

Financial Report

31 December 2023

Financial Report - 31 December 2023

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Income Statement

For the financial year to date 31 December 2023

	YTD Budget	YTD Actuals	YTD Variance Fav / (Unfav)		Annual Budget
	\$	\$	\$	%	\$
Income					
Rates	62,452,380	62,651,307	198,927	0.32	63,104,370
Waste management charge	14,013,862	14,084,101	70,239	0.50	14,013,862
Government grants-recurrent	1,735,526	1,933,515	197,989	11.41	5,770,188
Government grants-non-recurrent	13,521,762	13,786,295	264,533	1.96	17,899,672
User charges	6,982,251	7,260,823	278,572	3.99	17,062,999
Statutory fees and fines	1,053,080	1,053,144	64	0.01	2,040,640
Reimbursements	57,031	58,698	1,667	2.92	57,031
Interest income	516,162	641,111	124,949	24.21	800,000
Capital contributions	-	181,847	181,847	100.00	866,628
Other revenue-recurrent	198,651	385,503	186,852	94.06	651,671
Other revenue-non-recurrent	-	3,984	3,984	100.00	-
Contributions	64,502	90,559	26,057	40.40	103,500
Net gain on disposal of property, infrastructure, plant and equipment	-	-	-	-	-
Total income	100,595,207	102,130,887	1,535,680	1.53	122,370,561
Expenses					
Employee benefits	20,318,005	19,492,011	825,994	4.07	40,798,069
External contracts	9,636,098	10,249,927	(613,829)	(6.37)	23,411,924
Materials and related costs	9,424,350	10,138,554	(714,204)	(7.58)	16,955,344
Bad and doubtful debts	-	-	-	-	-
Other expenditure	3,415,846	3,535,449	(119,603)	(3.50)	7,578,249
Interest expenditure	301,384	304,015	(2,631)	(0.87)	638,156
Financial year projects allocation	1,319,346	1,416,068	(96,722)	(7.33)	3,193,576
Total expenses	44,415,029	45,136,024	(720,995)	(1.62)	92,575,318
Earnings before Depreciation	56,180,178	56,994,863	814,685	1.45	29,795,243
Depreciation	6,159,000	6,159,000	-	-	12,318,000
Net Surplus	50,021,178	50,835,863	814,685	1.63	17,477,243

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Balance Sheet

For the financial year to date 31 December 2023

	31-Dec-23	30-Jun-23
	\$	\$
ASSETS		
Current assets		
Cash assets	39,294,833	47,099,000
Other Financial Assets	5,000,000	5,000,000
Receivables	53,814,172	13,424,000
Accrued income	130,000	332,000
Prepayments	185,197	1,509,000
Inventories	42,288	31,000
Total current assets	98,466,490	67,395,000
Non-current assets		
Investments in associates	1,635,976	1,636,000
Other Financial Assets	5,000	5,000
Property, infrastructure, plant & equipment		
At cost	1,175,893,098	1,176,082,000
Accumulated depreciation	(277,688,979)	(271,530,000)
Work in progress	16,393,372	6,949,000
Right of use assets	1,382,720	1,383,000
Total non-current assets	917,621,187	914,525,000
TOTAL ASSETS	1,016,087,677	981,920,000
LIABILITIES		
Current liabilities		
Creditors	5,995,336	2,587,000
Trust funds	1,773,874	3,201,000
Prepaid income	260,018	172,000
Unearned Income	-	13,575,000
Accrued expenses	3,500	4,476,000
Provisions	7,827,722	12,600,000
Borrowings	957,751	1,894,000
Lease liabilities	401,937	402,000
Total current liabilities	17,220,138	38,907,000
Non-current liabilities		
Provisions	14,959,627	9,939,000
Borrowings	11,685,838	11,686,000
Lease liabilities	1,029,895	1,030,000
Total non-current liabilities	27,675,360	22,655,000
TOTAL LIABILITIES	44,895,498	61,562,000
NET ASSETS	971,192,179	920,358,000
Presented by:		
Accumulated surplus	411,590,172	408,653,000
YTD surplus/(deficit)	50,833,863	2,938,000
Asset revaluation reserve	476,291,726	476,292,000
Other reserves	32,476,418	32,475,000
TOTAL EQUITY	971,192,179	920,358,000

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Statement of Cash Flows

For the financial year to date 31 December 2023

	31-Dec-23 YTD \$	30-Jun-23 * \$
Inflows from operating activities		
Rates	36,433,253	73,727,000
Statutory fees & fines	1,053,144	2,263,000
User charges	7,260,823	14,593,000
Grants	2,282,170	17,184,000
Contributions	337,046	1,037,000
Interest	641,111	1,566,000
Other receipts	448,185	6,215,000
Total inflows from operating activities	48,455,732	116,585,000
Outflows from operating activities		
Payments to suppliers	(21,307,848)	(51,947,000)
Payments to employees	(19,492,011)	(37,017,000)
Trust	(1,427,126)	(457,000)
Other payments	(3,535,449)	(7,253,000)
Total outflows from operating activities	(45,762,434)	(96,674,000)
Movement in operating activities	2,693,298	19,911,000
Inflows from investing activities		
Proceeds from sale of assets	189,443	1,382,000
Proceeds from investments	-	38,565,000
Outflows from investing activities		
Payments for property, infrastructure, P&E	(9,445,978)	(18,083,000)
Payments for investments	-	-
Movement in investing activities	(9,256,535)	21,864,000
Inflows from financing activities		
Proceeds from borrowings	-	-
Outflows from financing activities		
Repayment of borrowings	(936,577)	(3,342,000)
Borrowing costs	(304,015)	(763,000)
Interest paid - lease liabilities	-	(47,000)
Repayment of lease liabilities	(338)	(284,000)
Movement in financing activities	(1,240,930)	(4,436,000)
TOTAL CASH MOVEMENT FOR PERIOD	(7,804,167)	37,339,000
Opening bank balance	47,099,000	9,760,000
Net increase/(decrease) in cash and cash equivalents	(7,804,167)	37,339,000
CLOSING BANK BALANCE	39,294,833	47,099,000

*Comparative reflective of annual report which has been rounded to the nearest thousand

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1. Income Statement Variance Analysis

a. Operating Income year to date

	YTD Budget	YTD Actuals	YTD Variance Fav / (Unfav)		Annual Budget
	\$	\$	\$	%	\$
Income					
Rates	62,452,380	62,651,307	198,927	0.32	63,104,370
Waste management charge	14,013,862	14,084,101	70,239	0.50	14,013,862
Government grants-recurrent	1,735,526	1,933,515	197,989	11.41	5,770,188
Government grants-non-recurrent	13,521,762	13,786,295	264,533	1.96	17,899,672
User charges	6,982,251	7,260,823	278,572	3.99	17,062,999
Statutory fees and fines	1,053,080	1,053,144	64	0.01	2,040,640
Reimbursements	57,031	58,698	1,667	2.92	57,031
Interest income	516,162	641,111	124,949	24.21	800,000
Capital contributions	-	181,847	181,847	100.00	866,628
Other revenue-recurrent	198,651	385,503	186,852	94.06	651,671
Other revenue-non-recurrent	-	3,984	3,984	100.00	-
Contributions	64,502	90,559	26,057	40.40	103,500
Total Operating Income	100,595,207	102,130,887	1,535,680	1.53	122,370,561

Significant variance commentary:

Rates and Waste Management Charge \$269,166.

- Reflective of additional properties and timing of supplementary valuations.

Recurrent Government Grants \$197,989.

- Additional funding received from:
 - Department of Government Services \$60,000
 - Department of Education, Skills and Employment \$52,898
 - Department of Transport \$25,874
 - Department of Health (Vic) \$20,105
 - Department of Health (Cwlth) \$11,509.

Non-Recurrent Government Grants \$264,533.

- New funding received from:
 - Department of Energy, Environment and Climate Action \$99,288
 - VicHealth \$40,000
- Additional funding received from:
 - Department of Energy, Environment and Climate Action \$29,869.

User Charges \$278,572.

- Leisure facilities income \$187,692.
- Playhouse childcare fee income \$38,049.
- Living and Learning community program fee income \$36,198.
- Recycling and Recovery Centre gate fees \$20,847.
- Living and Learning centre venue hire income \$12,839.
- Eltham Community Reception Centre venue hire income (\$21,092).

Interest Income \$124,949.

- Interest earned on investments \$177,433.

Capital Contributions \$181,847.

- Climate credits \$252,093.
- Special charge scheme returns (\$70,246)

Other Revenue - Recurrent \$186,852.

- Rental (non-residential) income \$54,985.
- Insurance claim settlement refunds \$36,932.
- Workcover salary refunds \$71,869.

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b. Operating Expenditure year to date

	YTD Budget \$	YTD Actuals \$	YTD Variance \$	%	Annual Budget \$
Expenditure					
Employee benefits	20,318,005	19,492,011	825,994	4.07	40,798,069
External contracts	9,636,098	10,249,927	(613,829)	(6.37)	23,411,924
Materials and related costs	9,424,350	10,138,554	(714,204)	(7.58)	16,955,344
Bad and doubtful debts	-	-	-	-	-
Other expenditure	3,415,846	3,535,449	(119,603)	(3.50)	7,578,249
Interest expenditure	301,384	304,015	(2,631)	(0.87)	638,156
Financial year projects allocation	1,319,346	1,416,068	(96,722)	(7.33)	3,193,576
Total operating expenditure	44,415,029	45,136,024	(720,995)	(1.62)	92,575,318

Significant variance commentary:

Employee Benefits \$825,994.

- Year to date variances resulting from position vacancies, partly offset by agency staff backfilling periods of vacancy.

External Contracts (\$613,829).

- Leisure facilities expenditure (\$296,180).
- Agency and temporary staff engaged to backfill vacant roles (\$324,591).

Materials & Related Costs (\$714,204).

- Insurance policy premiums higher than budgeted due to insurance market conditions (\$251,433).
- Increased demand for specialist legal advice and services (\$233,583).
- Contractors engaged for:
 - Provision of mowing services (\$141,608)
 - Maintenance and beautification of high use sites throughout the Shire (\$69,209).
 - Maintenance of VicRoads medians and roundabouts (\$22,376).
- Major patching of road surfaces (\$82,931).
- Licence fees for provision of financial systems (\$56,214).
- Graffiti removal (\$30,775).
- Street lighting payments on hold whilst charges are under review \$170,477.

Other Expenditure (\$119,603).

- Lease trial of cleansing equipment (\$90,880).
- Sportsground repairs and maintenance (\$22,015).
- Parking overstay detection sensor lease costs (\$20,117).
- Early Years workforce planning funded project \$14,068.

Financial Year Projects (\$96,722).

- Essential maintenance works on Diamond Creek Trail (\$32,343).
- Unplanned community works (\$30,600).
- Expenditure associated with unexpected grant funded digital planning reform project (\$26,400).
- Maintenance works as part of environmental offset programs (\$11,869).

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2. Statement of Capital Works

For the financial year to date 31 December 2023

Asset Class	YTD Budget	YTD Actuals	YTD Variance Fav / (Unfav)		Annual Budget
	\$	\$	\$	%	\$
Bridges	42,750	44,442	(1,692)	(3.96)	172,473
Children's playground equipment	231,436	232,498	(1,062)	(0.46)	375,025
Commercial centres/major streetscapes	74,514	74,959	(445)	(0.60)	303,941
Digital transformation projects	-	65,997	(65,997)	(100.00)	88,937
Drainage	181,713	181,641	72	0.04	1,187,416
Footpaths	204,636	204,479	157	0.08	758,478
Landfill closure/regional park	909,232	909,240	(8)	(0.00)	7,232,369
Major leisure centres & community halls	15,735	15,737	(2)	(0.01)	264,685
Other council buildings	3,748,110	3,939,411	(191,301)	(5.10)	8,451,536
Other infrastructure	169,834	184,048	(14,214)	(8.37)	262,089
Plant & vehicle replacement	505,181	505,181	-	-	1,964,605
Public open space	115,248	120,647	(5,399)	(4.68)	874,186
Recreation, leisure & community	575,443	606,904	(31,461)	(5.47)	6,078,461
Recreation trails	112,687	112,690	(3)	(0.00)	4,245,761
Roads	1,494,044	1,560,049	(66,005)	(4.42)	6,582,456
Special charge schemes	-	272	(272)	(100.00)	113,199
Sportsfields & pavilions	319,012	289,675	29,337	9.20	6,560,064
Traffic works	186,473	185,692	781	0.42	593,885
Various/miscellaneous capital	129,695	211,130	(81,435)	(62.79)	598,643
Total	9,015,743	9,444,689	(428,946)	(4.76)	46,708,209
Renewal	2,514,774	2,578,374	(63,600)	(2.53)	8,085,615
New	1,034,657	1,093,288	(58,631)	(5.67)	11,318,725
Upgrade	5,317,122	5,592,457	(275,335)	(5.18)	24,439,483
Expansion	149,190	180,570	(31,380)	(21.03)	2,864,386
Total	9,015,743	9,444,689	(428,946)	(4.76)	46,708,209

Commentary:

The 2023-24 annual capital works program is underway and is tracking well, with a total spend variance of 4.76% percent ahead of budget. This remains within annual budget projections. The variance is predominantly attributable to:

- Additional works required for:

- Kangaroo Ground War Memorial Caretakers Cottage
- Local Roads and Community Infrastructure Phase 4
- House demolitions works
- Web transformation
- Ironbark Road blackspot works
- Purchase of artworks
- Diamond Creek Youth Hub

The overall financial position of the capital works portfolio spend continues to be closely monitored.

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3. Treasury

a. Loans

Financial Institution	Start date	Term (years)	End date	Principal \$	Interest Rate %	Current Balance \$
NAB	28/06/2007	20	28/06/2027	2,200,000	6.96%	608,322
NAB	27/06/2008	20	27/06/2028	3,647,000	7.87%	1,343,855
TCV	22/06/2022	7	22/06/2029	7,000,000	4.42%	5,675,592
NAB	10/06/2011	20	10/06/2031	2,120,000	7.91%	1,190,999
NAB	21/06/2021	10	21/06/2031	3,303,000	2.03%	2,477,250
ANZ	29/06/2012	20	29/06/2032	2,373,000	5.88%	1,347,570
Total						12,643,588

b. Investment activities

Council carries out investment activities according to Section 143 of the Victorian Local Government Act 1989. All Council funds are invested with Authorised Deposit Taking Institutions (ADI's), in either cash, at call or term deposits. The following tables provide our investment portfolio by maturity and rating type.

Financial Institution	Green Investment	S & P Rating	Investment Type	Principal \$	Maturity Date	Term (days)	Interest Rate %
CBA		A1+	11:00am	551,130			4.35%
Macquarie		A1	11:00am	2,047,854			4.71%
Westpac		A1+	Term Deposit	3,000,000	9/01/2024	92	4.74%
AMP		A2	Term Deposit	3,000,000	10/01/2024	91	4.85%
NAB		A1+	Term Deposit	1,000,000	10/01/2024	90	4.85%
Westpac		A1+	Term Deposit	1,100,000	12/01/2024	92	4.74%
Bendigo	Yes	A2	Term Deposit	2,000,000	16/01/2024	92	4.50%
AMP		A2	Term Deposit	1,500,000	19/01/2024	120	4.40%
NAB		A1+	Term Deposit	2,500,000	5/02/2024	60	4.60%
NAB		A1+	Term Deposit	3,000,000	6/02/2024	119	4.90%
NAB		A1+	Term Deposit	2,000,000	20/02/2024	92	5.00%
Westpac		A1+	Term Deposit	1,000,000	23/02/2024	92	5.00%
NAB		A1+	Term Deposit	3,000,000	28/02/2024	90	5.00%
NAB		A1+	Term Deposit	3,000,000	4/03/2024	91	5.00%
BOQ		A2	Term Deposit	2,000,000	6/03/2024	91	5.05%
Westpac		A1+	Term Deposit	2,000,000	6/03/2024	91	4.95%
Westpac		A1+	Term Deposit	2,000,000	18/03/2024	102	4.95%
BOQ		A2	Term Deposit	2,000,000	2/04/2024	124	5.20%
BOQ		A2	Term Deposit	5,000,000	7/06/2024	366	5.30%
Total				41,698,984	Weighted average		4.90%

Financial Institution Rating	Investment	Portfolio
A1+	24,151,130	57.92%
A1	2,047,854	4.91%
A2	15,500,000	37.17%
Total	41,698,984	100%

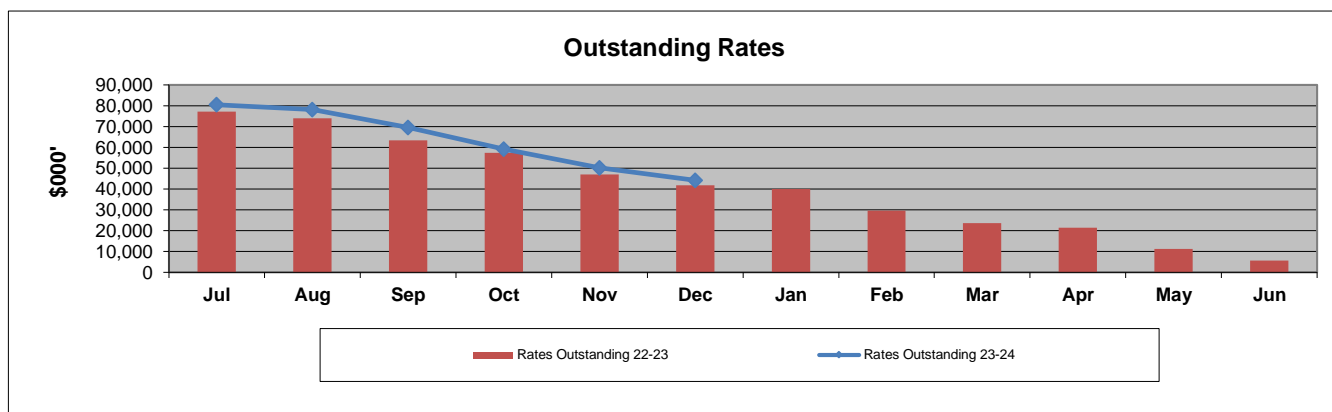
Council's current average rate of return on investments for the 2023-24 financial year is 4.90 percent and is compliant with Council's investment policy.

The portion of investment portfolio currently invested with green institutions is 4.80 percent.

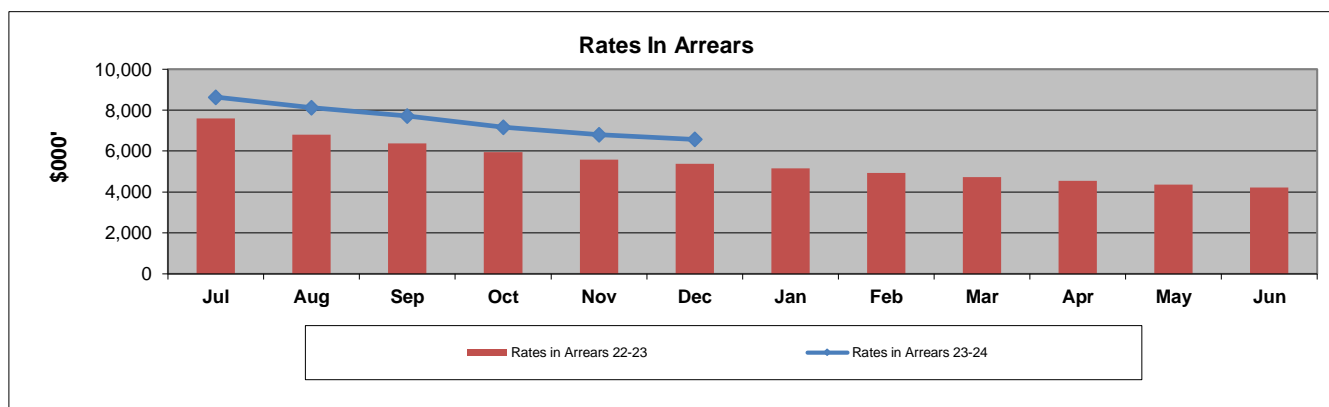
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4. Rates Analysis

	YTD Actual 31-Dec-22 \$000'	YTD Actual 31-Dec-23 \$000'	Variance \$000'	Variance %
Rates Outstanding	41,830	44,197	(2,367)	(5.66)
Rates in Arrears (prior years)	5,376	6,570	(1,194)	(22.21)



When Council adopts the budget, rates are levied on properties and the full amount due is treated as income at that point.



Supplementary Valuations

Between the annual revaluation cycle, supplementary valuations are conducted to:

- record changes made to properties that affect property value,
- record changes to the rateability status, and
- consider any planning amendments made within the cycle.

Growth in the number of rateable assessments predominantly occurs as a result of developments within the Shire, creating assessments through subdivision of land and/or buildings.

Rateable properties at 1 July 2023	24,129
2023-24 growth	79
Rateable properties at 31 December 2023	<u>24,208</u>

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5. Grant Activity

The following table provides a summary of grant funding, greater than \$50,000, received for Council activities during the period 1 July 2023 to 31 December 2023.

Project Description	2022-23 Actuals YTD \$	Funding Body
Recurrent		
Best Start	65,276	Department of Education and Training (Vic)
Panton Hill Childcare rebates	78,233	Department of Education, Skills and Employment (Cwth)
Eltham Childcare rebates	87,156	Department of Education, Skills and Employment (Cwth)
Council COVID-19 Rapid Antigen Test program	60,000	Department of Government Services
Home & Community Care - transport	100,660	Department of Health (Cwth)
Aged Care Regional Assessment Service funding	93,255	Department of Health (Vic)
Maternal & Child Health universal funding	182,114	Department of Health (Vic)
Learner driver mentor program	59,475	Department of Transport
School crossing supervision	380,450	Department of Transport
Total Recurrent	1,106,619	
Non-Recurrent		
Council Plan / Grant Funded Initiatives		
PWMP Rivers to Ranges 2022-25	52,500	Department of Environment, Land, Water and Planning
Digital planning reform	99,288	Department of Environment, Land, Water and Planning
Disaster resilient Nillumbik	178,592	Department of Justice and Community Safety
Capital Works		
Ironbark Road blackspot works	70,100	Department of Transport
Total Non-Recurrent	400,480	

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6. Defined Benefit Superannuation Update

Council has an obligation to contribute to any funding shortfalls within the Local Authorities Superannuation Fund (LASF) Defined Benefit Plan.

The Australian Prudential Regulation Authority (APRA) standard SPS160 uses the Vested Benefits Index (VBI) as its primary measure of fund solvency. The VBI measures the market value of assets in a defined benefit portfolio against the benefits that members would have been entitled to if they had all resigned on the same day.

The independent Actuary to the fund calculates the VBI at 30 June each year. It is necessary for the VBI to be 100% or greater at 30 June each year.

Vision Super produces interim quarterly VBI estimates based on actual quarterly assets and membership.

The recent history of the LASF VBI is shown below:

Estimated Vested Benefit Index

Year	30 Sept (estimated) %	31 Dec (actual) %	31 Mar (actual) %	30 Jun (actual) %
2023/24	102.30	**		
2022/23	101.50	101.70	104.20	104.10
2021/22	109.90	111.20	108.50	102.20
2020/21	104.50	109.60	111.50	109.70

** The 31 December 2023 estimated figure is not yet available from Vision Super.

To enable Council to monitor this risk, reliance is placed on the actuarial reviews conducted on the fund on a periodic basis. The most recent actuarial review was completed at 30 June 2023 and the fund actuary found that the LASF Defined Benefit Plan was in a satisfactory financial position.