>552,521</b>	<b>527,792</b>	<b>527,792</b>
<b>Operating Expenses</b>										
Employee Costs	11,929	12,468	540	48,922	49,115	194	46,492	156,491	163,347	163,347
Borrowing Costs	185	61	(125)	764	552	(212)	862	5,280	5,358	5,358
Materials and Services	13,347	16,205	2,858	54,708	64,348	9,640	52,787	181,380	190,650	190,650
Depreciation and Amortisation	9,099	9,072	(28)	36,366	36,339	(28)	28,614	102,748	113,759	113,759
Other Expenses	2,814	3,063	249	13,804	14,052	248	14,711	43,291	44,523	44,523
Loss on Disposal	10	-	(10)	10	-	(10)	-	15,015	-	-
Internal Expenses	2,863	2,974	111	11,755	12,571	816	13,087	37,851	35,857	35,857
Overheads	(2,067)	(2,067)	-	(8,267)	(8,267)	-	-	(20,067)	(24,801)	(24,801)
<b>Total Expenses attributable to Operations</b>	<b>38,180</b>	<b>41,776</b>	<b>3,596</b>	<b>158,063</b>	<b>168,710</b>	<b>10,647</b>	<b>156,554</b>	<b>521,989</b>	<b>528,692</b>	<b>528,692</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>6,056</b>	<b>1,102</b>	<b>4,954</b>	<b>11,348</b>	<b>(5,200)</b>	<b>16,548</b>	<b>1,998</b>	<b>30,533</b>	<b>(900)</b>	<b>(900)</b>
	-	-	-	-	-	-	-	-	-	-
Capital Grants	8,152	-	8,152	11,662	-	11,662	6,735	30,264	35,318	35,318
Capital Contributions	421	-	421	7,260	-	7,260	2,982	54,647	10,964	10,964
<b>Grants and Contributions Capital Received</b>	<b>8,574</b>	<b>-</b>	<b>8,574</b>	<b>18,922</b>	<b>-</b>	<b>18,922</b>	<b>9,717</b>	<b>84,911</b>	<b>46,282</b>	<b>46,282</b>
<b>Net Operating Result</b>	<b>14,630</b>	<b>1,102</b>	<b>13,527</b>	<b>30,270</b>	<b>(5,200)</b>	<b>35,470</b>	<b>11,715</b>	<b>115,443</b>	<b>45,381</b>	<b>45,381</b>

## Total Water & Sewer Fund Operating Statement



October 2023

	CURRENT MONTH			YEAR TO DATE				FULL YEAR		
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD	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	8,788	8,762	26	34,853	35,110	(256)	25,368	87,209	108,584	108,584
User Charges and Fees	7,953	7,430	522	29,817	30,051	(234)	26,107	85,672	91,555	91,555
Other Revenue	1	-	1	362	-	362	346	1,130	-	-
Interest	804	237	567	2,886	949	1,937	1,269	5,739	2,908	2,908
Grants and Contributions	22	-	22	107	-	107	19	368	-	-
Gain on Disposal	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	2	12	12
Internal Revenue	240	200	40	634	800	(166)	562	2,676	2,671	2,671
<b>Total Income attributable to Operations</b>	<b>17,808</b>	<b>16,630</b>	<b>1,179</b>	<b>68,660</b>	<b>66,910</b>	<b>1,750</b>	<b>53,670</b>	<b>182,796</b>	<b>205,729</b>	<b>205,729</b>
<b>Operating Expenses</b>										
Employee Costs	2,605	2,461	(145)	10,327	10,410	83	7,894	28,383	31,722	31,722
Borrowing Costs	555	600	45	2,392	2,398	6	2,613	7,794	8,389	8,389
Materials and Services	3,651	3,045	(606)	12,893	12,345	(547)	10,469	34,716	46,859	46,859
Depreciation and Amortisation	6,672	6,391	(280)	25,846	25,566	(280)	19,865	72,177	78,468	78,468
Other Expenses	106	-	(106)	197	-	(197)	261	752	-	-
Loss on Disposal	161	-	(161)	161	-	(161)	-	2,178	-	-
Internal Expenses	893	1,005	112	4,307	4,232	(75)	3,741	12,236	11,777	11,777
Overheads	2,067	2,067	-	8,267	8,267	-	-	20,067	24,801	24,801
<b>Total Expenses attributable to Operations</b>	<b>16,709</b>	<b>15,568</b>	<b>(1,140)</b>	<b>64,390</b>	<b>63,218</b>	<b>(1,172)</b>	<b>44,842</b>	<b>178,301</b>	<b>202,015</b>	<b>202,015</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>1,100</b>	<b>1,062</b>	<b>38</b>	<b>4,269</b>	<b>3,692</b>	<b>577</b>	<b>8,828</b>	<b>4,495</b>	<b>3,713</b>	<b>3,713</b>
Capital Grants	1,121	-	1,121	5,145	-	5,145	4,781	18,420	24,537	24,537
Capital Contributions	324	545	(221)	2,310	2,179	132	2,793	8,494	6,536	6,536
<b>Grants and Contributions Capital Received</b>	<b>1,445</b>	<b>545</b>	<b>900</b>	<b>7,455</b>	<b>2,179</b>	<b>5,276</b>	<b>7,574</b>	<b>26,913</b>	<b>31,072</b>	<b>31,072</b>
<b>Net Operating Result</b>	<b>2,544</b>	<b>1,606</b>	<b>938</b>	<b>11,724</b>	<b>5,870</b>	<b>5,854</b>	<b>16,403</b>	<b>31,409</b>	<b>34,786</b>	<b>34,786</b>

**Financial Performance Benchmarks**

Below is a summary of Council’s performance, by Fund, against main financial performance benchmarks set by the Office of Local Government and compared to Council benchmarks set out in the current adopted Financial Strategy. The Financial Strategy is currently under review, and the Council set benchmarks may be revised to align with mandated benchmarks and taking into consideration Council’s current and projected performance.

<i>Financial Performance Ratio</i>	<i>Fund</i>	<i>Benchmark Ratio (Office of Local Government)</i>	<i>Benchmark Ratio (Council current Financial Strategy)</i>	<i>Actual Ratio as at October 2023</i>
Operating Performance Ratio	Consolidated	>0%	1% - 8%	<b>6.8%</b>
Unrestricted Current Ratio	Consolidated	>1.5x	>1.5x	<b>2.1x</b>
Unrestricted Cash Position	Consolidated	N/A	3% – 10%	<b>30.0%</b>
	General & Drainage			<b>13.2%</b>
	Water			<b>8.2%</b>
	Sewer			<b>125.6%</b>
	Domestic Waste			<b>21.2%</b>

As at the end of the October 2023, on a consolidated basis, Council exceeded the mandated benchmark for the operating result, achieving 6.8%, which is within the parameters set in Council’s current Financial Strategy.

Council has also performed favourably against the unrestricted current ratio, achieving 2.1x against a benchmark of >1.5x. This ratio considers all assets and liabilities, including cash.

Council maintained positive performance regarding unrestricted cash, exceeding target for all funds.

**Cash and Investments**

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



## 2.1 Monthly Finance Report October 2023 (contd)

### Restricted Funds

A summary of restricted and unrestricted funds is as follows:

<b>Fund</b>	<b>General Fund</b>	<b>Drainage Fund</b>	<b>Consolidated General Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Domestic Waste Fund</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
External Restricted Funds	222,147	35,936	258,083	16,248	29,003	105,263
Internal Restricted Funds	175,535	68	175,603	974	935	45
<b>Total Restricted Funds</b>	<b>397,682</b>	<b>36,004</b>	<b>433,686</b>	<b>17,222</b>	<b>29,938</b>	<b>105,308</b>
Unrestricted Funds	87,779	(36,007)	51,772	8,460	125,261	16,499
<b>Total funds by Fund</b>	<b>485,461</b>	<b>(3)</b>	<b>485,458</b>	<b>25,682</b>	<b>155,199</b>	<b>121,807</b>

Details on Council's external and internal restriction balances as at October 2023 is included in the Monthly Investment Report October 2023, included as a separate report in this business paper.

### Emergency Loans

In accordance with Council's resolution at its November 2022 Council meeting, an internal restriction was created to set aside funds to make an early loan repayment against the \$100M emergency loan which is due for repayment in December 2023.

An amount of \$4M was transferred each month following the resolution. At its meeting on 25 June 2023 Council resolved to transfer an additional \$11.0M to the restriction.

In the first three months of the 2023/24 FY, based on the available total cash and liquidity requirements, there was capacity to continue to restrict \$4M a month continuing from the previous financial year.

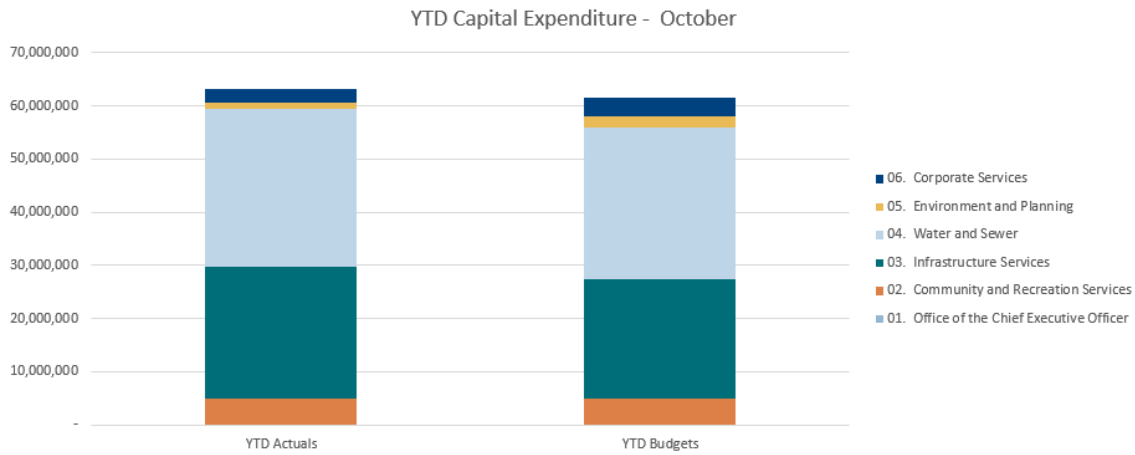
At the September 2023 Council meeting, Council resolved to restrict sufficient funds to enable the full repayment amount of the outstanding \$82M in December 2023. As at October 2023, the Emergency Loan Repayment restriction has a balance of \$68.5M.

## 2.1 Monthly Finance Report October 2023 (contd)

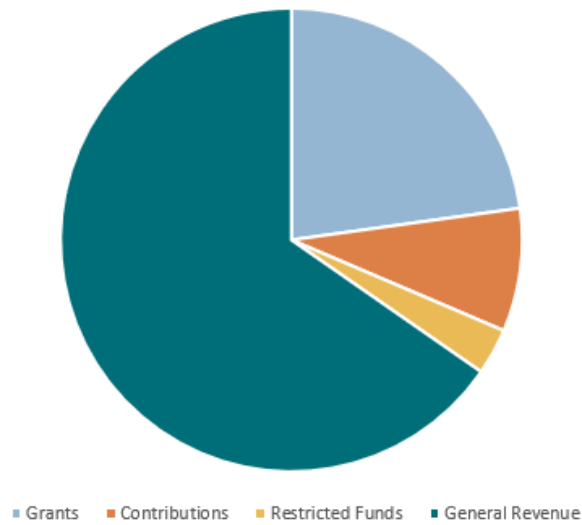
### Capital Works

As at 31 October 2023 capital expenditure is \$63.1M against a YTD budget of \$61.5M for the same period, and a 2023/2024 FY budget of \$203.0M.

Department	YTD Actuals	YTD Budgets	YTD Variance	Full Year Approved Budget
01. Office of the Chief Executive Officer	-	-	-	-
02. Community and Recreation Services	5,012,042	4,863,024	(149,018)	24,487,240
03. Infrastructure Services	24,726,466	22,622,298	(2,104,168)	65,646,731
04. Water and Sewer	29,822,274	28,471,808	(1,350,466)	84,155,136
05. Environment and Planning	993,577	2,152,439	1,158,862	10,490,536
06. Corporate Services	2,590,194	3,396,000	805,806	18,236,000
<b>Total</b>	<b>63,144,553</b>	<b>61,505,569</b>	<b>(1,638,984)</b>	<b>203,015,643</b>



YTD Capital expenditure by funding source

**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