

FINANCIAL PERFORMANCE REPORT – February 2024

This report provides a summary of key financial performance indicators for Federation Council for the reporting month.

1. OPERATING RESULT

The following table provides a summary of the operating result for the consolidated fund (general, water, sewer and waste funds).

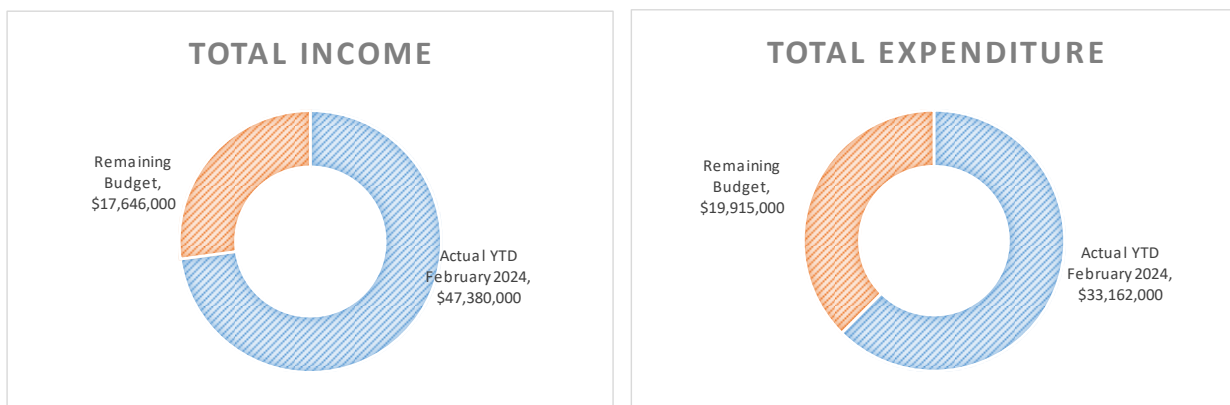
Consolidated position

	Actual YTD February 2024 (\$000's)	Annual Budget 2023/24 (\$000's)	Annual Budget %	Notes
Income				
Rates and Annual Charges	17,784	19,858	90%	1
User Charges and Fees	6,355	9,708	65%	
Interest and Investment Revenues	502	435	115%	2
Other Revenues	325	407	80%	3
Grants & Contributions - Operating	9,811	15,282	64%	
Grants & Contributions - Capital	11,777	18,296	64%	
Net gain from disposal of assets	826	1,040	79%	4
Total Income	47,380	65,026	73%	
Expenses				
Employee Costs	10,441	17,709	59%	5
Borrowing Costs	249	520	48%	6
Materials & Contracts	12,548	19,661	64%	
Depreciation	9,607	14,491	66%	
Other Expenses	317	696	46%	7
Total Expenses	33,162	53,077	62%	
Net Operating Result (Consolidated)	14,218	11,949	119%	

At 29 February 2024, we are 67 % through the financial year. The following notes provide a brief explanation where revenue or expenditure is less than 62% or more than 72% of the full year budget.

Notes

1. Rates and Annual Charges – Annual general rates of \$11.2m and the Kerbside Collection annual charges (totalling \$2.4m) were raised in full in July 2023. Water and Sewer annual charges (\$1.5m and \$4.8m respectively) will be raised in three equal instalments in November, March and June.
2. Interest and Investment Revenues – The variance of \$51,000 is primarily due to higher-than-expected interest rates and increased volume of investment. These factors led to higher interest revenue than initially anticipated.
3. Other Revenues – \$44,397 State Cover incentive received for 2022/23.
4. Net Gain from Disposal of assets – Council has sold two blocks of industrial land. This is consistent with the budget for 2023/24.
5. Employee Costs – Council has a couple of positions that were budgeted for but as yet are not filled.
6. Borrowings Costs – borrowing costs are recognised when loan payments are made. These are generally on a six-monthly basis.
7. Other Expenses: Other Expenses comprises the emergency services levy payable to the NSW Government (includes FRNSW, SES and RFS levies) and donations, contributions and assistance to other organisations. At this stage Council has only been levied for two of the four instalments of the emergency services levy.



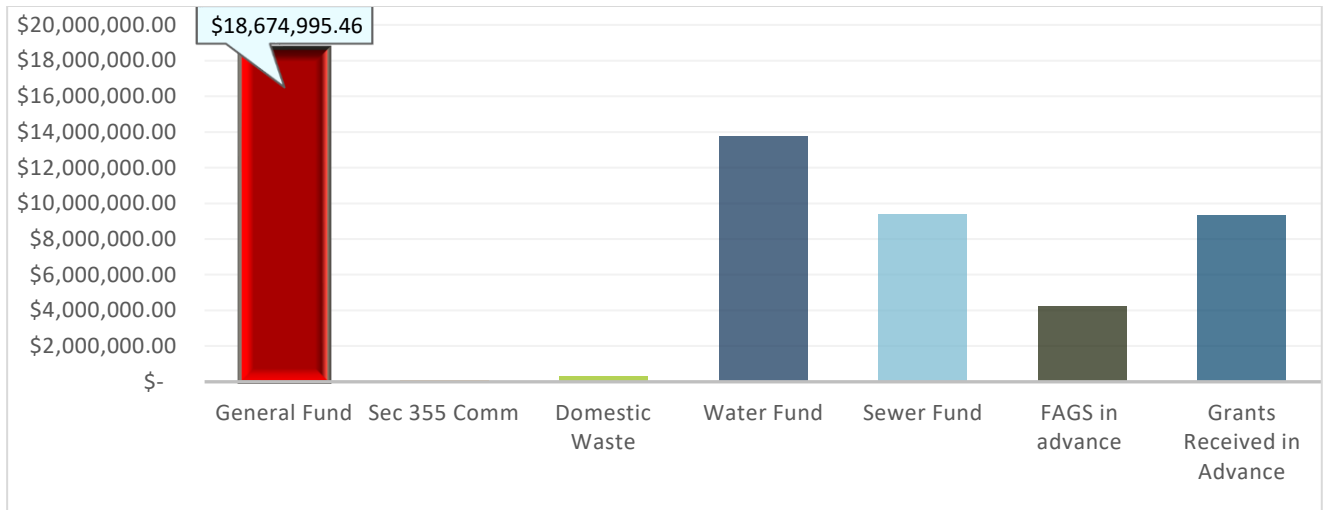
2. BALANCE SHEET

BANK BALANCES AND RECONCILIATION

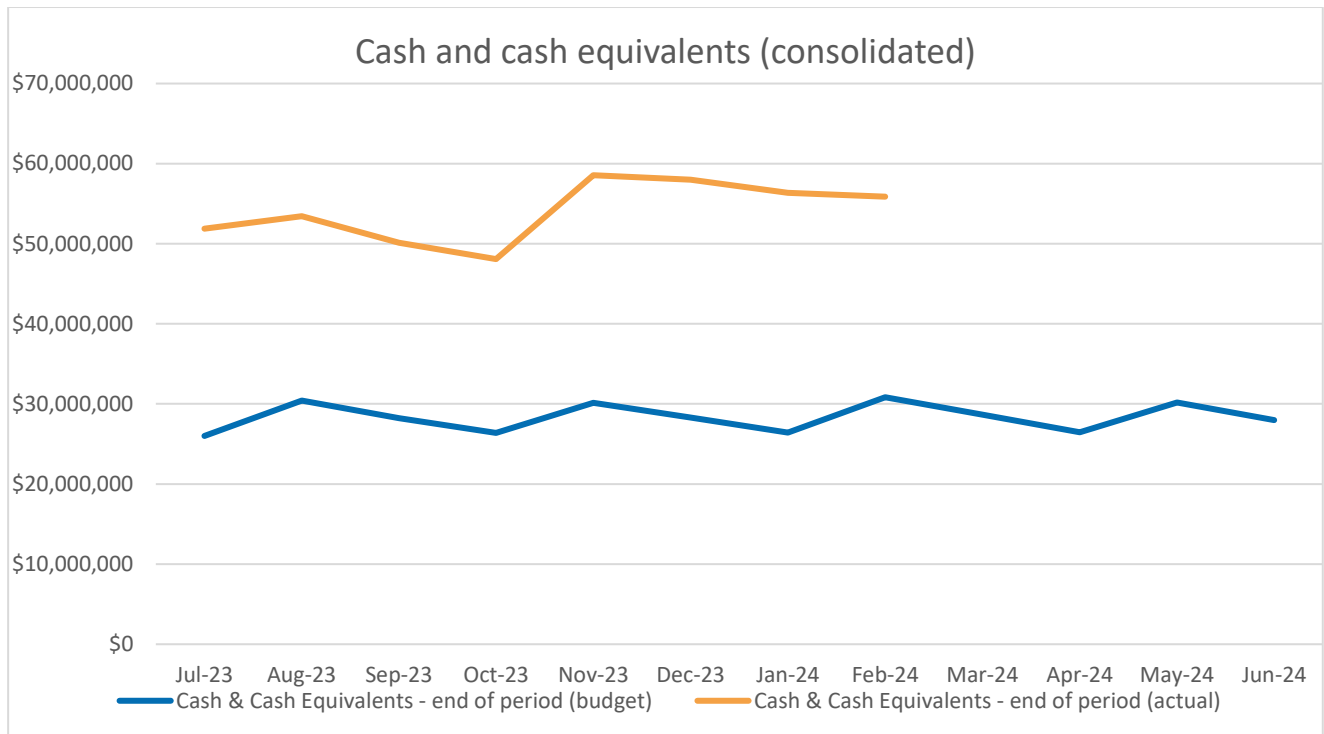
Council's Bank Balance as per Bank Statement at report date: 29th February 2024

\$

General Account	0000 0022	1,980,904.13
Business Online Saver Account	1014 2522	3,354,933.18
Investments		<u>50,520,579.83</u>
	Sub Total	55,856,417.14
Plus Deposits not yet lodged:		
Urana	28/02/24	418.00
Library	29/02/24	61.40
Corowa	29/02/24	533.70
	Sub Total	55,857,430.24
Less Unpresented Cheques		00.00
Balance as per Ledger		55,857,430.24
Less FAGS in advance		4,250,458.00
Less External Restricted Funds		<u>32,931,976.78</u>
Balance of General Fund Ledger		18,674,995.46



The following graph details Council’s consolidated cash and cash equivalents actual compared to the budget for the 2023/24 financial year.



The actual cash position is above budget at this stage of the financial year, due primarily to the following factors:

- Financial Assistance Grants of \$2.125 million (Instalment 4) was prepaid in June 2023 rather than May 2024 when the instalment would normally be payable.
- Receipt of grant funding for projects have been paid in advance and not yet spent (\$9.3 million).
- Capital works that were budgeted to be spent by February 2024, based on an even monthly spread, but haven’t yet been expended (\$11.1 million).
- Receipt of \$1.5m in funding from NSW Local Government Recovery Grants under Disaster Recovery Funding arrangements received in November 2023 for works to be undertaken in late 2023 and 2024.

Certificate of reconciliation

I certify that Council’s general ledger bank accounts have been reconciled with the appropriate bank statements as at 29 February 2024.

*S Norman
Manager Finance*

UNRESTRICTED CASH - NEW SECTION IN REPORT

Council's unrestricted cash balance continues to be closely monitored. At 30 June 2023, unrestricted cash totalled \$2.5 million. At the commencement of the 2023/24 financial year, unrestricted cash was forecast to total \$3.4 million by 30 June 2024.

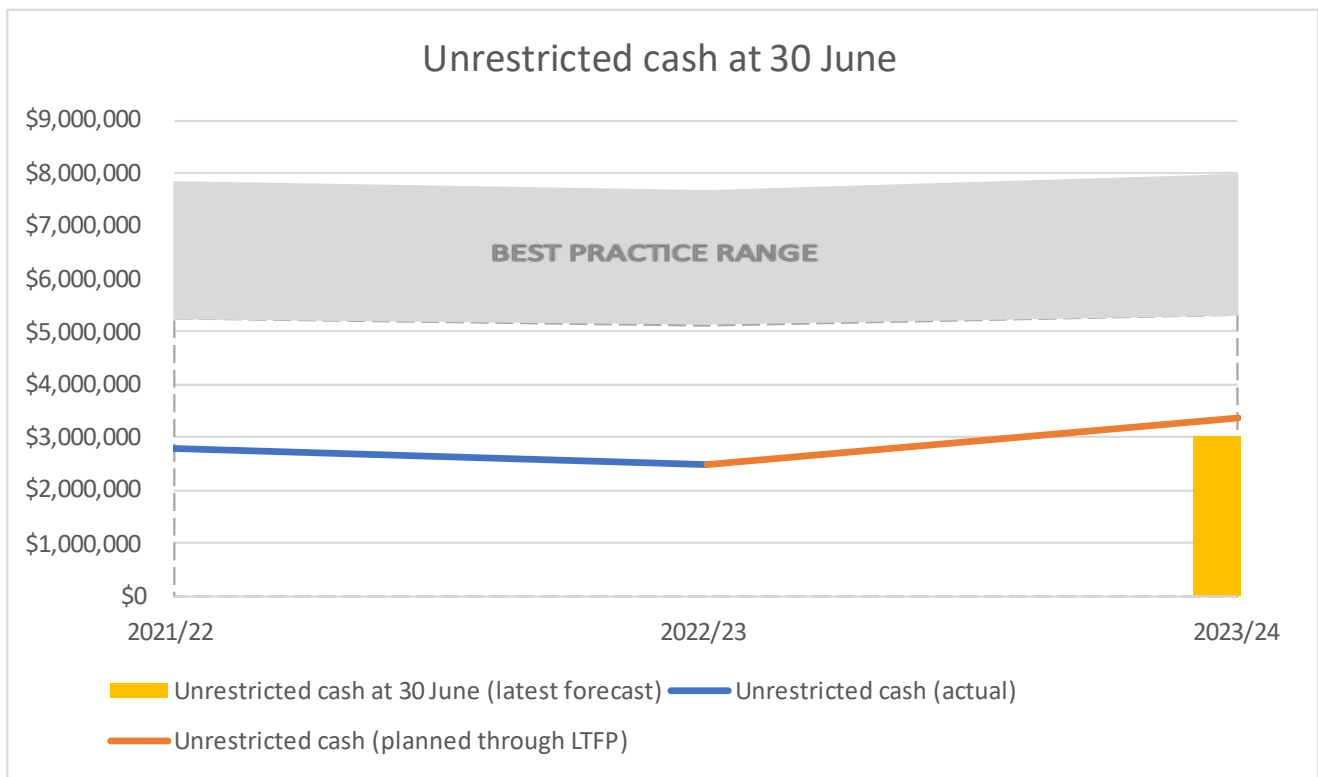
Since that time there have been a number of recommendations and Council decisions made that will utilise unrestricted cash. The following table summarises the decisions that impact on Council's forecast unrestricted cash at 30 June.

	\$	Council meeting date	Council resolution
Unrestricted cash - 30 June 2023	2,496,000		
Annual budget 2023/24 planned movement in unrestricted cash	867,000		
Planned unrestricted cash - 30 June 2024	3,363,000		
Unrestricted cash adjustments since 1 July 2023			
Corowa Saleyards upgrade - additional budget	(151,919)	19-Dec-23	335/2023FC
Cross St Reserve Howlong Master Plan - adj 2022/23 carry forward	(40,000)	27-Feb-24	32/2024FC
Corporate software upgrade - bring forward from 2024/25	(75,000)	27-Feb-24	32/2024FC
Corowa Aquatic Centre - implement tiered supervision model	(80,500)	27-Feb-24	37/2024FC
Increase / (decrease) in unrestricted cash from decisions post 1	(347,419)		
Forecast unrestricted cash - 30 June 2024	3,015,581		

As calculated in the above table, unrestricted cash is now forecast to total \$3.0 million at 30 June 2024.

It is considered best practice, and prudent, to retain a level of unrestricted cash (working capital) that is between two and three months of expected cash outflows. This working capital ensures that Council has the money available to meet its current, short-term obligations whilst also accommodating any cashflow fluctuations resulting from funding body or debtor payments or other unexpected financial shocks, such as an insurable major loss, or works required from a natural disaster requiring immediate funding whilst awaiting any possible Government funding.

The following graph displays the unrestricted cash forecast compared to the level of unrestricted cash that is best practice. Whilst Council does not currently have a level of unrestricted cash that meets the best practice range, Council officers are closely monitoring cash flows and performance against budget to manage this risk.



INVESTMENTS

The following is the list of investment securities held at the reporting date. The investment of funds on behalf of Council has been undertaken in accordance with the Local Government Act and Regulations.

Investment Type	Institution	Amount Lodged	Date Lodged	Rate	Days	Maturity Date
Term Deposit	Westpac	\$1,006,881.10	03/03/2023	4.93	368	04/03/2024
Term Deposit	NAB	\$1,000,000.00	09/03/2023	4.85	369	11/03/2024
Term Deposit	NAB	\$2,000,000.00	15/03/2023	4.67	367	15/03/2024
Term Deposit	NAB	\$1,000,000.00	16/03/2023	4.50	369	18/03/2024
Term Deposit	CBA	\$1,000,000.00	29/06/2023	5.40	274	28/03/2024
Term Deposit	Suncorp	\$2,000,000.00	04/04/2023	4.56	367	04/04/2024
Term Deposit	Suncorp	\$1,000,000.00	04/04/2023	4.56	367	04/04/2024
Term Deposit	NAB	\$500,000.00	06/04/2023	4.45	369	08/04/2024
Term Deposit	NAB	\$500,000.00	06/04/2023	4.45	369	08/04/2024
Term Deposit	Suncorp	\$1,000,000.00	16/10/2023	5.12	184	16/04/2024
Term Deposit	NAB	\$1,000,000.00	04/05/2023	4.75	369	06/05/2024
Term Deposit	CBA	\$2,000,000.00	29/06/2023	5.45	366	28/06/2024
Term Deposit	NAB	\$1,000,000.00	30/06/2023	5.56	365	28/06/2024

Term Deposit	CBA	\$2,000,000.00	07/07/2023	5.73	368	08/07/2024
Term Deposit	NAB	\$500,000.00	06/07/2023	5.54	369	08/07/2024
Term Deposit	NAB	\$1,001,355.34	04/08/2023	5.28	369	06/08/2024
Term Deposit	NAB	\$1,000,000.00	10/08/2023	5.30	369	12/08/2024
Term Deposit	CBA	\$3,000,000.00	23/08/2023	5.47	367	23/08/2024
Term Deposit	NAB	\$2,001,854.25	01/09/2023	5.15	368	02/09/2024
Term Deposit	Westpac	\$1,000,000.00	08/09/2022	4.30	733	09/09/2024
Term Deposit	Suncorp	\$1,000,000.00	08/12/2023	5.23	306	08/10/2024
Term Deposit	NAB	\$2,000,000.00	14/12/2023	5.16	306	14/10/2024
Term Deposit	Westpac	\$500,000.00	01/11/2023	5.54	367	01/11/2024
Term Deposit	NAB	\$2,006,883.39	17/11/2023	5.30	368	18/11/2024
Term Deposit	Westpac	\$1,500,000.00	04/12/2023	5.34	367	04/12/2024
Term Deposit	NAB	\$2,000,000.00	05/12/2023	5.35	367	05/12/2024
Term Deposit	Westpac	\$2,000,000.00	05/12/2023	5.38	367	05/12/2024
Term Deposit	Westpac	\$2,000,000.00	05/12/2023	5.38	367	05/12/2024
Term Deposit	Westpac	\$2,000,000.00	05/12/2023	5.38	367	05/12/2024
Term Deposit	Suncorp	\$2,000,000.00	06/12/2023	5.26	367	05/12/2024
Term Deposit	NAB	\$1,000,000.00	04/01/2024	5.10	369	06/01/2025
Term Deposit	NAB	\$500,000.00	04/01/2024	5.10	369	06/01/2025
Term Deposit	NAB	\$500,000.00	04/01/2024	5.10	369	06/01/2025
Term Deposit	Suncorp	\$2,000,000.00	05/01/2024	5.20	368	06/01/2025
Term Deposit	Westpac	\$1,000,000.00	31/01/2024	5.11	367	31/01/2025
Term Deposit	Westpac	\$1,000,000.00	16/02/2023	4.90	733	17/02/2025
Term Deposit	Suncorp	\$1,003,605.75	12/02/2024	5.16	659	12/02/2025
Term Deposit	Suncorp	\$1,000,000.00	23/02/2024	5.08	276	25/11/2024

\$50,520,579.83

Certificate of reconciliation

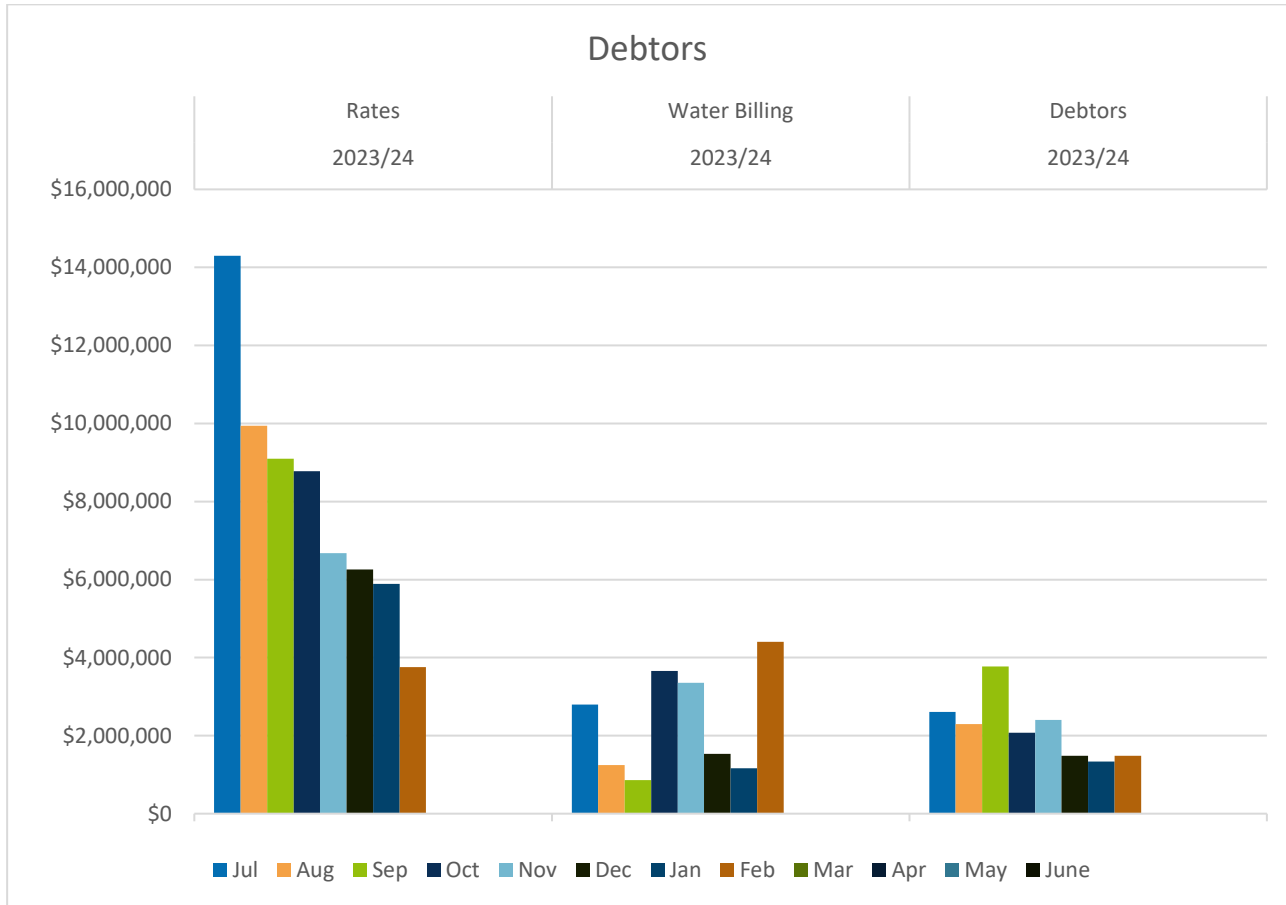
I certify that the investments have been made in accordance with section 625 of the Local Government Act 1993, the Regulations and Council's policies.

*S Norman
Manager Finance*

DEBTORS

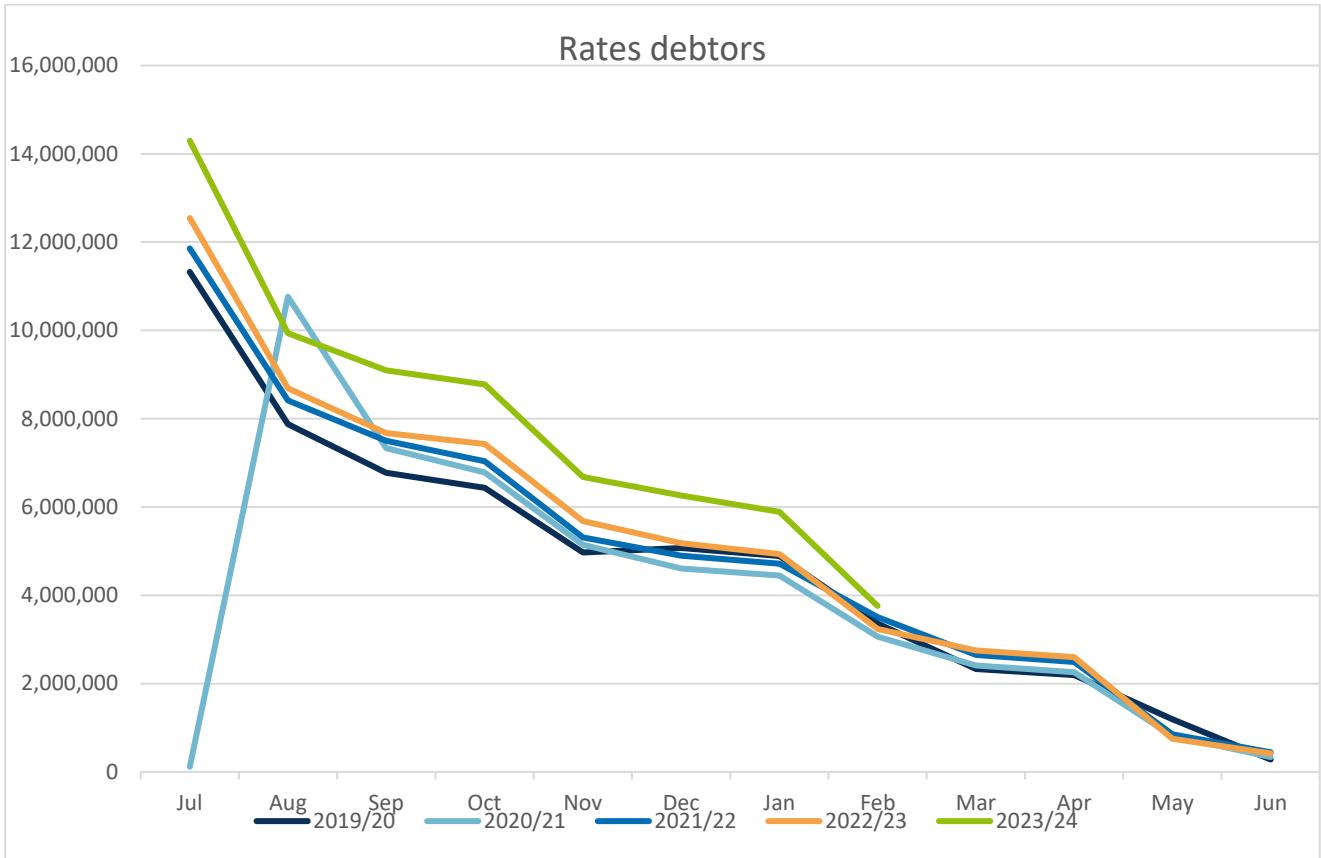
Debtors balance as at 29th February 2024 is \$6,347,211 with an overall increase of \$1,244,329.

As detailed in the below graph, rates debtors have decreased by \$2,131,286, Water debtors have increased by \$3,234,428 and sundry debtors have increased by \$141,187.



The graph above illustrates that the water billing debtors balance spikes in July, October and February as expected, when water bills were issued, and the rates debtors balance spikes in July when the rates are raised.

The graph below shows rates outstanding each month for the last four years.

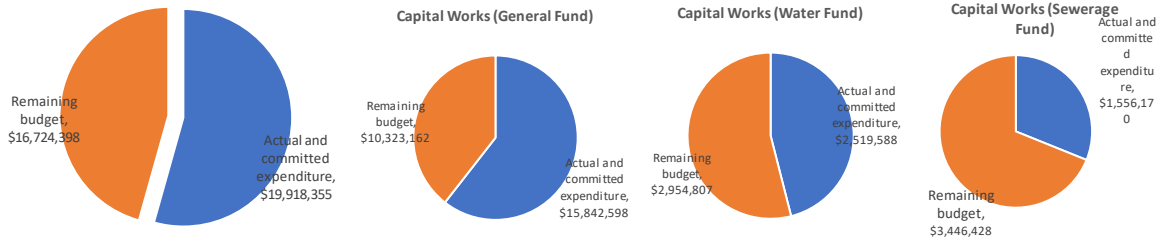


3. CAPITAL EXPENDITURE

This table provides a summary of capital works projects being progressed in 2023/24. The original budget was adopted in June 2023 and carry forward amounts were adopted at the September 2023 meeting.

Federation Council										
Capital Works Reporting (Snapshot)										
29 February 2024										
Description	Original Budget	C/F	Council approved budget transfers	Qrt 1 - 30 Sept 23	Qrt 2 - 31 Dec 23	Qrt 3 - 31 Mar 24	Revised Budget	Actual and committed expenditure	% budget committed	Remaining budget
Buildings, Land Improvements, Land & Recreation	-	1,529,527	-	-	-	-	1,529,527	1,073,658	70%	455,869
Stronger Country Community Grants	-	788,921	-	-	-	-	788,921	105,691	13%	683,230
Information Technology	307,000	20,000	-	80,000	-	-	407,000	277,583	68%	129,417
Local Road Community Infrastructure	-	902,895	-	-	-	-	902,895	687,220	76%	215,675
Plant & Equipment	1,906,000	2,072,933	-	-	-	-	3,978,933	3,667,784	92%	311,149
Regional Growth Fund Grants	-	160,000	-	-	-	-	160,000	158,506	99%	1,494
Roads, Footpaths, Bridges, Kerb & Guttering, Drainage	5,117,000	10,190,765	118,212	-	-	-	15,425,977	6,911,840	45%	8,514,137
Saleyards	-	2,972,507	-	-	-	-	2,972,507	2,960,315	100%	12,192
Sewerage	1,561,000	3,181,598	-	260,000	-	-	5,002,598	1,556,170	31%	3,446,428
Water	1,495,000	3,719,395	-	260,000	-	-	5,474,395	2,519,588	46%	2,954,807
Total Capital Works 2023/24	10,386,000	25,538,541	118,212	600,000	-	-	36,642,753	19,918,355	54%	16,724,398
Capital Works (General Fund)	7,330,000	18,637,548	118,212	80,000	-	-	26,165,760	15,842,598	61%	10,323,162
Capital Works (Water Fund)	1,495,000	3,719,395	-	260,000	-	-	5,474,395	2,519,588	46%	2,954,807
Capital Works (Sewerage Fund)	1,561,000	3,181,598	-	260,000	-	-	5,002,598	1,556,170	31%	3,446,428
Total Capital Works 2023/24	10,386,000	25,538,541	118,212	600,000	-	-	36,642,753	19,918,355	54%	16,724,398

Total Capital Works 2023/24



4. FLOOD EVENT

In preparing the 2022/23 Annual Budget, an amount of \$170,000 was budgeted as an operating expense to cover the property insurance deductible and the threshold for accessing essential asset disaster funding in the event of an emergency.

The NSW Government disaster-declared the Federation Council area for the flood event from 14 September 2022 onwards (Australian Government reference number 1034).

In December 2022, Council increased its Annual Budget by \$3.2M to accommodate the costs incurred by council that will be claimable under the insurance policy or recoverable through the NSW Disaster Assistance Arrangements. The damage assessment for roads has been submitted to Transport NSW by Council contractors Damage Control Project Management.

A claim has been submitted to Transport for NSW for damage to roads and essential public infrastructure. Approved works have been received for Heavy Patching on Regional Roads for up to \$4.53m, which was presented to the February 2024 Council meeting.

The value of the required works from the flood for emergency works, Heavy Patching on Local Sealed Roads, work on Unsealed Local Roads and Tree and structure works, is still under assessment by Transport for NSW, and the final approved funds amount will be reported to Council when received.

Costs incurred in protecting council assets from floods are not claimable under insurance and have been costed to the service area where the assets are managed. The cost of repairing flood damaged infrastructure that is not claimable under Council's insurance policy or NSW Disaster Assistance Arrangements is still being assessed.

Income & Expenditure to 29th February 2024

	Income	Expenditure
Roads	\$ 1,000,000.00	\$ 2,424,611.12
Building & Facilities	\$ 1,000,000.00	\$ 395,685.77
Parks & Gardens	\$ -	\$ 85,931.67
Ball Park Caravan Park Clean Up	\$ -	\$ 7,626.80
Insurance Monies	\$ 500,000.00	\$ -
Total	\$ 2,500,000.00	\$ 2,913,855.36

5. BUSINESS UNITS

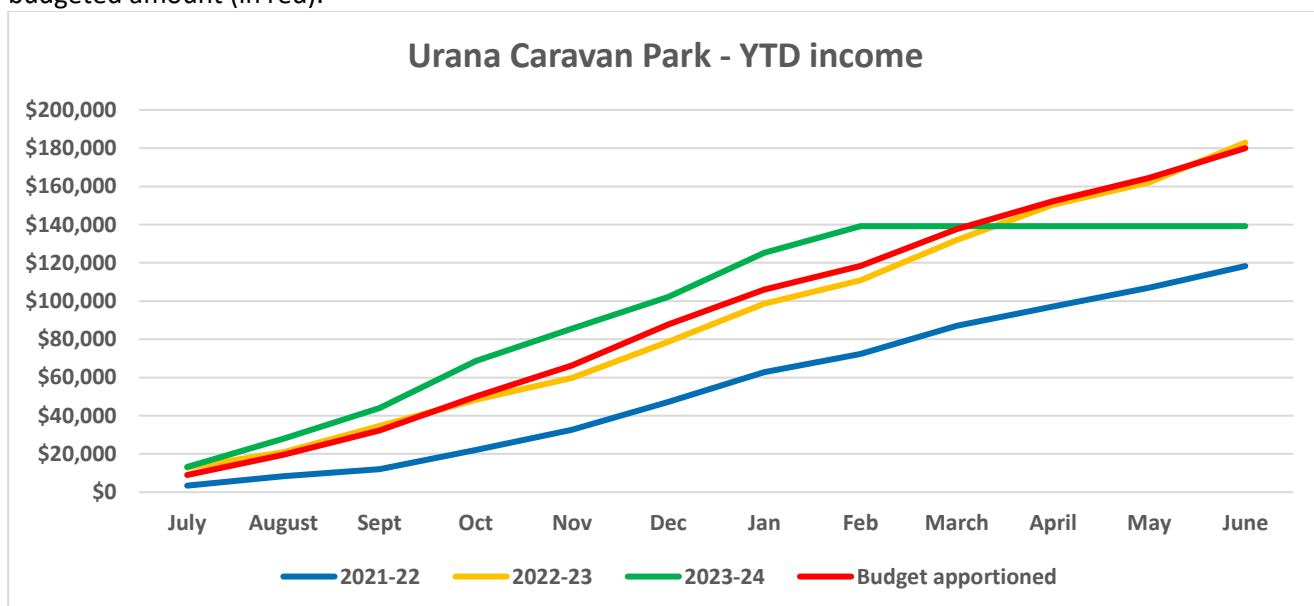
Council has four business units (Urana Caravan Park, Ball Park Caravan Park, Corowa Saleyards & Corowa Aquatic Centre) that are watched closely given they are in market (customer) driven environments, as any material changes in income and or expenditure can will affect Council’s overall financial position.

A. Urana Caravan Park

The following table provides a summary of the operating result for the Urana Caravan Park.

	Actual YTD February 2024	Annual Budget 2023/24	Annual Budget
	(\$000's)	(\$000's)	%
Income			
User Charges and Fees	139	180	77%
Total Income	139	180	77%
Expenses			
Materials & Contracts	124	180	69%
Total Expenses	124	180	69%
Net Operating Result (Consolidated)	15	-	

At the 29 February 2024, year-to-date income (in the graph below in green) is well above the projected budgeted amount (in red).



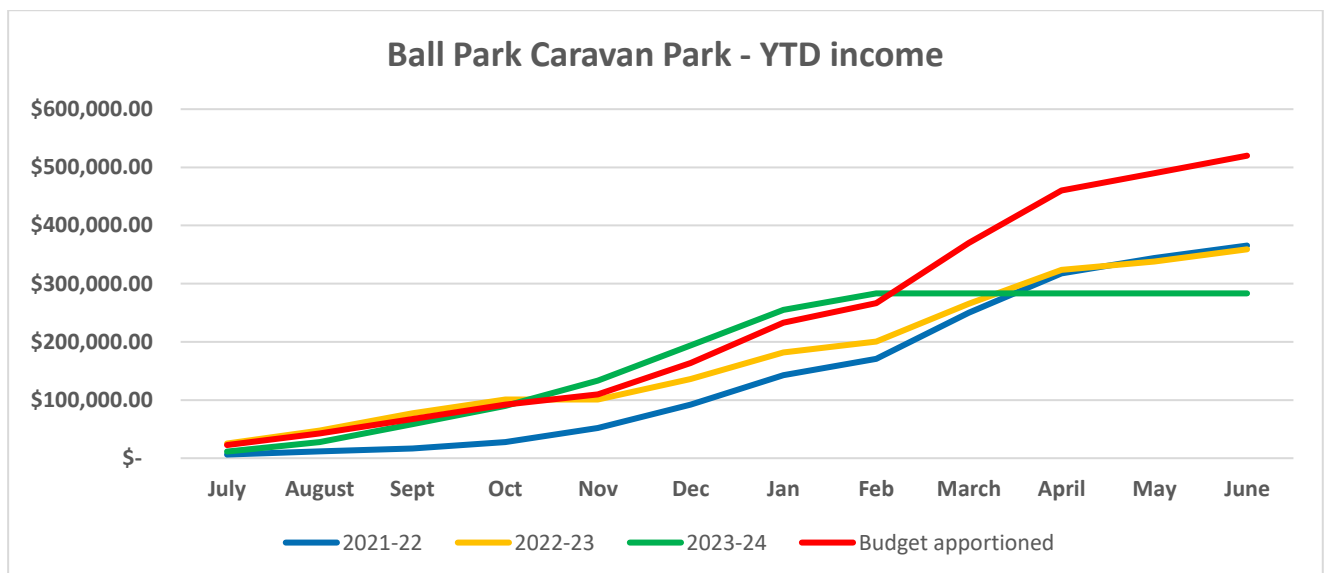
Expenditure is being incurred in line with the revenue being received and appears as expected at this stage.

B. Ball Park Caravan Park

The following table provides a summary of the operating result for the Ball Park Caravan Park in Corowa.

	Actual YTD February 2024	Annual Budget 2023/24	Annual Budget
	(\$000's)	(\$000's)	%
Income			
User Charges and Fees	283	520	54%
Total Income	283	520	54%
Expenses			
Materials & Contracts	339	520	65%
Total Expenses	339	520	65%
Net Operating Result (Consolidated)	- 56	-	

At the 29 February 2024, year-to-date income (in the graph below in green) is above the projected budgeted amount (in red).



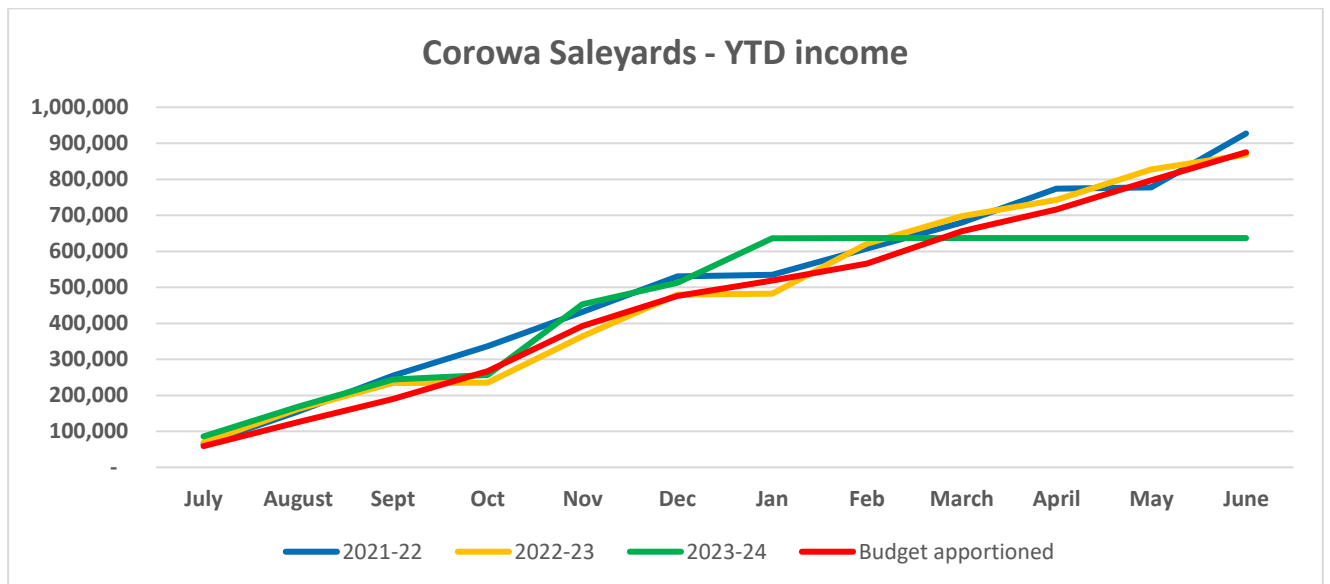
Expenditure for Ball Park Caravan Park includes significant fixed costs that are spread evenly through the financial year. The reported expenditure is as expected at this stage of the financial year.

C. Corowa Saleyards

The following table provides a summary of the operating result for the Corowa Saleyards.

	Actual YTD February 2024	Annual Budget 2023/24	Annual Budget
	(\$000's)	(\$000's)	%
Income			
User Charges and Fees	727	875	83%
Total Income	727	875	83%
Expenses			
Employee Costs	206	349	59%
Materials & Contracts	206	209	99%
Total Expenses	412	558	74%
Net Operating Result (Consolidated)	315	317	99%

At the 29 February 2024, year-to-date income (in the graph below in green) is above the projected budgeted amount (in red).



D. Corowa Aquatic Centre

The following table provides a summary of the operating result for the Corowa Aquatic Centre.

	Actual YTD February 2024	Annual Budget 2023/24	Annual Budget
	(\$000's)	(\$000's)	%
Income			
User Charges and Fees	273	450	61%
Total Income	273	450	61%
Expenses			
Employee Costs	464	770	60%
Materials & Contracts	254	567	45%
Total Expenses	718	1,337	54%
Net Operating Result (Consolidated)	(445)	(887)	50%

At the 29 February 2024, year-to-date income (in the graph below in green) is just below the projected budgeted amount in red.

