



GREATER
SHEPPARTON

Greater Shepparton City Council

2012-2013

March Quarter Budget Review

Executive Summary

Report

As a result of the March Quarter Budget Review, changes to the forecast year end result compared to the Mid Year Budget Review include:

- The forecast end of year result is an operating surplus of \$7.05 million, an increase of \$640,000 which is mainly due to a forecast decrease in operating expenditure this financial year due to:
 - a decrease in employee benefits expenditure of \$559,000 or 1.5% due to staff vacancies; and
 - lower materials and consumables expenditure of \$478,000 or 1.7% due to the timing of funded projects such as flood mitigation studies and the COAG Healthy Community Project.
- The forecast end of year capital works program is \$25.10 million, a decrease of \$1.15 million or 4.6%.

The majority of this decrease relates to works that have not progressed as per original expectations yet may be re-budgeted as part of the 2013-2104 Capital Works Program. Reasons for projects not progressing as scheduled include external developers not progressing as scheduled, additional work undertaken on design and concept documents, extended contract discussions.

- It is forecast that there will be an underlying cash surplus of \$1.38 million at the end of the financial year an increase of \$629,000 compared to the Mid Year Budget Review.

The underlying cash surplus will be confirmed as part of the finalisation of the year end result and is proposed to be used to replenish cash reserves that were used to fund repayment of Council's defined benefit superannuation liability.

Details as to variances are contained within this report

Greater Shepparton City Council
Income Statement
for year ending 30 June 2013

	2012-2013 Adopted Budget \$	2012-2013 Mid Year Budget Review \$	2012-2013 March Qtr Budget Review \$	Variance (Fav)/Unfav \$	Variance (Fav)/Unfav %
Revenue					
Rates and Charges	56,410,956	56,875,000	56,875,000	0	0.0%
Operating Grants and Contributions	15,908,695	17,457,291	17,380,158	77,133	0.4%
Capital Grants and Contributions	8,473,700	7,816,290	7,551,661	264,629	3.4%
Interest	1,648,059	1,701,930	1,705,500	(3,570)	(0.2%)
User Charges	14,297,803	14,309,064	14,169,634	139,430	1.0%
Statutory Fees	2,444,736	2,490,174	2,405,804	84,370	3.4%
Proceeds from Sale of Assets	346,000	274,222	449,222	(175,000)	(63.8%)
Other	533,207	1,085,590	1,215,509	(129,919)	(12.0%)
Parking Fees and Fines	1,983,695	1,983,695	1,918,695	65,000	3.3%
Rent	591,451	705,663	723,491	(17,828)	(2.5%)
Total Revenue	102,638,302	104,698,919	104,394,674	304,245	0.3%
Expenses					
Employee Benefits	38,100,587	37,915,394	37,356,541	(558,853)	(1.5%)
Materials and Consumables	26,623,515	27,742,749	27,264,448	(478,301)	(1.7%)
External Contracts	10,060,458	10,506,318	10,539,722	33,404	0.3%
Utilities	2,706,526	2,853,361	2,915,636	62,275	2.2%
Borrowing Costs	1,330,247	1,330,247	1,330,247	0	0.0%
Depreciation and Amortisation	17,649,000	17,646,000	17,646,000	0	0.0%
Written Down Value of Assets Sold	357,800	294,000	294,000	0	0.0%
Total Expenses	96,828,133	98,288,069	97,346,594	(941,475)	(1.0%)
Surplus/(Deficit) for the period	5,810,169	6,410,850	7,048,080	637,230	9.9%

Notes to Income Statement

The total variance between revenue reflected in the September Quarter Review and the Mid Year Budget Review is \$304,245. The table below provides explanations of key variances which have been incorporated into the income statement revenue forecast.

Significant Variances Explained:

Revenue Category	Variance Amount	Increase/Decrease	General Explanation	Total Explained
1. Capital Grants and Contributions	264,269	Decrease	\$200k Safer Cities CCTV \$80k Seven Creeks Estate (\$16k) other minor variances \$264k	\$264k
2. Proceeds from Sale of Assets	(175,000)	Increase	\$175k Plant Sales	(\$175k)
3. Statutory Fees	84,370	Decrease	\$32k Registered Premises Fees \$30k Building/Planning Fees \$13k Aged Household Fees \$7k Meals on Wheels \$2k Crossing Fees \$84k	\$84k
4. User Charges	139,430	Decrease	\$90k Frank Pullar Fees \$50k Arthur Dickman Fees \$140k	\$140k
5. Other	(129,919)	Increase	INCREASE \$170k Accounting Adjustments \$51k Art Museum Donations \$221k DECREASE \$90k Hume Region's Workforce Plan \$1k other minor variances \$90k \$130k	(\$130k)
6. Parking Fees & Fines	65,000	Decrease	\$65k Ticketing Machines	\$65k
	56,095		Other revenue classification variances	\$56k
			Total Revenue Variance	(\$304k)

The total variance between expenses reflected in September Quarter Review and the Mid Year Budget Review is \$941,475. The table below provides explanation of key variances which have been incorporated into the income statement expense forecasts.

Significant Variances Explained:

Expense Category	Variance Amount	Increase/ Decrease	General Explanation	Total Explained
4. Employee Benefits	(558,853)	Decrease	DECREASES \$110k Information Services Management \$98k Landscaping and Irrigation Services \$79k Sports and Premier Places \$68K Wetlands Lankes & Native Vegetation Maintenance \$59k Horticulture Services \$39k Executive Management \$30k Maternal Child Health \$27k Pine Lodge Cemetery \$26k Parking Administration \$25k Works Administration (\$2k) other minor variances \$559k	(\$559k)
5. Materials & Consumables	(478,301)	Decrease	DECREASES \$206k Flood Mitigation Studies Consultants \$119k COAG Health Communities Projects \$69k South East Growth Corridore Project Consultants \$60k Leisure Facilities Minor Funding \$18k Business & Property Admin Training \$6k other minor variances \$478k	(\$478k)
6. Utilities	62,275	Increase	Increase reflective of current usage patterns. Utilities were originally increased in the 2012-2013 budget by 15%, and during the Mid Year Budget Review by \$147k however this was insufficient.	\$62k
	33,404		Other expenditure classification variances	\$33k
			Total Expense Variance	(\$942)

Greater Shepparton City Council
Capital Works Statement
for year ending 30 June 2013

Capital Works Area	2012-2013 Adopted Budget	2012-2013 Mid Year Budget Review	2012-2013 March Qtr Budget Review	\$ variance	% variance
Buildings	2,676,000	2,003,828	1,938,328	(65,500)	(3.4%)
Drainage	4,159,000	1,937,602	1,788,002	(149,600)	(8.4%)
Open Space	4,233,000	3,907,019	3,536,502	(370,517)	(10.5%)
Other	1,776,000	1,777,979	1,293,158	(484,821)	(37.5%)
Plant Equipment & Other	3,092,000	3,233,937	3,422,990	189,053	5.5%
Roads	12,778,000	11,788,050	11,766,927	(21,123)	(0.2%)
Waste Management	2,658,000	1,599,222	1,355,222	(244,000)	(18.0%)
Total Capital Works	31,372,000	26,247,637	25,101,129	(1,146,508)	(4.6%)
Represented by:					
Renewal	17,558,000	16,271,639	15,962,078	(309,561)	(1.9%)
Upgrade	6,053,000	4,248,645	4,023,454	(225,191)	(5.6%)
New	7,761,000	5,727,353	5,115,597	(611,756)	(12.0%)
Total Capital Works	31,372,000	26,247,637	25,101,129	(1,146,508)	(4.6%)

Significant variances explained:

Expense Area	\$		General Explanation
Cosgrove Landfill 2 Cell 3	(310,000)	Decrease	Project will be completed by July. Remaining amount will need to be carried forward.
Community Soccer Complex	(300,000)	Decrease	Works progressing slowly. Remaining amount to be carried forward.
Saleyards Asset Replacement & Saleyards Improvements	(229,158)	Decrease	Weighbridge will not be installed this financial year.
Safer Cities CCTV	(200,000)	Decrease	Works now to be completed in 2013/2014 financial year.
Northlinks Stages 2 3 & 5	(150,000)	Decrease	Project has been delayed. Currently awaiting final designs. Project may run into 2013/2014.
Local Roads Final Seals	(122,000)	Decrease	Other works within the Municipality have taken priority. Total budget will not be spent this year.
Drainage Replacement (Urban)	(80,000)	Decrease	Funding used to contribute towards flood mitigation works.
Rafetry Road Reconstruction	(75,000)	Decrease	Footpath expected to be completed in 2012/2013 and the road in 2013/2014.
Outdoor Furniture & Signage Renewal	(70,000)	Decrease	Less renewals found to be required than originally budgeted.
Seven Creeks Estate Stages 345	(57,000)	Decrease	Works now to be completed in 2013/2014 financial year.
Sporting Futures Program	(30,000)	Decrease	Funding to be used to offset additional expenditure incurred in resealing the Netball courts.
Tree Renewal Major Streets	(24,000)	Decrease	Some works now not required.
Vaughan Street Precinct	368,000	Increase	Costs for this financial year include; power line relocation, public lighting relocation, waterline relocation and consultancy costs.
Plant Purchases (New)	120,000	Increase	Extra funding required to purchase vehicles for new staff which were outside the scope of this years program.
Other minor variances	12,650	Increase	

(1,146,508)

Greater Shepparton City Council

Balance Sheet

for period ending 30 June 2013

	Actual June 2012 \$	2012/2013 Adopted Budget \$	2012/2013 Mid Year Budget Review \$	2012/2013 March Qtr Review \$	Variance (Fav)/ Unfav \$	Variance (Fav) /Unfav %
Current Assets						
Cash	2,685,120	1,000,000	1,000,000	1,000,000	0	0.0%
Receivables	4,803,422	6,000,000	6,000,000	6,000,000	0	0.0%
Investments	34,163,064	22,625,884	28,348,400	30,132,138	1,783,738	6.3%
Other	78,968	500,000	500,000	500,000	0	0.0%
Non Current Assets Held for Resale	0	0	0	0	0	0.0%
Total Current Assets	41,730,573	30,125,884	35,848,400	37,632,138	1,783,738	5.0%
Non Current Assets						
Receivables	0	0	0	0	0	0.0%
Infrastructure	49,795,745	667,662,472	662,540,637	661,394,129	1,146,508	0.2%
Other	1,157,661	1,371,049	1,371,049	1,371,049	0	0.0%
Total Non Current Assets	650,953,406	669,033,521	663,911,686	662,765,178	(1,146,508)	(0.2%)
Total Assets	692,683,980	699,159,405	699,760,086	700,397,316	637,230	0.1%
Current Liabilities						
Payables	5,312,639	8,236,305	8,236,305	8,236,305	0	0.0%
Interest Bearing Liabilities	389,095	100,000	100,000	100,000	0	0.0%
Trust Funds	2,123,054	2,000,000	2,000,000	2,000,000	0	0.0%
Employee Benefits	13,771,581	7,900,000	7,900,000	7,900,000	0	0.0%
Other	242,851	220,000	220,000	220,000	0	0.0%
Total Current Liabilities	21,839,220	18,456,305	18,456,305	18,456,305	0	0.0%
Non Current Liabilities						
Payables	166,602	200,000	200,000	200,000	0	0.0%
Employee Benefits	907,758	800,000	800,000	800,000	0	0.0%
Interest Bearing Liabilities	15,224,794	15,238,000	15,238,000	15,238,000	0	0.0%
Total Non Current Liabilities	16,299,154	16,238,000	16,238,000	16,238,000	0	0.0%
Total Liabilities	38,138,374	34,694,305	34,694,305	34,694,305	0	0.0%
Net Assets	654,545,605	664,465,100	665,065,781	665,703,011	637,230	0.1%
Represented By						
Accumulated Surplus	294,569,818	304,344,194	304,944,875	305,582,105	(637,230)	(0.2%)
Reserves	359,975,787	360,120,906	360,120,906	360,120,906	0	0.0%
Total Equity	654,545,605	664,465,100	665,065,781	665,703,011	637,230	0.1%

Greater Shepparton City Council
Cash Flow Statement
for period ending 30 June 2013

	2012/2013 Adopted Budget \$	2012/13 Mid Year Budget Review \$	2012/2013 March Qtr Budget Review \$	Variance (Fav) /Unfav \$	Variance (Fav)/ Unfav %
<i>Cash flows from operating activities</i>					
Receipts from customers	71,070,602	72,257,940	72,116,887	141,053	0.2%
Payments to suppliers	(77,491,333)	(78,954,385)	(78,012,910)	(941,475)	(1.3%)
Net cash inflow(outflow) from customers(suppliers)	(6,420,731)	(6,696,445)	(5,896,023)	(800,422)	(13.1%)
Interest received	1,598,755	1,652,626	1,656,196	(3,570)	(0.2%)
Government receipts	26,625,000	27,516,186	27,174,424	341,762	1.2%
Other	(1,330,000)	(1,330,000)	(1,330,000)	0	0.0%
<i>Net cash inflow(outflow) from operating activities</i>	20,473,024	21,142,367	21,604,597	(462,230)	(2.2%)
<i>Cash flows from investing activities</i>					
Property, plant & equipment, infrastructure - receipts	345,000	273,222	448,222	(175,000)	(64.1%)
Property, plant & equipment, infrastructure - payments	(31,372,472)	(26,247,637)	(25,101,129)	(1,146,508)	(1.5%)
Other	0	0	0	0	0.0%
<i>Net cash inflow(outflow) from investing activities</i>	(31,027,472)	(25,974,415)	(24,652,907)	(1,321,508)	(2.2%)
<i>Cash flows from financing activities</i>					
Proceeds from interest bearing loans and borrowings	0	0	0	0	0.0%
Repayment of interest-bearing loans and borrowings	(362,000)	(362,000)	(362,000)	0	0.0%
Other	0	0	0	0	0.0%
<i>Net cash inflow(outflow) from financing activities</i>	(362,000)	(362,000)	(362,000)	0	0.0%
<i>Net increase(decrease) in cash and equivalents</i>	(10,916,448)	(5,194,048)	(3,410,310)	1,783,738	22.5%
Cash and equivalents at the beginning of the year	34,542,448	34,542,448	34,542,448	0	0.0%
<i>Cash and equivalents at the end of the year</i>	23,626,000	29,348,400	31,132,138	(1,783,738)	(6.1%)