12.3	**Quarter 1 Budget Report (July/Aug/Sept) 2024**
Directorate	Corporate Services
Director	Mark Stoermer
Manager	Andrew Brae
Attachment(s)	1. CR Quarterly Budget Report - 30 September 2024 [**12.3.1** - 13 pages]

Purpose

For Council to note the Quarterly Budget Report and accompanying statements for the period ending 30 September 2024.

Officer Recommendation

That Council notes the Quarterly Budget Report and accompanying statements for the period ending 30 September 2024, at Attachment 1 to this report.

Matters for Consideration

For Council to note the Quarterly Budget Report and accompanying statements for the period ending 30 September 2024, as per **Attachment 1** to this report.

Analysis

Operating Performance
The Annual Budget for the 2024/25 financial year has an operating surplus of $1.77 million.

The year to date (YTD) operating surplus of $167.54 million is $12.10 million or 7.79% favourable to the YTD Budget of $155.43 million. Rates and Charges income is fully recognised at the start of the year which inflates the YTD surplus at the beginning of the year.

Current full year forecast estimates an operating surplus of $9.56 million, being $7.79 million or 438.95% favourable to the Annual Budget.
The favourable variance is mostly driven by the net of:

- Total Income $8.07 million favourable to full year budget, made up of:
  - $2.79 million Grants and Contributions carried forward from 2023-24 financial year;
  - $1.55 million increase in Supplementary Rates mainly due to additional rates received from subdivision of Orica site;
  - $1.63 million unbudgeted Capital Grants mainly relating to Old Geelong Road Rehabilitation;
  - $0.76 million additional VGC funding; and
  - $0.63 million increase in User fees mainly due to additional BAWC income

- Total Expenses $0.28 million unfavourable to full year budget, made up of:
  - $0.94 million unfavourable Material Services mainly due to additional Agency expenses of 0.4 million and Contractor expenses of $0.25 million.

- $1.28 million favourable Employee expenses mainly due to staff vacancies

Capital Performance
The 2024/25 Annual Budget is $61.36 million, comprising of $58.67 million of Capital Works projects and $2.69 million carried forward from the 2023/24 financial year.

YTD Capital Works actual expenditure is $5.04 million against a budget of $3.77 million, variance of ($1.27) million, driven mainly by YTD expenditure beyond forecast in Recreation, Leisure and Community Facilities ($0.18) million, Parks Open Space & Streetscapes ($0.54) million, Roads ($0.74) million, Buildings ($0.21) million and Stormwater Drainage ($0.39) million. This was partly offset by under spend in Plant Machinery & Equipment of $0.84 million.

The YTD external funding is $2.72 million comprising recurrent and non-recurrent grants and contributions. Total full year external funding is forecasted at $5.18 million.

The full year capital expenditure forecast estimates expenditure of $63.52 million being ($2.16) million higher than budget. Officers expect the overall expenditure to be managed, to fall within the budgeted allocation, by the end of financial year.

Cash Position
The YTD cash balance is $93.98 million comprising an opening balance of $77.97 million at 1 July 2024 and year-to-date net inflows of $16.02 million.

The forecast closing cash at bank for the year ending 30 June 2025 is $80.74 million which is $450k higher than the budgeted closing cash at bank of $80.29 million. Section 2 of attached report provides a detailed analysis on the variances to budget.

Key Financial Ratios
Details of key financial ratios are:

Indicator	**Measure**	**Budget 2024/25**	**Forecast**	**Risk**
Adjusted underlying result	Underlying net surplus (or deficit) / Adjusted Underlying Revenue	-3%	-1%	Medium
Underlying Result	Underlying surplus (deficit)/ Total revenue	1%	4%	Low
Internal Financing	Net Operating cash flow / Net Capital Expenditure	101%	104%	Low
Capital Replacement	Capital expenditure / Depreciation	1.09	1.13	Medium
Asset Renewal	Asset renewal expenditure / Depreciation	0.91	0.90	Medium
Indicator	**Measure**	**Budget 2024/25**	**Actual YTD**	**Risk**

Liquidity	Current assets / Current liabilities	1.79	4.27	Low
Indebtedness	Non-current liabilities / Own source revenue	35.81%	38.33%	Low

Adjusted Underlying Result

This measures an entity’s ability to generate surplus in its ordinary course of business, excluding non-recurrent capital grants, non-monetary asset contributions and other contributions to fund capital expenditure from its net result. A surplus or increasing surplus suggests an improvement in the operating position.

The forecast result of -1% indicates a medium risk and this can indicate a risk of long-term run down to cash reserves and inability to fund asset renewal

Underlying Result

A positive result indicates a surplus. The larger the percentage, the stronger the result. A negative result indicates a deficit. The result indicates Council’s core financial performance and sustainability in providing ongoing services. Operating deficits cannot be sustained in the long term. The forecast result of 4% indicates a Low risk.

Internal Financing

This measures an entity’s ability to finance capital works from generated cash flow. The forecast result of 104% indicates a Low risk.

Capital Replacement

This is a long-term indicator measuring how well Council is reinvesting in or replacing its assets, indicating if asset renewals match or exceed depreciation over time, ensuring infrastructure sustainability. The forecast result of 1.13 indicates a medium risk and that spending is faster than the depreciation rate. This result should be read with caution as it is important to note that only 59% of the overall capital budget was identified as renewal and upgrade expenditure.

Asset Renewal

This indicator measures spending on renewing existing assets compared to depreciation, indicating if the council is adequately maintaining infrastructure to meet community needs sustainably. The forecast result of 0.90 indicates a medium risk and is constant with only 59% of the overall forecasted capital budget identified as renewal and upgrade. This would suggest that there is moderate spending on the renewal and upgrade of existing assets.

Liquidity

The actual result of 4.27 indicates a Low risk to Council. This is due to a change in accounting treatment of rates income. The full amount of rates income is now recognised when we issue the Annual Notice, instead of progressively recognising income over the year which has significantly increased the rates debtors in current assets at the start of the year. It is anticipated that the ratio will be in line with the budget at year end with the payment of rates.

Indebtedness

The Actual result of 38.33% indicates Low risk and that Council has the ability to repay debt from its own revenue sources.

Community Engagement

The Annual Budget 2024/2025 was adopted by Council at the Council Meeting on 18 June 2024, following a community consultation process.

Resource And Risk Implications

Resource requirements can be met within the Annual Budget 2024/2025.

Financial: significant financial impacts
• Yes - Council must ensure that it has implemented the principles of sound financial management including prudently managing financial risks faced by Council, pursuing spending and rating policies consistent with a reasonable degree of stability, ensuring decisions are made and actions taken having regard for the financial effects on future generations, and ensuring full, accurate and timely disclosure of financial information relating Council. This report addresses the risks associated with demonstrating Council's commitment to the principles of sound financial management by reviewing Council's financial position to the adopted budget, projecting a year end position to ensure overall financial strength of Council and outlining to the community that Council is managing its finances in a sustainable and responsible manner.

Regulatory: legal, legislative or regulatory implications including the rights/obligations of stakeholders
• Yes - The Quarterly Budget Report is a requirement under the *Local Government Act 2020.*

Legislation/Council Plan/Policy Context

This report supports the Council Plan 2021-2025 strategic direction and objective of:

4. Leadership and Governance - A high performing organisation that enacts the vision and decisions of Council through the delivery of quality and innovative services - A fairer place for all
• Engaged and Responsive - Community insights are valued to enhance connection and engagement with Council
• High Performing and Accountable - Our workforce strive to enhance services and liveability for the Brimbank community.

This report complies with the *Local Government Act 2020*, Australian Accounting Standards and Annual Budget 2024/2025.

Council officers contributing to the preparation and approval of this report, have no conflicts of interests to declare.

Brimbank City Council Quarterly Budget Report September 2024

The Quarterly Budget Report for September 2024 has been prepared in accordance with Australian Accounting Standards.

This report is designed to identify major variances against the September 2024 year to date budget.

The year to date and Annual Budget referred to in this report reflects the budget approved by Council on 18 June 2024 which includes the carry forward funding for 2024/25 projects and capital works forward commitments.

CONTENTS

SECTION 1: EXECUTIVE SUMMARY

Key Financial Highlights and Overview
for the Period Ended 30 September 2024

Key Financial Record	Actual YTD $'000	Budget YTD $'000	Variance YTD $'000	Status YTD	Annual Budget $'000	Forecast $'000	Variance $'000	Status FY
Income	224,113	215,922	8,191	↑	265,058	273,128	8,070	↑
Expenditure	56,578	60,488	3,911	↑	263,283	263,566	(283)	⇨
Operating Surplus/ (Deficit)	167,535	155,434	12,102	↑	1,774	9,561	7,787	↑
Capital Works Income	2,717	105	2,612	↑	2,564	5,180	2,616	↑
Capital Works Expenditure	5,044	3,772	(1,272)	↓	61,356	63,518	(2,162)	⇨

Status Legend	
Above YTD budgeted revenue or under YTD budget expenditure	↑
Below YTD budgeted revenue or over YTD budgeted expenditure <10%	⇨
Below YTD budgeted revenue or over YTD budgeted expenditure >10%	↓

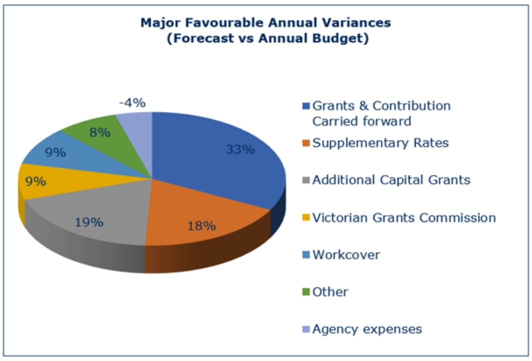
Operating Performance

The Annual Budget for the 2024/25 financial year has an operating surplus of $1.77 million.

The year to date (YTD) operating surplus of $167.54 million is $12.10 million or 7.79% favourable to the YTD Budget of $155.43 million.

Current **full year forecast** estimates an operating surplus of $9.56 million, being $7.79 million or 438.95% favourable to the Annual Budget.

2024-25 - Annual Variance (Forecast vs Annual Budget)	$'000
	7,787
Favourable Variances	
Grants & Contribution Carried forward	2,796
Supplementary Rates	1,550
Additional Capital Grants	1,629
Victorian Grants Commission	757
Workcover	786
Other	651
Unfavourable Variances	
Agency expenses	(382)



The favourable variance is mostly driven by the net of:

- Total Income $8.07 million favourable to full year budget, made up of:
  - $2.79 million Grants and Contributions carried forward from 2023-24 financial year;
  - $1.55 million increase in Supplementary Rates mainly due to additional rates received from subdivision of Orica site;
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  - 0.76 million additional VGC funding; and
  - 0.63 million increase in User fees mainly due to additional BAWC income
- Total Expenses $0.28 million unfavourable to full year budget, made up of:
  - 0.94 million unfavourable Material Services mainly due to additional Agency expenses of 0.4 million and Contractor expenses of 0.25 million.
  - 1.28 million favourable Employee expenses mainly due to staff vacancies

Capital Performance

The 2024/25 Annual Budget is $61.36 million, comprising of $58.67 million of Capital Works projects and $2.69 million carried forward from the 2023/24 financial year.

YTD Capital Works actual expenditure is $5.04 million against a YTD budget of $3.77 million, a variance of ($1.27) million, driven mainly by expenditure greater than forecasted in Recreation, Leisure and Community Facilities ($0.18) million, Parks Open Space & Streetscapes ($0.54) million, Roads ($0.74) million, Buildings ($0.21) million and Stormwater Drainage ($0.39) million. This was partly offset by expenditure less than forecasted in Plant Machinery & Equipment of $0.84 million.

The YTD received external funding is $2.72 million comprising recurrent and non-recurrent grants and contributions. The total full year external funding is forecasted at $5.18 million.

The full year capital expenditure forecast estimates an expenditure of $63.52 million, ($2.16) million higher than the adopted budget. Officers expect the overall expenditure to be managed, to fall within the budgeted allocation, by the end of the financial year.

Cash Flow

The YTD cash balance is $93.98 million comprising an opening balance of $77.97 million at 1 July 2024 and year-to-date net inflows of $16.02 million.

The forecast closing cash at bank for the year ending 30 June 2025 is $80.74 million which is $450k higher than the budgeted closing cash at bank of $80.29 million. This is due to the following:

- Higher than budgeted net cash inflows of $3.83 million from operating activities comprising of:
  - Rates and Charges $1.55 million, Grants Operating & Capital $1.34 million, Contributions monetary $1.26 million and User Fees $627k. This is offset by unfavourable outflow ($1.58 million) in Materials and Services.
- Higher than budgeted outflow of cash of ($2.16 million) expected for Capital Works program. Refer to Capital Works section below for explanation.
- Lower than Forecasted opening cash balance at 1st July 2024 of ($981K) driven by Rates, Grants and Employee Expenses in the previous year.

SECTION 2: FINANCIAL REPORTS

Income Statement

Comprehensive Income Statement
for the Period Ended 30 September 2024

	Actual YTD $'000	Budget YTD $'000	Variance YTD $'000	Status YTD	Annual Budget $'000	Forecast $'000	Annual Variance $'000	Status FY
Income								
Rates and charges	189,330	187,114	2,216	↑	187,664	189,602	1,938	↑
Statutory fees and fines	2,038	2,069	(30)	→	8,946	8,843	(103)	→
User fees	5,631	5,072	559	↑	18,905	19,532	627	↑
Grants - Operating - recurrent	18,401	16,904	1,497	↑	25,322	26,871	1,549	↑
Grants - Operating - non-recurrent	1,365	153	1,213	↑	890	1,668	778	↑
Grants - Capital - Recurrent	0	0	0	→	1,130	1,130	0	→
Grants - Capital - Non-Recurrent	875	105	770	↑	1,434	2,208	774	↑
Contributions - cash	3,588	1,423	2,165	↑	5,395	7,692	2,297	↑
Other income	2,888	3,032	(145)	→	11,820	12,031	211	↑
Subdivisional contribution	0	0	0	→	3,057	3,057	0	→
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(4)	49	(54)	↓	495	495	0	→
Total Income	**224,113**	**215,922**	**8,191**	↑	**265,058**	**273,128**	**8,070**	↑
Expenses								
Employee expenses	24,808	25,747	939	↑	112,339	111,063	1,276	↑
Materials and services	16,026	18,979	2,953	↑	85,303	86,408	(1,105)	→
Bad and doubtful debts	4	65	61	↑	1,100	1,100	0	→
Depreciation	13,888	14,026	138	↑	56,125	56,125	0	→
Other expenses	590	523	(67)	↓	3,820	3,822	(1)	→
Amortisation - right of use assets	536	452	(84)	↓	1,810	2,156	(345)	↓
Borrowing costs	637	629	(9)	→	2,515	2,515	0	→
Finance costs - leases	88	67	(20)	↓	270	378	(108)	↓
Total Expenses	**56,578**	**60,488**	**3,911**	↑	**263,283**	**263,566**	**(283)**	→
Surplus/(deficit) for the period	**167,535**	**155,434**	**12,102**	↑	**1,774**	**9,561**	**7,787**	↑

Status Legend	
Above YTD budgeted revenue or under YTD budget expenditure	↑
Below YTD budgeted revenue or over YTD budgeted expenditure <10%	→
Below YTD budgeted revenue or over YTD budgeted expenditure >10%	↓

The year to date (YTD) September operating surplus is $12.10 million or 7.79% favourable to the YTD Budget.

The full year forecast is expected to be $9.56 million surplus which is $7.79 million or 438.95% favourable to the Annual budget. This is driven by;

Account Summary	YTD Budget	Forecast
Rates and Charges	YTD Actual is **favourable** to YTD budget by $2.22 million or 1.18% mainly due to additional supplementary rates revenue.	The full year forecast is $1.94 million favourable to budget due to additional revenue from supplementary rates.
User Fees	YTD User Fees are **favourable** to YTD budget by $559k or 11.02% predominately due to: ○ Additional income from Brimbank Aquatic & Wellness Centre (BAWC) of $366k, outperforming the financial modelling developed during budgeting ○ Building Services $79k ○ City Planning $66k	The full year forecast is expected to be $627k favourable to budget mainly due to additional revenue from Brimbank Aquatic & Wellness Centre (BAWC).
Operating Grants (Recurrent & Non-Recurrent)	YTD Operating Grants are **favourable** to YTD budget by $2.71 million or 15.88% mostly due to a net of: • Increase of $1.36 million from prior year grants being carried over into the current financial year. Some of the key drivers of this include: ○ Kindergarten Registration & Outreach $180k (CALD Outreach Workers Initiative $68k, Kindergarten Central Enrolment $72k and DHHS Local Planning & Change Management funding $40k); ○ Meals, Community and Home Support (CHSP) $178k; ○ Maternal & Child Health $387k (Sleep & Settling $148k, Universal $117k and Enhanced $120k); ○ HACC Domestic Assistance (Coordination & Home Care) $114k; ○ Cooinda $78k; ○ PWMP - Peri-Urban Weed Management Partnership 2021 - 2025 Maribyrnong Valley Connection $51k; ○ Sustainability Victoria - Brimbank Improving Recycling and Promoting FOGO $51k; ○ Maribyrnong Habitat Restoration $66k; and ○ Kororoit Connections $67k. • Received earlier than anticipated Public Libraries Funding $697K. • Increase in funding of $189k received from the Victorian Grants Commission favourable to the budgeted amount.	The full year forecast for Operating Grants is expected to be **favourable** to budget by $2.33 million. This is mainly due to a net of: • $1.36 million increase due to unbudgeted grants brought forward from financial year 2023/24; and • $757k increase in funding received from the Victorian Grants Commission.
Capital Grants Recurrent & Non-Recurrent	YTD Capital grants were favourable to budget by $770k mainly due to a combination of unbudgeted grants received and prior year grants being carried over into the current year, including: • Brought forward grants of $397k mostly for: ○ Sunshine Transport Precinct Activate $276k; ○ Lionheart Reserve Tennis Pavilion $70k; and ○ Southwold Street Kindergarten Inclusive Playground Upgrade $20k. • Unbudgeted $240k Lowe Cresent Neighbourhood Park Upgrade; and	The full year forecast is expected to be favourable to budget by $774k due to: • Increase in grants due to prior year grants carried over from 2023/24 financial year of $397k; • $240k unbudgeted funding for Lowe Cresent Neighbourhood Park Upgrade; and • Deer Park West Kindergarten Modular Extension $75k.

	• Unbudgeted $105k - North Sunshine Kindergarten – Decanting.	
Account Summary	**YTD Budget**	**Forecast**

Contributions - cash	YTD Contributions - Cash $2.17 million favourable against year to date budget mainly due to:
	• Brought forward contributions of $1.03 million from the financial year 2023-24:
	  ○ Community Batteries Grant Program $345k;
	  ○ Victorian Energy Collaboration Project Funds, Regulatory Fees & Government Charges $202k;
	  ○ Stormwater Harvesting Partnership program $185k;
	  ○ Western Alliance Greenhouse Action $130k;
	  ○ Milestone 2 Payment for Brimbank Aquatic and Wellness Centre Project $60k;
	  ○ Biodiversity Planning - Bridge & Marine S173 Agreement - site 103 Reid St $59k; and
	  ○ Translocation of Spiny Rice Flower - MAR to Pioneer Park $32k.
	• Unbudgeted Road Rehabilitation grant – Old Geelong Road - $1.25 million
		The full year forecast is expected to be $2.30 million favourable to budget predominantly due to:
		• Brought forward $1.03 million from 2023-24 financial year; and
		• Unbudgeted Road Rehabilitation grant – Old Geelong Road - $1.25 million.

Employee Expenses	YTD Employee expenses were favourable to YTD budget by $939k or 3.65% mainly due to delays in filling vacant positions across the Council.
	• Significant underspend in employee expenses were in the following areas:
	  ○ BAWC $328k
	  ○ CIO $278k
	  ○ City Compliance Group $225k
	  ○ Maternal Child Health $182k
	The above saving is offset by Agency Costs of ($860k) included in Materials and services mainly in CIO ($494k), Building Services Group ($92k), Roads Maintenance ($80k), City Compliance ($67k) and various others.
		The full year forecast is expected to be $1.28 million favourable to budget driven by:
		• Underspend in employee expenses by $501k across the Council;
		• Savings of $775k in Work-Cover premium have been achieved through a continued focus on injury prevention and effective claims management. This improvement in claims performance, along with a strategic decision to switch to an insurer with a proactive approach to challenge claims, has contributed significantly to reducing premium costs.

Materials and services	YTD Materials and Services expenditure was underspend to YTD budget by $2.95 million or 15.56% across the Council mainly due to change of program delivery and /or delays in providing services than projected. Key drivers were: • External Standard Contract $1.02 million mainly in Tree Planting area $394k due to timing of planting, Waste Services Management $190k due to bin delivery & repair contract being of an ad-hoc nature and various other programs being under budget. • Tip Fees of $394k mainly within the Refuse area due to reduced landfill volumes, reduced green waste due to warmer and drier conditions and lower than expected hard waste. • Admin Expenses $339k across the council. • Consultants $241k mainly in the Assets and CIO areas. • Repairs & Maintenance $200k under spend in Building Maintenance, Workshop Operations and Aquatics Operations due to ad-hoc nature of work. • External Variation Contract Payment $123k due to timing of payment of invoices in Buildings Cleaning • Lower than anticipated Public / Lighting Operating costs of $114k due to use of energy efficient LED lighting. • Fire Boards Contribution $100k in Corporate Operations area.	The full year Forecast is expected to be (1.1 million) unfavourable to budget driven by: • Increase in Agency Costs by ($382k) mostly in Building Services Group ($120k) and Roads Maintenance ($80k) to cover staff backfill. • External Standard Contract by ($136k) mainly in Roads Maintenance due to additional Contractor works and Park Services due to increase in prices of powerline clearance. • Increase in Consultants by ($124k) mostly in People & Performance ($45k), Community Involvement / Conservation ($40k) and Paramount Rectification Works ($31k). • External Contract Fee ($118k) mainly in the Parks Services area. • Lease Hire Machinery ($65k). • Additional accident vehicle repairs of ($44k) made up of Kerbside Recycling and various others. • Additional Memberships / Subscriptions of ($38k) in the fleet relating to a requirement to upgrade plant connectivity from 3G to 4G.

Balance Sheet

Balance Sheet
for the Period Ended 30 September 2024

Account Summary	Actual YTD $'000	Annual Budget $'000	Forecast $'000
Current Assets (Assets)			
Cash and Cash Equivalents	93,981	80,290	80,740
Trade and other receivables (inc FSPL)	219,187	35,894	32,231
Inventories	83	119	83
Other assets	5,202	1,433	2,177
Total Current Assets	**318,453**	**117,736**	**115,231**
Non-Current Assets (Assets)			
Property, infrastructure, plant and equipment	2,724,809	2,752,229	2,671,029
Right of use assets	4,801	2,001	2,001
Trade and other receivables	49	70	52
Total Non-Current Assets	**2,729,659**	**2,754,300**	**2,673,082**
TOTAL ASSETS	**3,048,112**	**2,872,036**	**2,788,313**
Current Liabilities (Liabilities)			
Trade and other payables	5,548	26,171	25,539
Prepaid income	150	0	150
Trust funds and deposits	37,522	4,373	5,038
Provisions	23,159	24,310	24,410
Lease liabilities	1,224	1,697	1,697
Interest bearing loans and borrowings	6,980	9,114	32,480
Total Current Liabilities	**74,583**	**65,665**	**89,315**
Non-Current Liabilities (Liabilities)			
Trust funds and deposits	6,534	6,605	6,505
Provisions	3,165	2,629	3,165
Lease liabilities	3,943	3,943	3,943
Interest-bearing loans and borrowings	76,617	81,405	58,119
Total Non-Current Liabilities	**90,259**	**94,583**	**71,732**
TOTAL LIABILITIES	**164,842**	**160,248**	**161,048**
NET ASSETS	**2,883,269**	**2,711,788**	**2,627,266**
Equity			
Accumulated surplus	1,280,270	1,120,967	1,120,822
Reserves	1,602,999	1,590,821	1,506,444
TOTAL EQUITY	**2,883,269**	**2,711,788**	**2,627,266**

Victorian Auditor-General's Office Sustainability Indicators

Indicator	Measure	Budget 2024/25	Forecast	Forecast Risk
Adjusted underlying result	Adjusted Underlying net surplus (or deficit) / Adjusted Underlying Revenue	-3%	-1%	Medium
Underlying Result	Underlying surplus (deficit) / Total revenue	1%	4%	Low
Internal Financing	Net Operating cash flows / Net Capital Expenditure	101%	104%	Low
Capital Replacement	Capital expenditure / Depreciation	1.09	1.13	Medium
Asset Renewal	Asset renewal & upgrade expenditure / Depreciation	0.91	0.90	Medium

Indicator	Measure	Budget 2024/25	Actual YTD	Actual YTD Risk
Liquidity	Current assets / Current liabilities	1.79	4.27	Low
Indebtedness	Non-current liabilities / Own source revenue	35.81%	38.33%	Low

Adjusted Underlying Result	This measures an entity's ability to generate surplus in its ordinary course of business, excluding non-recurrent capital grants, non-monetary asset contributions and other contributions to fund capital expenditure from its net result. A surplus or increasing surplus suggests an improvement in the operating position. The forecast result of -1% indicates a Medium risk.

Underlying Result	A positive result indicates a surplus. The larger the percentage, the stronger the result. A negative result indicates a deficit. The result indicates Council's core financial performance and sustainability in providing ongoing services. Operating deficits cannot be sustained in the long term. The forecast result of 4% indicates a Low risk.
Internal Financing	This measures an entity's ability to finance capital works from generated cash flow. The forecast result of 104% indicates a Low risk.
Capital Replacement	This compares the rate of spending on new infrastructure, property, plant and equipment with its depreciation. Ratios higher than 1 indicate that spending is faster than the depreciating rate. This is a long-term indicator measuring how well Council is reinvesting in or replacing its assets, indicating if asset renewals match or exceed depreciation over time, ensuring infrastructure sustainability. The forecast result of 1.13 indicates a Medium risk and that spending is faster than the depreciation rate. This result should be read with caution as it is important to note that only 59% of the overall Forecasted capital budget was identified as renewal and upgrade expenditure.
Renewal gap	This indicator measures spending on renewing existing assets compared to depreciation, indicating if the council is adequately maintaining infrastructure to meet community needs sustainably. The forecast result of 0.90 indicates a Medium risk and is constant with only 59% of the overall Forecasted capital budget identified as renewal and upgrade. This would suggest that there is moderate spending on the renewal and upgrade of existing assets.
Liquidity	This measures an entity's ability to pay existing liabilities in the next 12 months. The actual result of 4.27 indicates a Low risk to Council. This is due to a change in accounting treatment of rates income. The full amount of rates income is now recognised when we issue the Annual Notice, instead of progressively recognising income over the year which has significantly increased the rates debtors in current assets at the start of the year. It is anticipated that the ratio will be in line with the budget at year end with the payment of rates.
Indebtedness	This assesses an entity's ability to pay the principal and interest on its borrowings when they are due from the funds it generates. The lower the ratio, the less revenue the entity is required to use to repay its total debt. The Actual result of 38.33% indicates Low risk and that Council has the ability to repay debt from its own revenue sources.

Statement of Cash Flows

Statement of Cash Flows
for the Period Ended 30 September 2024

Account Summary	Actual YTD Inflows/ (Outflows) $'000	Annual Budget Inflows/ (Outflows) $'000	Forecast Inflows/ (Outflows) $'000
Cash flows from operating activities			
Rates and Charges	47,845	188,048	189,602
Statutory fees and fines	1,360	8,946	8,843
User fees	5,741	18,905	19,532
Grants - operating	18,405	26,212	27,173
Grants - capital	520	2,564	2,940
Contributions - monetary	2,210	5,395	6,658
Other receipts(includes Rent received)	3,869	11,820	12,031
Trust funds and deposits (taken and repaid)	257	300	300
Net GST refund/(payment)	2,639	0	0
Employees costs	(27,027)	(111,585)	(111,063)
Materials and services	(31,603)	(84,827)	(86,408)
Other payments	(466)	(4,920)	(4,922)
Net cash provided by/(used in) operating activities	**23,750**	**60,857**	**64,687**
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	(5,024)	(61,357)	(63,518)
Proceeds from sale of property, infrastructure, plant and equipment	330	1,221	1,221
Proceeds on sale of investments	0	0	0
Net cash provided by/(used in) investing activities	**(4,694)**	**(60,136)**	**(62,297)**
Cash flows from financing activities			
Finance costs	(362)	(2,346)	(2,415)
Proceeds from borrowings	0	14,000	14,000
Repayment of borrowings	(2,117)	(9,114)	(9,114)
Interest paid - lease liabilities	(88)	(220)	(378)
Repayment of lease liabilities	(473)	(1,697)	(1,708)
Net cash provided by/(used in) financing activities	**(3,040)**	**622**	**385**
Net increase/(decrease) in cash and cash equivalents	16,016	1,344	2,775
Cash and cash equivalents at the beginning of the financial year	77,965	78,946	77,965
Cash and cash equivalents at the end of the period	**93,981**	**80,290**	**80,740**

The YTD cash balance is $93.98 million comprise an opening balance of $77.97 million at 1 July 2024 and year-to-date net inflows of $16.02 million.

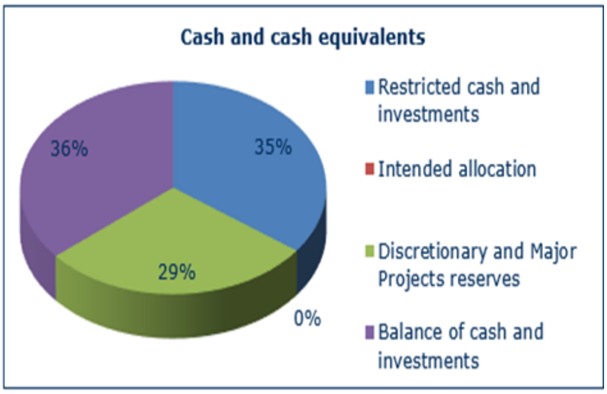
The forecast closing cash at bank for the year ending 30 June 2025 is $80.74 million which is $450k higher than the budgeted closing cash at bank of $80.29 million. This is due to the following:

- Higher than budgeted net cash inflows of $3.83 million from operating activities comprising of net off:
  - Rates and Charges $1.55 million
  - Grants Operating & Capital $1.34 million
  - Contributions monetary $1.26 million
  - User Fees $627k, offset by:
  - Unfavourable outflow ($1.58 million) in Materials and Services
- Higher than budgeted outflow of cash of ($2.16 million) expected for Capital Works program. Refer to Capital Works section below for explanation.
- Lower than Forecasted opening cash balance at 1st July 2024 of ($981K) driven by Rates, Grants and Employee Expenses in the previous year.

Cash Balance Commitments

The following table outlines the cash balance commitments of the forecast cash position.

After taking into consideration restricted cash and discretionary reserves there is a predicted positive net cash balance of $29.16 million.



	$'000
Total Forecast cash and investments	**80,740**
Restricted cash and investments:	
Developers contributions	(16,793)
Total trust funds and deposits	(11,544)
Intended allocation:	**52,404**
Carry forward capital works 2024/25	0
Unrestricted cash and investments	**52,404**
Major Projects reserves	(9,547)
Discretionary reserves (sinking fund)	(13,700)
Unrestricted cash adjusted for discretionary reserves	**29,157**
Balance of cash and investments	**29,157**

Capital Works Report

Statement of Capital Works
for the Period Ended 30 September 2024

	Actual YTD $'000	Budget YTD $'000	Variance YTD $'000	Status YTD	Annual Budget $'000	Forecast $'000	Annual Variance $'000	Status FY
Property								
Land	0	0	0	→	375	375	0	→
Buildings	864	656	(208)	↓	15,246	15,653	(407)	→
Total property	**864**	**656**	**(208)**	↓	**15,620**	**16,028**	**(407)**	→
Property, equipment and other assets								
Plant, machinery and equipment	142	986	844	↑	4,037	4,702	(664)	↓
Library books	275	248	(28)	↓	825	853	(28)	→
Total plant and equipment	**417**	**1,234**	**817**	↑	**4,862**	**5,554**	**(692)**	↓
Infrastructure								
Roads	2,323	1,581	(742)	↓	25,079	25,778	(699)	→
Footpaths and cycleways	30	3	(28)	↓	2,245	2,299	(54)	→
Drainage	417	24	(393)	↓	1,640	1,900	(260)	↓
Recreational, leisure and community facilities	358	178	(180)	↓	4,523	4,496	27	↑
Parks, open space and streetscapes	634	97	(538)	↓	7,386	7,463	(77)	→
Total infrastructure	**3,763**	**1,882**	**(1,881)**	↓	**40,873**	**41,936**	**(1,063)**	→
Total capital works expenditure	**5,044**	**3,772**	**(1,272)**	↓	**61,356**	**63,518**	**(2,162)**	→

Status Legend	
Above YTD budgeted revenue or under YTD budget expenditure	↑
Below YTD budgeted revenue or over YTD budgeted expenditure <10%	→
Below YTD budgeted revenue or over YTD budgeted expenditure >10%	↓

Full Year

The 2024/25 Adopted Capital Works Budget is $61.36 million, comprising of $58.67 million of Capital Works projects funded in the 2024/25 financial year and $2.69 million carried forward from the 2023/24 financial year.

The Capital Works forecasted expenditure is $63.52 million, which is ($2.16) million more than the adopted budget, in part due to Carry Forward Variations from 2023-24 of ($1.76) million. Officers expect the overall expenditure to be managed, to fall within the budgeted allocation, by the end of the financial year.

Year to Date

Total Actual YTD Expenditure is $5.04 million, or 8.2% of the adopted budgeted amount. This is ($1.27) million or 33.72% above YTD Budget. Expenditure contributing to this includes;

- Recreation Leisure Community Facilities actual expenditure is ($0.18) million over the YTD budget.
- Parks Open Space & Streetscapes actual expenditure is ($0.54) million over the YTD budget.
- Stormwater Drainage actual expenditure is ($0.39) million over the YTD budget.
- Roads actual expenditure is ($0.74) million over the YTD budget.
- Buildings actual expenditure is ($0.21) million over the YTD budget.
- Plant & Machinery actual expenditure is $0.84 million under the YTD budget.

The Capital Works Program encompasses a mixture of projects and programs. Many of these programs are made up of several projects contributing to the total number of projects within the entire capital works program. The 2024/2025 Capital Works Program comprises 212 new and ongoing projects, including 15 carried forward projects from June 30, 2024, that are set for completion this year.

As of the 30 September 2024, no projects have been reported as being complete.

No approved budget variations, budget savings, or carry-forward projects have been identified. However, risk assessments indicate that the following projects may face cost overruns, major scope changes, or may not be completed within the financial year:

- Isabella Williams Bridge (Project ID 1418) - Project on hold to enable additional review of options, given escalating costs.
- Sunshine Leisure Centre Upgrade and Renewal Works (Project ID 796) - On hold to enable review of scope and costs as Tender responses not viable.

Officers will report back with further details on projects at risk and any other changes to the program and projects throughout the year.

Program Highlights YTD

- **Robertson's Homestead Restoration**
  Restoration work has started on Robertson's Homestead, with construction underway. The project is progressing well, with the project's YTD expenditure at 15% of the allocated budget.

- **Skate, Scoot, and BMX Facilities Program**
  The contract has been awarded for upgrades to Balmoral Skate Park, with work set to start in early 2025.

- **Flagship Park Upgrade - Kevin Flint Memorial Reserve**
  Construction at Kevin Flint Memorial Reserve started in September 2024. The project is progressing well through the construction phase, with the project's YTD expenditure at 46% of the allocated budget.

- **Footpath Rehabilitation Program**
  This ongoing program rehabilitates footpaths throughout the municipality. The program is progressing well, with a significant portion of the allocated budget already spent.

- **Road Pavement Asphalt Overlay Projects**
  Various road resurfacing projects have been completed and with procurement underway for further resurfacing works.

- **Sports Ground Irrigation Upgrade**
  The contract has been awarded for the new irrigation system and warm-season grass conversion at Churchill Reserve, with construction scheduled to commence in October 2024.

- **Female Sports Facilities Upgrades - Keilor Park Oval 2**
  The structure installation for Keilor Park Oval upgrades is in progress, with approximately 50% of the YTD budget spent.

- **Lionheart Reserve Tennis Pavilion Upgrade**
  Construction has begun on the Lionheart Reserve tennis pavilion upgrade, with construction progressing as scheduled.

Environmental Upgrade Agreement Quarterly Report

An Environmental Upgrade Agreement (EUA) is a financing agreement to improve the environmental performance of a commercial building. The agreement is between a financial institution, a property owner and Council.

The financial institution advances funds to a commercial property owner to undertake upgrade works. The commercial property owner then makes repayments through their Council rates.

The benefit of Council involvement is that the loan is attached to the Council rates for the commercial property, and therefore has a high level of security. This security enables the financial institution to offer very attractive loan terms.

To be eligible for a EUA the building:

- Must have been rateable premises for the past two years.
- Must be commercial premises with a minimum of 50% of the building operating as commercial.
- Must not have been in arrears with rate payments for the past three years.
- Must not be owned through a superannuation trust.
- Tenanted commercial buildings are eligible

This report provides an update on the Environmental Upgrade Agreements involving Council, as required by the Local Government Act.

In accordance with the Local Government Act 1989, Section 138 Quarterly Statements,

(1) At least every 3 months, the Chief Executive Officer must ensure that a statement comparing the budgeted revenue and expenditure for the financial year with the actual revenue and expenditure to date is presented to the Council at a Council meeting which is open to the public.
(2) The regulations may prescribe matters to be included in the statement.

The Local Government Act 1989 further requires under Section 181G, Quarterly Statement that:

The Chief Executive Officer must ensure that a statement prepared under section 138 includes a record of the following—

a) each environmental upgrade agreement entered into in the last quarter, and the rateable land to which the agreement relates;
b) each environmental upgrade charge approved in respect of the agreements referred to in paragraph (a), and the value of the charges;
c) the total number of environmental upgrade charges in operation in the last quarter;
d) the total value of all environmental upgrade charge payments that have fallen due and have not been paid;
e) the total value of all environmental upgrade charge payments that are yet to fall due.

Reporting requirement	Status as at 30th September 2024
a) Each environmental upgrade agreement entered into in the last quarter, and the rateable land to which the agreement relates	$0
b) Each environmental upgrade charge approved in respect of the agreements referred to in paragraph (a), and the value of the charges	$17,943.31
c) The total number of environmental upgrade charges in operation in the last quarter;	7
d) The total value of all environmental upgrade charge payments that have fallen due and have not been paid;	$0
e) The total value of all environmental upgrade charge payments that are yet to fall due.	$496,157.67