

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

21 August 2018

Agenda Item 8.1 July 2018 Monthly Financial Report

Attachment 1 July 2018 - Monthly Financial Statements 105

MONTHLY FINANCIAL REPORT JULY 2018

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
85.83%	88.23%	-3.55%	-3.55%

- 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 2018/2019 rates revenue being raised in July. The underlying surplus will reduce throughout the financial year as expenditure is incurred.
- The variance between YTD Actual and YTD Adopted Budget is mainly due to the timing of the Safe Road System Infrastructure grant.

Financial Health

Working Capital			
Current assets as a percentage of current liabilities			
YTD ACTUAL	YTD ADOPTED BUDGET	ADOPTED BUDGET	PROJECTED FULL YEAR
513.39%	489.44%	171.60%	171.60%

- Expected range of 100% to 400%; Target band of 120% to 200%.
- YTD Actual and YTD Adopted Budget are high due to 2018/2019 rates revenue being raised in July. Receivables will reduce throughout the financial year as rates instalments fall due.
- The variance between YTD Actual and YTD Adopted Budget is mainly due to a greater than expected cash balance from the 30 June 2018 actual.
- 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
23.89%	23.97%	22.03%	22.03%

- 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

\$77.18m
Same time last year \$74.58m
1st instalment is due 30 September 2018

Sundry Debtors

0-30 days \$546k or 15.6% of total outstanding sundry debtors.
31-60 days \$1.96m or 56.1% of total outstanding sundry debtors.
61+ days \$989k or 28.3% of total outstanding sundry debtors.

Investments

\$41.0m with average rate of 2.49%;
61.90% at A1+, 19.05% at A1, 14.29% at A2.
\$139k in interest income to date

Operating Performance
JULY 2018

	YTD Adopted Budget vs YTD Actual (Fav)/Unfav		Projected Full Year vs Adopted Budget (Fav)/Unfav	
Income				
Rates and Charges	Steady	(\$0.24m)	Steady	(\$0.05m)
Statutory Fees	Steady	\$0.09m	Steady	(\$0m)
User Charges	Unfavourable	\$0.18m	Steady	(\$0.43m)
Grants	Steady	(\$0.02m)	Steady	(\$0.16m)
Contributions	Steady	(\$0.01m)	Steady	(\$0.06m)
Other Revenue	Steady	\$0m	Steady	(\$0.07m)
Total Income	Steady	\$0m	Steady	(\$0.76m)
Expense				
Employee Costs	Unfavourable	\$1.35m	Steady	\$0.2m
Materials and Consumables	Steady	\$0.6m	Unfavourable	\$1.93m
Bad and Doubtful Debts	Steady	(\$0m)	Steady	\$0m
Depreciation and Amortisation	Steady	\$0.01m	Steady	\$0m
Borrowing Costs	Steady	\$0.01m	Steady	\$0m
Other Expenses	Steady	\$0.01m	Steady	\$0m
Total Expense	Steady	\$1.98m	Steady	\$2.13m

Notes:

- 1) User Charges is \$184k less than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of maintenance costs charged to Pine Lodge Cemetery Trust.
- 2) Employee Costs is \$1.35m greater than YTD Adopted Budget. This unfavourable variance is mostly due to timing issues with the payment of the WorkCover Premium \$782k and budget phasing of Parks Services \$95k, Project Management Office \$53k and Works Administration \$51k.
- 3) Materials and Consumables Projected Full Year is \$1.93m greater than Adopted Budget. This unfavourable variance is mostly due to increases in non-Council asset, non-recurrent work for Maclsacc Road and Echuca Road Intersection \$730k, Lifestyle Villages Bridge \$266k and Midland Highway Intersection \$265k (from 2017/2018) and Art Museum Donations \$170k (offset by contributions received).

Capital Works Performance
JULY 2018

ADOPTED BUDGET	YTD ACTUAL	PROJECTED FULL YEAR
\$46.36m	\$0.63m	\$47.22m

PROGRESS

*1.36% of Adopted Budget spent

*1.33% of current full year projection spent

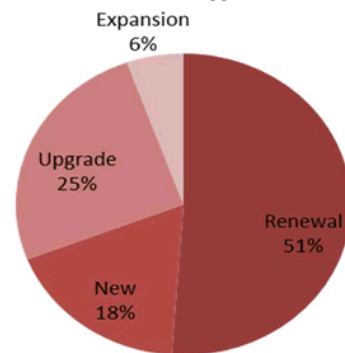
* Same time last year: \$417k of the 2017/2018 Adopted Budget had been spent

RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	PROJECTED FULL YEAR
96.80%	100.11%

- 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 July 2018

	YEAR TO DATE			FULL YEAR			Notes
	2018/2019 YTD Adopted Budget	2018/2019 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav %	2018/2019 Adopted Budget	2018/2019 Projected Full Year	Adopted Budget Variance (Fav)/Unfav %	
	\$	\$	%	\$	\$	%	
Revenues from Operating Activities							
Rates and Charges	76,499,570	76,740,118	(0.3%)	77,426,385	77,474,660	(0.1%)	1
Statutory Fees	243,853	151,889	37.7%	3,394,929	3,397,602	(0.1%)	
User Charges	1,343,536	1,159,097	13.7%	18,748,202	19,175,090	(2.3%)	
Operating Grants	1,631,141	1,653,663	(1.4%)	17,602,271	17,758,572	(0.9%)	
Operating Contributions	107,360	119,230	(11.1%)	1,357,669	1,415,856	(4.3%)	
Other	303,907	301,645	0.7%	1,992,131	2,057,963	(3.3%)	
Total Operating Revenue	80,129,367	80,125,642	0.0%	120,521,587	121,279,743	(0.6%)	
Expenses from Operating Activities							
Employee Costs	3,355,111	4,705,546	40.3%	49,543,187	49,746,204	0.4%	2
Materials and Consumables	3,809,539	4,408,357	15.7%	49,745,854	51,671,604	3.9%	
Bad & Doubtful Debts	6,975	6,815	(2.3%)	173,740	173,740	0.0%	3
Depreciation and Amortisation	2,148,053	2,162,590	0.7%	23,602,979	23,602,979	0.0%	
Borrowing Costs	0	7,324	0.0%	1,002,000	1,002,000	0.0%	
Other Expenses	64,816	70,358	8.6%	587,091	589,291	0.4%	
Total Operating Expenses	9,384,494	11,360,988	21.1%	124,654,851	126,785,818	1.7%	
UNDERLYING OPERATING RESULT	70,744,873	68,764,654	2.8%	(4,133,264)	(5,506,075)	(33.2%)	
Non-operating Income and Expenditure							
Capital Grants	350,000	35,237	89.9%	8,700,370	8,700,370	0.0%	4
Capital Contributions	163,000	128,310	21.3%	911,000	748,000	17.9%	
Contributed Assets	0	0	0.0%	13,842,129	13,842,129	0.0%	5
Proceeds from Sale of Assets	0	0	0.0%	390,000	390,000	0.0%	
Written Down Value of Asset Disposals	(44,943)	0	100.0%	(539,535)	(539,535)	0.0%	
Other Revenue	0	56,437	0.0%	0	237,437	0.0%	
Total Non Operating Items	468,057	219,984	53.0%	23,303,964	23,378,401	(0.3%)	
ACCOUNTING SURPLUS/(DEFICIT)	71,212,930	68,984,638	3.1%	19,170,700	17,872,326	6.8%	

Notes to the Income Statement for period ended July 2018

- 1) User Charges is \$184k less than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of maintenance costs charged to Pine Lodge Cemetery Trust.
- 2) Employee Costs is \$1.35m greater than YTD Adopted Budget. This unfavourable variance is mostly due to timing issues with the payment of the WorkCover Premium \$782k and budget phasing of Parks Services \$95k, Project Management Office \$53k and Works Administration \$51k.
- 3) Materials and Consumables Projected Full Year is \$1.93m greater than Adopted Budget. This unfavourable variance is mostly due to increases in non-Council asset, non-recurrent work for Maclisacc Road and Echuca Road Intersection \$730k, Lifestyle Villages Bridge \$266k and Midland Highway Intersection \$265k (from 2017/2018) and Art Museum Donations \$170k (offset by contributions received).
- 4) Capital Grants is \$315k less than YTD Adopted Budget. This unfavourable variance is mostly due to the timing of the Safe System Road Infrastructure Program \$350k.
- 5) Capital Contributions Projected Full Year is \$163k less than Adopted Budget. This unfavourable variance is due to Kialla Lakes South - Connector Road Link \$163k which will no longer be received.

Greater Shepparton City Council

Balance Sheet as at July 2018

	Total Actual June 2018 \$	Adopted Budget June 2019 \$	YTD Adopted Budget 2019 \$	YTD Actual 2019 \$	Total Actual June 2018 Variance (Fav)/Unfav %	Adopted Budget Variance (Fav)/Unfav %	Notes
Current Assets							
Cash and Cash Equivalent	22,378,902	18,057,669	12,329,069	18,639,815	16.7%	(3.2%)	
Receivables	8,271,362	6,692,000	89,443,487	89,434,946	(981.3%)	(1,236.4%)	
Other Financial Assets	31,500,000	13,600,000	31,000,000	31,000,000	1.6%	(127.9%)	
Inventories	120,198	74,000	190,191	190,191	(58.2%)	(157.0%)	
Assets Held for Resale	218,970	-	-	218,970	0.0%	0.0%	
Other Assets	1,449,094	1,050,000	279,641	279,614	80.7%	73.4%	
Total Current Assets	63,938,525	39,473,669	133,242,388	139,763,536	(118.6%)	(254.1%)	
Non Current Assets							
Investment in Associates	1,511,499	1,511,499	1,511,499	1,511,499	0.0%	0.0%	
Infrastructure	1,070,353,889	1,118,546,000	1,070,425,268	1,068,819,531	0.1%	4.4%	
Intangible Assets	847,813	848,000	847,813	847,813	0.0%	0.0%	
Total Non Current Assets	1,072,713,201	1,120,905,499	1,072,784,580	1,071,178,843	0.1%	4.4%	
Total Assets	1,136,651,726	1,160,379,168	1,206,026,968	1,210,942,379	(6.5%)	(4.4%)	
Current Liabilities							
Trade & Other Payables	8,562,944	8,720,000	8,301,440	8,301,616	(3.1%)	(4.8%)	
Trust Funds	2,836,213	2,717,000	8,508,981	8,508,981	200.0%	213.2%	
Provisions	9,156,444	10,119,000	9,149,958	9,149,958	(0.1%)	(9.6%)	
Interest Bearing Liabilities	1,362,130	1,447,000	1,263,191	1,263,191	(7.3%)	(12.7%)	
Total Current Liabilities	21,917,731	23,003,000	27,223,570	27,223,746	24.2%	18.3%	
Non Current Liabilities							
Provisions	7,592,462	7,094,000	7,592,462	7,592,462	0.0%	7.0%	
Interest Bearing Liabilities	17,073,415	15,610,000	17,073,415	17,073,415	0.0%	9.4%	
Total Non Current Liabilities	24,665,876	22,704,000	24,665,877	24,665,876	0.0%	8.6%	
Total Liabilities	46,583,608	45,707,000	51,889,447	51,889,623	11.4%	13.5%	
Net Assets	1,090,068,118	1,114,672,168	1,154,137,521	1,159,052,756	93.5%	93.7%	
Represented By							
Accumulated Surplus	544,161,110	555,416,922	608,230,513	613,145,748	(12.7%)	(10.4%)	
Reserves	545,907,008	559,255,246	545,907,008	545,907,008	0.0%	2.4%	
Total Equity	1,090,068,118	1,114,672,168	1,154,137,521	1,159,052,756	93.5%	93.7%	

Greater Shepparton City Council
Cash Flow Statement
as at July 2018

	2018/2019 Adopted Budget \$	2018/2019 YTD Adopted Budget \$	2018/2019 YTD Actual \$	Adopted Budget Variance (Fav)/Unfav \$
Cash flows from operating activities				
Receipts from customers	101,251,809	3,856,527	3,891,055	(0.90%)
Payments to suppliers	(97,376,000)	(14,701,270)	(9,481,794)	(35.50%)
Net cash inflow(outflow) from customers(suppliers)	3,875,809	(10,844,742)	(5,590,739)	(48.45%)
Interest received	582,000	123,390	115,750	6.19%
Government receipts	26,371,000	1,981,141	1,688,900	14.75%
Contributions	2,269,000	304,316	281,496	7.50%
Net cash inflow(outflow) from operating activities	33,097,809	(8,435,895)	(3,504,592)	(58.46%)
Cash flows from investing activities				
Net movement in other financial assets	3,400,000	500,000	500,000	0.00%
Infrastructure, property, plant & equipment - proceeds	390,000	-	-	
Infrastructure, property, plant & equipment - payments	(46,356,000)	(2,014,999)	(628,232)	(68.82%)
Net cash inflow(outflow) from investing activities	(42,566,000)	(1,514,999)	(128,232)	91.54%
Cash flows from financing activities				
Finance Cost	(1,002,000)	-	(7,324)	
Proceeds from interest bearing loans and borrowings	-	-	-	
Repayment of interest-bearing loans and borrowings	(1,377,000)	(98,938)	(98,939)	0.00%
Net cash inflow(outflow) from financing activities	(2,379,000)	(98,938)	(106,262)	7.40%
Net increase(decrease) in cash and equivalents	(11,847,191)	(10,049,832)	(3,739,087)	(62.79%)
Cash and equivalents at the beginning of the year	29,904,860	22,378,902	22,378,902	(0.00%)
Cash and equivalents at the end of the year	18,057,669	12,329,070	18,639,815	(51.19%)

Greater Shepparton City Council
Capital Works Statement
 period ended July 2018

Capital Works Area	2018/2019 YTD Adopted Budget	2018/2019 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav	2018/2019 Adopted Budget	2018/2019 Projected Full Year	Adopted Budget Variance (Fav)/Unfav	Note
	\$	\$	%		\$	\$	
Aerodrome	0	0	0%	399,000	411,500	3%	
Bridges	0	0	0%	450,000	450,000	0%	
Buildings	163,562	192,462	18%	9,929,300	9,952,655	0%	
Computer & Telecommunications	13,116	25,881	97%	1,405,000	1,405,000	0%	
Drainage	0	220	0%	1,076,000	1,202,000	12%	1
Fixture Fittings and Furniture	0	(0)	0%	349,000	349,000	0%	
Footpaths & Cycleways	0	102	0%	1,641,380	1,641,380	0%	
Land	4,000	0	(100%)	649,000	649,000	0%	
Land Improvements	2,636	8,884	237%	1,205,980	1,205,980	0%	
Off Street Car Parks	0	122	0%	65,000	65,000	0%	
Parks, Open Space & Streetscape	0	1,188	0%	1,646,000	1,601,000	(3%)	
Plant Machinery & Equipment	0	532	0%	2,795,000	3,368,000	21%	2
Recreational Leisure and Community Facilities	1,973	2,322	18%	1,624,439	1,684,439	4%	
Roads	1,982,375	324,803	(84%)	16,219,194	16,332,194	1%	3
Waste Management	3,824	8,739	129%	5,510,000	5,510,000	0%	
Other Infrastructure	0	0	0%	392,000	392,000	0%	
Project Management Office	62,976	62,976	0%	1,000,000	1,000,000	0%	
Total Capital Works	2,234,462	628,232	(72%)	46,356,293	47,219,148	2%	

Capital Works Area	2018/2019 YTD Adopted Budget	2018/2019 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav	2018/2019 Adopted Budget	2018/2019 Projected Full Year	Adopted Budget Variance (Fav)/Unfav	Note
	\$	\$	%		\$	\$	
Renewal	1,997,986	445,322	(78%)	22,846,980	23,628,835	3%	
Upgrade	10,673	(9,371)	(188%)	8,294,744	8,294,744	0%	
New	128,827	129,305	0%	11,679,569	11,760,569	1%	
Expansion	34,000	0	(100%)	2,535,000	2,535,000	0%	
Project Management Office	62,976	62,976	0%	1,000,000	1,000,000	0%	
Total Capital Works	2,234,462	628,232	(72%)	46,356,293	47,219,148	2%	

Notes to the Capital Works Statement for period ended July 2018

- 1) Drainage is \$126k greater than Adopted Budget. This unfavourable variance is due to the Shepparton East Drainage Scheme \$126k.
- 2) Plant Machinery & Equipment is \$573k greater than Adopted Budget. This unfavourable variance is due to the timing of the delivery of plant items from 2017/2018.
- 3) Roads is \$1.66m less than YTD Adopted Budget. This favourable variance is mostly due to the timing of Gravel Resheeting \$1.64m.