

Item No: 3.1
Title: Monthly Finance Report June 2025
Department: Corporate Services



22 July 2025 Ordinary Council Meeting

Reference: F2020/03205 - D16948286

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Support

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Recommendation

That Council receives the Monthly Financial Report – June 2025 (preliminary) .

Report purpose

To present to Council the preliminary assessment of the anticipated financial position for the 2024-25 FY, noting that the final operating result will change as end of financial year processes continue.

Executive Summary

This report presents the preliminary assessment of the anticipated financial position for the 2024-25 FY, noting there are still significant transactions to be processed.

Council's budgeted operating surplus for 2024-25 FY is \$37.9M. Council received \$10.1M less than budgeted for the Financial Assistance Grant. This shortfall has a direct adverse impact on the budgeted surplus. At the time of writing this report various end of financial year adjustments were yet to be calculated and processed.

At this stage of the end of financial year process, it is not possible to ascertain the estimated operating surplus. However, based on amounts already processed, as at 14 July 2025, it is anticipated that the 2024-25 FY operating result will be within an acceptable variance of the 2024-25 FY Adopted Budget.

The outstanding transactions predominantly relate to expenditure. Further adjustments may also be requested as part of the audit of the 2024-25 FY Annual Financial Statements by the NSW Audit Office.

It is intended that the 2024-25 Draft Financial Statements will be presented to Council for referral to audit at the September 2025 Council meeting.

Background

Following the end of financial year on 30 June 2025, various processes are being undertaken to ensure that all revenue and expenditure attributable to the 2024-25 FY are accurately captured and processed.

In addition, various adjustments are also required to ensure that liabilities in the form of provision amounts on Council's Balance Sheet are at an adequate level based on external reviews and other relevant criteria. If amounts to be provided for need to be increased, the movement is captured as expenditure in the financial year.

End of year processes also include a review of asset related expenditure to ensure amounts accounted for reflect the anticipated useful life of assets and to ensure that the appropriate depreciation is accounted for.

Following the completion of all the necessary end of financial year adjustments, Council's Annual Financial Statements will be compiled in the mandated format and submitted to Council to refer to audit.

Report

Council's budgeted operating surplus for 2024-25 FY of \$37.9M. This budgeted operating result is directly adversely impacted by a shortfall of \$10.1M in the Financial Assistance Grant prepayment amount, compared to the budgeted amount.

At the time of writing this report, various end of financial year adjustments were yet to be calculated and processed.

At this stage of the end of financial year process, it is not possible to ascertain the estimated operating surplus. However, based on amounts already processed, as at 14 July 2025, it is anticipated that the 2024-25 FY operating result will be within an acceptable variance of the 2024-25 FY Adopted Budget.

The outstanding transactions predominantly relate to expenditure. Further adjustments may also be requested as part of the audit of the 2024-25 FY Annual Financial Statements by the NSW Audit Office.

Material end of year adjustments yet to be processed include:

- Accrual of revenue
- Accrual of expenditure
- Processing of provisions
 - o Employee Leave Entitlements (based on Actuary report)
 - o Workers Compensation (based on Actuary report)
 - o Tip Remediation
 - o Doubtful Debts
- Assets related adjustments

Financial Assistance Grant

For the 2024-25 FY, Council budgeted to receive \$31.5M regarding the Financial Assistance Grant. The budgeted amount was based on the assumption that Council would receive 85% of the 2025-26 FY estimated grant entitlement, in line with the previous financial year prepaid amount. On 24 June 2025, Council received \$16.6M, which equates to approximately 50% of the entitlement. The total Financial Assistance Grant payments received in 2024-25 FY are \$21.4M, resulting in a \$10.1M shortfall from the budgeted amount. It is noted that, the total amount budgeted to be received in 2025-26 FY will consequently need to be reviewed as part of future Quarterly Operational and Budget Reviews.

At this stage, there is limited scope to analyse the budget variations associated with each component of the Operating Statement, as amounts are subject to change.

Results by Fund are also subject to change due to the end of year restrictions adjustments being still in progress at the time of preparing this report. This analysis will be provided in August 2025 with finalised statements expected in September.

Financial Performance Benchmarks

At the time of preparing this report the Financial Performance Benchmarks for 2024-25 FY will be finalised as part of the production of Council's financial statements. It is noted that the Office of Local Government (OLG) is currently reviewing the benchmarks and changes are expected in the 2025/26 financial year.

Cash and Investments

Details on cash and investments as at June 2025 are included in the Monthly Investment Report June 2025, included as a separate report in this business paper.

Loans

As at 30 June 2025, Council has borrowings totaling \$211.4M, across all Funds and including the remaining Emergency Loan that is due to be fully paid in November 2025.

3.1 Monthly Finance Report June 2025 (cont'd)

Fund	General Fund (\$'000)	Drainage Fund (\$'000)	General Fund Consolidated with Drainage Fund (\$'000)	Water and Sewer Fund (\$'000)
External loans – current	6,857	1,328	8,185	26,347
External loans - non current (excluding emergency loan)	6,012	4,964	10,976	131,182
Emergency loan	34,723	0	34,723	0
Total external loans	47,592	6,292	53,884	157,529

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 June 2025, a repayment of \$0.3M was made against the emergency loan, reducing the balance from \$35.0M reported as at the end of May 2025 to \$34.7M 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.

Restricted Funds

At the time of preparing this report restrictions for 2024-25 FY were still being finalised as part of the production of Council's financial statements.

Capital Works

At the time of preparing this report capital expenditure attributable to 2024-25 FY was still being finalised as part the production of Council's financial statements.

Link to Community Strategic Plan

Following the adoption of the Community Strategic Plan (CSP) and framework in June 2025, Council report templates are being updated with new CSP themes and goals and will be available from August 2025. Contents in this report are aligned with the adopted CSP.

Attachments

Nil.