

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

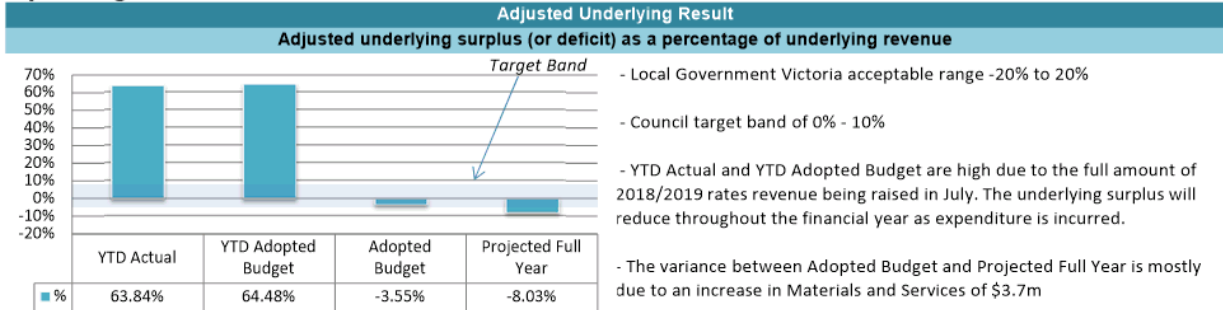
16 October 2018

Agenda Item 9.6 September 2018 Monthly Financial Report

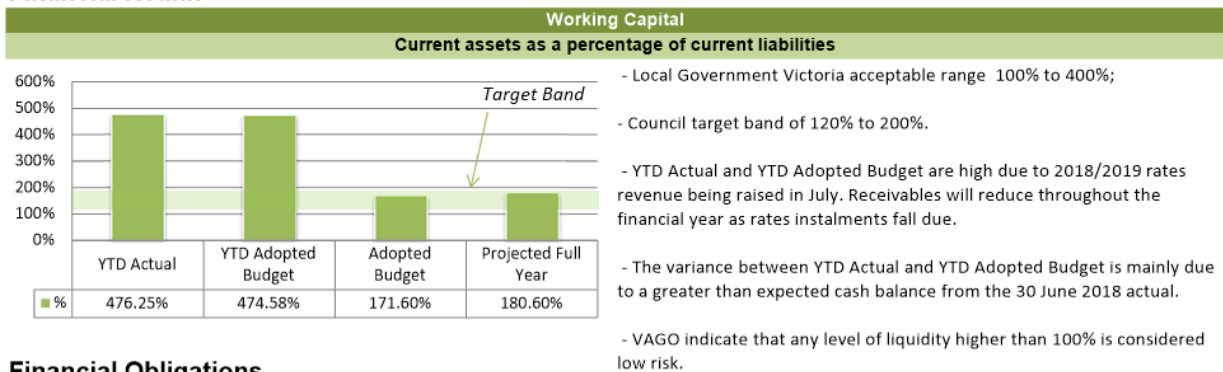
Attachment 1 September 2018 - Monthly Financial Statements..... 484

MONTHLY FINANCIAL REPORT SEPTEMBER 2018

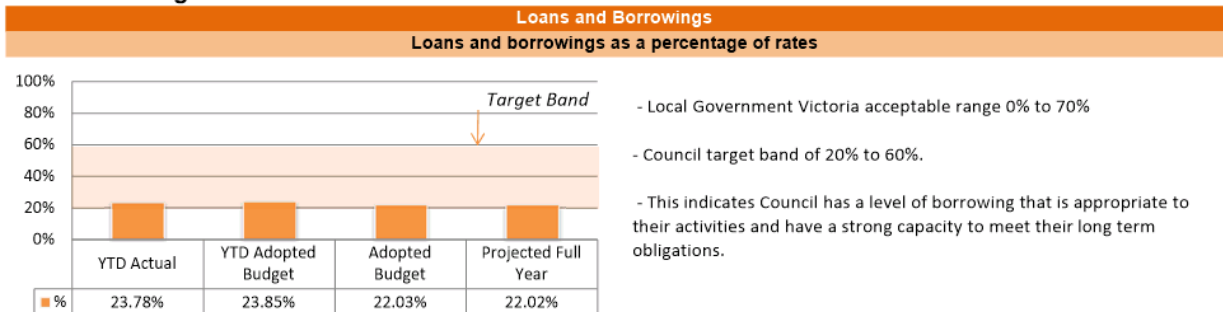
Operating Performance



Financial Health

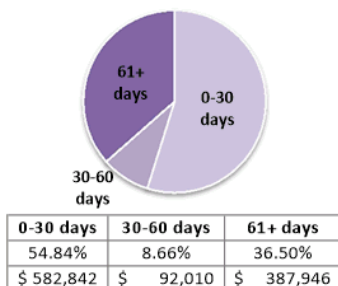


Financial Obligations



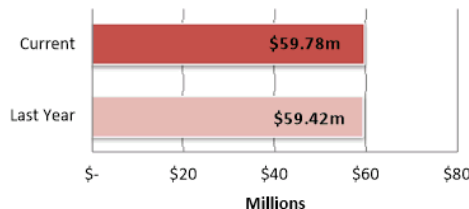
Other Financial Performance

Sundry Debtors



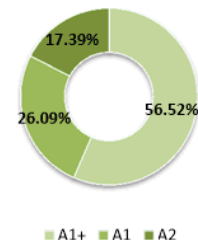
Rates Debtors

First instalment due 30 September 2018



Investments

\$46m with average 2.49%
\$226k interest income to date



Operating Performance
SEPTEMBER 2018

Income	YTD Adopted Budget vs YTD Actual (Fav)/Unfav		Projected Full Year vs Adopted Budget (Fav)/Unfav	
Rates and Charges	Steady	(\$0.23m)	Steady	(\$0.05m)
Statutory Fees	Unfavourable	\$0.21m	Steady	\$0.08m
User Charges	Steady	(\$0.03m)	Steady	(\$0.28m)
Grants	Steady	(\$0.05m)	Steady	(\$0.54m)
Contributions	Steady	(\$0.05m)	Steady	\$0.02m
Other Revenue	Favourable	(\$0.13m)	Steady	(\$0.09m)
Total Income	Steady	(\$0.29m)	Steady	(\$0.85m)
Expense				
Employee Costs	Steady	\$0.19m	Steady	\$0.19m
Materials and Consumables	Steady	\$0.46m	Unfavourable	\$3.73m
Bad and Doubtful Debts	Steady	(\$0.01m)	Steady	\$0m
Depreciation and Amortisation	Steady	\$0.07m	Unfavourable	\$2.5m
Borrowing Costs	Steady	\$0.04m	Steady	\$0m
Other Expenses	Steady	\$0.03m	Steady	\$0.03m
Total Expense	Steady	\$0.78m	Steady	\$6.46m

Notes:

1) Statutory Fees is \$206k less than YTD Adopted Budget. This unfavourable variance is mostly due lower parking infringement income as a result of the new 'Pay Stay' options. Also impacted by the timing of permit inspection, planning permit and building services income. Please see income statement for more detail.

2) Other Revenue is \$127k more than YTD Adopted Budget. This favourable variance is mostly due to additional interest revenue from Council investments, Children Services fundraising income, reimbursement from the Word and Mouth trust, and income from the dissolved Kialla West Recreation Reserve S86 committee. Please see income statement for more detail.

3) Materials and Consumables Projected Full Year is \$3.73m more than 2018/2019 Adopted Budget. This unfavourable variance is mostly due to increases in non-Council asset, non-recurrent, works on Maclsacc Road and Echuca Road intersection, Lifestyle Villages bridge and Midland Highway Intersection Mooroopna West. Also impacted by the write off of income recorded in prior financial years, additional planning legal expenses, the operating portion of the public wifi capital project, the extension of the control of Pine Lodge Cemetery Trust, and additional Shepparton Show Me and Children Services fundraising expenditure. Please see income statement for more detail.

4) Depreciation expense is \$2.50m more than 2018/2019 Adopted Budget. This unfavourable variances is due to increases in the value of Council assets. Please see income statement for more detail.

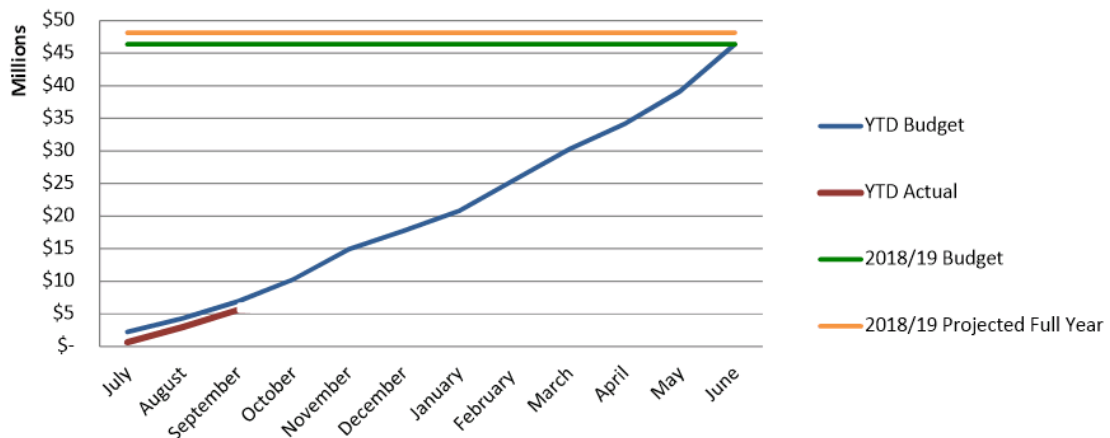
Capital Works Performance SEPTEMBER 2018

ADOPTED BUDGET	YTD ACTUAL	PROJECTED FULL YEAR
\$46.36m	\$5.6m	\$48.13m

PROGRESS

- *12.08% of Adopted Budget spent
- *11.64% of current full year projection spent
- * Same time last year: \$5.08m of the 2017/2018 Adopted Budget had been spent

CAPITAL WORKS BUDGET VS. ACTUAL

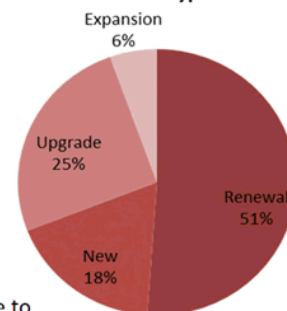


RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	PROJECTED FULL YEAR
96.80%	91.15%

- 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.
- The variance between Adopted Budget and Projected Full Year is mostly due to an increase in Depreciation expense of \$2.5m

% Split of Projected Full Year by Capital Works Type



Greater Shepparton City Council
Income Statement
for period ended September 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	76,500,570	76,729,151	(0.3%)	77,426,385	77,474,660	(0.1%)	
Statutory Fees	710,298	504,727	28.9%	3,394,929	3,316,612	2.3%	1
User Charges	4,529,894	4,564,246	(0.8%)	18,748,202	19,028,371	(1.5%)	
Operating Grants	4,737,665	4,790,510	(1.1%)	17,602,271	18,139,169	(3.1%)	
Operating Contributions	471,197	522,964	(11.0%)	1,357,669	1,333,473	1.8%	
Other	645,983	772,564	(19.6%)	1,992,131	2,078,843	(4.4%)	2
Total Operating Revenue	87,595,607	87,884,162	(0.3%)	120,521,587	121,371,128	(0.7%)	
Expenses from Operating Activities							
Employee Costs	12,367,785	12,556,662	1.5%	49,543,187	49,738,019	0.4%	
Materials and Consumables	12,061,841	12,518,733	3.8%	49,745,854	53,478,321	7.5%	3
Bad & Doubtful Debts	17,033	11,189	(34.3%)	173,740	178,287	2.6%	
Depreciation and Amortisation	6,444,159	6,512,595	1.1%	23,602,979	26,101,548	10.6%	4
Borrowing Costs	0	40,316	100.0%	1,002,000	1,002,000	0.0%	
Other Expenses	145,407	172,840	18.9%	587,091	619,091	5.5%	
Total Operating Expenses	31,036,225	31,812,336	2.5%	124,654,851	131,117,266	5.2%	
UNDERLYING OPERATING RESULT	56,559,382	56,071,825	0.9%	(4,133,264)	(9,746,138)	135.8%	
Non-operating Income and Expenditure							
Capital Grants	350,000	125,237	64.2%	8,700,370	9,315,577	(7.1%)	5
Capital Contributions	355,000	672,539	(89.4%)	911,000	1,435,539	(57.6%)	6
Contributed Assets	5,065,710	4,006,276	20.9%	13,842,129	13,842,129	0.0%	7
Proceeds from Sale of Assets	60,000	113,052	(88.4%)	390,000	390,000	0.0%	
Written Down Value of Asset Disposals	(134,829)	(128,482)	4.7%	(539,535)	(539,535)	0.0%	
Other Revenue	0	133,030	(100.0%)	0	133,030	(100.0%)	8
Total Non Operating Items	5,695,881	4,921,652	13.6%	23,303,964	24,576,740	(5.5%)	
ACCOUNTING SURPLUS/(DEFICIT)	62,255,263	60,993,477	2.0%	19,170,700	14,830,602	22.6%	

Notes to the Income Statement for period ended September 2018

- 1) Statutory Fees is \$206k less than YTD Adopted Budget. This unfavourable variance is mostly due to lower parking infringement income \$81k which is being impacted by the new 'Pay Stay' options. The full impact of this will be assessed later in the financial year with possible forecast adjustments. The unfavourable variance also impacted by the timing of permit inspection \$57k, planning permit \$45k, and building services \$20k income.
- 2) Other Revenue is \$127k more than YTD Adopted Budget. This favourable variance is mostly due to additional interest revenue from Council investments \$61k and additional fundraising income from Council childcare centres and kindergartens \$24k. Also impacted by the transfer of money \$20k held in the Word and Mouth trust for payment made to the Lighthouse foundation in prior financial years, as well as additional income from the dissolved Kialla West Recreation Reserve S86 committee \$14k.
- 3) Materials and Consumables Projected Full Year is \$3.73m more than Adopted Budget. This unfavourable variance is mostly due to increases in non-Council asset, non-recurrent, works on Maclsacc Road and Echuca Road intersection \$730k, Lifestyle Villages bridge \$266k and Midland Highway Intersection Mooroopna West \$265k re-budgeted from 2017/2018. The unfavourable variance is also impacted by the write off of income recorded in prior financial years which will be recovered in future financial years \$719k, additional planning legal expenses \$290k, the operating portion of the public wifi capital project \$280k, the extension of the control of Pine Lodge Cemetery Trust until February 2019 \$298k, and additional Shepparton Show Me \$219k and Children Services fundraising expenditure \$164k.
- 4) Depreciation expense is \$2.50m more than 2018/2019 Adopted Budget. This unfavourable variances is due to asset revaluations which resulted in an increase in asset values.
- 5) Capital Grants is \$225k less than YTD Adopted Budget. This unfavourable variance is mostly due to delays in the receipt of grant funding from Vic Roads for the Safe System Road Infrastructure Program \$350k. This unfavourable variance is partially offset by additional grant funding from the Country Football Netball program for the Central Park netball court upgrade project \$90k.
- 6) Capital Contributions is \$318k more than YTD Adopted Budget and Projected Full Year is \$525k more than 2018/2019 Adopted Budget. These favourable variances are mostly due to additional developer contributions \$327k for Northside Estate, Sevens Creek Estate, Kialla Greens Estate and Windsor Park. Also impacted by additional contributions from Campaspe Shire for McEwen Road works \$181k and a reduction in contributions due to Council no longer undertaking the Kialla Lakes South connector road project \$163k.
- 7) Contributed Assets is \$1.06m less than YTD Adopted Budget. This unfavourable variance is due to an adjustment to the calculation of land under roads resulting in a lower value for the assets being gifted to Council. Despite this adjustment, the Project Full Year remains steady due to an expected increase in the number of estates to be gifted to Council in 2018/2019.
- 8) Capital Other Revenue is \$133k more than YTD Adopted Budget and 2018/2019 Adopted Budget. These favourable variances are due to rebates for the installation of solar power at Council's Welsford St. office and Shepparton Sports Stadium \$77k and insurance income for the Aquamoves shade structures \$56k which will be used to offset the additional capital expenditure for this project.

Greater Shepparton City Council

Balance Sheet as at September 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	23,809,567	18,057,669	16,490,488	16,693,147	29.9%	7.6%	
Receivables	7,943,794	6,692,000	68,721,793	67,592,706	(750.9%)	(910.1%)	
Other Financial Assets	31,500,000	13,600,000	45,000,000	41,000,000	(30.2%)	(201.5%)	
Inventories	120,198	74,000	157,033	228,580	(90.2%)	(208.9%)	
Assets Held for Resale	248,085	-	-	248,085	0.0%	(100.0%)	
Other Assets	1,375,355	1,050,000	240,205	318,928	76.8%	69.6%	
Total Current Assets	64,996,998	39,473,669	130,609,519	126,081,446	(94.0%)	(219.4%)	
Non Current Assets							
Investment in Associates	1,457,302	1,511,499	1,511,499	1,511,499	(3.7%)	0.0%	
Infrastructure	1,036,461,256	1,118,546,000	1,036,854,708	1,039,426,968	(0.3%)	7.1%	
Intangible Assets	-	848,000	-	-	0.0%	100.0%	
Total Non Current Assets	1,037,918,558	1,120,905,499	1,038,366,207	1,040,938,467	(0.3%)	7.1%	
Total Assets	1,102,915,556	1,160,379,168	1,168,975,726	1,167,019,914	(5.8%)	(0.6%)	
Current Liabilities							
Trade & Other Payables	9,997,114	8,720,000	8,720,687	7,389,198	(26.1%)	(15.3%)	
Trust Funds	2,836,213	2,717,000	8,418,603	8,749,604	208.5%	222.0%	
Provisions	9,220,504	10,119,000	9,206,396	9,159,614	(0.7%)	(9.5%)	
Interest Bearing Liabilities	1,362,130	1,447,000	1,175,198	1,175,198	(13.7%)	(18.8%)	
Total Current Liabilities	23,415,961	23,003,000	27,520,884	26,473,614	13.1%	15.1%	
Non Current Liabilities							
Provisions	7,107,824	7,094,000	7,118,151	7,107,824	0.0%	0.2%	
Interest Bearing Liabilities	17,073,415	15,610,000	17,073,415	17,073,415	0.0%	9.4%	
Total Non Current Liabilities	24,181,238	22,704,000	24,191,566	24,181,238	0.0%	6.5%	
Total Liabilities	47,597,199	45,707,000	51,712,450	50,654,852	6.4%	10.8%	
Net Assets	1,055,318,357	1,114,672,168	1,117,263,276	1,116,365,061	94.1%	94.4%	
Represented By							
Accumulated Surplus	392,432,069	555,416,922	454,376,988	453,478,774	(15.6%)	18.4%	
Reserves	662,886,288	559,255,246	662,886,288	662,886,288	0.0%	(18.5%)	
Total Equity	1,055,318,357	1,114,672,168	1,117,263,276	1,116,365,061	94.1%	94.4%	

Notes to the Balance Sheet as at September 2018

1) Intangible assets is \$848k less than Adopted Budget. Land controlled by Places Victoria, creating an intangible asset for the right to receive income, was gifted back to Council resulting in a write off of intangible assets as part of the 2017/2018 end of financial year reports. The budget for this will be adjusted as part of the 2018/2019 Q1 Forecast Review.

Greater Shepparton City Council

Cash Flow Statement as at September 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	27,767,182	29,411,580	(5.9%)
Payments to suppliers	(97,376,000)	(25,701,969)	(27,859,047)	8.4%
Net cash inflow(outflow) from customers(suppliers)	3,875,809	2,065,214	1,552,533	(24.8%)
Interest received	582,000	125,336	179,276	(43.0%)
Government receipts	26,371,000	5,087,665	4,915,747	3.4%
Contributions	2,269,000	952,945	1,322,251	(38.8%)
Net cash inflow(outflow) from operating activities	33,097,809	8,231,160	7,969,807	(3.2%)
Cash flows from investing activities				
Net movement in other financial assets	3,400,000	(13,500,000)	(9,500,000)	29.6%
Infrastructure, property, plant & equipment - proceeds	390,000	60,000	113,052	(88.4%)
Infrastructure, property, plant & equipment - payments	(46,356,000)	(1,923,308)	(5,472,031)	184.5%
Net cash inflow(outflow) from investing activities	(42,566,000)	(15,363,308)	(14,858,979)	3.3%
Cash flows from financing activities				
Finance Cost	(1,002,000)	-	(40,316)	100.0%
Proceeds from interest bearing loans and borrowings	-	-	-	0.0%
Repayment of interest-bearing loans and borrowings	(1,377,000)	(186,931)	(186,932)	0.0%
Net cash inflow(outflow) from financing activities	(2,379,000)	(186,931)	(227,248)	21.6%
Net increase(decrease) in cash and equivalents	(11,847,191)	(7,319,079)	(7,116,420)	(2.8%)
Cash and equivalents at the beginning of the year	29,904,860	23,809,567	23,809,567	(0.0%)
Cash and equivalents at the end of the year	18,057,669	16,490,488	16,693,147	(1.2%)

Greater Shepparton City Council
Capital Works Statement
 period ended September 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	2,060	100%	450,000	450,000	0%	
Buildings	1,012,135	1,137,992	12%	9,929,300	9,944,310	0%	1
Computer & Telecommunications	73,116	60,466	(17%)	1,405,000	1,611,054	15%	2
Drainage	16,000	4,755	(70%)	1,076,000	1,867,000	74%	3
Fixture Fittings and Furniture	45,040	16,923	(62%)	349,000	347,080	(1%)	
Footpaths & Cycleways	77,500	68,000	(12%)	1,641,380	1,641,380	0%	
Land	44,000	0	(100%)	649,000	199,000	(69%)	4
Land Improvements	238,636	3,400	(99%)	1,205,980	1,155,980	(4%)	5
Off Street Car Parks	0	0	0%	65,000	65,000	0%	
Parks, Open Space & Streetscape	243,500	85,620	(65%)	1,646,000	1,602,498	(3%)	6
Plant Machinery & Equipment	513,000	880,050	72%	2,795,000	3,368,000	21%	7
Recreational Leisure and Community Facilities	376,567	85,136	(77%)	1,624,439	1,996,102	23%	8
Roads	4,004,372	2,922,666	(27%)	16,219,194	16,340,942	1%	9
Waste Management	3,824	123,046	3118%	5,510,000	5,735,000	4%	10
Other Infrastructure	1,000	0	(100%)	392,000	392,000	0%	
Project Management Office	233,344	210,401	(10%)	1,000,000	1,000,000	0%	
Total Capital Works	6,882,034	5,600,513	(19%)	46,356,293	48,126,846	4%	

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	5,058,523	4,435,261	(12%)	22,846,980	23,792,221	4%	
Upgrade	401,741	66,558	(83%)	8,294,744	9,144,744	10%	
New	1,083,426	878,524	(19%)	11,679,569	11,554,881	(1%)	
Expansion	105,000	9,769	(91%)	2,535,000	2,635,000	4%	
Project Management Office	233,344	210,401	(10%)	1,000,000	1,000,000	0%	
Total Capital Works	6,882,034	5,600,513	(19%)	46,356,293	48,126,846	4%	

Notes to the Capital Works Statement for period ended September 2018

- Buildings is \$126k more than YTD Adopted Budget. This unfavourable variance is mostly due to additional building renewal works \$130k including the unexpected replacement of an oven at Eastbank and replacement of Aquamoves shade structure, which is partially offset by insurance income.
- Computer and Telecommunications Projected Full Year is \$206k more than 2018/2019 Adopted Budget. This unfavourable variance is mostly due to the new Public Wifi Project \$200k. A portion of this project is accounted for under operating \$280k, and will be full offset by grant income \$480k.
- Drainage Projected Full Year is \$791k more than 2018/2019 Adopted Budget. This unfavourable variance is mostly due to land purchase as part of the YAKKA Basin upgrade project \$450k bought forward from future financial years due to developer activity, additional works as part of the North Growth Corridor Drainage and Landscaping project \$130k to include a rising main, a new localised drainage project at Katandra West \$130k, and a new project as part of the Shepparton East Drainage Scheme \$126k.
- Land Projected Full Year is \$450k less than 2018/2019 Adopted Budget. This unfavourable variance is due to the purchase of land as part of the North Growth Corridor, no longer being expected to be purchased in 2018/2019 due to delays in approval processes.
- Land Improvements is \$235k less than YTD Adopted Budget. This favourable variance is mostly due to changes in delivery timeframes for the public toilet replacement program \$236k.
- Parks, Open Space and Streetscape is \$158k less than YTD Adopted Budget. This favourable variance is mostly due to the One Tree Per Child program \$105k being reclassified as operating due to the nature of expenditure. Also impacted by the delay of the Kialla Park Oval Reconstruction \$48k until later in the year as a result of discussions with the cricket club who utilise the reserve.
- Plant, Machinery and Equipment is \$367k more than YTD Adopted Budget and Projected Full Year is \$573k more than 2018/2019 Adopted Budget. These unfavourable variances are due to a delay in the delivery of large plant items budgeted for in 2017/2018 but received in September 2018.
- Recreational Leisure and Community Facilities is \$291k less than YTD Adopted Budget. This favourable variance is mostly due to changes in the delivery time frames for the Victoria Park Lake Master Plan playground works \$145k and BMX Start Hill and Track Upgrade \$126k. Projected Full Year is \$372k more than 2018/2019 Adopted Budget. This unfavourable variance is mostly due to new capital projects for the Central Park netball court upgrade \$315k, which will be partially offset by additional grant income, and the Our Sporting Future Fund \$60k.
- Roads is \$1.08m less than YTD Adopted Budget. This favourable variance is mostly due to the timing of invoice payments for gravel resheeting works \$1.15m.
- Waste Management is \$119k more than YTD Adopted Budget. This unfavourable variance is due to the timing of works at Cosgrove 2 and Cosgrove 3 landfills.