

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

17 October 2017

Agenda Item 9.8 September 2017 Monthly Financial Report

Attachment 1 September 2017 - Monthly Financial Statements 453

MONTHLY FINANCIAL REPORT SEPTEMBER 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
66.94%	71.43%	-0.50%	1.10%

- 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
426.85%	462.91%	174.40%	214.17%

- 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
26.65%	35.86%	33.08%	33.00%

- 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

\$59.42m
Same time last year \$62.03m
2nd instalment due 30 November

Sundry Debtors

0-30 days \$887k or 80% of total outstanding sundry debtors.
31-60 days \$90k or 8% of total outstanding sundry debtors.
61+ days \$136k 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.
\$171k in interest income to date

Operating Performance September 2017

Income	YTD Adopted Budget vs YTD Actual (Fav)/Unfav		Projected Full Year vs Adopted Budget (Fav)/Unfav	
Rates and Charges	Steady	(\$0.06m)	Steady	(\$0.18m)
Statutory Fees	Favourable	(\$0.24m)	Unfavourable	\$0.64m
User Charges	Favourable	(\$1.28m)	Favourable	(\$0.95m)
Grants	Favourable	(\$1.86m)	Steady	\$0.47m
Contributions	Favourable	(\$0.14m)	Favourable	(\$0.25m)
Other Revenue	Steady	(\$0.04m)	Steady	\$0.27m
Total Income	Steady	(\$3.62m)	Steady	(\$0.01m)
Expense				
Employee Costs	Steady	(\$0.12m)	Steady	(\$0.32m)
Materials and Consumables	Unfavourable	\$4.77m	Steady	\$1.15m
Bad and Doubtful Debts	Steady	\$0.01m	Steady	\$0.02m
Depreciation and Amortisation	Steady	\$0m	Steady	\$0m
Borrowing Costs	Steady	\$0m	Steady	\$0m
Other Expenses	Steady	\$0.06m	Steady	(\$0.01m)
Total Expense	Steady	\$4.72m	Steady	\$0.84m

Notes:

- Statutory Fees are \$242k more than YTD Adopted Budget. This favourable variance is mostly due to the timing of income for Parking Infringements and Building and Planning permits. Despite this favourable variance, it is projected that Statutory Fees will be \$636k less than Adopted Budget. Please see Income Statement for more detail.

- User Charges are \$1.28m more than YTD Adopted Budget and projected to be \$951k more than Adopted Budget. This favourable variance is mostly due to the timing of income for Aquamoves, Early Childhood Education, and Saleyards. Also impacted by the reclassification of Aged Services fees from Statutory to User Fees. Please see Income Statement for more detail.

- Operating Grants are \$1.86m 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 grants. Please see Income Statement for more detail.

- Operating Contributions are \$141k more than YTD Adopted Budget and projected to be \$289k more than Adopted Budget. This favourable variance is mostly due to additional developer contributions and contributions for Planning. Please see Income Statement for more detail.

- Materials and Consumables is \$4.77m more than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of expenses relating to ICT Annual Licenses, Insurance Premiums, Commonwealth Home Support Programs, contributions to the Greater Shepparton Regional Library, Saleyards, Aquamoves, parks services and Corporate Governance. Please see Income Statement for more detail.

Capital Works Performance September 2017

ADOPTED BUDGET	PROJECTED FULL YEAR	YTD ACTUAL
\$39.38m	\$40.33m	\$5.08m

PROGRESS

*12.89% of Adopted Budget spent; 21.82% committed

*12.41% of current full year projection spent; 21% committed

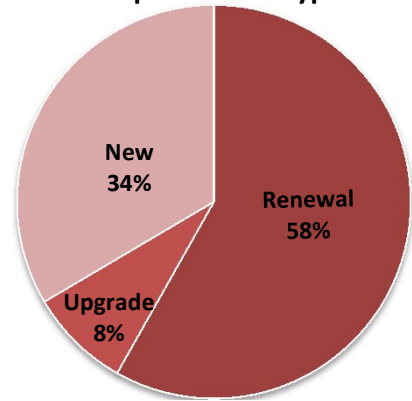
* Same time last year: \$4.34m (9.5%) of the 2016/2017 Adopted Budget had been spent

RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	PROJECTED FULL YEAR
108.73%	91.44%

- 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 September 2017

	YEAR TO DATE			FULL YEAR			Notes
	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 %	
Revenues from Operating Activities							
Rates and Charges	73,995,049	74,051,233	(0.1%)	74,191,715	74,370,687	(0.2%)	
Statutory Fees	479,143	721,158	(50.5%)	3,751,436	3,115,571	16.9%	1
User Charges	1,956,396	3,237,484	(65.5%)	18,557,836	19,508,984	(5.1%)	2
Operating Grants	2,320,699	4,183,618	(80.3%)	16,945,759	16,478,932	2.8%	3
Operating Contributions	185,534	326,628	(76.0%)	696,262	944,830	(35.7%)	4
Other	538,618	577,006	(7.1%)	2,262,581	1,994,814	11.8%	
Total Operating Revenue	79,475,439	83,097,126	(4.6%)	116,405,589	116,413,818	(0.0%)	
Expenses from Operating Activities							
Employee Costs	11,956,022	11,840,822	(1.0%)	47,979,746	47,664,230	(0.7%)	
Materials and Consumables	5,111,261	9,883,094	93.4%	48,165,360	49,313,441	2.4%	5
Bad & Doubtful Debts	4,750	11,496	142.0%	132,000	149,586	13.3%	
Depreciation and Amortisation	5,621,473	5,625,739	0.1%	22,485,890	22,486,000	0.0%	
Borrowing Costs	0	0	0.0%	1,223,000	1,223,000	0.0%	
Other Expenses	14,347	71,450	398.0%	519,671	505,231	(2.8%)	
Total Operating Expenses	22,707,853	27,432,601	20.8%	120,505,667	121,341,488	0.7%	
UNDERLYING OPERATING RESULT	56,767,587	55,664,525	1.9%	(4,100,078)	(4,927,670)	(20.2%)	
Non-operating Income and Expenditure							
Capital Grants	0	0	0.0%	6,851,408	5,851,378	14.6%	6
Capital Contributions	35,500	374,071	(953.7%)	1,910,749	2,658,820	(39.2%)	7
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	(81,797)	100.0%	(473,262)	(473,262)	0.0%	
Other Revenue	0	0	0.0%	0	0	0.0%	
Total Non Operating Items	35,500	331,429	(833.6%)	11,301,395	11,067,436	2.1%	
ACCOUNTING SURPLUS/(DEFICIT)	56,803,087	55,995,954	1.4%	7,201,317	6,139,766	14.7%	

Notes to the Income Statement for period ended September 2017

- 1) Statutory Fees are \$242k more than YTD Adopted Budget. This favourable variance is mostly due to the timing of income from parking infringements \$103k and Building and Planning permits \$63k. Despite this favourable variance, Statutory fees are projected to decrease by \$636k. This unfavourable variance is mostly due to fees charged for aged services being reclassified from Statutory fees to user fees and charges \$594k.
- 2) User Charges is \$1.28m more than YTD Adopted Budget and projected to be \$951k more than Adopted Budget. These favourable variances are mostly due to the timing of income for Aquamoves \$900k, early childhood education \$632k and Saleyards \$309k. The full year projection is impacted by aged services fees being reclassified from Statutory Fees to User Charges \$600k.
- 3) Operating Grants are \$1.86m more than YTD Adopted Budget. This favourable variance is mostly due to the timing of grant income for Commonwealth home support programs \$624k, early childhood education \$387k, Federal financial assistance grants \$375k and DHHS under 65 support \$186k. Also impacted by additional grant funding for Maternal Child and Health for family violence consultations \$180k.
- 4) Operating Contributions is \$141k more than YTD Adopted Budget and projected to be \$289k more than Adopted Budget. This favourable variance is mostly due to additional contributions for car parking cash in lieu \$32k and Shepparton/Mooroopna Framework planning \$50k. Full year projections impacted by additional developer contributions for Archer Field estate \$165k.
- 5) Materials and consumables is \$4.77m more than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of expenses relating to ICT annual licences \$892k, insurance premiums \$828k, community home support programs \$500k, contributions to Greater Shepparton Regional Library \$395k, Saleyards operations \$284k, Aquamoves \$155k, parks services utilities \$150k, and Corporate Governance \$147k.
- 6) Capital grants is projected to be \$1m less than Adopted Budget. This unfavourable variance is mostly due to a the timing of federal funding for the construction of the new Shepparton Art Museum. This funding is expected to be received in future financial years.
- 7) Capital Contributions is projected to be \$655k more than Adopted Budget. This favourable variance is mostly due to additional developer contributions for Seven Creeks Estate \$160k, Kialla Green Estate \$103k, Northside Estate \$64k and North Growth Corridor \$50k. Additional contributions also received for Verney Road Reconstruction \$336k.

Greater Shepparton City Council

Balance Sheet
as at September 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 %
Current Assets						
Cash and Cash Equivalent	25,303,343	19,384,378	27,670,989	31,232,672	3.5%	2.9%
Receivables	7,208,640	6,377,264	68,261,137	68,706,578	(996.1%)	0.0%
Other Financial Assets	17,000,000	13,226,000	13,000,000	13,000,000	23.5%	0.0%
Inventories	73,983	74,000	87,714	88,177	(10.7%)	(0.0%)
Other Assets	1,050,880	1,230,000	1,148,859	446,803	(47.1%)	(29.5%)
Total Current Assets	50,636,846	40,291,642	110,168,699	113,474,231	(133.1%)	0.3%
Non Current Assets						
Investment in Associates	1,511,499	1,493,000	1,493,000	1,511,499	1.2%	(0.0%)
Infrastructure	1,058,401,546	1,073,331,000	1,056,575,066	1,057,771,693	0.1%	(0.2%)
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	1,059,041,066	1,060,131,005	0.1%	(0.1%)
Total Assets	1,111,397,711	1,116,088,642	1,169,209,765	1,173,605,236	(5.9%)	(0.1%)
Current Liabilities						
Trade & Other Payables	6,220,097	8,786,000	3,401,713	4,602,157	(37.7%)	10.3%
Trust Funds	2,716,657	3,094,000	9,342,607	9,267,692	245.3%	0.0%
Provisions	10,119,393	9,932,000	10,169,360	11,406,338	0.5%	(0.0%)
Interest Bearing Liabilities	1,307,898	1,291,000	885,307	1,307,898	(32.3%)	(0.0%)
Total Current Liabilities	20,364,044	23,103,000	23,798,987	26,584,085	19.4%	1.5%
Non Current Liabilities						
Provisions	7,093,881	6,485,000	567,568	7,093,881	(92.0%)	(0.0%)
Interest Bearing Liabilities	18,426,369	23,250,000	25,651,407	18,426,368	39.2%	0.0%
Total Non Current Liabilities	25,520,250	29,735,000	26,218,975	25,520,249	2.7%	0.0%
Total Liabilities	45,884,294	52,838,000	50,017,962	52,104,334	10.1%	0.7%
Net Assets	1,065,513,416	1,063,250,642	1,119,191,803	1,121,500,902	(5.8%)	(0.1%)
Represented By						
Accumulated Surplus	519,606,407	350,814,179	573,284,795	575,593,894	(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	1,119,191,803	1,121,500,902	(5.8%)	(0.1%)

Greater Shepparton City Council

Cash Flow Statement

as at September 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	23,737,852	75.75%
Payments to suppliers	(98,116,000)	(21,806,139)	77.78%
Net cash inflow(outflow) from customers(suppliers)	(241,000)	1,931,713	901.54%
Interest received	652,000	170,823	73.80%
Government receipts	23,692,000	4,183,618	82.34%
Contributions	2,602,000	681,699	73.80%
Net cash inflow(outflow) from operating activities	26,706,000	6,967,853	73.91%
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)	(5,077,678)	87.11%
Net cash inflow(outflow) from investing activities	(29,016,000)	(1,038,524)	96.42%
Cash flows from financing activities			
Finance Cost	(1,223,000)	-	100.00%
Proceeds from interest bearing loans and borrowings	6,000,000	-	100.00%
Repayment of interest-bearing loans and borrowings	(1,017,000)	-	100.00%
Net cash inflow(outflow) from financing activities	3,760,000	-	100.00%
Net increase(decrease) in cash and equivalents	1,450,000	5,929,329	(308.92%)
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	31,232,672	(61.12%)

Greater Shepparton City Council
Capital Works Statement
period ended September 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	9,138	100%	300,000	300,000	0%	
Bridges	0	243	100%	657,360	657,360	0%	
Buildings	849,780	159,820	(81%)	5,584,000	5,495,166	(2%)	1
Computer & Telecommunications	60,000	87,588	46%	260,000	513,660	98%	2
Drainage	15,200	75,960	400%	670,000	926,988	38%	3
Fixture Fittings and Furniture	2,395	162,658	6692%	466,000	436,000	(6%)	
Footpaths & Cycleways	221,680	189,459	(15%)	1,699,400	1,862,400	10%	
Land	0	0	0%	20,000	20,000	0%	
Land Improvements	0	3,625	100%	1,090,000	1,006,717	(8%)	
Off Street Car Parks	3,300	0	(100%)	40,000	40,000	0%	
Parks, Open Space & Streetscape	96,500	139,167	44%	1,233,000	1,270,642	3%	
Plant Machinery & Equipment	40,000	109,973	175%	2,620,940	2,700,616	3%	
Recreational Leisure and Community Facilities	876,000	722,406	(18%)	3,681,574	4,034,718	10%	4
Roads	1,623,445	1,483,435	(9%)	13,561,262	13,455,452	(1%)	
Waste Management	189,573	1,934,206	920%	6,500,000	6,608,319	2%	5
Project Management Office	0	0	0%	1,000,000	1,000,000	0%	
Total Capital Works	3,977,873	5,077,678	28%	39,383,536	40,328,038	2%	

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	2,599,998	3,545,728	36%	24,448,488	20,561,290	(16%)	
Upgrade	80,949	354,181	338%	4,341,074	5,186,191	19%	
New	1,296,926	1,177,770	(9%)	9,386,574	13,373,157	42%	
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	3,977,873	5,077,678	28%	39,383,536	40,328,038	2%	

Notes to the Capital Works Statement for period ended September 2017

- 1) Buildings is \$690k less than YTD Adopted Budget. This favourable variance is mostly due to the timing of architecture expense for the new Shepparton Art Museum \$499k and a large building renewal projects being delayed until February while replacement options are investigated \$250k.
- 2) Computer and Telecommunications is projected to be \$254k more than Adopted Budget. This unfavourable variance is mostly due to part of the new finance system project \$247k being rebudgeted from 2016/2017 into 2017/2018.
- 3) Drainage is projected to be \$257k more than Adopted Budget. This unfavourable variance is mostly due to additional legal costs relating to the Shepparton East Drainage Scheme \$120k, and major culvert projects \$116k being rebudgeted from 2016/2017 to 2017/2018.
- 4) Recreational Leisure and Community Facilities is projected to be \$353k more than Adopted Budget. This unfavourable variance is mostly due to Greater Shepparton Regional Sports Precinct boulevard works \$200k, Tatura Park Air Conditioning \$70k and Small Town Recreational Space \$75k works being rebudgeted from 2016/2017 to 2017/2018.
- 5) Waste Management is \$1.74m more than YTD Adopted Budget. This unfavourable variance is mostly due to Cosgrove Cell 2 capping and Cosgrove Cell 3 design being completed earlier than anticipated.