



Monthly Finance Report –September 2022

Prepared by: James Brickley – Manager Finance, 6 October 2022

#E2022/97342

Executive Summary

Council is required under the Local Government (General) Regulation 2021 to maintain a system of budget control. This is a key responsibility of the Council's Responsible Accounting Officer.

Byron Shire Council adopted the budget for the 2022/2023 financial year at an Ordinary Meeting held on 30 June 2022 (Resolution **22-332**). Council also adopted carryover budgets from 2021/2022 at the 25 August 2022 Ordinary Meeting (Resolution **22-391**).

In overall summary terms the budget and actual situation is as follows at 30 September 2022 at the time this report has been prepared with the financial year 25.00% complete:

Item	Actual + Committed Result	Revised Adopted Budget 2021/2022	Actual to Budget %
Operating Revenue	69,197,262	95,453,200	72.49%
Less: Operating Expenditure	(33,123,760)	(92,365,300)	35.86%
Add: Capital Revenue	2,254,265	57,907,800	3.89%
Less: Capital Expenditure	(17,842,561)	(95,413,700)	18.70%
Less: Loan Principal Repayments	(404,237)	(4,039,800)	10.01%
Actual/Budget Result	20,080,969	(38,457,700)	(52.22)%
Net Reserve Movements		38,250,700	
Overall Budget Result – Surplus/(Deficit)		(207,000)	

The current budget result for 2022/2023 is a projected deficit of \$207,000 for the year. The estimated unrestricted cash balance at 30 June 2022 (subject to audit) is \$0, with the estimated unrestricted cash balance at 30 June 2023 decreasing to a deficit of \$207,000.

Further explanations as to the financial results are provided on subsequent pages in this report but overall the short term financial position of Council relative to the 2022/2023 adopted budget is considered satisfactory based on actual results to date excluding commitments.

Introduction

This report provides a snapshot of Council's financial performance as at the end of September 2022 for the 2022/2023 financial year. The report outlines the following results:

- Comparison of operating revenue to budget by Fund and Directorate.
- Comparison of operating expenditure to budget by Fund and Directorate.
- Comparison of capital expenditure to budget by Fund and Directorate.
- Comparison of other financial indicators in the areas of:
 - Recovery of outstanding rates and annual charges.
 - Recovery of outstanding water and sewerage consumption charges.
 - Level of cash and investments held.
 - The progress on repayment of Council's outstanding loan principal against budget.
 - Interest on investments generated compared to budget.

Assumptions/Report Parameters Used

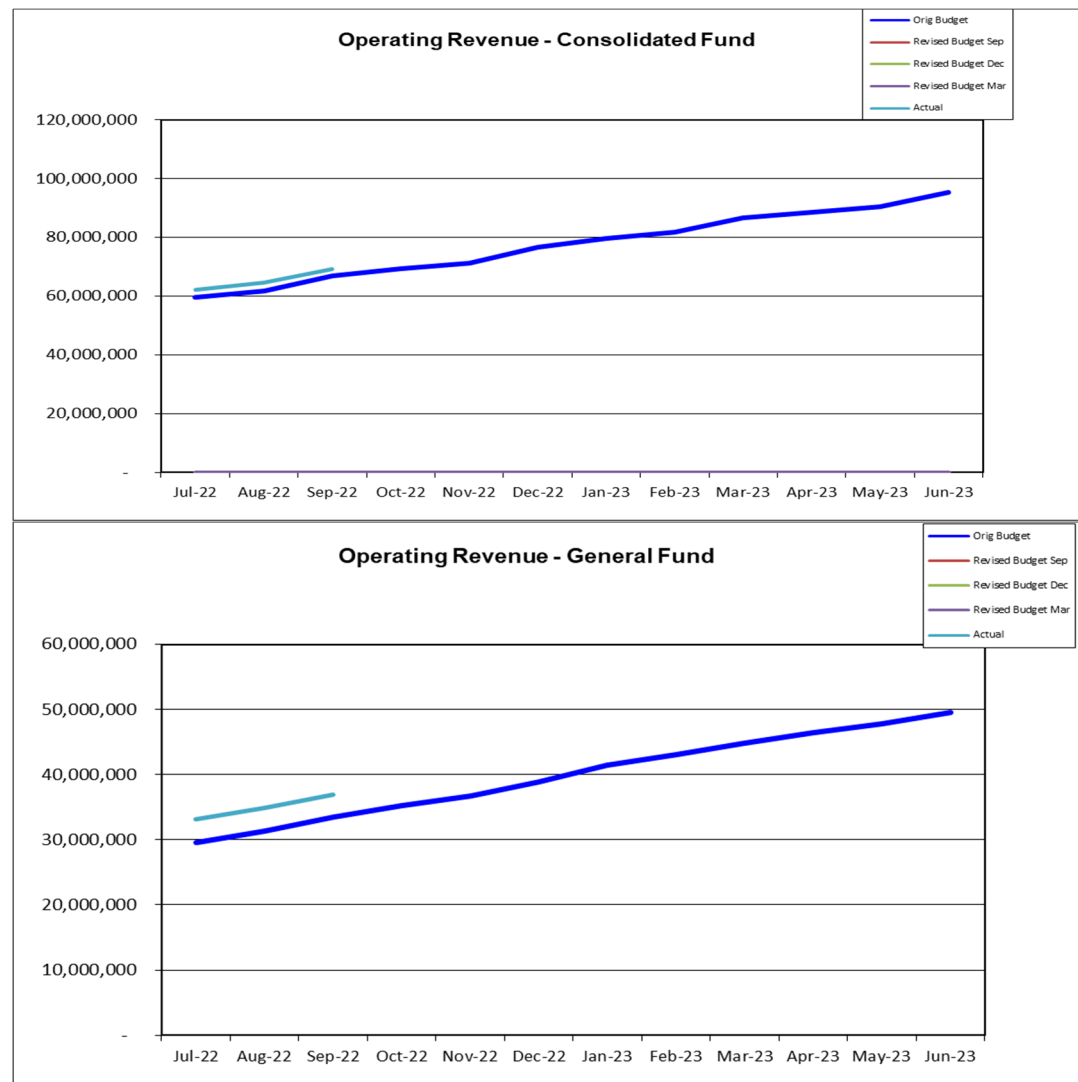
- Budget comparisons in this report are against the original 2022/23 budget approved by Council on 30 June 2022, the carryovers adopted by Council on 25 August 2022, and any Council resolutions that affected the budget for the 2022/2023 financial year to date.
- No depreciation expense has been included in the budget estimates or actual results outlined in this report as it does not involve the flow of funds.
- Capital revenue has not been presented in the report as it is more of a revenue that is used to fund current and future capital works, is more variable in nature and to reduce the size of this report.
- The report provides a graphical snapshot of Council's financial performance in the areas of actual compared to budget along with some balance sheet indicators. Complete with the graphs is some relevant commentary.
- Other performance indicators may be added from time to time to suit the information needs of the Council/Executive Team.
- This report is short term in focus ie the current financial year and is about measuring the more so the liquidity position of Council and ensuring the short term financial position of Council remains sound as a going concern ensuring Council continues to meet its expenditures and liabilities when they become due and payable.
- Graphs now have additional reporting to track the budget changes as each quarterly budget review is adopted by Council.
- Committed costs are included in the presented results.

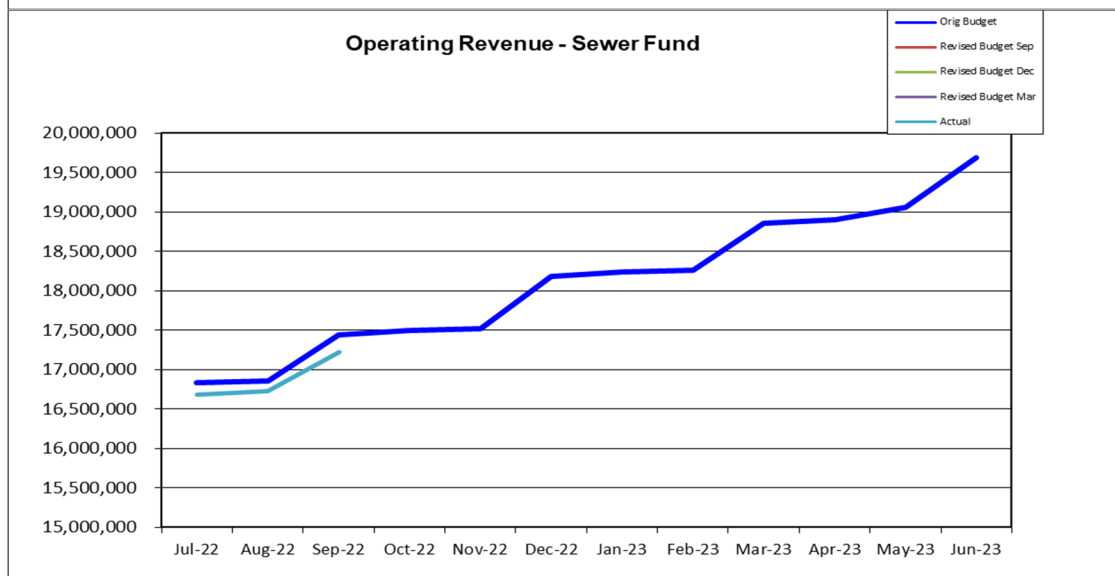
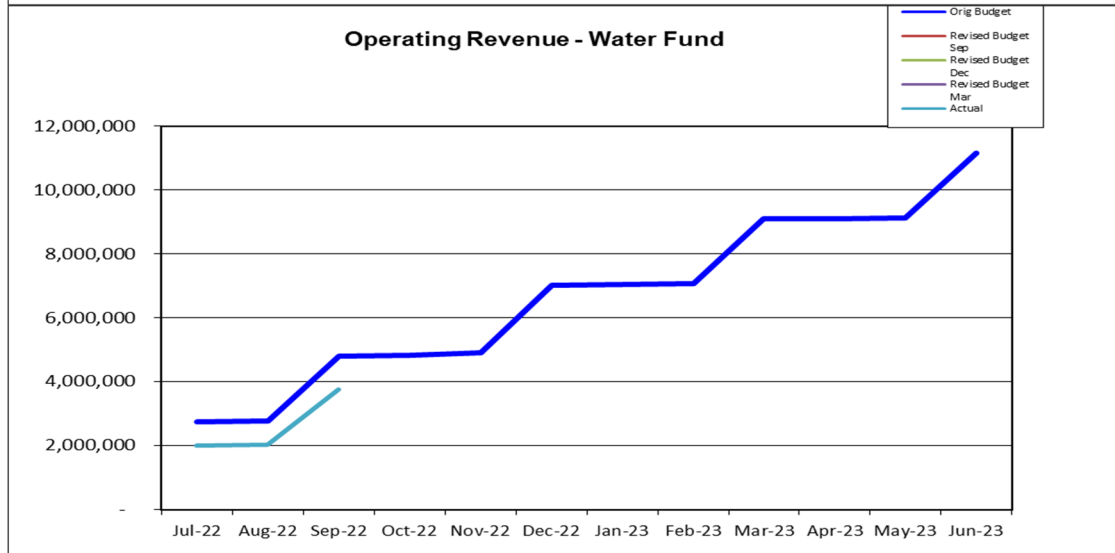
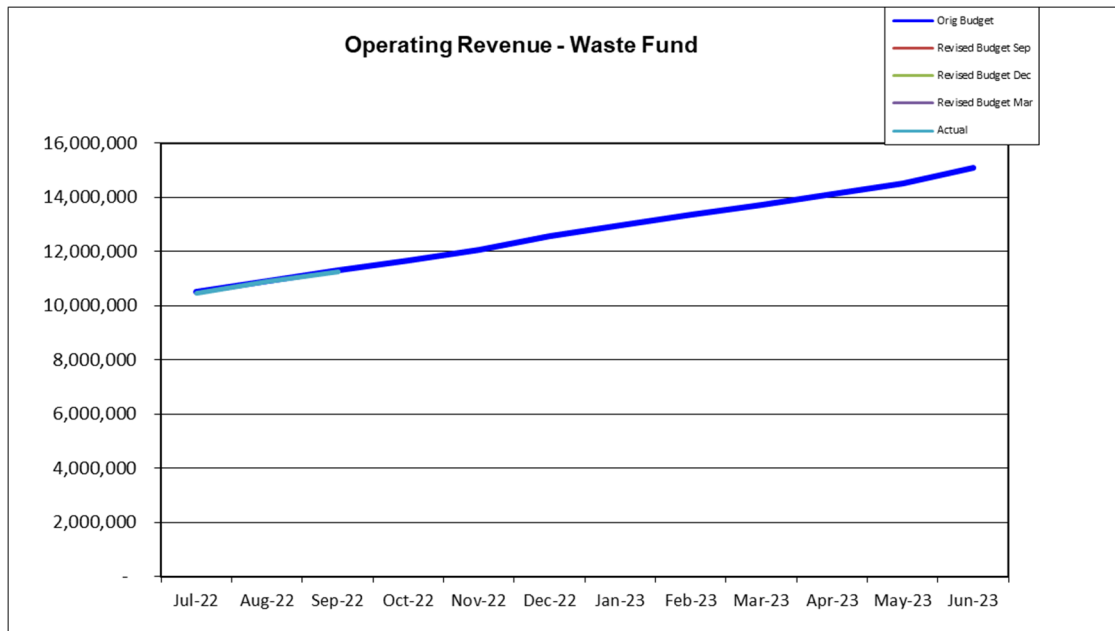
OPERATING REVENUE

Total operating revenue at 30 September 2022 is \$69,197,262 (actual) compared to a budget of \$95,453,200. Percentage wise operating revenue actual is at 72.49% of budget whereas the financial year is 25.00% complete.

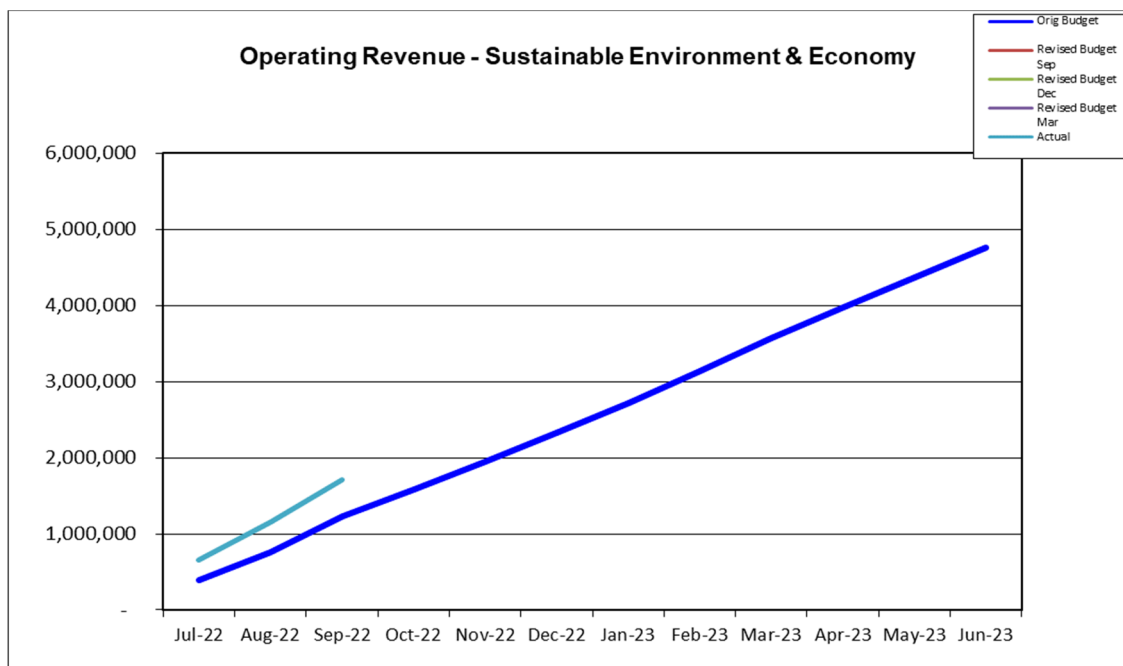
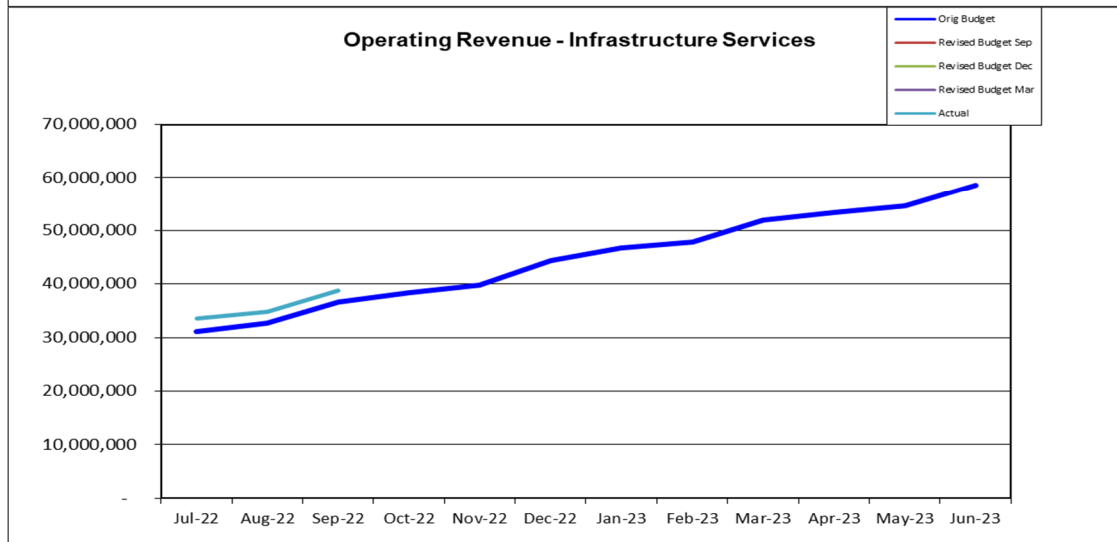
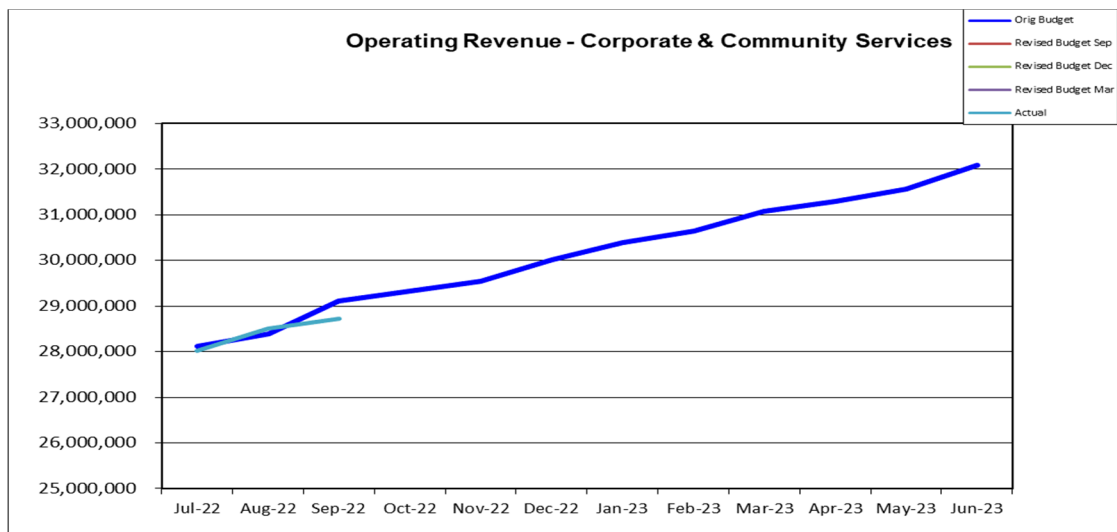
Graphically this is represented as follows by Fund and then Directorate:

Operating Revenue by Fund





Operating Revenue by Directorate



OPERATING REVENUE

Operating Revenue Exceptions by Budget Program:

YTD % = 25.00%

Variance Analysis compared to Profiled Budget:

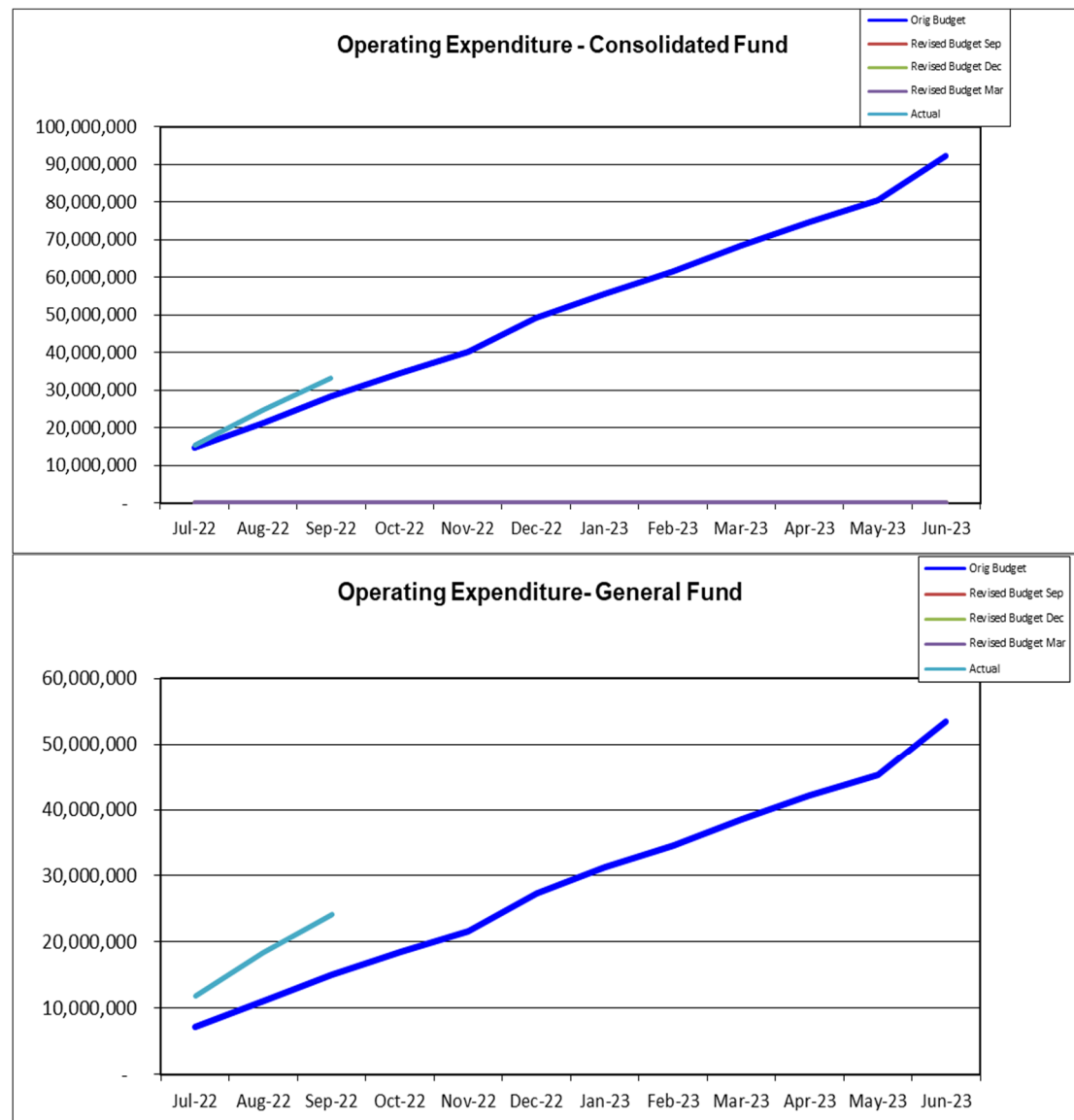
	Budget	Actual	Committed	Total	%	\$	Variance	Total	%
Budget Program	September	September	September	September	Variance	Variance	F or U	Budget for Year	Variance
OPERATING REVENUE									
General Manager's Office									
People & Culture									
Total General Manager's Office Directorate	0	0	0	0		0		0	
Financial Services - General Purpose Revenues	28,430,108	28,059,685	0	28,059,685	98.70%	(370,423)	Unfavourable	29,262,100	95.89%
Financial Services	35,518	29,136	0	29,136	82.03%	(6,382)	Unfavourable	142,100	20.50%
Information Systems	27,366	17,635	0	17,635	64.44%	(9,731)	Unfavourable	109,500	16.10%
Corporate Services	0	0	0	0		0		0	
Community Development	45,057	119,150	0	119,150	264.44%	74,093	Favourable	180,300	66.08%
Sandhills Childcare Centre	449,571	333,765	0	333,765	74.24%	(115,806)	Unfavourable	1,807,000	18.47%
Other Childrens Services	119,267	165,735	0	165,735	138.96%	46,468	Favourable	477,100	34.74%
Public Libraries	0	0	0	0		0	Unfavourable	115,500	0.00%
Total Corporate and Community Services Directorate	29,106,887	28,725,105	0	28,725,105	98.69%	(381,782)	Unfavourable	32,093,600	89.50%
Supervision and Administration									
Depot Services and Fleet Management	163,175	179,002	0	179,002	109.70%	15,827	Favourable	652,700	27.42%
Emergency Services and Flood Management	50,000	12,522	0	12,522	25.04%	(37,478)	Unfavourable	352,000	3.56%
Local Roads and Drainage	1,323,049	1,284,688	0	1,284,688	97.10%	(38,361)	Unfavourable	4,770,900	26.93%
Transport for New South Wales	353,000	3,846,000	0	3,846,000	1089.52%	3,493,000	Favourable	706,000	544.76%
Open Spaces and Recreation	111,981	160,278	0	160,278	143.13%	48,297	Favourable	879,000	18.23%
Cavanbah Centre	83,850	38,156	0	38,156	45.50%	(45,694)	Unfavourable	321,300	11.88%
First Sun Holiday Park	666,491	593,369	0	593,369	89.03%	(73,122)	Unfavourable	3,128,800	18.96%
Suffolk Park Holiday Park	212,384	233,140	0	233,140	109.77%	20,756	Favourable	939,600	24.81%
Facilities Management	173,324	167,453	0	167,453	96.61%	(5,871)	Unfavourable	910,300	18.40%
Waste Management	11,300,719	11,249,543	0	11,249,543	99.55%	(51,176)	Unfavourable	15,085,600	74.57%
Water Supply - Management	4,796,680	3,773,502	0	3,773,502	78.67%	(1,023,178)	Unfavourable	11,165,700	33.80%
Sewerage Services - Management	17,447,747	17,221,996	0	17,221,996	98.71%	(225,752)	Unfavourable	19,685,300	87.49%
Total Infrastructure Services Directorate	36,682,400	38,759,648	0	38,759,648	105.66%	2,077,248	Favourable	58,597,200	66.15%
Development & Certification	624,825	678,057	0	678,057	108.52%	53,232	Favourable	2,500,300	27.12%
Planning Policy & Natural Environment	45,882	78,172	0	78,172	170.38%	32,290	Favourable	203,300	38.45%
Environment & Compliance Services	556,707	665,648	0	665,648	119.57%	108,941	Favourable	2,025,500	32.86%
Economic Development	8,322	290,632	0	290,632	3492.33%	282,310	Favourable	33,300	872.77%
Total Sustainable Environment and Economy Directorate	1,235,736	1,712,509	0	1,712,509	138.58%	476,773	Favourable	4,762,400	35.96%
Total Operating Revenue	67,025,023	69,197,262	0	69,197,262	103.24%	2,172,239	Favourable	95,453,200	72.49%

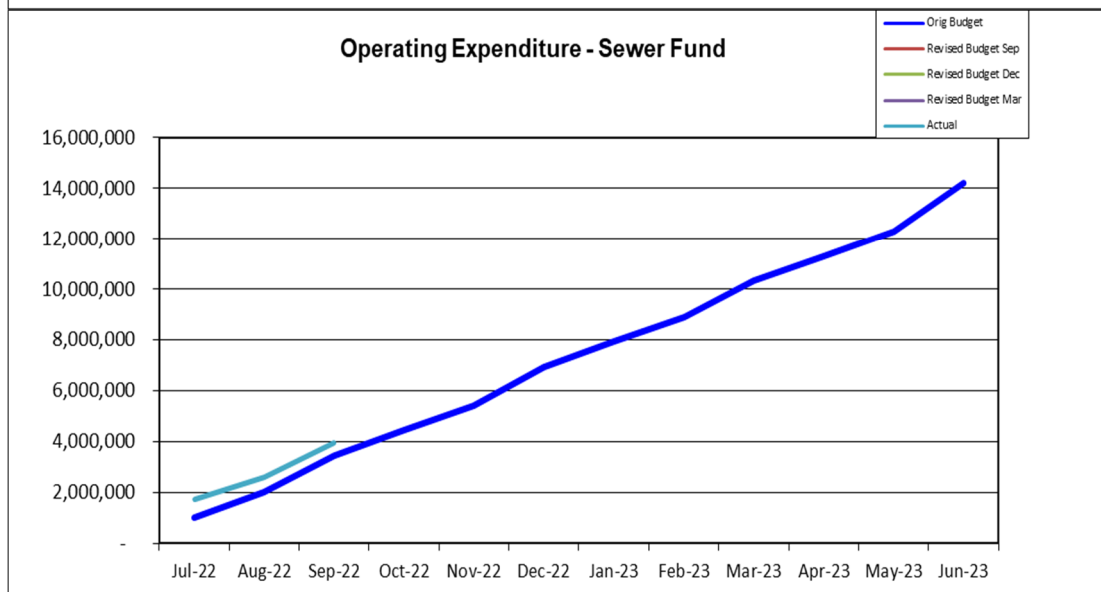
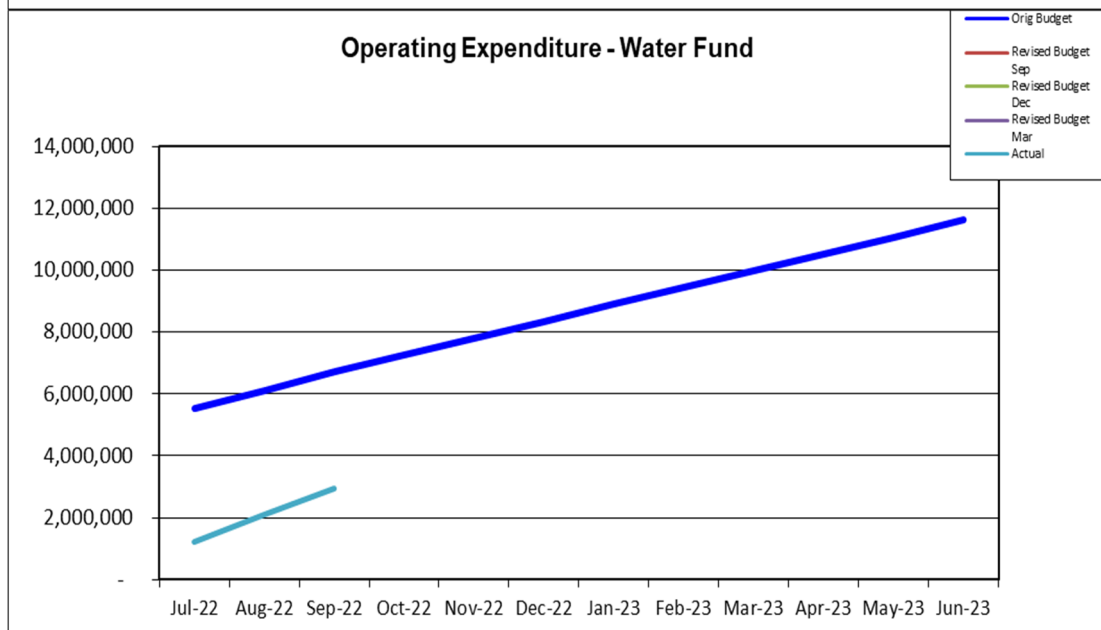
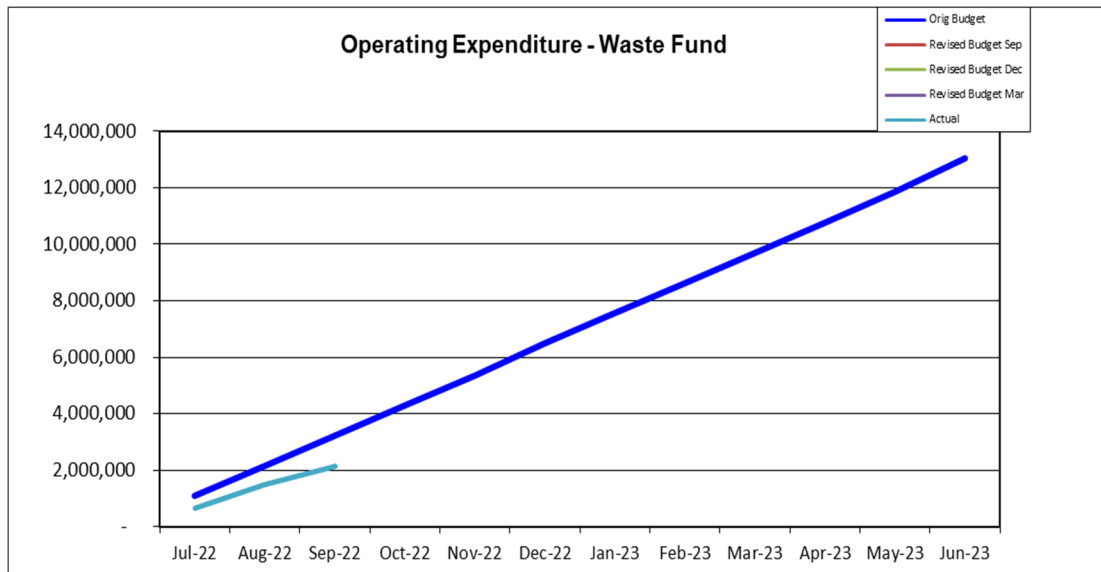
OPERATING EXPENDITURE

Total operating expenditure at 30 September 2022 is \$33,123,760 compared to a budget of \$92,365,200. Percentage wise operating expenditure actual plus committed is at 35.86% of budget whereas the financial year is 25.00% complete.

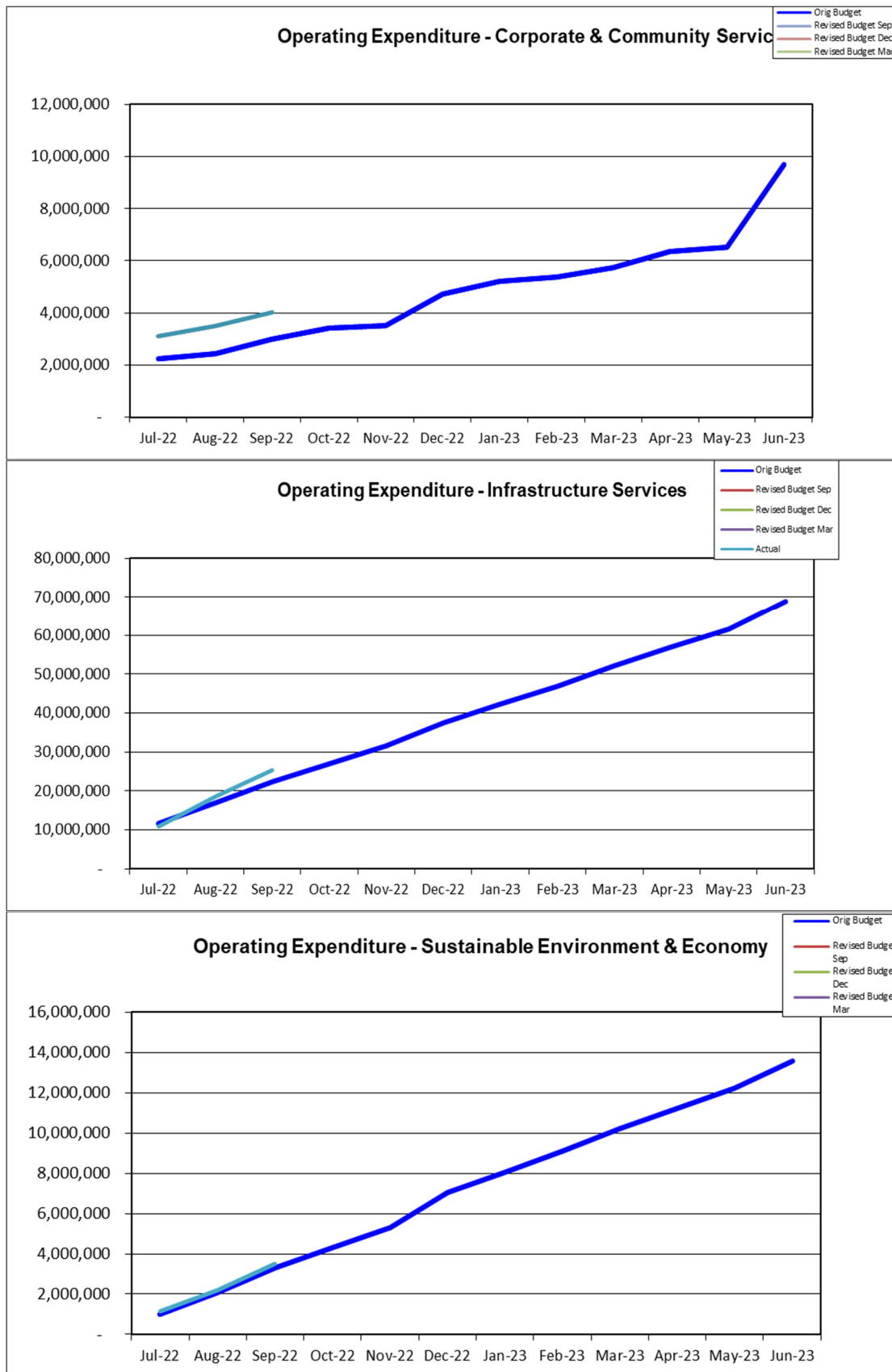
Graphically this is represented as follows by Fund and then Directorate:

Operating Expenditure by Fund





Operating Expenditure by Directorate



OPERATING EXPENDITURE

Operating Expenditure Exceptions by Budget Program:

YTD % = 25.00%

Variance Analysis compared to Profiled Budget:

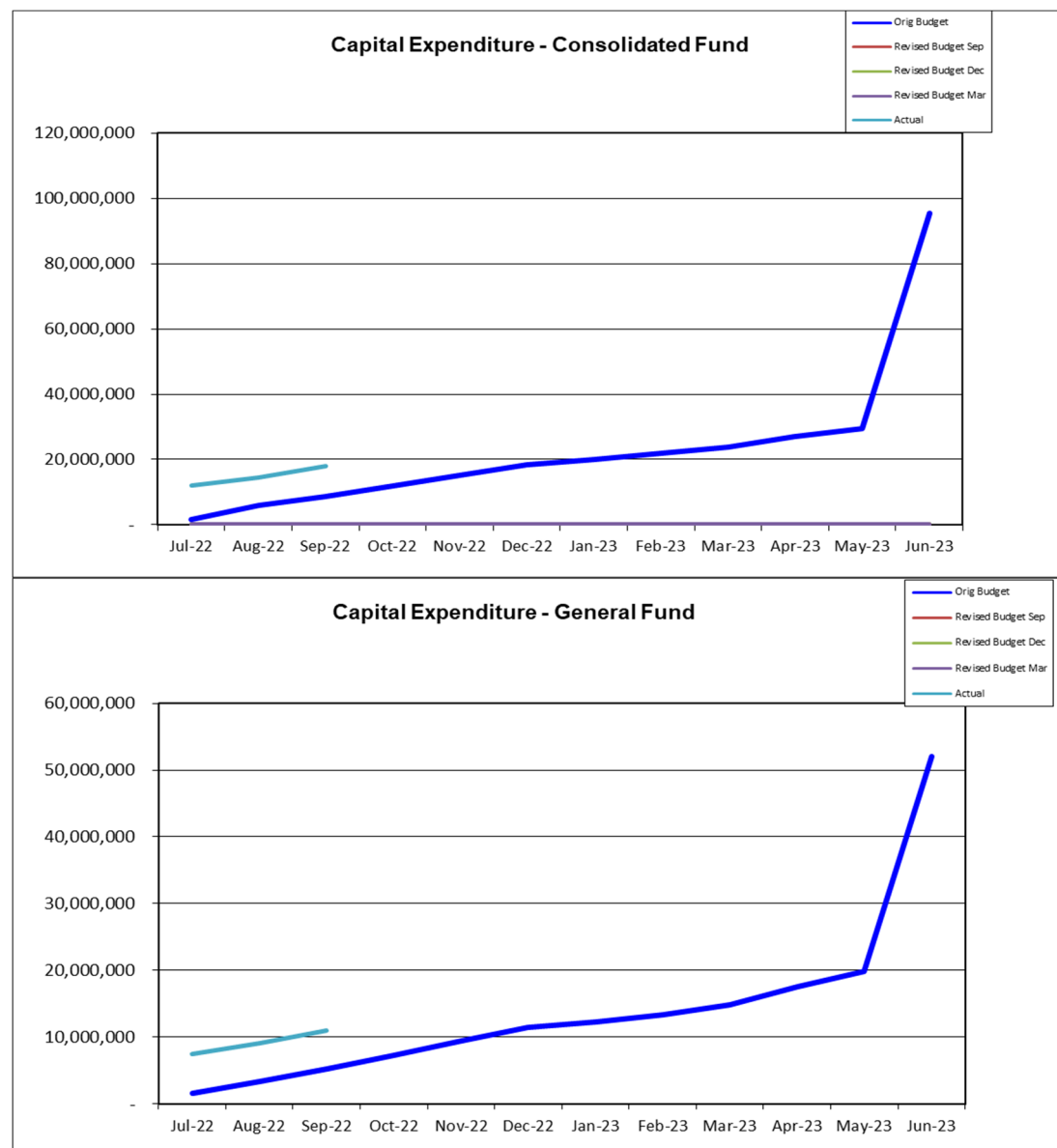
Budget Program	Budget September	Actual September	Committed September	Total September	% Variance	\$ Variance	Variance F or U	Total Budget for Year	% Variance
OPERATING EXPENDITURE									
General Manager's Office	64,841	48,674	22,185	70,859	109.28%	(6,018)	Unfavourable	340,300	20.82%
People & Culture	(278,371)	195,832	62,286	258,118	-92.72%	(536,489)	Unfavourable	45,900	562.35%
Total General Manager's Office Directorate	(213,530)	244,506	84,471	328,977	-154.07%	(542,507)	Unfavourable	386,200	85.18%
Councillor Services	419,476	371,884	91,539	463,423	110.48%	(43,947)	Unfavourable	1,049,600	44.15%
Financial Services	(698,099)	(525,356)	0	(525,356)	75.26%	(172,743)	Unfavourable	(2,311,500)	22.73%
Information Systems	522,875	548,017	402,265	950,282	181.74%	(427,407)	Unfavourable	289,400	328.36%
Corporate Services	711,406	1,062,564	148,155	1,210,719	170.19%	(499,313)	Unfavourable	142,300	850.82%
Community Development	818,356	678,098	56,275	734,373	89.74%	83,983	Favourable	5,558,900	13.21%
Sandhills Childcare Centre	528,714	485,255	3,951	489,206	92.53%	39,508	Favourable	2,025,600	24.15%
Other Childrens Services	216,821	166,754	1,319	168,072	77.52%	48,749	Favourable	707,000	23.77%
Public Libraries	476,788	492,355	34,212	526,568	110.44%	(49,780)	Unfavourable	2,211,900	23.81%
Total Corporate and Community Services Directorate	2,996,337	3,279,569	737,717	4,017,286	134.07%	(1,020,949)	Unfavourable	9,673,200	41.53%
Supervision and Administration	59,653	(24,695)	10,013	(14,682)	-24.61%	74,335	Favourable	238,600	-6.15%
Asset Management Planning	80,755	1,936	30,882	32,818	40.64%	47,937	Favourable	139,400	23.54%
Projects & Commercial Development	101,949	75,373	0	75,373	73.93%	26,576	Favourable	407,800	18.48%
Emergency Services and Flood Management	686,926	117,829	25,095	142,924	20.81%	544,002	Favourable	1,121,700	12.74%
Depot Services and Fleet Management	383,254	57,830	52,860	110,691	28.88%	272,563	Favourable	15,100	733.05%
Local Roads and Drainage	2,746,201	2,583,176	386,144	2,969,320	108.12%	(223,119)	Unfavourable	10,863,900	27.33%
Transport for New South Wales	315,159	5,011,483	1,394,385	6,405,868	2032.58%	(6,090,709)	Unfavourable	1,260,600	508.16%
Open Spaces and Recreation	2,195,237	1,927,968	1,036,126	2,964,094	135.02%	(768,857)	Unfavourable	6,358,000	46.62%
Quarries	0	166,269	0	166,269		(166,269)	Unfavourable	0	
Cavanbah Sports Centre	223,476	223,453	12,534	235,987	105.60%	(12,511)	Unfavourable	821,900	28.71%
First Sun Holiday Park	728,012	626,738	10,573	637,311	87.54%	90,701	Favourable	3,045,500	20.93%
Suffolk Park Holiday Park	214,919	171,581	740	172,321	80.18%	42,598	Favourable	940,400	18.32%
Facilities Management	1,268,371	1,686,244	740,886	2,427,130	191.36%	(1,158,759)	Unfavourable	4,657,900	52.11%
Waste Management	3,212,031	1,740,472	339,164	2,079,636	64.75%	1,132,395	Favourable	13,054,900	15.93%
Water Supply - Management	6,711,619	2,534,769	394,964	2,929,733	43.65%	3,781,886	Favourable	11,619,600	25.21%
Sewerage Services - Management	3,460,442	2,980,056	966,527	3,946,583	114.05%	(486,141)	Unfavourable	14,199,500	27.79%
Total Infrastructure Services Directorate	22,388,004	19,880,484	5,400,891	25,281,375	112.92%	(2,893,371)	Unfavourable	68,744,800	36.78%
Development & Certification	1,469,142	1,585,664	4,000	1,589,664	108.20%	(120,522)	Unfavourable	6,170,600	25.76%
Land & Natural Environment	858,481	712,226	243,429	955,655	111.32%	(97,174)	Unfavourable	3,096,300	30.86%
Environment & Compliance Services	809,373	794,110	1,032	795,141	98.24%	14,232	Favourable	3,628,000	21.92%
Economic Development	147,642	148,979	6,682	155,661	105.43%	(8,019)	Unfavourable	666,100	23.37%
Total Sustainable Environment and Economy Directorate	3,284,638	3,240,979	255,142	3,496,122	106.44%	(211,484)	Unfavourable	13,561,000	25.78%
Total Operating Expenditure	28,455,449	26,645,538	6,478,221	33,123,760	116.41%	(4,668,311)	Unfavourable	92,365,200	35.86%

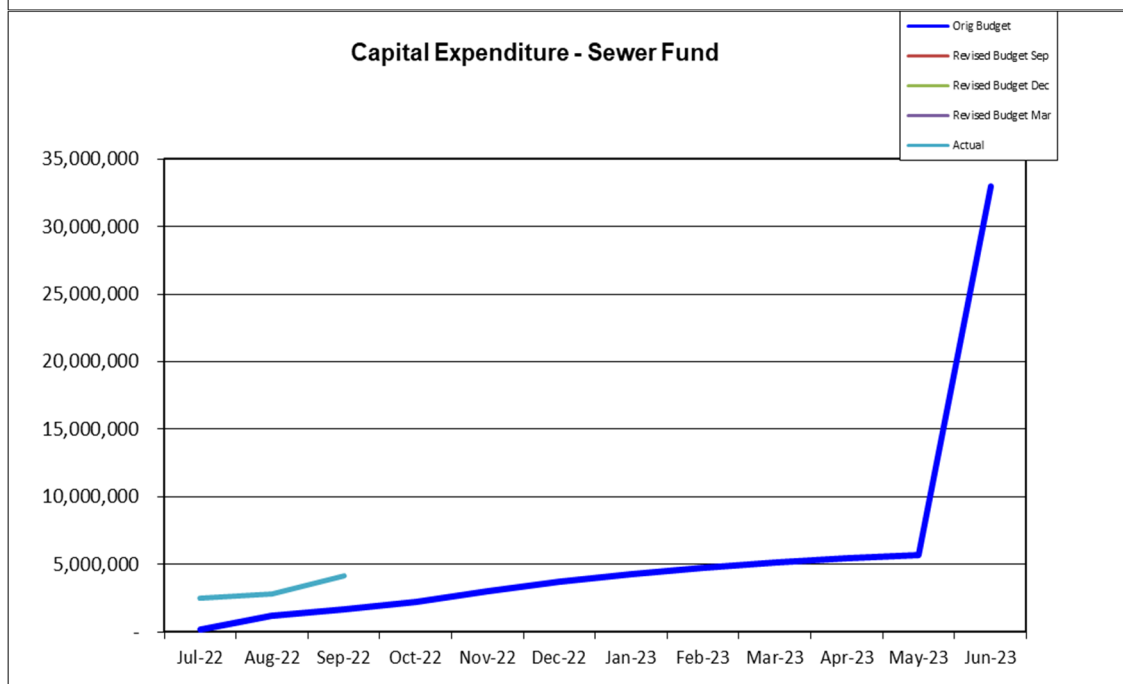
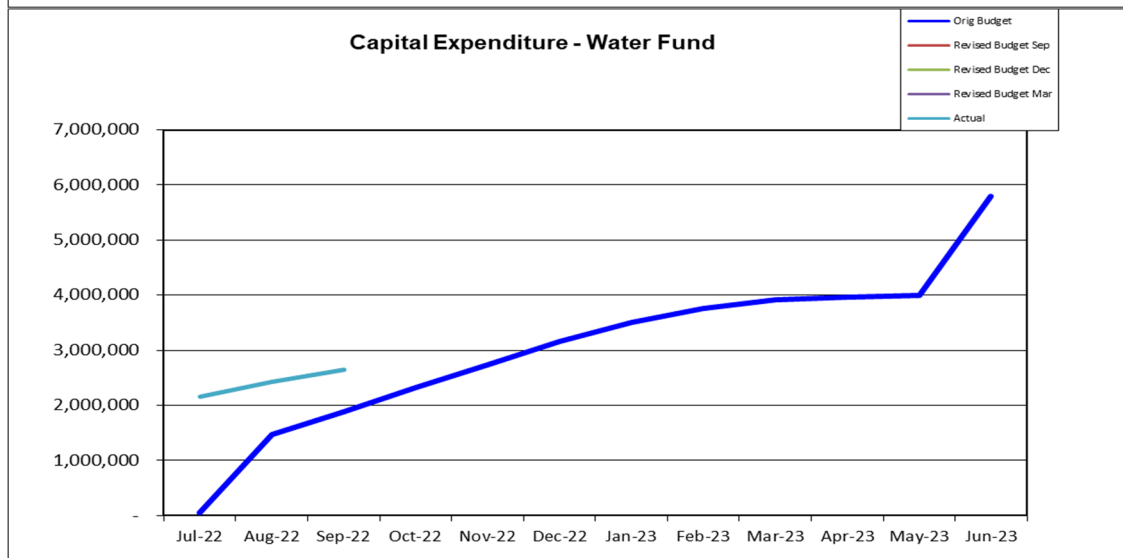
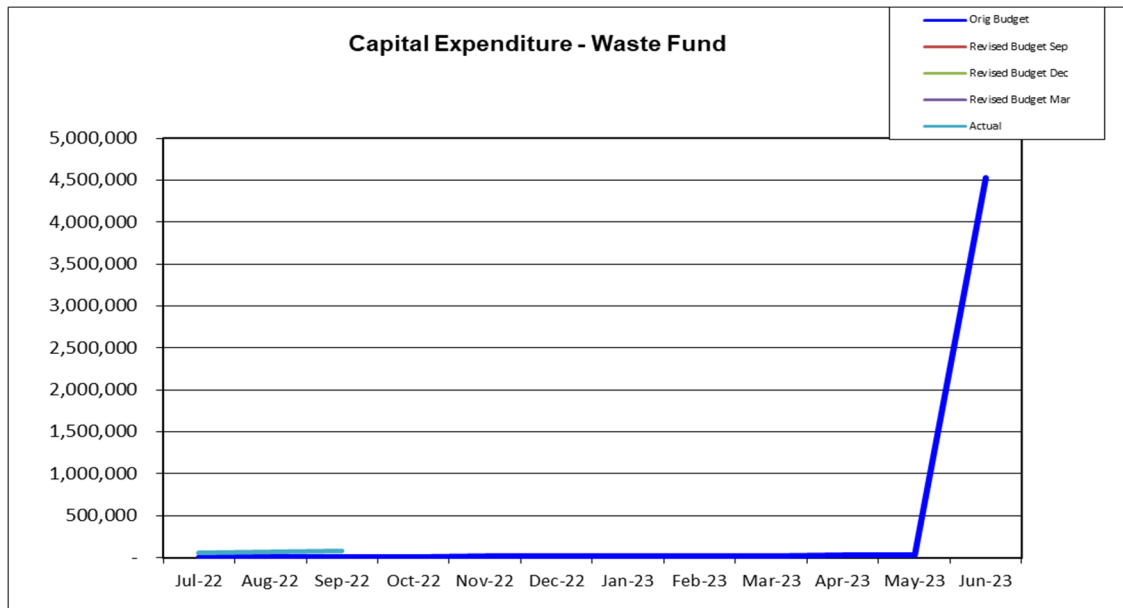
CAPITAL EXPENDITURE

Total capital expenditure at 30 September 2022 is \$17,842,561 (actual plus committed) compared to a budget of \$95,413,700. Percentage wise capital expenditure is at 18.70% of budget whereas the financial year is 25.00% complete. Please note the level of capital expenditure actual compared to budget is not necessarily representative of the level of capital works project completion.

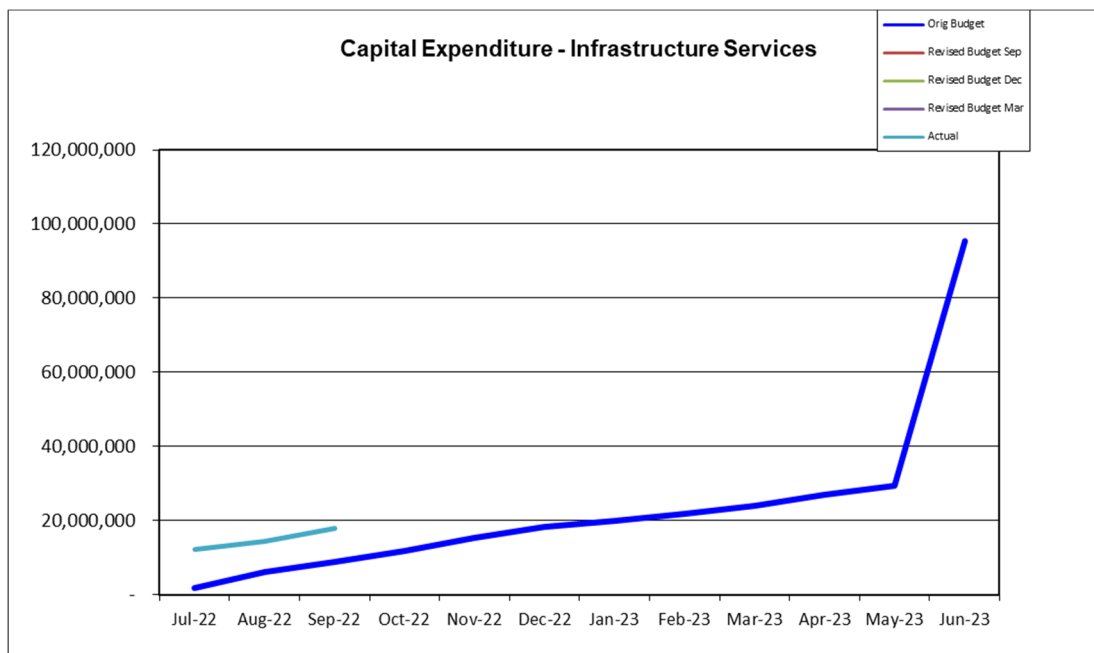
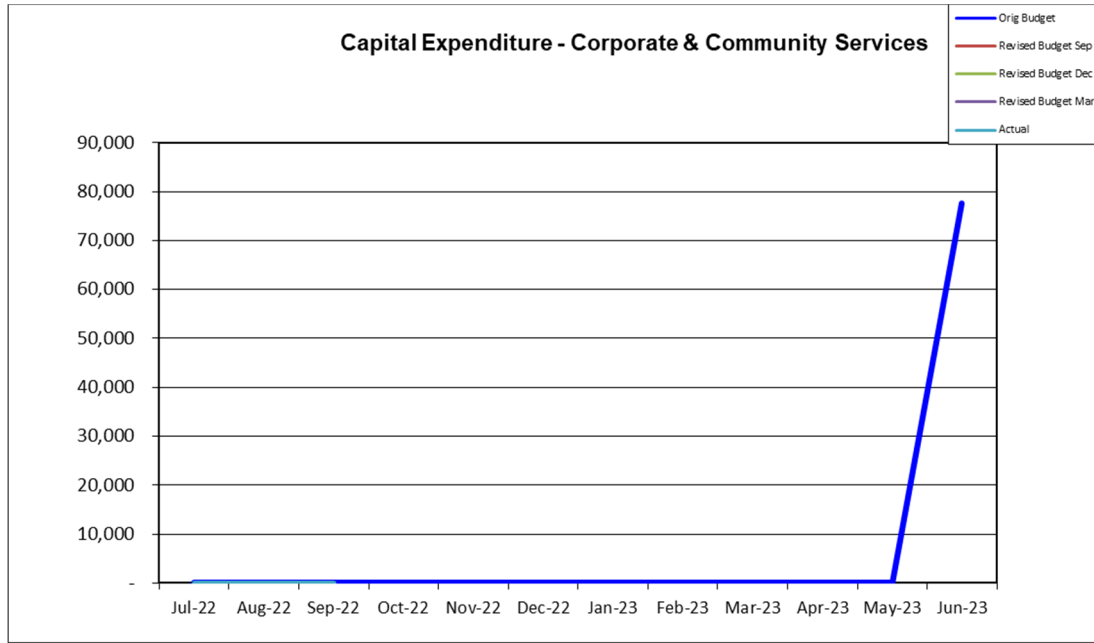
Graphically this is represented as follows by Fund and then Directorate:

Capital Expenditure by Fund





Capital Expenditure by Directorate



CAPITAL EXPENDITURE

Capital Expenditure Exceptions:

It is acknowledged the unfavourable variances listed below could simply be a result of timing of capital expenditure especially where contracted works are involved. Please note the level of capital expenditure actual compared to budget is not necessarily representative of the level of capital works project completion.

YTD % = 25.00%

Variance Analysis compared to Profiled Budget:

	Budget	Actual	Committed	Total	%	\$	Variance	Total	%
Budget Program	September	September	September	September	Variance	Variance	F or U	Budget for Year	Variance
<u>CAPITAL EXPENDITURE</u>									
Sandhills	0	0	0	0		0	Unfavourable	77,500	0.00%
Total Corporate and Community Services Directorate	0	0	0	0	0.00%	0		77,500	0.00%
Projects & Commercial Development	26,900	84,082	109,411	193,492	719.30%	(166,592)	Unfavourable	1,084,400	17.84%
Depot Services and Fleet Management	0	(78,533)	930,480	851,947		(851,947)	Unfavourable	1,236,500	68.90%
Local Roads and Drainage	3,475,690	3,287,137	3,749,946	7,037,083	202.47%	(3,561,393)	Unfavourable	34,149,100	20.61%
Transport for New South Wales	38,751	20,115	1,190,661	1,210,776	0.00%	(1,172,025)	Unfavourable	465,000	260.38%
Open Spaces and Recreation	1,326,667	536,474	466,404	1,002,878	75.59%	323,789	Favourable	6,033,800	16.62%
Cavanbah Centre	31,326	39,336	46,228	85,564	273.14%	(54,238)	Unfavourable	306,500	27.92%
First Sun Holiday Park	87,250	10,971	0	10,971	12.57%	76,279	Favourable	1,879,000	0.58%
Suffolk Park Holiday Park	54,250	173,370	0	173,370	319.58%	(119,120)	Unfavourable	187,000	92.71%
Facilities Management	139,052	169,708	255,370	425,078	305.70%	(286,026)	Unfavourable	6,652,400	6.39%
Waste Management	6,999	20,267	63,673	83,940	1199.32%	(76,941)	Unfavourable	4,531,100	1.85%
Water Supply - Operations	1,880,859	503,671	2,135,788	2,639,459	140.33%	(758,600)	Unfavourable	5,791,000	45.58%
Sewerage Services - Operations	1,689,151	1,831,785	2,296,218	4,128,003	244.38%	(2,438,852)	Unfavourable	33,020,400	12.50%
Total Infrastructure Services Directorate	8,756,895	6,598,381	11,244,180	17,842,561	203.75%	(9,085,666)	Unfavourable	95,336,200	18.72%
Total Capital Expenditure	8,756,895	6,598,381	11,244,180	17,842,561	203.75%	(9,085,666)	Unfavourable	95,413,700	18.70%

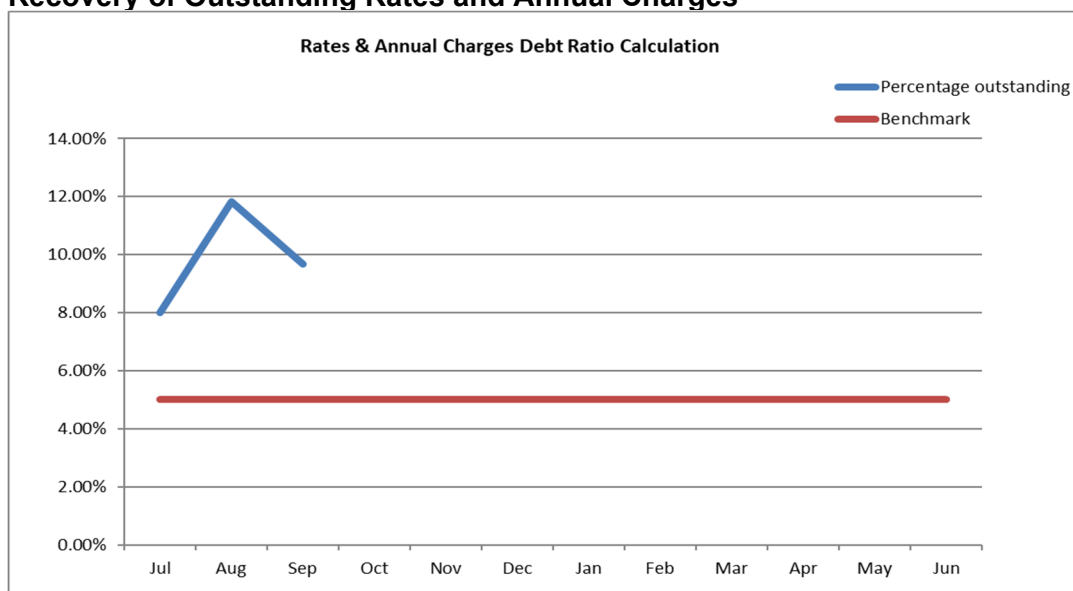
OTHER FINANCIAL INDICATORS

The following pages outline some other financial indicators that are relevant in the assessment of the short term financial position of Council. These include comparison of other financial indicators in the areas of:

- Recovery of outstanding rates and annual charges.
- Recovery of outstanding water and sewerage consumption charges.
- Level of cash and investments held.
- The progress on repayment of Council's outstanding loan principal against budget.
- Interest on investments generated compared to budget.
- Level of outstanding sundry debtors and debt age.
- Employment agency costs.
- Council Improvement Plan Reporting (CIP) (Paid Parking)
- 2017/2018 Special Rate Variation (SRV), 2022/23 Expenditure

A comment is provided for each indicator.

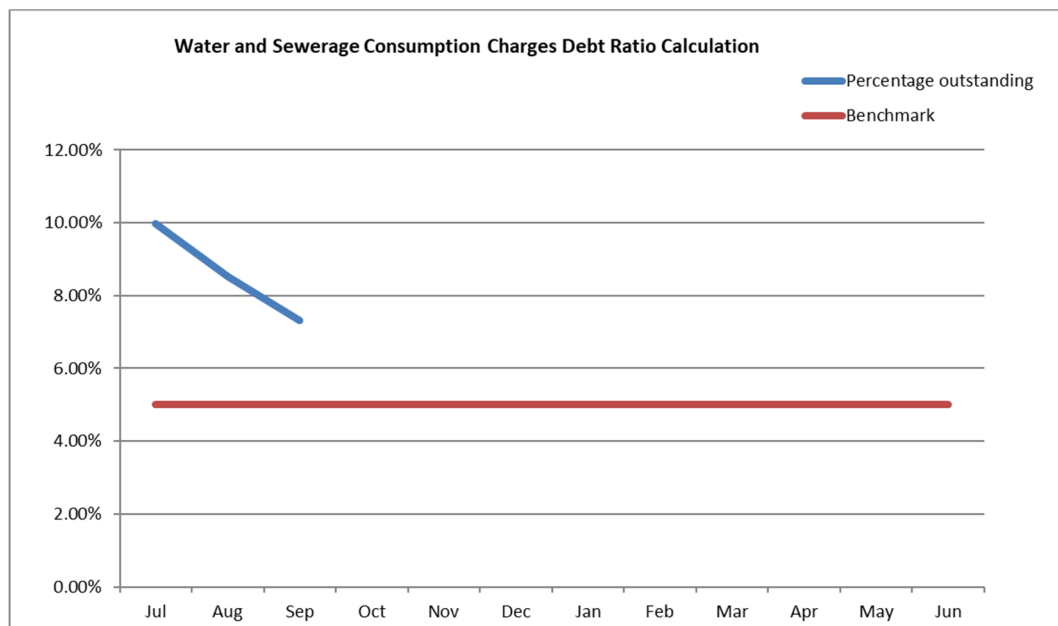
Recovery of Outstanding Rates and Annual Charges



Comment:

An acceptable industry benchmark for a Council like Byron would be to maintain outstanding rates and annual charges below a 5% benchmark to measure the effectiveness of debt recovery activity. Currently this indicator is above the benchmark. It can vary during the year especially in the months where instalment payments by ratepayers are due.

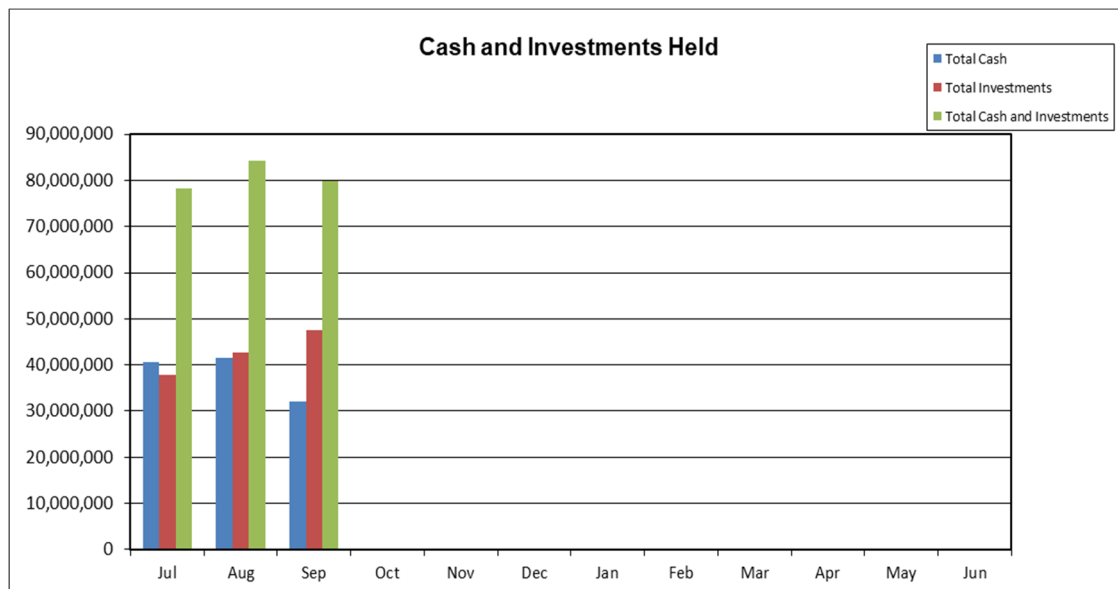
Recovery of Outstanding Water and Sewerage Consumption Charges



Comment:

An acceptable industry benchmark for a Council like Byron would be to maintain outstanding water and sewerage consumption charges below a 5% benchmark to measure the effectiveness of debt recovery activity. This is above the benchmark for October.

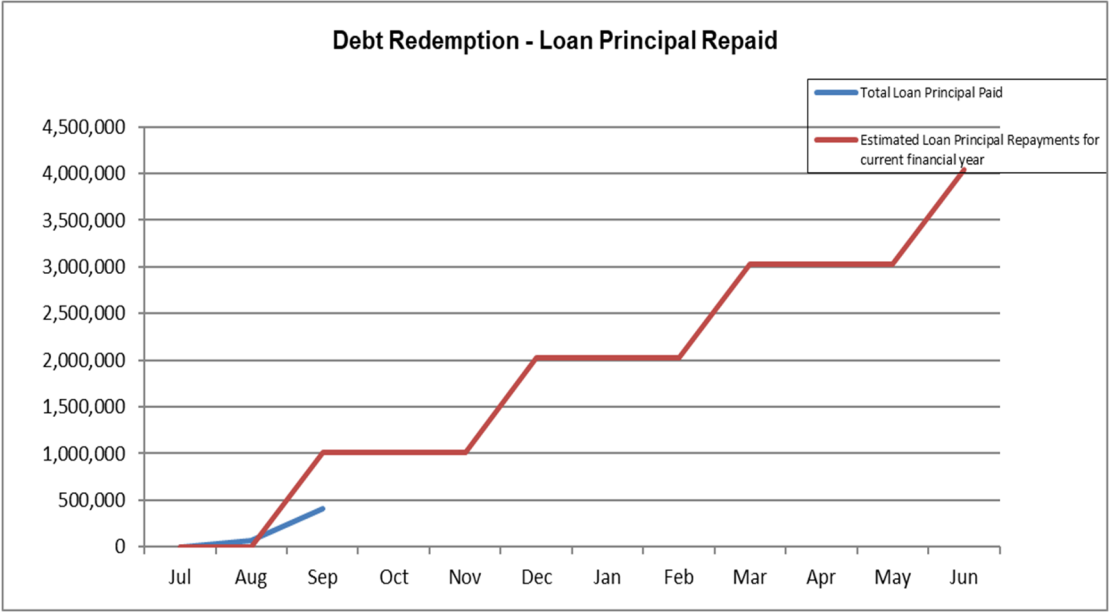
Level of Cash and Investments Held



Comment:

The cash position during September 2022 has decreased by approximately \$4.4 million compared to the August 2022 cash and investments level.

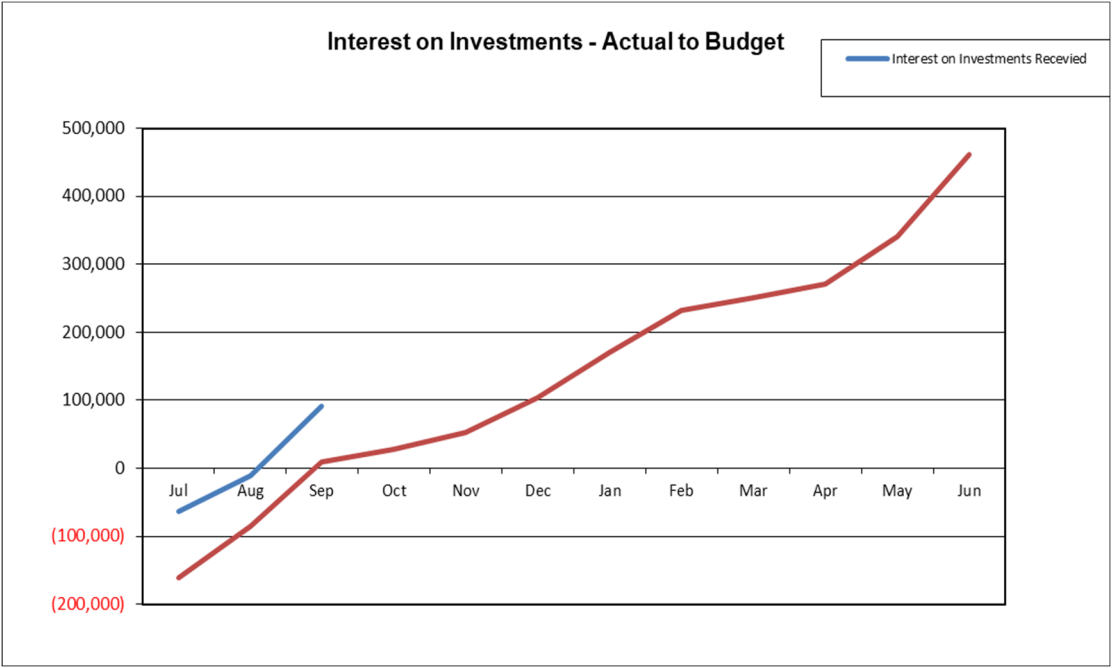
The progress of repayment of Council’s Outstanding Loan Principal against Budget



Comment:

The above graph tracks the progressive repayment of Council’s loan principal repayments throughout the financial year. The above graph shows Council is expected to repay an estimated \$4,039,800 in loan principal during 2022/2023.

Interest on Investments generated compared to Budget



Comment:

The reversal of accrued interest on investment revenue raised in June 2022 has made the interest on investments negative for the first two months of the 2023 financial year. As interest payments are received this will clear and then interest on investment revenue relevant for 2022/2023 will start to be shown.