

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

21 November 2017

Agenda Item 9.4 October 2017 Monthly Financial Report

Attachment 1 October 2017 - Monthly Financial Statements 274

MONTHLY FINANCIAL REPORT

OCTOBER 2017

Operating Performance

Adjusted underlying result			
Adjusted underlying surplus (or deficit) as a percentage of underlying revenue			
YTD ACTUAL	YTD ADOPTED FORECAST Q1	ADOPTED BUDGET	ADOPTED FORECAST Q1
57.11%	60.15%	-0.50%	1.03%

- 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 FORECAST Q1	ADOPTED BUDGET	ADOPTED FORECAST Q1
376.81%	403.84%	174.40%	214.77%

- 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 FORECAST Q1	ADOPTED BUDGET	ADOPTED FORECAST Q1
26.58%	26.67%	33.08%	33.24%

- 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

\$55.68m
Same time last year \$57.2m
2nd instalment due 30 November

Sundry Debtors

0-30 days \$1.1m or 65% of total outstanding sundry debtors.
31-60 days \$377k or 22% of total outstanding sundry debtors.
61+ days \$210k or 13% 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.
\$201k in interest income to date

Operating Performance October 2017

	YTD Adopted Forecast Q1 vs YTD Actual (Fav)/Unfav		Projected Full Year vs Adopted Forecast Q1 (Fav)/Unfav	
Income				
Rates and Charges	Steady	(\$0.25m)	Steady	(\$0.38m)
Statutory Fees	Steady	(\$0.02m)	Steady	\$0.09m
User Charges	Steady	\$0.09m	Steady	\$0.09m
Grants	Steady	(\$0.13m)	Steady	(\$0.02m)
Contributions	Steady	(\$0.03m)	Steady	(\$0m)
Other Revenue	Steady	(\$0.02m)	Steady	\$0.03m
Total Income	Steady	(\$0.36m)	Steady	(\$0.2m)
Expense				
Employee Costs	Steady	\$1.33m	Steady	\$0.15m
Materials and Consumables	Unfavourable	\$1.38m	Steady	\$0.5m
Bad and Doubtful Debts	Steady	\$0m	Steady	\$0m
Depreciation and Amortisation	Steady	\$0.05m	Steady	\$0.16m
Borrowing Costs	Steady	\$0m	Steady	\$0m
Other Expenses	Steady	(\$0m)	Steady	(\$0.01m)
Total Expense	Steady	\$2.76m	Steady	\$0.8m

Notes:

- Materials and Consumables is \$1.38m more than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to the timing of expense for ICT annual maintenance licenses, Saleyards operations, Youth services, Parking and Building maintenance.

Capital Works Performance October 2017

ADOPTED BUDGET	ADOPTED FORECAST Q1	PROJECTED FULL YEAR	YTD ACTUAL
\$39.38m	\$40.33m	\$40.92m	\$8.22m

PROGRESS

*21.43% of Adopted Budget spent; 24.44% committed

*20.61% of current full year projection spent; 23.50% committed

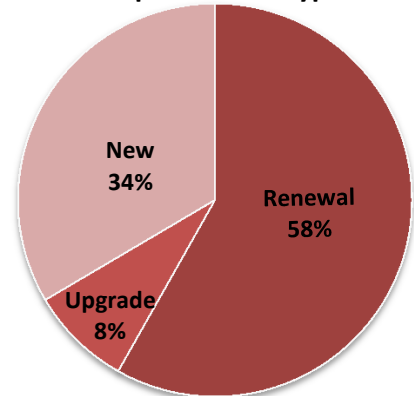
* Same time last year: \$5.89m (12.95%) of the 2016/2017 Adopted Budget had been spent

RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	PROJECTED FULL YEAR
108.73%	109.68%

- 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 October 2017

	YEAR TO DATE					FULL YEAR					Notes
	2017/2018 YTD Adopted Budget \$	2017/2018 YTD Adopted Forecast Q1 \$	2017/2018 YTD Actual \$	YTD Adopted Budget Variance (Fav)/Unfav %	YTD Adopted Forecast Q1 Variance (Fav)/Unfav %	2017/2018 Adopted Budget \$	2017/2108 Adopted Forecast Q1 \$	2017/2018 Projected Full Year \$	Adopted Budget Variance (Fav)/Unfav %	Adopted Forecast Q1 Variance (Fav)/Unfav %	
Revenues from Operating Activities											
Rates and Charges	74,017,049	73,995,108	74,242,070	(0.3%)	(0.3%)	74,191,715	74,370,687	74,748,687	(0.8%)	(0.5%)	
Statutory Fees	681,140	852,813	876,484	(28.7%)	(2.8%)	3,751,436	3,115,571	3,030,329	19.2%	2.7%	1
User Charges	2,862,662	4,399,567	4,310,009	(50.6%)	2.0%	18,557,836	19,508,984	19,421,515	(4.7%)	0.4%	2
Operating Grants	2,776,381	4,213,181	4,339,307	(56.3%)	(3.0%)	16,945,759	16,478,932	16,498,047	2.6%	(0.1%)	
Operating Contributions	291,313	406,580	438,663	(50.6%)	(7.9%)	696,262	944,830	948,560	(36.2%)	(0.4%)	3
Other	668,502	695,784	718,788	(7.5%)	(3.3%)	2,262,581	1,994,814	1,969,704	12.9%	1.3%	
Total Operating Revenue	81,297,047	84,563,033	84,925,321	(4.5%)	(0.4%)	116,405,589	116,413,818	116,616,842	(0.2%)	(0.2%)	
Expenses from Operating Activities											
Employee Costs	16,048,390	14,423,300	15,748,998	(1.9%)	9.2%	47,979,746	47,664,230	47,812,921	(0.3%)	0.3%	
Materials and Consumables	7,395,142	11,644,570	13,023,448	76.1%	11.8%	48,165,360	49,313,441	49,809,168	3.4%	1.0%	4
Bad & Doubtful Debts	5,295	11,497	12,316	132.6%	7.1%	132,000	149,586	150,795	14.2%	0.8%	
Depreciation and Amortisation	7,495,297	7,495,333	7,549,855	0.7%	0.7%	22,485,890	22,486,000	22,643,795	0.7%	0.7%	
Borrowing Costs	0	0	0	0.0%	0.0%	1,223,000	1,223,000	1,223,000	0.0%	0.0%	
Other Expenses	57,694	163,539	158,950	175.5%	(2.8%)	519,671	505,231	499,231	(3.9%)	(1.2%)	
Total Operating Expenses	31,001,818	33,738,239	36,493,568	17.7%	8.2%	120,505,667	121,341,488	122,138,910	1.4%	0.7%	
UNDERLYING OPERATING RESULT	50,295,229	50,824,794	48,431,752	3.7%	4.7%	(4,100,078)	(4,927,670)	(5,522,068)	(34.7%)	(12.1%)	
Non-operating Income and Expenditure											
Capital Grants	0	0	0	0.0%	0.0%	6,851,408	5,851,378	5,661,378	17.4%	3.2%	
Capital Contributions	35,500	491,138	528,639	(1,389.1%)	(7.6%)	1,910,749	2,658,820	2,667,980	(39.6%)	(0.3%)	5
Contributed Assets	0	0	0	0.0%	0.0%	2,000,000	2,000,000	2,000,000	0.0%	0.0%	
Proceeds from Sale of Assets	27,000	39,154	153,842	(469.8%)	(292.9%)	1,012,500	1,030,500	1,030,500	(1.8%)	0.0%	
Written Down Value of Asset Disposals	0	0	(81,797)	0.0%	0.0%	(473,262)	(473,262)	(473,262)	0.0%	0.0%	
Total Non Operating Items	62,500	530,292	600,685	(861.1%)	(13.3%)	11,301,395	11,067,436	10,886,596	3.7%	1.6%	
ACCOUNTING SURPLUS/(DEFICIT)	50,357,729	51,355,086	49,032,437	2.6%	4.5%	7,201,317	6,139,766	5,364,528	25.5%	12.6%	

Notes to the Income Statement for period ended October 2017

- 1) Statutory Fees Projected Full Year is \$721k less than 2017/2018 Adopted Budget. This unfavourable variance is mostly due to the reclassification of Aged Services fees from Statutory fee to User Fees \$591k.
- 2) User Fees Projects Full Year is \$864k more than 2017/2018 Adopted Budget. This favourable variance is mostly due to the reclassification of Aged Services fees from Statutory fees to User Fees \$591k.
- 3) Operating Contributions Projected Full Year is \$252k more than 2017/2018 Adopted Budget. This favourable variance is mostly due to additional contributions from developers \$190k.
- 4) Materials and Consumables is \$1.38m more than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to the timing of ICT annual maintenance licenses \$325k, Saleyards operations \$161k, Auspiced fund for Youth services \$85k, Parking \$52k and building maintenance works \$40k. Also impacted by the return of contributions to Moira Shire for Goulburn Broken Greenhouse Alliance street lighting project \$66k. Projected Full Year is \$1.64m more than 2017/2018 Adopted Budget. This unfavourable variance is mostly due to an increase in Midland Highway intersection works \$550k, Seven Creek GV Highway Intersection moving from capital to operating \$335k and additional Planning expenses for a study into Ford road for interim northern bypass and town planning legal fees
- 5) Capital contributions Projected Full Year is \$757k more than 2017/2018 Adopted Budget. This favourable variance is mostly due to additional Developer contributions \$377k and additional contributions from GV Water for the Verney Road reconstruction \$336k.

Greater Shepparton City Council

Balance Sheet

as at October 2017

	Total Actual June 2017	Adopted Budget June 2018	Adopted Forecast Q1 June 2018	YTD Adopted Budget 2018	YTD Adopted Forecast Q1 2017	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	18,403,042	23,504,704	38,272,882	29,840,821	(27.0%)	22.0%
Receivables	7,208,640	6,377,264	7,208,640	66,383,989	65,091,209	63,697,340	4.0%	2.1%
Other Financial Assets	17,000,000	13,226,000	17,000,000	13,000,000	13,000,000	13,000,000	0.0%	0.0%
Inventories	73,983	74,000	73,983	97,181	116,105	116,132	(19.5%)	(0.0%)
Other Assets	1,050,880	1,230,000	1,050,880	1,141,003	129,722	481,709	57.8%	(271.3%)
Total Current Assets	50,636,846	40,291,642	43,736,545	104,126,877	116,609,918	107,136,002	(2.9%)	8.1%
Non Current Assets								
Investment in Associates	1,511,499	1,493,000	1,511,499	1,493,000	1,511,499	1,493,041	(0.0%)	1.2%
Infrastructure	1,058,401,546	1,073,331,000	1,076,243,585	1,056,004,932	1,050,769,900	1,058,996,365	(0.3%)	(0.8%)
Intangible Assets	847,819	973,000	847,819	973,000	847,819	847,813	12.9%	0.0%
Total Non Current Assets	1,060,760,865	1,075,797,000	1,078,602,903	1,058,470,932	1,053,129,218	1,061,337,219	(0.3%)	(0.8%)
Total Assets	1,111,397,711	1,116,088,642	1,122,339,448	1,162,597,809	1,169,739,136	1,168,473,221	(0.5%)	0.1%
Current Liabilities								
Trade & Other Payables	6,220,097	8,786,000	6,220,097	3,250,193	5,522,148	4,366,492	34.3%	(20.9%)
Trust Funds	2,716,657	3,094,000	2,716,657	9,674,406	7,508,313	7,508,313	(22.4%)	0.0%
Provisions	10,119,393	9,932,000	10,119,393	10,169,360	14,536,827	15,249,709	50.0%	4.9%
Interest Bearing Liabilities	1,307,898	1,291,000	1,307,898	885,307	1,307,898	1,307,898	47.7%	0.0%
Total Current Liabilities	20,364,044	23,103,000	20,364,044	23,979,266	28,875,186	28,432,411	18.6%	(1.5%)
Non Current Liabilities								
Provisions	7,093,881	6,485,000	7,093,881	567,568	7,093,881	7,093,881	1,149.9%	0.0%
Interest Bearing Liabilities	18,426,369	23,250,000	23,409,369	25,651,407	18,426,368	18,426,368	(28.2%)	0.0%
Total Non Current Liabilities	25,520,250	29,735,000	30,503,250	26,218,975	25,520,249	25,520,249	(2.7%)	0.0%
Total Liabilities	45,884,294	52,838,000	50,867,294	50,198,241	54,395,435	53,952,661	7.5%	(0.8%)
Net Assets	1,065,513,416	1,063,250,642	1,071,472,154	1,112,399,568	1,115,343,701	1,114,520,560	(0.2%)	0.1%
Represented By								
Accumulated Surplus	519,606,407	350,814,179	525,746,173	566,492,560	569,436,693	568,613,552	(0.4%)	0.1%
Reserves	545,907,009	712,436,463	545,725,981	545,907,008	545,907,008	545,907,008	(0.0%)	(0.0%)
Total Equity	1,065,513,416	1,063,250,642	1,071,472,154	1,112,399,568	1,115,343,701	1,114,520,560	(0.2%)	0.1%

Greater Shepparton City Council

Cash Flow Statement
as at October 2017

	2017/2018 Adopted Budget \$	2017/2018 Adopted Forecast Q1 \$	2017/2018 YTD Actual \$	Adopted Budget Variance (Fav)/Unfav \$	Adopted Forecast Q1 Variance (Fav)/Unfav \$
Cash flows from operating activities					
Receipts from customers	97,875,000	98,607,869	27,139,021	72%	72%
Payments to suppliers	(98,116,000)	(97,632,488)	(24,097,194)	75%	75%
Net cash inflow(outflow) from customers(suppliers)	(241,000)	975,381	3,041,827	1362%	(212%)
Interest received	652,000	382,187	200,870	69%	47%
Government receipts	23,692,000	22,330,310	4,339,307	82%	81%
Contributions	2,602,000	3,603,650	946,302	64%	74%
Net cash inflow(outflow) from operating activities	26,705,000	27,291,528	8,528,306	68%	69%
Cash flows from investing activities					
Net movement in other financial assets	8,817,000	-	4,000,000	55%	100%
Infrastructure, property, plant & equipment - proceeds	1,551,000	1,030,500	153,842	90%	85%
Infrastructure, property, plant & equipment - payments	(39,384,000)	(38,982,329)	(8,144,670)	79%	79%
Net cash inflow(outflow) from investing activities	(29,016,000)	(37,951,829)	(3,990,827)	86%	89%
Cash flows from financing activities					
Finance Cost	(1,223,000)	(1,223,000)	-	100%	100%
Proceeds from interest bearing loans and borrowings	6,000,000	6,000,000	-	100%	100%
Repayment of interest-bearing loans and borrowings	(1,017,000)	(1,017,000)	-	100%	100%
Net cash inflow(outflow) from financing activities	3,760,000	3,760,000	-	100%	100%
Net increase(decrease) in cash and equivalents	1,450,000	(6,900,301)	4,537,479	(213%)	166%
Cash and equivalents at the beginning of the year	17,934,378	25,303,343	25,303,343	(41%)	(0%)
Cash and equivalents at the end of the year	19,384,378	18,403,042	29,840,821	(54%)	(62%)

Greater Shepparton City Council
Capital Works Statement
 period ended October 2017

Capital Works Area	2017/2018	2017/2018	2017/2018	YTD	YTD	2017/2018	2017/2018	2017/2018	Adopted	Adopted	Note
	YTD	YTD	YTD	Adopted	Adopted		Adopted	YTD	YTD	Budget	
	Adopted	Adopted	Actual	Budget	Forecast Q1	Budget	Adopted	Projected	Variance	Variance	
	Budget	Forecast Q1		Variance	Variance	Budget	Forecast Q1	Full Year	(Fav)/Unfav	(Fav)/Unfav	
	\$	\$	\$	(Fav)/Unfav	(Fav)/Unfav	\$	\$	\$	%	%	
				%	%						
Aerodrome	0	0	9,138	0%	100%	300,000	300,000	300,000	0%	0%	
Bridges	0	243	243	100%	(0%)	657,360	657,360	657,360	0%	0%	
Buildings	1,200,404	687,749	697,590	(42%)	1%	5,584,000	5,495,166	5,514,093	(1%)	0%	
Computer & Telecommunications	60,000	94,841	95,894	60%	1%	260,000	513,660	513,660	98%	0%	1
Drainage	33,300	77,142	94,097	183%	22%	670,000	926,988	723,509	8%	(22%)	
Fixture Fittings and Furniture	14,895	24,935	226,861	1423%	810%	466,000	436,000	476,000	2%	9%	2
Footpaths & Cycleways	429,680	373,514	381,185	(11%)	2%	1,699,400	1,862,400	1,862,400	10%	0%	
Land	0	0	0	0%	0%	20,000	20,000	20,000	0%	0%	
Land Improvements	0	3,625	3,625	100%	0%	1,090,000	1,006,717	1,006,717	(8%)	0%	
Off Street Car Parks	3,300	0	0	(100%)	0%	40,000	40,000	40,000	0%	0%	
Parks, Open Space & Streetscape	121,500	192,176	146,606	21%	(24%)	1,233,000	1,270,642	1,297,232	5%	2%	
Plant Machinery & Equipment	40,000	123,848	233,502	484%	89%	2,620,940	2,700,616	2,700,616	3%	0%	3
Recreational Leisure and Community Facilities	936,000	722,825	1,068,445	14%	48%	3,681,574	4,034,718	4,105,021	12%	2%	4
Roads	2,222,911	3,190,294	3,639,711	64%	14%	13,561,262	13,455,452	14,100,452	4%	5%	
Waste Management	219,573	404,944	1,627,609	641%	302%	6,500,000	6,608,319	6,598,319	2%	(0%)	5
Project Management Office	0	0	0	0%	0%	1,000,000	1,000,000	1,000,000	0%	0%	
Total Capital Works	5,281,563	5,896,136	8,224,506	56%	39%	39,383,536	40,328,038	40,915,379	4%	1%	

Capital Works Area	2017/2018	2017/2018	2017/2018	YTD	YTD	2017/2018	2017/2018	2017/2018	Adopted	Adopted	Note
	YTD	YTD	YTD	Adopted	Adopted		Adopted	YTD	YTD	Budget	
	Adopted	Adopted	Actual	Budget	Forecast Q1	Budget	Adopted	Projected	Variance	Variance	
	Budget	Forecast Q1		Variance	Variance	Budget	Forecast Q1	Full Year	(Fav)/Unfav	(Fav)/Unfav	
	\$	\$	\$	(Fav)/Unfav	(Fav)/Unfav	\$	\$	\$	%	%	
				%	%						
Renewal	3,677,764	4,180,975	5,764,186	57%	38%	24,448,488	20,561,290	24,836,402	2%	21%	
Upgrade	85,949	247,982	475,723	453%	92%	4,341,074	5,186,191	5,752,620	33%	11%	
New	1,517,850	1,467,179	1,984,597	31%	35%	9,386,574	13,373,157	9,118,957	(3%)	(32%)	
Expansion	0	0	0	0%	0%	207,400	207,400	207,400	0%	0%	
Project Management Office	0	0	0	0%	0%	1,000,000	1,000,000	1,000,000	0%	0%	
Total Capital Works	5,281,563	5,896,136	8,224,506	56%	39%	39,383,536	40,328,038	40,915,379	4%	1%	

Notes to the Capital Works Statement for period ended October 2017

- 1) Computer & Telecommunications Projected Full Year is \$254k more than 2017/2018 Adopted Budget. This unfavourable variance is mostly due to finance system replacement re-budgeted from 2016/2017 capital works program.
- 2) Fixture, Fittings and Furniture is \$202k more than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to the timing of equipment purchases for KidsTown \$200k. Despite this unfavourable variance, overall budget is not expected to increase.
- 3) Plant Machinery and Equipment is \$110k more than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to the timing of vehicle purchases \$98k. Despite this unfavourable variance overall budget is not expected to increase.
- 4) Recreational Leisure and Community Facilities is \$345k more than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to the timing of works at the Greater Shepparton Regional Sports Precinct \$225k and Tatura Park Air Conditioning \$38k.
- 5) Waste Management is \$1.22m more than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to the timing of expenses for Cosgrove 3 Landfill works. Despite this unfavourable variance, budget for this project is not expected to increase.