

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

18 August 2015

Agenda Item 8.1 July 2015 Monthly Financial Report

Attachment 1 July 2015 Monthly Financial Report..... 254

GREATER SHEPPARTON
GREATER FUTURE



MONTHLY FINANCIAL REPORT

2015/2016 FINANCIAL YEAR TO DATE AS AT

31 July 2015



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GREATER SHEPPARTON CITY COUNCIL
Summary for Monthly Finance Report – July 2015

Income Statement

- The year to date underlying operating surplus (income greater than expenses) of \$60.27 million largely relates to the recognition of annual rates and charges in the month of July. This figure will reduce throughout the year as Council meets its budgeted expenditure requirements.
- The current full year forecast is an operating deficit (expenses greater than income) of \$8.04 million compared to the adopted budget operating deficit of \$1.29 million (an increase of \$6.75 million).
- This increase in the projected operating deficit is mainly due to the early receipt of \$5.74 million of 2015/16 Federal Financial Assistance Grants (recorded as income in 2014/15) and an increase in the depreciation expense (non-cash item) forecast of \$1.1 million.

Balance Sheet

- Working capital (current assets less current liabilities) is \$92.33m as at 31 July 2015.
- The Local Government Performance Reporting Framework note this as an indicator that sufficient working capital is available to pay bills as and when they fall due. High or increasing level of working capital suggests an improvement in liquidity.
- The working capital balance will reduce throughout the year as the cash collected through rates and charges is expended as per the budgeted requirements. The budgeted ending working capital is \$10.46 million.

Cash Flow

- The beginning cash and cash equivalents of \$35.4 million is ahead of the budgeted beginning balance and is largely impacted by the early receipt of Federal Financial Assistance Grants (\$5.74 million) and re-budgeted capital works from 2014/15.
- The ending cash and cash equivalents is budgeted to be \$13.25 million as Council meets its budgeted expenditure requirements and factors in over \$4 million in borrowings for the Greater Shepparton Regional Sports Precinct project .

Capital Works

- The 2015/16 adopted capital works budget is \$40.1 million with 1.8% of the budget expended as at 31 July 2015.

Investments, Rates Debtors & Sundry Debtors

- Investments are currently tracking at \$29.7 million and reflect restricted investments balances as well as Federal Financial Assistance Grants received in advance. The average interest rate is 2.84%.
- Declared rates and charges were recorded in July 2015. The rates first instalment is due end of September 2015.

Greater Shepparton City Council
Income Statement
for period ended July 2015

	2015/2016 Adopted Budget	2015/2016 YTD Budget	2015/2016 YTD Actual	YTD Variance (Fav)/Unfav	YTD Variance (Fav)/Unfav	Note
	\$	\$	\$	\$	%	
Revenues from Operating Activities						
Rates and Charges	67,706,345	67,551,225	67,722,114	(170,889)	(0.3%)	1
Operating Grants and Contributions	23,097,420	849,385	683,986	165,399	19.5%	
User Charges	18,544,897	1,301,518	1,288,254	13,264	1.0%	
Statutory Fees	2,419,812	170,813	160,652	10,161	5.9%	
Parking Fees and Fines	670,946	55,890	42,731	13,159	23.5%	
Rent	585,189	191,373	191,112	261	0.1%	
Interest	1,094,000	72,142	66,606	5,536	7.7%	
Other	632,938	29,062	112,230	(83,168)	(286.2%)	
Total Operating Revenue	114,751,547	70,221,408	70,267,685	(46,277)	(0.1%)	
Expenses from Operating Activities						
Employee Costs	45,617,451	4,374,672	4,425,770	51,098	1.2%	2
Materials and Consumables	26,990,040	2,913,950	2,344,036	(569,913)	(19.6%)	
External Contracts	16,390,570	1,049,839	1,032,935	(16,904)	(1.6%)	3
Utilities	3,196,469	139,950	184,630	44,680	31.9%	
Borrowing Costs	1,210,000	26,272	26,272	0	0.0%	
Depreciation and Amortisation	22,636,267	1,981,764	1,981,540	(224)	(0.0%)	
Total Operating Expenses	116,040,797	10,486,447	9,995,184	(491,263)	(4.7%)	
UNDERLYING OPERATING RESULT	(1,289,250)	59,734,961	60,272,501	(537,539)	(0.9%)	
Non-operating Income and Expenditure						
Capital Grants and Contributions	7,945,000	641,999	1,330,097	(688,098)	(107.2%)	4
Contributed Assets	3,000,000	0	0	0	0.0%	
Proceeds from Sale of Assets	529,500	0	29,100	(29,100)	100.0%	
Written Down Value of Asset Disposals	(1,070,054)	0	0	0	0.0%	
Total Non Operating Items	10,404,446	641,999	1,359,197	(717,198)	(111.7%)	
ACCOUNTING SURPLUS/(DEFICIT)	9,115,196	60,376,960	61,631,698	(1,254,738)	(2.1%)	

Greater Shepparton City Council
Notes to the Income Statement
for the period ended 31 July 2015

Notes

1. Operating Grants and Contributions is \$165k less than budget. This is largely due to the timing of a Goulburn Broken Catchment Management Authority contribution of \$100k.
2. Materials and Consumables is \$570k less than budget. This is largely due to timing variances relating to the payment of Information Services annual maintenance and licencing fees \$190k and the unpredictability of Insurance Claim expenses \$79k.
3. Utilities is \$45k more than budget. This is largely due to the payment and unpredictability of water, gas, electricity and telecommunication expenses.
4. Capital Grants and Contributions is \$688k more than budget. This is largely due to Greater Shepparton Sports Precinct \$327k received earlier than expected and Shepparton East Drainage Scheme stage 1 \$400k not budgeted for.

Greater Shepparton City Council

Balance Sheet

as at July 2015

	June 2015 Actual \$	Adopted Budget June 2016 \$	Actual July 2015 \$	Variance (Fav)/Unfav \$	Variance (Fav)/Unfav %	Note
Current Assets						
Cash and Cash Equivalent	35,402,549	13,254,690	24,647,311	(11,392,621)	(86.0%)	1
Receivables	6,345,870	7,567,435	80,175,032	(72,607,597)	(959.5%)	2
Other Financial Assets	8,000,000	12,000,000	10,000,000	2,000,000	16.7%	
Inventories	96,879	110,000	156,346	(46,346)	(42.1%)	
Total Current Assets	49,845,298	32,932,125	114,978,689	(82,046,564)	(249.1%)	
Current Liabilities						
Payables	8,653,667	11,092,913	11,069,267	(23,646)	(0.2%)	
Interest Bearing Liabilities	489,696	460,000	407,189	(52,811)	(11.5%)	
Trust Funds	2,435,451	2,051,000	2,369,175	318,175	15.5%	
Employee Benefits	8,813,362	8,867,500	8,803,724	(63,776)	(0.7%)	
Total Current Liabilities	20,392,177	22,471,413	22,649,356	177,943	0.8%	
Net Current Assets	29,453,121	10,460,712	92,329,333	(81,868,621)	(782.6%)	
Non Current Assets						
Investment in Associates	1,382,400	1,382,400	1,382,400	0	0.0%	
Infrastructure	1,007,143,983	859,072,533	1,005,899,469	(146,826,936)	(17.1%)	3
Other	(335,931)	1,115,099	(335,931)	1,451,030	130.1%	
Total Non Current Assets	1,008,190,452	861,570,032	1,006,945,938	(145,375,906)	(16.9%)	
Total Assets	1,058,035,749	894,502,157	1,121,924,626	(227,422,469)	(25.4%)	
Non Current Liabilities						
Payables	4,522,252	-	4,522,252	4,522,252	100.0%	4
Employee Benefits	1,201,812	1,010,000	1,201,812	191,812	19.0%	
Interest Bearing Liabilities	13,868,708	17,840,482	13,868,708	(3,971,774)	(22.3%)	
Total Non Current Liabilities	19,592,773	18,850,482	19,592,773	742,291	3.9%	
Total Liabilities	39,984,950	41,321,895	42,242,129	920,234	2.2%	
Net Assets	1,018,050,800	853,180,262	1,079,682,498	(226,502,236)	(26.5%)	
Represented By						
Accumulated Surplus	322,203,471	331,318,667	383,835,169	(52,516,502)	(15.9%)	
Reserves	695,847,329	521,861,595	695,847,329	(173,985,734)	(33.3%)	

Greater Shepparton City Council
Notes to the Balance Sheet
for the period ended 31 July 2015

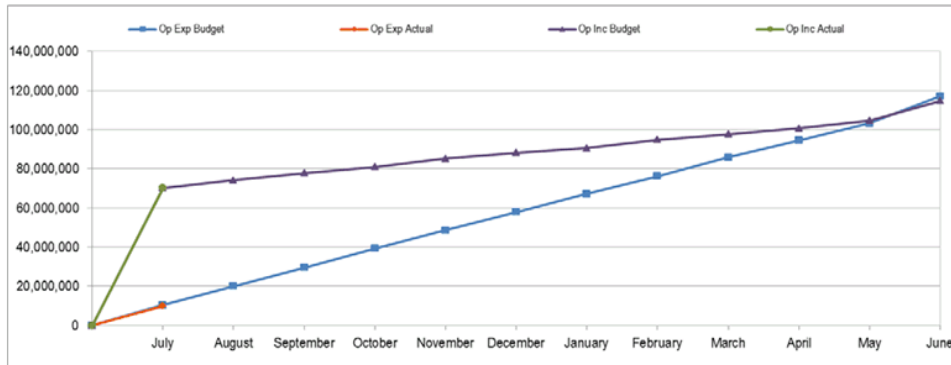
Balance Sheet

- 1 Cash & Cash Equivalents balance is \$11.39m less than budget. The balance of cash varies throughout the year and is difficult to predict.
- 2 Receivables is \$72.61m more than budget. This includes rates debtors and other sundry debtors. This variance is primarily due to timing variances depending on when income is received, in particular rate revenue. A portion of this variance will be absorbed by the payment of over \$6m for the Fire Services Levy.
- 3 Infrastructure is \$146.83m more than budget. This is mainly due to the revaluation of assets in 2014/2015 totalling an increase in value of \$166m.
- 4 Non-Current Liabilities - Payables is \$4.52m more than budget. This is due to the provision for future rehabilitation works for the Cosgrove landfill \$4.52m.

Greater Shepparton City Council
Cash Flow Statement
as at July 2015

	2015/2016 Adopted Budget \$	2015/2016 YTD Actual \$	Variance (Fav)/Unfav \$
<i>Cash flows from operating activities</i>			
Receipts from customers	90,190,844	1,175,723	89,015,121
Payments to suppliers	(91,948,044)	(11,194,944)	(80,753,100)
Net cash inflow(outflow) from customers(suppliers)	(1,757,200)	(10,019,221)	8,262,021
Interest received	1,094,000	66,606	1,027,394
Government receipts	29,205,703	2,005,160	27,200,543
Contributions	1,836,717	8,923	1,827,794
Net cash inflow(outflow) from operating activities	30,379,220	(7,938,532)	38,317,752
<i>Cash flows from investing activities</i>			
Net movement in other financial assets	-	(2,000,000)	2,000,000
Infrastructure, property, plant & equipment - proceeds	529,500	29,100	500,400
Infrastructure, property, plant & equipment - payments	(39,938,000)	(737,027)	(39,200,973)
Net cash inflow(outflow) from investing activities	(39,408,500)	(2,707,927)	25,735,663
<i>Cash flows from financing activities</i>			
Finance Cost	(1,210,000)	(26,272)	(1,183,728)
Repayment of interest-bearing loans and borrowings	3,946,008	(82,507)	4,028,515
Net cash inflow(outflow) from financing activities	2,736,008	(108,779)	2,844,787
Net increase(decrease) in cash and equivalents	(6,293,272)	(10,755,237)	4,461,965
Cash and equivalents at the beginning of the year	19,547,962	35,402,549	(15,854,587)
Cash and equivalents at the end of the year	13,254,690	24,647,311	(11,392,621)

Greater Shepparton City Council
Operating Budget vs Actual
 For the period ending July 2015



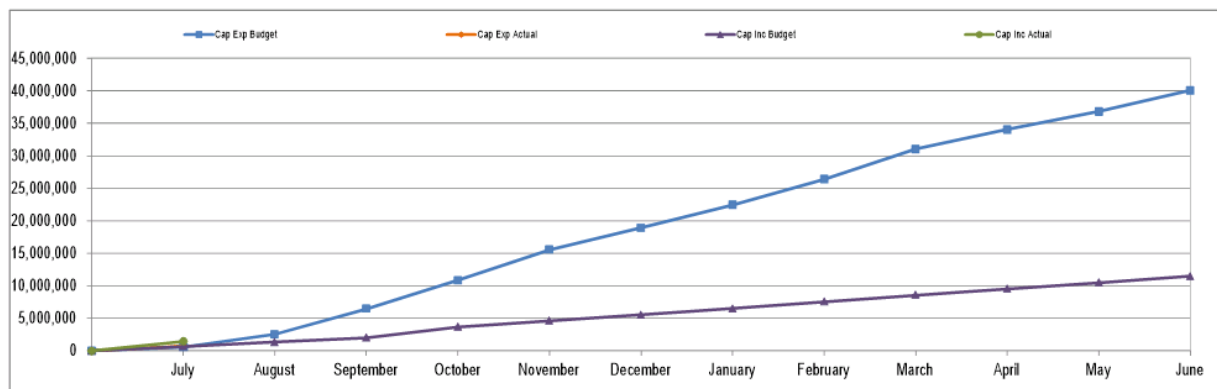
Directorate Responsible Department Account Type	Current Budget	2015-2016 YTD Budgets	2015-2016 YTD Actuals	2015-2016 YTD \$ Variance (Fav)/Unfav	2015-2016 YTD % Variance (Fav)/Unfav	Notes
Business	(61,757,928)	(58,689,617)	(58,729,494)	(39,877)	(0%)	
Business Director	267,312	8,570	8,912	342	4.0%	
Operating Expense	267,312	8,570	8,912	342	4.0%	
Citizen Services	1,002,143	132,792	55,259	(77,533)	(58%)	
Operating Expense	3,624,331	323,868	226,047	(97,821)	(30%)	
Operating Income	(2,622,188)	(191,076)	(170,788)	20,288	10.6%	
Finance and Rates	(66,251,607)	(59,377,036)	(59,573,001)	(195,965)	(0%)	
Operating Expense	9,099,922	636,619	611,767	(24,852)	(4%)	
Operating Income	(75,351,529)	(60,013,655)	(60,184,768)	(171,113)	(0%)	
Information Services	3,224,224	546,057	779,336	233,279	42.7%	
Operating Expense	3,224,224	546,057	779,336	233,279	42.7%	1
Community	11,258,772	1,078,689	919,796	(158,893)	(15%)	
Active Living	1,708,407	72,143	64,185	(7,958)	(11%)	
Operating Expense	5,640,639	343,615	336,270	(7,345)	(2%)	
Operating Income	(3,932,232)	(271,472)	(272,085)	(613)	(0%)	
Children & Youth Services	2,777,081	250,061	101,700	(148,361)	(59%)	
Operating Expense	10,467,245	896,352	760,058	(136,294)	(15%)	2
Operating Income	(7,690,164)	(646,291)	(658,358)	(12,067)	(2%)	
Community Director	1,972,994	416,655	418,062	1,407	0.3%	
Operating Expense	2,119,100	416,655	418,062	1,407	0.3%	
Operating Income	(146,106)	0	0	0	0.0%	
Neighbourhoods	2,709,173	193,248	190,343	(2,905)	(2%)	
Operating Expense	7,279,619	522,312	521,634	(678)	(0%)	
Operating Income	(4,570,446)	(329,064)	(331,291)	(2,227)	(1%)	
Performing Arts & Conventions	1,111,900	52,541	52,543	2	0.0%	
Operating Expense	1,956,960	98,321	98,321	0	0.0%	
Operating Income	(845,060)	(45,780)	(45,779)	1	0.0%	
Shepparton Art Museum	979,217	94,041	92,963	(1,078)	(1%)	
Operating Expense	1,211,267	97,154	97,847	693	0.7%	

Operating Income	(232,050)	(3,113)	(4,884)	(1,771)	(57%)	
Infrastructure	39,487,692	3,292,381	2,920,149	(372,232)	(11%)	
Infrastructure Director	345,137	91,664	44,336	(47,328)	(52%)	
Operating Expense	345,137	91,664	44,336	(47,328)	(52%)	
Non Cash Items	23,706,321	1,981,764	1,981,540	(224)	(0%)	
Operating Expense	23,706,321	1,981,764	1,981,540	(224)	(0%)	
Parks, Sport & Recreation	7,849,805	501,533	504,053	2,520	0.5%	
Operating Expense	8,724,267	507,387	509,906	2,519	0.5%	
Operating Income	(874,462)	(5,854)	(5,854)	0	0.0%	
Projects	2,510,708	275,344	180,562	(94,782)	(34%)	
Operating Expense	2,859,862	275,344	181,324	(94,020)	(34%)	
Operating Income	(349,154)	0	(762)	(762)	0.0%	
Strategic Assets	(263,164)	(120,108)	(404,107)	(283,999)	(236%)	
Operating Expense	7,086,943	628,186	545,858	(82,328)	(13%)	
Operating Income	(7,350,107)	(748,294)	(949,965)	(201,671)	(27%)	3
Transport & Road Reserves	5,338,885	562,184	613,766	51,582	9.2%	
Operating Expense	8,380,168	565,963	618,745	52,782	9.3%	
Operating Income	(3,041,283)	(3,779)	(4,979)	(1,200)	(32%)	
Office of the CEO	9,629,612	2,235,180	2,245,981	10,801	0.5%	
Corporate Performance	3,708,687	1,158,169	1,459,462	301,293	26.0%	
Operating Expense	3,789,487	1,165,168	1,468,776	303,608	26.1%	4
Operating Income	(80,800)	(6,999)	(9,314)	(2,315)	(33%)	
Marketing and Communications	2,097,334	176,276	155,029	(21,247)	(12%)	
Operating Expense	2,097,334	176,276	155,029	(21,247)	(12%)	
People Performance	3,823,591	900,735	631,491	(269,244)	(30%)	
Operating Expense	3,828,591	905,735	635,682	(270,053)	(30%)	5
Operating Income	(5,000)	(5,000)	(4,191)	809	16.2%	
Sustainable Development	3,741,156	(7,651,594)	(7,549,344)	102,250	1.3%	
Building	151,438	38,800	6,299	(32,501)	(84%)	
Operating Expense	820,438	113,039	72,052	(40,987)	(36%)	
Operating Income	(669,000)	(74,239)	(65,753)	8,486	11.4%	
Environment	(1,783,738)	(8,155,492)	(8,111,781)	43,711	0.5%	
Operating Expense	14,375,825	442,421	375,759	(66,662)	(15%)	
Operating Income	(16,159,563)	(8,597,913)	(8,487,540)	110,373	1.3%	
Investment Attraction	3,462,233	305,505	396,930	91,425	29.9%	
Operating Expense	4,152,655	376,061	417,799	41,738	11.1%	
Operating Income	(690,422)	(70,556)	(20,869)	49,687	70.4%	
Planning	1,610,057	133,849	133,685	(164)	(0%)	
Operating Expense	2,062,141	159,864	160,127	263	0.2%	
Operating Income	(452,084)	(26,015)	(26,442)	(427)	(2%)	
Sustainable Development Director	301,166	25,744	25,524	(220)	(1%)	
Operating Expense	301,166	25,744	25,524	(220)	(1%)	
Grand Total	2,359,304	(59,734,961)	(60,192,911)	(457,950)	(1%)	

Notes to Operating Budget v Actual

- Information Services operating expense is \$223k more than budget. This is largely due to annual maintenance and licencing fees \$499k prepaid last year.
- Children & Youth Services operating expense is \$136k less than budget. This is largely due to the timing of Word and Mouth expenses \$135k.
- Strategic Assets operating income is \$201k more than budget. This is largely due to timing of Plant & Fleet Maintenance User Charges which is an internal transaction.
- Corporate Performance operating expense \$303k more than budget. This is largely due to the timing of employee entitlements.
- People Performance expense \$270k less than budget. This is largely due to the Workcover Premium being \$258k less than expected.

Greater Shepparton City Council
Capital Budget vs Actual
 period ended July 2015



Capital Works Area	2014/2015	2015/2016 YTD	2015/2016 YTD	2015/2016 YTD Variance (Fav./Unfav.)		
	Adopted Budget	Budget	Actual	Variance \$	Variance %	Note
Aerodrome	0	0	10,145	10,145	100%	
Bridges	79,000	0	(7)	(7)	100%	
Buildings	4,404,660	17,148	94,417	77,269	451%	1
Computer & Telecommunications	1,384,630	0	16,462	16,462	100%	
Drainage	1,255,000	0	(139,291)	(139,291)	100%	2
Fixture Fittings and Furniture	647,400	6,721	6,014	(707)	(11%)	
Footpaths & Cycleways	345,445	0	0	0	0%	
Land Improvements	16,984,858	58,482	91,664	33,182	57%	
Parks, Open Space & Streetscape	217,000	50,000	49,998	(2)	(0%)	
Plant Machinery & Equipment	2,169,150	147,065	145,978	(1,087)	(1%)	
Recreational Leisure and Community Facilities	1,488,650	33,710	206,251	172,541	512%	3
Roads	10,780,987	197,709	289,627	91,918	46%	
Waste Management	0	0	(36,492)	(36,492)	100%	
Other Infrastructure	339,500	6,760	2,260	(4,500)	(67%)	
Total Capital Works	40,096,280	517,595	737,027	219,432	42%	

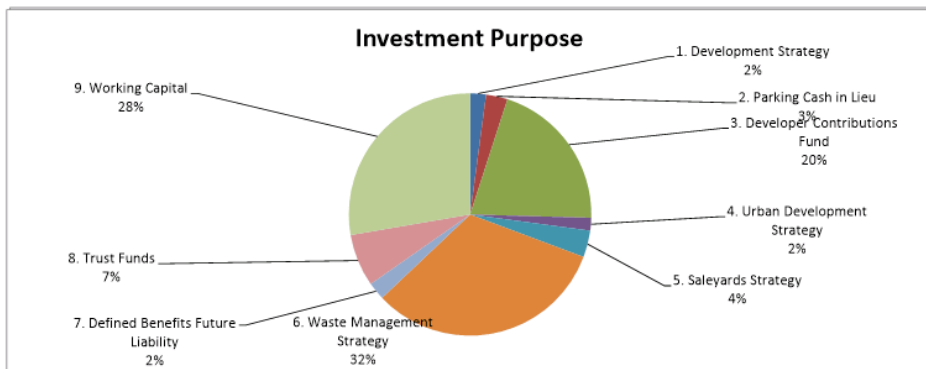
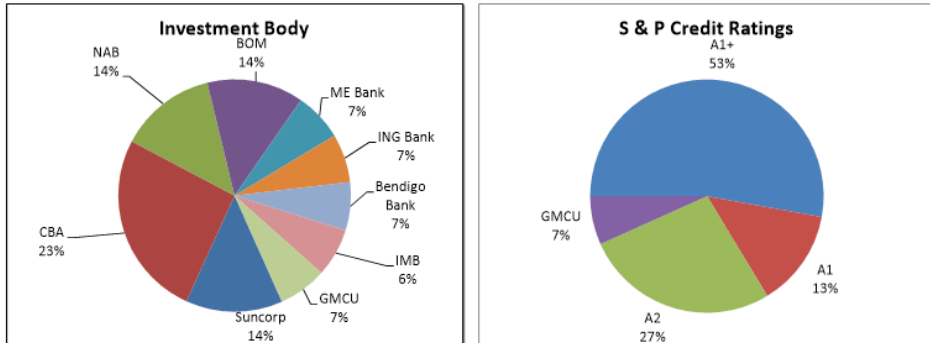
Capital Works Type	2015/2016	2015/2016 YTD	2015/2016 YTD	2015/2016 YTD Variance (Fav./Unfav.)		
	Adopted Budget	Budget	Actual	Variance \$	Variance %	Note
Renewal	17,006,622	324,048	379,150	55,102	15%	
Upgrade	3,062,208	38,356	201,766	163,410	81%	
New	19,693,700	155,191	156,110	919	1%	
Expansion	333,750	0	0	0	0%	
Total Capital Works	40,096,280	517,595	737,027	219,432	42%	

Notes to Capital Budget v Actual

Capital Works areas have been reviewed and reclassified to comply with the new local government model financial reports.

- Buildings is \$77k over budget mainly due to Tatura Park Outdoor Arena Roof \$129k. This is partially offset by timing variances for contract payments relating to the Philippine House Restoration.
- Drainage is \$139k under budget mainly due to timing variances for contract payments relating to the Mooroopna West Growth Corridor \$142k.
- Recreational Leisure and Community Facilities is \$172k over budget mainly due to the Mooroopna Recreational Reserve power upgrade \$169k.

Greater Shepparton City Council
Investments Summary
 as at 31 July 2015



GSCC - INVESTMENT PURPOSE LISTING		
Purpose		Amount
1. Development Strategy	\$	476,427
2. Parking Cash in Lieu	\$	846,458
3. Developer Contributions Fund	\$	1,497,682
4. Urban Development Strategy	\$	1,106,457
5. Saleyards Strategy	\$	1,523,748
6. Waste Management Strategy	\$	12,371,281
7. Defined Benefits Future Liability	\$	1,050,000
8. Trust Funds	\$	2,399,895
9. Working Capital	\$	8,432,166
		29,704,114

Funds Held Notes:

Investments from 1 to 8 are as per the balances as at 30.06.2015.

** 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.

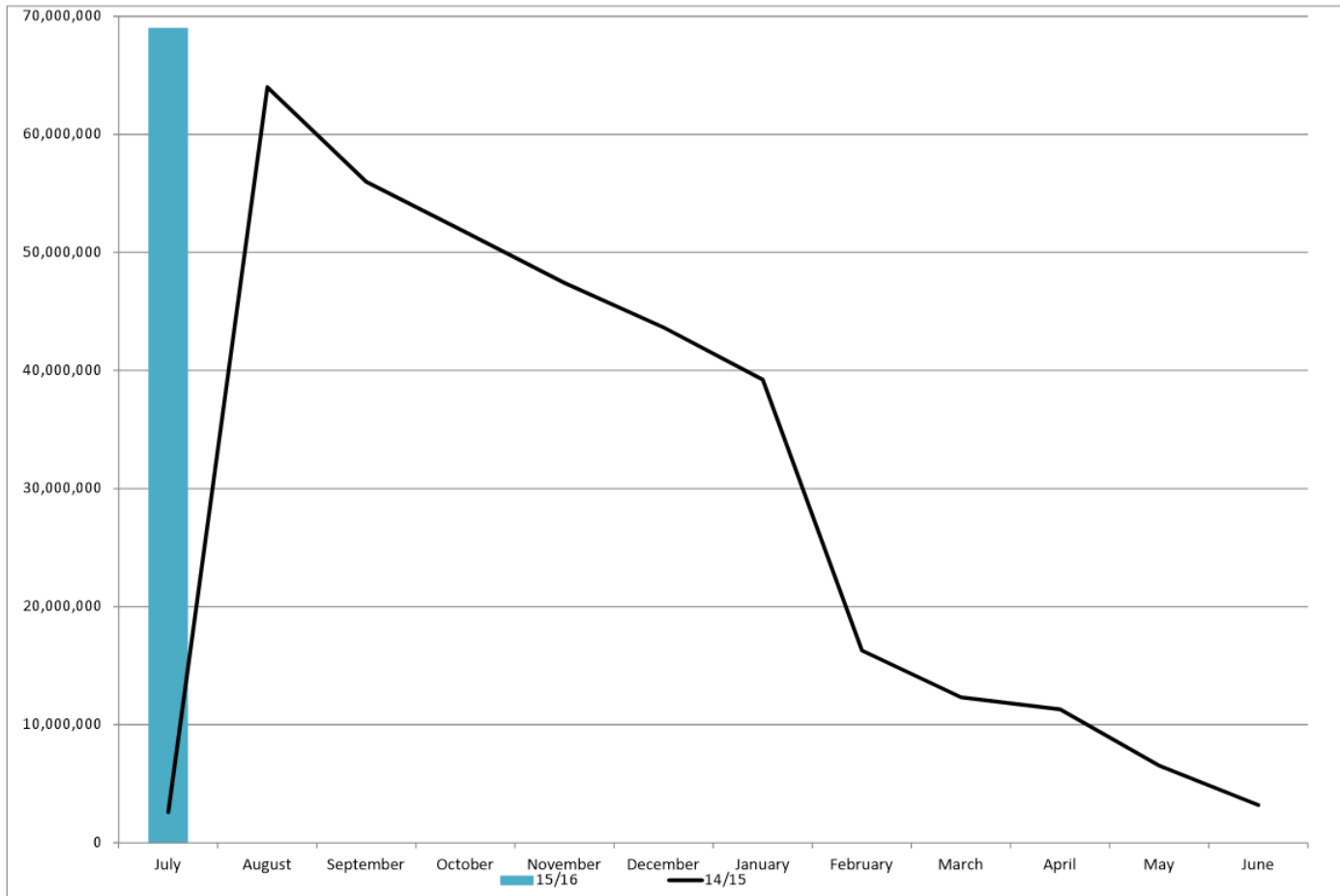
** Investments 4, 5 and 6 relate to surplus operational funds maintained in accordance with council process to redirect to capital investments specific to these business areas.

** Investment 7 is in accordance with the Council's Strategic Resource Plan 2015/2016 -2018/2019.

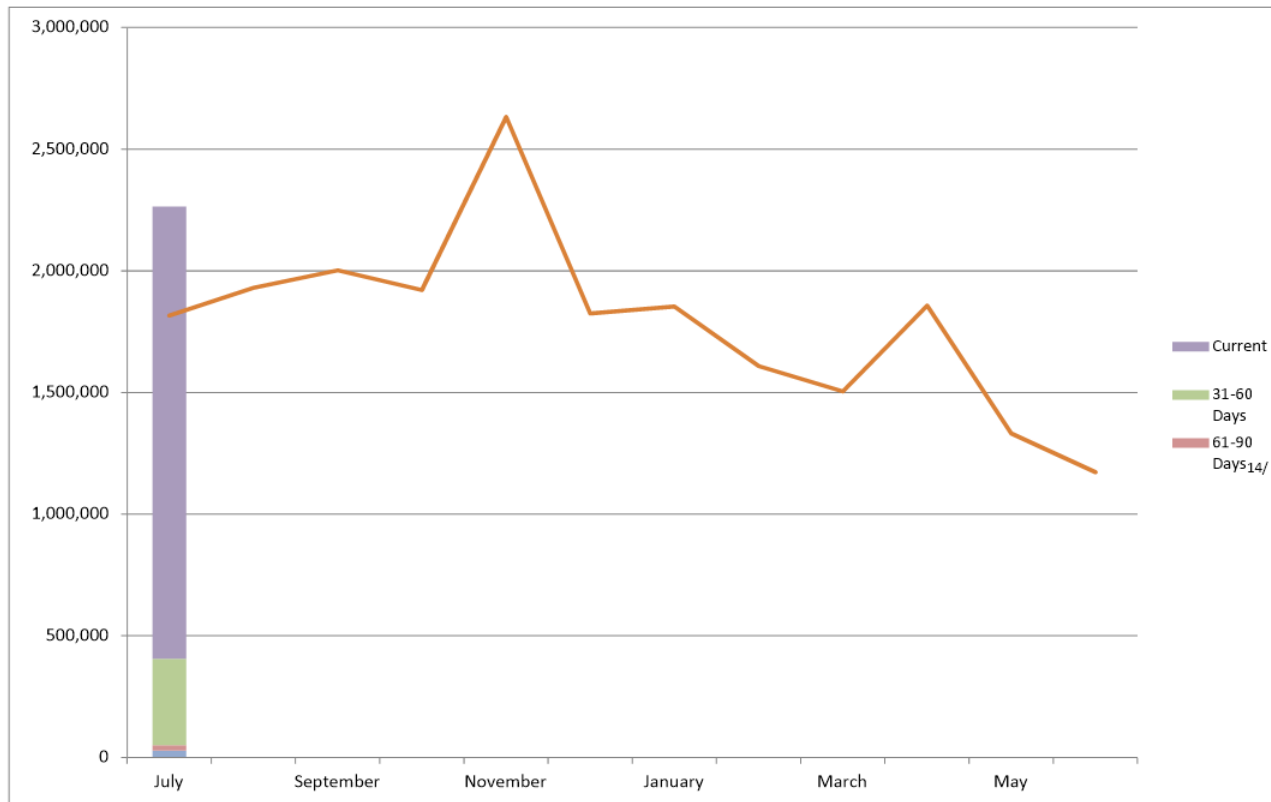
** Investment 8 is funds identified and held by council in trust and therefore unavailable for use by Council.

** Investment 9 is funds held to cover previously committed operating and capital expenditure for the remainder of the financial year, and includes restricted investments held at 30 June 2015.

City Of Greater Shepparton Comparative Rates Debtors 2015/2016 Financial Year to Date at 31 July 2015



Greater Shepparton City Council
Sundry Debtors
 as at 31 July 2015



COUNCILLORS EXPENSE REPORT JULY 2015

Month of July 2015	Cr Dinny Adem	Cr Jenny Houlihan	Cr Les Oroszvary	Cr Dennis Patterson	Cr Michael Polan	Cr Kevin Ryan	Cr Fern Summer	TOTAL
Councillor Allowance	\$2,189	\$2,189	\$2,189	\$6,774	\$0	\$2,189	\$2,189	\$17,719
Vehicle	\$0	\$0	\$0	\$1,372	\$0	\$0	\$0	\$1,372
Telephone Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone Usage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet Connection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$73	\$0	\$0	\$0	\$73
Training	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$229	\$125	\$0	\$0	\$353
Shared Councillor Expense:								
Catering								\$345
Other								\$0
TOTAL	\$2,189	\$2,189	\$2,189	\$8,447	\$125	\$2,189	\$2,189	\$19,862

Councillor Expense Year to Date	Cr Dinny Adem	Cr Jenny Houlihan	Cr Les Oroszvary	Cr Dennis Patterson	Cr Michael Polan	Cr Kevin Ryan	Cr Fern Summer	TOTAL
Councillor Allowance	\$2,189	\$2,189	\$2,189	\$6,774	\$0	\$2,189	\$2,189	\$17,719
Vehicle	\$0	\$0	\$0	\$1,372	\$0	\$0	\$0	\$1,372
Telephone Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone Usage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet Connection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$73	\$0	\$0	\$0	\$73
Training	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$229	\$125	\$0	\$0	\$353
Shared Councillor Expense:								
Catering								\$345
Other								\$0
TOTAL	\$2,189	\$2,189	\$2,189	\$8,447	\$125	\$2,189	\$2,189	\$19,862