



Item No: 3.1
Title: Monthly Finance Report June 2023
Department: Corporate Services

25 July 2023 Ordinary Council Meeting

Reference: F2020/03205 - D15764689
Author: Emma Galea, Chief Financial Officer
Manager: Emma Galea, Chief Financial Officer
Executive: Marissa Racomelara, Director Corporate Services

Recommendation

That Council receive the report Monthly Financial Reports – June 2023 (Preliminary).

Report purpose

To present to Council the preliminary monthly financial reports for June 2023, and the 2022/2023 Financial Year (FY) results.

Executive Summary

This report presents the preliminary June 2023 monthly financial report. The financial results included in this report are subject to changes due to end of financial year adjustments yet to be processed, and adjustments that may be requested as part of the audit of the 2022/2023 FY Annual Financial Statements by the NSW Audit Office.

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.

The June 2023 financial report is a high-level summary report aimed at providing an initial financial position for 2022/2023 FY, subject to end of financial year adjustments and any adjustments arising from the audit of Council's Financial Statements. It is anticipated that the final result submitted for audit will vary significantly due to these adjustments.

Following the completion of all the necessary end of financial year adjustments, including accounting for all revenue and expenditure attributable to the 2022/2023 FY, Council's Annual Financial Statements will be compiled in the mandated format and submitted to Council to refer to audit.

Report

For the 2022/2023 FY, at the time of preparing this report, Council has a preliminary consolidated net operating result surplus of \$27.0M, before capital income, which is favourable to budget by \$19.9M and an preliminary net operating surplus including capital income of \$108.9M which is favourable to budget by \$29.6M.

It is noted that a prepayment equivalent to 100% of Council's entitlement regarding the Financial Assistance Grant for the 2023/2024 FY was made in the 2022/2023 FY. Council is required to account for grant funding received in the financial year it is received. Accordingly, an unbudgeted \$18.4M is included in the operating grants and contribution amount and reflects a significant amount of the positive operating result variance of \$19.9M.

It is to be noted that the operating result is subject to changes due to a number of end of year adjustments yet to be processed, including:

- Accrual of water billing revenue
- Accrual of other revenue
- Accrual of expenditure
- Processing of provisions
- Grants adjustments

It is anticipated that after these changes an overall surplus will be maintained.

At this stage, there is no scope to analyse the budget variations associated with each component of the Operating Statement below, as amounts are subject to change. Results by Fund are also subject to change to the end of year restrictions adjustments being still in progress at the time of preparing this report.

3.1 Monthly Finance Report June 2023 (contd)

Consolidated Operating Statement



June 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	Adopted Changes	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income											
Rates and Annual Charges	23,540	25,959	(2,419)	387,425	390,485	(3,061)	365,740	365,740	390,335	150	390,485
User Charges and Fees	375	13,086	(12,711)	147,713	159,769	(12,057)	140,237	140,237	145,542	14,228	159,769
Other Revenue	1,501	1,065	435	19,936	13,273	6,663	12,856	12,856	9,666	3,607	13,273
Interest	3,133	1,485	1,648	23,802	18,438	5,364	5,470	5,470	4,890	13,548	18,438
Grants and Contributions	32,222	20,726	11,496	55,490	48,260	7,230	47,717	47,717	34,046	14,214	48,260
Gain on Disposal	406	-	406	7,766	2,557	5,209	26,056	26,056	5,294	(2,737)	2,557
Other Income	887	668	219	9,683	9,020	663	7,909	7,909	7,917	1,103	9,020
Internal Revenue	5,579	4,662	917	61,331	59,381	1,950	68,851	68,851	58,441	941	59,381
Total Income attributable to Operations	67,643	67,652	(9)	713,146	701,184	11,961	674,838	674,838	656,131	45,053	701,184
Operating Expenses											
Employee Costs	22,720	19,564	(3,156)	178,853	178,783	(70)	162,831	162,831	180,750	(1,967)	178,783
Borrowing Costs	739	3,376	2,637	10,256	12,936	2,680	12,940	12,940	11,421	1,515	12,936
Materials and Services	22,643	22,411	(232)	212,168	221,715	9,547	174,256	174,256	205,479	16,236	221,715
Depreciation and Amortisation	16,132	18,712	2,580	175,414	177,608	2,195	169,041	169,041	158,781	18,827	177,608
Other Expenses	4,233	4,304	70	42,801	41,287	(1,514)	50,717	50,717	38,252	3,034	41,287
Loss on Disposal	12,761	1,816	(10,946)	17,116	10,200	(6,916)	4,469	4,469	-	10,200	10,200
Internal Expenses	4,517	7,927	3,410	49,507	51,516	2,009	60,136	60,136	51,691	(174)	51,516
Overheads	-	0	0	(0)	0	0	0	0	-	0	0
Total Expenses attributable to Operations	83,745	78,108	(5,636)	686,114	694,045	7,931	634,390	634,390	646,373	47,672	694,045
Operating Result after Overheads and before Capital Amounts	(16,102)	(10,456)	(5,646)	27,032	7,140	19,892	40,447	40,447	9,758	(2,618)	7,140
Capital Grants	1,543	8,445	(6,902)	33,243	53,002	(19,759)	35,785	35,785	55,740	(2,738)	53,002
Capital Contributions	13,714	1,430	12,284	48,596	19,105	29,492	29,841	29,841	20,143	(1,038)	19,105
Grants and Contributions Capital Received	15,257	9,875	5,382	81,839	72,106	9,733	65,626	65,626	75,883	(3,776)	72,106
Net Operating Result	(845)	(582)	(263)	108,871	79,246	29,625	106,073	106,073	85,640	(6,395)	79,246

Consultation

The preparation of the preliminary June 2023 monthly financial report included consultation with business units across Council to ensure all revenue and expenditure attributable to the 2022/2023 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.

For the 2022/2023 FY, at the time of preparing this report, Council has a preliminary consolidated net operating result surplus of \$27.0M, before capital income, which is favourable to budget by \$19.9M and a preliminary net operating surplus including capital income of \$108.9M which is favourable to budget by \$29.6M.

Cash and Investments / External Borrowings / Cash Flows

Details on cash and investments as at June 2023 is included in the Monthly Investment Report June 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 up 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 30 June 2023, the Emergency Loan Repayment restriction has a balance of \$43.0M.

Capital Works

At the time of preparing this report capital expenditure attributable to 2023/2024 FY was still being finalised.

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