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## 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 2<sup>nd</sup> 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
<b>RECEIVE AND NOTE REPORT</b>
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 <a href="#">↓</a> 
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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**

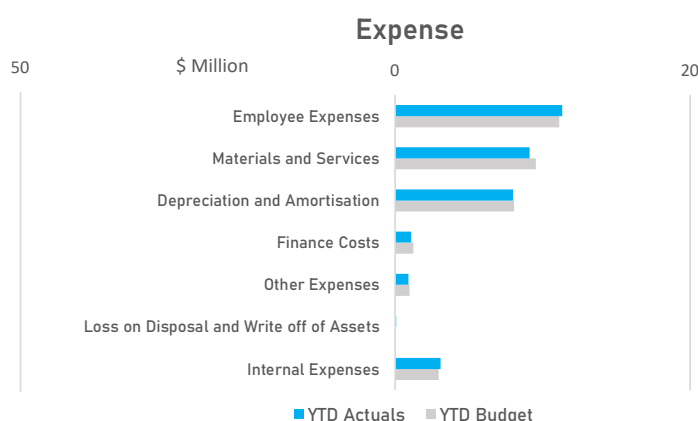
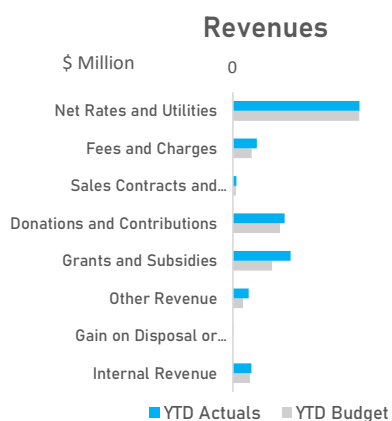
**Performance Report**

**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	▲
<b>Operating Surplus/(Deficit)</b>	<b>8,178</b>	<b>5,547</b>	<b>2,631</b>		<b>2,177</b>	<b>▲</b>
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	▲
<b>Net Result</b>	<b>21,236</b>	<b>14,227</b>	<b>7,009</b>		<b>158,444</b>	<b>▲</b>
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	▲
<b>Total Capital Expenditure</b>	<b>28,404</b>	<b>27,197</b>	<b>(1,207)</b>	<b>(4.4%)</b>	<b>279,145</b>	<b>▼</b>

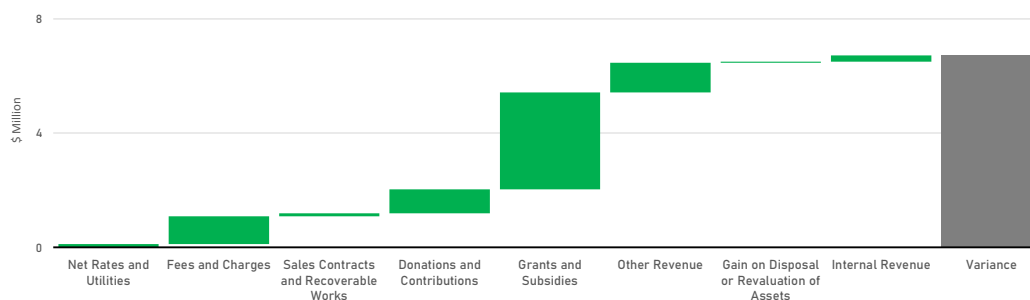




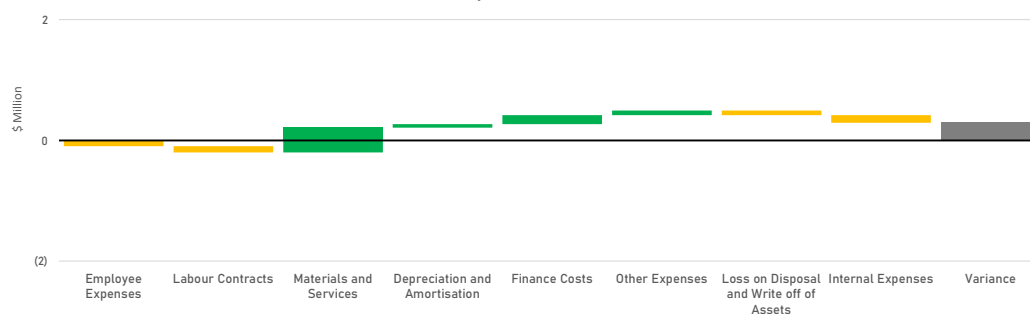
### FINANCIAL EXECUTIVE SUMMARY

	YTD				Annual	
	Actuals \$'000s	Current Budget \$'000s	Variance \$'000s	Variance %	Current Budget \$'000s	Trend from JUN 2024
<b>Revenue</b>						
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	▲
<b>Total Revenue</b>	<b>54,871</b>	<b>48,155</b>	<b>6,716</b>	<b>13.9%</b>	<b>578,009</b>	<b>▲</b>
<b>Expense</b>						
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	▲
<b>Total Expenses</b>	<b>33,635</b>	<b>33,928</b>	<b>293</b>	<b>0.9%</b>	<b>419,565</b>	<b>▲</b>
<b>Net Result</b>	<b>21,236</b>	<b>14,227</b>	<b>7,009</b>		<b>158,444</b>	<b>▲</b>

Revenue Variance



Expense Variance



(2)

Employee Expenses   Labour Contracts   Materials and Services   Depreciation and Amortisation   Finance Costs   Other Expenses   Loss on Disposal and Write off of Assets   Internal Expenses   Variance







