

FINANCE AND GOVERNANCE COMMITTEE SUPPLEMENTARY REPORTS

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** Item includes confidential papers

FINANCE AND GOVERNANCE COMMITTEE NO. 3

13 AUGUST 2024

SUPPLEMENTARY REPORTS

10. **MONTHLY FINANCIAL REPORT - JULY 2024**

This is a report concerning Council's financial performance for the period ending 31 July 2024, submitted in accordance with section 204 of the *Local Government Regulation 2012*.

RECOMMENDATION

That the report on Council's financial performance for the period ending 31 July 2024, submitted in accordance with section 204 of the *Local Government Regulation 2012*, be considered and noted by Council.

Doc ID No: A10485647

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Finance and Governance Committee as a supplementary item.

ITEM: 10

SUBJECT: MONTHLY FINANCIAL REPORT - JULY 2024

AUTHOR: FINANCIAL ACCOUNTING MANAGER

DATE: 7 AUGUST 2024

EXECUTIVE SUMMARY

This is a report concerning Council's financial performance for the period ending 31 July 2024, submitted in accordance with section 204 of the *Local Government Regulation 2012*.

RECOMMENDATION/S

That the report on Council's financial performance for the period ending 31 July 2024, submitted in accordance with section 204 of the *Local Government Regulation 2012*, be considered and noted by Council.

RELATED PARTIES

Not applicable

IFUTURE THEME

A Trusted and Leading Organisation

PURPOSE OF REPORT/BACKGROUND

This report outlines the financial results for Ipswich City Council as at 31 July 2024.

The total net result (including capital revenue) for Ipswich City Council as at 31 July 2024 is a surplus of \$21.2 million compared to the year to date (YTD) budget surplus of \$14.2 million.

Council's YTD operating surplus (excluding capital revenue) is approximately \$8.2 million compared to the budgeted YTD surplus of \$5.5 million. The explanations are outlined further in the report.

Overall, capital expenditure including the Nicholas Street Redevelopment YTD but excluding the flood buy-back is \$4.2 million behind budget. Asset donations as at 31 July 2024 are \$0.8 million above the YTD budget.

As this is the first month in the financial year a limited number of items are highlighted for noting, due to limited trending.

Revenue

Operating revenue is \$2.3 million above the YTD budget which is mainly due to town planning, development fees, animal registrations and sundry receipts being ahead of budget and higher interest income. Interest revenue was higher than forecast due to cash remaining slightly higher than forecast for the first month, and investment interest rates also currently remaining high.

As the first quarter progresses, Finance will continue to monitor the revenue results for any possible timing effects.

Expenses

Overall operating expenses are approximately \$368k below YTD budget.

Employee expenses (including labour contracts) are over budget by \$201k which is mainly due to greater than budgeted labour contracts and less people charging to capital projects than budgeted. The amount charged to capital projects will be review further through August.

Materials and services (excluding labour contracts) are underbudget by \$409k. This is mainly due to the timing of expenditure and is partially offset by development related legal and consultant expenses. As the budget phasing is set over the coming months, it is expected that this variance will reduce.

Depreciation is in line with budget. Due to prior year trends, finance will continue to monitor depreciation during the financial year as capital works are undertaken and construction projects are capitalised. Finance will also continue to review the remaining lives of assets and asset revaluations.

Financial Assistant Grant

Council received the advance payment of \$6.5 million, being 85% of the initial 2024-25 Financial Assistant Grant allocation for 2024-25 on the 2nd July 2024. As discussed in the June 2024 financial report, based on previous years trends, Council had budgeted to receive 100% advance payment in June 2024 (which was not received until July as mentioned).

Council's adopted budget for 2024-25 has the equivalent of one (1) years' anticipated Financial Assistance Grant to be received (in advance for the 2025/26 financial year) of \$8.3 million consistent with prior years, subject to allocations and timing of receipt

Council's final position for the full financial year in relation to Financial Assistance Grants will depend on whether it receives an advance payment in June 2025 for the 2025-26 financial year and if it does, the percentage of the initial allocation (ie 50%, 75%, 85% or 100%). If an advance payment is received in June 2025, then Council will very likely exceed its current year adopted budget related to this grant.

To avoid overstatement of revenue as a result of the payment of the Federal Assistance Grant in July these funds have been allocated (phased) in the budget to reflect the amount

received in early July (that is for the 2024/25 year) and then equally anticipated quarterly receipts throughout the year.

Capital

The total YTD capital expenditure (including the Nicholas Street Redevelopment and excluding home buy back and flood recovery) is \$14.8 million compared to the YTD budget of \$17.7 million.

The Nicholas Street Precinct Redevelopment is tracking under budget by approximately \$2.8 million.

Asset and Infrastructure Services July YTD capital expenditure (excluding voluntary home buy back) is \$5.6 million compared to budget of \$6.3 million. The underspends are mainly related to the strategic transport projects, in particular Mary and William Traffic Signals Upgrade and Springfield Greenbank Arterial Stage 3.

Cash Balances

Council's cash and cash equivalents balance as at 31 July 2024 was \$145.8 million and slightly above forecasts.

LEGAL IMPLICATIONS

This report and its recommendations are consistent with the following legislative provisions:
Local Government Regulation 2012

POLICY IMPLICATIONS

Council's financial position is managed in accordance with the Financial Management Policy.

RISK MANAGEMENT IMPLICATIONS

The favourable operating result being a \$8.2 million surplus against a budgeted surplus of \$5.5 million is mainly driven by operating revenues. As it is the first month of the financial year, there may be some timing impacts on expenditure and revenue, depending on the phased budget (when it was anticipated receipts would be received and expenditure incurred).

FINANCIAL/RESOURCE IMPLICATIONS

There are no specific financial implications as a result of this report.

COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation. Analysis and explanations of the variances are undertaken in conjunction with the various departments.


CONCLUSION

Regular reporting and monitoring of expenditure will continue during the financial year as part of Council's regular governance and reporting process.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS
RECEIVE AND NOTE REPORT
The Recommendation states that the report be received and the contents noted. The decision to receive and note the report does not limit human rights. Therefore, the decision is compatible with human rights.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Monthly Financial Performance Report - July 2024 ↓ 
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Christina Binoya

FINANCIAL ACCOUNTING MANAGER

I concur with the recommendations contained in this report.

Jeffrey Keech

CHIEF FINANCIAL OFFICER

I concur with the recommendations contained in this report.

Matt Smith

GENERAL MANAGER (CORPORATE SERVICES)

“Together, we proudly enhance the quality of life for our community”



Ipswich City Council

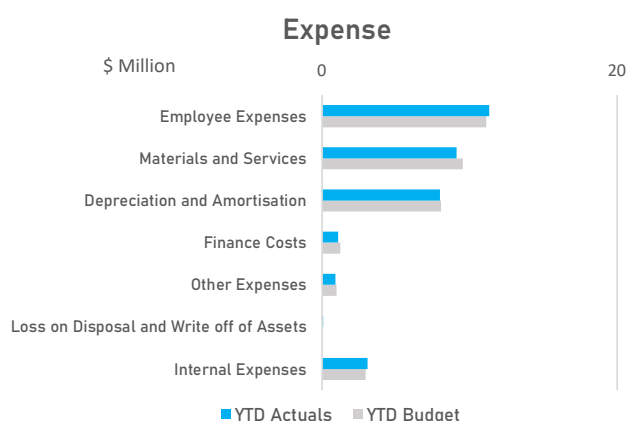
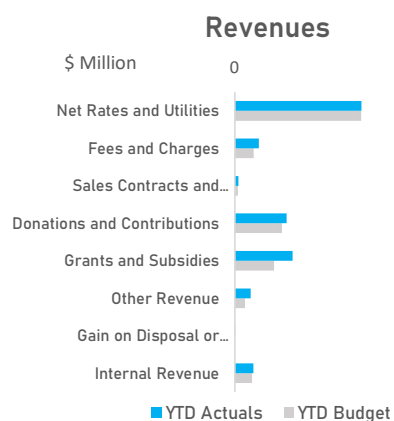
Performance Report

JULY 2024

FINANCIAL EXECUTIVE SUMMARY

JULY 2024

	YTD				Annual Current Budget \$'000s	Trend from JUN 2024
	Actuals	Current Budget	Variance	Variance		
	\$'000s	\$'000s	\$'000s	%		
Operating Revenue	41,737	39,474	2,263	5.7%	421,742	▼
Operating Expense	33,559	33,927	368	1.1%	419,565	▲
Operating Surplus/(Deficit)	8,178	5,547	2,631		2,177	▲
Capital Revenue	13,105	8,680	4,425	51.0%	156,267	▲
Other Capital Income (Asset disposals)	22	0	22	N/A	0	▲
Capital Loss (Asset write-off)	69	0	(69)	N/A	0	▲
Net Result	21,236	14,227	7,009		158,444	▲
Construction Program and Asset Purchase	20,947	16,166	(4,782)	(29.6%)	181,899	▼
Nicholas Street Precinct	1,960	4,739	2,779	58.6%	21,736	▼
Donated Assets	5,497	6,293	795	12.6%	75,510	▲
Total Capital Expenditure	28,404	27,197	(1,207)	(4.4%)	279,145	▼



FINANCIAL EXECUTIVE SUMMARY

	YTD				Annual	
	Actuals \$'000s	Current Budget \$'000s	Variance \$'000s	Variance %	Current Budget \$'000s	Trend from JUN 2024
Revenue						
Net rates and utilities charges	23,330	23,213	117	0.5%	281,914	▼
Fees and charges	4,433	3,461	972	28.1%	44,043	▲
Government grants and subsidies	10,615	7,219	3,396	47.0%	66,932	▲
Internal revenue	3,385	3,168	217	6.8%	35,816	▼
Other revenue	3,591	2,414	1,177	48.8%	45,112	▼
Donations and contributions	9,517	8,680	837	9.6%	104,192	▲
Total Revenue	54,871	48,155	6,716	13.9%	578,009	▲
Expense						
Employee expenses	11,057	10,962	(95)	(0.9%)	140,780	▲
Labour contracts	278	174	(104)	(59.8%)	2,171	▲
Materials and services	9,129	9,538	409	4.3%	119,684	▲
Internal expenses	3,083	2,955	(128)	(4.3%)	33,331	▲
Other expenses	2,084	2,235	151	6.8%	26,338	▲
Depreciation & amortisation	8,004	8,064	60	0.7%	97,261	▲
Total Expenses	33,635	33,928	293	0.9%	419,565	▲
Net Result	21,236	14,227	7,009		158,444	▲



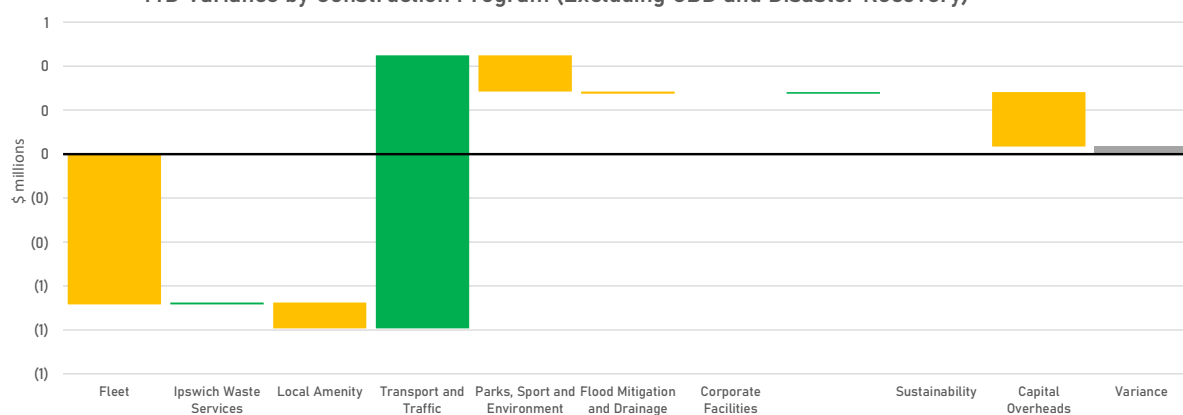
FINANCIAL EXECUTIVE SUMMARY

JULY 2024

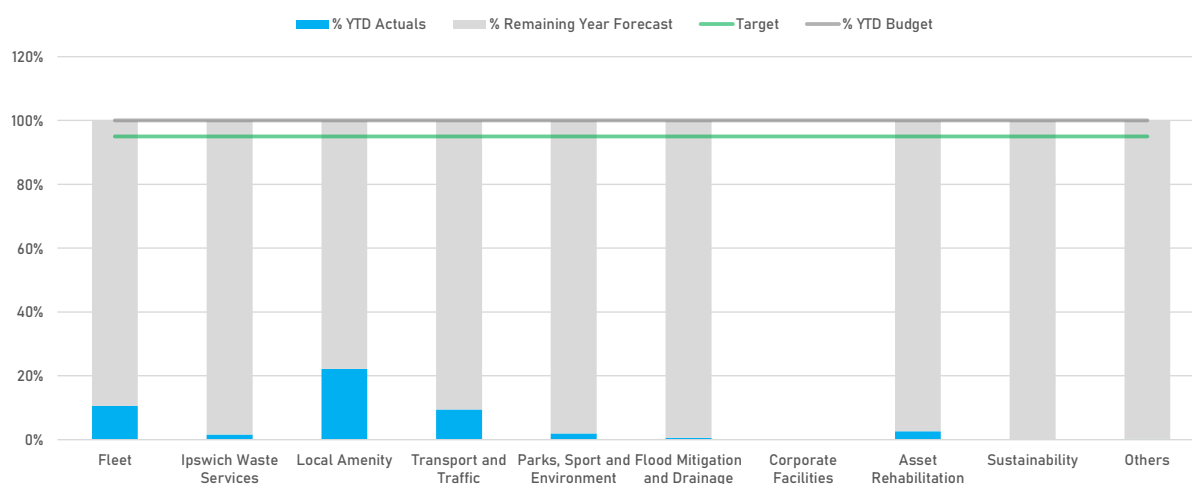
Capital

	YTD				Annual	
	Actuals	Current Budget	Variance	Variance	Current Budget	Trend from JUN 2024
	\$'000s	\$'000s	\$'000s	%	\$'000s	
Executive	7,787	10,567	2,780	26.3%	28,564	▼
Corporate Services	416	666	249	37.5%	9,219	▲
Community, Cultural and Economic Development	16	6	(10)	(159.6%)	4,011	▼
Asset and Infrastructure Services	14,390	9,571	(4,819)	(50.4%)	144,583	▼
Environment and Sustainability	91	85	(6)	(7.6%)	13,206	▼
Planning and Regulatory Services	206	10	(196)	(1,964.1%)	4,052	▼
Net Result	22,907	20,904	(2,003)	(9.6%)	203,635	▼

YTD Variance by Construction Program (Excluding CBD and Disaster Recovery)



Capital Program (Excluding CBD and Disaster Recovery)
Actual and Forecast % of FY Budget



CAPITAL SUMMARY AS AT JULY 2024							
	MTD Actual \$'000s	MTD Budget \$'000s	MTD Variance \$'000s	YTD Actual \$'000s	YTD Budget \$'000s	YTD Variance \$'000s	Full Year Budget \$'000s
Whole of Council							
Construction Program and Asset Purchase (incl. VHBB)	22,907	20,904	(2,003)	22,907	20,904	(2,003)	203,635
VHBB	6,689	393	(6,296)	6,689	393	(6,296)	11,110
Construction Program and Asset Purchase (ex VHBB)	16,218	20,512	4,294	16,218	20,512	4,294	192,525
Donated Assets	5,497	6,293	795	5,497	6,293	795	75,510
Executive							
Construction Program and Asset Purchase	5,828	5,828	1	5,828	5,828	1	6,828
Nicholas Street Precinct	1,960	4,739	2,779	1,960	4,739	2,779	21,736
Total Capital Expenditure	7,787	10,567	2,780	7,787	10,567	2,780	28,564
Corporate Services							
Construction Program and Asset Purchase	196	506	310	196	506	310	4,935
iVolve	221	160	(61)	221	160	(61)	4,284
Total Capital Expenditure	416	666	249	416	666	249	9,219
Community, Cultural and Economic Development							
Construction Program and Asset Purchase	16	6	(10)	16	6	(10)	4,011
Total Capital Expenditure	16	6	(10)	16	6	(10)	4,011

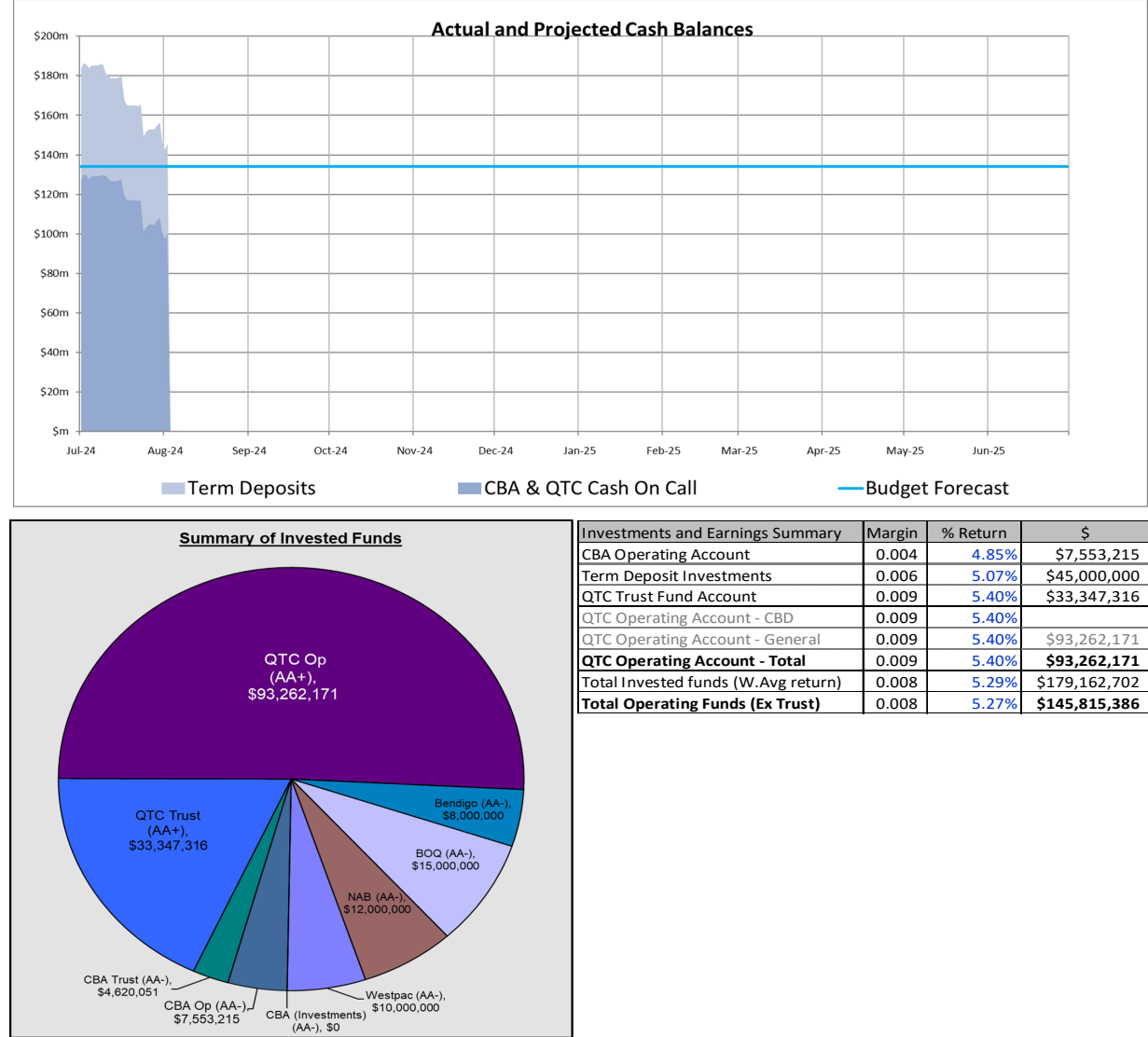
CAPITAL SUMMARY AS AT JULY 2024

	MTD Actual \$'000s	MTD Budget \$'000s	MTD Variance \$'000s	YTD Actual \$'000s	YTD Budget \$'000s	YTD Variance \$'000s	Full Year Budget \$'000s
Assets and Infrastructure Services							
Infrastructure Program	5,573	6,297	724	5,573	6,297	724	90,863
Emergent Works	0	0	0	0	0	0	2,000
Equipment	2	0	(2)	2	0	(2)	0
Ipswich Central Revitalisation	3	0	(3)	3	0	(3)	0
Fleet	730	47	(683)	730	47	(683)	6,889
Disaster Recovery	1,392	2,834	1,442	1,392	2,834	1,442	33,721
Voluntary Home Buy Back Scheme	6,689	393	(6,296)	6,689	393	(6,296)	11,110
Total Capital Expenditure	14,390	9,571	(4,819)	14,390	9,571	(4,819)	144,583
Environment and Sustainability							
Infrastructure Program	15	0	(15)	15	0	(15)	8,275
Waste	77	85	8	77	85	8	4,931
Total Capital Expenditure	91	85	(6)	91	85	(6)	13,206
Planning and Regulatory Services							
Construction Program and Asset Purchase	206	10	(196)	206	10	(196)	4,052
Total Capital Expenditure	206	10	(196)	206	10	(196)	4,052
Donated Assets							
Community, Cultural and Economic Development	0	3	3	0	3	3	32
Corporate Services	0	0	0	0	0	0	0
Asset and Infrastructure Services	5,497	6,290	793	5,497	6,290	793	75,478
Environment and Sustainability	0	0	0	0	0	0	0
Executive	0	0	0	0	0	0	0
Planning and Regulatory Services	0	0	0	0	0	0	0
Total Donated Assets	5,497	6,293	795	5,497	6,293	795	75,510

FINANCIAL EXECUTIVE SUMMARY

JULY 2024

Cash and Investments



Cashflow
Council's cash and cash equivalents balance as at 31 July 2024 was \$145.8 million. Actual cash balance includes \$5.4 million of funds related to the Voluntary Home Buy-Back program. Council's investments are made in accordance with Council's Investment Policy (adopted as part of the annual budget) with an average return percentage of 5.27%.