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| Item Number | 15.4 |
| Report Title | Monthly Financial Report March 2024 |
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| Location | Council Wide |

PURPOSE

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

Attachments:

Monthly Reporting - March 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.

This month's report coincides with the third and final budget review. This review provides a more precise year-end forecast inclusive of capital re-budgets and budget adjustments.

To ensure regular updates, monthly financial reports are scheduled to be presented at each Council meeting. The financial report for March 2024 will be presented to Council at the meeting on 14 May 2024. The next monthly report, which will cover the month of April 2024, will be presented to Council at the 18 June 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 31 March 2024 is \$73.2 million (including rates raised but not yet collected).

Year-to-date operating expenditure to 31 March 2024 is \$56.3 million.

Council, as of 31 March 2024, has a year to date unfavourable operating variance to forecast of \$35,000.

The unfavourable variance is primarily due to several timing differences. These include higher than estimated employee costs, expected to be rectified by 30 June, which is offset by higher than anticipated interest income, lower interest expense, higher animal registration income, and unbudgeted revenue from insurance claims.

Rate Rise Decisions and Debt Projection - Up to and including the decisions from Council Meeting 09 April 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 1.13% 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)
- Mortlock Park Community Consultation feedback and decisions on future use (26 March 2024, Item 5.1)

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 Two | End of year forecast position following Budget Review Two | Change |
|--|---|---|--------|
| Peak Net Financial Liability - (%) | 72.6% | 72.6% | 0.0% |
| Peak Net Financial Liability - (\$'000) | 56,074 | 56,078 | 4 |
| 2024/25 CPI Forecast (%) | 3.4% | 4.3% | 0.9% |
| Out of original budget cycle Council Decisions | 1.02% | 1.13% | 0.11% |

Capital Budget

Overall, as at 31 March 2024, \$22.1 million (40%) of the \$55.8 million capital expenditure budget has been incurred, made up of \$5.9m (39%) of the new capital budget, \$14.5m (43%) of the renewal capital budget and \$1.6m (23%) 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 unfavourable variance to forecast of \$35,000 is primarily due to several timing differences. These include higher than estimated employee costs, expected to be rectified by 30 June, which is offset by higher than anticipated interest income, lower interest expense, higher animal registration income, and unbudgeted revenue from insurance claims.

\$22.1 million (40%) of the \$55.8 million capital expenditure budget has been incurred up to 31 March 2024.

The next monthly report, which will cover the month of April 2024, will be presented to Council at the 18 June 2024 meeting.

RECOMMENDATION - ITEM 15.4.

That this item be received for information only.



CITY OF MITCHAM

MONTHLY FINANCIAL REPORT - OPERATING SURPLUS / (DEFICIT) as at 31 March 2024

| | Year to date Actuals \$ '000 | Year to date Forecast \$ '000 | Year to date Variance \$ '000 | Approved Annual Budget \$ '000 |
|---|------------------------------------|-------------------------------------|-------------------------------------|---|
| Income | | | | |
| Rates | 67,620 | 67,614 | 6 | 67,678 |
| Statutory charges | 2,045 | 1,990 | 56 | 2,189 |
| User charges | 826 | 847 | (21) | 1,115 |
| Grants, subsidies and contributions | 2,012 | 2,006 | 6 | 5,311 |
| Investment income | 207 | 151 | 55 | 151 |
| Reimbursements | 61 | 35 | 26 | 233 |
| Other income | 450 | 374 | 76 | 532 |
| Net gain - joint ventures & associates | - | - | - | - |
| Total Income | 73,221 | 73,017 | 204 | 77,207 |
| Expenses | | | | |
| Employee Costs | 21,935 | 21,780 | (155) | 30,492 |
| Materials, contracts & other expenses | 19,835 | 19,720 | (116) | 29,138 |
| Depreciation, amortisation & impairment | 13,824 | 13,818 | (6) | 18,327 |
| Finance costs | 733 | 770 | 37 | 1,227 |
| Net loss - joint ventures & associates | - | - | - | 193 |
| Total Expenses | 56,327 | 56,088 | (239) | 79,376 |
| Operating Surplus / (Deficit) | 16,894 | 16,929 | (35) | (2,169) |



CITY OF MITCHAM

MONTHLY FINANCIAL REPORT - PROJECT UPDATES as at 31 March 2024

| CAPITAL PROGRAM (EXPENDITURE & STATUS) | Year to date | Full Year | Project | Total | Work In | Projects | Projects |
|---|--------------|---------------|-------------|-----------|-----------|-----------|------------|
| | Actuals | Budget | Expenditure | | | | |
| | \$ '000 | \$ '000 | % | | | | % |
| NEW / UPGRADE | | | | | | | |
| Drainage New | 1,135 | 4,214 | 27% | 26 | 23 | 3 | 12% |
| Traffic Control Device New Construction | 934 | 3,160 | 30% | 10 | 9 | 1 | 10% |
| Community Buildings New Construction | 2,765 | 2,847 | 97% | 4 | 2 | 2 | 50% |
| Solar Assets - New | 256 | 1,232 | 21% | 7 | 7 | - | 0% |
| Sport & Rec Buildings - New Construction | 14 | 1,197 | 1% | 4 | 3 | 1 | 25% |
| Footpath New Construction | 292 | 1,172 | 25% | 28 | 14 | 14 | 50% |
| 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 | 1 | 1 | 50% |
| IT - New Capital | 13 | 70 | 18% | 2 | 2 | - | 0% |
| Community Facilities Grant | 28 | 49 | 57% | 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 | 12 | 22 | 53% | 1 | 1 | - | 0% |
| Office Furniture & Fittings - New | 15 | 16 | 97% | 1 | - | 1 | 100% |
| New / Upgrade Total | 5,931 | 15,021 | 39% | 94 | 69 | 25 | 27% |

Delivery status column explanations:

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

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

³. 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 31 March 2024

| CAPITAL PROGRAM (EXPENDITURE & STATUS) | Year to date Actuals \$ '000 | Full Year Budget \$ '000 | Project Expenditure Status % | Total Projects ¹ | Work In Progress ² | Projects Delivered ³ | Projects Completed % |
|---|---|---|---|--|--|--|-------------------------------------|
| RENEWAL | | | | | | | |
| Road Seal/Kerb Program | 5,658 | 10,197 | 55% | 118 | 59 | 59 | 50% |
| Kerb & Watertable Renewal | 3,977 | 8,369 | 48% | 103 | 61 | 42 | 41% |
| Major Fleet Renewal | 648 | 2,641 | 25% | 15 | 10 | 5 | 33% |
| Footpath Renewal | 1,393 | 2,039 | 68% | 22 | 16 | 6 | 27% |
| Bridge Renewal | 241 | 1,564 | 15% | 9 | 3 | 6 | 67% |
| Drainage Renewal | 51 | 1,400 | 4% | 4 | 3 | 1 | 25% |
| Minor Fleet Renewal | 724 | 1,108 | 65% | 27 | 11 | 16 | 59% |
| Civic Buildings Renewal | 423 | 853 | 50% | 3 | 3 | - | 0% |
| Sporting Buildings Renewal | 128 | 796 | 16% | 10 | 6 | 4 | 40% |
| Information Systems Renewal | 613 | 774 | 79% | 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 | 271 | 584 | 46% | 8 | 4 | 4 | 50% |
| Community Buildings Renewal | 36 | 580 | 6% | 7 | 4 | 3 | 43% |
| Office Furniture & Equipment | 22 | 321 | 7% | 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 | 36 | 85 | 43% | 5 | 3 | 2 | 40% |
| 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% |
| Renewal Total | 14,499 | 33,507 | 43% | 385 | 222 | 163 | 42% |
| Total Capital Program Expenditure | 20,429 | 48,528 | 42% | 479 | 291 | 188 | 39% |

MONTHLY FINANCIAL REPORT - PROJECT UPDATES as at 31 March 2024

| CAPITAL PROGRAM (EXPENDITURE & STATUS) | Year to date Actuals \$ '000 | Full Year Budget \$ '000 | Project Expenditure Status % | Total Projects ¹ | Work In Progress ² | Projects Delivered ³ | Projects Completed % |
|---|---|-------------------------------------|---|------------------------------------|--------------------------------------|--|---------------------------------|
| Govt Funded Multidisciplinary Projects | 1,635 | 7,242 | 23% | 20 | 18 | 2 | 10% |
| Total Capital Program Expenditure including Govt Funded Multidisciplinary Projects | 22,064 | 55,770 | 40% | 499 | 309 | 190 | 38% |