

ATTACHMENT TO AGENDA ITEM

**Ordinary Meeting
16 September 2014**

Agenda Item 8.1 August 2014 Monthly Financial Report

Attachment 1 August 2014 Monthly Financial Report..... 192

G R E A T E R S H E P P A R T O N
G R E A T E R F U T U R E



MONTHLY FINANCIAL REPORT

**2014/2015 FINANCIAL YEAR TO DATE AS AT
31 AUGUST 2014**



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GREATER SHEPPARTON CITY COUNCIL
Summary for Monthly Finance Report – for August 2014

The August 2014 Financial Report provides a summary of the actual financial performance compared to budget for the first two months of the 2014/2015 financial year. The actual year to date operating surplus of \$51.79m is \$836k (1.6%) under the year to date budget.

Income Statement

- The operating surplus is \$836k (1.6%) less than the budget surplus with operating revenue \$925k (1.3%) more than the budget and operating expenditure \$1.85m (10.1%) more than the budget.
- Materials and consumables are \$2.4m ahead of budget. This is largely due to the payments of rebates for the Mooroopna West Building Better Regional Cities project originally budgeted for June 2014 but spent in July 2014.

Capital Works

- Year to date capital expenditure of \$1.28m is \$937k less than budget. This is mainly due to Community Soccer Complex \$439k where the contractor has delayed the construction work and Hockey Complex Surface Renewal \$100k of which the renewal work is expected to commence in December 2014.

Balance Sheet

- Year to date working capital (current assets less current liabilities) is \$82.15m which is \$75.77m more than the end of year budget. This is mainly due to rates debtors for 2014/2015 being recorded in August 2014 with the first installment due on 30 September.
- The variance in infrastructure and total assets will decrease as capital expenditure occurs throughout the financial year.

Investments

- Total investments of \$29.97m is tracking ahead of the same time last year with an average interest rate of 3.51%. This is predominately due to the level rebudgeted capital work from 2013/2014.
- Council has a diverse investment portfolio, which includes local banking institutions and actively manages investments to preserve capital, manage cash flows and generate return.

Rates Debtors

- Declared rates and charges were accounted in August. The rates first instalment is due at the end of September. Rates debtors are tracking ahead of the same time last year. This is primarily due to declared rates and charges being accounted in September during the previous financial year and the budgeted increase in the total rates and charges.

Sundry Debtors

- Sundry Debtors of \$1.38m is tracking \$235k less than the same time last year. Sundry Debtors are within acceptable limits and are being actively managed. The most significant debtor invoice relates to the claim for reimbursement for works relating to the 2010 September flood.

Greater Shepparton City Council
Income Statement
for period ended August 2014

	2014/2015 Adopted Budget	2014/2015 YTD Budget	2014/2015 YTD Actual	YTD Variance (Fav)/Unfav	YTD Variance (Fav)/Unfav	Note
	\$	\$	\$	\$	%	
Revenues from Operating Activities						
Rates and Charges	63,938,109	63,321,791	63,430,021	(108,230)	(0.2%)	
Operating Grants and Contributions	23,279,523	3,895,114	4,717,726	(822,612)	(21.1%)	1
User Charges	16,120,921	2,509,752	2,449,911	59,841	2.4%	
Statutory Fees	2,619,552	284,447	303,326	(18,879)	(6.6%)	
Parking Fees and Fines	1,940,000	323,334	312,627	10,707	3.3%	
Rent	509,204	247,479	252,720	(5,241)	(2.1%)	
Interest	1,213,000	168,334	179,671	(11,337)	(6.7%)	
Other	584,302	78,117	107,794	(29,677)	(38.0%)	
Total Operating Revenue	110,204,611	70,828,368	71,753,795	(925,427)	(1.3%)	
Expenses from Operating Activities						
Employee Costs	42,997,642	7,459,976	7,134,332	(325,644)	(4.4%)	
Materials and Consumables	26,289,932	4,383,036	6,778,984	2,395,948	54.7%	2
External Contracts	15,181,738	2,298,109	2,238,497	(59,612)	(2.6%)	
Utilities	3,258,744	392,503	360,035	(32,468)	(8.3%)	
Borrowing Costs	1,127,033	187,500	23,592	(163,908)	(87.4%)	3
Depreciation and Amortisation	21,013,353	3,514,150	3,550,273	36,123	1.0%	
Total Operating Expenses	109,868,442	18,235,274	20,085,712	1,850,438	10.1%	
UNDERLYING OPERATING RESULT	336,169	52,593,094	51,668,083	925,010	1.8%	
Non-operating Income and Expenditure						
Capital Grants and Contributions	5,887,600	171,800	117,422	54,378	31.7%	
Contributed Assets	3,000,000	0	0	0	0.0%	
Proceeds from Sale of Assets	880,000	0	0	0	0.0%	
Written Down Value of Asset Disposals	(860,000)	(143,334)	0	(143,334)	(100.0%)	4
Total Non Operating Items	8,907,600	28,466	117,422	(88,956)	(312.5%)	
ACCOUNTING SURPLUS/(DEFICIT)	9,243,769	52,621,560	51,785,506	836,054	1.6%	

Greater Shepparton City Council
Notes to the Income Statement
for the period ended 31 August 2014

Notes

- 1 Operating Grants and Contributions is \$823k over budget. This is due to a phasing issue that did not cover the receipt of the Victoria Grant Commission grants.
- 2 Materials and Consumables is \$2.4m over the budget. The majority of this is due to payment of Building Better Regional Cities (Mooroona West Growth Corridor) developer rebates \$2.0m and Waste Management - Cosgrove Operations \$ 101k.
- 3 Borrowing cost is \$164k behind the budget. This is mainly due to an interest expense accrual which is due to be paid in September 2014.
- 4 Written Down Value of Asset Disposals is \$143k behind budget primarily due to timing of disposals of assets.

Greater Shepparton City Council

Balance Sheet as at August 2014

	June 2014 DRAFT Actual \$	Adopted Budget June 2015 \$	Actual August 2014 \$	Variance (Fav)/Unfav \$	Variance (Fav)/Unfav %	Note
Current Assets						
Cash	5,554,840	1,880,000	2,093,086	(213,086)	(11.3%)	1
Receivables	5,866,533	6,410,000	73,447,211	(67,037,211)	(1,045.8%)	2
Investments	38,772,408	17,043,540	29,972,408	(12,928,868)	(75.9%)	3
Other	106,323	649,000	109,695	539,305	83.1%	4
Total Current Assets	50,300,104	25,982,540	105,622,401	(79,639,861)	(306.5%)	
Current Liabilities						
Payables	10,924,297	8,375,000	12,432,857	4,057,857	48.5%	5
Interest Bearing Liabilities	457,675	460,000	457,675	(2,325)	(0.5%)	
Trust Funds	2,095,126	2,051,000	1,939,483	(111,517)	(5.4%)	
Employee Benefits	8,648,527	8,711,000	8,637,801	(73,199)	(0.8%)	
Total Current Liabilities	22,125,624	19,597,000	23,467,817	3,870,817	19.8%	
Net Current Assets	28,174,479	6,385,540	82,154,584	(75,769,044)	(1,186.6%)	
Non Current Assets						
Investment in Associates	1,314,893	1,314,893	1,314,893	0	0.0%	
Infrastructure	826,866,943	856,704,789	824,592,905	(32,111,884)	(3.7%)	
Other	1,046,469	1,183,299	1,046,469	136,830	11.6%	6
Total Non Current Assets	829,228,304	859,202,981	826,954,266	32,248,715	3.8%	
Total Assets	879,528,408	885,185,521	932,576,667	(47,391,146)	(5.4%)	
Non Current Liabilities						
Employee Benefits	926,896	992,000	926,896	(65,104)	(6.6%)	
Interest Bearing Liabilities	14,354,474	15,910,000	14,275,036	(1,634,964)	(10.3%)	7
Total Non Current Liabilities	15,281,371	16,902,000	15,201,932	(1,700,068)	(10.1%)	
Total Liabilities	37,406,995	36,499,000	38,669,749	2,170,749	5.9%	
Net Assets	842,121,413	848,686,521	893,906,918	(45,220,397)	(5.3%)	
Represented By						
Accumulated Surplus	314,917,744	324,198,313	366,703,249	(42,504,936)	(13.1%)	
Reserves	527,203,669	524,488,208	527,203,669	(2,715,461)	(0.5%)	
Total Equity	842,121,413	848,686,521	893,906,918	(45,220,397)	(5.3%)	

Greater Shepparton City Council
Notes to the Balance Sheet
for the period ended 31 August 2014

Balance Sheet

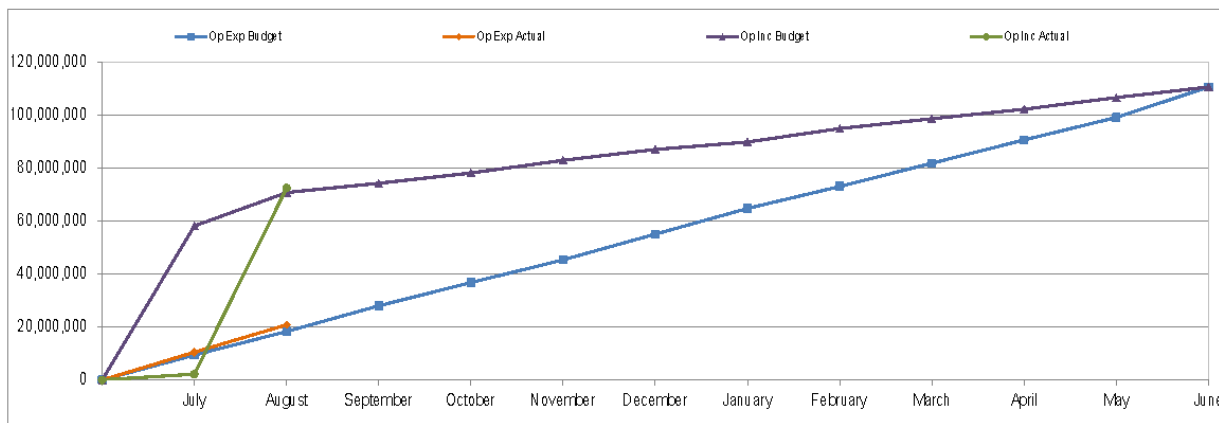
- 1 The balance of cash varies throughout the year.
- 2 Receivable relates to the accounts receivable by the Council. Declared rates and charges were accounted in August. Rates payers have the option to pay by instalments or as a lump sum.
- 3 Investments include grants received in advance and funds not spent on Capital Works from 2013/2014. The investment specific page of this document contains further information.
- 4 Current Assets – Other includes the stock balance of the council at the reporting date.
- 5 Payables relates to the accounts payable by the Council. This is primarily a timing variance depending on when payments are made. Council payments terms are 30 days from the invoice date.
- 6 Non-current assets - Other includes intangible assets. This variance is expected to reduce at the end of the year with new purchases and amortisation expenses.
- 7 Interest Bearing Liabilities includes funds borrowed by the Council in the past. The annual budget includes a new borrowing of \$2 million to finance capital projects.

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Greater Shepparton City Council
Cash Flow Statement
as at August 20 14

	2014/2015 Adopted Budget	2014/2015 YTD Actual
	\$	\$
<i>Cash flows from operating activities</i>		
Receipts from customers	87,741,000	4,794,609
Payments to suppliers	(88,856,000)	(20,746,211)
Net cash inflow(outflow) from customers(suppliers)	(1,115,000)	(15,951,602)
Interest received	1,213,000	210,374
Government receipts	27,139,000	4,835,148
Net cash inflow(outflow) from operating activities	27,237,000	(10,906,080)
<i>Cash flows from investing activities</i>		
Infrastructure, property, plant & equipment - proceeds	880,000	-
Infrastructure, property, plant & equipment - payments	(37,414,855)	(1,276,235)
Net cash inflow(outflow) from investing activities	(36,534,855)	(1,276,235)
<i>Cash flows from financing activities</i>		
Proceeds from interest bearing loans and borrowings	2,000,000	-
Repayment of interest-bearing loans and borrowings	(456,000)	(79,438)
Net cash inflow(outflow) from financing activities	1,544,000	(79,438)
Net increase(decrease) in cash and equivalents	(7,753,855)	(12,261,753)
Cash and equivalents at the beginning of the year	26,677,395	44,327,248
Cash and equivalents at the end of the year	18,923,540	32,065,494

Greater Shepparton City Council
Operating Budget vs Actual
 For the period ending August 2014



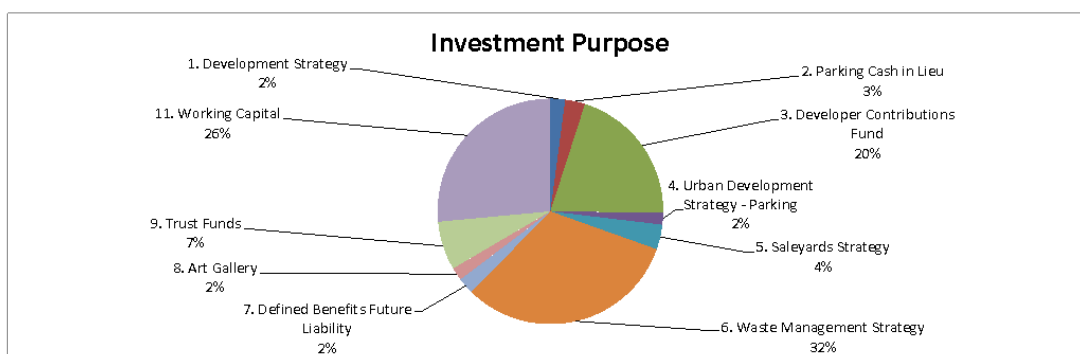
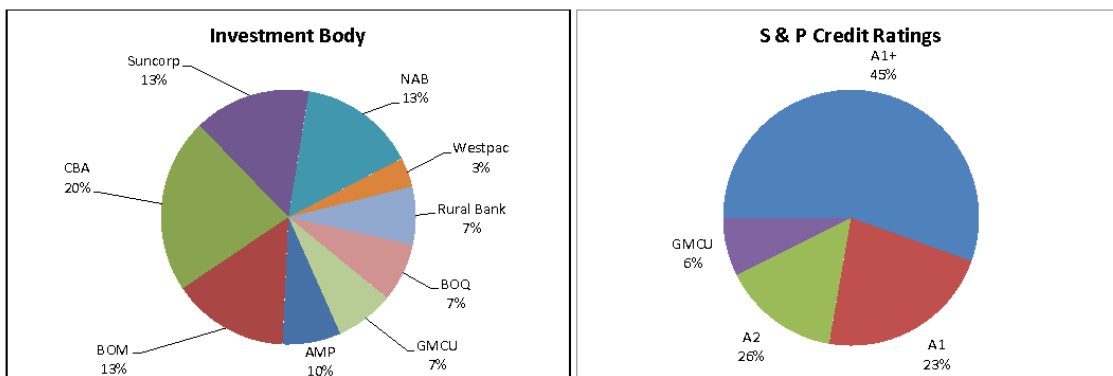
Directorate Responsible Department Account Type	Current Budget	2014-2015 YTD Budgets	2014-2015 YTD Actuals	2014-2015 YTD \$ Variance (Fav)/Unfav	2014-2015 YTD % Variance (Fav)/Unfav	Note
Business	(37,584,048)	(52,632,107)	(53,238,569)	(606,462)	1%	
Business Director	263,825	44,758	36,152	(8,606)	(19%)	
Operating Expense	263,825	44,758	36,152	(8,606)	(19%)	
Citizen Experience	1,106,882	182,728	158,257	(24,471)	(13%)	
Operating Expense	3,868,873	577,424	538,003	(39,421)	(7%)	
Operating Income	(2,761,991)	(394,696)	(379,746)	14,950	3.8%	
Finance and Rates	(63,128,516)	(57,356,849)	(57,745,444)	(388,595)	0.7%	
Operating Expense	8,138,808	1,278,904	966,404	(312,500)	(24%)	1
Operating Income	(71,267,324)	(58,635,753)	(58,711,848)	(76,095)	(0%)	
Information Services	2,573,079	1,107,550	1,036,117	(71,433)	(6%)	
Operating Expense	2,573,079	1,107,550	1,036,117	(71,433)	(6%)	
Non Cash Items	2,187,353	3,657,484	3,550,273	(107,211)	(3%)	
Operating Expense	21,873,353	3,657,484	3,550,273	(107,211)	(3%)	
Strategic Assets	(272,671)	(267,778)	(273,924)	(6,146)	(2%)	
Operating Expense	2,267,959	282,938	288,442	5,506	1.9%	
Operating Income	(2,540,630)	(550,714)	(562,366)	(11,652)	(2%)	
Community	9,169,834	1,034,257	1,114,461	80,204	7.8%	
Active Living	1,353,614	67,008	94,275	27,267	40.7%	
Operating Expense	5,187,436	602,456	648,999	46,543	7.7%	
Operating Income	(3,833,822)	(535,448)	(554,723)	(19,275)	(4%)	
Children & Youth Services	1,635,969	241,181	254,643	13,462	5.6%	
Operating Expense	9,287,736	1,554,878	1,574,123	19,245	1.2%	
Operating Income	(7,651,767)	(1,313,697)	(1,319,480)	(5,783)	(0%)	
Community Director	1,944,369	308,308	337,617	29,309	9.5%	
Operating Expense	2,090,075	454,014	483,723	29,709	6.5%	
Operating Income	(145,706)	(145,706)	(146,106)	(400)	(0%)	
Neighbourhoods	2,524,458	162,081	137,451	(24,630)	(15%)	
Operating Expense	6,779,484	871,480	911,667	40,187	4.6%	
Operating Income	(4,255,026)	(709,399)	(774,217)	(64,818)	(9%)	
Performing Arts & Conventions	927,801	118,569	147,329	28,760	24.3%	
Operating Expense	1,806,706	264,062	292,827	28,745	10.9%	
Operating Income	(878,905)	(145,513)	(145,498)	15	0.0%	
Shepparton Art Museum	783,623	137,110	143,146	6,036	4.4%	
Operating Expense	1,071,431	141,222	168,802	27,580	19.5%	
Operating Income	(287,808)	(4,112)	(25,656)	(21,544)	(524%)	
Infrastructure	16,604,168	2,868,363	3,919,610	1,051,247	36.6%	
Infrastructure Director	306,741	52,036	69,590	17,554	33.7%	
Operating Expense	306,741	52,036	69,590	17,554	33.7%	

Directorate Responsible Department Account Type	Current Budget	2014-2015 YTD Budgets	2014-2015 YTD Actuals	2014-2015 YTD \$ Variance (Fav)/Unfav	2014-2015 YTD % Variance (Fav)/Unfav	Note
Projects	4,774,603	410,083	2,343,599	1,933,516	47.15%	
Operating Expense	5,218,238	442,633	2,390,413	1,947,780	44.0%	2
Operating Income	(443,635)	(32,550)	(46,814)	(14,264)	(44%)	
Recreation and Parks	6,626,904	1,106,597	1,083,599	(22,998)	(2%)	
Operating Expense	7,820,486	1,139,597	1,091,345	(48,252)	(4%)	
Operating Income	(993,582)	(33,000)	(7,746)	25,254	76.5%	
Works	4,895,920	1,299,647	422,822	(876,825)	(67%)	
Operating Expense	12,208,267	2,026,763	1,948,614	(78,149)	(4%)	
Operating Income	(7,312,347)	(727,116)	(1,525,791)	(798,675)	(110%)	3
Office of the CEO	8,633,361	2,530,091	2,578,898	48,807	1.9%	
Corporate Performance	3,368,619	1,348,226	1,361,656	13,430	1.0%	
Operating Expense	3,451,619	1,349,874	1,365,544	15,670	1.2%	
Operating Income	(93,000)	(1,648)	(3,888)	(2,240)	(136%)	
Marketing and Communications	1,677,898	220,067	237,026	16,959	7.7%	
Operating Expense	1,677,898	220,067	237,026	16,959	7.7%	
People Performance	3,596,834	961,798	980,216	18,418	1.9%	
Operating Expense	3,596,834	968,049	989,284	21,235	2.2%	
Operating Income	0	(6,251)	(9,068)	(2,817)	(45%)	
Sustainable Development	3,200,626	(6,260,364)	(6,042,484)	207,880	3.3%	
Building	123,049	20,762	633	(20,129)	(97%)	
Operating Expense	792,049	132,254	120,339	(11,915)	(9%)	
Operating Income	(669,000)	(111,492)	(119,706)	(8,214)	(7%)	
Environment	(2,335,149)	(7,040,436)	(6,818,227)	222,209	3.2%	
Operating Expense	13,347,620	1,871,745	2,059,415	187,670	10.0%	4
Operating Income	(15,682,769)	(8,912,181)	(8,877,642)	34,539	0.4%	
Investment Attraction	3,289,473	488,432	476,345	(12,087)	(2%)	
Operating Expense	4,071,061	554,592	532,719	(21,873)	(4%)	
Operating Income	(781,588)	(66,160)	(56,374)	9,786	14.8%	
Planning	1,794,853	233,690	251,577	17,887	7.7%	
Operating Expense	2,200,045	286,535	304,422	17,887	6.2%	
Operating Income	(405,192)	(52,845)	(52,846)	(1)	(0%)	
Sustainable Development Director	328,300	47,188	47,189	1	0.0%	
Operating Expense	328,300	47,188	47,189	1	0.0%	
Grand Total	23,831	(52,449,760)	(51,668,084)	781,676	1.5%	

Notes to Operating Budget v Actual

- Finance and Rates operating expense is \$312k less than budgeted for August. This is largely due to the timing of payments of borrowing costs, staff vacancies and lower than expected legal costs.
- Projects operating expenses is \$1.95m over the budget. This is mainly due to payment of Building Better Regional Cities developer rebates \$2.04m in July 2014 which was budgeted in June 2014.
- Works operating income is \$799k over the budget. This is due to a timing issue.
- Environment expense is more than budget by \$187k mainly due to Waste Management - Cosgrove Operations \$101k and payment for consultants for Flood Mitigation Studies \$86k. This has been partly offset by savings in salary expenses and material and service expenses.

Greater Shepparton City Council
Investments Summary
 as at 31 August 2014

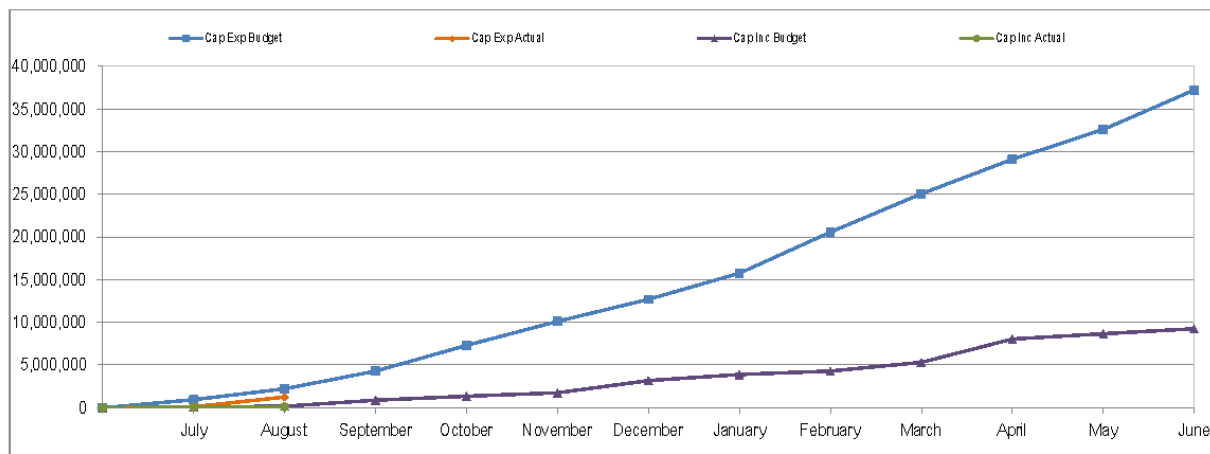


GSCC - INVESTMENT PURPOSE LISTING		
Purpose	Amount	
1. Development Strategy	\$	627,595
2. Parking Cash in Lieu	\$	857,458
3. Developer Contributions Fund	\$	6,067,800
4. Urban Development Strategy - Parking	\$	507,707
5. Saleyards Strategy	\$	1,062,682
6. Waste Management Strategy	\$	9,563,912
7. Defined Benefits Future Liability	\$	700,000
8. Art Gallery	\$	559,559
9. Trust Funds	\$	2,087,404
11. Working Capital	\$	7,938,291
		29,972,408

Funds Held Notes

- ** Investments 1 and 2 relate to contributions received under planning permit conditions and are subject to use on specific developments which comply with relevant regulations.
- ** Investment 3 is funds held for future developments across the municipality and largely relates to Building Better Regional Cities \$3.14 million.
- ** Investments 4, 5 and 6 relate to surplus operational funds maintained in accordance with council process to redirect to capital investments specific to these business areas.
- ** Investment 7 is in accordance with the Council's Strategic Resource Plan 2014/2015 -2017/2018.
- ** Investment 8 relates to Art Work sale proceeds and are held for future collection acquisitions.
- ** Investment 9 is funds identified and held by council in trust and therefore unavailable for use by Council.
- ** Investment 10 is funds held to cover previously committed operating and capital expenditure for the remainder of the financial year, and includes reserve amounts held at 30 June 2014.
- ** End of the financial year accounts 2013/2014 are in draft format at the report preparation date.

Greater Shepparton City Council
Capital Budget vs Actual
 period ended August 2014



Capital Works Area	2014/2015 Adopted Budget	2014/2015 YTD Budget	2014/2015 YTD Actual	2014/2015 YTD Variance (Fav./Unfav.)		
				Variance \$	Variance %	Note
Buildings	4,287,000	302,379	240,383	(61,996)	(21%)	
Drains	885,000	71,689	157,759	86,070	120%	
Open Space	10,508,000	873,600	315,570	(558,030)	(64%)	1
Other	1,994,000	0	17,391	17,391	100%	
Plant & Equipment	5,151,335	107,700	88,751	(18,949)	(18%)	
Roads	11,585,520	858,587	416,563	(442,024)	(51%)	2
Waste Management	3,006,000	0	39,817	39,817	100%	
Total Capital Works	37,416,855	2,213,955	1,276,235	(937,720)	(42%)	

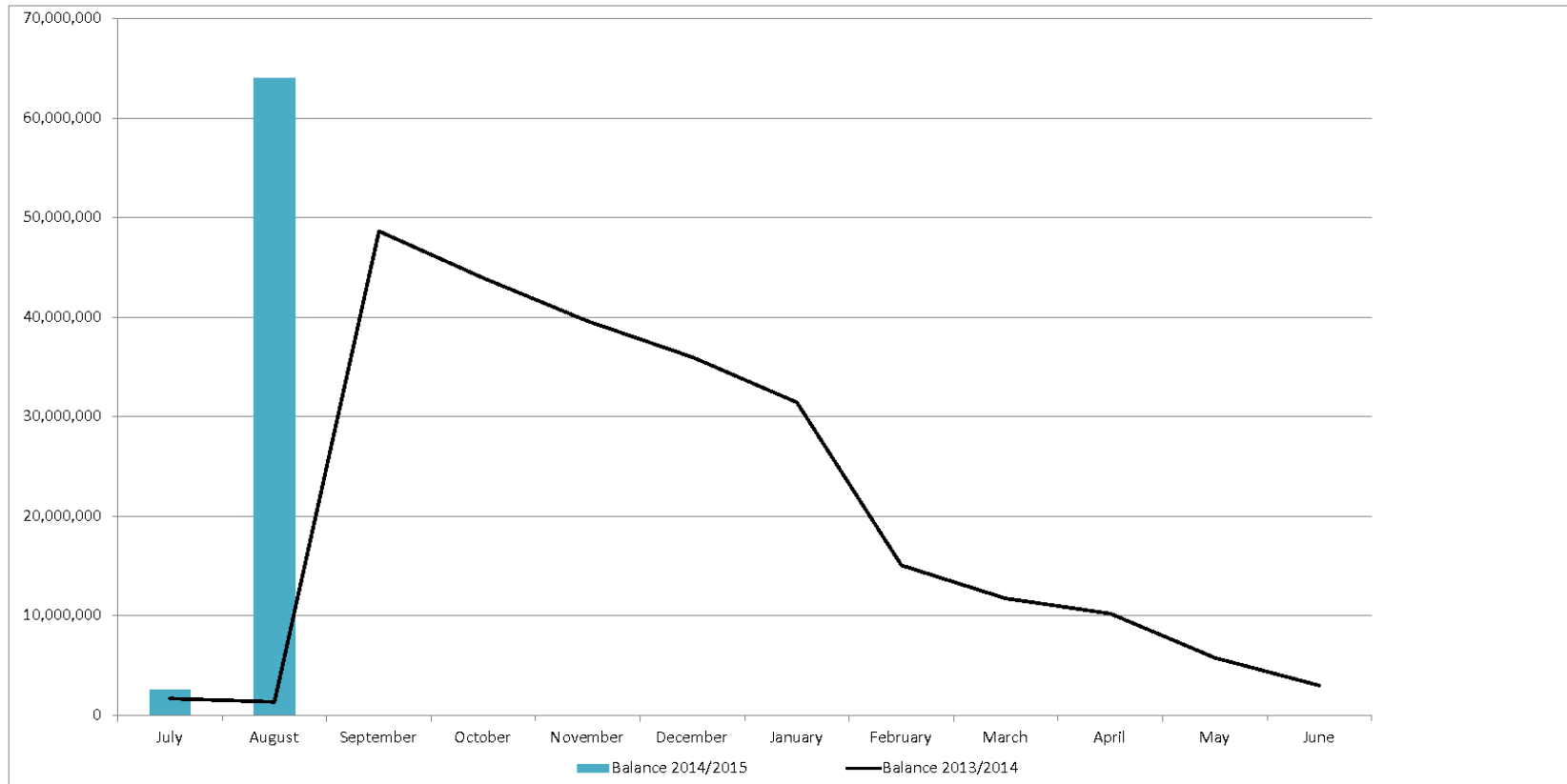
Capital Works Type	2014/2015 Adopted Budget	2014/2015 YTD Budget	2014/2015 YTD Actual	2014/2015 YTD Variance (Fav./Unfav.)		
				Variance \$	Variance %	Note
Renewal	18,787,710	1,219,193	626,708	(592,485)	(95%)	
Upgrade	4,864,475	902,110	407,045	(495,065)	(122%)	
New	13,764,670	92,652	242,481	149,829	62%	
Total Capital Works	37,416,855	2,213,955	1,276,235	(937,720)	(42%)	

Notes to Capital Budget v Actual

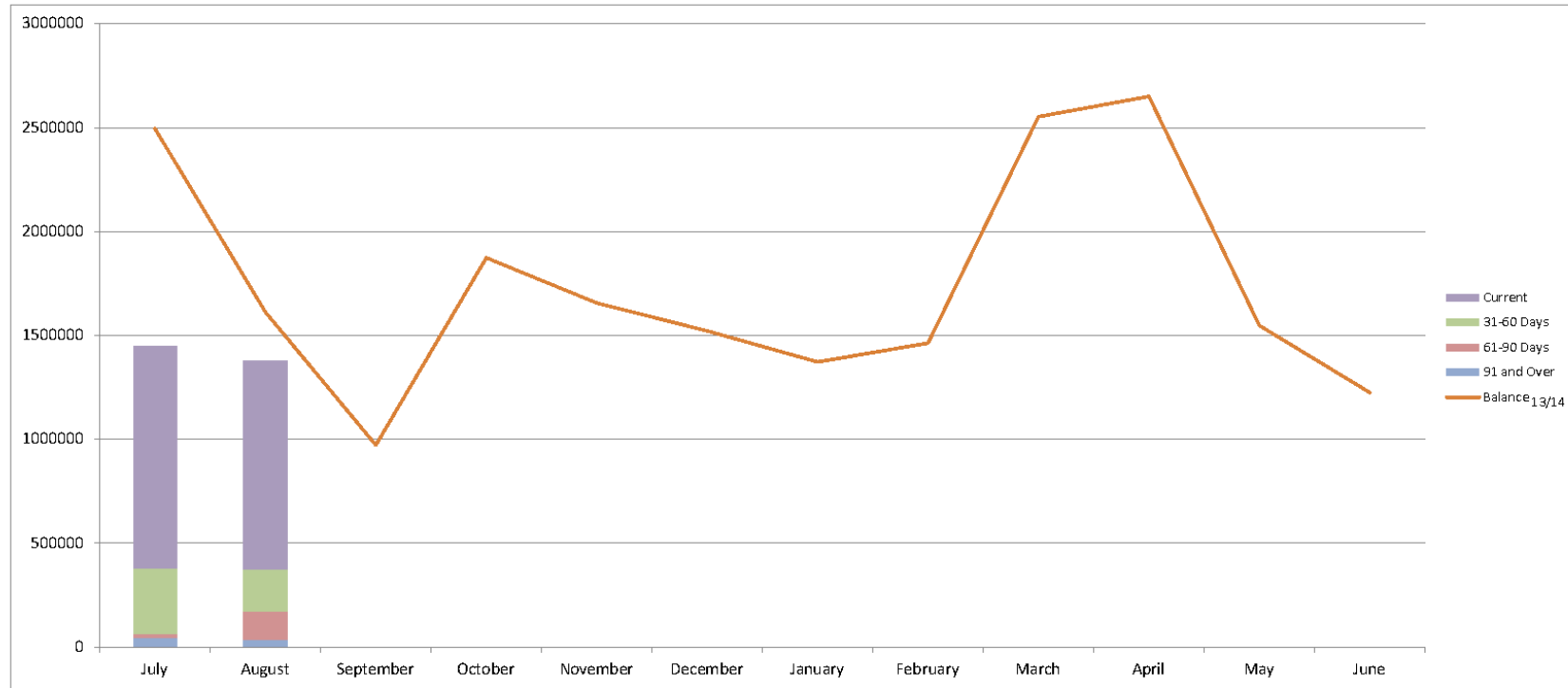
- 1 The Open Space year to date variance of \$558k is due to Community Soccer Complex \$439k where the contractor has delayed the work and Hockey Complex Surface Renewal \$100k of which the work is expected to commence in December 2014.
- 2 Road year to date variance of \$442k is mainly due to Road for Renewal \$250k and Roads to Recovery \$172k which are behind budget.

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City Of Greater Shepparton
Comparative Rates Debtors
 2014/2015 Financial Year to Date at 31 August 2014



Greater Shepparton City Council
Sundry Debtors
as at 31 August 2014



COUNCILLORS EXPENSE REPORT AUGUST 2014

Month of August 2014	Cr Denny Adem	Cr Jenny Houlihan	Cr Les Oroszvary	Cr Dennis Patterson	Cr Michael Polan	Cr Kevin Ryan	Cr Fern Summer	TOTAL
Councillor Allowance	\$2,136	\$6,618	\$2,136	\$2,136	\$2,136	\$2,136	\$2,136	\$19,433
Vehicle	\$0	\$1,372	\$0	\$0	\$0	\$0	\$0	\$1,372
Telephone Rent	\$14	\$27	\$14	\$14	\$27	\$41	\$14	\$150
Telephone Usage	\$8	\$98	\$72	\$84	\$66	\$49	\$133	\$509
Internet Connection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$160	\$0	\$0	\$0	\$160
Training	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$120	\$0	\$0	\$0	\$0	\$0	\$10	\$129
Shared Councillor Expense:								
Catering								\$1,467
Other								\$64
TOTAL	\$2,277	\$8,115	\$2,221	\$2,394	\$2,229	\$2,226	\$2,291	\$23,284

Councillor Expense Year to Date	Cr Denny Adem	Cr Jenny Houlihan	Cr Les Oroszvary	Cr Dennis Patterson	Cr Michael Polan	Cr Kevin Ryan	Cr Fern Summer	TOTAL
Councillor Allowance	\$4,821	\$13,227	\$4,271	\$4,271	\$4,271	\$4,272	\$4,271	\$39,406
Vehicle	\$0	\$2,744	\$0	\$0	\$0	\$0	\$0	\$2,744
Telephone Rent	\$28	\$55	\$27	\$27	\$55	\$82	\$27	\$300
Telephone Usage	\$9	\$200	\$161	\$181	\$131	\$95	\$418	\$1,195
Internet Connection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$160	\$0	\$0	\$0	\$160
Training	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$120	\$0	\$0	\$0	\$0	\$0	\$10	\$129
Shared Councillor Expense:								
Catering								\$2,494
Other								\$64
TOTAL	\$4,977	\$16,226	\$4,460	\$4,639	\$4,457	\$4,448	\$4,727	\$46,492