



AGENDA

FOR FINANCE AND CORPORATE SERVICES COMMITTEE MEETING TO BE HELD ON

15 JULY 2024 AT THE CONCLUSION OF THE POLICY AND PLANNING COMMITTEE

**IN LITTLE PARA CONFERENCE ROOMS, SALISBURY COMMUNITY HUB,
34 CHURCH STREET, SALISBURY**

MEMBERS

Cr B Brug (Chairman)
Mayor G Aldridge
Cr L Brug (Deputy Chairman)
Deputy Mayor, Cr C Buchanan
Cr J Chewparsad
Cr A Graham
Cr K Grenfell
Cr D Hood
Cr P Jensen
Cr M Mazzeo
Cr S McKell
Cr S Ouk
Cr S Reardon

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
A/General Manager Business Excellence, Ms J Emerson
General Manager City Infrastructure, Mr J Devine
General Manager Community Development, Mrs A Pokoney Cramey
General Manager City Development, Ms M English
Manager Governance, Mr R Deco
Team Leader Council Governance, Ms J O'Keefe-Craig
Governance Support Officer, Ms K Boyd

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Finance and Corporate Services Committee Meeting held on 11 June 2024.

REPORTS

Administration

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For Decision

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For Information

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QUESTIONS ON NOTICE

There are no Questions on Notice.

MOTIONS ON NOTICE

There are no Motions on Notice.

OTHER BUSINESS

(Questions Without Notice, Motions Without Notice, CEO Update)

CLOSE



**MINUTES OF FINANCE AND CORPORATE SERVICES COMMITTEE MEETING
HELD IN LITTLE PARA CONFERENCE ROOMS, SALISBURY COMMUNITY HUB,
34 CHURCH STREET, SALISBURY ON**

11 JUNE 2024

MEMBERS PRESENT

Cr B Brug (Chairman)
Cr L Brug (Deputy Chairman)
Deputy Mayor, Cr C Buchanan
Cr J Chewparsad
Cr A Graham
Cr K Grenfell
Cr D Hood
Cr P Jensen
Cr S McKell
Cr S Ouk

STAFF

Chief Executive Officer, Mr J Harry
Deputy Chief Executive Officer, Mr C Mansueto
General Manager City Infrastructure, Mr J Devine
General Manager Community Development, Mrs A Pokoney Cramey
General Manager City Development, Ms M English
Manager Governance, Mr R Deco
Governance Support Officer, Ms K Boyd
Governance Administrative Officer, Ms K Hernen
Manager Finance and Procurement Services, Ms K George
Manager Strategic Development Projects, Ms S Klein
Development Manager, Ms J Owen

The meeting commenced at 6.33pm.

The Chairman welcomed the Elected Members, members of the public and staff to the meeting.

APOLOGIES

Apologies were received from Mayor G Aldridge and Cr M Mazzeo.

ABSENT

Cr S Reardon.

LEAVE OF ABSENCE

Nil.

PRESENTATION OF MINUTES

Moved Cr A Graham
Seconded Cr K Grenfell

The Minutes of the Finance and Corporate Services Committee Meeting held on 20 May 2024, be taken as read and confirmed.

CARRIED

REPORTS

Administration

2.0.1 Future Reports for the Finance and Corporate Services Committee

Moved Cr L Brug
Seconded Cr S McKell

That Council:

1. Notes the report.

CARRIED

For Decision

2.1.1 Rating Strategy 2024/25

Moved Cr J Chewparsad
Seconded Cr S McKell

That Council:

1. Approves a rate increase based on 6.2% average increase in residential rates, and a 6.2% increase for Commercial and Industrial, and a 30% differential on the residential rate be applied to vacant land, as the basis for setting rates in 2024/25.

CARRIED

2.1.2 NAWMA (Northern Adelaide Waste Management Authority) Third Quarter Budget Review 2023/24

Cr K Grenfell declared a general conflict of interest on the basis of being a Board member of NAWMA, noting the conflict of interest exemption under Regulation 8AAA(1)(f) of the Local Government (General) Regulations 2013 “the adoption or revision of a budget”. Cr Grenfell remained in the meeting and voted on the item.

Cr C Buchanan declared a general conflict of interest on the basis of being a Board member of NAWMA, noting the conflict of interest exemption under Regulation 8AAA(1)(f) of the Local Government (General) Regulations 2013 “the adoption or revision of a budget”. Cr C Buchanan remained in the meeting and voted on the item.

Moved Cr P Jensen
Seconded Cr A Graham

That Council:

1. Endorses the Third Quarter Budget Review of the Northern Adelaide Waste Management Authority as contained in Attachment 1 to this report (Item 2.1.2, Finance and Corporate Services Committee, 11 June 2024).

CARRIED

*The majority of members present voted IN FAVOUR of the MOTION.
Cr C Buchanan voted IN FAVOUR of the MOTION.
Cr K Grenfell voted IN FAVOUR of the MOTION.*

2.1.3 2024/25 Long Term Financial Plan and Annual Business Plan and Budget Public Consultation Report

Moved Cr C Buchanan
Seconded Cr K Grenfell

That Council:

1. Notes the 2024/25 Draft Long Term Financial Plan and Annual Business Plan and Budget Public Consultation Report.
2. Approves the draft responses to the 2024/25 Long Term Financial Plan and Annual Business Plan and Budget consultation submissions as contained in Attachment 1 to this report (Item 2.1.3, Finance and Corporate Services Committee, 11 June 2024).

CARRIED

2.1.4 Budget Update

Moved Cr C Buchanan
Seconded Cr A Graham

That Council:

1. Approves the Consolidated Budget Summary and Proposed Budget Adjustments to the Consolidated Summary as contained in Attachments 1 and 2 (new items subsequent to Public Consultation) to this report (Item 2.1.4, Finance and Corporate Services Committee, 11 June 2024).
2. Notes new and modified Capital budget bids for items approved by Council and included in the Draft 2024/25 Long Term Financial Plan and Annual Business Plan for Public Consultation:
 - PSN001163 - SAMP Streetscapes Planting Service Continuity Program (\$176.5k) – reduction in operating funding to reflect the change in delivery of this program from contractually managed to internally managed as per Council Resolution 0673/2024, April 2024 (Paragraph 3.2.1 and Attachment 3).
 - SPN001286 – CONFIDENTIAL ITEM \$9,918k as per Council Resolution 0690/2024, April 2024 (Paragraph 3.2.2 and Attachment 4).
 - PFN001287 - Streetscapes Tree Planting Machinery & Equipment \$625k – to provide funding for additional tree planting machinery & equipment to enable the delivery of Streetscapes Tree Planting using Council internal resources as per Council Resolution 0673/2024, April 2024 (Paragraph 3.2.3 and Attachment 5).
3. Notes new and modified Operating budget bids for items approved by Council and included in the Draft 2024/25 Long Term Financial Plan and Annual Business Plan for Public Consultation:
 - OPN0001284 Social Worker in Libraries Pilot \$100k – to fund the trial of a co-located full-time social worker (through an external provider) to be primarily based in the Salisbury Community Hub, as per Council Resolution 0672/2024, April 2024 (Paragraph 3.3.1 and Attachment 6).
 - OPN001288 Streetscape Tree Planting Staffing \$183k – additional employee costs associated with the internal delivery of the Streetscape Tree Planting Continuity Program, with 100% of this cost capitalised as per Council Resolution 0673/2024, April 2024 (Paragraph 3.3.2 and Attachment 7).
4. Approves new Operating Bids:
 - OPN001289 Caltrop Treatment Control \$210k – additional funding to facilitate an increase in proactive Caltrop treatment service levels as per Council Resolution 0700/2024, May 2024 (Paragraph 3.4.1 and Attachment 8).

-
- Delegates to the Chief Executive Officer to transfer funds from the Chief Executive Officer Consulting budget to other areas of the business as required, and to report transactions made using this delegation via quarterly reviews, as per paragraph 3.10 of this report (Finance and Corporate Services, 11 June 2024).

CARRIED

2.1.5 Discretionary Rate Rebate Application for The Catholic Church Endowment Society - Centacare Family Services

Moved Cr C Buchanan
Seconded Cr J Chewparsad

That Council:

- Approves that The Catholic Church Endowment Society - Centacare Family Services are granted a 75% rebate be provided for the property located at 33 Carey Street, Salisbury SA 5108, pursuant to section 166 (1) (g) (j) of the Local Government Act 1999 (the Act) as included in paragraph 3.10 of this report (Item 2.1.5, Finance and Corporate Services Committee, 11 June 2024).

CARRIED

2.1.6 Little Para Golf Course: Proposed Fees and Charges 2024-25

Moved Cr C Buchanan
Seconded Cr J Chewparsad

That Council:

- Approves the 2024-25 Proposed Fees and Charges set out in Attachment 1 (Item 2.1.6, Finance and Corporate Services Committee, 11 June 2024) for the Little Para Golf Course.

CARRIED

2.1.7 Recreation Centres: Proposed Fees & Charges 2024-25

Moved Cr C Buchanan
Seconded Cr A Graham

That Council:

- Defers this item for consideration to enable the Administration to table a further information report at the Community Wellbeing and Sport Committee on Monday 17 June 2024, outlining the number of registered teams and players for 2022/23 and 2023/24 for netball and basketball, and also the benchmarking against Tea Tree Gully, Playford and Port Adelaide Enfield councils.

CARRIED

2.1.8 Australia Post Minimum for Rate Payments

Pursuant to section 75 of the Local Government Act 1999, Cr K Grenfell declared a material conflict of interest on the basis of her employment. Cr K Grenfell managed the conflict by leaving the meeting. Cr K Grenfell left the meeting at 6:58 pm.

Moved Cr C Buchanan
Seconded Cr P Jensen

That Council:

1. Approves the retention of the Australia Post minimum payment for rates at \$30 for the 2024/25 financial year.

CARRIED

Cr K Grenfell returned to the meeting at 7:02 pm.

QUESTIONS ON NOTICE

There were no Questions on Notice.

MOTIONS ON NOTICE

There were no Motions on Notice.

OTHER BUSINESS

(Questions Without Notice, Motions Without Notice, CEO Update)

There were no Other Business items.

ORDER TO EXCLUDE THE PUBLIC

2.4.1 Postponement of Clean Up Charges under Section 182 of the Local Government Act

Moved Cr A Graham
Seconded Cr J Chewparsad

The Finance and Corporate Services Committee orders:

1. Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, it is necessary and appropriate to exclude the public for the consideration of **Agenda Item 2.4.1: Postponement of Clean Up Charges under Section 182 of the Local Government Act**, under Section 184 of the Local Government Act 1999 with the exception of the following persons:

- Chief Executive Officer
- Deputy Chief Executive Officer
- General Manager City Infrastructure
- General Manager Community Development
- General Manager City Development
- Manager Governance
- Governance Support Officer
- Governance Administrative Officer
- Manager Finance and Procurement Services
- Manager Strategic Development Projects
- Development Manager

On the basis that:

- it relates to information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

2. In weighing up the factors related to disclosure,

- disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations

On that basis the public's interest is best served by not disclosing the **Postponement of Clean Up Charges under Section 182 of the Local Government Act** item and discussion at this point in time.

CARRIED

The meeting moved into confidence at 7.04 pm.

The meeting moved out of confidence and closed at 7.29 pm.

CHAIRMAN.....

DATE.....

ITEM	2.0.1
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	15 July 2024
HEADING	Future Reports for the Finance and Corporate Services Committee
AUTHOR	Mercedes Healy, Personal Assistant Executive Office, CEO and Governance
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community
SUMMARY	This item details reports to be presented to the Finance and Corporate Services Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

That Council:

1. Notes the report.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 Historically, a list of resolutions requiring a future report to Council has been presented to each committee for noting.

2. EXTERNAL CONSULTATION / COMMUNICATION

- 2.1 No external consultation was required in the development of this report.

3. REPORT

- 3.1 The table below outlines the reports to be presented to the Finance and Corporate Services Committee as a result of a Council resolution.

Meeting - Item	Heading and Resolution	Officer
27/06/2022	New Grant funding for Infrastructure Projects	Christy Martin
4.1.10	5. Authorises the Chief Executive Officer to distribute the \$1.1M across the grant related projects stated in paragraphs 4.2.2 and 4.2.4 of the report (Item 4.1.10 – New Grant Funding for Infrastructure Projects – Urban Services Committee, 20 June 2022) with these allocations to be summarised within the following Quarterly Budget.	
Due:	February 2024	
Deferred to:	August 2024	
Reason:	A number of projects with in this program have been extended. Administration will report back to Council once division of the CoS contribution across the projects has been determined.	

4. CONCLUSION / PROPOSAL

- 4.1 Future reports for the Finance and Corporate Services Committee have been reviewed and are presented for noting.

ITEM	2.1.1
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	15 July 2024
HEADING	Certification of the 2023/24 Annual Financial Statements
AUTHOR	Melissa Hamilton, Team Leader Accounting Services, Business Excellence
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community 4.4 We plan effectively to address community needs and identify new opportunities
SUMMARY	This report provides a summary of the 2024 end of financial year reporting process and seeks Council's authorisation for both the Mayor and the Chief Executive Officer to sign the certificate certifying the 2024 Annual Financial Statements in their final form once completed.

RECOMMENDATION

That Council:

1. Authorises the Mayor and Chief Executive Officer to sign the Council Certificate (Attachment 1, Item 2.1.1, Finance and Corporate Services Committee, 15 July 2024) certifying the Annual Financial Statements for the financial year ended 30 June 2024, following the Audit and Risk Committee's review of these Statements which is scheduled to occur on 9 October 2024.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. 2024 Annual Financial Statements - Council Certificate

1. BACKGROUND

- 1.1 Section 127 of the *Local Government Act 1999* requires that a Council must prepare financial statements and notes in accordance with the standards prescribed by the regulations, and other statements or documentation relating to the financial affairs of the council required by the regulations for each financial year.
- 1.2 A key component of meeting this legislative obligation is that the Mayor and the Chief Executive Officer must certify the Annual Financial Statements, the format of which is governed by Regulation 14 of the *Local Government (Financial Management Regulations) 2011*.

2. CONSULTATION / COMMUNICATION

2.1 External

- 2.1.1 Council's external Auditors for the 2024 End of Financial Year, BDO.

3. REPORT

- 3.1 The format of the certification of Council's Annual Financial Statements is governed by Regulation 14 of the *Local Government (Financial Management) Regulations 2011*, which states:

The financial statements of a council, council subsidiary or regional subsidiary must include a statement, in a form determined by the Minister, signed by:

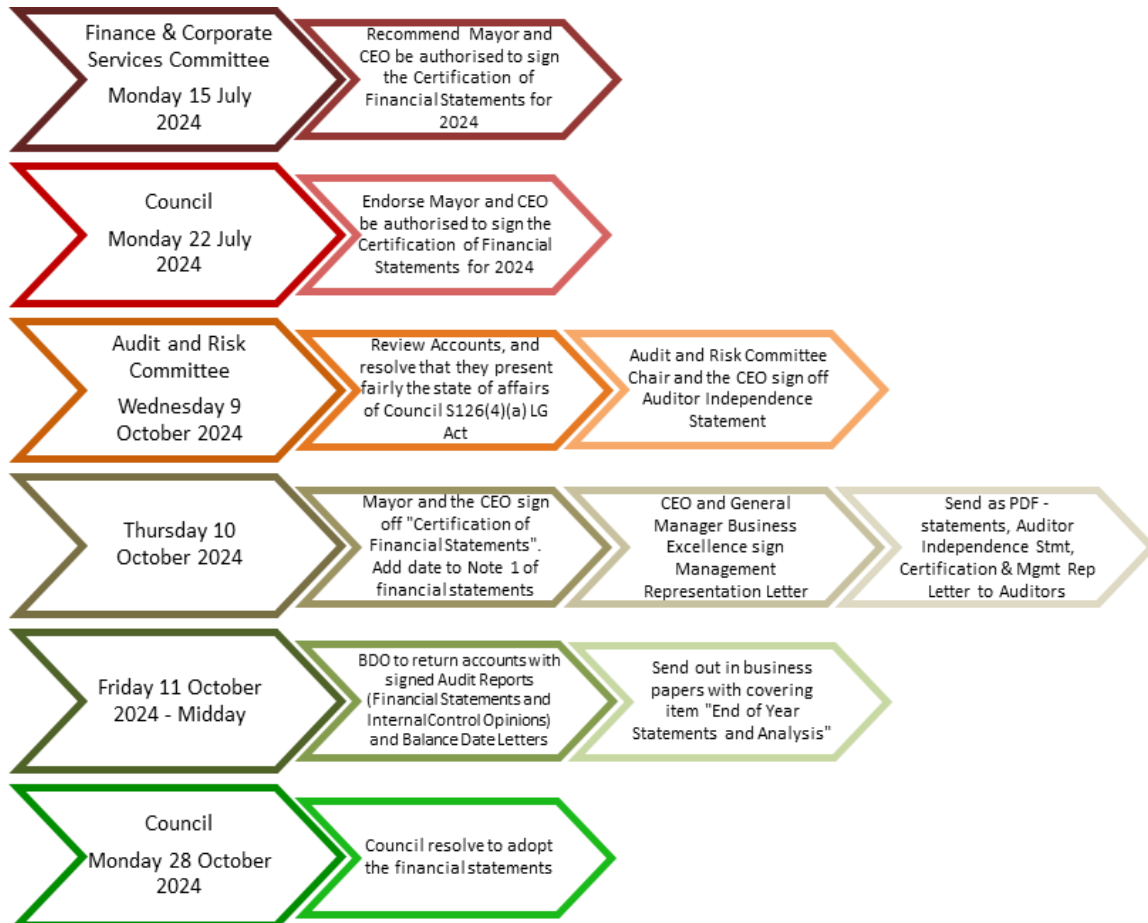
- (a) *the chief executive officer and the principal member of the council;*
- (b) *...
certifying that—*
- (c) *the financial statements comply with relevant legislation and Australian Accounting Standards; and*
- (d) *the financial statements present a true and fair view of the*
 - (i) *financial position; and*
 - (ii) *results of the operations; and*
 - (iii) *cash flows,**of the council, council subsidiary or regional subsidiary (as the case may be) for the financial year; and*
- (e) *internal controls implemented by the council, council subsidiary or regional subsidiary (as the case may be) provide a reasonable assurance that its financial records are complete, accurate and reliable and were effective throughout the financial year; and*
- (f) *the financial statements accurately reflect the accounting and other records of the council, council subsidiary or regional subsidiary (as the case may be) and;*
- (g) —
 - (i) *in the case of a council—the chief executive officer and the principal member;*
 - (ii) *...*

have been authorised by the council, council subsidiary or regional subsidiary (as the case may be) to certify the annual financial statements in their final form.

- 3.2 In accordance with the legislation Council is responsible for preparing accurate annual financial statements. This is not the responsibility of the external auditor. The external auditor's role is limited to forming an opinion as to whether the statements present fairly, in all material respects, the Council's financial position for the respective reporting period. Accordingly, the Council Certificate is located prominently at the start of the statements.

3.3 The following process and associated timeframes have been prepared consistent with previous years and legislative requirements outlined above to ensure the Audit and Risk Committee and Council certification process integrates with the legislative requirements:

Sign off Process 2024 Financial Year



3.4 Application of the above process will ensure that the legislative requirements governing the preparation, review, certification and endorsement of the Annual Financial Statements for 2024 are satisfied.

3.5 A copy of the 2024 Annual Financial Statements Council Certificate complying with Regulation 14 of the *Local Government (Financial Management) Regulations 2011* is attached for information.

4. CONCLUSION / PROPOSAL

4.1 In order to satisfy the legislative requirements governing the preparation of the 2024 Annual Financial Statements it is recommended that Council authorise the Mayor and the Chief Executive Officer to sign the Council Certificate certifying the Annual Financial Statements for year ended 30 June 2024, following the Audit and Risk Committee’s review of the Statements at its meeting on 9 October 2024.

City of Salisbury

General Purpose Financial Statements
for the year ended 30 June 2024

Council certificate

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2024 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

John Harry
Chief Executive Officer

10 October 2024

Gillian Aldridge
Mayor

10 October 2024

ITEM	2.1.2
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	15 July 2024
HEADING	Treasury Report for the Year Ended 30 June 2024
AUTHOR	Melissa Hamilton, Team Leader Accounting Services, Business Excellence
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community
SUMMARY	This report provides Council with a summary of the investment performance and loan facilities for the 2024 Financial Year in accordance with the <i>Local Government Act 1999</i> and Council's Treasury Management Policy.

RECOMMENDATION

That Council:

1. Notes the report.

ATTACHMENTS

There are no attachments to this report.

BACKGROUND

- 1.1 In accordance with Section 140 *Local Government Act 1999* and the Treasury Policy this report details the investment performance of Council funds for the year ended 30 June 2024.
- 1.2 Local Government in South Australia is in the unique position of having its own finance authority, the Local Government Finance Authority (LGFA), with State Government guaranteeing its operation.

2. CONSULTATION / COMMUNICATION

2.1 External

- 2.1.1 Information has been sourced from the LGFA with respect to an estimate of the likely value of the yearly bonus in interest rate terms that is applicable to all deposits for 2024.

3. REPORT

Borrowings

- 3.1 Council's borrowings are a mix of fixed term borrowings with the choice of fixed or variable interest rates, and variable term borrowings in the form of cash advance debentures (CAD's), all of which are held with LGFA.

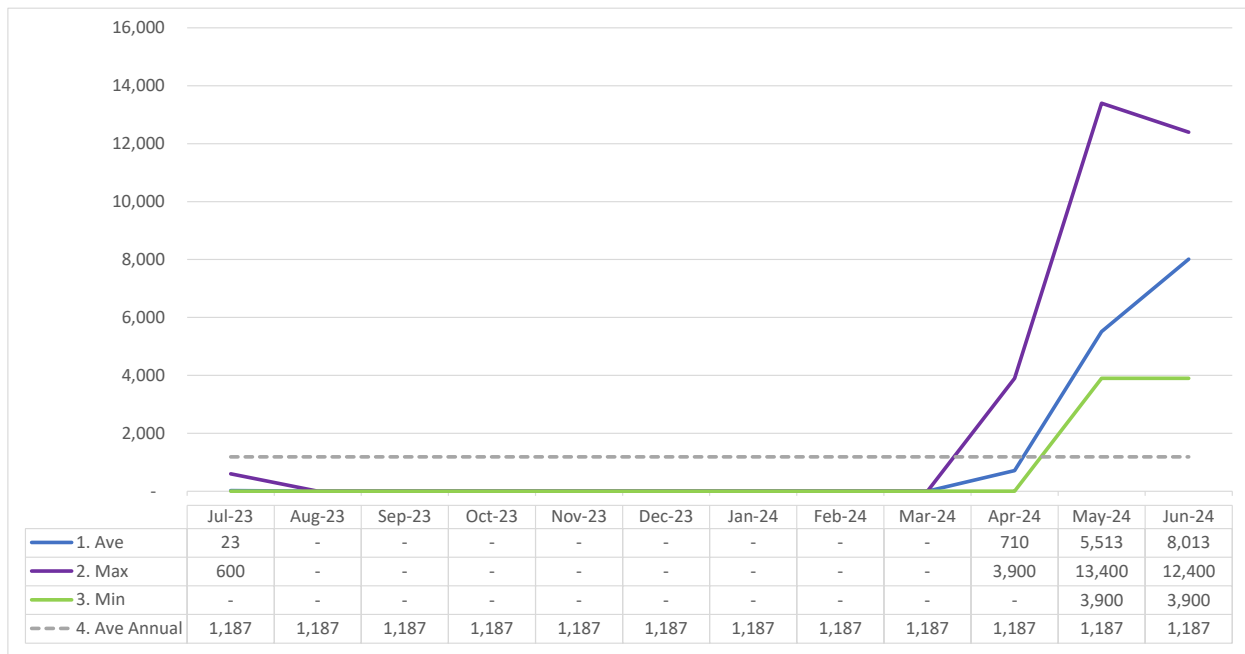
Fixed Term Borrowings

3.2 The table below details Council’s Fixed Term Borrowings at the year ended 30 June 2024. It shows an overall net decrease in fixed term borrowings of \$1.4M from 30 June 2023, with no additional fixed term borrowings established during the 2024 Financial Year.

Reference	Amount Borrowed	Date Established	Maturity	Interest rate	Principal Balance 30/06/2024	Principal Balance 30/06/2023	Reduction in Principal	Annual Repayment Amount	Interest Paid
LGFA 0263	\$ 9,000,000	15/06/2010	15/06/2025	6.58%	\$ 908,050	\$ 1,759,176	\$ 851,126	\$ 953,104	\$ 101,979
LGFA 0264	\$ 5,889,000	15/06/2011	15/06/2026	6.80%	\$ 1,164,167	\$ 1,690,403	\$ 526,236	\$ 632,387	\$ 106,151
LGFA 0266	\$ 500,000	15/11/2016	15/11/2031	4.00%	\$ 288,839	\$ 319,066	\$ 32,207	\$ 44,650	\$ 12,443
Total	\$ 15,389,000				\$ 2,359,077	\$ 3,768,645	\$ 1,409,568	\$ 1,630,142	\$ 220,573

Variable Term Facilities – CAD’s

3.3 Cash Advance Debenture (CAD) drawdowns are depicted in the graph below which shows the average, maximum and minimum per month:



3.4 A total of \$20.8M has been drawdown over the year with \$10.2M repaid during the year. Maximum CAD indebtedness peaked over the year in June at \$12.4M, and average drawdown over the 12 months is \$1.2M. As at 30 June 2024, the balance of outstanding CAD’s is \$10.65M compared to zero drawdowns at 30 June 2023, with total interest costs incurred of \$73k for the full year.

3.5 The standard variable interest rate applicable to CAD’s at the time of the preparation of this report is 6.15% as compared to 6.05% at the same time last financial year.

- 3.6 The extent of any draw down on our CADs is correlated to the delivery of the infrastructure program, receipts of grant funding, and timing of rate revenue receipts. Drawdowns during the fourth quarter of 2023/24 were related to the completion of major infrastructure projects including the Salisbury Aquatic Centre. Repayment of CAD's will occur upon receipt of any significant grant funding and as rate revenue during the first quarter of the 2024/25 year.

Reference	Facility Amount	Date Established	Expiry Date	Rate	Outstanding 30/06/2024	Outstanding 30/6/2023
LGFA 0262	\$ 570,000	15/06/2010	15/06/2025	Variable	\$ -	\$ -
LGFA 0265	\$ 11,367,000	17/06/2013	17/06/2028	Variable	\$ 10,650,000	\$ -
LGFA 0267	\$ 12,000,000	15/07/2019	15/07/2034	Variable	\$ -	\$ -
LGFA 0269	\$ 21,400,000	15/07/2020	15/07/2030	Variable	\$ -	\$ -
Total	\$ 45,337,000				\$ 10,650,000	\$ -

Interest Rate Exposure Risk

- 3.7 The Treasury Policy defines the parameters for managing Interest Rate Risk Exposure as:

- Maintain on average in any year, not less than 20% of its facilities in the form of fixed interest rate borrowings, and that fixed interest rate facilities will have a variety of maturity dates; and
- Maintain not less than 20% of its average total borrowings in any year in the form of variable interest rate borrowings, calculated as the average drawn down position; and that variable rate facilities will enable payment and redraw as required to minimise borrowing costs and support Council's liquidity needs

These limits defined above apply when Net Financial Liabilities (NFL) Ratio exceed 10%. At times of NFL Ratio below 10% where possible limits defined above will be maintained.

- 3.8 The NFL Ratio is 20.5% at 30 June 2024, and whilst this is subject to further review through finalisation of the external audit, it is not anticipated to change significantly. The mix of debt is detailed in the table below:

Average Debt Level	\$	% of total	Target Range
CAD	1,183,951	26%	20-80%
Fixed Term	3,334,285	74%	20-80%
Total	4,518,236		

- 3.9 Average level of CAD drawdown over the year is \$1,183,951 and average level of fixed term borrowings is \$3,334,285, being a total level of \$4,518,236 on average, with CADs representing 26% and fixed term 74%, which is aligned to the policy.

Investments – At Call and Fixed Term Deposits

- 3.10 Council holds two types of investments, 24 hours at call funds and fixed term deposits, with the funds being held either with the LGFA or the National Australia Bank (NAB). The table below shows the respective balances as at 30 June 2024 and 30 June 2023. These funds are held to cover cash disbursements planned to occur over the coming month.

Investment Type	30/06/2024		30/06/2023	
	Interest Rate *	Balance	Interest Rate *	Balance
24 Hour At Call LGFA	4.75%	18,710	4.47%	10,539,928
NAB Professional Funds	4.55%	454,511	4.30%	482,993
Total At Call		473,221		11,022,921

** The LGFA interest rate includes an additional 0.20% (0.165% for the 2023 Financial Year) which the LGFA has advised is an estimate of the likely value of the yearly bonus in interest rate terms applicable to all deposits for 2024. The actual percentage will not be known until October 2024.*

- 3.11 Fixed Term Deposits - the fixed term deposits are made for a period of 30, 60, or 90 days, and are based on predicted cash inflows and outflows over the period. All term deposits are held with the LGFA. At the end of June 2024, Council had no fixed term deposits.
- 3.12 As can be seen in the above tables, the cash position has reduced significantly year on year with \$473k as at 30 June 2024 compared to \$11M as at 30 June 2023. Late in June 2023, Council received 100% of the 2023/24 Financial Assistance and Untied Local Roads Grants totaling \$10.5M. No advanced payment has been received in the 2024 financial year. Removing the impact of the 2023/24 advanced payment, our cash position has stayed consistent year on year.
- 3.13 The cash holdings and borrowings will continue to be monitored closely and when necessary we will draw down further on existing CAD facilities, and when a consistent level of draw down is experienced consideration given to entering into fixed borrowings which will be decision of Council.

4. CONCLUSION / PROPOSAL

- 4.1 Council investments and borrowings have been managed in accordance with Council's Treasury Policy.

ITEM	2.2.1
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	15 July 2024
HEADING	Council Finance Report - June 2024
AUTHORS	Sadaf Hashim, Accountant, Business Excellence Melissa Hamilton, Team Leader Accounting Services, Business Excellence
CITY PLAN LINKS	4.4 We plan effectively to address community needs and identify new opportunities
SUMMARY	This report provides key financial data as at 30 June 2024 for information of Council. The report demonstrates that Council is currently in a sound financial position with appropriate levels of debt and investments.

RECOMMENDATIONThat Council:

1. Notes the report.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

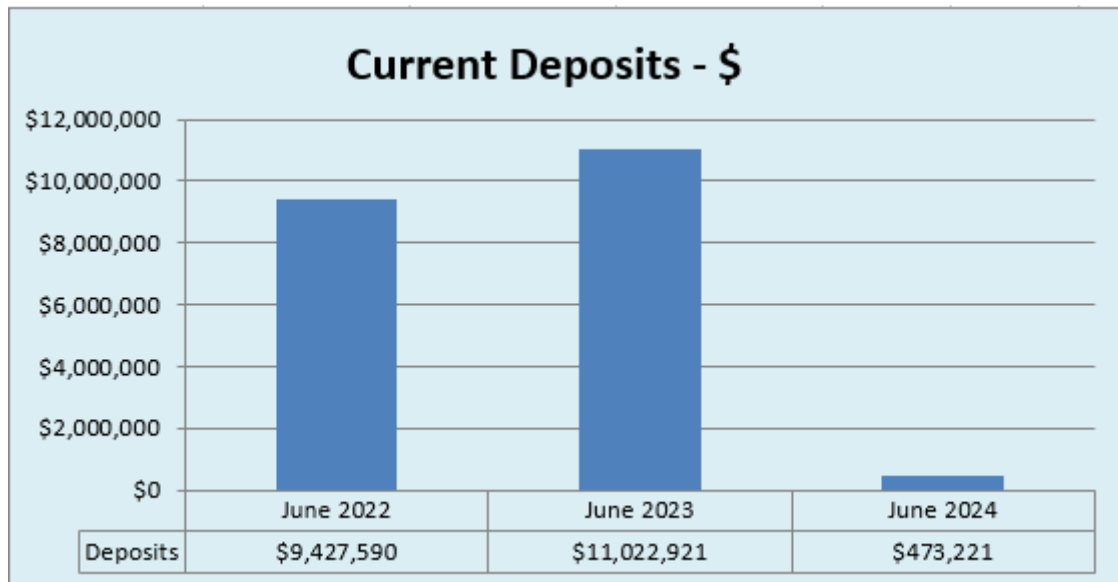
- 1.1 The Treasury Policy requires that a report be prepared detailing fixed borrowings and variable borrowings at the end of the preceding month, together with all investments held, their terms and interest rates. Also included is a summary of Reserve Balances and Rates and Debtor Information. The policy requires that the timing of these reports be November, February and May, with the end of year report as soon as practical as part of the end of financial year reporting.

2. REPORT

- 2.1 Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings are invested in accordance with Council's Treasury Policy. These investments are split between short term deposits with the Local Government Finance Authority (LGFA) (with variable maturity dates from 30-60 days) or at call with the National Australia Bank or Local Government Finance Authority.
- 2.2 Investments are selected considering which delivers the best value, having regard to investment returns, transaction costs and other relevant factors. It should be noted that there is a bonus paid on deposits with the LGFA each year, and whilst the percentage varies from year to year, typically it is around 0.20%.

2.3 Investments as at 30 June 2024

Date	Institution	%	Term-Days	Maturity	Value
30 Jun 2024	LGFA	4.55	At Call	30-June-2024	18,710
30 Jun 2024	NAB	4.55	At Call	30-June-2024	454,511
30-Jun-2023	11,022,921			30-Jun-2024	473,221



- 2.4 Cash has significantly decreased compared to June 2023, primarily due to timing of Financial Assistance and Untied Local Roads Grant (FA&ULR) payments. There has been no advanced payment of the 2024/25 FA&ULR received in 2023/24, compared to 100% of the 2023/24 grant being received in 2022/23, totaling \$10.5M. Without the early receipt in 2023/24, cash holding would have been comparable to the June 2024 figure.
- 2.5 As at 30 June 2024, Council has needed to draw down on existing cash advance debenture facilities (CAD's) totaling \$10.65M to fund the scheduled infrastructure program, which is detailed further in paragraph 2.16. The Council's cash holdings and borrowings are monitored closely and when necessary, we will continue to draw down on the existing CAD facilities, noting there are appropriate levels of facilities available to manage any cash shortfalls, with a further report to be considered by Council in coming months.

2.6 Reserves as at 30 June 2024:

	Opening Balance as 1/07/2023	Transfer to Reserves	Transfer from Reserves Budgeted	Current Balance
Open Space Reserve	1,906,874	87,169	-	1,994,043
Car Parking Reserve	985,478	45,049	-	1,030,527
Property Disposal Reserve	7,938,142	-	4,335,000	3,603,142
Mausoleum Perpetual Care Fund	983,381	98,779	-	1,082,160
Salisbury Memorial Park Reserve	948,183	43,344	-	991,527
Developer and Public Infrastructure Reserve	2,457,478	114,322	200,000	2,371,800
Salisbury Water Business Unit Reserve	2,351,773	-	-	2,351,773
Northern Futures Fund Reserve	273,843	12,518	-	286,361
Business Transformation Reserve	3,736,037	147,055	2,327,556	1,555,534

**Reserves to be finalised as part of the end of financial year processes*

2.7 Reserves are a device used to ensure that Council has sufficient funds allocated for specific purposes. Transfers to the Reserves represent amounts received as either contributions, interest adjustments or property disposal proceeds. Transfers from the Reserves represent the funding being allocated to specific projects, or to reduce loan borrowing requirements.

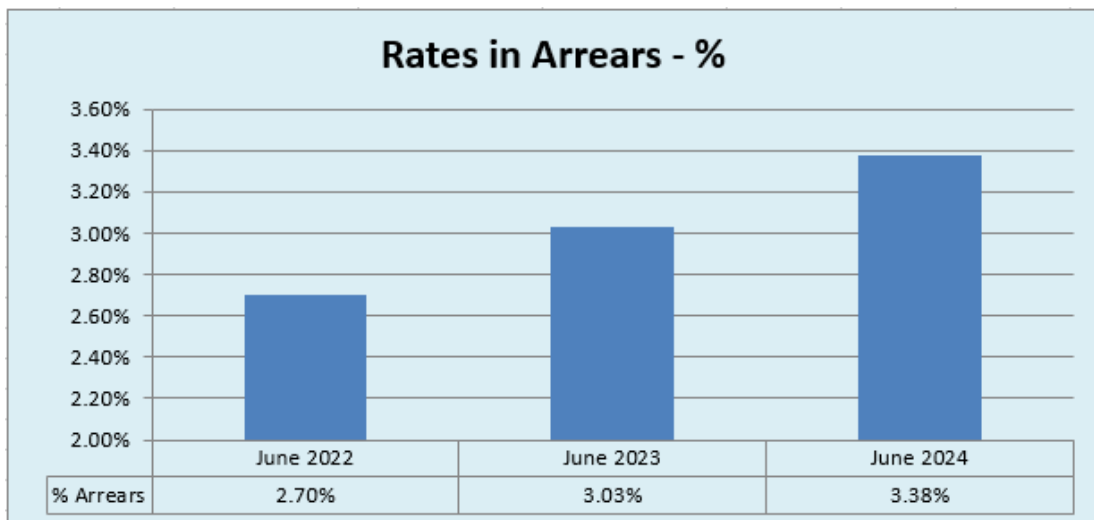
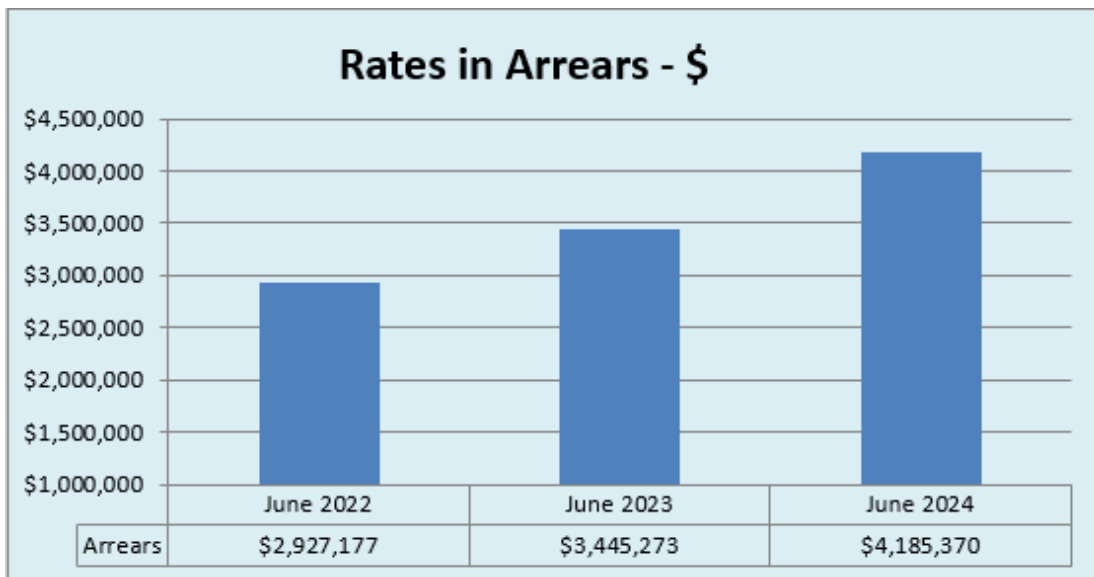
2.8 As at 30 June 2024 the most significant movements include \$52k related to the Mausoleum Perpetual Care Fund Contributions and \$10k related to the Developer and Public Infrastructure Contributions, offset by the 2023/24 Developer Funds allocation of \$200,000 into the projects approved through the budget process. The Property Disposal Reserve amount of \$4.335M has been applied to reduce required borrowings for the 2023/24 financial year, with the remaining balance of the reserve retained to support working capital requirements. Further, funds allocated to the Business Transformation Reserve of \$2.3M has been applied to fund the Project Connect expenses and the relevant employees' costs approved through budget and budget review processes.

2.9 Other smaller movements are associated with the interest totaling \$486k which is applied on the balances of the Reserves monthly based on the LGFA at call rate at the beginning of the month, with the Property Disposal Reserve and the Salisbury Water Business Unit Reserve being the only exceptions.

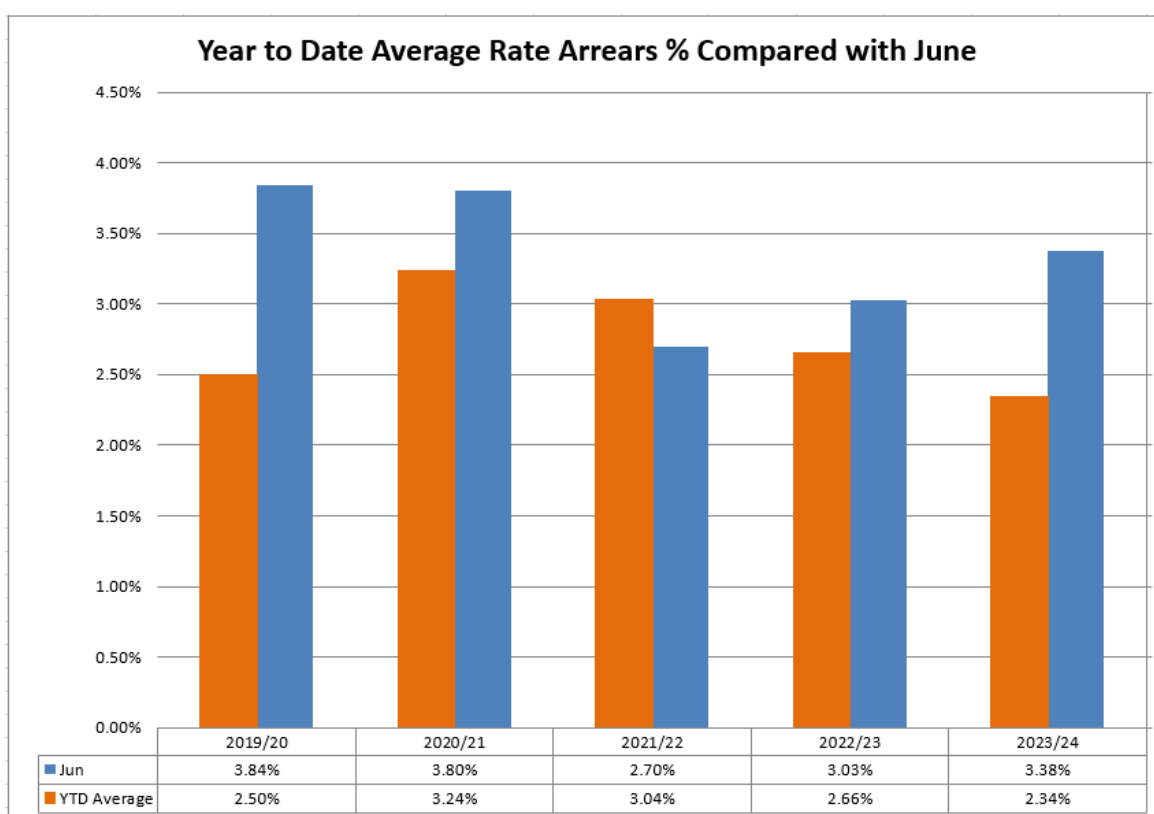
2.10 Recovery of Rates

	No of Accounts	\$	%
Outstanding Balance as at 30 June 2024*		2,073,534	1.70%
Outstanding Balance as at 30 June 2023*		1,511,914	1.35%
Outstanding Rates Arrears as at 30 June 2024	5,354	4,185,370	3.38%
Outstanding Rates Arrears as at 30 June 2023	4,806	3,445,273	3.03%

**The calculation of the outstanding balance is comprised of the amount outstanding at the time of the report, offset by payments for rates that have been received in advance. In previous reports, these amounts had also included Water Debtors and comparison data has been adjusted accordingly.*



- 2.11 The level of Council Rates in arrears as at 30 June 2024 has increased to 3.38% which is above the target maximum level for Rates Arrears of 2.5% noting that final quarter rate installment was due on the 1 June 2024, so typically the balance at the end of June is higher than target.
- 2.12 Rate arrears are cyclical in nature in that they peak in the month rate installments fall due, and then trend downwards for the next two months, meaning that the rate arrears level at a point in time may be distorted, and that the average rate arrears normalises the cyclical impacts. The graph below depicts the average year to date rate arrears, with the average to June 2024 being 2.34%, which is below the target of 2.5%.



2.13 Other Debtors as at 30 June 2024

Debtor Type	Current	30 – 60 days	60 - 90 days	Over 90 days	Total
Sundry	772,442	26,048	37,233	46,136	881,859
Salisbury Water	23,435	10,357	-	-	33,792
Inflammable Undergrowth	-	-	-	6,449	6,449
Health Licensing Fees	10,001	3,693	2,004	3,809	19,507
Property Management	155,888	17,879	7,759	10,853	192,379
TOTAL	961,766	57,977	46,996	67,247	1,133,986

2.14 The above aged analysis represents Council's Sundry debtors as at 30 June 2024. The total Sundry debtors current balance of \$882k includes various debts, all of which are a normal part of Council's operations and are expected to be paid in the upcoming period.

2.15 The above aged analysis also represents other amounts that are owing to Council from a variety of sources that are outstanding as at 30 June 2024. Debts outstanding greater than 90 days account for 6% of the total outstanding balance. Debts that are outstanding for greater than 30 days are subject to Council's debt collection procedures, which include internal follow up and ultimately legal action through Council's debt collection agency should debts remain outstanding.

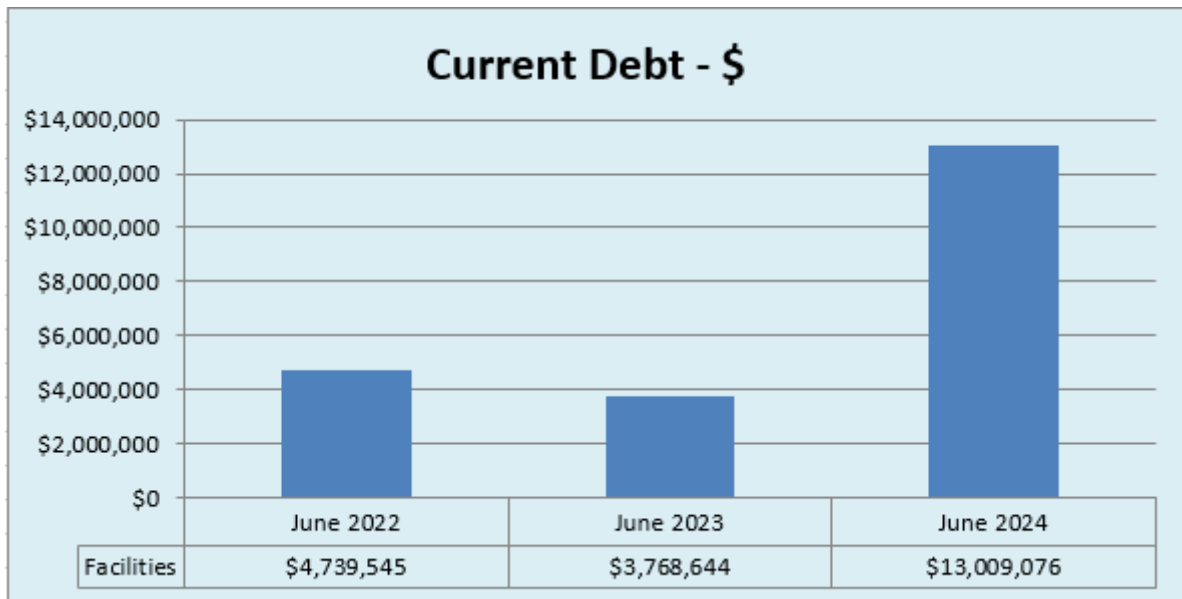
2.16 Loan Schedule as at 30 June 2024

Debenture Loans	
Principal Outstanding as at 1 July 2023	3,768,645
Loans Raised Year to Date	0
Repayments of Principal Year to Date	1,409,568
Loan Principal Outstanding - Debenture Loans	2,359,077
Cash Advance Debenture Borrowings (CADs)	
Total CAD's available	34,687,000
Current CAD's drawdown amount year to date	10,650,000
Balance of CAD's available	45,337,000
Interest Payments (Debenture Loans and CADs)	
Interest Payments - Debenture Loans	220,573
Interest Payments - CAD's	72,996
Total Interest Payments	293,569

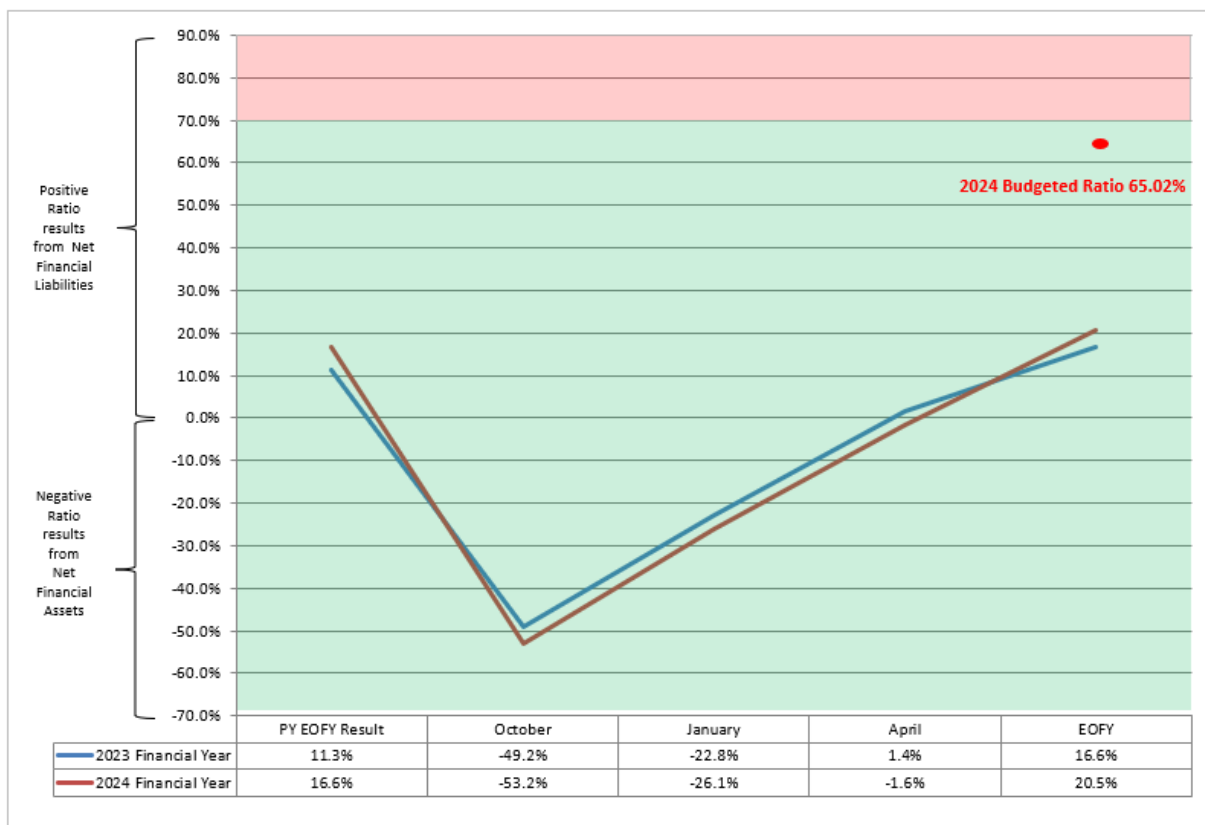
2.17 The above Loan Schedule summarises the position on loans taken for Council purposes. Fixed Term Borrowings detail total movements this financial year, with payments to be made half yearly; payments have occurred in November and December 2023 and in May and June 2024.

2.18 As at 30 June 2024, there has been Cash Advance Debenture loans drawdowns totaling \$10.65M to meet cash flow requirements, reflecting the delivery of the capital program and has resulted in associated interest payments of \$73k for the 2023/24 financial year. Further, the "Cash Advance Debenture Available Facility" has decreased from \$47,467k to \$45,337k in the current report due to the maturity of one of the Council's CAD facilities on 15 June 2024. Currently there are sufficient facilities to meet Council's borrowing requirements, with further consideration of loan borrowing requirements to be reported to Council in the coming months.

2.19 The table below shows the level of fixed term loans and drawn down debt held by Council at the same time for the last three financial years. Whilst there has been a demonstrated steady decrease in fixed term debt, Council has utilised CADs during the final quarter of the 2023/24 year to fund significant infrastructure spend. The low level of fixed term debt has resulted from Council's decision to utilise property development proceeds to offset borrowing requirements in prior years, and the shift to CADs which are drawn down as required which is strongly linked to the timing of delivery of the capital program. It is anticipated that CAD's will be repaid over the first quarter of the 2024/25 year as a result of the receipt of financial assistance grant funding and first quarter rate revenue.



2.20 Net Financial Liabilities Ratio Comparison



2.1 The graph above shows the net financial liabilities ratio (NFL) comparison for the 2023 and 2024 financial years as at the time of preparation of each Council finance report, with the 2023 end of financial year result updated to the audited amount. Council’s approved range for the NFL is less than 70% as approved for the 2024 budget year which is represented by the green shaded area on the graph.

- 2.2 It should be noted that when the ratio is below zero, that this represents a net financial assets position, which is when the financial assets (cash, receivables and financial assets) are greater than total liabilities. Effectively this means that a negative ratio is favourable. When financial assets are less than total liabilities it results in a net financial liability position, and a positive ratio.
- 2.3 As can be seen the trend is that early in both financial years Council is in a strong net financial assets position. This reflects that cash holdings and trade receivables are higher than levels of trade payables and debt. As the financial year progresses, cash holdings are spent as the infrastructure program is delivered. At the end of the 2023/24 financial year Council is in a net financial liability position of 20.5% which is within the endorsed range of <70%. Further, this is higher than 2022/23 financial year's liability ratio of 16.6% primarily due to not receiving 2024/25 FA&ULR grant in 2023/24, compared to the 100% early receipt in the 2022/23 financial year.

3. CONCLUSION / PROPOSAL

- 3.1 The analysis above demonstrates that Council is currently in a sound financial position with Net Financial Liabilities within the approved range. It should be noted that Council currently has appropriate levels of borrowing facilities to manage any cash shortfalls that may result.
- 3.2 Whilst this report provides only a summary of key financial data as 30 June 2024, the full financial results for the financial year will be reported on as part of the 2024 Annual Financial Statements which will be presented to Council in October 2024.