

FINANCIAL REPORT

Six months ended

31 December 2023

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1. Income Statement

For the six months ending 31 December 2023

	YTD Forecast Budget \$'000	YTD Actual Results \$'000	YTD Forecast Variance \$'000	Annual Forecast \$'000	Adopted Budget \$'000	Variance Adopted To Forecast \$'000
Income						
Rates & charges	107,715	107,731	16	107,988	107,639	349
Statutory fees & fines	2,699	2,680	(19)	5,490	5,404	85
User fees	16,371	16,324	(47)	31,023	30,601	422
Contributions - cash	3,234	3,257	23	6,900	6,732	168
Grants - operating (recurrent)	2,526	2,510	(16)	6,035	7,960	(1,925)
Grants - operating (non-recurrent)	1,027	1,054	27	1,514	372	1,142
Other income	2,110	2,415	305	2,463	1,980	484
Net gain (loss) on disposal of property, infrastructure, plant & equipment	150	512	362	103	(93)	196
Total income	135,832	136,483	651	161,516	160,596	920
Expenses						
Employee costs	34,224	34,219	5	67,701	66,053	(1,648)
Materials and services	17,883	17,774	109	32,238	30,735	(1,503)
Contractors	13,443	12,910	533	27,754	27,657	(97)
Depreciation and amortisation	14,499	14,499	(0)	29,130	28,862	(268)
Amortisation - right of use assets	0	0	0	1,523	1,523	0
Finance costs	473	473	0	914	915	0
Finance costs - leases	0	0	0	218	218	0
Other expenses	852	843	9	717	701	(16)
Total expenses	81,374	80,718	656	160,195	156,664	(3,531)
Underlying surplus (deficit)	54,458	55,765	1,308	1,321	3,932	(2,611)
Grants - capital (recurrent and non- recurrent)	1,867	1,855	(13)	7,179	32,476	(25,297)
Comprehensive result	56,325	57,620	1,295	8,500	36,408	(27,908)

2. Balance Sheet

As at 31 December 2023

	31/12/2023	31/12/2022	30/06/2023
	\$ '000	\$ '000	\$ '000
Assets			
Current assets			
Cash and cash equivalents	16,920	11,916	74,061
Trade and other receivables	80,128	79,958	9,795
Other financial assets	55,184	66,320	14,575
Inventories	486	475	424
Other assets	576	398	881
Total current assets	153,294	159,068	99,736
Non-current assets			
Trade and other receivables	313	447	313
Other financial assets	6,703	1,057	-
Investments in associates, joint arrangements and subsidiaries	1,916	2,534	1,915
Property, infrastructure, plant and equipment	2,086,264	2,000,493	2,087,642
Right-of-use assets	8,653	1,308	8,652
Intangible assets	1,053	748	1,054
Total non-current assets	2,104,902	2,006,586	2,099,576
Total assets	2,258,196	2,165,654	2,199,312
Liabilities			
Current liabilities			
Trade and other payables	(29,096)	(8,451)	(32,935)
Trust funds and deposits	(14,976)	(13,359)	(6,065)
Unearned income	(7,555)	(16,687)	(8,216)
Provisions	(14,914)	(13,895)	(14,805)
Interest-bearing liabilities	(1,875)	(1,617)	(2,836)
Lease liabilities	(1,451)	(93)	(1,451)
Total current liabilities	(69,867)	(54,102)	(66,308)
Non-current liabilities			
Trust funds and deposits	(132)	(330)	(132)
Unearned income	(11,043)	(25,549)	(11,043)
Provisions	(1,111)	(1,507)	(1,111)
Interest-bearing liabilities	(18,284)	(20,967)	(18,726)
Lease liabilities	(7,294)	(1,252)	(7,294)
Total non-current liabilities	(37,864)	(49,605)	(38,306)
Total liabilities	(107,731)	(103,707)	(104,614)
Net assets	2,150,465	2,061,947	2,094,698

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Equity

Accumulated surplus	846,932	847,558	841,538
Surplus (deficit) for period	55,765	54,987	5,391
Reserves	1,247,768	1,159,403	1,247,769
Total equity	2,150,465	2,061,947	2,094,698

3. Statement of Cash Flows

For the Six months ended 31 December 2023

	31/12/2023 \$'000	31/12/2022 \$'000
Cash flows from operating activities		
Rates and charges	34,414	43,503
Statutory fees and fines	2,680	2,271
User fees	19,621	22,648
Grants - operating	3,564	3,474
Grants - capital	1,764	4,685
Contributions - monetary	3,257	3,441
Interest received	314	1,456
Trust funds and deposits taken	12,308	2,448
Other receipts	2,101	0
Net GST refund/payment	227	7,901
Employee costs	(34,305)	(31,270)
Materials and services	(34,085)	(26,918)
Short-term, low value and variable lease payments	0	552
Trust funds and deposits repaid	(3,626)	(2,240)
Net cash provided by/ (used in) operating activities	8,235	31,950
Cash flows from investing activities		
Payments for property, infrastructure, plant and equipment	(16,903)	(40,434)
Proceeds from sales of property, infrastructure, plant and equipment	716	568
Payments for investments	(90,419)	(47,457)
Proceeds from sales of investments	43,106	23,359
Net cash provided by/ (used in) investing activities	(63,499)	(63,965)
Cash flows from financing activities		
Finance costs	(473)	(182)
Repayment of borrowings	(1,403)	(1,210)
Repayment of lease liabilities	0	(552)
Net cash provided by/ (used in) financing activities	(1,876)	(1,944)
Net increase (decrease) in cash and cash equivalents	(57,141)	(33,959)
Cash and cash equivalents at the beginning of the period	74,061	45,875
Cash and cash equivalents at the end of the financial period	16,920	11,916

4. Statement of Capital Works

For the six months ending 31 December 2023

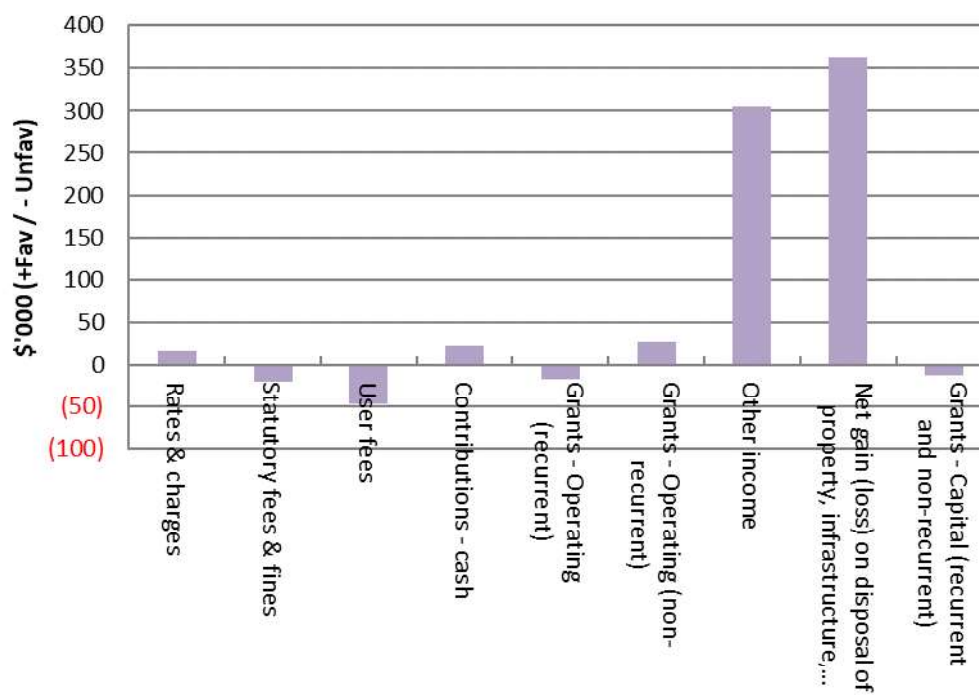
	YTD Forecast Budget \$'000	YTD Actual * \$'000	YTD Bud Var \$'000	Forecast Budget ** \$'000	Amount Carried Forward \$'000	Adopted Budget \$'000
Classification						
Buildings	2,458	3,067	(608)	10,912	(1,613)	12,838
Roads	1,854	1,883	(29)	5,314	(41)	3,652
Footpaths and cycleways	1,748	1,759	(11)	2,589	24	3,200
Carparks	933	950	(17)	4,152	101	29,023
Drainage	3,078	3,107	(28)	6,729	1,701	4,925
Waste management	5	5	0	50	0	50
Other capital roads and drainage	116	118	(3)	491	256	1,055
Recreational leisure and community facilities	23	695	(671)	1,294	(1,210)	1,901
Parks and open space	1,026	1,033	(7)	2,661	534	1,931
Commercial centres	153	153	0	292	217	50
Fixtures, fittings and furniture	45	52	(8)	131	0	120
Plant, machinery and equipment	1,710	2,134	(424)	3,337	1,005	2,906
Computers and telecommunications	225	241	(16)	1,558	1,691	371
Property sales	0	12	(12)	0	0	0
Building renewal	591	612	(21)	1,267	52	3,751
Total capital works	13,968	15,822	(1,854)	40,776	2,718	65,773

* YTD Actual expenditure includes Carried Forwards

** Forecast Budget expenditure includes Carried Forwards

5. Financial and Capital Analysis

Income – YTD Forecast Budget variances

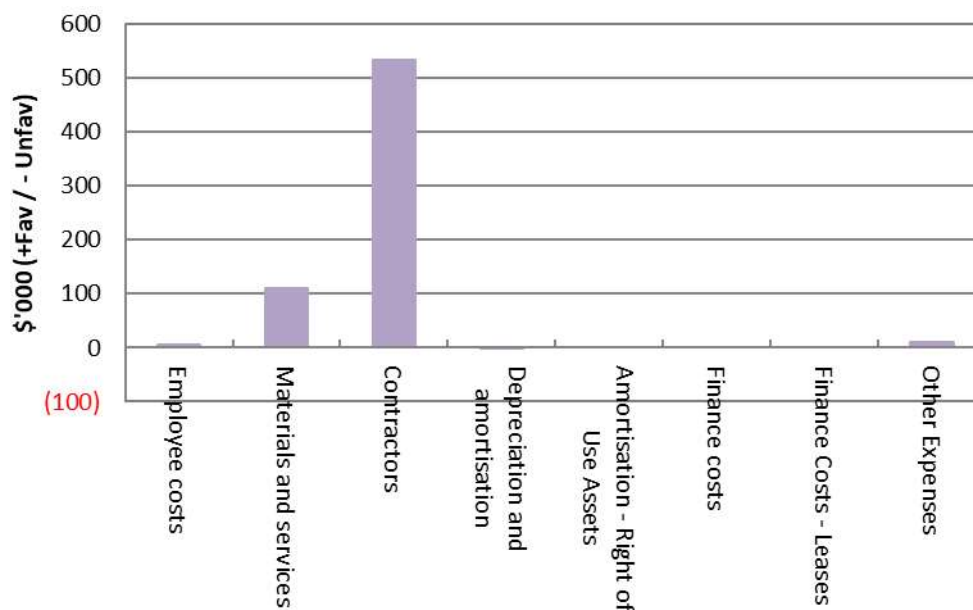


The graph illustrates how each income stream is performing year to date against forecast, by variance. Key variances of note include:

Favourable Variances:

- Net gain (loss) on disposal of property, infrastructure, plant & equipment \$362k - Timing variance mainly represents Plant & fleet \$226k above year-to-date forecast.
- Other Income \$305k - Timing variance is related to receiving higher interest than budgeted for term deposits.

Expenses – YTD Forecast Budget variances

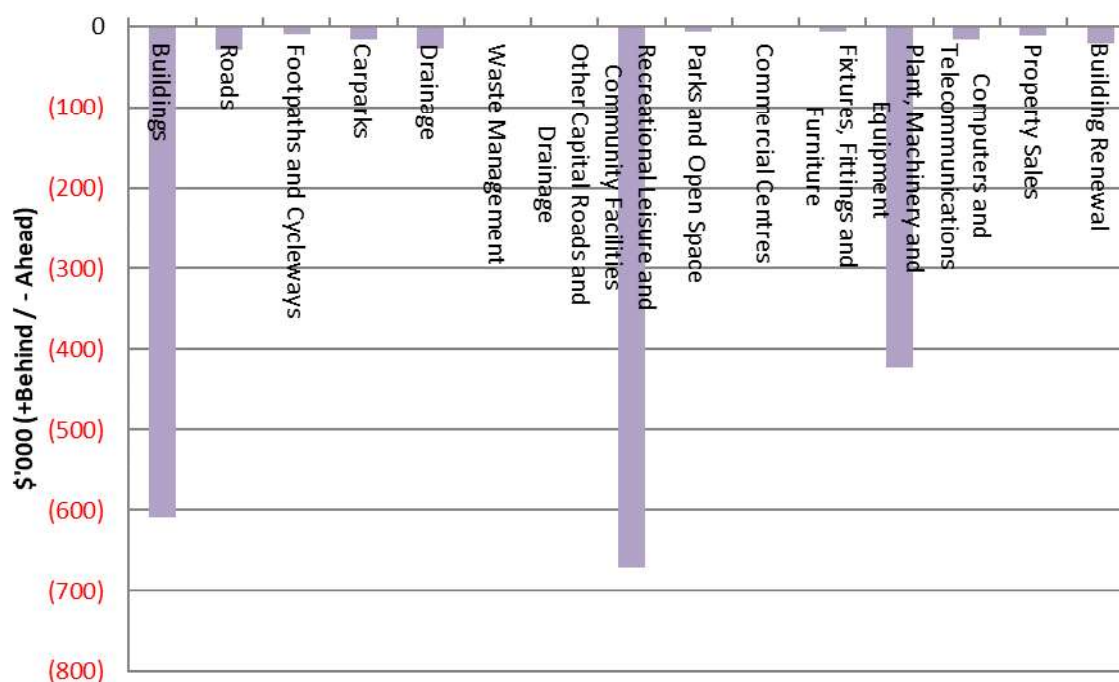


The table illustrates how each expense stream is tracking year to date against forecast, by variance. Key variances of note include:

Favourable Variances:

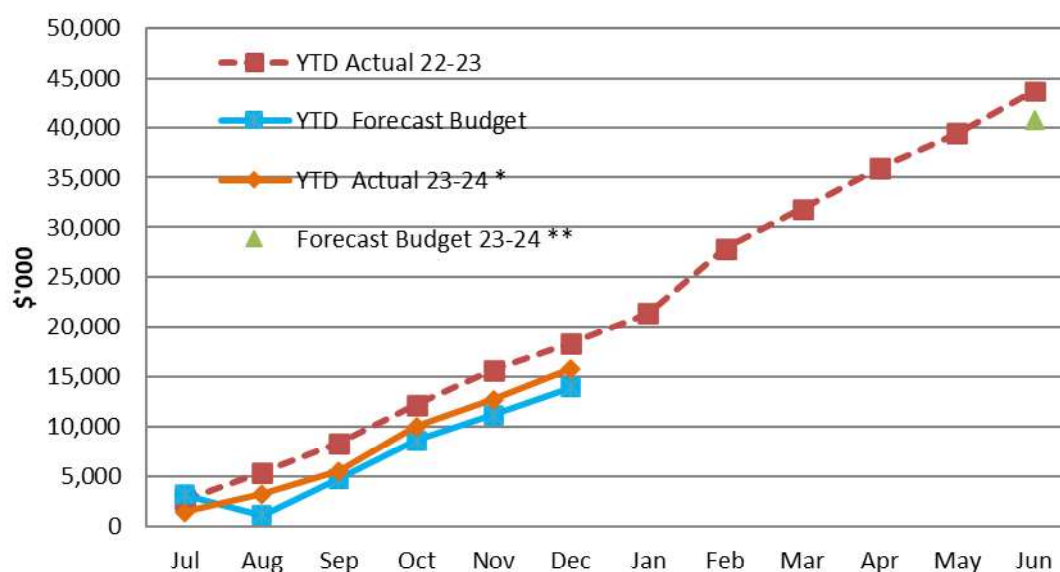
- Contractors \$533k - Mainly driven by \$193k waste management, \$130k asset management and \$114k in carbon neutral offsets.
- Materials and Services \$109k - Favourable variance is mainly driven by community services \$131k, governance & performance \$64k and communications & citizenship \$55k.

Capital Works – YTD Forecast Budget variances by asset class



The graph above indicates year to date variance against Forecast per classification. (Represents table 4 above - Statement of Capital works)

Capital works YTD expenditure cumulative



*YTD Actual expenditure includes Carried Forwards

**Forecast Budget expenditure includes Carried Forwards and future years' projects brought forward

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This graph demonstrate that the capital program is on par with overall budget predictions.

The Forecast Capital Expenditure program for 2023/24 is \$40.78 million. A carry forward amount from 2022/23 of \$2.7 million is included in the forecast for the current period.

The chart above indicates how Council is performing year to date against the forecast, as well as how we are tracking to achieve the period end target of \$13.97 million. Council has spent 38.8% of its forecast at the end of the second quarter.

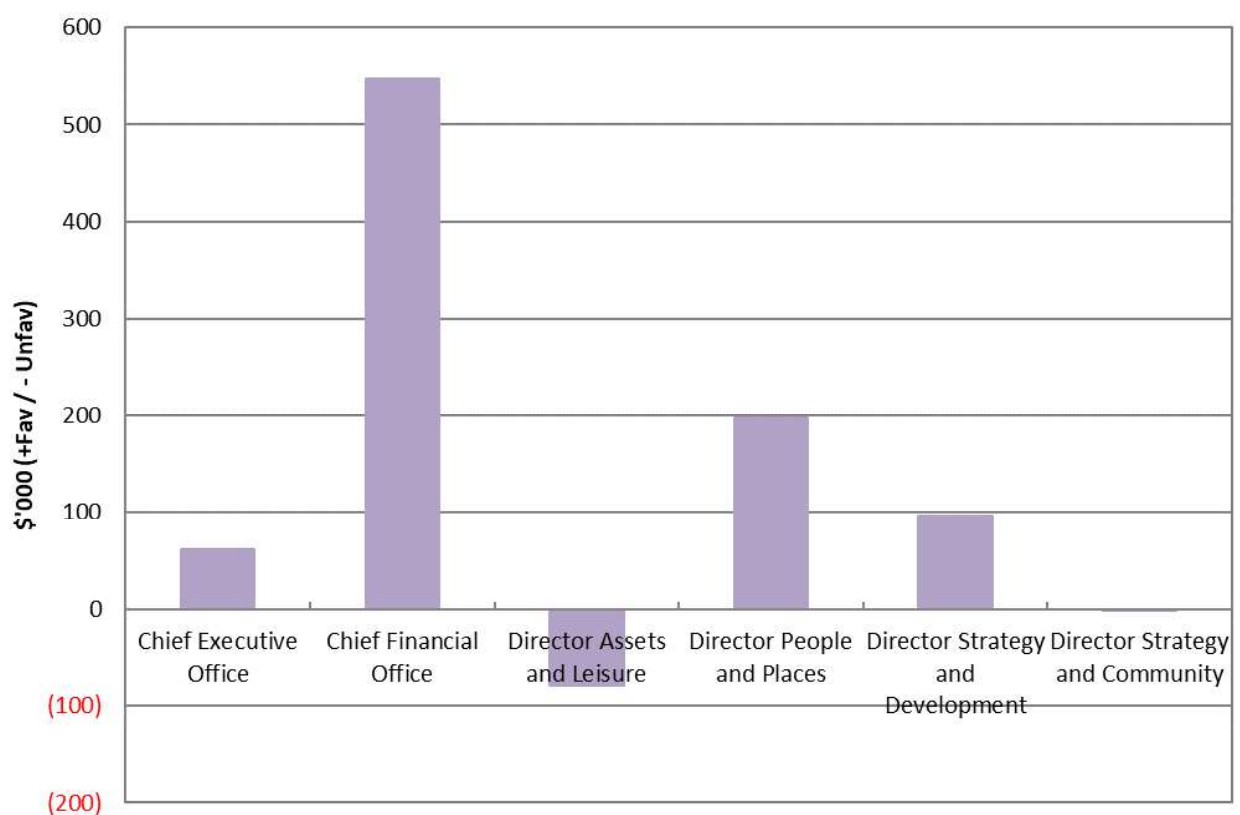
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Directorate Analysis

	YTD Forecast Net \$'000	YTD Actual Net \$'000	YTD Bud Var Net \$'000	Annual Forecast Net \$'000
Department				
Chief Executive Office	(891)	(830)	61	(1,756)
Chief Financial Office	(14,323)	(13,775)	548	(31,551)
Director Assets and Leisure	(11,938)	(12,017)	(79)	(23,073)
Director People and Places	(7,664)	(7,467)	198	(17,225)
Director Strategy and Development	(2,594)	(2,497)	96	(4,822)
Director Strategy and Community	(46)	(47)	(0)	(46)
	<u>(37,457)</u>	<u>(36,633)</u>	<u>824</u>	<u>(78,474)</u>
Capital Grants & Contributions	1,868	1,854	22	7,180
Net (Gain)/Loss on disposal of equipment	150	512	362	103
Other non-attributable *	91,764	91,887	87	79,691
Net (surplus) deficit	56,325	57,620	1,295	8,500

* Other non-attributable includes rate & charges revenue, grants commission, depreciation, and insurance.

Department net cost YTD Budget variances (depiction of the table above)



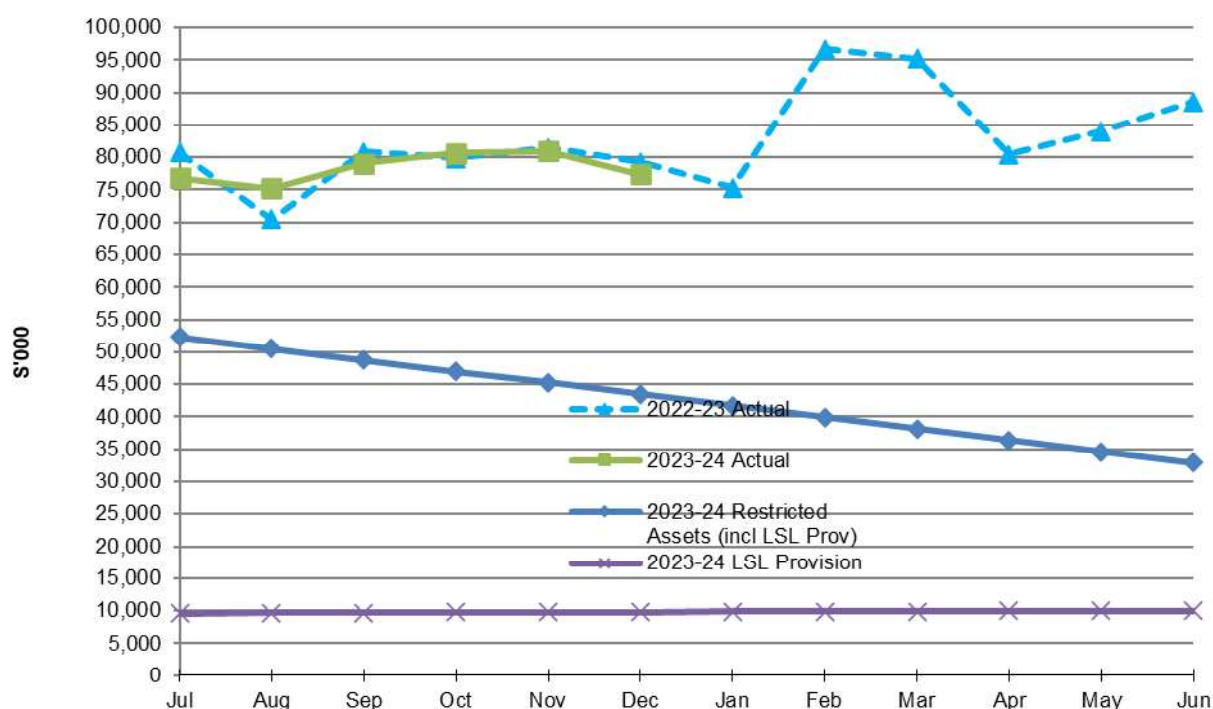
This graph shows variances by director level. Timing variance in Chief Financial Office is related to interest income \$333k and waste management contractors \$181k.

6. Financial Position

	2023-24 Dec Actual \$'000	2022-23 Dec Actual \$'000	2023-24 Adopted Budget \$'000	2022-23 June EOFY Actual \$'000
Cash and investments	78,807	79,294	41,368	88,636
Net current assets	88,255	104,966	16,607	33,428
Net assets and total equity	2,150,465	2,062,267	2,091,739	2,094,698

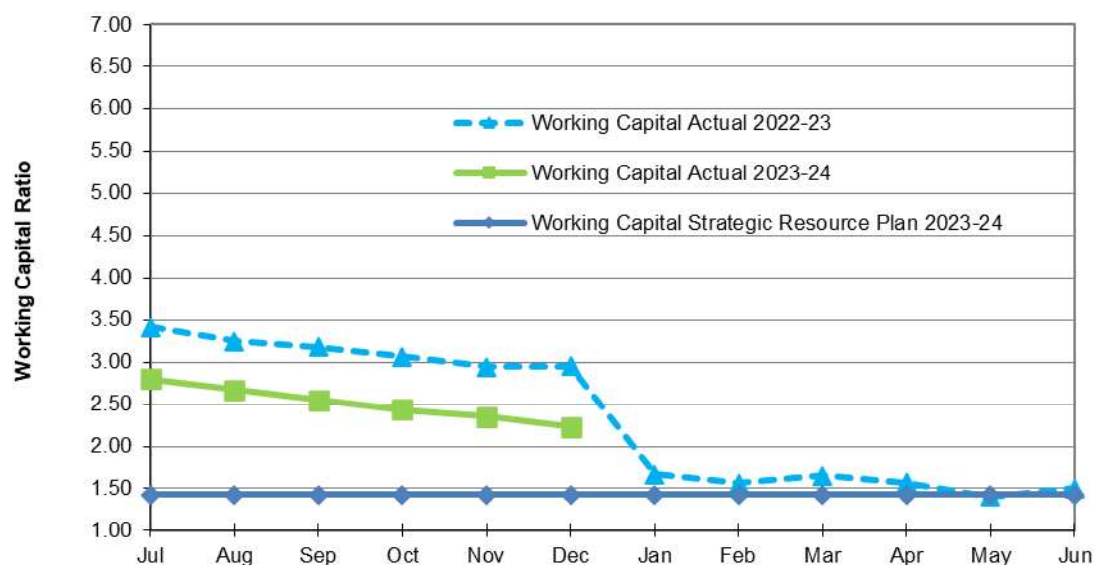
The Financial Position as of 31 December 2023 shows cash and investment balances of \$78.80 million and a net current asset position of \$88.25 million. The net asset position as of 31 December 2023 is \$2.15 billion. Cash and investment balances are above expectations identified in the Long-Term Financial Strategy for the current period of 2023/2024.

Actual cash & investments balance by month



This graph reflects that there are sufficient cash reserves to cover both restricted assets and any fluctuations in cash flow. The levels fluctuate during the year in line with inflows from peak rate payment periods and expense cycles. Restricted Assets refer to unexpended grants and developer's contributions as well as provision for Long Service Leave.

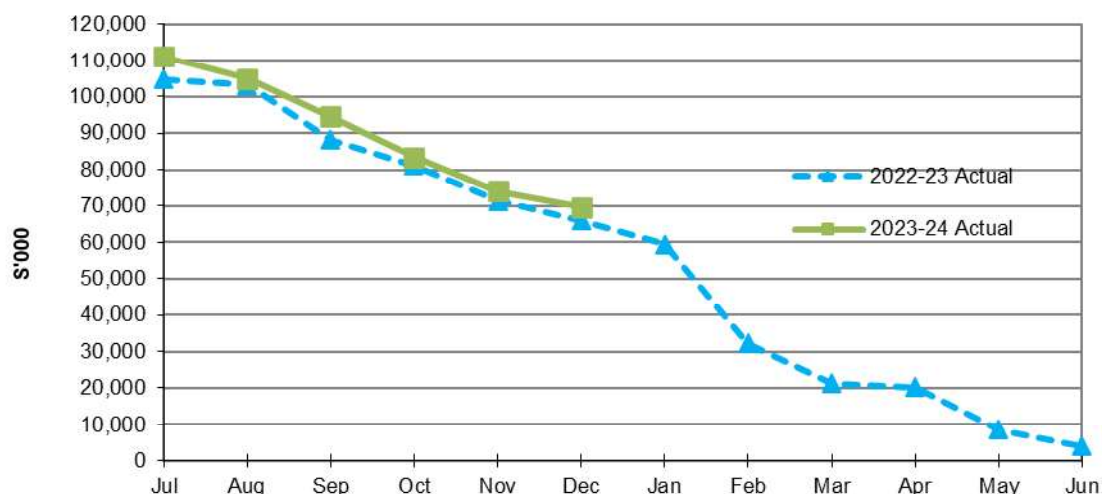
Actual working capital ratio by month (Current Assets / Current Liabilities)



The working capital ratio is a measure of liquidity. It is always essential for this figure to be greater than 1.00, with the VAGO recommended level being more than 1.50.

Council's working capital ratio as of 31 December 2023 is 2.23.

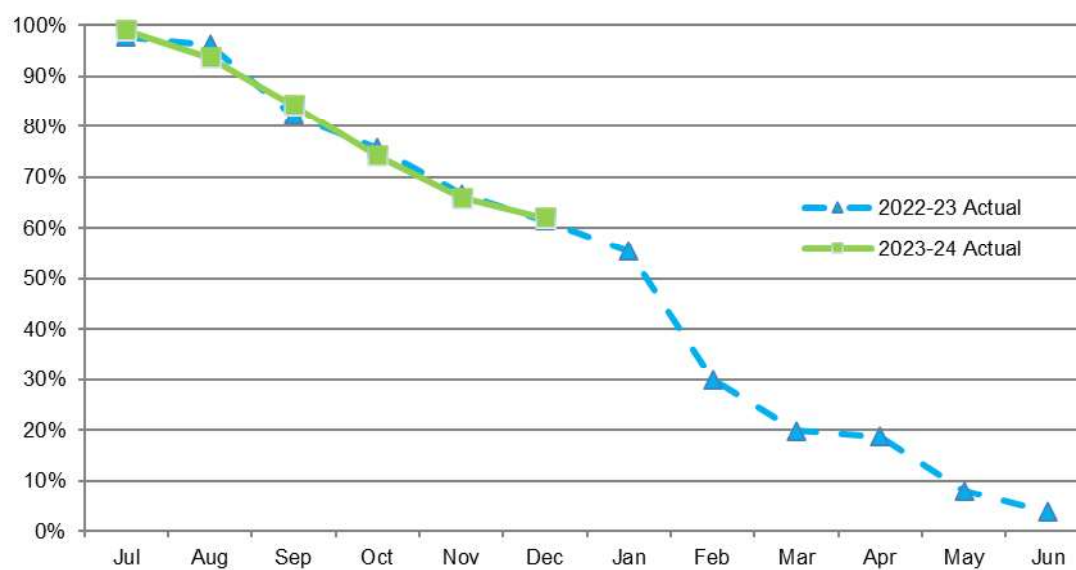
Actual rates outstanding balances by month



The chart above compares the rates outstanding as at 31 December 2023 to the same time last financial period. Our collection rate follows a similar pattern to previous periods, based on rate instalments occurring at set times throughout the financial period. Council has one of the highest debt recovery performances in comparison to other local government authorities.

The December result indicates a similar trend of rates outstanding as compared to the same stage last year, taking into account rates being struck in July of this year.

Rates debtor collection rate by %

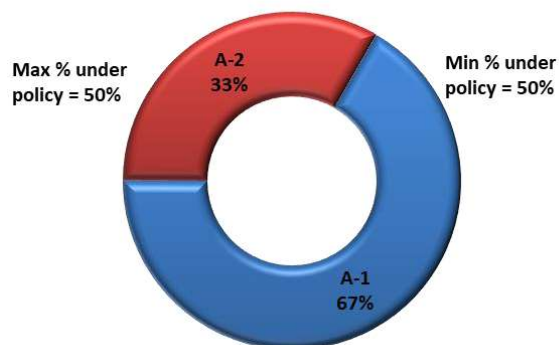


Rate debtor's collection levels during 2023/2024 are in line with expectations, taking into account rates being struck in July of this year.

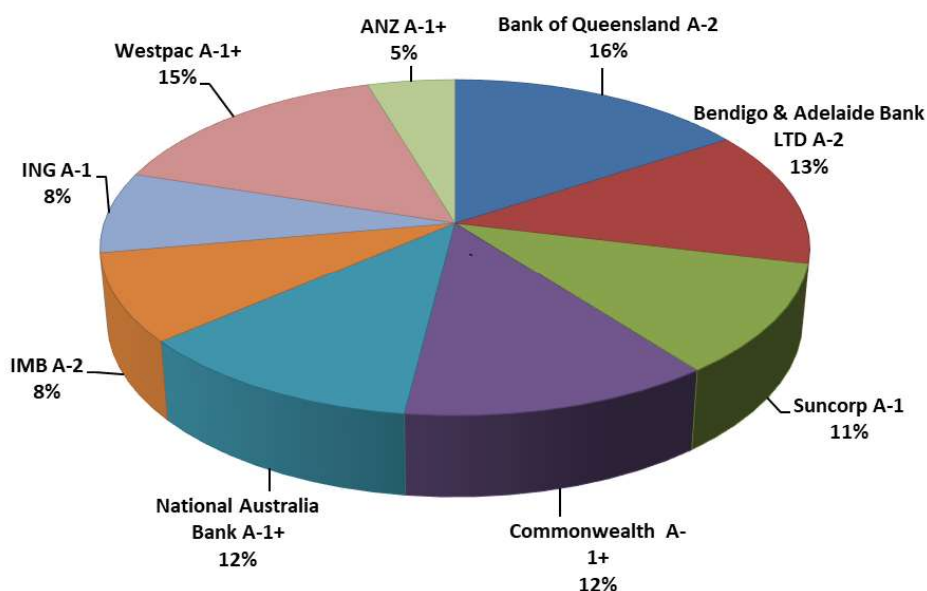
7. Cash and Investments

The following graphs indicate the diversification and credit ratings of the investment portfolio at the end of December. The table lists all the investments held as of 31 December 2023. Council's Investment Policy is to maintain a portfolio's balance between A-1 and A-2 investments and hold no greater than 15% of the portfolio with one investing partner.

Credit Rating
as at 31st December 2023



Investment Distribution
as at 31st December 2023



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Investments as at 31/12/2023							
Institution	Credit Rating	Maturity Date	Period Days	Yield %	Type	\$000's	%
Commonwealth	A-1+		0	1.35	On-Call	8,052	11.0%
Bank of Queensland	A-2	08-Jan-24	84	4.64	Term Dep	2,534	3.4%
National Australia Bank	A-1+	19-Feb-24	84	4.85	Term Dep	1,036	1.4%
Westpac	AA-	03-Jan-24	100	4.74	Term Dep	3,000	4.1%
ANZ	A-1+	08-Jan-24	97	4.56	Term Dep	3,000	4.1%
IMB	A-2	15-Jan-24	104	4.75	Term Dep	2,529	3.4%
National Australia Bank	A-1+	18-Jan-24	94	4.86	Term Dep	2,027	2.8%
Bendigo & Adelaide Bank LTD	A-2	29-Jan-24	91	4.67	Term Dep	1,525	2.1%
Suncorp	A-1	05-Feb-24	124	4.92	Term Dep	3,000	4.1%
Bendigo & Adelaide Bank LTD	A-2	12-Feb-24	96	4.76	Term Dep	2,528	3.4%
Westpac	A-1+	26-Feb-24	91	5.00	Term Dep	1,000	1.4%
Suncorp	A-1	04-Mar-24	105	5.04	Term Dep	2,023	2.8%
Suncorp	A-1	13-Mar-24	107	4.95	Term Dep	2,025	2.8%
ING	A-1	13-Mar-24	93	4.70	Term Dep	2,043	2.8%
National Australia Bank	AA-	18-Mar-24	105	5.00	Term Dep	2,027	2.8%
Bendigo & Adelaide Bank LTD	A-2	18-Mar-24	96	4.71	Term Dep	2,041	2.8%
Bank of Queensland	A-2	20-Mar-24	237	5.37	Term Dep	4,174	5.7%
Westpac	AA-	25-Mar-24	109	4.95	Term Dep	2,000	2.7%
National Australia Bank	A-1+	03-Apr-24	112	5.03	Term Dep	2,553	3.5%
Bank of Queensland	A-2	03-Apr-24	114	5.20	Term Dep	2,531	3.4%
IMB	A-2	08-Apr-24	110	4.95	Term Dep	3,066	4.2%
Westpac	AA-	27-May-24	172	5.09	Term Dep	4,093	5.6%
Commonwealth	A-1+	01-Oct-24	365	5.35	Term Dep	6,000	8.2%
ING	A-1	11-Oct-24	365	5.25	Term Dep	2,000	2.7%
Bendigo & Adelaide Bank LTD	A-2	09-Feb-24	365	4.40	Term Dep	1,069	1.5%
Bank of Queensland	A-2	14-Mar-24	365	4.70	Term Dep	1,074	1.5%
Bendigo & Adelaide Bank LTD	A-2	11-Jul-24	365	5.55	Term Dep	1,382	1.9%
Commonwealth	A-1+	01-Oct-24	365	5.35	Term Dep	2,111	2.9%
ING	A-1	20-Jan-25	395	5.32	Term Dep	1,068	1.5%
						73,510	100%

Term Dep = Term Deposit NCD = Negotiable Certificate of Deposit

Council's performance against the industry wide benchmark (Bank Bill Swap Reference Rate – Average Bid which summarises the returns on banks bills over the period chosen) is provided below:

Benchmark: 90 days Bank Bill Swap Reference Rate – Average Bid (Source: Australian Financial Markets Association)	4.04%
Maroondah Investment Portfolio as at 31 December 2023	4.99%