

FINANCIAL PERFORMANCE REPORT – November 2023

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).

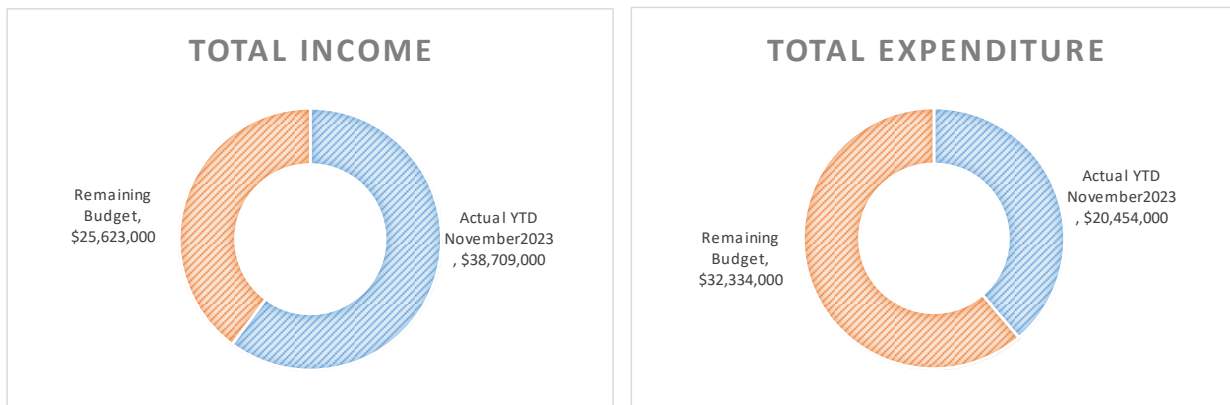
Consolidated position

	Actual YTD November 2023 (\$000's)	Annual Budget 2023/24 (\$000's)	Annual Budget %	Notes
Income				
Rates and Annual Charges	15,746	19,806	80%	1
User Charges and Fees	3,110	9,626	32%	2
Interest and Investment Revenues	-	435	0%	3
Other Revenues	159	407	39%	
Grants & Contributions - Operating	7,494	15,242	49%	4
Grants & Contributions - Capital	11,626	17,776	65%	5
Net gain from disposal of assets	574	1,040	55%	6
Total Income	38,709	64,332	60%	
Expenses				
Employee Costs	6,474	17,742	36%	7
Borrowing Costs	174	520	33%	8
Materials & Contracts	7,545	19,339	39%	
Depreciation	6,038	14,491	42%	
Other Expenses	223	696	32%	9
Total Expenses	20,454	52,788	39%	
Net Operating Result (Consolidated)	18,255	11,544	158%	

At 30 November 2023, we are 42 % through the financial year. The following notes provide a brief explanation where revenue or expenditure is less than 37% or more than 47% 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. User Charges & Fees - Water and Sewer user fees (budgeted at \$4.8m and \$0.8m) will be raised in November, March and June.
3. Interest and Investment Revenues – through the financial year, interest on investments is recognised when it is received on maturity of a term deposit. As a result, this revenue will be recognised later in the financial year.
4. Grants & Contributions (Operating) – \$4.25m of the 2023/24 allocation of Financial Assistance Grants has already been received as an advance payment in 2022/23.
5. Grants & Contributions (Capital) – \$7.9m is for grants received in 2022/23 but is brought to account in 2023/24 due to the expenditure being spent in 2023/24.
6. Net gain from disposal of assets – council has sold two blocks industrial land so far this year.
7. Employee Costs – Council has a couple of positions that were budgeted for but as yet are not filled.
8. Borrowings Costs – borrowing costs are recognised when loan payments are made. These are generally on a six-monthly basis.
9. Other Expenses – Council has only paid the first instalment of the RFS,SES & F&RNSW levy.



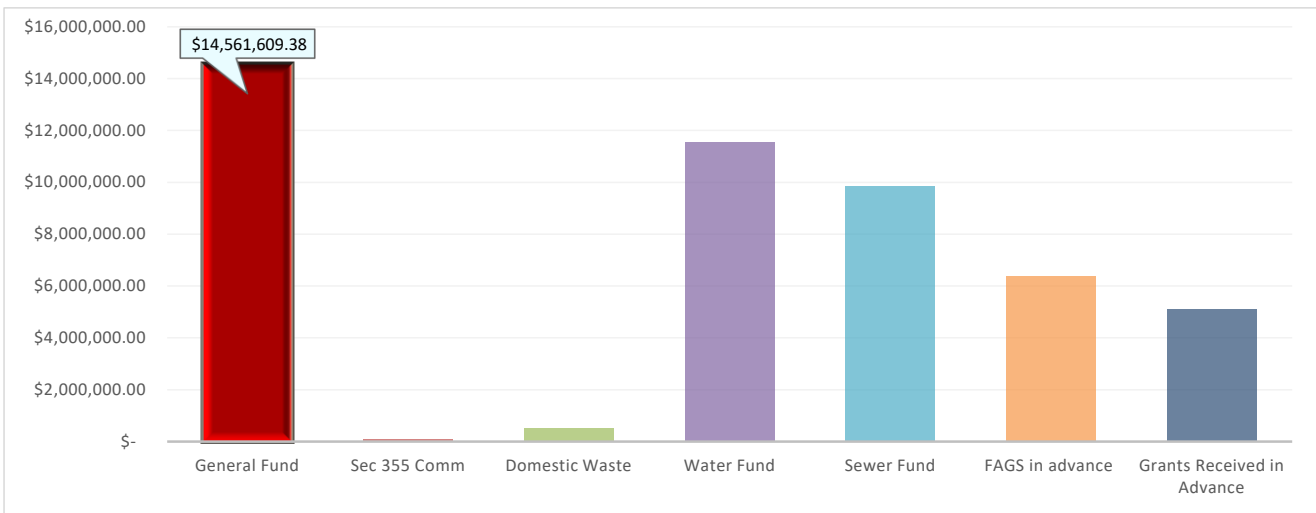
2. BALANCE SHEET

BANK BALANCES AND RECONCILIATION

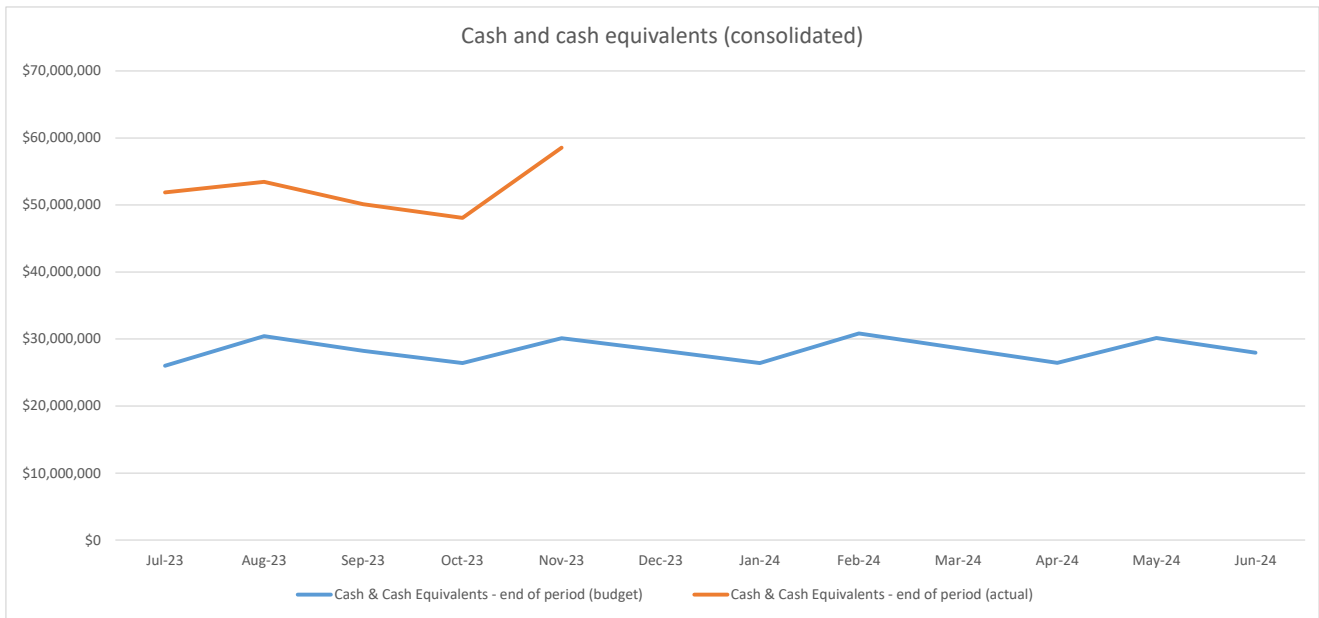
Council's Bank Balance as per Bank Statement at report date: 30th November 2023

\$

General Account	0000 0022	692,868.45
Business Online Saver Account	1014 2522	16,346,275.54
Investments		<u>41,520,579.83</u>
	Sub Total	58,559,723.82
Plus Deposits not yet lodged:		
Howlong Office	30/11/23	820.00
Corowa Office	30/11/23	4,160.35
Urana Office	30/11/23	621.00
	Sub Total	58,565,325.17
Less Unpresented Cheques		12,324.10
Balance as per Ledger		58,553,001.07
Less FAGS in advance		4,250,458.00
Less External Restricted Funds		<u>35,442,612.70</u>
Balance of General Fund Ledger		18,859,930.87



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 prepayment of \$4.25 million (Instalments 3 & 4) as full payment was made in June 2023 which is included in the actual cash
- Receipt of grant funding for projects that were not completed by 30 June 2023
- Carry over grant funded capital works that were not completed by 30 June 2023
- Carry over Council funded capital works that were not completed by 30 June 2023
- Receipt of \$5.9m in funding from the Regional Emergency Road Repair Funds received in advance in November 2023 for works to be undertaken over the next three years.
- Receipt of \$1.0m in funding from NSW Local Government Recovery Grants under Disaster Receiver 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 30 November 2023.

*S Norman
Manager Finance*

INVESTMENTS

The following list of investment securities held at reporting date. 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	\$1,500,000.00	02/12/2021	1.20	733	04/12/2023
Term Deposit	Westpac	\$1,000,000.00	08/12/2022	4.35	366	08/12/2023
Term Deposit	Westpac	\$2,000,000.00	14/12/2021	1.13	731	14/12/2023
Term Deposit	NAB	\$1,000,000.00	04/04/2023	4.48	276	04/01/2024
Term Deposit	NAB	\$500,000.00	04/07/2023	5.45	185	04/01/2024
Term Deposit	NAB	\$500,000.00	04/07/2023	5.45	185	04/01/2024
Term Deposit	Suncorp	\$2,000,000.00	30/06/2023	5.47	190	05/01/2024
Term Deposit	Westpac	\$1,000,000.00	31/01/2022	1.49	731	31/01/2024
Term Deposit	Suncorp	\$1,003,605.75	12/05/2023	4.75	277	12/02/2024
Term Deposit	CBA	\$1,000,000.00	13/02/2023	5.01	366	13/02/2024
Term Deposit	Suncorp	\$1,000,000.00	23/05/2023	4.90	277	23/02/2024
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	Westpac	\$500,000.00	01/11/2023	5.54	366	01/11/2024
Term Deposit	NAB	\$2,006,883.39	17/11/2023	5.30	368	18/11/2024
Term Deposit	Westpac	\$1,000,000.00	16/02/2023	4.90	733	17/02/2025

\$41,520,579.83

Certificate of reconciliation

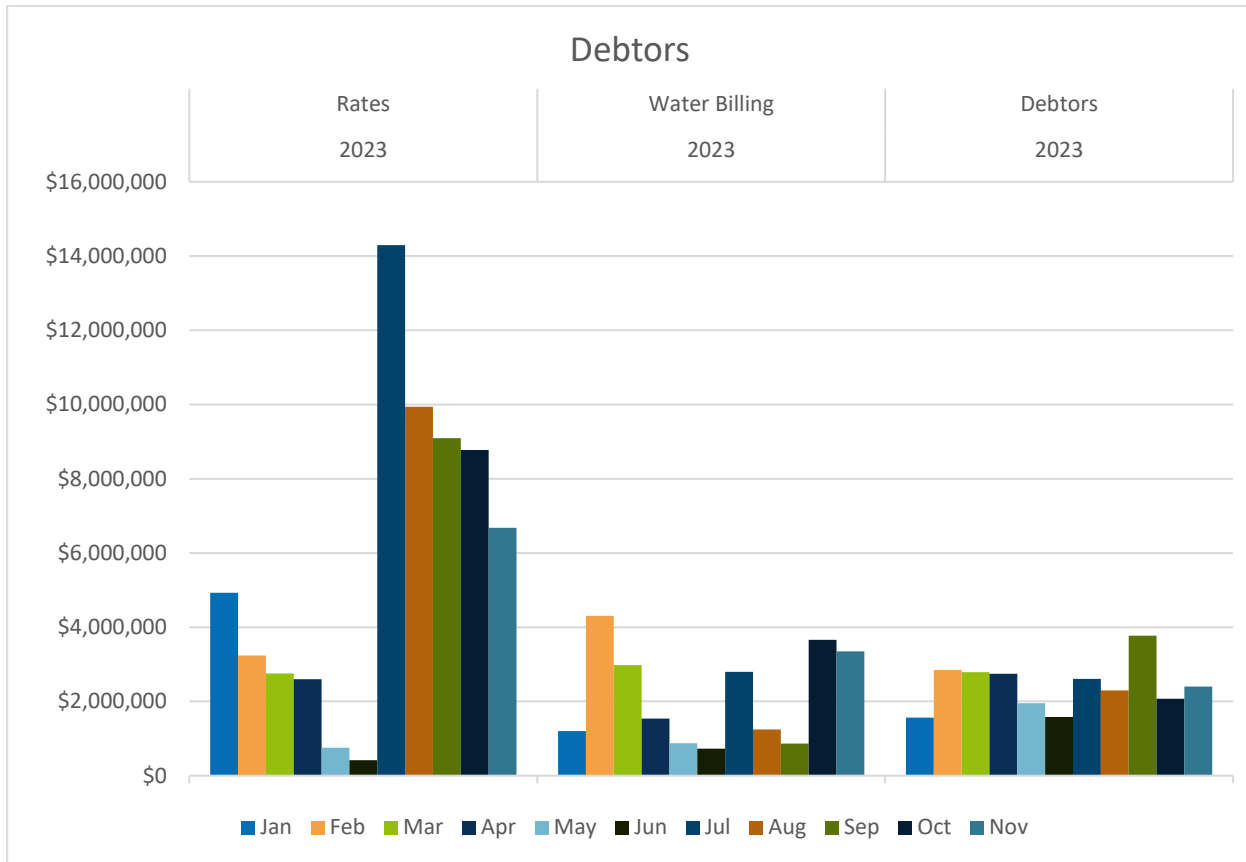
I certify that the investments have been made in accordance with section 625 of the Local Government Act 1993, the Regulations and Council's policies.

S Norman
Manager Finance

DEBTORS

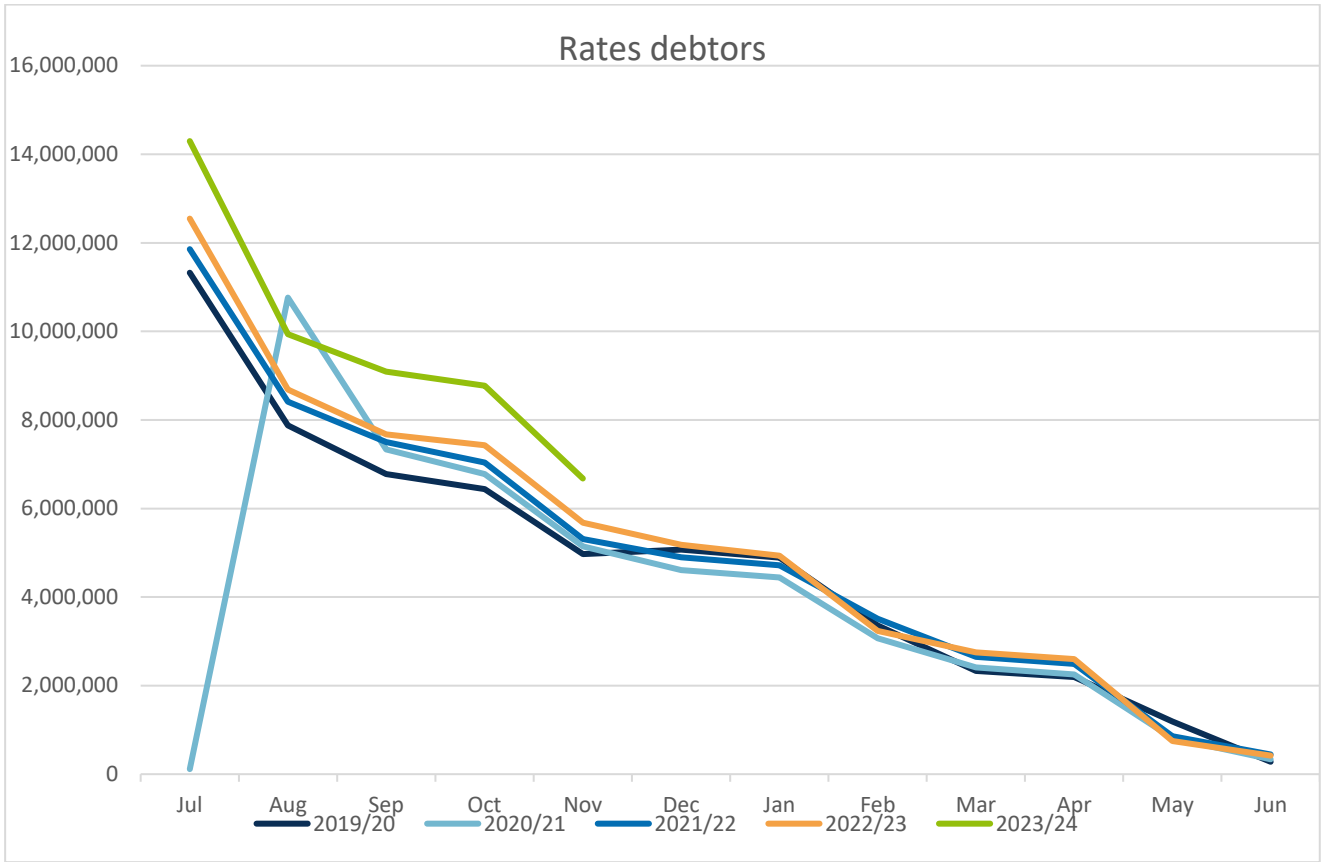
Debtors balance as at 30th November 2023 is \$12,426,772 with an overall decrease of \$2,075,619 from the previous month due to rates 2nd instalment being due on the 30th November.

As detailed in the below graph, rates debtor has decreased by \$2,097,505 and Water debtor has decreased by \$305,314 and sundry debtor increased by \$327,199.



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

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

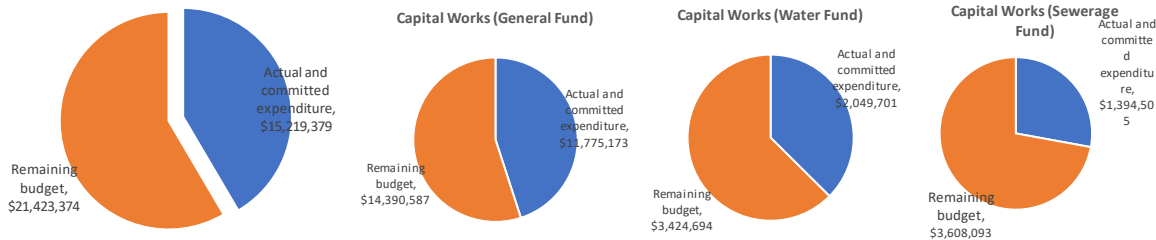


3. CAPITAL EXPENDITURE

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 adopted at the September meeting.

Federation Council										
Capital Works Reporting (Snapshot)										
30 November 2023										
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	771,188	50%	758,339
Stronger Country Community Grants	-	788,921	-	-	-	-	788,921	103,727	13%	685,194
Information Technology	307,000	20,000	-	80,000	-	-	407,000	229,735	56%	177,265
Local Road Community Infrastructure	-	902,895	-	-	-	-	902,895	679,141	75%	223,754
Plant & Equipment	1,906,000	2,072,933	-	-	-	-	3,978,933	2,107,602	53%	1,871,331
Regional Growth Fund Grants	-	160,000	-	-	-	-	160,000	156,634	98%	3,366
Roads, Footpaths, Bridges, Kerb & Guttering, Drainage	5,117,000	10,190,765	118,212	-	-	-	15,425,977	4,910,774	32%	10,515,203
Saleyards	-	2,972,507	-	-	-	-	2,972,507	2,816,372	95%	156,135
Sewerage	1,561,000	3,181,598	-	260,000	-	-	5,002,598	1,394,505	28%	3,608,093
Water	1,495,000	3,719,395	-	260,000	-	-	5,474,395	2,049,701	37%	3,424,694
Total Capital Works 2023/24	10,386,000	25,538,541	118,212	600,000	-	-	36,642,753	15,219,379	42%	21,423,374
Capital Works (General Fund)	7,330,000	18,637,548	118,212	80,000	-	-	26,165,760	11,775,173	45%	14,390,587
Capital Works (Water Fund)	1,495,000	3,719,395	-	260,000	-	-	5,474,395	2,049,701	37%	3,424,694
Capital Works (Sewerage Fund)	1,561,000	3,181,598	-	260,000	-	-	5,002,598	1,394,505	28%	3,608,093
Total Capital Works 2023/24	10,386,000	25,538,541	118,212	600,000	-	-	36,642,753	15,219,379	42%	21,423,374

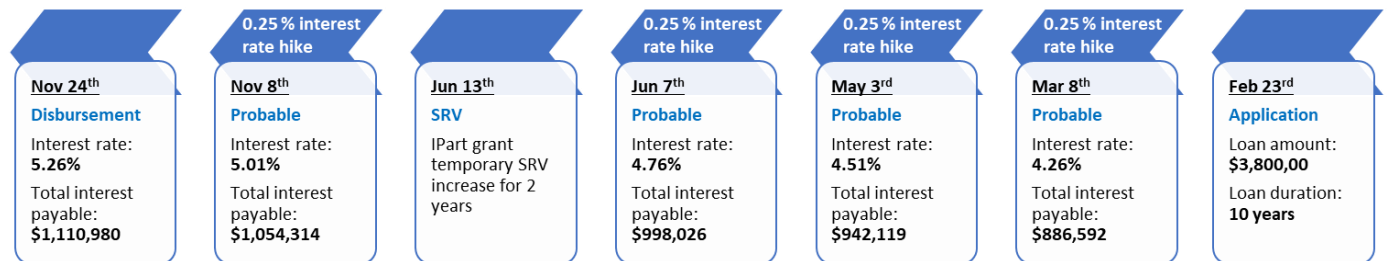
Total Capital Works 2023/24



4. BORROWINGS

On November 24th, TCorp disbursed the loan for the upgrade of water infrastructure in Howlong, for which Council submitted the application back in February. The unprecedented 11 months timeframe was partly due to TCorp waiting for the outcome of Council’s Special Variation application, which was announced on June 13th.

The \$3.8m loan over 10 years comes at a cost of 5.26% per annum, which translates to \$1.1m in interest over the ten years. During the 11 months approval period, there have been 4 interest rate rises announced by Reserve Bank of Australia totaling to 100 basis points. If TCorp were to pass 100% of the interest rises to Council, the total additional cost would be \$224,388 due to the delay.



However, the interest rate granted by TCorp is competitive when compared to 6.24% interest rate quoted by one of the big four banks. It was an indicative rate quoted before November interest rate hike and subject to further assessment if Council were to proceed.

Council has **potentially saved \$284,269** over the ten years by borrowing from TCorp rather than private banking sector, where total interest payable would have been \$1,395,250.

5. 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. Transport NSW are still assessing the claim and further detail will be provided to Council as it becomes available.

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.

A claim has been submitted to Transport for NSW for damage to roads and essential public infrastructure. Whilst initial feedback has been received, the value of the required works is still under assessment.

Income & Expenditure to 30th November 2023

	Income	Expenditure
Roads	\$ 1,000,000.00	\$ 2,321,449.12
Building & Facilities	\$ 1,000,000.00	\$ 295,399.77
Parks & Gardens	\$ -	\$ 85,931.67
Ball Park Caravan Park Clean Up	\$ -	\$ 7,626.80
Resilience NSW	\$ -	\$ -
Total	\$ 2,000,000.00	\$ 2,710,407.36

6. BUSINESS UNITS

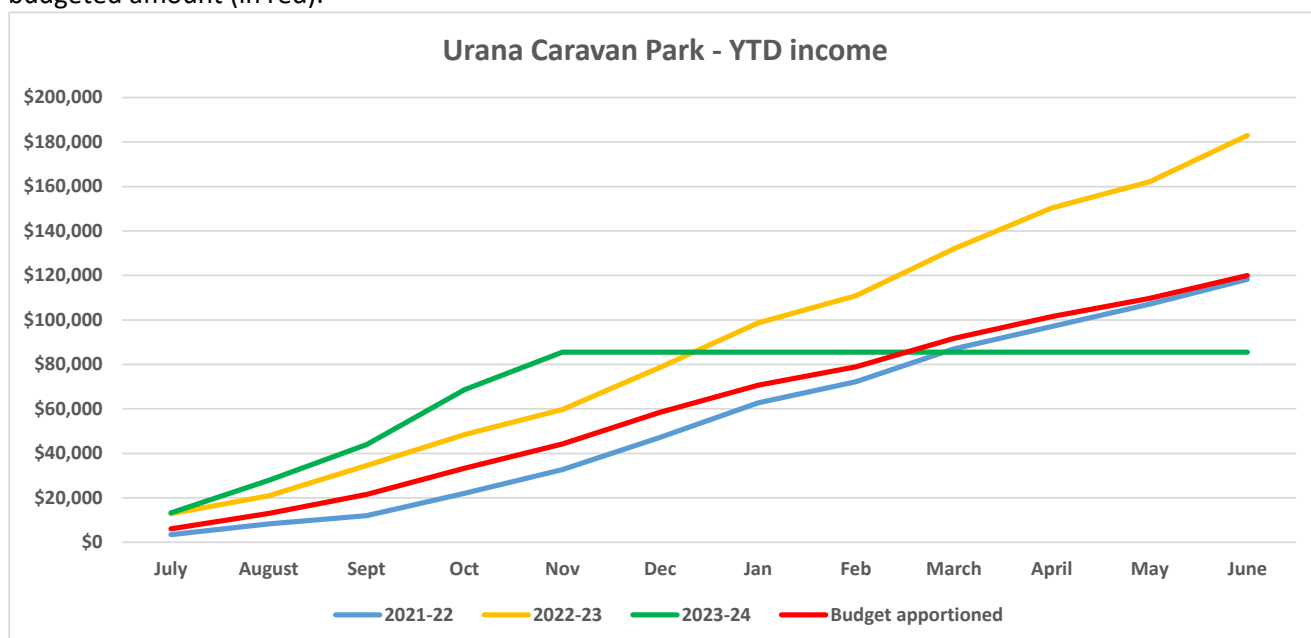
Council has four business units (Urana Caravan Park, Ball Park Caravan Park, Corowa Saleyards & Corowa Aquatic Centre) that need to be watched closely as changes in income can affect Council's overall position.

A. Urana Caravan Park

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

	Actual YTD November 2023	Annual Budget 2023/24	Annual Budget
	(\$000's)	(\$000's)	%
Income			
User Charges and Fees	86	120	72%
Total Income	86	120	72%
Expenses			
Materials & Contracts	84	120	70%
Total Expenses	84	120	70%
Net Operating Result (Consolidated)	2	-	

At the 30th November 2023, year-to-date income (in the graph below in green) is well above the projected budgeted amount (in red).



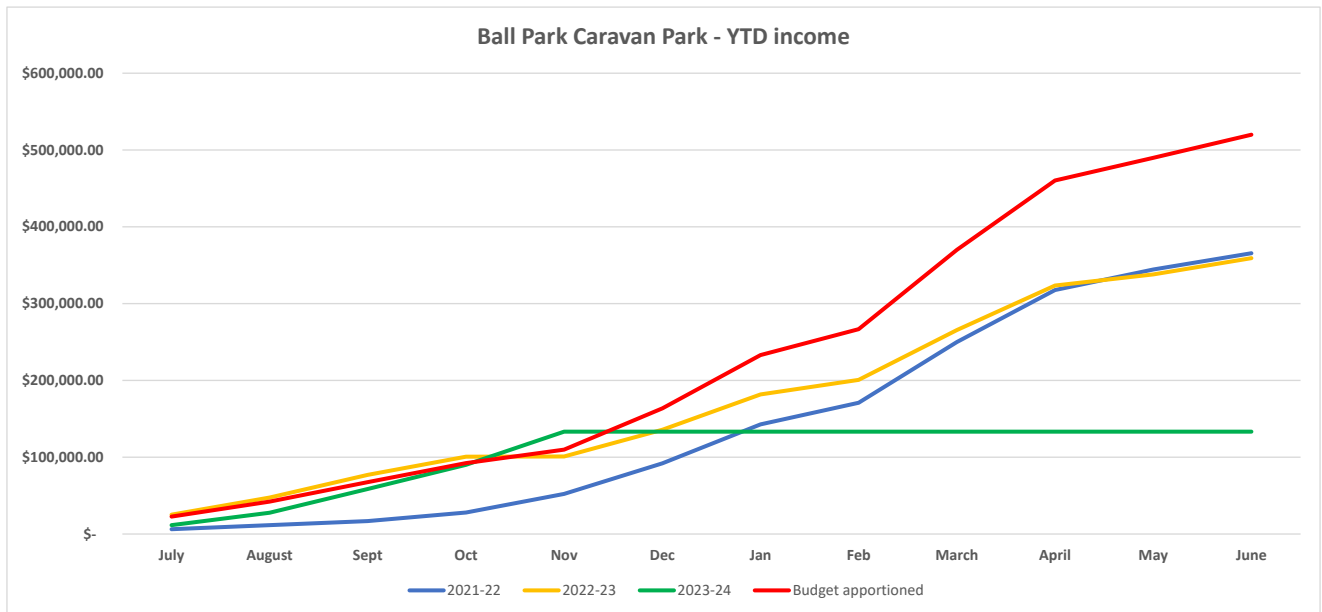
Expenditure is being incurred in line with the revenue being received and appears as expected at this stage.

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 November 2023	Annual Budget 2023/24	Annual Budget
	(\$000's)	(\$000's)	%
Income			
User Charges and Fees	133	520	26%
Total Income	133	520	26%
Expenses			
Materials & Contracts	186	520	36%
Total Expenses	186	520	36%
Net Operating Result (Consolidated)	- 53	-	

At the 30th November 2023, year-to-date income (in the graph below in green) is just below the projected budgeted amount (in red).



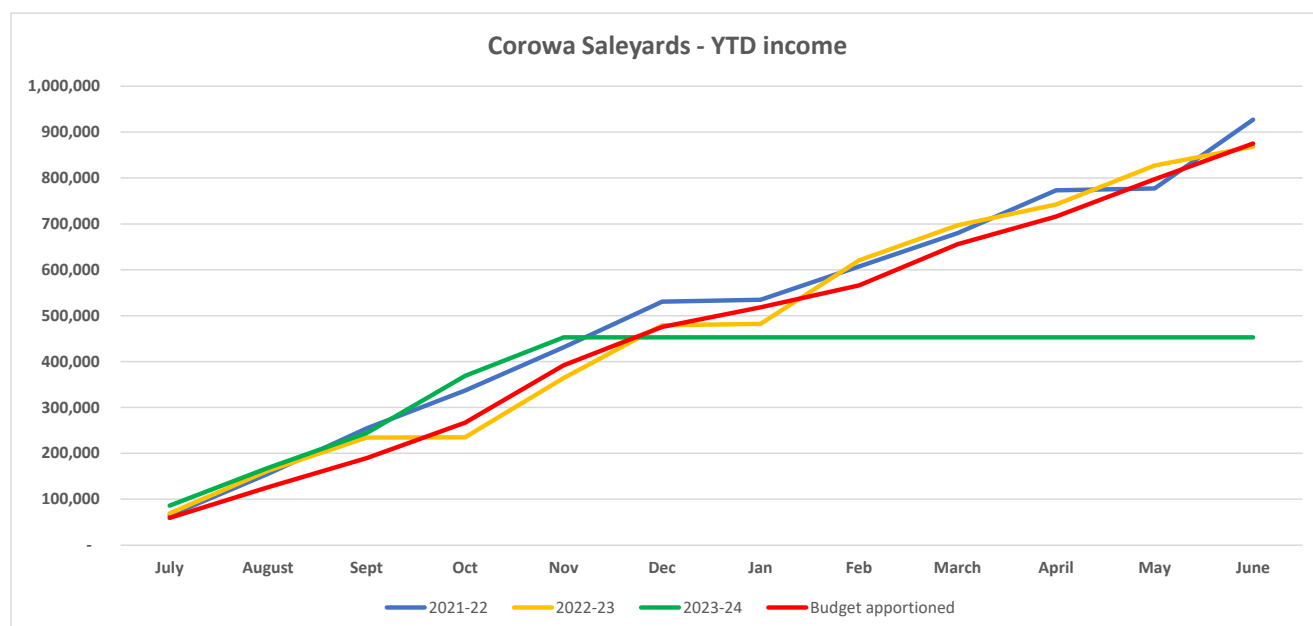
Expenditure for Ball Park Caravan Park includes significant fixed costs that are spread evenly through the financial year. The reported expenditure is as expected at this stage of the financial year.

C. Corowa Saleyards

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

	Actual YTD November 2023	Annual Budget 2023/24	Annual Budget
	(\$000's)	(\$000's)	%
Income			
User Charges and Fees	453	875	52%
Total Income	453	875	52%
Expenses			
Employee Costs	137	349	39%
Materials & Contracts	131	209	63%
Total Expenses	268	558	48%
Net Operating Result (Consolidated)	185	317	58%

At the 30th November 2023, 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 November 2023	Annual Budget 2023/24	Annual Budget
	(\$000's)	(\$000's)	%
Income			
User Charges and Fees	142	450	32%
Total Income	142	450	32%
Expenses			
Employee Costs	251	770	33%
Materials & Contracts	294	567	52%
Total Expenses	545	1,337	41%
Net Operating Result (Consolidated)	(403)	(887)	45%

At the 30th November 2023, year-to-date income (in the graph below in green) is just below the projected budgeted amount in red.

