



Item No: 2.1
Title: Monthly Finance Report March 2025
Department: Corporate Services

29 April 2025 Ordinary Council Meeting

Reference: F2020/03205 - D16628102
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Recommendation

That Council receives the Monthly Financial Report – March 2025

Report purpose

To present to Council the monthly financial report for March 2025.

Executive Summary

For 2024-25 FY Council has budgeted, on a consolidated basis, an adopted operating surplus before capital income of \$19.1M (Original Budget \$10.7M). As at 31 March 2025, Council has an operating surplus of \$26.3M, compared to a YTD budgeted operating surplus of \$5.6M.

The budgeted net operating position will fluctuate throughout the financial year, reflecting income and expenditure timing. This YTD variance of \$20.6M represents 2.5% of Council's gross annual operating expenditure budget of \$796M.

As at the end of the reporting period, there are no concerns regarding Council's performance against the adopted budget as variances are within acceptable thresholds. 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 31 March 2025, Council has a consolidated net operating surplus of \$26.3M, before capital income, which is favourable to YTD budget by \$20.6M. The overall variance is predominantly driven by a YTD favourable variance in operating expenses, being a favourable YTD variance of \$16.5M (2.1% of full year budget) of operating expenses and a YTD favourable variance in operating income against budget of \$4.1M (0.5% of full year budget).

YTD income and YTD expenditure respectively are within 3% variance when compared to the YTD Budget.

The net operating surplus including capital income is \$122.8M which is favourable to YTD budget by \$36.8M.

Variances are summarised and detailed below.

Income and expenditure are currently being reviewed as part of the Q3 March 2025 Quarterly Budget Review that will be submitted to Council at the May 2025 meeting. The review is focused on ensuring that over the last quarter of the financial year the available budgets are optimised and aligned with the organisational priorities.

Table 1 – Consolidated (all Funds) Operating Statement March 2025

<div> <div>Consolidated</div> <div>Operating Statement</div> <div>March 2025</div> <div>Central Coast Council</div> </div>							
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	%
Operating Income							
Rates and Annual Charges	421,528	460,606	461,731	343,992	343,264	(728)	0%
User Charges and Fees	169,410	170,284	176,864	121,661	121,842	181	0%
Other Revenue	24,155	15,532	17,710	9,293	12,728	3,435	37%
Interest	38,249	26,022	28,926	20,375	24,099	3,723	18%
Grants and Contributions	52,810	44,668	51,947	21,514	21,449	(65)	0%
Gain on Disposal	3,084	-	590	590	946	356	60%
Other Income	10,306	10,462	10,719	8,043	8,765	722	9%
Internal Revenue	57,120	56,950	66,743	48,713	45,214	(3,498)	7%
Total Income attributable to Operations	776,662	784,524	815,229	574,181	578,307	4,125	1%
Operating Expenses							
Employee Costs	194,560	217,710	218,821	159,734	158,016	1,718	1%
Borrowing Costs	12,466	12,010	12,664	5,929	5,797	132	2%
Materials and Services	229,244	245,138	244,324	173,484	162,137	11,347	7%
Depreciation and Amortisation	197,293	202,942	210,225	156,894	157,105	(211)	0%
Other Expenses	43,096	47,217	51,026	30,115	29,411	704	2%
Loss on Disposal	11,911	-	1,446	1,422	1,935	(513)	36%
Internal Expenses	49,488	48,807	57,663	40,959	37,642	3,317	8%
Overheads	(0)	-	-	(0)	(0)	(0)	100%
Total Expenses attributable to Operations	738,060	773,823	796,168	568,536	552,043	16,493	3%
Operating Result after Overheads and before Capital Amounts	38,602	10,701	19,061	5,645	26,264	20,619	365%
Capital Grants	63,325	85,684	72,042	30,893	40,974	10,080	33%
Capital Contributions	43,842	23,908	55,733	49,455	55,538	6,083	12%
Grants and Contributions Capital Received	107,167	109,592	127,774	80,349	96,512	16,163	20%
Net Operating Result	145,769	120,293	146,835	85,994	122,776	36,782	43%

Variance analysis on the consolidated operating result is as follows:

Operating Revenue

Rates and Annual Charges

\$0.7M Unfavourable to YTD budget.

- This variance predominantly relates to budget timing difference relating to the receipt of the state government funded component of the pensioner subsidy.

User Fees and Charges

\$0.2M Favourable to YTD budget. Main variances include:

- \$0.1M favourable Water and Sewer charges due to usage being higher than anticipated.
- \$0.3M favourable on Tipping fees aligned with higher than forecast activity. Income is subject to market forces and is being monitored.

- \$0.3M favourable on Holiday Park fees aligned with higher than forecast activity.
- \$0.3M favourable on Swimming Centre fees aligned with higher than forecast activity.
- \$0.3M unfavourable on Development Applications fees aligned with lower than forecast activity.
- \$0.5M unfavourable on Transport for NSW Works predominately related to delays in works being finalised. Expected works to be caught up in Q4.
- Balance is made up of variances across various operations.

Other Revenue

\$3.4M Favourable to YTD budget.

- \$1.8M favourable as a result of the sale of biodiversity credits exceeding the budgeted amount. This income is restricted to Conservation Fund restriction.
- \$0.7M favourable variance in income from community events and the associated sales and sponsorship revenue.
- \$0.5M favourable variance in Other Ticket income from higher than forecast patronage at Stadium.
- \$0.5M favourable variance in unrealised gains on investments that are subject to market movements. This income item is subject to volatility as it is driven by external market forces. Accordingly, the budget is updated each quarter based on actual unrealised gains recorded at that point in time. This approach is applied to minimise the risk of significant adverse budget impacts in the event of a major market downturn.
- Balance is made up of variances across various operations.

Interest

\$3.7M Favourable to YTD budget.

- Favourable variance due to interest received being higher than budget due to a combination of a more favourable interest rate environment than expected, and the level of funds invested. It is noted that this current variance allows a buffer for any future interest rate drops to be absorbed without an actual adverse impact on the budgeted amount.

Operating Grants and Contributions

\$0.1M Unfavourable to YTD budget.

- Nil significant individual funding variances to budget. Balance is made up of variances across various operations.

Gain on Disposal

\$0.4M Favourable to YTD budget.

- Predominantly due to favourable results from disposals of plant & equipment through the programmed change overs.

Other Income

\$0.7M Favourable to YTD budget.

- \$0.4M favourable commercial lease income (budget timing difference).
- \$0.3 favourable variance in Facilities Hire Income due to higher than forecast activity.

Internal revenue

\$3.5M Unfavourable to YTD budget.

- Predominately related to decreased internal tipping and plant hire activity in relation to the delivery of externally funded roads maintenance programs. Internal expenses are offset by internal income.

Operating Expenses

Employee Costs

\$1.7M Favourable to YTD budget.

- Favourable predominantly due to staff vacancies trending higher than budget, offset by unfavourable variances in other employee costs.

Borrowing Costs

\$0.1M Favourable to YTD budget.

- This variance predominantly relates to budget phasing.

Materials and Services

\$11.3M Favourable to YTD budget. Variances are mainly timing in nature. Main variances include:

- \$1.9M favourable in Water & Sewer due to timing of programmed delivery.
- \$3.2M favourable relating to timing of election expense payments against budget. Council has been advised that the invoice will be sent to Council in April 2025.
- \$0.8M favourable in Information Technology (timing of contract payments).
- \$0.6M favourable in Roads Maintenance delivery (timing of contract payments).

- \$0.2M favourable in Waste Management (timing of contract payments).
- \$1.1M favourable predominantly in Holiday Parks and Commercial Property (timing of contract payments).
- \$0.7M favourable in Environmental Management and Strategic Planning due to timing of programmed delivery and invoicing.
- \$1.5M favourable in Community and Culture due to timing of programmed delivery.
- Balance is made up of variances across various operations.

Depreciation

\$0.2M Unfavourable to YTD budget.

- Predominantly timing in nature, this variance relates to the timing of capitalisation processing, and the recognition of donated assets.

Other Expenses

\$0.7M Favourable to YTD budget.

- Predominantly due to decreased EPA levy in line with decreased tipping revenue as at the end of the reporting period.

Loss on Disposal

\$0.5M Unfavourable to YTD budget.

- Variance due to asset values having residual values at time of disposal due to earlier than anticipated infrastructure replacement.

Internal expenses

\$3.3M Favourable to YTD budget.

- Predominately related to decreased internal tipping, partially offset by increased plant hire activity in relation to the delivery of externally funded roads maintenance programs. Internal expenses are offset by internal income.

Capital Income

Capital Grants

\$10.1M Favourable to YTD budget. Timing differences associated with the recognition of income with capital delivery and payment milestones.

Capital Contributions

\$6.1M Favourable to YTD budget.

- Predominantly driven by the recognition of donated assets and some favourable activity in developer contributions. Budget adjustments are included in future quarterly reviews as assets are recognised.

This variance is consistent with the nature of forecasting the exact timing of these external payment activities.

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 - March 2025


Total General (+Drainage & Waste) Fund 							
Operating Statement March 2025							
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	%
Operating Income							
Rates and Annual Charges	313,733	329,428	330,552	247,497	246,916	(581)	0%
User Charges and Fees	76,366	75,789	79,358	62,803	63,043	240	0%
Other Revenue	22,826	15,532	17,360	8,943	12,199	3,256	36%
Interest	28,347	22,440	23,001	15,716	17,620	1,904	12%
Grants and Contributions	52,506	44,668	51,846	21,425	21,417	(7)	0%
Gain on Disposal	2,482	-	590	590	946	356	60%
Other Income	10,306	10,462	10,719	8,043	8,765	722	9%
Internal Revenue	52,827	54,085	62,254	45,994	42,760	(3,234)	7%
Total Income attributable to Operations	559,392	552,403	575,681	411,012	413,667	2,655	1%
Operating Expenses							
Employee Costs	159,433	177,004	177,861	128,879	128,360	519	0%
Borrowing Costs	4,934	3,352	4,897	1,024	949	75	7%
Materials and Services	183,599	191,871	194,932	139,702	130,258	9,444	7%
Depreciation and Amortisation	116,976	118,464	123,700	92,363	93,226	(863)	1%
Other Expenses	42,817	47,217	50,856	29,945	29,092	853	3%
Loss on Disposal	8,703	-	1,173	1,149	1,647	(498)	43%
Internal Expenses	36,876	34,518	36,222	26,505	26,367	139	1%
Overheads	(24,514)	(23,585)	(26,743)	(20,057)	(20,057)	(0)	0%
Total Expenses attributable to Operations	528,824	548,841	562,897	399,510	389,842	9,668	2%
Operating Result after Overheads and before Capital Amounts	30,569	3,562	12,783	11,502	23,825	12,323	107%
Capital Grants	52,066	65,482	59,032	21,628	31,500	9,871	46%
Capital Contributions	36,009	17,908	48,396	43,618	50,332	6,714	15%
Grants and Contributions Capital Received	88,075	83,390	107,427	65,247	81,832	16,585	25%
Net Operating Result	118,644	86,951	120,211	76,748	105,657	28,909	38%

Table 3 – Water and Sewer Fund Operating Statement - March 2025

<div> <div>Total Water & Sewer Fund</div> <div>Operating Statement</div> <div>March 2025</div> <div>Central Coast Council</div> </div>							
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	%
Operating Income							
Rates and Annual Charges	107,795	131,178	131,178	96,495	96,348	(148)	0%
User Charges and Fees	93,044	94,495	97,505	58,858	58,798	(59)	0%
Other Revenue	1,329	-	350	350	529	179	51%
Interest	9,902	3,582	5,925	4,659	6,478	1,819	39%
Grants and Contributions	304	-	101	89	31	(57)	65%
Gain on Disposal	602	-	-	-	-	-	100%
Other Income	-	-	-	-	-	-	100%
Internal Revenue	4,294	2,866	4,488	2,718	2,454	(264)	10%
Total Income attributable to Operations	217,269	232,122	239,548	163,169	164,640	1,470	1%
Operating Expenses							
Employee Costs	35,127	40,705	40,960	30,855	29,656	1,199	4%
Borrowing Costs	7,533	8,658	7,767	4,905	4,847	58	1%
Materials and Services	45,645	53,267	49,391	33,782	31,879	1,903	6%
Depreciation and Amortisation	80,317	84,478	86,525	64,531	63,879	652	1%
Other Expenses	279	-	170	170	319	(149)	88%
Loss on Disposal	3,208	-	273	273	288	(15)	6%
Internal Expenses	12,612	14,289	21,441	14,453	11,275	3,178	22%
Overheads	24,514	23,585	26,743	20,057	20,057	-	0%
Total Expenses attributable to Operations	209,236	224,982	233,271	169,026	162,201	6,825	4%
Operating Result after Overheads and before Capital Amounts	8,033	7,139	6,277	(5,857)	2,439	8,296	142%
Capital Grants	11,259	20,202	13,010	9,265	9,474	209	2%
Capital Contributions	7,833	6,000	7,337	5,837	5,206	(631)	11%
Grants and Contributions Capital Received	19,092	26,202	20,347	15,102	14,680	(422)	3%
Net Operating Result	27,125	33,341	26,624	9,245	17,119	7,873	85%

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 – March 2025

Financial Performance Ratio	Industry Benchmark	Full year Forecast	Ratio – YTD Actuals	
Operating Performance Ratio	> 0%	1.47%	5.1%	✓
Own Source operating Revenue Ratio	> 60%	81.57%	81.2%	✓
Unrestricted Current Ratio	> 1.5x	2.57x	4.5x	✓
Cash Expense Cover Ratio	> 3 months	3.44 months	4.9 months	✓
Buildings and Infrastructure Renewals Ratio	100%	138%	126%	
Infrastructure Maintenance Ratio	100%	n/a	47.7%	

As at the end of the March 2025, on a consolidated basis, Council exceeded the mandated benchmark for the operating performance ratio, achieving 5.1%.

Council has also performed favourably against the unrestricted current ratio, achieving 4.5x 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. It is noted that the reported shortfall in asset maintenance is predominantly reported for building assets. A review of the cost allocation for building maintenance has indicated that the cost allocation of some building maintenance needs to be reviewed to ensure that these costs are captured within the inputs of the ratio calculation.

Annual performance in regard to 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.

Cash and Investments

Details on cash and investments as at 31 March 2025 are included in the Monthly Investment Report March 2025.

Loans

As at 31 March 2025 Council has borrowings totaling \$207.6M, across all Funds and including the remaining Emergency Loan that is due to be fully paid in November 2025.

Table 5 – Outstanding loan borrowings by fund – March 2025

Fund	General Fund	Drainage Fund	General Fund Consolidated with Drainage Fund	Water and Sewer Fund
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
External loans – current	4,394	588	4,982	15,882
External loans - non current (excluding emergency loan)	8,848	5,870	14,718	136,426
Emergency loan	35,556	0	35,556	0
Total external loans	48,798	6,458	55,256	152,308

Current loans refer to loans payable in the next 12 months, while non-current loans are those payable after that.

Borrowing for infrastructure assets such as sewer, water, and drainage assets, which benefit multiple generations is appropriate, and is good practice, to achieve intergenerational equity.

General Fund Debt

Although council has sufficient unrestricted cash to extinguish all General Fund loans, it is not prudent to do so as early payment would result in break costs and the investment portfolio is returning a higher rate than the holding costs of the loans.

After the extinguishment of one of the emergency loans taken out in 2020, Council has the second emergency loan due to be refinanced or extinguished in November 2025.

During the month of March 2025, a repayment of \$0.3M was made against the emergency loan, reducing the balance from \$35.8M reported as at the end of February 2025 to \$35.5M as at the end of this reporting period.

Council is setting aside \$1.4M each month in an internal restriction to be able to repay the Emergency Loan in November 2025 without the need to refinance any part of the loan, and without impacting on unrestricted cash at time of payment.

Excluding the outstanding emergency loan, Council has a relatively low level of debt considering the size of this Council.

Capital Works

For 2024-25, Council has a FY capital budget of \$316.5M. As at 31 March 2025 capital expenditure is \$185.4M against a YTD budget of \$193.0M for the same period. Commitments (approved purchase orders to external suppliers) of \$45.4M have been raised for delivery this year.

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

Table 8 – Capital Expenditure – March 2025

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	48,536	25,599	23,205	6,100	2,394	9.4%
03. Infrastructure Services	106,650	112,661	77,123	71,751	16,307	5,372	7.0%
04. Water and Sewer	122,366	122,366	74,069	73,627	16,311	441	0.6%
05. Environment and Planning	9,911	10,933	4,872	4,259	1,704	613	12.6%
06. Corporate Services	18,180	22,040	11,242	12,544	4,939	(1,302)	-11.6%
Total	308,527	316,536	192,905	185,387	45,361	7,519	3.9%

Figure 1 – Capital Expenditure by Directorate

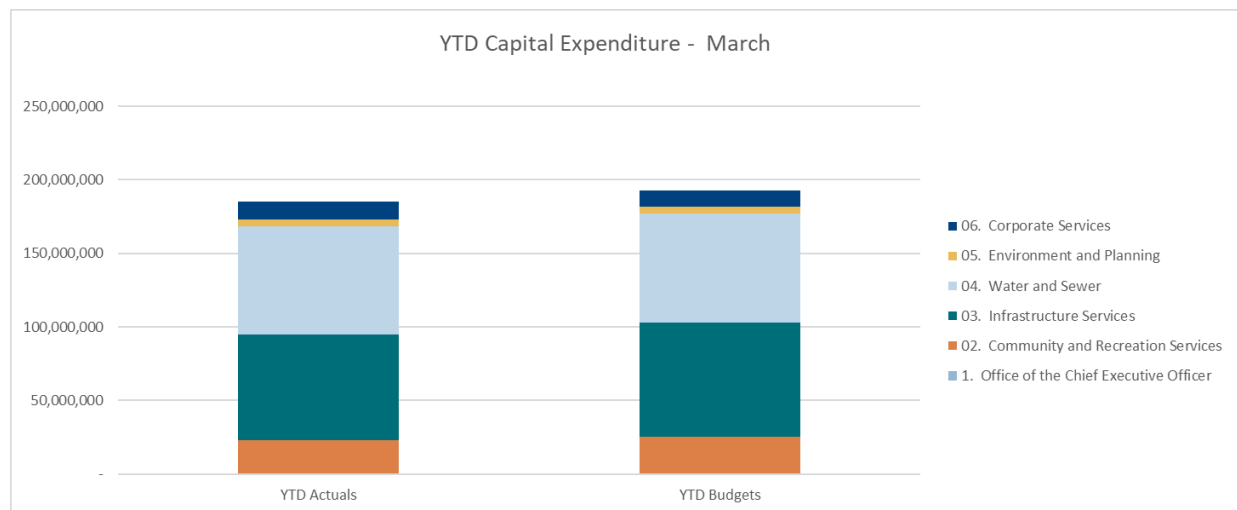
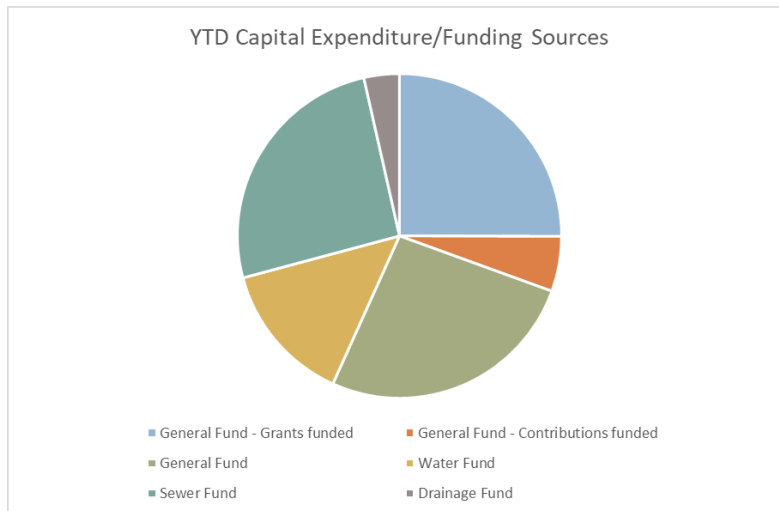


Figure 2 – Capital Expenditure by Funding Source

Stakeholder Engagement

The preparation of the March 2025 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 31 March 2025. Variations from budgeted amounts are detailed and an explanation provided. 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.

This process mitigates the risk of Council's financial performance deviating from the adopted budget and ultimately altering the trajectory of Council's Long Term Financial Plan.

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