

Greater Shepparton City Council

MONTHLY FINANCIAL REPORT

August 2023

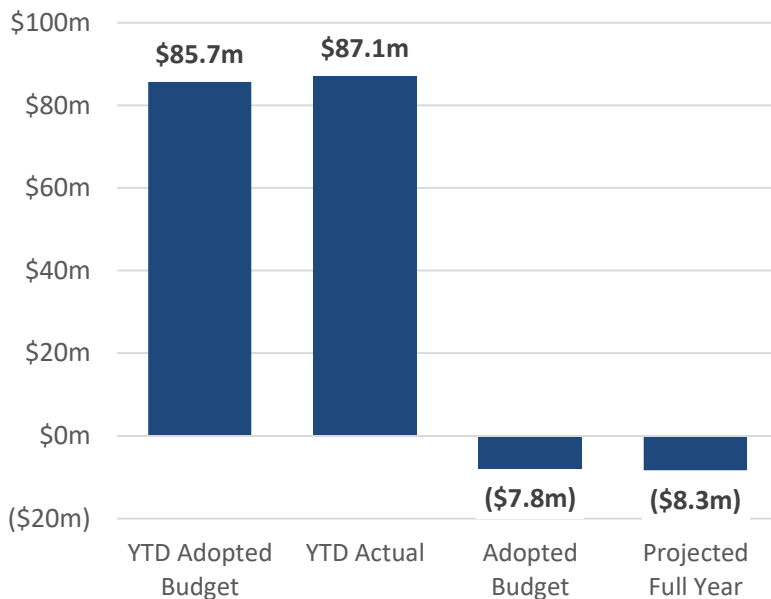
Overview

The August 2023 Monthly Financial Report provides commentary on year-to-date (YTD) budget performance and projected forecast variances, with a focus on Council's financial sustainability measures.

- Council's projected adjusted underlying result is a \$8.3m deficit which reflects the challenges Council faces in sustainable delivery of services the community value and need.
- The August YTD adjusted underlying result (surplus) has increased compared to YTD Adopted Budget due to insurance claims received resulting from the October 2022 Flood event.
- YTD figures showing a surplus includes the Annual Rates generated and this will move towards the projected deficit throughout the year as expenditure is incurred.
- Ending liquidity for 2023/2024 is projected to be 139% which is within the desired range.
- The Adopted Budget capital works program for 2023/2024 was \$64.15m. Forecast adjustments in this report reflect the revised decrease in the October 2022 Floods Sealed Roads Remediation program (\$6.41m) and subsequent funding.
- The net cost to Council as a result of the October 2022 Floods for the 2023/2024 financial year is forecast to be \$520k, with \$12.18m of the \$12.76m projected expenditure expected to be covered by funding and insurance. This number will continue to be revised as expenditure is incurred and claims continue to be submitted, reviewed and approved.

Financial Sustainability Indicators

Operating Result (Internal Non-Audited Indicator)



The Operating Result adjusts Council's accounting result to reflect the true operating result.

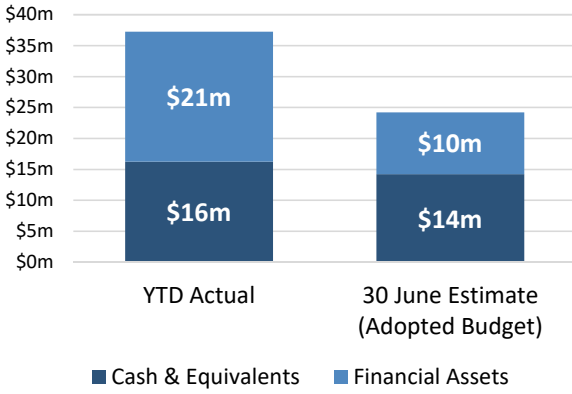
Income that does not fund Council operations is removed (capital & non-cash income) and the Federal Financial Assistance Grants income is adjusted to remove the impact of early receipts.

The year-to-date (YTD) actual and budget reflects the raising of rates revenue on 1 July. This will reduce over the year as expenditure is incurred.

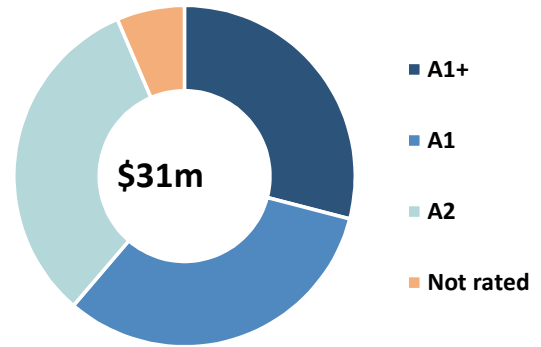
Refer to the income statement for explanations on material movements.

Indicator	Financial Plan Target	Adopted Budget	0	Projected Full Year	Status
\$ Adjusted Underlying Result	Achieve and maintain a true underlying surplus (greater than \$0)	(\$7.8m)		(\$8.3m)	Declining
% Adjusted Underlying Result	As above (greater than 0%)	(5.2%)		(5.4%)	Declining
Capital Renewal & Upgrade / Depreciation	Ensure sufficient spend on renewing/upgrading existing assets (greater than 100%)	119%		105%	Declining
Liquidity	Maintain sufficient working capital to meet obligations as they fall due (greater than 100%)	139%		N/A	Steady

Cash & Financial Assets



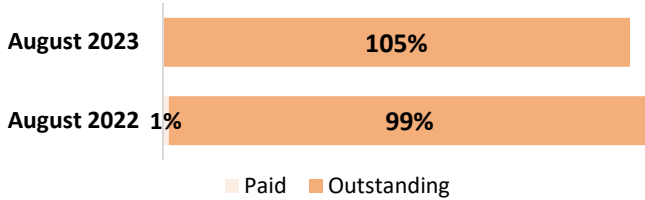
Investments



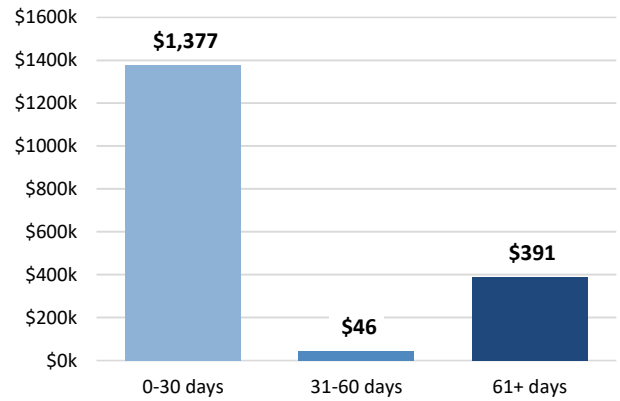
Total cash and financial assets is expected to reduce throughout the financial year. At August 2023, Council had \$31m invested, including \$2m of Green Term Deposits. The average interest rate of investments is 4.86% with YTD interest earned of \$286k. Recent cash rate increases have impacted favourably on interest rates.

Rates and Debtors

Rates Payments



Overdue Sundry Debtors

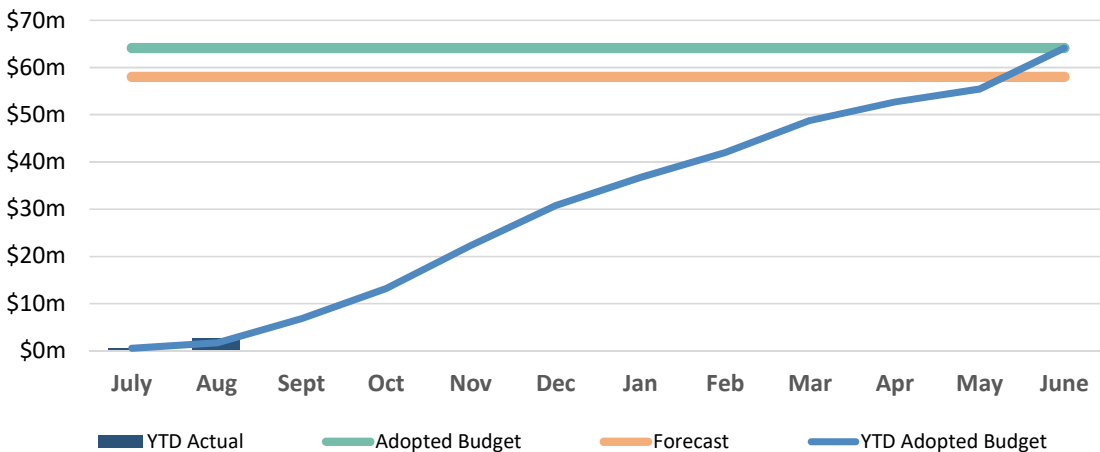


Rate recovery is unfavourable compared to 2022 due to a higher June 2023 rates outstanding balance and timing of issuing of annual rates notices. Council's recovery processes have returned to normal following additional flexibility offered due to COVID and the October 2022 Floods.

Rates Assessments = 34,525
Current Payment Plans = 783

Capital Expenditure

Capital Expenditure Compared to Budget



Capital Forecast as a % of Adopted Budget

Council Plan Target
90%

Projected Full Year
90%

Refer to the Capital Works Statement for further information

Income Statement

for period ended August 2023

	Notes	YEAR TO DATE			FULL YEAR		
		2023/2024 YTD Adopted Budget \$ ' 000	2023/2024 YTD Actual \$ ' 000	YTD Adopted Budget Variance (Fav)/Unfav \$ ' 000	2023/2024 Adopted Budget \$ ' 000	2023/2024 Projected Full Year \$ ' 000	Adopted Budget Variance (Fav)/Unfav \$ ' 000
Revenues from Operating Activities							
Rates and Charges		91,336	91,276	59 ▬	91,773	91,773	0 ▬
Statutory Fees		756	820	(64) ▬	4,751	4,791	(40) ▬
User Charges		2,233	2,272	(39) ▬	19,993	20,126	(133) ▬
Operating Grants		2,410	2,399	12 ▬	29,800	29,788	12 ▬
Operating Contributions	1	108	1,698	(1,590) ▲	876	3,752	(2,876) ▲
Recurrent Capital Grants		0	0	0 ▬	1,627	1,627	0 ▬
Other Income	2	470	614	(143) ▲	1,958	2,056	(98) ▬
Total Operating Revenue		97,313	99,078	(1,765)	150,778	153,912	(3,135)
Expenses from Operating Activities							
Employee Costs	3	10,070	10,085	15 ▬	59,397	59,935	538 ▬
Materials and Services	4	11,524	11,841	316 ▬	56,866	59,913	3,047 ▬
Bad & Doubtful Debts		0	0	0 ▬	354	354	0 ▬
Depreciation		6,234	6,152	(83) ▬	39,593	39,593	0 ▬
Amortisation - Leases and Intangibles		20	37	16 ▬	573	573	0 ▬
Borrowing Costs		25	108	83 ▬	628	628	0 ▬
Finance Costs - Leases		1	1	(0) ▬	7	7	0 ▬
Net Loss on Disposal of Assets		(39)	(39)	(0) ▬	473	473	0 ▬
Other Expenses		128	146	18 ▬	704	727	23 ▬
Total Operating Expenses		27,965	28,331	365	158,595	162,202	(3,607)
ADJUSTED UNDERLYING RESULT		69,348	70,748	(1,400)	(7,817)	(8,290)	472
Non-operating Income and Expenditure							
Non Recurrent Capital Grants	5	0	868	(868) ▲	19,694	14,566	5,128 ▼
Capital Contributions		233	139	94 ▬	2,192	2,190	2 ▬
Contributed Assets		0	0	0 ▬	17,875	17,875	0 ▬
Total Non Operating Items		233	1,007	(774)	39,762	34,631	5,131
ACCOUNTING SURPLUS/(DEFICIT)		69,581	71,755	(2,174)	31,945	26,341	5,603

Notes to the Income Statement for for period ended August 2023

1	Operating Contributions Projected Full Year is \$2.88m more than 2023/2024 Adopted Budget. This favourable variance mostly relates to insurance claims resulting from property damage from the October 2022 Flood event (\$2.42m) as initial payments were received during August (\$1.54m)
2	Other Income Projected Full Year is \$98k more than 2023/2024 Adopted Budget. This favourable variances is the proceeds from sale of the Maclsaac Road, Mooroopna property which was not included in the 2023/2024 Adopted Budget.
3	Employee Costs Projected Full Year is \$538k more than 2023/2024 Adopted Budget. This unfavourable variance primarily relates to the actual WorkCover premium received which was \$416k greater than Adopted Budget, along with employee costs movement from commencing new grant funded projects (Queensland Fruit Fly Management \$197k and Roadside Weed and Pest Control \$106k) and exiting of others (Family Day Care \$168k).
4	Materials & Services Projected Full Year is \$3.05m more than 2023/2024 Adopted Budget. This unfavourable variance is mostly due to increases of Council's insurance premiums of \$493k greater than Adopted Budget, further costs relating to the October 2022 Flood to be claimed under insurance (\$909k) and the carry forward of the Office Handset Renewal project (\$296k). In addition to increase in costs for Strategic Planning projects (\$730k), which spending is partially supported by grant funding.
5	Capital Grants YTD Actuals is \$868k more than 2023/2024 YTD Adopted Budget, due to the receipt of Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) funding for the Welsford St Upgrade stage 4 (\$868k) and carry over of Andrew Fairly Ave/Lockwood Road/Old Dooking Road intersection (\$575k). This influences the decrease shown in Projected Full Year of \$5.13m less than Adopted Budget, in combination with reduction in work for October 2022 Floods Sealed Roads Remediation program (\$6.87m).

Greater Shepparton City Council

Balance Sheet

as at 31 August 2023

	Notes	FULL YEAR		YEAR TO DATE		MOVEMENT
		Total	Adopted	YTD	YTD	June 2023
		Actual June 2023*	Budget June 2024	Adopted Budget 2024	Actual 2023/2024	vs. YTD Actual (Fav)/Unfav
		\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000
Current Assets						
Cash and Cash Equivalent	1	37,376	14,269	6,673	16,291	21,085
Receivables	2	15,380	13,725	107,823	108,064	(92,684)
Other Financial Assets	3	12,000	10,000	21,000	21,000	(9,000)
Inventories	4	125	159	222	235	(110)
Assets Held for Resale		454	-	-	454	-
Other Assets	5	3,095	1,804	268	351	2,744
Total Current Assets		68,429	39,957	135,986	146,395	(77,965)
Investment in Associates		1,873	1,885	2,074	1,873	-
Infrastructure		1,325,908	1,419,723	1,319,598	1,322,300	3,608
Intangible Assets		36,511	31,749	36,511	36,511	-
Right-of-use Assets		262	123	229	245	17
Total Non Current Assets		1,364,554	1,453,480	1,358,412	1,360,929	3,625
Total Assets		1,432,984	1,493,437	1,494,398	1,507,324	(74,340)
Current Liabilities						
Trade & Other Payables	6	14,068	9,588	3,378	9,046	(5,022)
Trust Funds	7	6,046	5,103	13,663	13,746	7,700
Provisions		10,616	10,721	10,730	10,664	48
Interest Bearing Liabilities		2,870	3,221	2,745	2,745	(125)
Lease Liabilities		146	133	112	130	(16)
Total Current Liabilities		33,745	28,766	30,628	36,330	2,586
Non Current Liabilities						
Provisions		19,160	24,036	19,160	19,160	-
Interest Bearing Liabilities		15,554	14,236	15,554	15,554	-
Lease Liabilities		133	-	-	133	-
Total Non Current Liabilities		34,846	38,272	34,713	34,846	-
Total Liabilities		68,591	67,038	65,341	71,176	2,586
Net Assets		1,364,393	1,426,399	1,429,056	1,436,148	(71,755)
Represented By						
Accumulated Surplus		530,007	547,738	599,931	601,761	(71,755)
Reserves		834,386	878,661	829,125	834,386	-
Total Equity		1,364,393	1,426,399	1,429,056	1,436,148	(71,755)

* June 2023 figures remain subject to audit.

Notes to the Balance Sheet as at 31 August 2023	
1	Cash and Cash Equivalent decrease in YTD Actual from June 2023 Actual is mostly due to movement between Cash and Investments (Other Financial Assets) and reduction in Trade & Other Payables.
2	Receivables increase in YTD Actual balance is due to the 2023/2024 rates being raised in July 2023. These balances will reduce throughout the financial year as rates debtors payments are received.
3	Other Financial Assets increase in YTD Actual from June 2023 is due to investing cash available into term deposits until it is required for expenditure later in the financial year.
4	Inventories increase in YTD Actual from June 2023 due to cyclical movement as inventory is purchased and consumed by council.
5	Other Assets YTD Actual decrease from 30 Junes is predominantly made up of the accounting treatments of Prepaid Expenditure and Accrued Income with actual income being receipted and goods and services related to prepaid expenditure being received by council
6	Trade & Other Payables decrease in YTD Actual balance from June 2023 is mostly due to the payment to suppliers which were entered but not yet paid at end of financial year
7	Trust Funds increase over June 2023 is due to the accounting treatment of generating the annual rates and the generation of the Fire Services Property Levy Liability

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Greater Shepparton City Council
Cash Flow Statement
as at 31 August 2023

	FULL YEAR		YEAR TO DATE	
	2023/2024 Adopted Budget \$ ' 000	2023/2024 YTD Adopted Budget \$ ' 000	2023/2024 YTD Actual \$ ' 000	YTD Adopted Budget Variance (Fav)/Unfav \$
Cash flows from operating activities				
Receipts from customers	116,430	11,214	9,706	1,508
Payments to suppliers	(118,288)	(30,840)	(23,889)	(6,951)
Net cash inflow(outflow) from customers(suppliers)	(1,858)	(19,626)	(14,183)	(5,443)
Interest received	896	216	198	19
Government receipts	50,634	2,410	2,937	(526)
Contributions	3,068	294	1,790	(1,495)
Net cash inflow(outflow) from operating activities	52,740	(16,705)	(9,259)	(7,446)
Cash flows from investing activities				
Net movement in other financial assets	10,000	(9,000)	(9,000)	-
Infrastructure, property, plant & equipment - proceeds	1,147	39	39	(0)
Infrastructure, property, plant & equipment - payments	(64,152)	(4,720)	(2,580)	(2,140)
Other	-	-	-	-
Net cash inflow(outflow) from investing activities	(53,005)	(13,681)	(11,542)	(2,140)
Cash flows from financing activities				
Finance Cost	(618)	(25)	(143)	117
Proceeds from interest bearing loans and borrowings	2,000	-	-	-
Repayment of interest-bearing loans and borrowings	(2,966)	(125)	(125)	0
Interest Paid - Lease Liability	(7)	-	(1)	1
Repayment of Lease Liability	(129)	(167)	(16)	(151)
Net cash inflow(outflow) from financing activities	(1,720)	(317)	(284)	(33)
Net increase(decrease) in cash and equivalents	(1,985)	(30,703)	(21,085)	(9,618)
Cash and equivalents at the beginning of the year	16,254	37,376	37,376	
Cash and equivalents at the end of the year	14,269	6,673	16,291	(9,618)

Greater Shepparton City Council
Capital Works Statement
for period ended August 2023

Capital Works Area	Note	YEAR TO DATE			FULL YEAR		
		2023/2024 YTD Adopted Budget	2023/2024 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav	2023/2024 Adopted Budget	2023/2024 Projected Full Year	Adopted Budget Variance (Fav)/Unfav
		\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000
Aerodrome		8	0	(8) ▬	175	175	0 ▬
Bridges		0	0	0 ▬	2,144	2,142	(2) ▬
Buildings	1	64	256	192 ▲	2,096	2,113	17 ▬
Computer & Telecommunications		0	4	4 ▬	676	687	11 ▬
Drainage		119	40	(79) ▬	4,126	4,126	0 ▬
Fixture Fittings and Furniture		47	79	32 ▬	55	90	35 ▬
Footpaths & Cycleways		86	164	78 ▬	3,225	3,225	0 ▬
Land		0	0	0 ▬	0	0	0 ▬
Land Improvements		0	2	2 ▬	163	10	(153) ▼
Plant Machinery & Equipment	2	0	760	760 ▬	5,976	6,121	145 ▬
Recreational Leisure and Community Facilities		86	35	(50) ▬	2,359	2,412	53 ▬
Roads	3	858	882	23 ▬	30,131	23,838	(6,293) ▼
Waste Management		12	28	16 ▬	5,186	5,302	116 ▬
Parks, Open Space and Streetscapes		65	47	(17) ▬	6,022	6,022	0 ▬
Other Infrastructure		82	0	(81) ▬	615	578	(37) ▬
Project Management Office		200	245	45 ▬	1,202	1,202	0 ▬
Total Capital Works		1,627	2,544	917	64,151	58,042	(6,109)

Capital Works Area	YEAR TO DATE			FULL YEAR		
	2023/2024 YTD Adopted Budget	2023/2024 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav	2023/2024 Adopted Budget	2023/2024 Projected Full Year	Adopted Budget Variance (Fav)/Unfav
	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000
Renewal	438	1,164	726 ▲	37,185	30,770	(6,414) ▼
Upgrade	828	713	(116) ▼	10,087	10,692	605 ▬
New	129	405	276 ▲	13,883	13,584	(299) ▬
Expansion	32	17	(15) ▬	1,794	1,794	0 ▬
Project Management Office	200	245	45 ▬	1,202	1,202	0 ▬
Total Capital Works	1,627	2,544	917	64,151	58,042	(6,109)

Notes to the Capital Works Statement for period ended August 2023

1	Buildings YTD Actuals is \$192k is greater than YTD Adopted Budget due to timing of expenditure for Zero Emissions Project and additional building works for Riverlinks compared to projected timing in the Adopted Budget.
2	Plant Machinery & Equipment YTD Actuals is \$760k greater than YTD Adopted Budget partially due to timing of expenditure for the Motor Vehicle and Plant renewals program differing to the projected timing in the 2023/2024 Adopted Budget. This is also impacted by plant delivery delays for items ordered in the prior financial year and the related budget being rolled forward into the 2023/2024 financial year (\$144k).
3	Roads Projected Full Year is \$6.29m less than 2023/2024 Adopted Budget. This variance is mainly due to the revision of the Sealed Roads Remediation project, which was a result of the October 2022 floods, by \$6.874m after validation of condition data was completed. Additional works required for the Malboro Drive and Knight and Hawson Street upgrades (\$575k) also impacted the variance. Note, YTD Actuals compared to Adopted Budget was affected due to weather and contract delays for projects, but was offset by spending timing variances in other projects compared to 2023/2024 Adopted Budget.

Greater Shepparton City Council
Operating Statement
for period ended August 2023

The Operating Statement details the Income Statement excluding non-recurrent items such as works on non-council assets and non-recurrent grant programs. It also excludes items that do not fund Council operations such as capital income and non-cash items.

	YEAR TO DATE			FULL YEAR		
	2023/2024 YTD Adopted Budget	2023/2024 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav	2023/2024 Adopted Budget	2023/2024 Projected Full Year	Adopted Budget Variance (Fav)/Unfav
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues from Operating Activities						
Rates and Charges	91,336	91,276	59 ▬	91,773	91,773	0 ▬
Statutory Fees	756	820	(64) ▬	4,751	4,791	(40) ▬
User Charges*	2,233	2,272	(39) ▬	19,993	20,126	(133) ▬
Operating Grants*	2,410	2,399	12 ▬	28,732	29,214	(482) ▬
Operating Contributions*	108	156	(47) ▬	876	1,331	(455) ▲
Other Income*	470	614	(143) ▲	1,958	2,056	(98) ▬
Total Operating Revenue	97,313	97,536	(223)	148,083	149,290	(1,208)
Expenses from Operating Activities						
Employee Costs*	10,014	10,054	40 ▬	59,064	59,602	538 ▬
Materials and Services*	10,484	11,034	550 ▬	52,428	54,421	1,994 ▬
Bad & Doubtful Debts	0	0	0 ▬	354	354	0 ▬
Depreciation	6,234	6,152	(83) ▬	39,593	39,593	0 ▬
Amortisation	20	37	16 ▬	573	573	0 ▬
Borrowing Costs	25	108	83 ▬	628	628	0 ▬
Finance Costs - Leases	1	1	(0) ▬	7	7	0 ▬
Other Expenses	128	146	18 ▬	704	727	23 ▬
Total Operating Expenses	26,908	27,531	624	153,351	155,905	2,554
ADJUSTED OPERATING RESULT	70,406	70,005	401	(5,268)	(6,614)	1,346

*Non-Recurrent items including the October 2022 Flood Event and works on non-council assets have been excluded from User Charges, Operating Grants Employee Costs and Materials and Services. These are listed below.

Projects excluded from the Operating Statement

	INCOME			EXPENSE		
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024
	Adopted	Projected Full	YTD	Adopted	Projected Full	YTD
	Budget	Year	Actual	Budget	Year	Actual
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
October 2022 Flood Event:						
Grants - Operating	1,068	110	0	0	0	0
Contributions - Monetary	0	2,421	1,542	0	0	0
Employee Costs	0	0	0	333	333	31
Materials and Services	0	0	0	1,735	2,779	474
SUBTOTAL - Flood	1,068	2,531	1,542	2,068	3,112	505
Office handset renewal	0	0	0	250	250	250
Orrvale Rd and Poplar Ave Roundabout Enabling Works	0	0	0	173	15	0
SUBTOTAL - Non-recurrent Operating	0	0	0	423	265	250
Benalla Road upgrade - Florence Street slip lane	0	149	0	0	28	28
Stadium/Munarra utilities upgrade	0	147	0	0	0	0
Edgewater Estate Intersection	0	0	0	1,600	1,600	6
Wheeler St - New Dookie Rd Intersection	0	167	0	0	40	16
Numurkah Road/Hawkins St Intersection	0	0	0	100	200	0
Murchison-Toolamba Community Hub Design	0	0	0	80	80	0
V/Line Associated Works	0	0	0	500	500	0
SUBTOTAL - Non-Council Assets	0	464	0	2,280	2,448	50
Total excluded from Operating Statement	1,068	2,995	1,542	4,771	5,824	805

The impact of the **October 2022 Flood Event** on Council's financial position has continued into the 2023/2024 financial year. Funding opportunities and recovery expenditure will continue to be monitored. The figures included in these tables are only those for the 2023/2024 financial year, and as at the end of August, the following income and expenditure areas were impacted:

Operating Grants - The 2023/2024 Adopted Budget of \$1.07m was reduced to \$110k as the Hubs and EMV Community Recovery funding were both fully received in June. Now awaiting expecting funding for the Connecting Community to Builders program (\$110k).

Operating Contributions - Additional contributions of \$2.42m is expected from insurance claim activity, which \$1.54m has been received YTD.

Employee Costs - Employee costs of \$333k is projected for the EMV Community Recovery Officer program directly relates to the flood event. The EMV Community Recovery Officer funding was received in June.

Materials and Services - Additional flood related expenditure of \$1.04m over the Adopted budget of \$2.07m to reflect the expenditure of costs incurred for insurance related works.

Capital - Council was expecting to receive and spend \$16.52m for the sealed roads remediation, but this has decreased by \$6.87m due to the revision of the project. This will come in as capital income and be spent as capital expenditure and therefore is not in the above operating statement.

Greater Shepparton City Council
Capital Summary
for period ended August 2023

	YEAR TO DATE			FULL YEAR		
	2023/2024 YTD Adopted Budget	2023/2024 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav	2023/2024 Adopted Budget	2023/2024 Projected Full Year	Adopted Budget Variance (Fav)/Unfav
	\$'000	\$'000	\$	\$'000	\$'000	\$
Capital Income						
Capital Grants	0	868	(868) ▲	19,694	14,566	5,128 ▼
Capital Contributions	233	139	94 ▬	2,192	2,190	2 ▬
Proceeds from Sale of Assets	39	39	(0) ▬	1,147	1,147	0 ▬
Total Capital Income	272	1,046	(774)	23,033	17,903	
Capital Expenditure						
Renewal	438	1,164	726 ▲	37,185	30,770	(6,414) ▼
Upgrade	828	713	(116) ▼	10,087	10,692	605 ▬
New	129	405	276 ▲	13,883	13,584	(299) ▬
Expansion	32	17	(15) ▬	1,794	1,794	0 ▬
Project Management Office	200	245	45 ▬	1,202	1,202	0 ▬
Total Capital Expenditure	1,627	2,544	917	64,151	58,042	(6,109)

Capital Grants YTD Actuals is \$868k more than 2023/2024 YTD Adopted Budget. This favourable variance YTD is due to the receipt of Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) funding for the Welsford St Upgrade stage 4 (\$868k). This has impacted Projected Full Year which is \$5.12m less than 2023/2024 Adopted Budget also due to reduction in works and subsequent funding for October 2022 Floods Sealed Roads Remediation program (\$6.87m).

Capital Expenditure YTD Actuals is \$917k more than 2023/2024 Adopted Budget due to weather and contractor delays and variances in timing of spending between YTD Actuals and what was projected in the Adopted Budget. Projected Full Year has reduced by \$6.1m compared to 2023/2024 Adopted Budget mainly due to the changes to the 2022 October Floods Sealed Roads Remediation project and additional works required for Marlboro Drive and Knight and Hawdon Street upgrades (\$575k).