

Financial Report

30 September 2024

Financial Report - 30 September 2024

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Income Statement

For the financial year to date 30 September 2024

	YTD Budget	YTD Actuals	YTD Variance Fav / (Unfav)		Annual Budget
	\$	\$	\$	%	\$
Income					
Rates	64,168,465	64,185,408	16,943	0.03	65,213,001
Waste management charge	15,058,927	15,110,817	51,890	0.34	15,058,927
Government grants-recurrent	3,878,861	3,905,996	27,135	0.70	5,920,506
Government grants-non-recurrent	8,096,998	8,217,452	120,454	1.49	16,324,717
User charges	3,042,363	3,189,153	146,790	4.82	18,668,472
Statutory fees and fines	470,784	425,415	(45,369)	(9.64)	2,127,640
Reimbursements	-	16,193	16,193	100.00	57,031
Interest income	312,128	312,128	-	-	1,250,000
Capital contributions	100,000	181,129	81,129	81.13	1,009,212
Other revenue-recurrent	143,305	416,034	272,729	190.31	673,668
Other revenue-non-recurrent	-	1,542	1,542	100.00	-
Contributions	100,000	825,500	725,500	725.50	103,500
Total income	95,371,831	96,786,767	1,414,936	1.48	126,406,674
Expenses					
Employee benefits	9,782,857	9,108,764	674,093	6.89	42,552,693
External contracts	4,010,689	4,045,108	(34,419)	(0.86)	24,238,306
Materials and related costs	6,011,075	6,087,627	(76,552)	(1.27)	18,570,641
Other expenditure	2,006,713	2,075,289	(68,576)	(3.42)	7,955,573
Interest expenditure	159,423	159,423	-	-	966,484
Financial year projects allocation	367,558	346,609	20,949	5.70	2,637,819
Total expenses	22,338,315	21,822,820	515,495	2.31	96,921,516
Earnings before Depreciation	73,033,516	74,963,947	1,930,431	2.64	29,485,158
Depreciation	3,110,000	3,110,000	-	-	12,440,000
Net Surplus	69,923,516	71,853,947	1,930,431	2.76	17,045,158

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Balance Sheet

For the financial year to date 30 September 2024

	30-Sep-24	30-Jun-24
	\$	\$
ASSETS		
Current assets		
Cash assets	36,323,885	40,410,000
Other Financial Assets	5,000,000	10,000,000
Receivables	83,873,301	14,589,000
Accrued income	858,073	990,000
Prepayments	156,762	1,790,000
Inventories	24,596	32,000
Total current assets	126,236,617	67,811,000
Non-current assets		
Investments in associates	1,649,722	1,650,000
Other Financial Assets	5,000	5,000
Property, infrastructure, plant & equipment		
At cost	1,351,844,347	1,351,852,000
Accumulated depreciation	(339,946,484)	(336,844,000)
Work in progress	17,542,834	11,466,000
Right of use assets	1,120,502	1,121,000
Total non-current assets	1,032,215,921	1,029,250,000
TOTAL ASSETS	1,158,452,538	1,097,061,000
LIABILITIES		
Current liabilities		
Creditors	8,147,435	2,667,000
Trust funds	2,261,227	3,729,000
Prepaid income	760,856	289,000
Unearned Income	-	8,018,000
Accrued expenses	66,500	5,977,000
Provisions	7,247,001	12,728,000
Borrowings	1,975,434	2,617,000
Lease liabilities	401,579	402,000
Total current liabilities	20,860,032	36,427,000
Non-current liabilities		
Provisions	21,956,492	16,861,000
Borrowings	17,065,879	17,066,000
Lease liabilities	804,467	804,000
Total non-current liabilities	39,826,838	34,731,000
TOTAL LIABILITIES	60,686,870	71,158,000
NET ASSETS	1,097,765,668	1,025,903,000
Presented by:		
Accumulated surplus	399,781,779	399,772,000
YTD surplus/(deficit)	71,852,947	-
Asset revaluation reserve	590,134,952	590,134,000
Other reserves	35,995,990	35,997,000
TOTAL EQUITY	1,097,765,668	1,025,903,000

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Statement of Cash Flows

For the financial year to date 30 September 2024

	30-Sep-24 YTD \$	30-Jun-24 * \$
Inflows from operating activities		
Rates	10,483,779	76,630,000
Statutory fees & fines	425,415	1,865,000
User charges	3,189,153	17,097,000
Grants	4,195,159	7,683,000
Contributions	1,048,846	1,403,000
Interest	312,128	2,104,000
Other receipts	433,769	7,148,000
Total inflows from operating activities	20,088,249	113,930,000
Outflows from operating activities		
Payments to suppliers	(9,654,272)	(56,542,000)
Payments to employees	(9,108,764)	(38,645,000)
Trust	(1,467,773)	(77,000)
Other payments	(2,075,289)	(7,894,000)
Total outflows from operating activities	(22,306,098)	(103,158,000)
Movement in operating activities	(2,217,849)	10,772,000
Inflows from investing activities		
Proceeds from sale of assets	7,728	279,000
Proceeds from investments	5,000,000	-
Outflows from investing activities		
Payments for property, infrastructure, P&E	(6,074,594)	(17,651,000)
Payments for investments	-	(5,000,000)
Movement in investing activities	(1,066,866)	(22,372,000)
Inflows from financing activities		
Proceeds from borrowings	-	8,000,000
Outflows from financing activities		
Repayment of borrowings	(641,853)	(1,897,000)
Borrowing costs	(159,423)	(697,000)
Interest paid - lease liabilities	-	(75,000)
Repayment of lease liabilities	(124)	(420,000)
Movement in financing activities	(801,400)	4,911,000
TOTAL CASH MOVEMENT FOR PERIOD	(4,086,115)	(6,689,000)
Opening bank balance	40,410,000	47,099,000
Net increase/(decrease) in cash and cash equivalents	(4,086,115)	(6,689,000)
CLOSING BANK BALANCE	36,323,885	40,410,000

*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		Annual Budget
	\$	\$	Fav / (Unfav)	%	\$
Income					
Rates	64,168,465	64,185,408	16,943	0.03	65,213,001
Waste management charge	15,058,927	15,110,817	51,890	0.34	15,058,927
Government grants-recurrent	3,878,861	3,905,996	27,135	0.70	5,920,506
Government grants-non-recurrent	8,096,998	8,217,452	120,454	1.49	16,324,717
User charges	3,042,363	3,189,153	146,790	4.82	18,668,472
Statutory fees and fines	470,784	425,415	(45,369)	(9.64)	2,127,640
Reimbursements	-	16,193	16,193	100.00	57,031
Interest income	312,128	312,128	-	-	1,250,000
Capital contributions	100,000	181,129	81,129	81.13	1,009,212
Other revenue-recurrent	143,305	416,034	272,729	190.31	673,668
Other revenue-non-recurrent	-	1,542	1,542	100.00	-
Contributions	100,000	825,500	725,500	725.50	103,500
Total Operating Income	95,371,831	96,786,767	1,414,936	1.48	126,406,674

Significant variance commentary:

Rates and Waste Management Charge \$68,833.

- Reflective of supplementary valuations.

Recurrent Government Grants \$27,135.

- Additional funding received from Department of Education \$20,988.

Non-Recurrent Government Grants \$120,454.

- New funding received from Cricket Victoria \$22,173.
- Additional funding received from Department of Government Services \$80,000.

User Charges \$146,790.

- Leisure facilities income \$122,492.
- Living and Learning community program fee income \$12,286.
- Edendale nursery plant sales \$12,461.

Statutory Fees and Fines (\$45,369).

- Planning application fees (\$48,139).

Capital Contributions \$81,129.

- Yarra Plenty Regional Library \$75,000.

Other Revenue - Recurrent \$272,729.

- Aligned Leisure facilities \$130,591.
- Yarrambat Park Golf Course \$21,128.
- Recycling collection - container deposit refunds \$62,834.
- WorkCover salary refunds \$19,891.

Contributions \$725,500.

- Developer contributions received for open space and DPO4 area open space \$725,500.

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b. Operating Expenditure year to date

	YTD	YTD	YTD		Annual
	Budget	Actuals	Variance		Budget
	\$	\$	\$	%	\$
Expenditure					
Employee benefits	9,782,857	9,108,764	674,093	6.89	42,552,693
External contracts	4,010,689	4,045,108	(34,419)	(0.86)	24,238,306
Materials and related costs	6,011,075	6,087,627	(76,552)	(1.27)	18,570,641
Bad and doubtful debts	-	-	-	-	-
Other expenditure	2,006,713	2,075,289	(68,576)	(3.42)	7,955,573
Interest expenditure	159,423	159,423	-	-	966,484
Financial year projects allocation	367,558	346,609	20,949	5.70	2,637,819
Total operating expenditure	22,338,315	21,822,820	515,495	2.31	96,921,516

Significant variance commentary:

Employee Benefits \$674,093.

- Year to date variances resulting from position vacancies due to resignations, staff being on secondment or long service leave.

External Contracts (\$34,419).

- Agency and temporary staff engaged to backfill vacant roles (\$112,843).
- Leisure facilities expenditure (\$29,073).
- Recycling disposal costs \$61,704.
- Hard waste collection services \$33,940.

Materials Related Costs (\$76,552).

- Insurance policy premiums higher than budgeted due to insurance market conditions (\$114,714).
- Telephone and internet services \$25,546.

Other Expenditure (\$68,576).

- Lease trial of cleansing equipment (\$26,261).
- Sportsgound maintenance (\$16,361).

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2. Statement of Capital Works

For the financial year to date 30 September 2024

Asset Class	YTD Budget	YTD Actuals	YTD Variance Fav / (Unfav)		Annual Budget
	\$	\$	\$	%	\$
Bridges	-	192	(192)	(100.00)	241,182
Children's playground equipment	27,484	27,484	0	0.00	341,006
Commercial centres/major streetscapes	97,031	97,034	(3)	(0.00)	1,109,429
Digital transformation projects	94,935	148,399	(53,464)	(56.32)	517,589
Disability access works	-	-	-	-	100,000
Drainage	107,600	108,320	(720)	(0.67)	960,292
Footpaths	152,095	152,012	83	0.05	967,048
Landfill closure/regional park	283,250	333,170	(49,920)	(17.62)	7,011,414
Major leisure centres & community halls	25,070	174,226	(149,156)	(594.96)	100,539
Other council buildings	1,002,703	1,000,129	2,574	0.26	5,497,441
Other infrastructure	62,497	63,328	(831)	(1.33)	402,630
Plant & vehicle replacement	715,194	728,473	(13,279)	(1.86)	2,265,648
Public open space	180,264	182,671	(2,407)	(1.34)	1,002,552
Recreation, leisure & community	1,717,997	1,712,838	5,159	0.30	9,143,581
Recreation trails	253,194	256,509	(3,315)	(1.31)	3,847,540
Roads	744,586	746,811	(2,225)	(0.30)	6,107,036
Special charge schemes	-	-	-	-	42,584
Sportsfields & pavilions	121,730	127,573	(5,843)	(4.80)	4,334,898
Traffic works	72,971	72,971	-	-	1,056,406
Various/miscellaneous capital	100,000	144,947	(44,947)	(44.95)	114,000
Total	5,758,601	6,077,089	(318,488)	(5.53)	45,162,815
Renewal	1,839,858	1,896,814	(56,956)	(3.10)	8,476,178
New	696,044	732,577	(36,533)	(5.25)	7,853,979
Upgrade	2,784,634	3,004,258	(219,624)	(7.89)	25,543,042
Expansion	438,065	443,440	(5,375)	(1.23)	3,289,616
Total	5,758,601	6,077,089	(318,488)	(5.53)	45,162,815

Commentary:

The 2024-25 annual capital works program is underway and is tracking well, with a total spend variance of 5.53% percent ahead of budget. This remains within annual budget projections.

Projects currently under construction:

- Alistair Knox changing places - installation of Nillumbik's first registered changing places facility and upgraded amenities
- Bathroom upgrades to Eltham South and Yarra Warra preschools
- Edendale amphitheatre shade sail
- Rejuvenation of Ryan's Reserve - upgrade of playground and installation of new public amenities facility
- Diamond Valley Library outdoor space - construction of new outdoor educational and learning space.

Projects recently completed:

- Nillumbik Youth Hub
- Diamond Creek netball court roof
- Diamond Hills Preschool redevelopment
- Yarra Warra Preschool carpark sealing.

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%	486,969
NAB	27/06/2008	20	27/06/2028	3,647,000	7.87%	1,144,162
TCV	22/06/2022	7	22/06/2029	7,000,000	4.42%	4,979,951
NAB	10/06/2011	20	10/06/2031	2,120,000	7.91%	1,100,905
NAB	21/06/2021	10	21/06/2031	3,303,000	2.03%	2,229,525
ANZ	29/06/2012	20	29/06/2032	2,373,000	5.88%	1,254,121
TCV	3/05/2024	10	3/05/2034	8,000,000	5.13%	7,845,681
Total						19,041,313

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	5,280,843			4.25%
Macquarie		A1	11:00am	3,143,816			4.50%
Bendigo	Yes	A2	Term Deposit	1,000,000	7/10/2024	153	5.00%
NAB		A1+	Term Deposit	2,000,000	7/10/2024	61	4.60%
NAB		A1+	Term Deposit	2,000,000	18/10/2024	60	4.55%
NAB		A1+	Term Deposit	2,000,000	4/11/2024	90	4.95%
Judo		A2	Term Deposit	4,000,000	4/11/2024	90	5.00%
Westpac		A1+	Term Deposit	3,000,000	7/11/2024	92	4.89%
Westpac		A1+	Term Deposit	2,000,000	20/11/2024	90	4.87%
NAB		A1+	Term Deposit	1,500,000	18/12/2024	90	4.95%
NAB		A1+	Term Deposit	1,500,000	10/01/2025	130	5.00%
AMP		A2	Term Deposit	2,000,000	20/01/2025	151	5.00%
Westpac		A1+	Term Deposit	5,000,000	11/06/2025	365	5.15%
Total				34,424,659		Weighted average	4.79%

Financial Institution Rating	Investment	Portfolio
A1+	24,280,843	70.53%
A1	3,143,816	9.13%
A2	7,000,000	20.33%
Total	34,424,659	100%

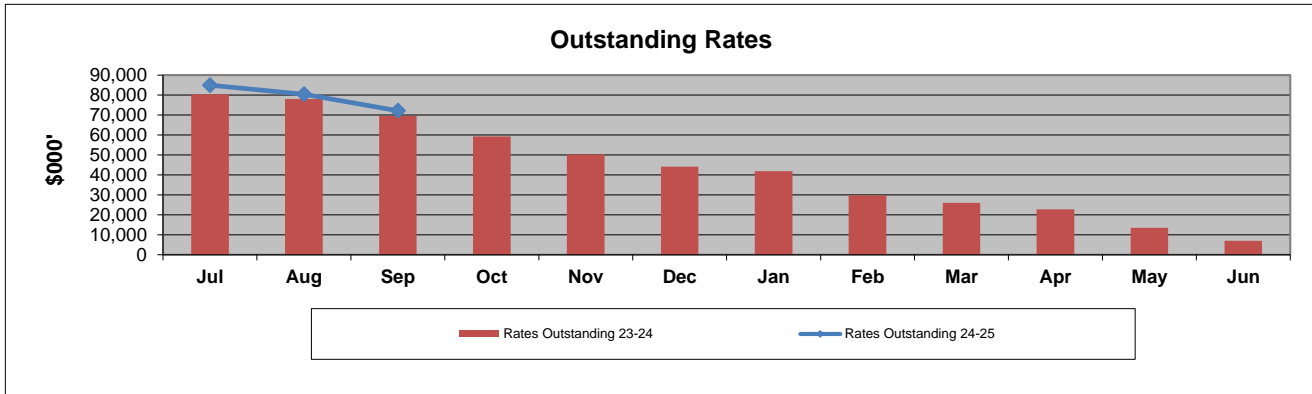
Council's current average rate of return on investments for the 2024-25 financial year is 4.79 percent and is compliant with Council's investment policy.

The portion of investment portfolio currently invested with green institutions is 14.52 percent. Green institutions are defined as being fully divested from fossil fuels, that is, having no direct or indirect investment in the fossil fuel industry.

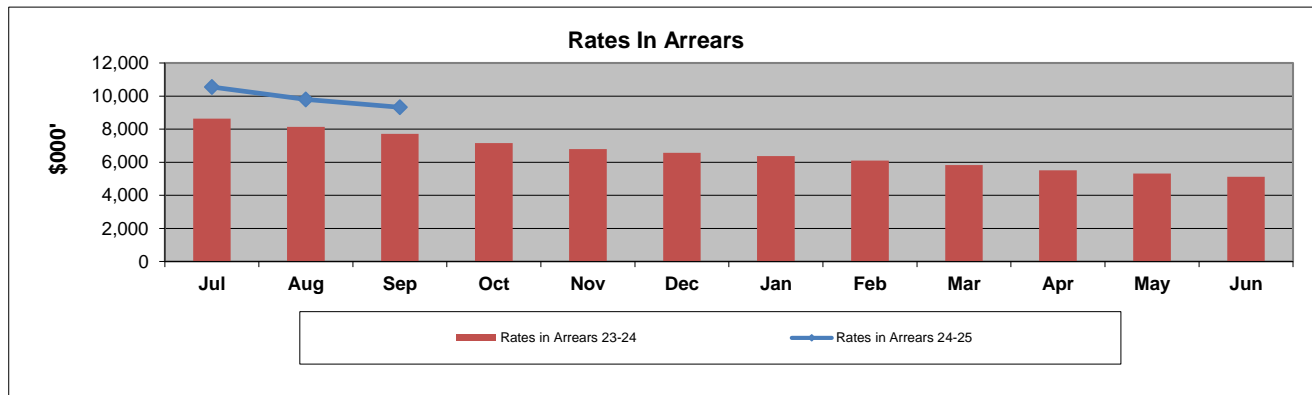
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4. Rates Analysis

	YTD Actual 30-Sep-23 \$000'	YTD Actual 30-Sep-24 \$000'	Variance \$000'	Variance %
Rates Outstanding	69,525	72,153	(2,628)	(3.78)
Rates in Arrears (prior years)	7,720	9,323	(1,603)	(20.76)



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 2024	24,208
2024-25 growth	23
Rateable properties at 30 September 2024	<u>24,231</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 2024 to 30 September 2024.

Project Description	2024-25 Actuals YTD \$	Funding Body
Recurrent		
Maternal & Child Health universal funding	95,863	Department of Health (Vic)
Grants Commission - roads	1,339,045	Department of Jobs, Precincts and Regions
Grants Commission - general purpose	1,948,356	Department of Jobs, Precincts and Regions
Total Recurrent	3,383,264	
Non-Recurrent		
Council Plan / Grant Funded Initiatives		
Nillumbik deer control 2022-25	128,767	Department of Energy, Environment and Climate Action
Emergency Management Officer	80,000	Department of Government Services
Capital Works		
Eltham South Preschool bathroom & storage area	55,699	Department of Education and Training
Total Non-Recurrent	264,466	

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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) %
2024/25	**			
2023/24	102.30	103.80	106.30	105.40
2022/23	101.50	101.70	104.20	104.10
2021/22	109.90	111.20	108.50	102.20

** The 30 September 2024 estimated figure is not yet available from Vision Super.