

## 7.5 February 2024 Monthly Financial Report

### Executive Summary

#### Purpose

The purpose of this report is to provide Council the Monthly Financial Report for February 2024. The Monthly Financial Report is designed to identify and explain major variances at an organisational level and is provided in **Attachment 1**.

#### Background

The year to date annual budget referred to in this report reflects the 2023-24 Amended Budget, approved by Council on 23 October 2023 which includes the carry forward funding for 2022-23 priority projects and capital works forward commitments.

#### Key Issues

##### **Year to date actuals vs. 2023-24 Amended Budget**

Council's favourable operating result against year to date budget of \$96.40 million is \$12.66 million or 15% above the 2023-24 Amended Budget of \$83.74 million primarily due to a number of factors which are outlined in **Section 2 of Attachment 1 - Financial Overview**.

Capital works actual expenditure of \$33.25 million which is \$7.01 million below year to date budget phasing of \$40.26 million. Priority projects expenditure of \$12.94 million is \$5.70 million below year to date budget of \$18.64 million.

Council's Balance Sheet and cash position are sound and depict a satisfactory result. At the end of January Council's cash position stood at \$188.54 million or \$24.29 million above year to date budget.

### Officers' recommendation

That Council resolve to:

1. Receive and note the Monthly Financial Report for February 2024. (**Attachment 1**).

**Responsible director:** Phillip Storer, Chief Executive Officer

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## **1. Purpose**

The purpose of this report is to provide Council the Monthly Financial Report for February 2024. The Monthly Financial Report is designed to identify and explain major variances at an organisational level and is provided in **Attachment 1**.

## **2. Policy implications and relevance to community plan and council plan**

This report is consistent with the Boroondara Community Plan 2021-31, incorporating the 10-year Community Vision, Council Plan 2021-25 and Municipal Health and Wellbeing Plan 2021-25 (MPHWP). In particular, the Council Plan theme of Leadership & Governance and the strategy “Resources are responsibly allocated and used through sound financial and asset planning, procurement and risk management practices”.

## **3. Background**

The year to date annual budget referred to in this report reflects the 2023-24 Amended Budget, approved by Council on 23 October 2023 which includes the carry forward funding for 2022-23 priority projects and capital works forward commitments.

## **4. Outline of key issues/options**

### **Year to date actual vs. year to date 2023-24 Amended Budget**

The favourable operating result against year to date budget of \$96.40 million is \$12.66 million or 15% above the 2023-24 Amended Budget of \$83.74 million primarily due to a number of factors which are outlined in **Section 2 Financial Overview**.

### **Balance Sheet and Cash Flow Statement**

Cash and investment holdings are \$188.54 million as at 29 February 2024, or \$24.29 million higher than year to date budget of \$164.25 million. This represents an increase of \$42.29 million from 30 June 2023.

The Balance Sheet as at 29 February 2024 indicates a satisfactory result with total current assets of \$254.56 million and total current liabilities of \$65.43 million.

Please refer to **page 9 of Attachment 1** for further detail.

### **Capital Works**

Council's year to date performance in gross capital works expenditure is \$33.25 million which is \$7.01 million below year to date budget phasing of \$40.26 million. Year to date actual and commitments as at 29 February 2024 equates to \$69.06 million.

**Priority Projects**

Council's year to date performance in gross priority projects expenditure is \$12.94 million which is \$5.70 million below year to date phasing of \$18.64 million. Year to date actual and commitments as at 29 February equates to \$29.28 million.

Refer to page **3 and 4 of Attachment 1** for graphical representation of capital works and priority projects year to date budget, actual and committed expenditure.

**5. Consultation/communication**

The Executive Leadership Team has reviewed and approved the report.

**6. Financial and resource implications**

Council's current operating and cash flow position is sound. Council continues to monitor and review the financial impacts of COVID-19 on Council's operating budget.

**7. Governance issues**

No officers involved in the preparation of this report have a general or material conflict of interest requiring disclosure under chapter 5 of the Governance Rules of Boroondara City Council.

The recommendation contained in this report is compatible with the Charter of Human Rights and Responsibilities 2006 as it does not raise any human rights issues.

**8. Social and environmental issues**

There are no direct impacts resulting from this report.

**Manager:** Sapphire Allan, Acting Chief Financial Officer

**Report officer:** Daniel Allen, Management Accountant



# Monthly Financial Report

February 2024



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## 1. Executive Overview

### 1.1 Introduction and overview

The Monthly Financial Report for February 2024 has been prepared in accordance with Australian Accounting Standards.

This monthly report is designed to identify major variations against the 2023-24 Amended Budget at an organisational level.

The year to date and annual budget referred to in this report reflects the 2023-24 Amended Budget adopted by Council on 23 October 2023 which includes the carry forward funding for final 2022-23 priority projects and capital works forward commitments.

### 1.2 Key financial highlights and overview

Key financial summary	ANNUAL ORIGINAL BUDGET \$'000	YTD ACTUAL (1) \$'000	YTD BUDGET (2) \$'000	YTD VARIANCE (1) - (2) \$'000	YTD VARIANCE (1) / (2) %	STATUS YTD VARIANCE	2023-24 AMENDED BUDGET (3) \$'000
<b>Surplus/(Deficit) for the year</b>	14,366	96,396	83,739	12,657	15%	✓	5,049
<b>Recurrent income</b>	271,435	253,136	247,524	5,612	2%	✓	265,028
<b>Recurrent expenditure</b>	233,216	148,161	151,651	3,490	2%	✓	237,591
<b>Capital works</b>							
Expenditure *	80,595	33,252	40,265	7,013	17%	✓	72,407
<b>Priority projects</b>							
Expenditure *	25,158	12,940	18,639	5,699	31%	✓	31,188
<b>Closing cash and investments **</b>	106,651	188,543	164,258	24,285	15%	✓	114,433

\* Please refer to page 10 for further explanation of variances.

\*\* Please refer to page 9 for further details and explanation of closing cash and investments.

#### Status legend:

✓	Above budgeted revenue or under budgeted expenditure.
—	Below budgeted revenue or over budgeted expenditure by <10%.
✗	Below budgeted revenue or over budgeted expenditure by >10%.

The overall financial position at 29 February 2024 is satisfactory with a working capital ratio of 3.89 to 1 (including cash contingency for emergency response works and reserve funds of \$25.57 million).

#### Storm Event - January 2024

During January 2024 the City encountered significant rainfall, which lead to some minor flooding in some locations. Council received 153 requests in relation to the heavy rainfall, mostly drainage requests, and the total forecast expenditure is expected to be around \$150,000. Council's cash contingency will be reduced by this amount.

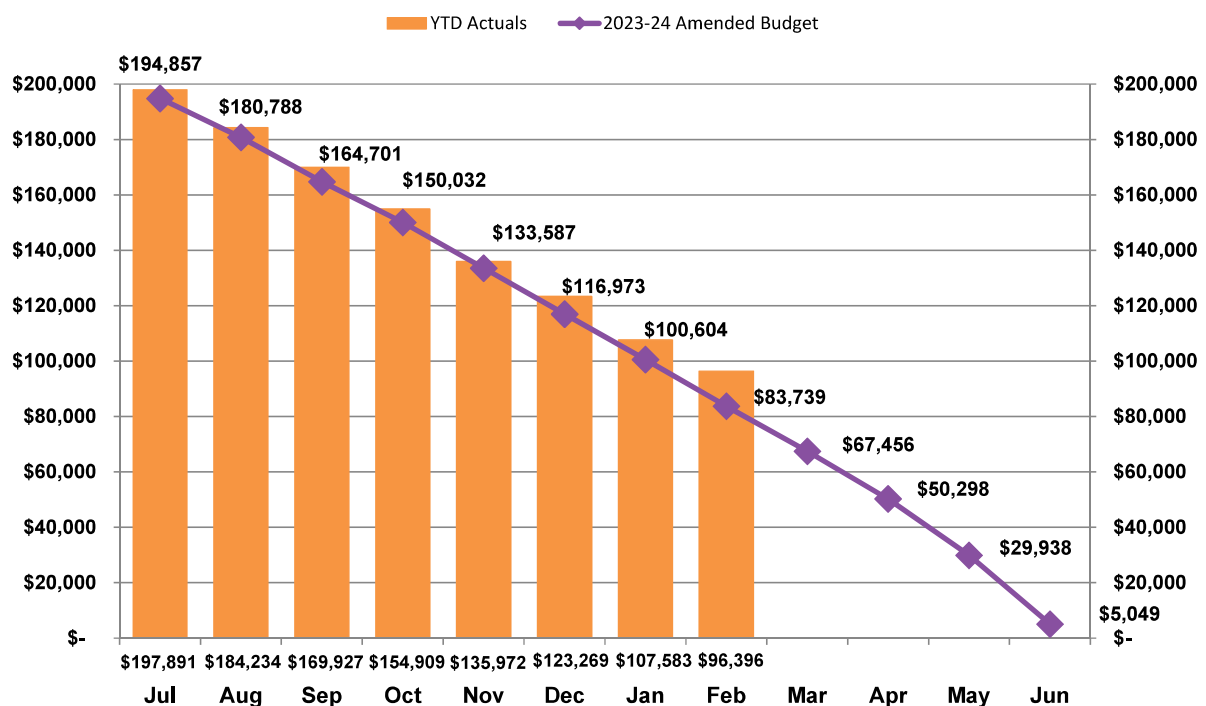
## Surplus Result

### Year to date actual vs. 2023-24 Amended Budget

The year to date surplus result of \$96.40 million as per the budget is due to the striking of full year annual rates in August 2023. The surplus result will reduce over the course of the year as Council delivers services to the community. In addition, the favourable result against year to date budget of \$12.66 million or 15% is due to timing differences for income and expenditure across Council. Refer to **Section 2 Financial Overview** for details on Council's financial performance.

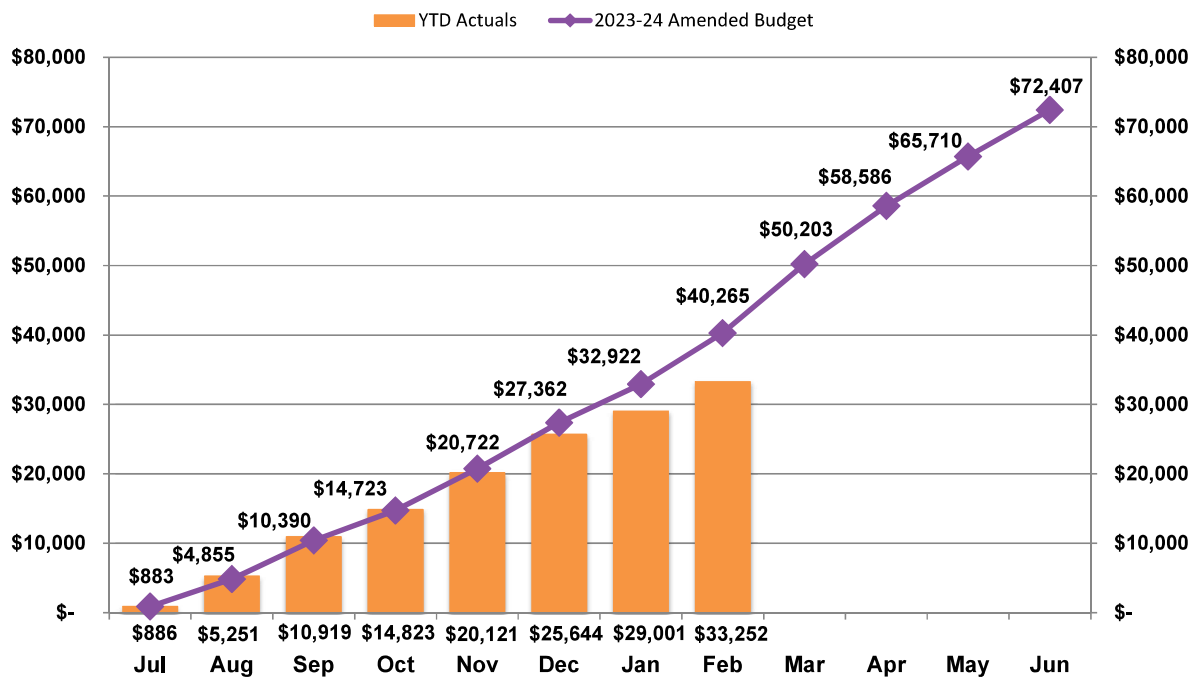
Please refer to the graphical representation below of actual year to date surplus result versus the 2023-24 Amended Budget.

### Surplus Result 2023-24 Surplus Result vs Annual Amended Budget \$'000



## Capital Works

### Capital Works Projects 2023-24 Cumulative Budget vs Actual Expenditure All Projects - '\$'000



Council's year to date performance in gross capital works expenditure is \$33.25 million which is \$7.01 million below year to date budget phasing of \$40.26 million.

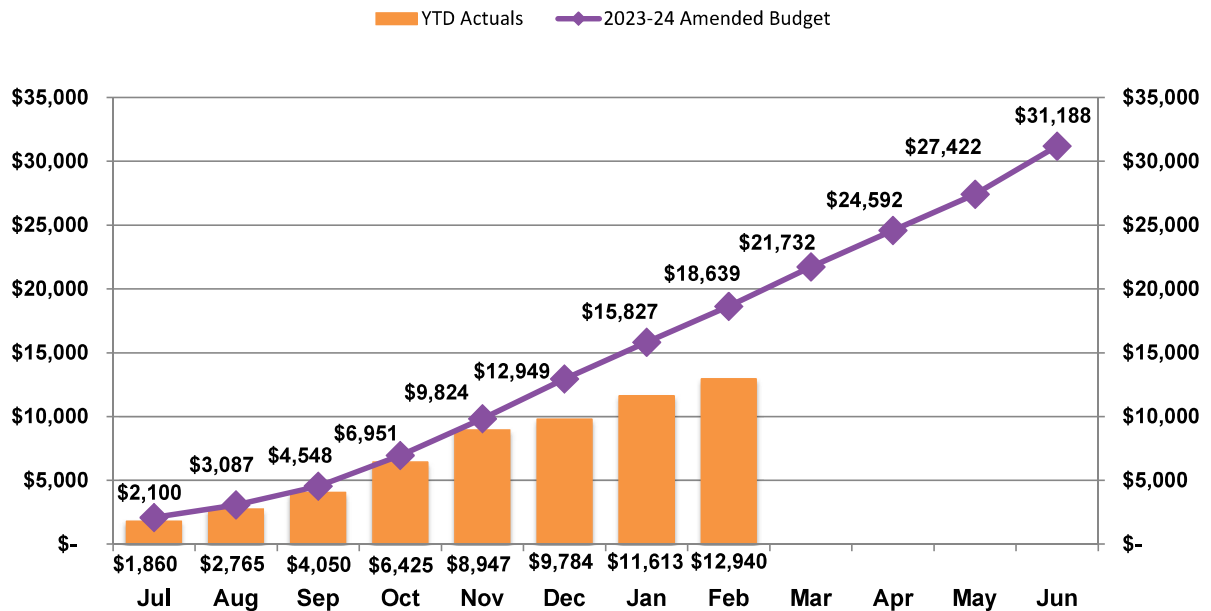
Capital works committed expenditure as at 29 February 2024 is \$35.81 million (year to date actual and commitments equates to \$69.06 million).

Please refer to **Section 2.4 Capital Works** for further explanation.



## Priority Projects

### Priority Projects 2023-24 Cumulative Budget vs Actual Expenditure All Projects - \$'000



Council's year to date performance in gross priority project expenditure is \$12.94 million which is \$5.70 million below year to date budget phasing of \$18.64 million.

Priority projects committed expenditure as at 29 February 2024 is \$16.34 million (year to date actual and commitments equates to \$29.28 million).

Please refer to **Section 2.3 Priority Projects** for further explanation.

## 2. Financial overview

### 2.1 Income Statement

The year to date surplus result of \$96.40 million is \$12.66 million above the 2023-24 Amended Budget surplus of \$83.74 million. The favourable result against year to date budget is due to a number of factors which are outlined below.

Year to date total recurrent and non-recurrent income is above budget by \$4.90 million comprising recurrent income of \$5.61 million and non-recurrent income of (\$707,000), while year to date total recurrent and non-recurrent expenditure is \$9.19 million (\$3.49 million + \$5.70 million) below budget.

The following table includes explanations on major income and expenditure line variances over \$75,000 against the year to date budget.

#### **Definitions**

**Timing (T)** = Year to date expenditure or income level is less/more than anticipated in the budget phasing. Anticipated this variance will correct by end of financial year without management action.

**Permanent (P)** = The dollars outlined as a permanent variance are anticipated to add/reduce the end of year result.

**Forecast** = Where a permanent variance has been determined, an expected full year forecast variance has been noted.

**Phasing** = When anticipated spread of expenditure/income across the financial year is expected to be spent/received.

#### **Year to date actual vs. year to date budget variations.**

<b>Income</b>		
<b>Income line</b>	<b>Expected variance (P)ermanent (T)iming</b>	<b>Explanation Year to date actual vs year to date budget variations</b>
Rates and charges \$1.15 million	T/P	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$1.15 million - rates and charges income, primarily in rates interest and supplementary rates.</li> </ul>
Statutory fees and fines (\$245,000)	T T  T/P T/P	<b>Lower than budgeted income:</b> <ul style="list-style-type: none"> <li>(\$348,000) - parking management income.</li> <li>(\$118,000) - local laws fines income.</li> </ul> <b>Offset by higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$115,000 - skip bins income.</li> <li>\$105,000 - street furniture permits income.</li> </ul>

Income		
Income line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
User fees \$2.23 million	T  T/P T/P T/P T	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$1.23 million - registrations income primarily in animal registrations ahead of planned budget phasing.</li> <li>\$589,000 - leisure and aquatic services management.</li> <li>\$529,000 - Freeway golf course.</li> <li>\$89,000 - reinstatements income.</li> <li>\$113,000 - parking meter charges.</li> </ul> <b>Lower than budgeted income:</b> <ul style="list-style-type: none"> <li>(\$151,000) - fines income primarily in revenue and property services.</li> <li>(\$108,000) - other charges income primarily in transfer station.</li> </ul>
Grants - Operating (\$343,000)	T  T  T/P	<b>Lower than budgeted income:</b> <ul style="list-style-type: none"> <li>(\$254,000) - Community transport funding received lower than planned budget phasing.</li> <li>(\$114,000) - immunisation services funding received lower than planned budget phasing.</li> </ul> <b>Offset by higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$182,000 - Victorian Local Government Grants Commission funding received higher than planned budget phasing.</li> </ul>
Contributions - Cash \$1.25 million	T	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$1.21 million - developers open space contributions received higher than planned budget phasing.</li> </ul>
Rental income (\$105,000)	T  T  T/P	<b>Lower than budgeted income:</b> <ul style="list-style-type: none"> <li>(\$154,000) - Camberwell Fresh Food Market lease income lower than planned budget phasing.</li> <li>(\$122,000) - lease income of council premises lower than planned budget phasing.</li> </ul> <b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$234,000 - lease income at Hawthorn Arts Centre primarily due to increased revenue received.</li> </ul>
Other income \$210,000	T/P  T/P  T	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$420,000 - other income primarily due to the sale of right of ways received higher than planned budget phasing.</li> <li>\$80,000 - employee costs, training and professional development reimbursements at Hawthorn Arts Centre.</li> </ul> <b>Offset by lower than budgeted income:</b> <ul style="list-style-type: none"> <li>(\$284,000) - road and footpath occupation income lower than planned budget phasing.</li> </ul>
Interest \$1.47 million	T	<b>Higher than budgeted income:</b> <ul style="list-style-type: none"> <li>\$1.47 million - managed interest - due to interest on investments.</li> </ul>

Expenditure		
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Employee costs \$1.43 million	T  T  T/P  T	<b>Lower than budgeted expenditure:</b> <ul style="list-style-type: none"> <li>\$4.09 million - salaries and associated costs primarily due to staff vacancies across the organisation.</li> <li>\$136,000 - apprenticeships/traineeships.</li> </ul> <b>Offset by higher than budgeted expenditure:</b> <ul style="list-style-type: none"> <li>(\$2.08 million) - temporary staff filling vacancies across the organisation.</li> <li>(\$744,000) - overtime and casuals and relievers filling vacancies across the organisation.</li> </ul>
Materials and services \$1.42 million	T T T T T T T T T T T T T T T  T/P T T/P T T T T T/P T/P T T/P T/P T/P T/P T/P T/P	<b>Lower than budgeted expenditure:</b> <ul style="list-style-type: none"> <li>\$938,000 - trade services across the organisation.</li> <li>\$629,000 - professional services and advice.</li> <li>\$387,000 - legal fees expense.</li> <li>\$330,000 - application support expense.</li> <li>\$188,000 - telephone internet data sim cards expense.</li> <li>\$168,000 - security/cash collections expense.</li> <li>\$143,000 - consultants expense.</li> <li>\$135,000 - waste/recycling disposal expense.</li> <li>\$120,000 - printing expense.</li> <li>\$112,000 - contract revegetation works expense.</li> <li>\$114,000 - other rates and taxes expense.</li> <li>\$102,000 - below excess claims public liability expense.</li> <li>\$97,000 - artist performers fees expense.</li> <li>\$93,000 - insurance premium other expense.</li> <li>\$93,000 - processing and mending materials expense.</li> <li>\$92,000 - vandalism and graffiti removal expense.</li> </ul> <b>Partially offset by higher than budgeted expenditure:</b> <ul style="list-style-type: none"> <li>(\$571,000) - instant turf expense.</li> <li>(\$480,000) - licensing/maintenance contracts expense.</li> <li>(\$254,000) - open space contract variations expense.</li> <li>(\$228,000) - plumbing services expense.</li> <li>(\$219,000) - concrete expense.</li> <li>(\$180,000) - tipping fees expense.</li> <li>(\$149,000) - tyres expense.</li> <li>(\$134,000) - management fee expense.</li> <li>(\$129,000) - distillate expense.</li> <li>(\$94,000) - pool filtration equipment maintenance expense.</li> <li>(\$92,000) - quarry products expense.</li> <li>(\$87,000) - furniture maintenance expense.</li> <li>(\$79,000) - website license/hosting expense.</li> <li>(\$76,000) - turf wicket contractor expense.</li> <li>(\$75,000) - turf renovations expense.</li> </ul>

Expenditure		
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Other expenses \$568,000	<p>T</p> <p>T</p> <p>T</p> <p>T</p> <p>P</p> <p>T</p>	<p><b>Lower than budgeted expenditure:</b></p> <ul style="list-style-type: none"> <li>• \$347,000 - fire services levy expense.</li> <li>• \$299,000 - special rate expenditure.</li> <li>• \$147,000 - conferences seminars and training expense across the organisation.</li> <li>• \$83,000 - internal audit fees expense.</li> </ul> <p><b>Partially offset by higher than budgeted expenditure:</b></p> <ul style="list-style-type: none"> <li>• (\$225,000) - Leased assets across the organisation that are short term (less than 12 months) or low value in nature. In accordance with the requirements of accounting standard AASB 16 - Leases short term or low value leases will be expensed to the income statement.</li> <li>• (\$129,000) - grants and subsidies ahead of planned budget phasing primarily in small annual grants.</li> </ul>

## **2.2 Balance Sheet and Cash Flow Statement**

Cash and investment holdings are \$188.54 million as at 29 February 2024 which has increased by \$42.29 million from 30 June 2023.

Total cash and investment holdings are \$24.29 million higher than year to date budget primarily due to:

- Property, infrastructure, plant and equipment of \$11.46 million due to timing of cash outflows relating to the capital works program.
- Lower payments for materials and services of \$7.38 million due to timing of cash outflows.
- Higher than budgeted development open space contributions of \$1.51 million due to timing.
- Employee costs are lower than budget due to staff vacancies across the organisation.

Partially offset by:

- Lower than budgeted rates and charges of (\$4.54 million) due to timing and a lower collection rate (77.69%) than anticipated of (83%).
- Capital grants income is (\$3.63 million) lower than budgeted due to timing and being behind planned budget phasing.
- Lower than budgeted statutory fees and fines of (\$1.91 million) primarily due to parking related income.

The Balance Sheet as at 29 February 2024 indicates a satisfactory result with total current assets of \$254.56 million and total current liabilities of \$65.43 million.

The working capital ratio of 3.89 to 1 (includes a 0.5% or \$885,000 cash contingency for emergency response works and reserve funds of \$25.57 million) reflects the increase in current debtors resulting from the striking of the rates which will reduce by 30 June 2024 as Council funds its operating programs and capital works. The rate debt will be repaid over the remainder of the financial year in accordance with the payment options chosen by ratepayers.

## 2.3 Priority Projects

Council's year to date performance in gross priority project expenditure is \$12.94 million which is \$5.70 million below year to date budget phasing of \$18.64 million primarily due to significant expenditure delays, the most significant being:

- **81084. System Development & Implementation- \$3,567,000**  
*The existing variance can be attributed to delays in delivering the later than expected commencement of the Core systems implementation work and aligning the payment of vendor milestones with the updated schedule. The variance will be carried forward to the next year to cater for Core projects Go-Live.*
- **81083. System Licensing & Maintenance \$572,000**  
*The existing variance can be attributed to delays in delivering the later than expected commencement of the Core systems implementation work and aligning the payment of licencing with the updated schedule. The variance will be carried forward to the next year to cater for Core projects Go-Live.*
- **81082. BC1 Program Resources \$315,000**  
*The existing variance primarily stems from the deferment of resourcing commitments to accommodate the later than expected commencement of the Core systems implementation work. The variance will be carried forward to the next year to cater for Core projects Go-Live.*
- **80955. Tree Strategy Action Plan Implementation \$252,000**  
*This is a multi-year project for various tree renewals in parks and streets. A number of tree removals and replacement planting projects will be completed by June 2024. Further street tree renewal projects will continue into 2024-25. Works have been slightly delayed while undertaking more extensive consultation than planned and due to delays in works requiring power company approvals.*
- **81020. Glenferrie & Camberwell Placemaking Implementation \$176,000**  
*This budget supported the finalisation of the Camberwell Junction Structure and Place Plan, which was scheduled for Council adoption in early March. Following the adoption of the Glenferrie Place Plan, design development is also progressing on key public space projects including the Columbia Street laneway upgrades and Stage 1 of the Glenferrie streetscape upgrades.*

Priority projects committed expenditure as at 29 February 2024 is \$16.34 million (year to date actual and commitments equates to \$29.28 million).

Refer to **page 4 Executive overview** for graphical representation of priority projects year to date budget, actual and committed expenditure.

## 2.4 Capital Works

Council's year to date performance in gross capital works expenditure is \$33.25 million which is \$7.01 million below year to date budget phasing of \$40.26 million. The most significant variances being:

- **71636. Roads Resheeting - \$801,000**  
*Project was initially delayed whilst the priority locations were finalised. Works have commenced across a range of sites and are progressing well. The scheduled works program is anticipated to be completed by June 2024.*
- **72377. Sportsground Reconstruction Program - \$641,000**  
*Progress has been slightly delayed on the Victoria Road Reserve project due to unexpected sub surface ground conditions and design changes to accommodate these on site. Works will be completed in time for the winter sports season to commence on schedule.*
- **72992. New open space for Surrey Hills - \$600,000**  
*Payment to the Level Crossing Removal Project (LXRP) has been delayed due to LXRP administration reasons. Payment is expected to be completed this financial year.*
- **73065. Rowen Street, Liston Street Glen Iris - \$550,000**  
*Project initially delayed due to contractor availability to undertake works. Works are now scheduled to be undertaken in the final quarter of the financial year.*
- **72935. Lynden Park - \$532,000**  
*Commencement of works were delayed while temporary accommodation options for tenants were resolved. Construction is now underway and is scheduled for completion by June 2024.*
- **71866. Park playground replacement program implementation - \$457,000**  
*Hays Paddock was initially delayed due to contractor availability to undertake works. Construction commenced in August 2023 and are anticipated for completion by June 2024. Works at Kate Campbell are scheduled to commence in March 2024.*
- **72665. Library IT Hardware Renewal - \$388,000**  
*Building works have commenced at Camberwell Library. Works are scheduled to commence in March at Hawthorn and Ashburton Libraries. The project is anticipated to be completed by June 2024.*
- **73040. Parking Sensors - Various shopping centre car parks - \$320,000**  
*Project was initially delayed pending finalisation of tender documentation. Contract was awarded by Council on 18 December 2023. Purchase, installation and delivery of parking sensors is anticipated to be completed by March 2024.*
- **71755. Resurface of Condition 4 Car Parks - \$289,000**  
*Project was initially delayed whilst the priority locations were finalised. Works are scheduled for construction in the final quarter of the financial year.*
- **73039. Demolition of Ferguson Stand (Glenferrie Oval and Grace Park) - \$286,000**  
*The works were initially delayed in commencing on site due to contractor availability and are progressing well now. Works are scheduled for completion by the end of the financial year.*
- **72901. Climate Action Plan - emissions reduction work - \$282,000**  
*Electronic vehicle (EV) charging station at Hawthorn Aquatic and Leisure Centre has been completed and is now operational to the public. There has been a slight delay in the installation of new EV charging stations in Burwood, which are now scheduled to be completed in March 2024. Works on solar associated initiatives and a feasibility study into the degasification of Council facilities are progressing as planned.*



- **71869. Cricket Practice Nets renewal program - \$280,000**

*These works are part of the Victoria Road Reserve renewal project. Overall works have been delayed due to unexpected sub surface ground conditions and design changes to accommodate these. Works are scheduled for completion in April 2024.*

Capital works committed expenditure as at 29 February 2024 is \$35.81 million (year to date actual and commitments equates to \$69.06 million).

Refer to **page 3 Executive overview** for graphical representation of capital works year to date budget and actual expenditure.

### 3. Financial Statements

#### 3.1 Income Statement

	ANNUAL ORIGINAL BUDGET	YTD ACTUAL (1)	YTD BUDGET (2)	YTD VARIANCE (1) - (2)	YTD VARIANCE %	2023-24 AMENDED BUDGET (3)
	\$'000s	\$'000s	\$'000s	\$'000s	%	\$'000s
<b>Recurrent income</b>						
Rates and charges	212,058	212,933	211,783	1,150	1%	212,058
Statutory fees and fines	16,821	10,928	11,173	(245)	-2%	16,640
User fees	15,423	10,448	8,222	2,226	27%	13,309
Grants - operating	10,726	4,295	4,638	(343)	-7%	5,800
Contributions - cash	5,239	4,820	3,569	1,251	35%	5,239
Rental income	2,998	1,824	1,929	(105)	-5%	2,998
Other income	3,670	2,607	2,397	210	9%	3,670
Interest	4,500	5,281	3,813	1,468	38%	5,314
<b>Total recurrent income</b>	<b>271,435</b>	<b>253,136</b>	<b>247,524</b>	<b>5,612</b>	<b>2%</b>	<b>265,028</b>
<b>Recurrent expenditure</b>						
Employee costs	98,791	60,507	61,938	1,431	2%	98,212
Materials and services	77,284	50,063	51,487	1,424	3%	78,677
Bad and doubtful debts	2,357	444	511	67	13%	4,762
Depreciation and amortisation <sup>1</sup>	38,846	26,647	26,647	-	0%	39,987
Amortisation - right of use assets	4,399	2,934	2,934	-	0%	4,399
Borrowing costs	3,408	2,288	2,288	-	0%	3,408
Finance costs - leases	313	208	208	-	0%	313
Other expenses	7,818	5,070	5,638	568	10%	7,833
<b>Total recurrent expenditure</b>	<b>233,216</b>	<b>148,161</b>	<b>151,651</b>	<b>3,490</b>	<b>2%</b>	<b>237,591</b>
<b>Net recurrent operating surplus</b>	<b>38,219</b>	<b>104,975</b>	<b>95,873</b>	<b>9,102</b>	<b>9%</b>	<b>27,437</b>
<b>Non-recurrent income</b>						
Priority projects income	830	1,983	1,837	146	8%	2,914
Capital works income	3,238	3,815	4,668	(853)	-18%	8,649
<b>Total non-recurrent income</b>	<b>4,068</b>	<b>5,798</b>	<b>6,505</b>	<b>(707)</b>	<b>-11%</b>	<b>11,563</b>
<b>Non-recurrent expenditure</b>						
Priority projects expenditure	25,158	12,940	18,639	5,699	31%	31,188
<b>Total non-recurrent expenditure</b>	<b>25,158</b>	<b>12,940</b>	<b>18,639</b>	<b>5,699</b>	<b>31%</b>	<b>31,188</b>
<b>Net non recurrent operating surplus (deficit)</b>	<b>(21,090)</b>	<b>(7,142)</b>	<b>(12,134)</b>	<b>4,992</b>	<b>-41%</b>	<b>(19,625)</b>
<b>Net gain (loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(2,763)</b>	<b>(1,437)</b>	<b>-</b>	<b>(1,437)</b>	<b>100%</b>	<b>(2,763)</b>
<b>Surplus/(Deficit) for the year <sup>2</sup></b>	<b>14,366</b>	<b>96,396</b>	<b>83,739</b>	<b>12,657</b>	<b>15%</b>	<b>5,049</b>

Note: All numbers are rounded to the nearest thousand.

1. Depreciation and amortisation primarily relates to property, plant, equipment and infrastructure assets.
2. The year to date surplus result of \$96.40 million as per the budget is due to the striking of full year annual rates in August 2023. The surplus result will reduce over the course of the year as Council delivers services to the community. In addition, the favourable result against year to date budget of \$12.66 million or 15% is due to timing differences for income and expenditure. Refer to Section 2 Financial Overview for details on Council's financial performance.

**3.2 Balance Sheet**

	29 Feb 2024 \$'000	30 Jun 2023 \$'000	1 Mar 2023 \$'000
<b>Current assets</b>			
Cash and cash equivalents <sup>1</sup>	188,543	66,751	184,906
Other financial assets <sup>1</sup>	-	79,500	-
Trade and other receivables	64,724	24,135	59,292
Prepayments	1,289	3,177	982
<b>Total current assets</b>	<b>254,556</b>	<b>173,563</b>	<b>245,180</b>
<b>Non-current assets</b>			
Financial assets	4	4	4
Property, plant and equipment, infrastructure	4,452,565	4,448,985	4,415,453
Right of use assets	6,003	7,176	6,815
Intangible assets	15	15	269
Investment property	18,402	18,105	8,759
<b>Total non-current assets</b>	<b>4,476,989</b>	<b>4,474,285</b>	<b>4,431,300</b>
<b>Total assets</b>	<b>4,731,545</b>	<b>4,647,848</b>	<b>4,676,480</b>
<b>Current liabilities</b>			
Trade and other payables	10,371	22,505	19,817
Interest-bearing liabilities	3,874	8,117	3,634
Provisions	19,085	19,844	18,767
Trust funds and deposits	23,805	16,032	14,295
Unearned income	5,315	7,981	11,741
Lease liabilities	2,980	2,980	7,397
<b>Total current liabilities</b>	<b>65,430</b>	<b>77,459</b>	<b>75,651</b>
<b>Non-current liabilities</b>			
Provisions	2,244	2,244	2,120
Interest-bearing liabilities	77,216	77,216	83,960
Provision for investments in joint ventures	7,557	7,557	6,040
Lease liabilities	3,596	4,266	-
<b>Total non-current liabilities</b>	<b>90,613</b>	<b>91,283</b>	<b>92,120</b>
<b>Total liabilities</b>	<b>156,043</b>	<b>168,742</b>	<b>167,771</b>
<b>Net assets</b>	<b>4,575,502</b>	<b>4,479,106</b>	<b>4,508,709</b>
<b>Equity</b>			
Accumulated surplus	1,055,695	958,843	1,018,746
Asset revaluation reserve	3,494,240	3,494,696	3,466,496
Reserves <sup>2</sup>	25,567	25,567	23,467
<b>Total equity</b>	<b>4,575,502</b>	<b>4,479,106</b>	<b>4,508,709</b>
<b>Working capital ratio</b>	<b>3.89</b>		

Note: All numbers are rounded to the nearest thousand.

1. Cash reflects balances in the general ledger not actual bank account balances.

2. Reserve funds comprise of Strategic Acquisition Fund (\$434,000), Open Space Development Fund (\$15.63 million) and Defined Benefits Superannuation future call up reserve (\$9.50 million).

### 3.3 Statement of Cash Flows

	ANNUAL ORIGINAL BUDGET	YEAR TO DATE			2023-24 AMENDED BUDGET
			YTD	VARIANCE	
		ACTUAL (1)	ANNUAL BUDGET (2)	(unfav) (1) - (2)	
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Rates and waste charges <sup>1</sup>	214,458	171,470	176,009	(4,539)	210,050
Statutory fees and fines <sup>2</sup>	13,794	8,755	10,663	(1,908)	11,408
User charges and other fines	16,965	9,292	9,047	245	14,643
Grants - operating	12,208	6,505	7,115	(610)	3,534
Grants - capital <sup>3</sup>	3,238	1,043	4,668	(3,625)	8,495
Contributions - monetary <sup>4</sup>	5,239	5,080	3,572	1,508	5,239
Interest received	4,500	4,456	3,814	642	5,314
Other receipts	7,335	4,667	4,762	(95)	7,515
Net GST refund	15,292	10,118	10,132	(14)	15,657
Trust funds and deposits taken <sup>5</sup>	100	7,773	-	7,773	100
Employee costs <sup>6</sup>	(105,444)	(66,355)	(71,190)	4,835	(108,998)
Materials and services <sup>7</sup>	(106,654)	(72,013)	(79,388)	7,375	(112,499)
Short-term, low value and variable lease payments	(589)	(590)	(395)	(195)	(589)
Other payments	(8,118)	(5,029)	(5,849)	820	(8,160)
Net cash provided by/(used in) operating activities	72,324	85,172	72,960	12,212	51,709
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment <sup>8</sup>	(80,595)	(34,187)	(45,650)	11,463	(72,407)
Proceeds from sale of property, plant and equipment	4,720	(4)	-	(4)	4,720
Net proceeds / (payments) for investments	-	79,500	79,500	-	79,500
Net cash used in investing activities	(75,875)	45,309	33,850	11,459	11,813
Cash flows from financing activities					
Finance costs	(3,408)	(1,789)	(2,378)	589	(3,699)
Repayment of borrowings	(8,117)	(4,243)	(4,243)	-	(8,117)
Interest paid - lease liability	(313)	(209)	(210)	1	(315)
Repayment of lease liabilities	(6,130)	(2,448)	(2,472)	24	(3,709)
Net cash provided by (used in) financing activities	(17,968)	(8,689)	(9,303)	614	(15,840)
Net increase (decrease) in cash and cash equivalents	(21,519)	121,792	97,507	24,285	47,682
Cash and cash equivalents at beginning of year	128,170	66,751	66,751	-	66,751
Cash and cash equivalents at end of year	106,651	188,543	164,258	24,285	114,433

Note: All numbers are rounded to the nearest thousand.

1. Rates and waste charges are (\$4.54 million) lower than budget due to timing and a lower collection rate (77.69%) than anticipated (83%).
2. Lower than budgeted statutory fees and fines of (\$1.91 million) primarily due to parking related income.
3. Capital grants income is (\$3.63 million) lower than budget due to timing and being behind planning budget phasing.
4. Contributions - monetary is \$1.51 million higher primarily related to the timing of developer and local contributions.
5. Trust funds and deposits includes the fire services property levy received which relates to the timing of fire services property levy and levy interest amounts received and subsequently remitted to the State Revenue Office (SRO) which are to be made in four payments in accordance with Section 41(1) of the FSPL Act. An instalment is due and payable to the Commissioner of State Revenue 28 days after the due date of rates instalments. Levy monies are to be remitted to the SRO by the following dates each financial year - 28 October; 28 December; 28 March; and 28 June.
6. Employee costs are \$4.84 million lower than budgeted primarily due to staff vacancies across the organisation.
7. Materials and Services are lower than budget due to timing of cash outflows of \$7.38 million.
8. Payments for property, plant and equipment differs from that presented in the capital works statement due to settlement of the 30 June 2023 creditors and forward commitment expenditure. Works delivered in the 2022-23 financial year have previously been brought to account and accrued against the 2022-23 capital works statement.

### 3.4 Capital Works expenditure by asset group

	ANNUAL ORIGINAL BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE	COMMIT	2023-24 AMENDED BUDGET
	\$'000s	(1) \$'000s	(2) \$'000s	(1) - (2) \$'000s	%	\$'000s	(3) \$'000s
<b>Infrastructure</b>							
Bridges	67	886	915	29	3%	191	952
Drainage	5,244	4,313	4,508	195	4%	760	6,271
Footpaths and cycleways	2,388	1,100	1,721	621	36%	97	2,904
Off street carparks	852	112	721	609	84%	34	852
Parks, open space and streetscapes	6,537	4,285	5,891	1,606	27%	3,246	8,833
Recreational, leisure & com facilities	7,322	2,187	3,387	1,200	35%	2,915	8,114
Roads	13,830	8,563	8,068	(495)	-6%	1,232	14,266
<b>Total Infrastructure</b>	<b>36,240</b>	<b>21,446</b>	<b>25,211</b>	<b>3,765</b>	<b>15%</b>	<b>8,475</b>	<b>42,192</b>
<b>Plant and Equipment</b>							
Computers and telecommunications	1,267	418	643	225	35%	176	1,673
Fixtures, fittings and furniture	1,682	395	1,037	642	62%	711	2,306
Library books	1,000	660	653	(7)	-1%	134	1,000
Plant machinery and equipment	1,269	482	636	154	24%	-	1,269
<b>Total Plant and Equipment</b>	<b>5,218</b>	<b>1,955</b>	<b>2,969</b>	<b>1,014</b>	<b>34%</b>	<b>1,021</b>	<b>6,248</b>
<b>Property</b>							
Building	21,193	8,638	10,342	1,704	16%	11,796	19,020
Building improvements	352	21	93	72	77%	5	352
Major Projects	17,592	1,192	1,650	458	28%	14,509	4,595
<b>Total Property</b>	<b>39,137</b>	<b>9,851</b>	<b>12,085</b>	<b>2,234</b>	<b>18%</b>	<b>26,310</b>	<b>23,967</b>
<b>Total capital works expenditure</b>	<b>80,595</b>	<b>33,252</b>	<b>40,265</b>	<b>7,013</b>	<b>17%</b>	<b>35,806</b>	<b>72,407</b>
<b>Represented by:</b>							
Asset renewal expenditure	54,456	27,860	32,212	4,352	14%	26,397	54,243
Asset upgrade expenditure	1,587	1,506	1,585	79	5%	1,096	3,641
New asset expenditure	17,187	3,098	5,828	2,730	47%	6,026	11,913
Asset expansion expenditure	7,365	788	640	(148)	-23%	2,287	2,610
<b>Total capital works expenditure</b>	<b>80,595</b>	<b>33,252</b>	<b>40,265</b>	<b>7,013</b>	<b>17%</b>	<b>35,806</b>	<b>72,407</b>

Note: All numbers are rounded to the nearest thousand.