

Item No: 2.2
Title: Monthly Finance Report January 2024
Department: Corporate Services



27 February 2024 Ordinary Council Meeting

Reference: F2020/03205 - D16047570
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Recommendation

That Council receives the Monthly Financial Report – January 2024.

Report purpose

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

Executive Summary

This report presents the January 2024 monthly financial report.

For 2023/2024 FY Council has budgeted an operating surplus before capital income of \$5.6M. The budgeted net operating position will fluctuate throughout the financial year, reflecting income and expenditure timing.

As at 31 January 2024, on a consolidated basis, Council has an operating surplus of \$29.8M against a budgeted operating surplus of \$3.4M.

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.

Consultation

The preparation of the January 2024 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

This report presents the financial position of Council as at 31 January 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 January 2024, Council has a consolidated net operating surplus of \$29.8M, before capital income, which is favourable to budget by \$26.4M, and a net operating surplus including capital income of \$67.0M which is favourable to budget by \$21.5M.

Consolidated Operating Statement											
January 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	37,984	34,619	3,365	244,854	245,404	(550)	224,272	389,283	421,456	296	421,752
User Charges and Fees	16,948	15,209	1,739	97,689	96,219	1,470	90,512	164,977	163,782	1,139	164,921
Other Revenue	1,264	1,061	202	12,014	7,211	4,803	11,775	21,086	13,683	271	13,955
Interest	3,451	932	2,520	22,160	15,352	6,808	11,531	23,888	15,244	4,690	19,934
Grants and Contributions	2,354	3,962	(1,608)	14,494	11,299	3,195	13,286	56,621	49,880	(3,126)	46,754
Gain on Disposal	186	-	186	998	-	998	1,015	7,785	-	-	-
Other Income	725	713	12	5,940	5,598	343	5,606	9,754	8,775	752	9,527
Internal Revenue	4,001	4,821	(820)	31,679	33,914	(2,235)	33,853	61,923	60,701	(2,105)	58,596
Total Income attributable to Operations	66,913	61,316	5,597	429,829	414,996	14,832	391,849	735,318	733,521	1,919	735,440
Operating Expenses											
Employee Costs	12,374	15,396	3,021	105,794	107,948	2,164	96,561	184,873	195,069	(279)	194,790
Borrowing Costs	687	596	(91)	5,594	6,126	532	6,070	13,073	13,746	1,243	14,989
Materials and Services	17,448	18,799	1,351	121,226	134,116	12,890	113,956	216,095	237,509	(560)	236,949
Depreciation and Amortisation	15,950	15,549	(401)	112,243	109,004	(3,239)	84,512	174,925	192,226	-	192,226
Other Expenses	3,133	3,465	332	25,475	26,183	708	26,193	44,044	44,523	127	44,649
Loss on Disposal	1,130	-	(1,130)	2,338	-	(2,338)	-	17,193	-	-	-
Internal Expenses	3,712	3,847	135	27,395	28,200	805	27,341	50,087	47,634	(1,401)	46,233
Overheads	0	0	-	0	0	0	(0)	0	(0)	-	(0)
Total Expenses attributable to Operations	54,434	57,651	3,217	400,055	411,577	11,522	354,634	700,290	730,708	(871)	729,837
Operating Result after Overheads and before Capital Amounts	12,479	3,665	8,813	29,774	3,419	26,354	37,215	35,028	2,813	2,790	5,603
Capital Grants	1,025	2,348	(1,322)	22,230	24,240	(2,010)	18,097	48,684	59,854	722	60,577
Capital Contributions	2,440	545	1,895	14,956	17,787	(2,831)	8,910	63,141	17,500	10,924	28,424
Grants and Contributions Capital Received	3,465	2,892	573	37,185	42,026	(4,841)	27,006	111,824	77,354	11,647	89,001
Net Operating Result	15,943	6,557	9,386	66,959	45,446	21,513	64,221	146,852	80,167	14,437	94,604

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

Operating Revenue – \$14.8M favourable to YTD Budget

- **Rates and Annual Charges (\$0.5M)**
Overall rates and annual charges are on track (within 0.4% of budget).
- **User charges (\$0.5M)**
Overall user charges are on track (within 0.9% of budget).
- **Fees +\$1.9M**
 - \$0.7M favourable variance from statutory and regulatory fees.

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- \$0.7M favourable variance on RMS User Charges.
- \$0.5M favourable variance on CCB Childcare Fee Relief.

- **Other revenue +\$4.8M**
 - \$3.7M favourable variance in unrealised gain on investments, floating rate notes and bonds. Net unrealised gain of \$2.8M January YTD.
 - \$0.4M favourable variance in insurance recoveries.
 - \$0.3M favourable variance in fines income.
 - \$0.2M favourable variance in Section 355 Committee income.
 - \$0.2M favourable variance in miscellaneous sales income.

- **Interest +\$6.8M**

Favourable variance predominantly from an increased interest rate environment, hence receiving more interest on investments than budgeted.

- **Grants and contributions +\$5.3M**

Favourable, timing only difference relating to:

 - \$3.2M in operating grants relating to Roads and Bridges Programs.
 - \$2.1M in operating grants relating to Bushfire and Emergency Services.

- **Gain on Disposal +\$1.0M**
 - \$1.0M favourable variance from disposals of plant & equipment.

- **Other Income +\$0.3M**
 - \$0.2M favourable variance in Community Facilities rental income.
 - \$0.1M favourable variance in Commercial rentals.

- **Internal revenue (\$2.2M)**
 - (\$1.0M) unfavourable variance in plant and fleet permanent hire.
 - (\$0.7M) unfavourable variance in plant pool hire.
 - (\$0.3M) unfavourable variance in road rehabilitation income.
 - (\$0.2M) unfavourable variance in facilities management charges.

Operating Expenses – \$11.5M favourable to YTD Budget

- **Employee costs + \$2.2M**
 - \$2.2M favourable variance due to vacancies across multiple Units.

- **Borrowing costs +\$0.5M**
 - \$0.5M favourable variance due to timing differences only.

- *Materials and services* **+\$12.9M**
 - \$8.6M favourable variance in contract, labour hire and consultant costs.
 - \$1.3M favourable variance in garbage collection.
 - \$1.3M favourable variance in materials purchased.
 - \$0.6M favourable variance in software licenses, memberships and software expenses.
 - \$0.4M favourable variance in electricity and gas costs.
 - \$0.3M favourable variance in green waste processing contract costs.
 - \$0.2M favourable variance in training costs.
 - \$0.2M favourable variance in audit fees.

Some of these variances are timing differences only.

- *Depreciation* **(\$3.2M)**
 - (\$2.9M) unfavourable variance in depreciation of roads.
 - (\$0.2M) unfavourable variance in depreciation of sewerage network.
 - (\$0.1M) unfavourable variance in depreciation of buildings.

- *Other expenses* **+\$0.7M**
 - \$1.1M favourable variance in EPA Waste Min Levy.
 - \$0.2M favourable variance in Crown Land Manager Levy.
 - \$0.2M favourable variance in Doubtful Debts (timing difference of calculation).
 - (\$0.8M) unfavourable variance in unrealised loss on investments, floating rate notes and bonds. Net unrealised gain of \$2.8M January YTD.

- *Loss on Disposal* **(\$2.3M)**

Unfavourable due to disposals of assets that were unbudgeted for, including:

 - Sewerage Network (\$1.1M)
 - Roads (\$0.5M)
 - Stormwater Drainage (\$0.2M)
 - Open Space/Recreation Assets (\$0.2M)
 - Bridges (\$0.2M)
 - Buildings (\$0.2M)

- *Internal expenses* **+\$0.8M**
 - \$1.1M favourable variance in Plant and Fleet Permanent Hire.
 - (\$0.3M) unfavourable variance in External Plant Hire.

Capital Items – (\$4.8M) unfavourable to YTD Budget• *Capital Grants* **(\$2.0M)**

Timing only difference relating to:

- (\$3.7M) of capital grants relating to RMS.
- (\$2.3M) of multiple other capital grant categories.
- \$0.4M of capital grants relating to Environmental Programs.
- \$0.8M of capital grants relating to Community Centres.
- \$1.0M of capital grants relating to Parks, Gardens and Beaches.
- \$1.8M of capital grants relating to Roads to Recovery.

• *Capital Contributions* **(\$2.8M)**

Unfavourable timing only differences relating to:

- (\$3.0M) of Open Space Works.
- (\$0.2M) of other small amounts from multiple categories of capital contributions.
- \$0.4M slightly offset by favourable timing only difference from non-developer contributions.

Financial Performance by Fund

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

Total General (+ Drainage & Waste) Fund Operating Statement



January 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	29,333	26,114	3,219	183,439	184,072	(633)	177,676	302,073	312,872	662	313,534
User Charges and Fees	8,720	7,361	1,359	44,232	42,286	1,946	42,311	79,306	72,227	1,139	73,367
Other Revenue	1,188	1,061	127	11,149	7,211	3,938	10,892	19,957	13,683	271	13,955
Interest	2,514	524	1,990	16,732	12,495	4,237	8,921	18,149	12,336	2,640	14,976
Grants and Contributions	2,311	3,945	(1,633)	14,315	11,180	3,135	13,228	56,253	49,880	(3,330)	46,550
Gain on Disposal	186	-	186	998	-	998	1,015	7,785	-	-	-
Other Income	725	713	12	5,940	5,598	343	5,604	9,752	8,763	764	9,527
Internal Revenue	3,647	4,621	(974)	30,250	32,514	(2,264)	32,738	59,248	58,030	(2,105)	55,925
Total Income attributable to Operations	48,625	44,338	4,286	307,056	295,355	11,701	292,385	552,521	527,792	42	527,834
Operating Expenses											
Employee Costs	10,343	13,891	3,548	87,347	90,835	3,488	82,764	156,491	163,347	(279)	163,068
Borrowing Costs	128	61	(66)	1,278	1,865	587	1,483	5,280	5,368	1,265	6,622
Materials and Services	14,854	15,396	542	99,130	109,649	10,519	95,247	181,380	190,650	(947)	189,703
Depreciation and Amortisation	9,573	9,148	(424)	67,225	64,201	(3,024)	49,749	102,748	113,759	(106)	113,653
Other Expenses	3,133	3,465	332	25,276	26,183	906	25,851	43,291	44,523	127	44,649
Loss on Disposal	78	-	(78)	1,124	-	(1,124)	-	15,015	-	-	-
Internal Expenses	2,841	2,817	(24)	20,355	20,437	81	20,913	37,851	35,857	(2,157)	33,700
Overheads	(2,067)	(2,067)	-	(14,467)	(14,467)	-	(13,219)	(20,067)	(24,801)	(2,105)	(24,801)
Total Expenses attributable to Operations	38,883	42,711	3,828	287,269	298,702	11,433	262,789	521,989	528,692	(2,098)	526,594
Operating Result after Overheads and before Capital Amounts	9,742	1,627	8,115	19,788	(3,346)	23,134	29,596	30,533	(900)	2,140	1,240
	-	-	-	-	-	-	-	-	-	-	-
Capital Grants	79	1,885	(1,806)	15,840	17,460	(1,620)	10,165	30,264	35,318	8,131	43,449
Capital Contributions	1,288	-	1,288	10,873	13,501	(2,628)	5,409	54,647	10,964	10,451	21,415
Grants and Contributions Capital Received	1,366	1,885	(519)	26,713	30,960	(4,247)	15,575	84,911	46,282	18,581	64,863
Net Operating Result	11,108	3,512	7,596	46,501	27,614	18,887	45,171	115,443	45,381	20,722	66,103

Total Water & Sewer Fund											
Operating Statement											
January 2024											
	CURRENT MONTH			YEAR TO DATE				FULL YEAR			
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD	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	8,651	8,505	146	61,415	61,332	83	46,595	87,209	108,584	(366)	108,218
User Charges and Fees	8,227	7,847	380	53,457	53,933	(476)	48,201	85,672	91,555	-	91,555
Other Revenue	75	-	75	864	-	864	882	1,130	-	-	-
Interest	938	408	530	5,428	2,857	2,571	2,609	5,739	2,908	2,050	4,958
Grants and Contributions	42	17	25	180	119	61	58	368	-	204	204
Gain on Disposal	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	2	2	12	(12)	-
Internal Revenue	354	200	154	1,428	1,400	29	1,116	2,676	2,671	-	2,671
Total Income attributable to Operations	18,288	16,978	1,310	122,772	119,641	3,131	99,464	182,796	205,729	1,876	207,605
Operating Expenses											
Employee Costs	2,031	1,505	(526)	18,436	17,113	(1,324)	13,797	28,383	31,722	-	31,722
Borrowing Costs	559	535	(24)	4,316	4,261	(55)	4,587	7,794	8,389	(22)	8,367
Materials and Services	2,584	3,403	809	22,096	24,468	2,371	18,709	34,716	46,858	387	47,246
Depreciation and Amortisation	6,377	6,400	23	45,018	44,803	(215)	34,763	72,177	78,468	106	78,574
Other Expenses	-	-	-	199	-	(199)	342	752	-	-	-
Loss on Disposal	1,053	-	(1,053)	1,214	-	(1,214)	-	2,178	-	-	-
Internal Expenses	871	1,030	159	7,040	7,763	724	6,428	12,236	11,777	756	12,534
Overheads	2,067	2,067	-	14,467	14,467	-	13,218	20,067	24,801	-	24,801
Total Expenses attributable to Operations	15,551	14,940	(611)	112,786	112,875	89	91,845	178,301	202,015	1,227	203,243
Operating Result after Overheads and before Capital Amounts	2,737	2,038	699	9,986	6,766	3,220	7,619	4,495	3,713	649	4,363
Capital Grants	947	463	484	6,390	6,780	(390)	7,931	18,420	24,537	(7,408)	17,128
Capital Contributions	1,152	545	607	4,083	4,286	(204)	3,500	8,494	6,536	474	7,009
Grants and Contributions Capital Received	2,099	1,007	1,091	10,472	11,066	(594)	11,432	26,913	31,072	(6,934)	24,138
Net Operating Result	4,835	3,045	1,790	20,458	17,832	2,627	19,051	31,409	34,786	(6,285)	28,501

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.

<i>Financial Performance Ratio</i>	<i>Industry Benchmark</i>	<i>Ratio as at 31/01/24</i>
Operating Performance Ratio	> 0%	7.8%
Own Source operating Revenue Ratio	> 60%	88.0%
Unrestricted Current Ratio	> 1.5x	3.5x
Cash Expense Cover Ratio	> 3 months	7.3 months
Buildings and Infrastructure Renewals Ratio	> = 100%	82.9% (year to date)

As at the end of the January 2024, on a consolidated basis, Council exceeded the mandated benchmark for the operating result, achieving 7.8%.

Council has also performed favourably against the unrestricted current ratio, achieving 3.5x 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 January 2024, Council was tracking well to meet the building and infrastructure renewals benchmark by the end of the financial year.

Cash and Investments

Details on cash and investments as at January 2024 is included in the Monthly Investment Report January 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	224,603	38,542	263,145	16,320	28,619	106,447
Internal Restricted Funds	112,383	68	112,451	974	935	45
Total Restricted Funds	336,986	38,610	375,596	17,294	29,554	106,492
Unrestricted Funds	88,238	(32,383)	55,855	12,199	128,944	15,444
Total funds by Fund	425,224	6,227	431,451	29,493	158,498	121,936

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

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

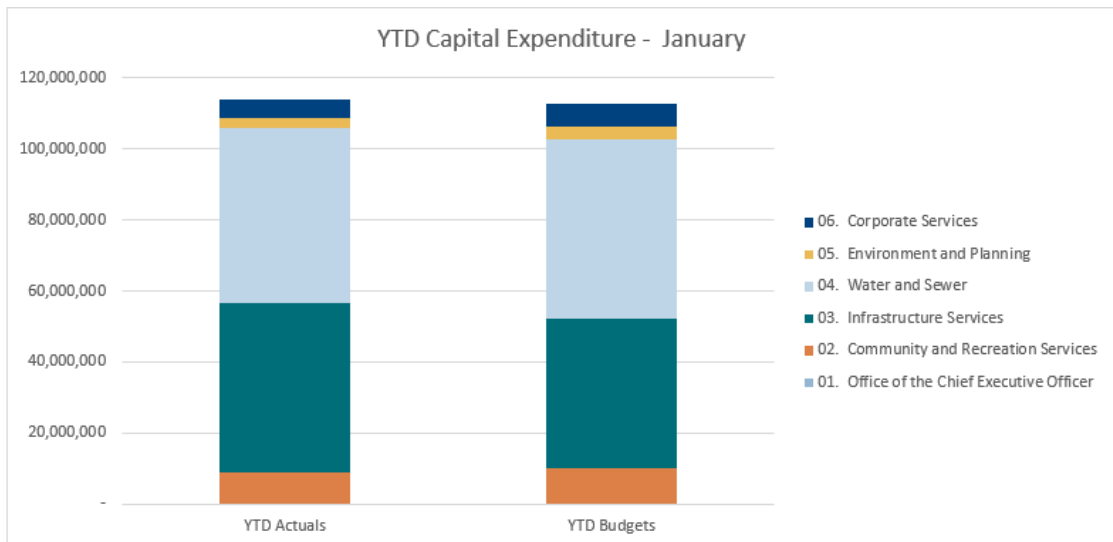
2.2 Monthly Finance Report January 2024 (cont'd)

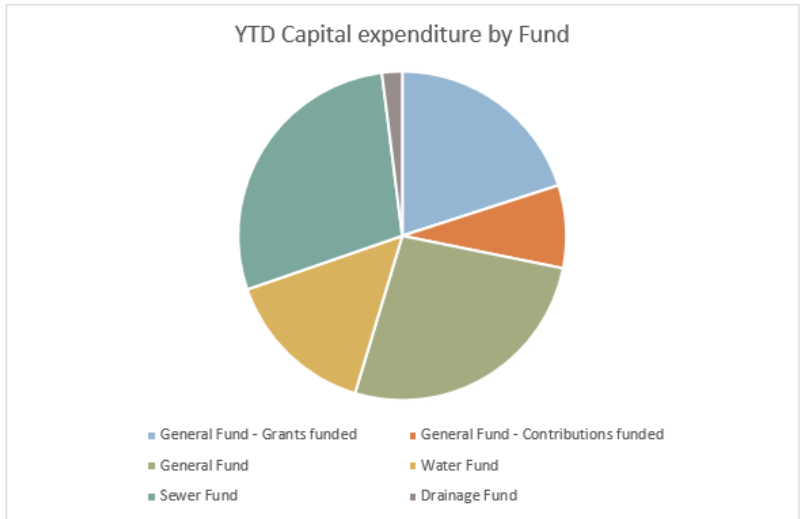
will be monitored and the timing and amount of any repayment or extinguishment of the loan will be optimised accordingly.

Capital Works

As at 31 January 2024 capital expenditure is \$114.1M against a YTD budget of \$112.6M for the same period, and a 2023/2024 FY budget of \$216.5M.

Department	YTD Actuals	YTD Budgets	YTD Variance	Full Year Approved Budget
01. Office of the Chief Executive Officer	-	-	-	-
02. Community and Recreation Services	8,971,188	9,957,150	985,962	25,650,886
03. Infrastructure Services	47,539,509	42,249,417	(5,290,092)	77,857,305
04. Water and Sewer	49,472,805	50,673,223	1,200,418	84,155,136
05. Environment and Planning	2,681,314	3,525,220	843,906	10,600,536
06. Corporate Services	5,451,240	6,174,081	722,841	18,236,000
Total	114,116,056	112,579,091	(1,536,965)	216,499,863





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