

FINANCIAL PERFORMANCE REPORT – April 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) against the current annual budget.

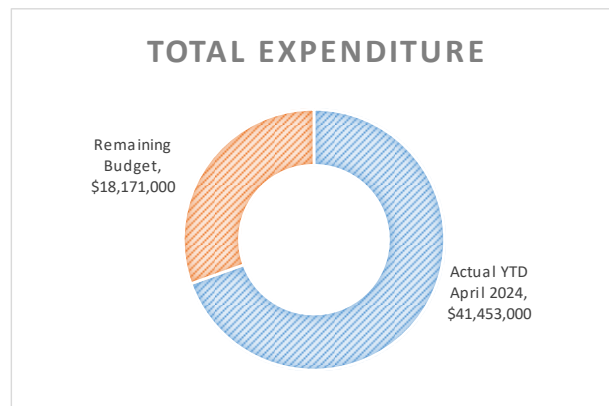
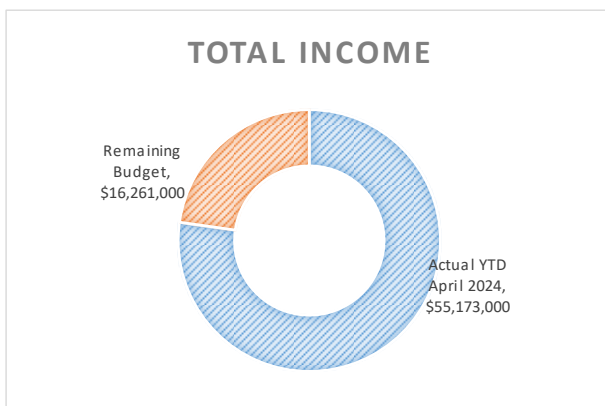
Consolidated position

	Actual YTD April 2024 (\$000's)	Annual Budget 2023/24 (\$000's)	Annual Budget %	Notes
Income				
Rates and Annual Charges	17,821	19,858	90%	1
User Charges and Fees	8,295	9,708	85%	
Interest and Investment Revenues	1,049	435	241%	2
Other Revenues	406	407	100%	3
Grants & Contributions - Operating	16,251	22,690	72%	4
Grants & Contributions - Capital	10,544	20,611	51%	5
Net gain from disposal of assets	807	1,040	78%	
Total Income	55,173	74,749	74%	
Expenses				
Employee Costs	13,326	19,809	67%	6
Borrowing Costs	328	520	63%	7
Materials & Contracts	15,293	25,104	61%	8
Depreciation	12,010	14,491	83%	
Other Expenses	496	696	71%	9
Total Expenses	41,453	60,620	68%	
Net Operating Result (Consolidated)	13,720	14,129	97%	

At 30 April 2024, we are 83 % through the financial year. The following notes provide a brief explanation where revenue or expenditure is less than 78% or more than 88% 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) are raised in three equal instalments in November, March and June. This is tracking on budget.
2. Interest and Investment Revenues – The variance is due to higher-than-expected interest rates and increased funds available to invest as a consequence of grants received in advance and capital works being delivered later than planned. These factors led to higher interest revenue than initially anticipated.
3. Other Revenues – This relates to Workers Compensation reimbursements; adjustment will be made at the QBR March 2024.
4. Grants & Contributions Operating – This is below budget due to the timing of receiving grant funding. Timing has been affected by some projects taking longer than planned and due to the advance payment of 2023/24 Financial Assistance Grants that was prepaid in Jun 2023 and therefore recognised in the 2022/23 financial year. Council has not received advice of whether a full or part advance payment of 2024/25 Financial Assistance Grants will be made before 30 June 2024.
5. Grants & Contributions – Capital – This is below budget due to the timing of delivering grant funded projects. The full funding will be received however some may occur in the next financial year.
6. Employee Costs – Council has a couple of positions that were budgeted for but as yet are not filled. Council has also received Regional Emergency Road Repair Funds totalling \$5.89M, of which \$1.8M has been budgeted for Wages; Council has until October 2027 to spend these funds.
7. Borrowings Costs – borrowing costs are recognised when loan payments are made. These are generally on a six-monthly basis.
8. Materials & Contracts - Council has received Regional Emergency Road Repair Fund of \$5.89M which \$4.09M has been budgeted for materials & Contracts, Council has until October 2027 to spend these funds.
9. 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 three of the four instalments of the emergency services levy.



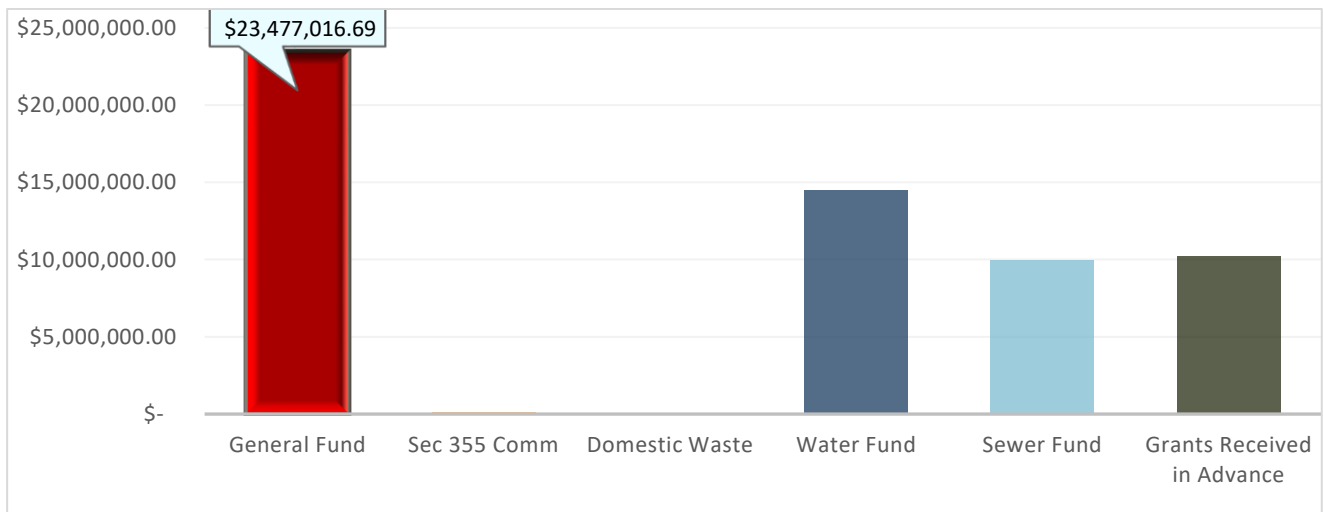
2. BALANCE SHEET

BANK BALANCES AND RECONCILIATION

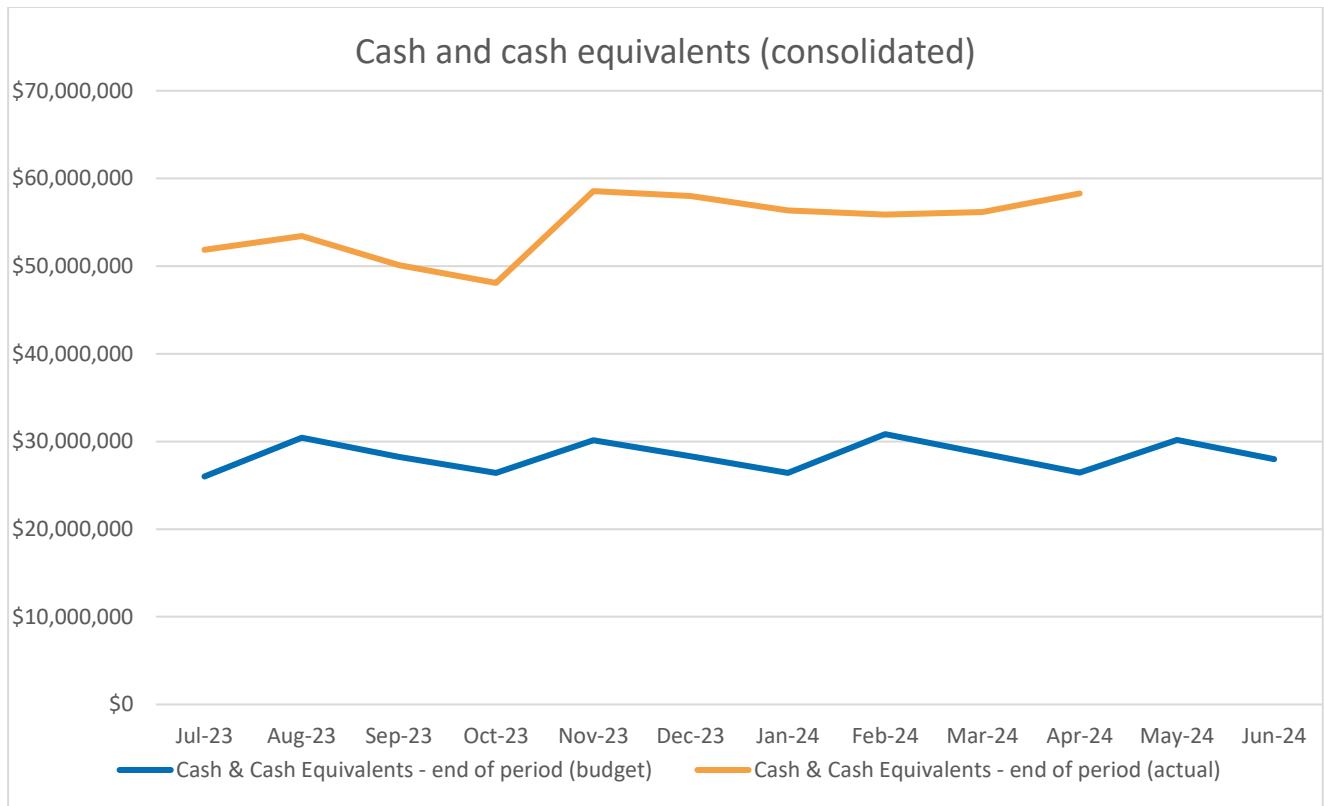
Council's Bank Balance as per Bank Statement at report date: 30th April 2024

\$

General Account	0000 0022	3,401,240.46
Business Online Saver Account	1014 2522	3,379,770.65
Investments		<u>51,520,579.83</u>
	Sub Total	58,301,590.94
Plus Deposits not yet lodged:		
Tourism	20/04/24	3.75
Tourism	26/04/24	8.00
Urana	29/04/24	1,540.00
Corowa	30/04/24	2,336.70
Howlong Library	30/04/24	21.60
Corowa Library	30/04/24	9.40
	Sub Total	58,305,510.39
Less Unpresented Cheques		00.00
Balance as per Ledger		58,305,510.39
Less External Restricted Funds		<u>34,828,493.70</u>
Balance of General Fund Ledger		23,477,016.69



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:

- Receipt of grant funding paid in advance for projects not yet spent (\$8.4 million).
- Capital works that were budgeted to be spent by March 2024, based on an even monthly spread, but haven’t yet been expended (\$14.4 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.
- Receipt \$1.3m from TfNSW in April 2024 under the Fixing Local Road funding programme.

Certificate of reconciliation

I certify that Council’s general ledger bank accounts have been reconciled with the appropriate bank statements as at 30 April 2024.

*S Norman
Manager Finance*

UNRESTRICTED CASH

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.

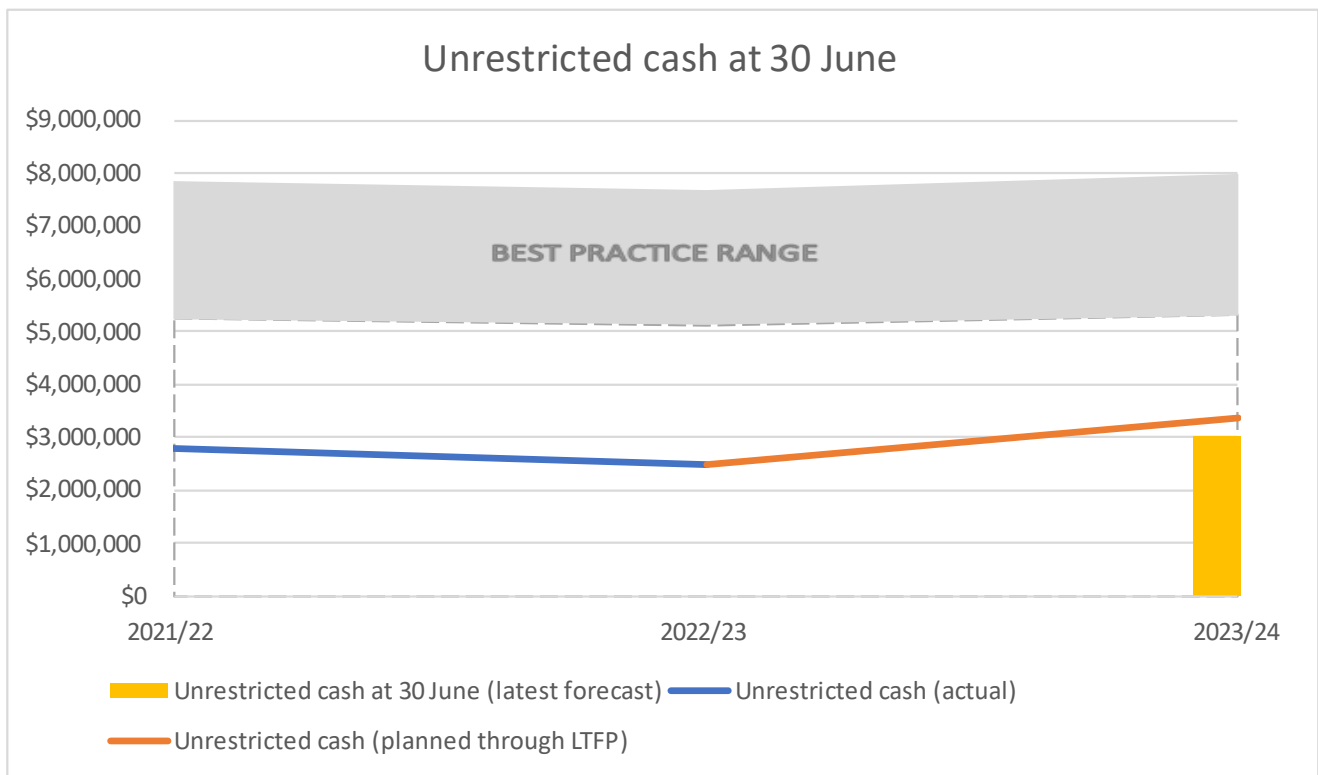
Since that time there have been a number of recommendations and Council decisions made that will utilise unrestricted cash. The following table summarises the decisions that impact on Council's forecast unrestricted cash at 30 June.

	\$	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	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	5.38	367	06/12/2024
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	NAB	\$500,000.00	12/04/2024	5.05	277	13/01/2025
Term Deposit	Westpac	\$1,000,000.00	17/04/2024	5.05	276	17/01/2025
Term Deposit	Suncorp	\$1,003,605.75	12/02/2024	5.16	367	12/02/2025
Term Deposit	Suncorp	\$1,000,000.00	23/02/2024	5.08	277	25/11/2024
Term Deposit	Westpac	\$1,006,881.10	04/03/2024	5.13	366	04/03/2025
Term Deposit	NAB	\$1,000,000.00	11/03/2024	5.05	367	12/03/2025
Term Deposit	NAB	\$2,000,000.00	15/03/2024	5.05	368	17/03/2025
Term Deposit	NAB	\$1,000,000.00	18/03/2024	5.07	185	18/09/2024
Term Deposit	Westpac	\$1,000,000.00	02/04/2024	5.06	365	02/04/2025
Term Deposit	Suncorp	\$2,000,000.00	04/04/2024	5.06	366	04/04/2025
Term Deposit	Suncorp	\$1,000,000.00	04/04/2024	5.06	366	04/04/2025
Term Deposit	NAB	\$500,000.00	03/04/2024	5.00	371	08/04/2025
Term Deposit	Westpac	\$1,000,000.00	16/04/2025	5.15	366	16/04/2025

\$51,520,579.83

Certificate of reconciliation

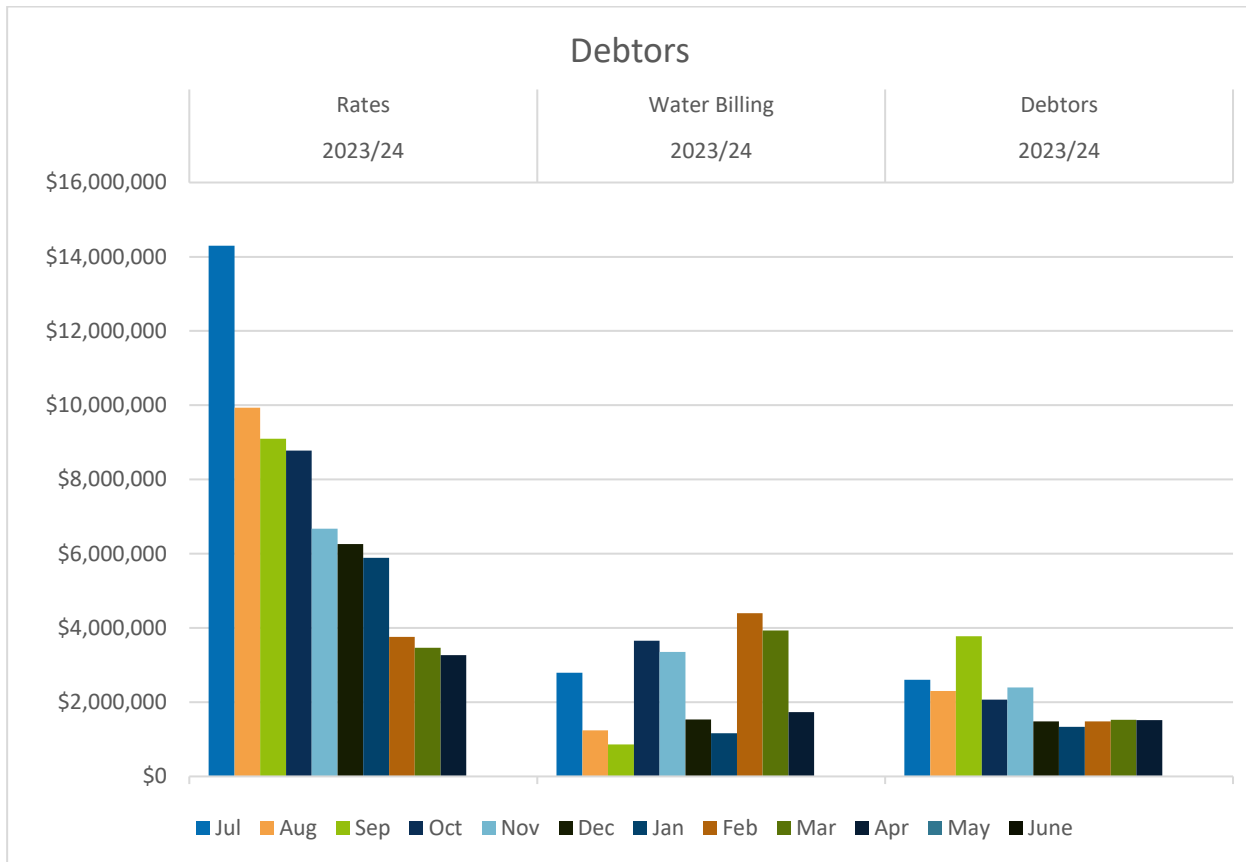
I certify that the investments have been made in accordance with section 625 of the Local Government Act 1993, the Regulations and Council's policies.

*S Norman
Manager Finance*

DEBTORS

Debtors balance as at 30th April 2024 is \$6,519,996, an overall decrease of \$2,404,214 from the previous month.

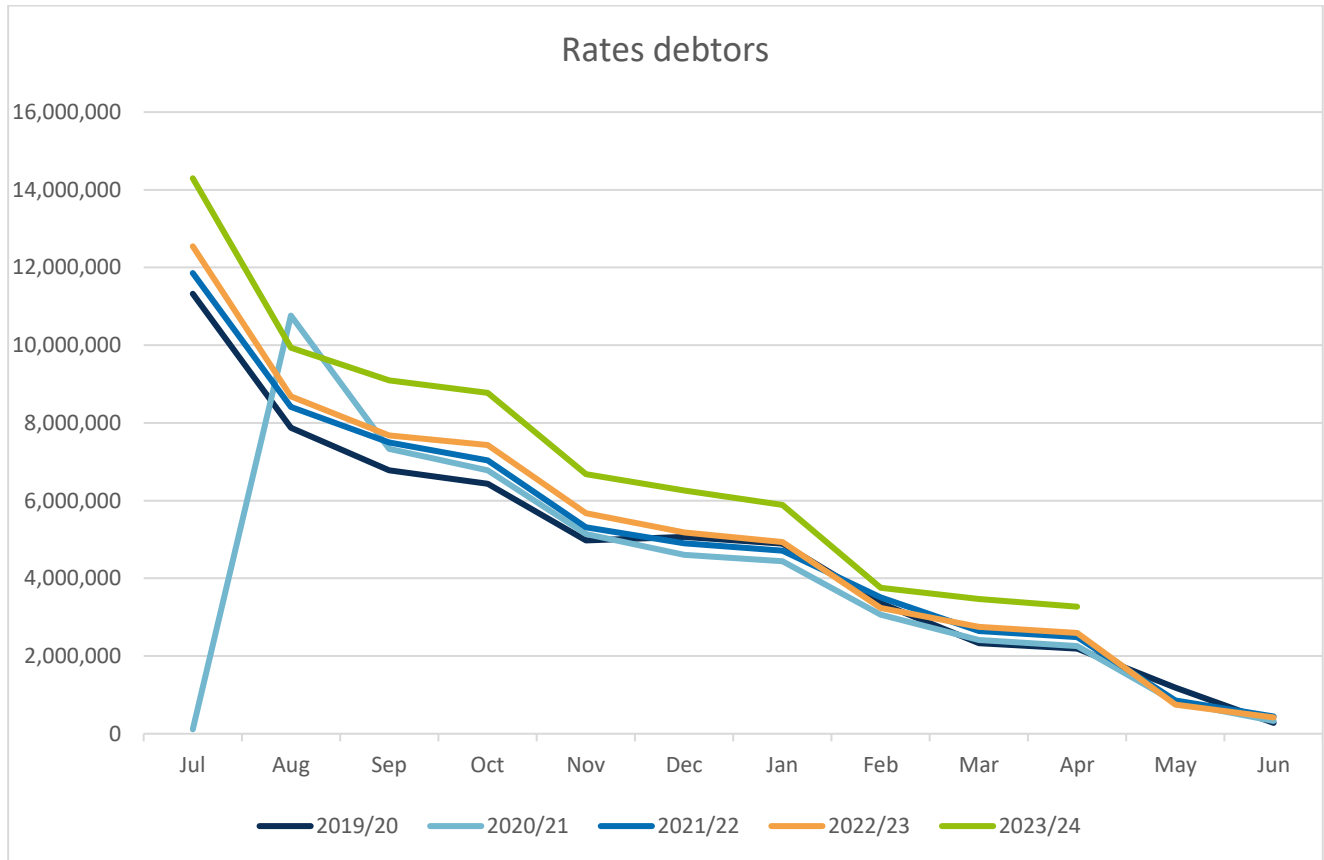
As detailed in the below graph, rates debtors have decreased by \$194,340, Water debtors have decreased by \$2,204,234 and sundry debtors have decreased by \$5,640.



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.

It is worthy of note that outstanding rates debtors at 30 April 2024 is 26% greater than the same time last year. It would be reasonable to expect the debtors to have increased by the quantum of the increase to general rates in 2023/24 (19%). This higher increase may be a reflection of the 'cost of living' challenges being encountered across the country.



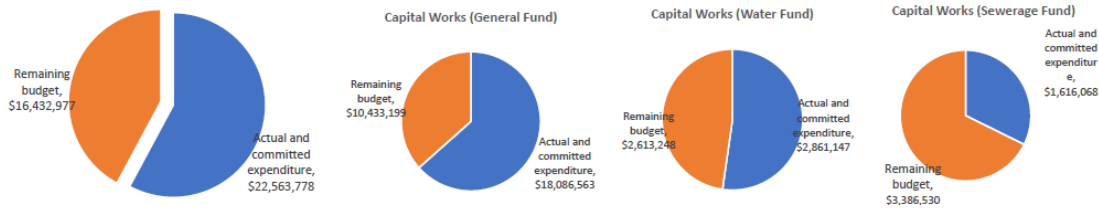
3. CAPITAL EXPENDITURE

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)
30 April 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	Notes
Buildings, Land Improvements, Land & Recreation	-	1,529,527	-	-	-	-	1,529,527	1,172,875	77%	356,652	
Stronger Country Community Grants	-	788,921	-	-	-	-	788,921	130,612	17%	658,309	
Information Technology	307,000	20,000	-	80,000	-	-	407,000	281,198	69%	125,802	
Local Road Community Infrastructure	-	902,895	2,202,083	-	-	-	3,104,978	824,703	27%	2,280,275	
Plant & Equipment	1,906,000	2,072,933	-	-	-	-	3,978,933	3,866,763	97%	112,170	
Regional Growth Fund Grants	-	160,000	-	-	-	-	160,000	162,171	101%	(2,171)	
Roads, Footpaths, Bridges, Kerb & Guttering, Drainage	5,117,000	10,190,765	118,212	-	-	-	15,425,977	8,619,028	56%	6,806,949	
Saleyards	-	2,972,507	151,919	-	-	-	3,124,426	3,029,213	97%	95,214	
Sewerage	1,561,000	3,181,598	-	260,000	-	-	5,002,598	1,616,068	32%	3,386,530	
Water	1,495,000	3,719,395	-	260,000	-	-	5,474,395	2,861,147	52%	2,613,248	
Total Capital Works 2023/24	10,386,000	25,538,541	2,472,214	600,000	-	-	38,996,755	22,563,778	58%	16,432,977	
Capital Works (General Fund)	7,330,000	18,637,548	2,472,214	80,000	-	-	28,519,762	18,086,563	63%	10,433,199	
Capital Works (Water Fund)	1,495,000	3,719,395	-	260,000	-	-	5,474,395	2,861,147	52%	2,613,248	
Capital Works (Sewerage Fund)	1,561,000	3,181,598	-	260,000	-	-	5,002,598	1,616,068	32%	3,386,530	
Total Capital Works 2023/24	10,386,000	25,538,541	2,472,214	600,000	-	-	38,996,755	22,563,778	58%	16,432,977	

Total Capital Works 2023/24



4. FLOOD EVENT

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

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.

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.

In summary there are four main revenue sources for funding the repair of flood damaged infrastructure from the 2022 flood event:

- NSW Disaster Assistance Arrangements – will fund restoration of flood damaged essential assets to an agreed value
- NSW Severe Weather Funding – an amount of \$1,000,000 that is provide to local governments that experience the severe weather event of late 20222 (which caused the flooding)
- Council’s insurance property insurance coverage – will fund restoration of flood damaged insured assets; limited to \$2,000,000
- Council own source funds

NSW Disaster Assistance Arrangements

This funding primarily relates to repairing flood damaged roads. 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. Approved works have also been received for Local Sealed Roads for up to \$4.058m, which was presented to the April 2024 Council meeting.

The value of the required flood restoration works 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.

NSW Severe Weather Funding

This \$1,000,000 of funding was approved and allocated through the Office of Local Government. As well as restoring flood damaged assets not covered by other funding programs or insurance, this funding requires work to be undertaken that will reduce the impact of a future flood or emergency event.

A program of works has been agreed with the funding body and this was approved at the February 2024 Council meeting.

Insurance Coverage

Council has property insurance coverage through Statewide Mutual. The deductible for a flood event is \$250,000, with a maximum payment of \$2,000,000. The insurance claim has been submitted and Council officers are working through the claim with the insurer.

Council own source funding

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 dependent on the approvals from the insurer and or / the funding body. Accordingly, the value of works to be funded is still to be determined. Only immediate emergency flood mitigation work was undertaken, so this is not expected to present significant financial risk to Council. Further information will be provided as details are finalised.

Income & Expenditure to 30th April 2024

Expenditure		
	Actual	Budget
Flood Restoration Work on Regional Roads	\$ -	\$ 4,530,691.33
Flood Restoration Work on Local Sealed Roads	\$ -	\$ 4,057,609.58
Subtotal of Roads Works	\$ -	\$ 8,588,300.91
Project administration and management	\$ 51,097.00	\$ 150,000.00
Emergency Management Council Capacity Building	\$ -	\$ 150,000.00
Repair Work - Corowa Civic Centre	\$ -	\$ 75,000.00
Repair Work - Corowa Civic Bowls Club	\$ -	\$ 125,000.00
Repair Work - Rowers Park	\$ -	\$ 175,000.00
Repair Work - Howlong Public Toilets	\$ -	\$ 225,000.00
Subtotal of NSW Severe Weather Funding	\$ 51,097.00	\$ 900,000.00
Roads	\$ 2,490,468.12	\$ -
Building & Facilities	\$ 446,139.77	\$ -
Parks & Gardens	\$ 85,931.67	\$ -
Ball Park Caravan Park Clean Up	\$ 7,626.80	\$ -
Subtotal of Expenditure to reallocated once funding has been determined	\$ 539,698.24	\$ -
Total Expenditure	\$ 3,081,263.36	\$ 4,957,609.58
Income		
Flood Restoration Work on Regional Roads	\$ -	\$ 4,530,691.33
Flood Restoration Work on Local Sealed Roads	\$ -	\$ 4,057,609.58
Subtotal of Roads Works	\$ -	\$ 8,588,300.91
NSW Severe Weather Funding Income	\$ 1,000,000.00	\$ 1,000,000.00
Subtotal of NSW Severe Weather Funding	\$ 1,000,000.00	\$ 1,000,000.00
Insurance Claim	\$ 750,000.00	\$ -
Subtotal of Insurance Claim	\$ 750,000.00	\$ -
Total Income	\$ 1,750,000.00	\$ 9,588,300.91

5. BUSINESS UNITS

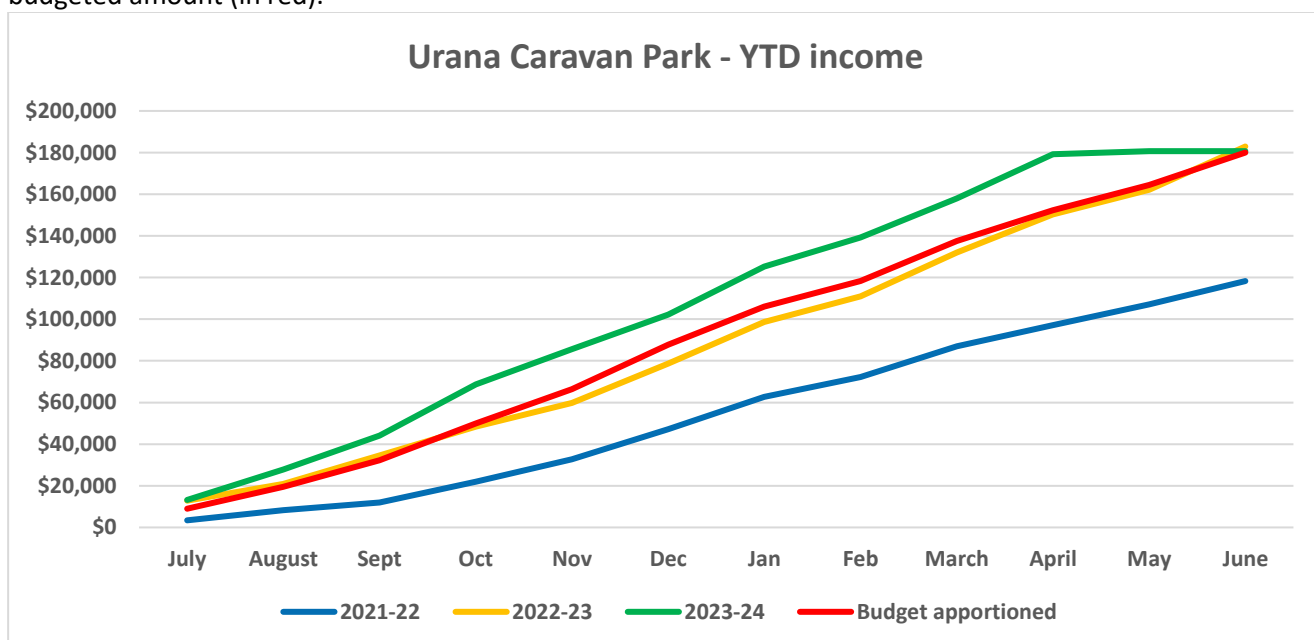
Council has four business units (Urana Caravan Park, Ball Park Caravan Park, Corowa Saleyards & Corowa Aquatic Centre) that are watched closely given they are in market (customer) driven environments, as any material changes in income and or expenditure can will affect Council’s overall financial position.

A. Urana Caravan Park

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

	Actual YTD April 2024 (\$000's)	Annual Budget 2023/24 (\$000's)	Annual Budget %
Income			
User Charges and Fees	179	180	99%
Total Income	179	180	99%
Expenses			
Materials & Contracts	150	180	83%
Total Expenses	150	180	83%
Net Operating Result (Consolidated)	29	-	

At the 30 April 2024, year-to-date income (in the graph below in green) is well above the projected budgeted amount (in red).



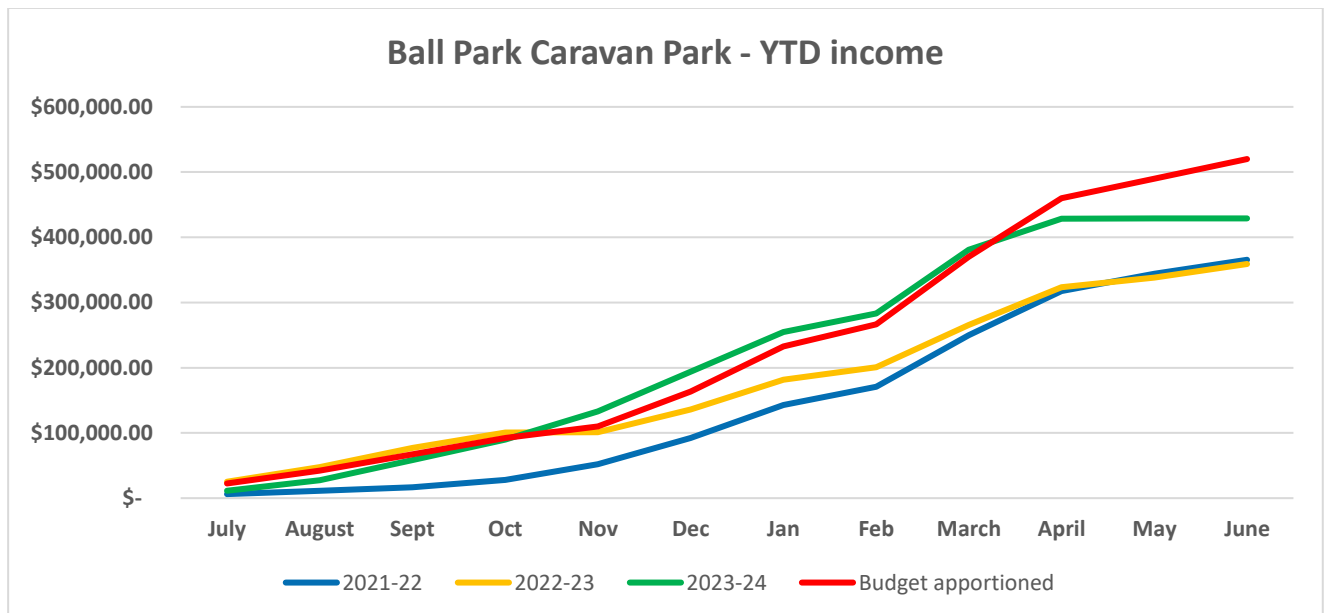
Expenditure is being incurred in line with the revenue being received and appears as expected at this stage.

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 April 2024 (\$000's)	Annual Budget 2023/24 (\$000's)	Annual Budget %
Income			
User Charges and Fees	429	520	83%
Total Income	429	520	83%
Expenses			
Materials & Contracts	503	520	97%
Total Expenses	503	520	97%
Net Operating Result (Consolidated)	- 74	-	

At the 30 April 2024, year-to-date income (in the graph below in green) has fallen below the projected budgeted amount (in red).



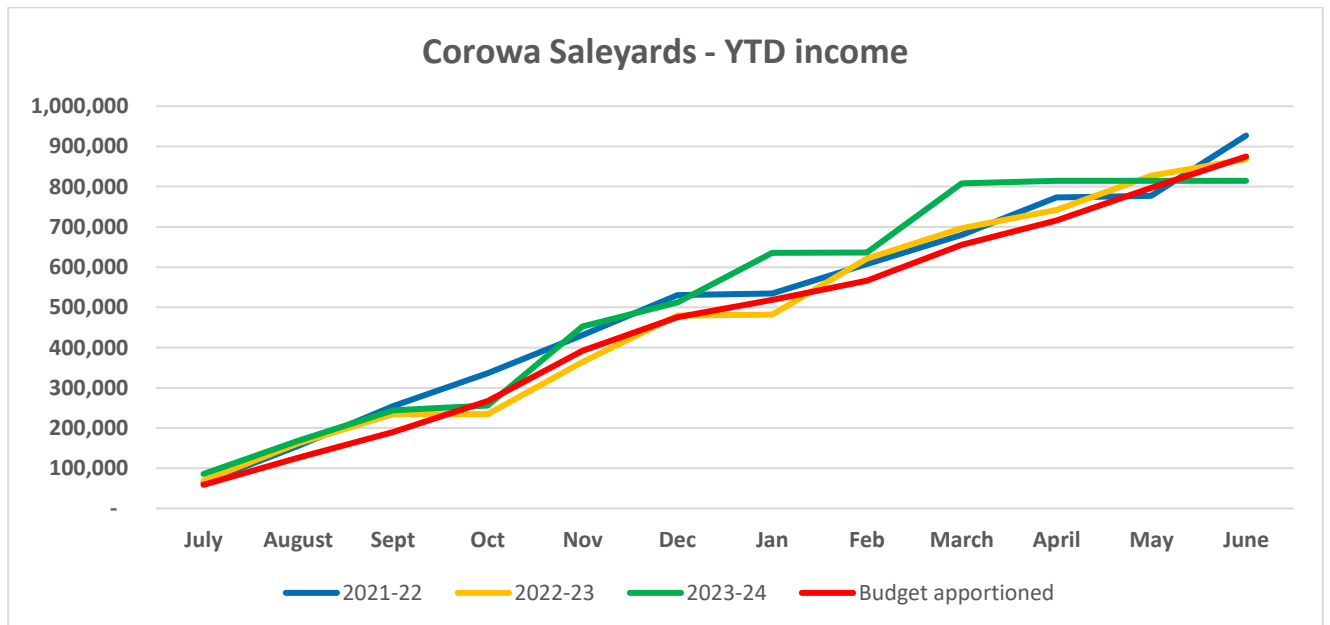
Expenditure for Ball Park Caravan Park includes significant fixed costs that are spread evenly through the financial year. Expenditure is forecast to be greater than budget by 30 June 2024. A budget adjustment is recommended in the Quarterly Budget Review for March 2024.

C. Corowa Saleyards

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

	Actual YTD April 2024 (\$000's)	Annual Budget 2023/24 (\$000's)	Annual Budget %
Income			
User Charges and Fees	815	875	93%
Total Income	815	875	93%
Expenses			
Employee Costs	257	349	74%
Materials & Contracts	277	209	133%
Total Expenses	534	558	96%
Net Operating Result (Consolidated)	281	317	89%

At the 30 April 2024, year-to-date income (in the graph below in green) is above the projected budgeted amount (in red).



Expenditure has increased, particularly with electricity usage and water usage. These expenditure areas are being reviewed and further information will be provided in next month's report.

D. Corowa Aquatic Centre

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

	Actual YTD April 2024 (\$000's)	Annual Budget 2023/24 (\$000's)	Annual Budget %
Income			
User Charges and Fees	338	450	75%
Total Income	338	450	75%
Expenses			
Employee Costs	601	770	78%
Materials & Contracts	354	567	62%
Total Expenses	955	1,337	71%
Net Operating Result (Consolidated)	(617)	(887)	70%

At the 30 April 2024, year-to-date income (in the graph below in green) is below the projected budgeted amount in red.

