



Monthly Finance Report – June 2022

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

#E2022/63281

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 2021/2022 financial year at an Ordinary Meeting held on 24 June 2021 (Resolution **21-243**). Council also adopted carryover budgets from 2020/2021 at the 26 August 2021 Ordinary Meeting (Resolution **21-315**) and Council has adopted the 30 September 2021 Quarterly Budget Review (QBR) at the 25 November 2021 Ordinary Meeting, (Resolution **21-514**), the December QBR at the 24 February 2022 Ordinary Meeting, (Resolution **22-040**) and the March QBR at the 26 May 2022 Ordinary Meeting, (Resolution **22-200**).

In overall summary terms the budget and actual situation is as follows at 30 June 2022 at the time this report has been prepared with the financial year 100% complete:

| Item | Actual + Committed Result | Revised Adopted Budget 2021/2022 | Actual to Budget % |
|--|---------------------------------|---|--------------------------|
| Operating Revenue | 103,625,803 | 95,944,200 | 108.01% |
| Less: Operating Expenditure | (93,447,683) | (87,907,800) | 106.30% |
| Add: Capital Revenue | 23,896,891 | 23,545,900 | 101.49% |
| Less: Capital Expenditure | (41,483,659) | (54,313,900) | 76.38% |
| Less: Loan Principal Repayments | (3,789,087) | (3,868,200) | 97.95% |
| Actual/Budget Result | (11,197,736) | (26,599,800) | 42.10% |
| Net Reserve Movements | | 26,208,700 | |
| Overall Budget Result – Surplus/(Deficit) | | (391,100) | |

The current budget result for 2021/2022 is a projected deficit of \$391,100 for the year. The unrestricted cash balance at 30 June 2021 is \$517,600, with the estimated unrestricted cash balance at 30 June 2022 decreasing to \$126,500.

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 2021/2022 adopted budget is considered satisfactory based on actual results to date excluding commitments.

Note: The results outlined in this report at 30 June 2022 are very preliminary and are not finalised. They will be subject to change pending end of year financial year processing still to be completed and completion of the 2021/2022 financial statements.

Introduction

This report provides a snapshot of Council's financial performance as at the end of June 2022 for the 2021/2022 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

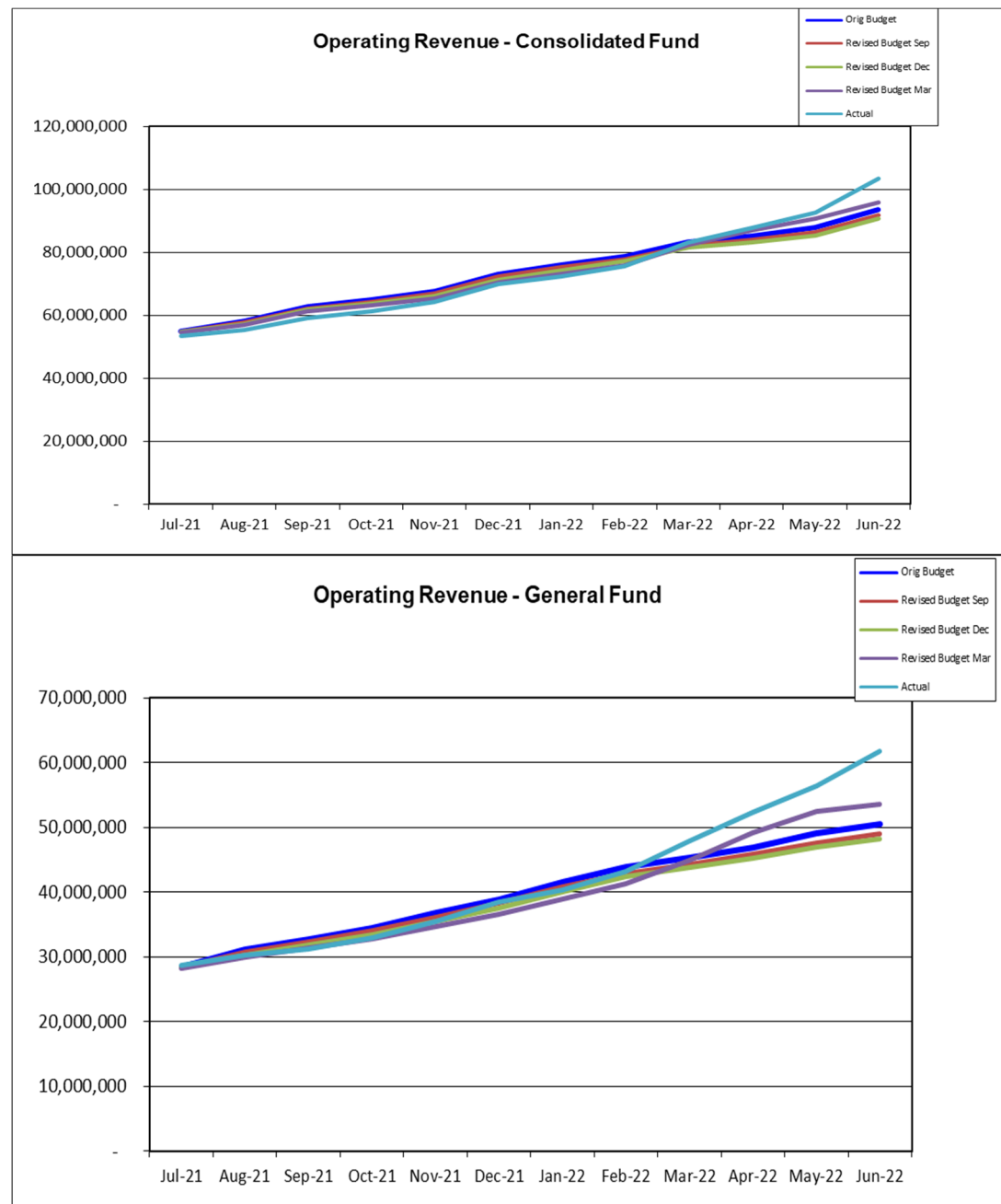
- Budget comparisons in this report are against the original 2021/22 budget approved by Council on 24 June 2021, the carryovers adopted by Council on 26 August 2021, the 30 September 2021 Quarter Budget Review (QBR), the 31 December 2021 QBR, the 31 March 2022 QBR and any Council resolutions that affected the budget for the 2021/2022 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.

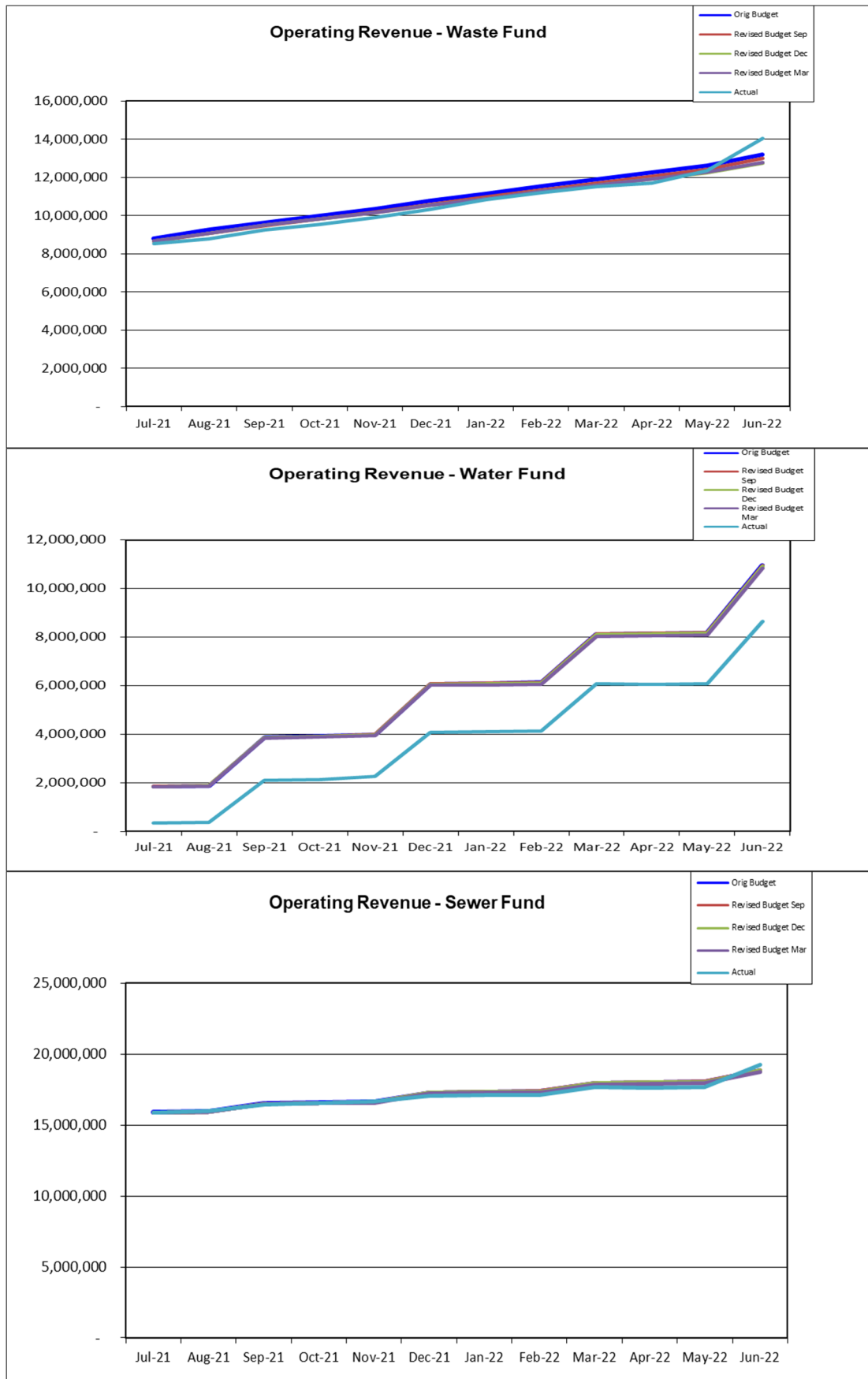
OPERATING REVENUE

Total operating revenue at 30 June 2022 is \$103,625,803 (actual) compared to a budget of \$95,944,200. Percentage wise operating revenue actual is at 108.01% of budget whereas the financial year is 100% complete.

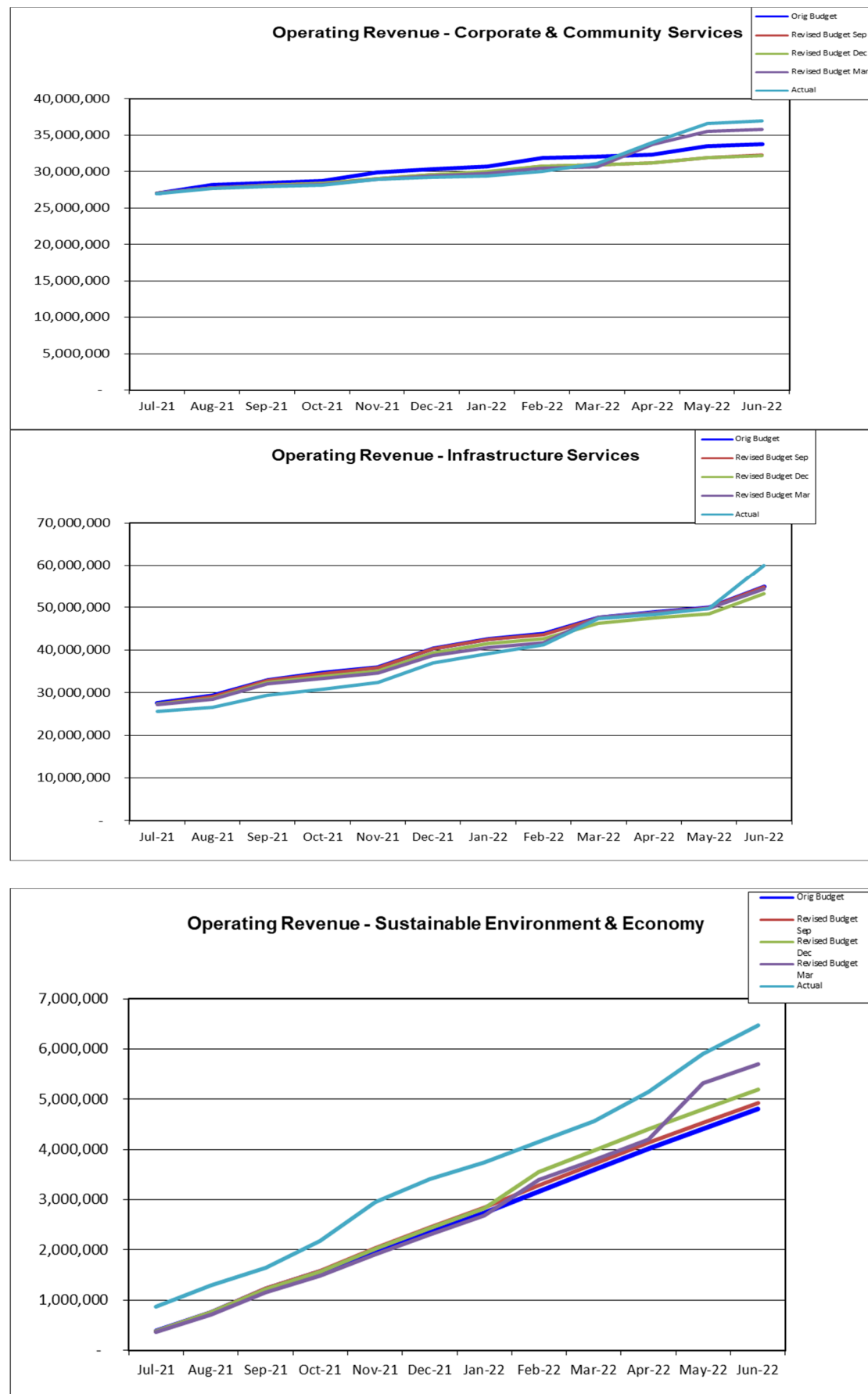
Graphically this is represented as follows by Fund and then Directorate:

Operating Revenue by Fund





Operating Revenue by Directorate



OPERATING REVENUE

Operating Revenue Exceptions by Budget Program:

YTD % = 100%

Variance Analysis compared to Profiled Budget:

| Budget Program | Budget June | Actual June | Committed June | Total June | % Variance | \$ Variance | Variance F or U | Total Budget for Year | % Variance |
|--|-------------------|--------------------|-------------------|--------------------|----------------|------------------|---------------------|--------------------------|----------------|
| <u>OPERATING REVENUE</u> | | | | | | | | | |
| General Manager's Office | 116,200 | 116,176 | 0 | 116,176 | 0.00% | (24) | Unfavourable | 116,200 | 0.00% |
| People & Culture | 96,700 | 96,653 | 0 | 96,653 | 0.00% | (47) | Unfavourable | 96,700 | 0.00% |
| Total General Manager's Office Directorate | 212,900 | 212,829 | 0 | 212,829 | 0.00% | (71) | Unfavourable | 212,900 | 0.00% |
| Financial Services - General Purpose Revenues | 32,239,200 | 31,538,388 | 0 | 31,538,388 | 97.83% | (700,812) | Unfavourable | 32,239,200 | 97.83% |
| Financial Services | 126,400 | 136,772 | 0 | 136,772 | 108.21% | 10,372 | Favourable | 126,400 | 108.21% |
| Information Systems | 48,800 | 62,769 | 0 | 62,769 | 128.63% | 13,969 | Favourable | 48,800 | 128.63% |
| Corporate Services | 24,600 | 24,604 | 0 | 24,604 | 0.00% | 4 | Favourable | 24,600 | 0.00% |
| Community Development | 1,199,900 | 3,257,280 | 0 | 3,257,280 | 271.46% | 2,057,380 | Favourable | 1,199,900 | 271.46% |
| Sandhills Childcare Centre | 1,551,800 | 1,367,632 | 0 | 1,367,632 | 88.13% | (184,168) | Unfavourable | 1,551,800 | 88.13% |
| Other Childrens Services | 436,100 | 444,170 | 0 | 444,170 | 101.85% | 8,070 | Favourable | 436,100 | 101.85% |
| Total Corporate and Community Services Directorate | 35,779,300 | 36,984,083 | 0 | 36,984,083 | 103.37% | 1,204,783 | Favourable | 35,779,300 | 103.37% |
| Depot Services and Fleet Management | 737,200 | 765,145 | 0 | 765,145 | 103.79% | 27,945 | Favourable | 737,200 | 103.79% |
| Emergency Services and Flood Management | 206,000 | 348,627 | 0 | 348,627 | 169.24% | 142,627 | Favourable | 206,000 | 169.24% |
| Local Roads and Drainage | 3,195,400 | 3,796,594 | 0 | 3,796,594 | 118.81% | 601,194 | Favourable | 3,195,400 | 118.81% |
| Transport for New South Wales | 3,156,000 | 7,823,839 | 0 | 7,823,839 | 247.90% | 4,667,839 | Favourable | 3,156,000 | 247.90% |
| Open Spaces and Recreation | 865,700 | 1,356,690 | 0 | 1,356,690 | 156.72% | 490,990 | Favourable | 865,700 | 156.72% |
| Quarry Operations | | | | | | | | | |
| Cavanbah Centre | 163,100 | 216,872 | 0 | 216,872 | 132.97% | 53,772 | Favourable | 163,100 | 132.97% |
| First Sun Holiday Park | 2,077,600 | 2,120,909 | 0 | 2,120,909 | 102.08% | 43,309 | Favourable | 2,077,600 | 102.08% |
| Suffolk Park Holiday Park | 740,600 | 816,005 | 0 | 816,005 | 110.18% | 75,405 | Favourable | 740,600 | 110.18% |
| Facilities Management | 722,800 | 797,499 | 0 | 797,499 | 110.33% | 74,699 | Favourable | 722,800 | 110.33% |
| Waste Management | 12,806,500 | 14,037,588 | 0 | 14,037,588 | 109.61% | 1,231,088 | Favourable | 12,806,500 | 109.61% |
| Water Supply - Management | 10,847,200 | 8,642,715 | 0 | 8,642,715 | 79.68% | (2,204,485) | Unfavourable | 10,847,200 | 79.68% |
| Sewerage Services - Management | 18,738,100 | 19,238,681 | 0 | 19,238,681 | 102.67% | 500,581 | Favourable | 18,738,100 | 102.67% |
| Total Infrastructure Services Directorate | 54,256,200 | 59,961,164 | 0 | 59,961,164 | 110.51% | 5,704,964 | Favourable | 54,256,200 | 110.51% |
| Development & Certification | 3,019,300 | 3,478,289 | 0 | 3,478,289 | 115.20% | 458,989 | Favourable | 3,019,300 | 115.20% |
| Planning Policy & Natural Environment | 418,800 | 512,887 | 0 | 512,887 | 122.47% | 94,087 | Favourable | 418,800 | 122.47% |
| Environment & Compliance Services | 2,246,900 | 2,473,549 | 0 | 2,473,549 | 110.09% | 226,649 | Favourable | 2,246,900 | 110.09% |
| Economic Development | 10,800 | 3,003 | 0 | 3,003 | 27.80% | (7,797) | Unfavourable | 10,800 | 27.80% |
| Total Sustainable Environment and Economy Directorate | 5,695,800 | 6,467,727 | 0 | 6,467,727 | 113.55% | 771,927 | Favourable | 5,695,800 | 113.55% |
| Total Operating Revenue | 95,944,200 | 103,625,803 | 0 | 103,625,803 | 108.01% | 7,681,603 | Favourable | 95,944,200 | 108.01% |

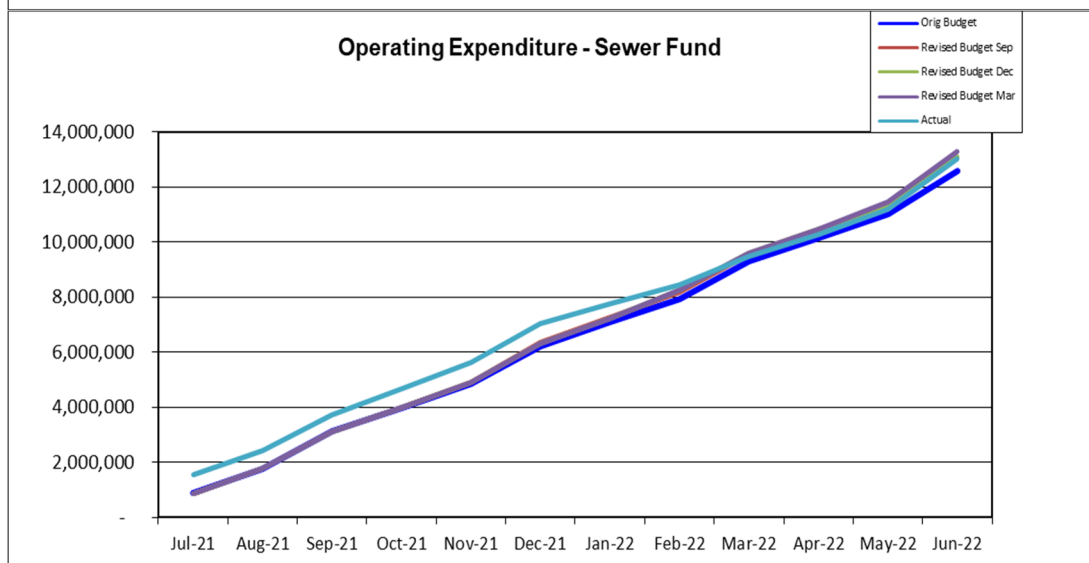
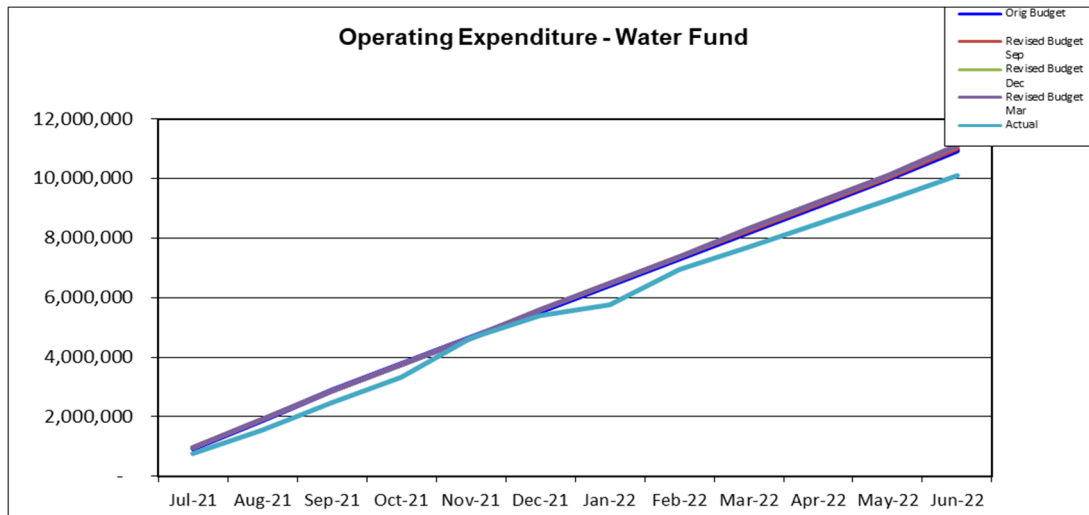
OPERATING EXPENDITURE

Total operating expenditure at 30 June 2022 is \$93,447,683 compared to a budget of \$87,907,800. Percentage wise operating expenditure actual plus committed is at 106.30% of budget whereas the financial year is 100% complete.

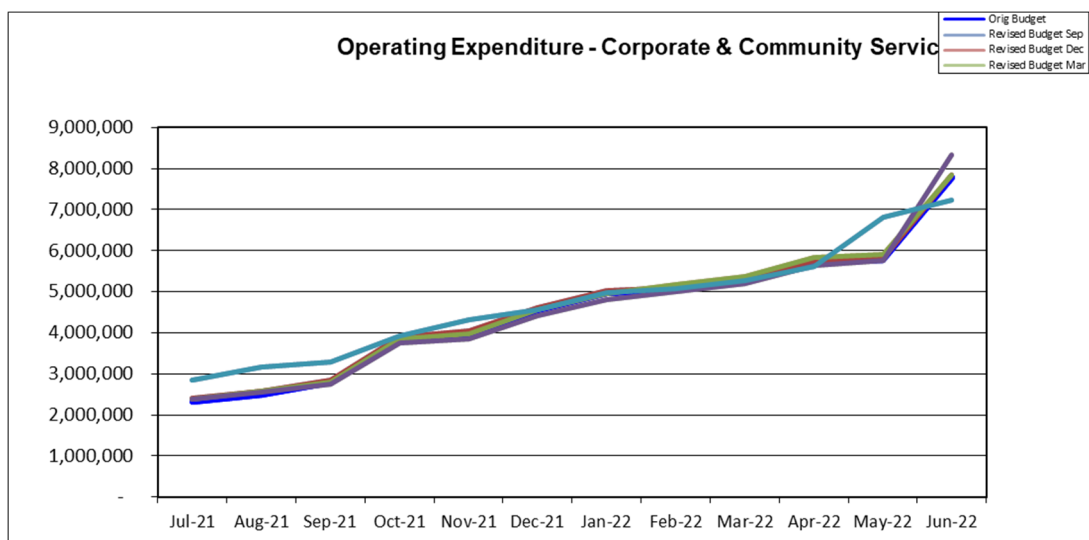
Graphically this is represented as follows by Fund and then Directorate:

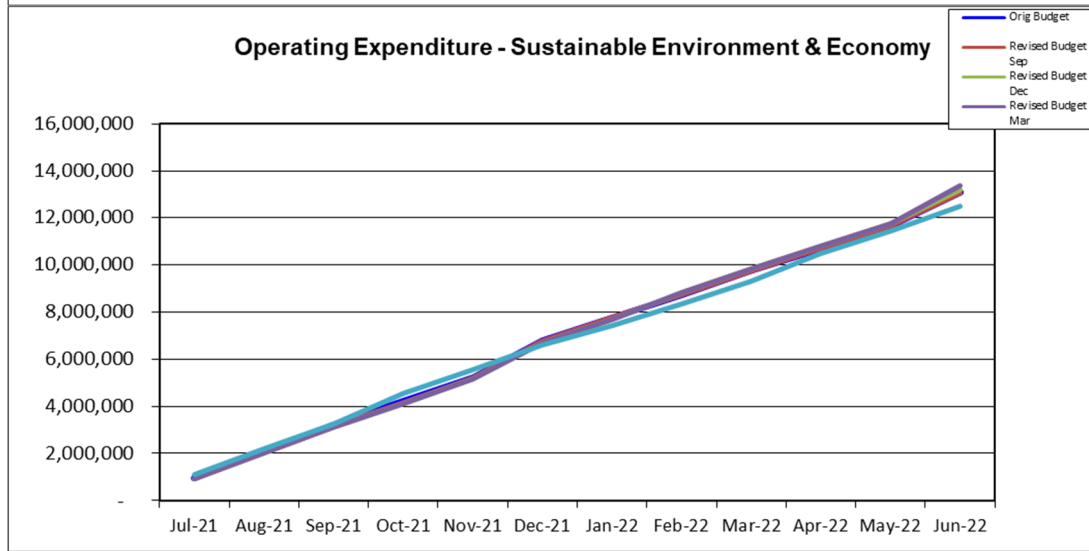
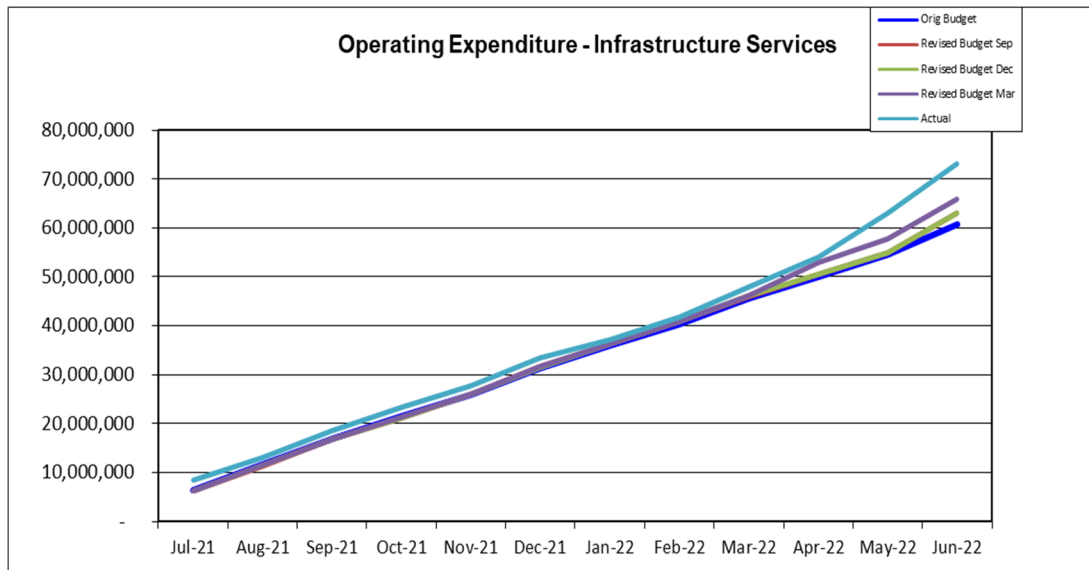
Operating Expenditure by Fund





Operating Expenditure by Directorate





OPERATING EXPENDITURE

Operating Expenditure Exceptions by Budget Program:

YTD % = 100%

Variance Analysis compared to Profiled Budget:

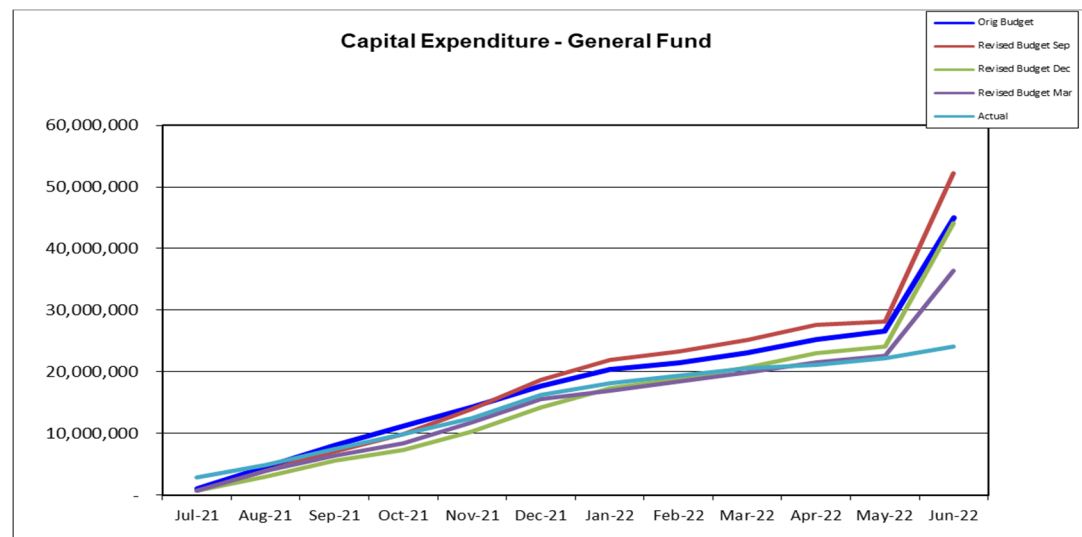
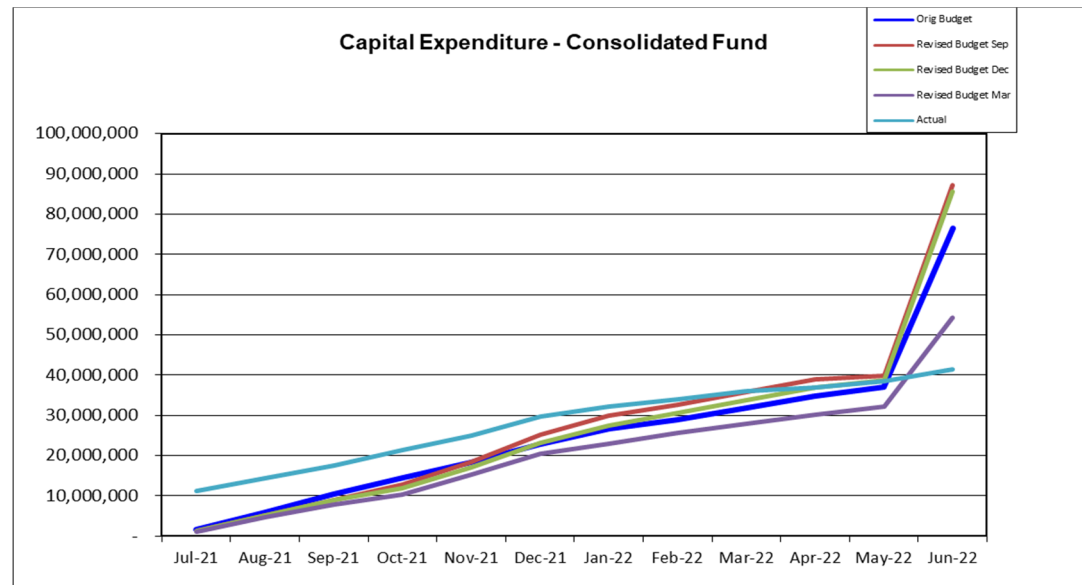
| Budget Program | Budget June | Actual June | Committed June | Total June | % Variance | \$ Variance | Variance F or U | Total Budget for Year | % Variance |
|--|-------------------|-------------------|-------------------|-------------------|----------------|--------------------|---------------------|--------------------------|----------------|
| OPERATING EXPENDITURE | | | | | | | | | |
| General Manager's Office | 194,000 | 158,144 | 22,593 | 180,737 | 93.16% | 13,263 | Favourable | 194,000 | 93.16% |
| People & Culture | 47,000 | 348,298 | 67,548 | 415,847 | 884.78% | (368,847) | Unfavourable | 47,000 | 884.78% |
| Total General Manager's Office Directorate | 241,000 | 506,443 | 90,142 | 596,584 | 247.55% | (355,584) | Unfavourable | 241,000 | 247.55% |
| Councillor Services | 1,245,300 | 1,136,025 | 12,317 | 1,148,342 | 92.21% | 96,958 | Favourable | 1,245,300 | 92.21% |
| Financial Services | (2,208,900) | (2,222,884) | 4,895 | (2,222,989) | 100.64% | 14,089 | Favourable | (2,208,900) | 100.64% |
| Information Systems | 213,400 | 52,054 | 586,215 | 638,268 | 299.09% | (424,868) | Unfavourable | 213,400 | 299.09% |
| Corporate Services | 159,200 | 318,153 | 73,111 | 391,264 | 245.77% | (232,064) | Unfavourable | 159,200 | 245.77% |
| Community Development | 4,330,700 | 3,129,527 | 20,492 | 3,150,020 | 72.74% | 1,180,680 | Favourable | 4,330,700 | 72.74% |
| Sandhills Childcare Centre | 1,824,400 | 1,573,369 | 10,249 | 1,583,618 | 86.80% | 240,782 | Favourable | 1,824,400 | 86.80% |
| Other Childrens Services | 608,400 | 400,293 | 1,319 | 401,611 | 66.01% | 206,789 | Favourable | 608,400 | 66.01% |
| Public Libraries | 2,162,000 | 2,123,776 | 23,622 | 2,147,398 | 99.32% | 14,602 | Favourable | 2,162,000 | 99.32% |
| Total Corporate and Community Services Directorate | 8,334,500 | 6,505,313 | 732,219 | 7,237,532 | 86.84% | 1,096,968 | Favourable | 8,334,500 | 86.84% |
| Supervision and Administration | 233,600 | (108,748) | 10,537 | (98,211) | -42.04% | 331,811 | Favourable | 233,600 | -42.04% |
| Asset Management Planning | 207,100 | 84,122 | 30,882 | 115,004 | 55.53% | 92,096 | Favourable | 207,100 | 55.53% |
| Projects & Commercial Development | 377,400 | 351,164 | 0 | 351,164 | 93.05% | 26,236 | Favourable | 377,400 | 93.05% |
| Emergency Services and Flood Management | 964,300 | 958,949 | 12,230 | 971,179 | 100.71% | (6,879) | Unfavourable | 964,300 | 100.71% |
| Depot Services and Fleet Management | 2,300 | (534,834) | 43,959 | (490,875) | -21342.41% | 493,175 | Favourable | 2,300 | -21342.41% |
| Local Roads and Drainage | 9,213,400 | 8,736,424 | 302,437 | 9,038,861 | 98.11% | 174,539 | Favourable | 9,213,400 | 98.11% |
| Transport for New South Wales | 3,684,100 | 11,031,287 | 2,151,727 | 13,183,014 | 357.84% | (9,498,914) | Unfavourable | 3,684,100 | 357.84% |
| Open Spaces and Recreation | 6,241,100 | 7,335,304 | 436,401 | 7,771,705 | 124.52% | (1,530,605) | Unfavourable | 6,241,100 | 124.52% |
| Quarries | 100,000 | 169,581 | 0 | 169,581 | | (69,581) | Unfavourable | 100,000 | 169.58% |
| Cavanbah Sports Centre | 742,500 | 773,354 | 2,996 | 776,349 | 104.56% | (33,849) | Unfavourable | 742,500 | 104.56% |
| First Sun Holiday Park | 2,879,800 | 2,469,978 | 805 | 2,470,783 | 85.80% | 409,017 | Favourable | 2,879,800 | 85.80% |
| Suffolk Park Holiday Park | 928,700 | 756,750 | 740 | 757,490 | 81.56% | 171,210 | Favourable | 928,700 | 81.56% |
| Facilities Management | 4,600,900 | 2,576,628 | 947,142 | 3,523,770 | 76.59% | 1,077,131 | Favourable | 4,600,900 | 76.59% |
| Waste Management | 11,417,900 | 11,387,826 | 89,362 | 11,477,188 | 100.52% | (59,288) | Unfavourable | 11,417,900 | 100.52% |
| Water Supply - Management | 11,121,200 | 9,783,750 | 319,197 | 10,102,947 | 90.84% | 1,018,253 | Favourable | 11,121,200 | 90.84% |
| Sewerage Services - Management | 13,281,700 | 12,095,169 | 914,151 | 13,009,320 | 97.95% | 272,380 | Favourable | 13,281,700 | 97.95% |
| Total Infrastructure Services Directorate | 65,996,000 | 67,866,703 | 5,262,565 | 73,129,268 | 110.81% | (7,133,268) | Unfavourable | 65,996,000 | 110.81% |
| Development & Certification | 5,681,300 | 5,749,045 | 5,426 | 5,754,471 | 101.29% | (73,171) | Unfavourable | 5,681,300 | 101.29% |
| Land & Natural Environment | 3,760,800 | 2,961,191 | 166,368 | 3,127,560 | 83.16% | 633,240 | Favourable | 3,760,800 | 83.16% |
| Environment & Compliance Services | 3,164,400 | 2,990,414 | 1,927 | 2,992,341 | 94.56% | 172,059 | Favourable | 3,164,400 | 94.56% |
| Economic Development | 729,800 | 603,246 | 6,682 | 609,928 | 83.57% | 119,872 | Favourable | 729,800 | 83.57% |
| Total Sustainable Environment and Economy Directorate | 13,336,300 | 12,303,896 | 180,403 | 12,484,299 | 93.61% | 852,001 | Favourable | 13,336,300 | 93.61% |
| Total Operating Expenditure | 87,907,800 | 87,182,354 | 6,265,328 | 93,447,683 | 106.30% | (5,539,883) | Unfavourable | 87,907,800 | 106.30% |

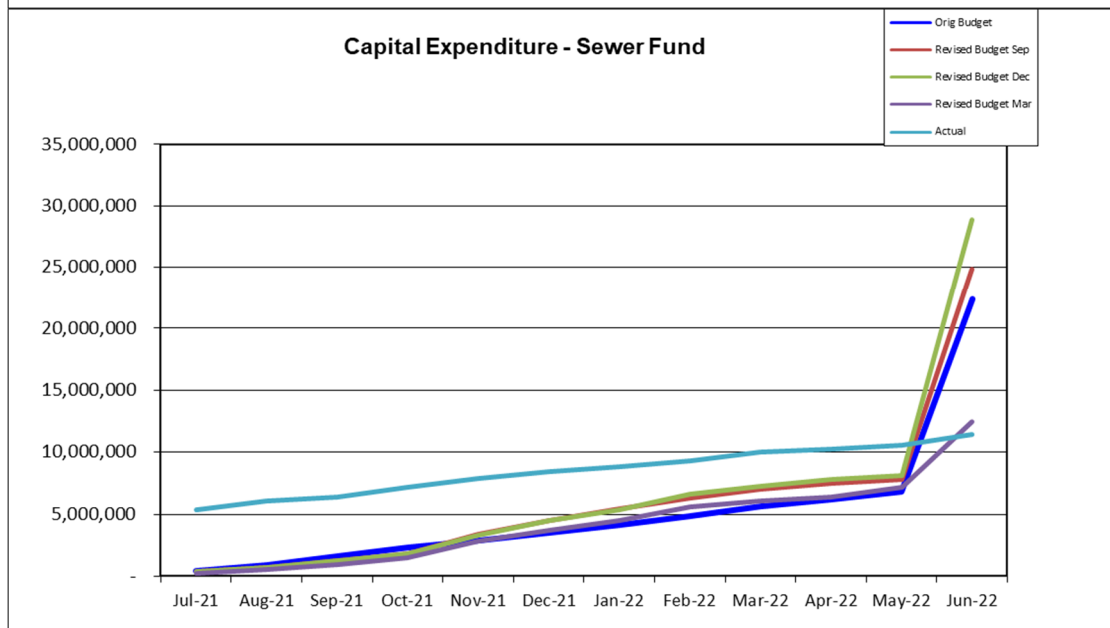
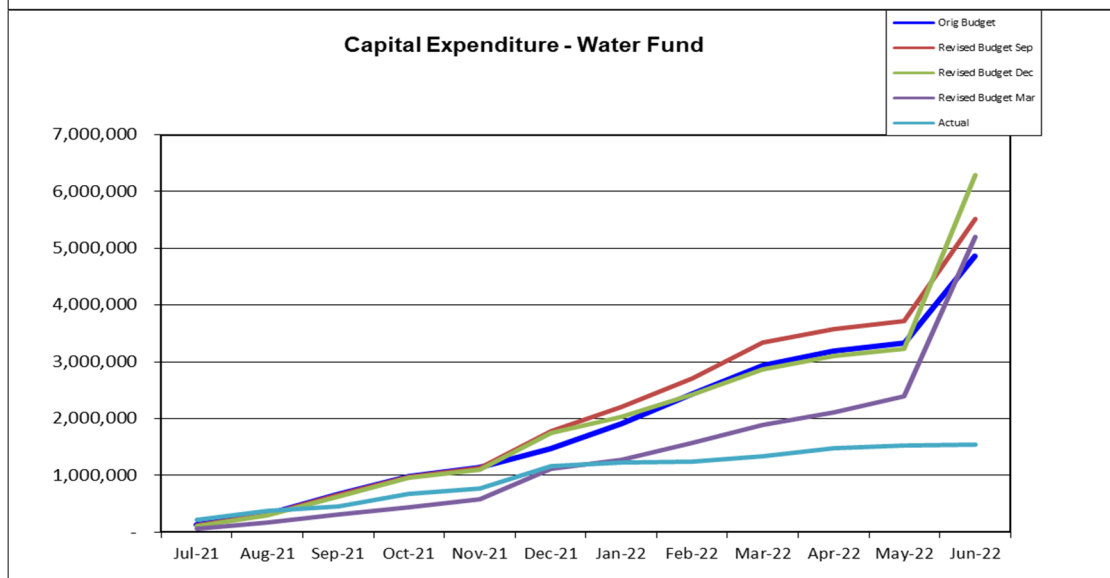
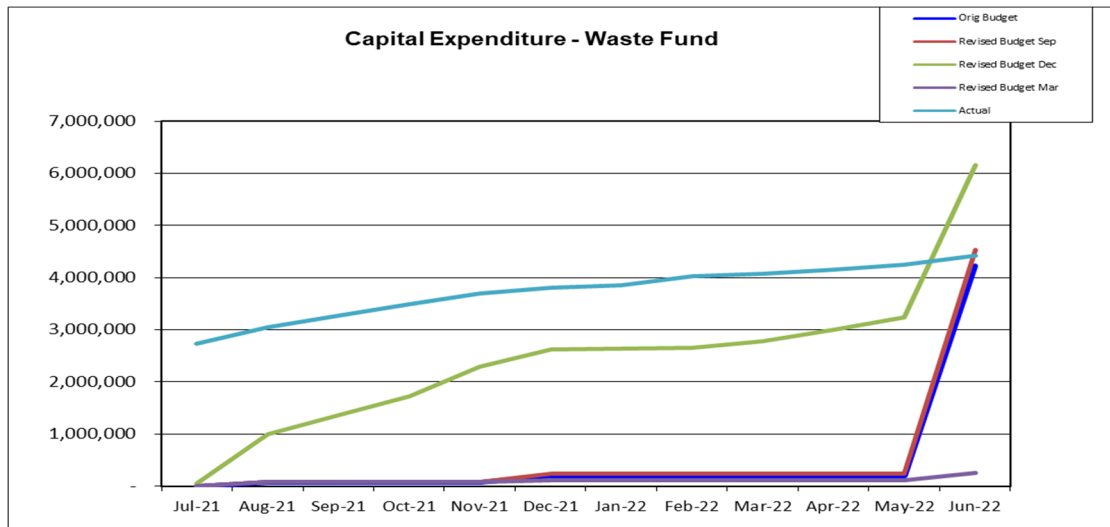
CAPITAL EXPENDITURE

Total capital expenditure at 30 June 2022 is \$41,483,659 (actual plus committed) compared to a budget of \$54,313,900. Percentage wise capital expenditure is at 76.38% of budget whereas the financial year is 100% complete. Please note the level of capital expenditure actual compared to budget is not necessarily representative of the level of capital works project completion.

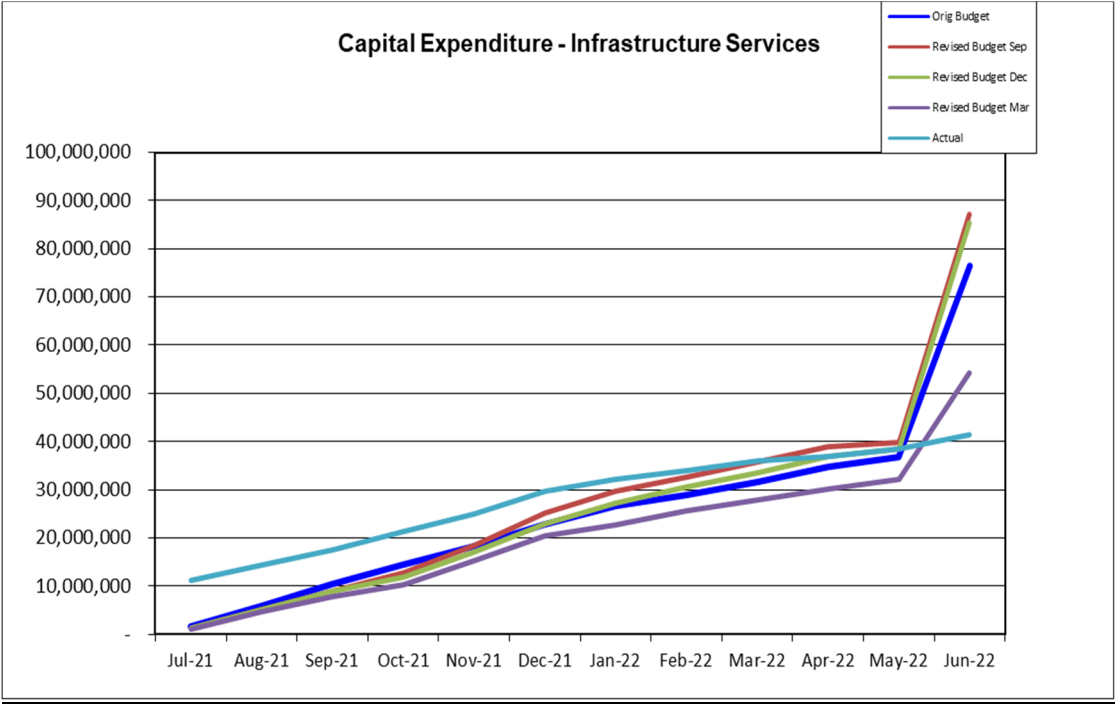
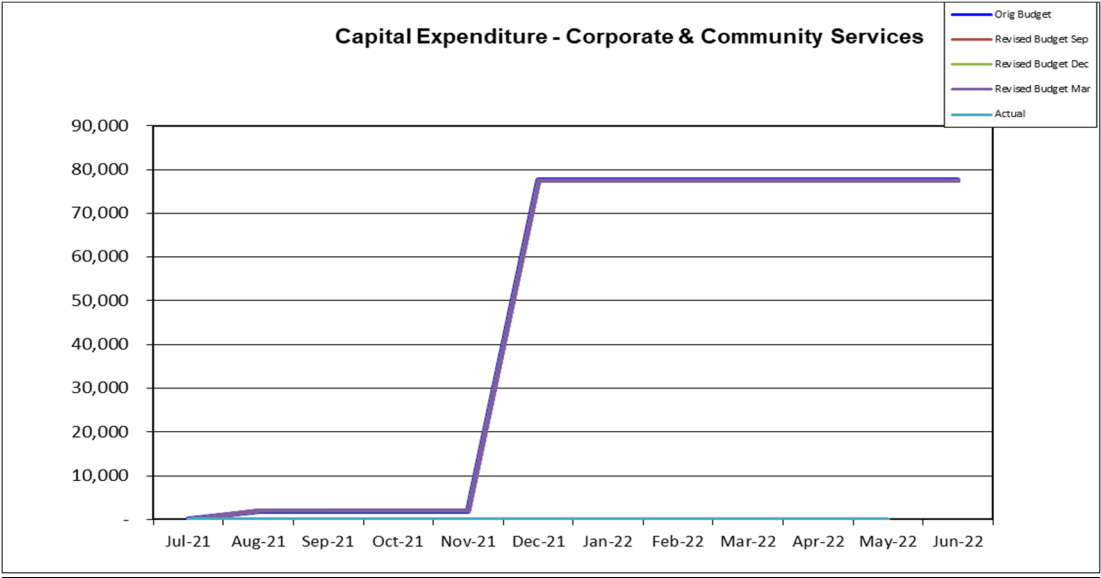
Graphically this is represented as follows by Fund and then Directorate:

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 % = 100%

Variance Analysis compared to Profiled Budget:

| Budget Program | Budget June | Actual June | Committed June | Total June | % Variance | \$ Variance | Variance F or U | Total Budget for Year | % Variance |
|---|-------------------|-------------------|-------------------|-------------------|---------------|-------------------|--------------------|--------------------------|---------------|
| <u>CAPITAL EXPENDITURE</u> | | | | | | | | | |
| Sandhills | 77,500 | 0 | 0 | 0 | 0.00% | 77,500 | Favourable | 77,500 | 0.00% |
| Total Corporate and Community Services Directorate | 77,500 | 0 | 0 | 0 | 0.00% | 77,500 | | 77,500 | 0.00% |
| Projects & Commercial Development | 149,900 | 198,641 | 194,108 | 392,749 | 262.01% | (242,849) | Unfavourable | 149,900 | 262.01% |
| Depot Services and Fleet Management | 2,333,900 | 857,077 | 810,490 | 1,667,566 | | 666,334 | Favourable | 2,333,900 | 71.45% |
| Emergency Services | 0 | 0 | 0 | 0 | | 0 | Unfavourable | 0 | 0.00% |
| Local Roads and Drainage | 27,773,500 | 18,242,622 | 1,775,653 | 20,018,275 | 72.08% | 7,755,225 | Favourable | 27,773,500 | 72.08% |
| Transport for New South Wales | 367,700 | 202,481 | 0 | 202,481 | | 165,219 | Favourable | 367,700 | 55.07% |
| Open Spaces and Recreation | 3,174,300 | 1,732,082 | 2,694,475 | 4,426,557 | 139.45% | (1,252,257) | Unfavourable | 3,174,300 | 139.45% |
| Cavanbah Centre | 330,400 | 114,059 | 118,379 | 232,438 | 70.35% | 97,962 | Favourable | 330,400 | 70.35% |
| First Sun Holiday Park | 286,000 | 59,073 | 0 | 59,073 | 20.65% | 226,927 | Favourable | 286,000 | 20.65% |
| Suffolk Park Holiday Park | 295,000 | 225,380 | 0 | 225,380 | 76.40% | 69,620 | Favourable | 295,000 | 76.40% |
| Facilities Management | 1,594,200 | 797,244 | 212,427 | 1,009,671 | 63.33% | 584,529 | Favourable | 1,594,200 | 63.33% |
| Waste Management | 258,500 | 207,951 | 49,333 | 257,284 | 99.53% | 1,216 | Favourable | 258,500 | 99.53% |
| Water Supply - Operations | 5,196,800 | 1,336,413 | 199,563 | 1,535,976 | 29.56% | 3,660,824 | Favourable | 5,196,800 | 29.56% |
| Sewerage Services - Operations | 12,476,200 | 8,513,593 | 2,942,617 | 11,456,210 | 91.82% | 1,019,990 | Favourable | 12,476,200 | 91.82% |
| Total Infrastructure Services Directorate | 54,236,400 | 32,486,615 | 8,997,045 | 41,483,659 | 76.49% | 12,752,741 | Favourable | 54,236,400 | 76.49% |
| Total Capital Expenditure | 54,313,900 | 32,486,615 | 8,997,045 | 41,483,659 | 76.38% | 12,830,241 | Favourable | 54,313,900 | 76.38% |

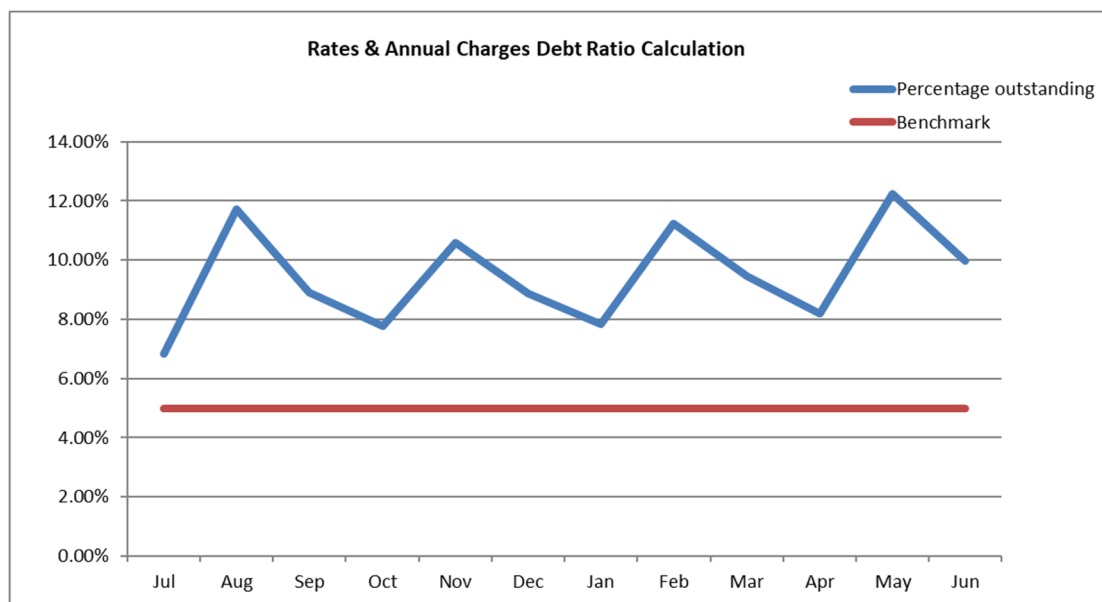
OTHER FINANCIAL INDICATORS

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.

A comment is provided for each indicator.

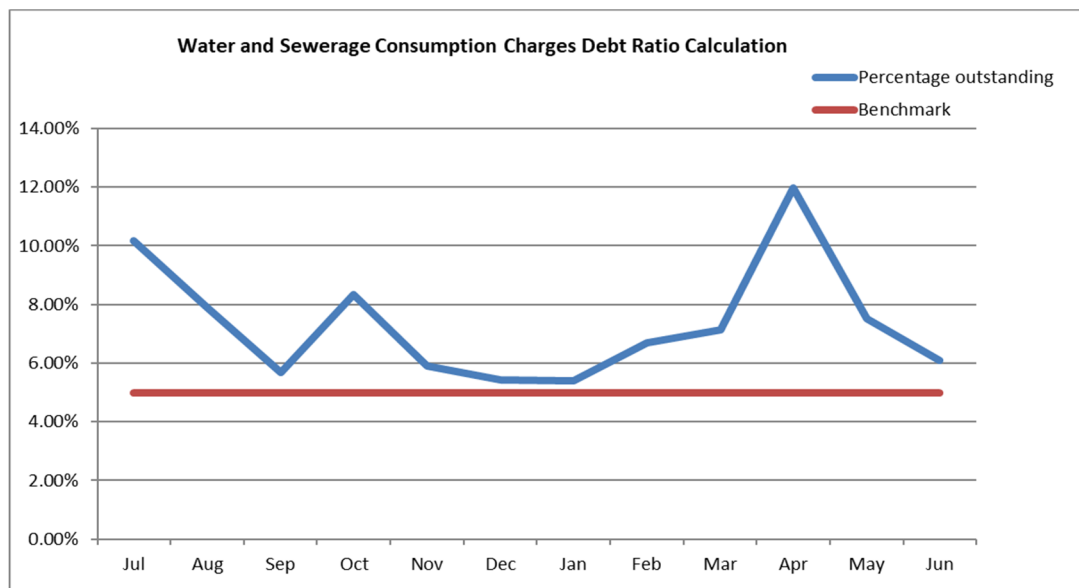
Recovery of Outstanding Rates and Annual Charges



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.

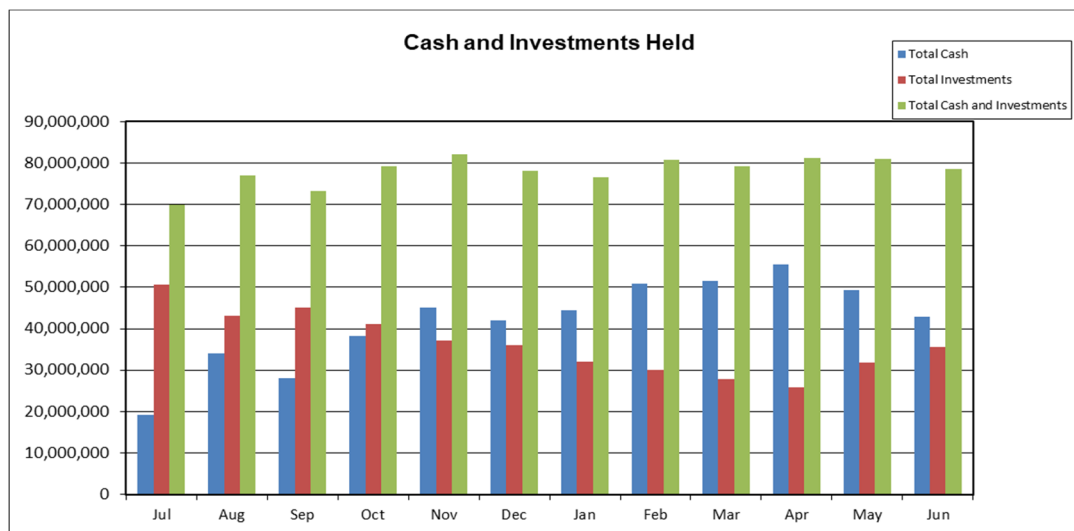
Recovery of Outstanding Water and Sewerage Consumption Charges



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.

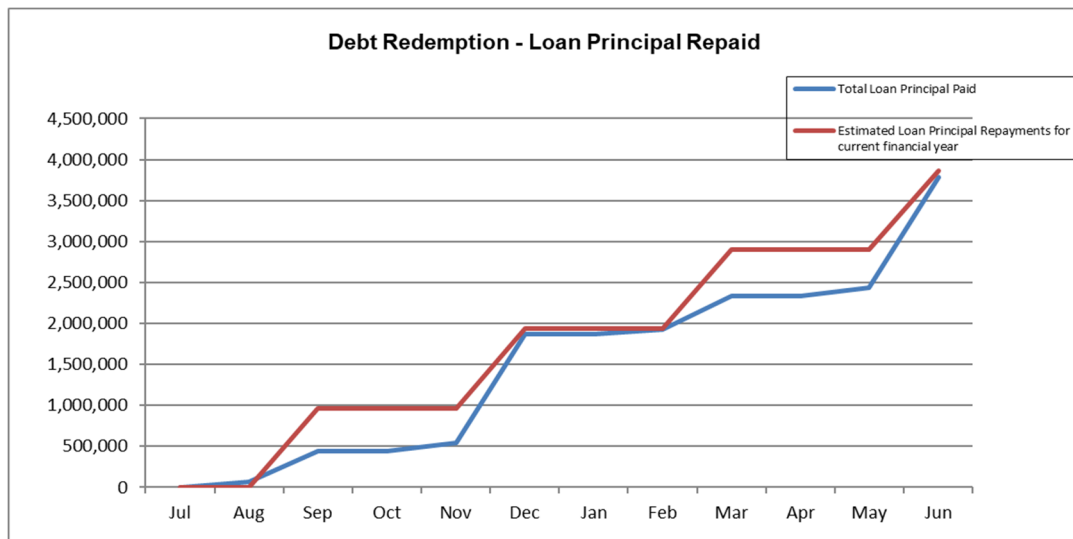
Level of Cash and Investments Held



Comment:

The cash position during June 2022 has decreased by approximately \$2.4 million compared to the May 2022 cash and investments level.

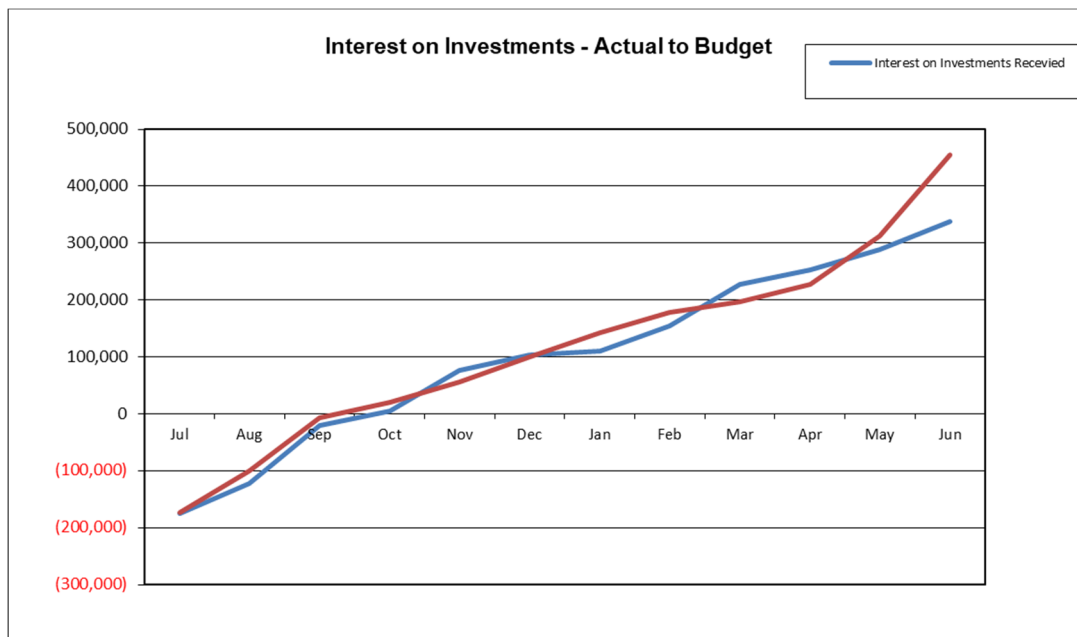
The progress of repayment of Council's Outstanding Loan Principal against Budget



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 \$3,686,200 in loan principal during 2021/2022.

Interest on Investments generated compared to Budget



Comment:

The reversal of accrued interest on investment revenue raised in June 2021 has made the interest on investments negative for the first quarter of the 2022 financial year. As interest payments are received this will clear and then interest on investment revenue relevant for 2021/2022 will start to be shown.

Please note, these figures do not include the interest accruals from investments made in the 2022 financial year that will receive their interest payments in the 2023 financial year.