

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

19 September 2017

Agenda Item 8.4 August 2017 Monthly Financial Report

Attachment 1 August 2017 - Monthly Financial Statements 189

MONTHLY FINANCIAL REPORT AUGUST 2017

Operating Performance

Adjusted underlying result			
Adjusted underlying surplus (or deficit) as a percentage of underlying revenue			
YTD ACTUAL	YTD ADOPTED BUDGET	ADOPTED BUDGET	PROJECTED FULL YEAR
76.21%	80.95%	-0.50%	-1.73%

- Expected end of year range of -20% to 20%; Target band of >0%.
- YTD Actual and YTD Adopted Budget are high due to the full amount of 2017/2018 rates revenue being raised in July. The underlying surplus will reduce throughout the financial year as expenditure is incurred.

Financial Health

Working Capital			
Current assets as a percentage of current liabilities			
YTD ACTUAL	YTD ADOPTED BUDGET	ADOPTED BUDGET	PROJECTED FULL YEAR
485.63%	494.51%	174.40%	174.40%

- Expected range of 100% to 400%; Target band of 120% to 200%.
- YTD Actual and YTD Adopted Budget are high due to the full amount of 2017/2018 rates revenue being raised in July. Receivables will reduce throughout the financial year as rates instalments fall due.
- VAGO indicate that any level of liquidity higher than 100% is considered low risk.

Financial Obligations

Loans and borrowings			
Loans and borrowings as a percentage of rates			
YTD ACTUAL	YTD ADOPTED BUDGET	ADOPTED BUDGET	PROJECTED FULL YEAR
35.83%	35.89%	33.08%	33.08%

- Expected range of 0% to 70%; Target band of 20% to 60%.
- This indicates Council has a level of borrowing that is appropriate to their activities and have a strong capacity to meet their long term obligations.

Other Financial Performance

Rates Debtors

\$70.10m
Same time last year \$75.35m
1st rates installment is due 30th
September

Sundry Debtors

0-30 days \$1.01m or 86% of total
outstanding sundry debtors.
31-60 days \$29k or 2% of total
outstanding sundry debtors.
61+ days \$150k or 12% of total
outstanding sundry debtors.

Investments

\$31.70m with average rate of 1.90%; 62.15% at
A1+, 25.23% at A1, 6.31% at A2.
\$168k in interest income to date

Operating Performance				
August 2017				
	YTD Adopted Budget		Projected Full Year	
	vs		vs	
Income	YTD Actual		Adopted Budget	
	(Fav)/Unfav		(Fav)/Unfav	
Rates and Charges	Steady	(\$0.11m)	Steady	\$0.01m
Statutory Fees	Favourable	(\$0.21m)	Steady	\$0.01m
User Charges	Favourable	(\$1.64m)	Steady	(\$0.26m)
Grants	Favourable	(\$1.8m)	Steady	\$0.12m
Contributions	Steady	(\$0.07m)	Steady	(\$0.03m)
Other Revenue	Steady	(\$0.01m)	Steady	\$0.11m
Total Income	Steady	(\$3.83m)	Steady	(\$0.03m)
Expense				
Employee Costs	Steady	\$0.39m	Steady	\$0.74m
Materials and Consumables	Unfavourable	\$3.74m	Steady	\$0.69m
Bad and Doubtful Debts	Steady	\$0m	Steady	\$0.02m
Depreciation and Amortisation	Steady	\$0.12m	Steady	\$0m
Borrowing Costs	Unfavourable	\$0.32m	Steady	\$0m
Other Expenses	Steady	\$0.06m	Steady	\$0.01m
Total Expense	Steady	\$4.63m	Steady	\$1.45m

Notes:

- Statutory Fees are \$208k more than YTD Adopted Budget. This favourable variance is mostly due to the timing of income for animal registrations, parking infringements and Building and Planning permits. Please see income statement for more

- User Charges are \$1.61m more than YTD Adopted Budget. This favourable variance is mostly due to the timing of income for Aquamoves, early childhood education, and Saleyards. Please see income statement for more detail.

- Operating Grants are \$1.8m more than YTD Adopted Budget. This favourable variance is mostly due to the timing of grant income for Commonwealth home support program, early childhood education, DHHS under 65 support, maternal and child health, and Federal Financial Assistance. Please see Income Statement for more detail.

- Materials and Consumables is \$3.74m more than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of expenses relating to insurance premiums, ICT annual licence renewals, contributions to the Goulburn Valley Regional Library Corporation, Commonwealth home support program, Saleyards, corporate governance, parks services, Riverlinks, and Aquamoves. Please see income statement for more detail.

- Borrowing costs is \$323k more than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of loan repayments and the interest incurred.

Capital Works Performance August 2017

ADOPTED BUDGET	YTD ACTUAL
\$39.38m	\$2.55m

PROGRESS

* 6.65% of Adopted Budget spent

*7.31% of current full year projection spent

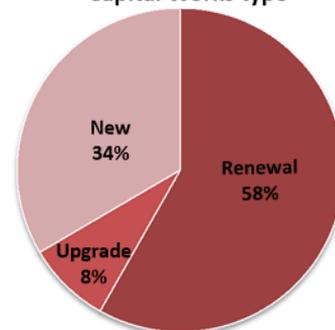
* Same time last year: \$1.95m of the 2016/2017 Adopted Budget had been spent

RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	PROJECTED FULL YEAR
108.73%	91.82%

- Expected range of 40% to 130%; Target band of 90% to 110%.
- Indicator of assets being renewed as planned. High or increasing percentages indicate improvement in capacity to meet long term obligations.

**% Split of Projected Full Year by
Capital Works type**



Greater Shepparton City Council
Income Statement
for period ended August 2017

	2017/2018	2017/2018	YTD	2017/2018	2017/2018	Adopted	Notes
	YTD Adopted Budget	YTD Actual	Adopted Budget Variance (Fav)/Unfav %	Adopted Budget	Projected Full Year	Adopted Budget Variance (Fav)/Unfav %	
	\$	\$		\$	\$	%	
Revenues from Operating Activities							
Rates and Charges	73,944,844	74,054,449	(0.1%)	74,191,715	74,177,542	0.0%	
Statutory Fees	277,446	485,993	(75.2%)	3,751,436	3,737,414	0.4%	1
User Charges	1,054,755	2,691,982	(155.2%)	19,452,336	19,708,299	(1.3%)	2
Operating Grants	1,766,860	3,565,928	(101.8%)	16,945,759	16,828,197	0.7%	3
Operating Contributions	175,459	244,177	(39.2%)	696,262	721,830	(3.7%)	
Other	264,475	275,352	(4.1%)	1,368,081	1,261,580	7.8%	
Total Operating Revenue	77,483,839	81,317,879	(4.9%)	116,405,589	116,434,862	(0.0%)	
Expenses from Operating Activities							
Employee Costs	8,257,297	8,643,518	4.7%	47,979,746	48,717,068	1.5%	
Materials and Consumables	2,736,264	6,474,531	136.6%	48,165,360	48,850,417	1.4%	4
Bad & Doubtful Debts	4,600	7,017	52.5%	132,000	147,500	11.7%	
Depreciation and Amortisation	3,747,648	3,869,927	3.3%	22,485,890	22,485,890	0.0%	
Borrowing Costs	0	322,936	100.0%	1,223,000	1,223,000	0.0%	5
Other Expenses	11,000	67,057	509.6%	519,671	531,971	2.4%	
Total Operating Expenses	14,756,809	19,384,985	31.4%	120,505,667	121,955,846	1.2%	
UNDERLYING OPERATING RESULT	62,727,030	61,932,894	1.3%	(4,100,078)	(5,520,984)	(34.7%)	
Non-operating Income and Expenditure							
Capital Grants	0	0	0.0%	6,851,408	6,761,408	1.3%	
Capital Contributions	30,500	130,500	(327.9%)	1,910,749	1,853,000	3.0%	
Contributed Assets	0	0	0.0%	2,000,000	2,000,000	0.0%	
Proceeds from Sale of Assets	0	39,154	(100.0%)	1,012,500	1,030,500	(1.8%)	
Written Down Value of Asset Disposals	0	0	0.0%	(473,262)	(473,262)	0.0%	
Total Non Operating Items	30,500	169,654	(456.2%)	11,301,395	11,171,646	1.1%	
ACCOUNTING SURPLUS/(DEFICIT)	62,757,530	62,102,548	3.7%	7,201,317	5,650,662	21.5%	

Notes to the Income Statement for period ended August 2017

1) Statutory Fees are \$208k more than YTD Adopted Budget. This favourable variance is mostly due to the timing of income from parking infringements \$63k, Building and Planning permits \$54k, and dog registrations \$21k.

2) User Charges are \$1.61m more than YTD Adopted Budget. This favourable variance is mostly due to the timing of income for Aquamoves \$496k, early childhood education \$492k, and Saleyards \$205k.

3) Operating Grants are \$1.8m more than YTD Adopted Budget. This favourable variance is mostly due to the timing of grant income for Commonwealth home support \$583k, early childhood education \$515k, DHHS under 65 support \$125k, maternal and child health \$121k, and Federal Financial Assistance Grants \$375k. Despite this favourable variance, total projects grant income is not expected to increase.

4) Materials and consumables are \$3.74m greater than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of insurance premiums \$819k, ICT annual maintenance licence renewals \$711k, contributions to the Goulburn Valley Regional Library Corporation \$395k, Commonwealth home support program \$333k, Saleyards operations \$259k, corporate governance \$125k, parks services \$99k, Riverlinks \$91k and Aquamoves \$77k. Despite this unfavourable variance, total expenditure for the financial year is not projected to increase significantly.

5) Borrowing costs is \$323k more than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of loan repayments and the interest incurred.

Greater Shepparton City Council

Balance Sheet
as at August 2017

	Total Actual June 2017 \$	Adopted Budget June 2018 \$	YTD Adopted Budget 2018 \$	YTD Actual 2018 \$	Total Actual June 2017 Variance (Fav)/Unfav %	Adopted Budget Variance (Fav)/Unfav %	Notes
Current Assets							
Cash and Cash Equivalent	25,303,343	19,384,378	25,125,720	24,408,203	3.5%	2.9%	
Receivables	7,208,640	6,377,264	79,016,185	79,015,640	(996.1%)	0.0%	1
Other Financial Assets	17,000,000	13,226,000	13,000,000	13,000,000	23.5%	0.0%	
Inventories	73,983	74,000	81,865	81,865	(10.7%)	(0.0%)	
Other Assets	1,050,880	1,230,000	1,193,657	1,545,324	(47.1%)	(29.5%)	
Total Current Assets	50,636,846	40,291,642	118,417,427	118,051,033	(133.1%)	0.3%	
Non Current Assets							
Investment in Associates	1,511,499	1,493,000	1,493,000	1,493,041	1.2%	(0.0%)	
Infrastructure	1,058,401,546	1,073,331,000	1,055,331,321	1,057,021,368	0.1%	(0.2%)	3
Intangible Assets	847,819	973,000	973,000	847,813	0.0%	12.9%	
Total Non Current Assets	1,060,760,865	1,075,797,000	1,057,797,321	1,059,362,222	0.1%	(0.1%)	
Total Assets	1,111,397,711	1,116,088,642	1,176,214,748	1,177,413,255	(5.9%)	(0.1%)	
Current Liabilities							
Trade & Other Payables	6,220,097	8,786,000	3,510,873	3,872,884	(37.7%)	10.3%	
Trust Funds	2,716,657	3,094,000	9,381,091	9,381,091	245.3%	0.0%	
Provisions	10,119,393	9,932,000	10,169,360	10,169,360	0.5%	(0.0%)	4
Interest Bearing Liabilities	1,307,898	1,291,000	885,307	885,307	(32.3%)	(0.0%)	
Total Current Liabilities	20,364,044	23,103,000	23,946,631	24,308,642	19.4%	1.5%	
Non Current Liabilities							
Provisions	7,093,881	6,485,000	567,568	567,568	(92.0%)	(0.0%)	
Interest Bearing Liabilities	18,426,369	23,250,000	25,651,407	25,651,407	39.2%	0.0%	
Total Non Current Liabilities	25,520,250	29,735,000	26,218,975	26,218,975	2.7%	0.0%	
Total Liabilities	45,884,294	52,838,000	50,165,606	50,527,617	10.1%	0.7%	
Net Assets	1,065,513,416	1,063,250,642	1,126,049,142	1,126,885,637	(5.8%)	(0.1%)	
Represented By							
Accumulated Surplus	519,606,407	350,814,179	580,142,134	580,978,629	(11.8%)	(0.1%)	
Reserves	545,907,009	712,436,463	545,907,008	545,907,008	0.0%	(0.0%)	
Total Equity	1,065,513,416	1,063,250,642	1,126,049,142	1,126,885,637	(5.8%)	(0.1%)	

Notes to the Balance Sheet as at August 2017

1) Receivables is showing a high YTD Adopted Budget and YTD Actual balance. This is due to the full amount of 2017/2018 rates being raised in July. This figure will reduce throughout the financial year as instalments fall due.

Greater Shepparton City Council

Cash Flow Statement

as at August 2017

	2017/2018 Adopted Budget \$	2017/2018 YTD Actual \$	Adopted Budget Variance (Fav)/Unfav \$
Cash flows from operating activities			
Receipts from customers	97,875,000	9,226,950	90.57%
Payments to suppliers	(98,116,000)	(15,503,461)	84.20%
Net cash inflow(outflow) from customers(suppliers)	(241,000)	(6,276,511)	(2504.36%)
Interest received	652,000	168,865	74.10%
Government receipts	23,692,000	3,565,928	84.95%
Contributions	2,602,000	480,713	81.53%
Net cash inflow(outflow) from operating activities	26,706,000	(2,061,006)	107.72%
Cash flows from investing activities			
Net movement in other financial assets	8,817,000	4,000,000	54.63%
Infrastructure, property, plant & equipment - proceeds	1,551,000	39,154	97.48%
Infrastructure, property, plant & equipment - payments	(39,384,000)	(2,550,352)	93.52%
Net cash inflow(outflow) from investing activities	(29,016,000)	1,488,802	105.13%
Cash flows from financing activities			
Finance Cost	(1,223,000)	(322,936)	73.59%
Proceeds from interest bearing loans and borrowings	6,000,000	-	
Repayment of interest-bearing loans and borrowings	(1,017,000)	-	100.00%
Net cash inflow(outflow) from financing activities	3,760,000	(322,936)	108.59%
Net increase(decrease) in cash and equivalents	1,450,000	(895,140)	161.73%
Cash and equivalents at the beginning of the year	17,934,378	25,303,343	(41.09%)
Cash and equivalents at the end of the year	19,384,378	24,408,203	(25.92%)

Greater Shepparton City Council
Capital Works Statement
 period ended August 2017

Capital Works Area	2017/2018 YTD Adopted Budget	2017/2018 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav %	2017/2018 Adopted Budget	2017/2018 Projected Full Year	Adopted Budget Variance (Fav)/Unfav %	Note
	\$	\$		\$	\$		
Aerodrome	0	9,719	100%	300,000	300,000	0%	
Bridges	0	0	0%	657,360	657,360	0%	
Buildings	191,334	216,336	13%	5,584,000	4,700,528	(16%)	1
Computer & Telecommunications	4,935	44,742	807%	260,000	507,168	95%	2
Drainage	900	46,503	5067%	670,000	801,454	20%	3
Fixture Fittings and Furniture	2,395	12,695	430%	466,000	436,000	(6%)	
Footpaths & Cycleways	11,852	17,947	51%	1,699,400	1,766,400	4%	
Land	0	0	0%	20,000	20,000	0%	
Land Improvements	0	0	0%	1,090,000	1,102,717	1%	
Off Street Car Parks	0	0	0%	40,000	40,000	0%	
Parks, Open Space & Streetscape	75,000	80,281	7%	1,233,000	1,270,642	3%	
Plant Machinery & Equipment	40,000	89,791	124%	2,620,940	2,700,616	3%	
Recreational Leisure and Community Facilities	349,175	649,819	86%	3,681,574	4,034,576	10%	4
Roads	61,140	856,077	1300%	13,561,262	13,200,482	(3%)	5
Waste Management	123,573	527,375	327%	6,500,000	3,355,793	(48%)	6
Project Management Office	0	0	0%	1,000,000	1,000,000	0%	
Total Capital Works	860,304	2,551,286	197%	39,383,536	35,893,736	(9%)	

Capital Works Area	2017/2018 YTD Adopted Budget	2017/2018 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav %	2017/2018 Adopted Budget	2017/2018 Projected Full Year	Adopted Budget Variance (Fav)/Unfav %	Note
	\$	\$		\$	\$		
Renewal	450,721	944,285	110%	24,448,488	20,646,622	(16%)	
Upgrade	28,022	218,380	679%	4,341,074	4,870,242	12%	
New	381,561	1,388,621	264%	9,386,574	9,169,472	(2%)	
Expansion	0	0	0%	207,400	207,400	0%	
Project Management Office	0	0	0%	1,000,000	1,000,000	0%	
Total Capital Works	860,304	2,551,286	197%	39,383,536	35,893,736	(9%)	

Notes to the Capital Works Statement for period ended August 2017

- 1) Buildings projected full year is \$883k less than 2017/2018 Adopted Budget. This favourable variance mostly relates to the construction of the new Shepparton Art Museum. Demolition works and payment schedules for architect and engineers spread over multiple financial years.
- 2) Computers and Telecommunications is projected to be \$247k more than 2017/2018 Adopted Budget. This unfavourable variances relates to the new finance system implementation. This project was not completed in 2016/2017 and was carried forward into 2017/2018. The overall cost of the project is not projected to increase.
- 3) Drainage projected full year is \$131k more than 2017/2018 Adopted Budget. This unfavourable variance mostly relates to a major culvert renewals \$116k. Works budgeted for in 2016/2017 were not completed and were carried forward into 2017/2018.
- 4) Recreational Leisure and Community Facilities is \$301k more than YTD Adopted Budget and projected to be \$353k more than 2017/2018 Adopted Budget. These unfavourable variance relate to 2016/2017 budget carried into 2017/2018 for the Greater Shepparton Regional Sports Precinct boulevard \$200k; small town recreational space works \$75k; and Tatura Park air conditioning \$70k.
- 5) Roads is \$795k more than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of works for the Shepparton Alternate Route \$428k and Verney Road reconstruction works \$322k. Despite this unfavourable variance the overall cost of these projects is not projected to increase.
- 6) Waste Management is \$404k more than YTD Adopted Budget, but projected to be \$3.14m less than 2017/2018 Adopted Budget. The favourable variance relates to the construction of Cosgrove 3 landfill. Due to greater airspace available at Cosgrove 2 Cell 4, construction works for Cosgrove 3 have been delayed for 12 months to meet regulatory requirements.