

Item Number	15.1
Report Title	Monthly Financial Report February 2024
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Location	Council Wide

## PURPOSE

To inform Council on the organisation's financial performance to the end of February 2024.

## Attachments:

Monthly Reporting - Feb 2024

## STRATEGIC OBJECTIVES

Goal 4 - Excellence in Leadership

Theme 4.1 Good Governance:

We are transparent and accountable, make informed decisions, demonstrate integrity and empower our community to have a voice and participate in a meaningful way.

Theme 4.2 Organisational Improvement:

We are efficient and effective with a culture of positive change and innovation to deliver sustainable outcomes and value-for-money services that meet community needs.

## BACKGROUND

Council receives various financial performance reports throughout the year, including budget reviews (minimum of three per year). This monthly report serves as an interim update, providing Council with the year to date financial position and performance between the formal budget reviews.

To ensure regular updates, monthly financial reports are scheduled to be presented at each Council meeting. The financial report for February 2024 will be presented to Council at the meeting on 9 April 2024. The next monthly report, which will cover the month of March 2024, will be presented to Council at the 14 May 2024 meeting.

## DISCUSSION

On 11 July 2023 Council adopted the 2023/24 Annual Business Plan and Budget, which included an underlying operating surplus (excluding subsidiaries and one-off items) of \$912,000 and a headline operating surplus of \$853,000 with a net capital expenditure budget of \$31.1 million (\$44.6 million gross).

The first reconsideration of budget priorities for 2023/24 was adopted on 10 October 2023, item 10.1. Council decreased the underlying operating surplus by \$291,000 to a surplus of \$621,000 (excluding subsidiaries and one-off items) and the headline operating surplus

decreased by \$3,468,000 to a deficit of \$2,615,000. The net capital expenditure budget increased by \$13,193,000 to \$44,334,000. The impacts of the first budget reconsideration were outlined in the report and will be incorporated into the next reiteration of the long term financial plan.

The second reconsideration of budget priorities for 2023/24 was adopted on 13 February 2024, item 10.1. Council decreased the underlying operating surplus by \$40,000 to a surplus of \$581,000 (excluding subsidiaries and one-off items) and the headline operating deficit decreased by \$446,000 to a deficit of \$2,169,000. The net capital expenditure budget reduced by \$2,107,000 to \$42,227,000. The impacts of the second budget reconsideration were outlined in the report and will be incorporated into the next reiteration of the long term financial plan.

### Operating Budget

Year-to-date operating income to 29 February 2024 is \$72.7 million (including rates raised but not yet collected).

Year-to-date operating expenditure to 29 February 2024 is \$50.0 million.

Council, as of 29 February 2024, has a year to date favourable operating variance to forecast of \$366,000.

The favourable variance is attributed to greater than anticipated interest income, lower than anticipated interest expense, unbudgeted revenue from insurance claims as well as various favourable timing variances. The favourable variance within employee costs includes the timing of leave and is offset in part by overspends within temporary staffing due to vacancies.

### Rate Rise Decisions and Debt Projection - Up to and including the decisions from Council Meeting 13 February 2024

As part of Council's financial management framework, Council keeps track of decisions adopted outside the budget cycle that have an ongoing financial impact (and therefore a rates impact) on the following year's budget.

To date, Council has made several out of budget cycle decisions with ongoing financial impacts equating to a cumulative rate rise of 1.02% next financial year.

The decisions that make up this cumulative rate rise are as follows

- Pasadena Community Centre Resourcing, (22 August 2023, Item 5.1, Decision 1)
- Pasadena Community Centre Facility Upgrade, (22 August 2023, Item 5.1, Decision 2)
- Council's future role in aged and disability services, (20 June 2023, Item 10.1)
- 91 Quinton Court and Lot 101 Port Lincoln Boulevard, Pasadena, (12 September 2023, Item 11.1)
- New Footpath Program, (10 October 2023, Item 10.1)
- Increase Staff Resourcing For Verge Greening And Landscaping Activities, (10 October 2023, Item 10.3)
- CC Hood Reserve Panorama Masterplan & CLMP, (21 November 2023, Item 10.5)
- Tram pole restoration works and installation, (21 November 2023, Item 10.7)
- Ownership and Replacement of Kerbside FOGO bins (23 January 2024, Item 10.1)
- Ownership and Replacement of Kerbside blue and yellow bins (23 January 2024, Item 10.4)

In addition to documenting prior Council decisions above, Table 1 below also provides insights into projected debt levels and anticipated CPI forecasts. This aims to help Council monitor its financial standing between scheduled budget reviews.

Table 1

Financial / Economic Indicator	End of year forecast position as at Budget Review Time
Peak Net Financial Liability - (%)	7
Peak Net Financial Liability - (\$'000)	56
2024/25 CPI Forecast (%)	
Out of original budget cycle Council Decisions	1

#### Capital Budget

Overall, as at 29 February 2024, \$18.8 million (34%) of the \$55.8 million capital expenditure budget has been incurred, made up of \$5.4m (36%) of the new capital budget, 12.3m (37%) of the renewal capital budget and \$1.1m (15%) of government election commitments.

#### Capital Reporting

A capital delivery status report is provided monthly alongside the financial information contained within **Attachment A** to provide greater insight into Council's Capital Works Program.

A side by side comparison of both the financial status of the Council's Capital Works Programs and the Delivery Status of the relevant program, as is now presented, provides a more appropriate snapshot of the progress of the Council's Capital Works Program at the program level.

Specific project information can be accessed via Council's Capital Works Interactive Map or by contacting Council staff.

Further detail in relation to this Monthly Financial Report can be found in **Attachment A**.

### **COMMUNITY ENGAGEMENT AND IMPLICATIONS**

Council is not required to undertake consultation regarding monthly financial updates or periodic budget reviews. These are however reported in the public Council agenda.

### **ENVIRONMENTAL / HERITAGE IMPLICATIONS**

Nil

### **COST SHIFTING / LEGISLATIVE COST IMPLICATIONS**

Nil

### **BUDGET IMPLICATIONS (INCLUDING LIFECYCLE COSTING)**

Nil

### **RISK MANAGEMENT / WHS ASSESSMENT**

Nil

## **LEGAL / POLICY IMPLICATIONS**

Nil

## **CONCLUSION**

The current year to date favourable variance to forecast of \$366,000 is attributed to greater than anticipated interest income, lower than anticipated interest expense, unbudgeted revenue from insurance claims as well as various favourable timing variances. The favourable variance within Employee costs includes the timing of leave and is offset in part by overspends within temporary staffing due to vacancies.

\$18.8 million (34%) of the \$55.8 million capital expenditure budget has been incurred up to 29 February 2024.

The next monthly report, which will cover the month of March 2024, will be presented to Council at the 14 May 2024 meeting.

## **RECOMMENDATION - ITEM 15.1.**

That this item be received for information only.



CITY OF MITCHAM

MONTHLY FINANCIAL REPORT - OPERATING SURPLUS / (DEFICIT) as at 29 February 2024

	Year to date Actuals \$ '000	Year to date Forecast \$ '000	Year to date Variance \$ '000	Approved Annual Budget \$ '000
Income				
Rates	67,582	67,589	(7)	67,678
Statutory charges	1,856	1,856	(1)	2,189
User charges	781	804	(23)	1,115
Grants, subsidies and contributions	1,830	1,831	(1)	5,311
Investment income	191	230	(39)	151
Reimbursements	159	138	21	233
Other income	340	267	73	532
Net gain - joint ventures & associates	-	-	-	-
Total Income	72,739	72,715	24	77,207
Expenses				
Employee Costs	19,443	19,826	384	30,492
Materials, contracts & other expenses	17,904	17,830	(74)	29,138
Depreciation, amortisation & impairment	12,296	12,291	(5)	18,327
Finance costs	412	449	37	1,227
Net loss - joint ventures & associates	-	-	-	193
Total Expenses	50,055	50,396	342	79,376
Operating Surplus / (Deficit)	22,684	22,319	366	(2,169)



## CITY OF MITCHAM

## MONTHLY FINANCIAL REPORT - PROJECT UPDATES as at 29 February 2024

CAPITAL PROGRAM (EXPENDITURE & STATUS)	Year to date Actuals \$ '000	Full Year Budget \$ '000	Project Expenditure Status %	Total Projects <sup>1</sup>	Work In Progress <sup>2</sup>	Projects Delivered <sup>3</sup>	Projects Completed %
<b>NEW / UPGRADE</b>							
Drainage New	938	4,214	22%	26	23	3	12%
Traffic Control Device New Construction	813	3,160	26%	10	9	1	10%
Community Buildings New Construction	2,762	2,847	97%	4	2	2	50%
Solar Assets - New	220	1,232	18%	7	7	-	0%
Sport & Rec Buildings - New Construction	12	1,197	1%	4	3	1	25%
Footpath New Construction	184	1,172	16%	28	16	12	43%
Brownhill & Keswick Creeks New Construction	400	400	100%	1	1	-	0%
Parks & Gardens (Open Space) New Construction	41	362	11%	4	3	1	25%
Civic Buildings New	-	129	-	1	1	-	0%
OS Structures New	-	79	-	2	2	-	0%
IT - New Capital	12	70	17%	2	2	-	0%
Community Facilities Grant	21	49	43%	1	1	-	0%
FOGO - green waste bins rollout	3	46	6%	1	1	-	0%
Playground - New & Upgrade	23	26	90%	1	-	1	100%
Sustainability Assets	-	22	-	1	1	-	0%
Office Furniture & Fittings - New	15	16	97%	1	-	1	100%
<b>New / Upgrade Total</b>	<b>5,445</b>	<b>15,021</b>	<b>36%</b>	<b>94</b>	<b>72</b>	<b>22</b>	<b>23%</b>

**Delivery status column explanations:**

<sup>1</sup>. Total Projects - This represents the total number of projects with an approved budget within the current financial year.

<sup>2</sup>. Work in Progress - This represents capital programs that have commenced and actively being worked on however not yet reached completion.

<sup>3</sup>. Project Delivered - This represents the number of projects that have effectively been completed and implemented in the community.

**MONTHLY FINANCIAL REPORT - PROJECT UPDATES as at 29 February 2024**

<b>CAPITAL PROGRAM (EXPENDITURE &amp; STATUS)</b>	<b>Year to date Actuals \$ '000</b>	<b>Full Year Budget \$ '000</b>	<b>Project Expenditure Status %</b>	<b>Total Projects <sup>1</sup></b>	<b>Work In Progress <sup>2</sup></b>	<b>Projects Delivered <sup>3</sup></b>	<b>Projects Completed %</b>
<b>RENEWAL</b>							
Road Seal/Kerb Program	4,255	10,197	42%	118	59	59	50%
Kerb & Watertable Renewal	3,670	8,369	44%	103	61	42	41%
Major Fleet Renewal	648	2,641	25%	15	10	5	33%
Footpath Renewal	1,245	2,039	61%	22	16	6	27%
Bridge Renewal	225	1,564	14%	9	3	6	67%
Drainage Renewal	15	1,400	1%	4	3	1	25%
Minor Fleet Renewal	643	1,108	58%	27	13	14	52%
Civic Buildings Renewal	371	853	43%	3	3	-	0%
Sporting Buildings Renewal	84	796	11%	10	6	4	40%
Information Systems Renewal	595	774	77%	5	5	-	0%
Roads to Recovery	4	743	1%	2	1	1	50%
Sporting Facility Renewals	33	634	5%	13	10	3	23%
Car Park Rehabilitation	181	584	31%	8	5	3	38%
Community Buildings Renewal	36	580	6%	7	4	3	43%
Office Furniture & Equipment	20	321	6%	2	2	-	0%
Playground Renewals	94	306	31%	6	3	3	50%
OS Environmental & Waste	25	230	11%	8	6	2	25%
OS Furniture Renewal	14	108	13%	8	7	1	13%
OS Structures Renewal	35	85	42%	5	4	1	20%
EV Fleet Trial	57	59	97%	1	-	1	100%
OS Miscellaneous	15	43	34%	2	1	1	50%
Bus Shelter Renewal	31	38	81%	3	1	2	67%
Parks & Gardens (Open Space) Renewals	5	35	13%	4	3	1	25%
<b>Renewal Total</b>	<b>12,300</b>	<b>33,507</b>	<b>37%</b>	<b>385</b>	<b>226</b>	<b>159</b>	<b>41%</b>
<b>Total Capital Program Expenditure</b>	<b>17,745</b>	<b>48,528</b>	<b>37%</b>	<b>479</b>	<b>298</b>	<b>181</b>	<b>38%</b>

**MONTHLY FINANCIAL REPORT - PROJECT UPDATES as at 29 February 2024**

<b>CAPITAL PROGRAM (EXPENDITURE &amp; STATUS)</b>	<b>Year to date Actuals \$ '000</b>	<b>Full Year Budget \$ '000</b>	<b>Project Expenditure Status %</b>	<b>Total Projects <sup>1</sup></b>	<b>Work In Progress <sup>2</sup></b>	<b>Projects Delivered <sup>3</sup></b>	<b>Projects Completed %</b>
Govt Funded Multidisciplinary Projects	1,091	7,242	15%	20	18	2	10%
<b>Total Capital Program Expenditure including Govt Funded Multidisciplinary Projects</b>	<b>18,836</b>	<b>55,770</b>	<b>34%</b>	<b>499</b>	<b>316</b>	<b>183</b>	<b>37%</b>