

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

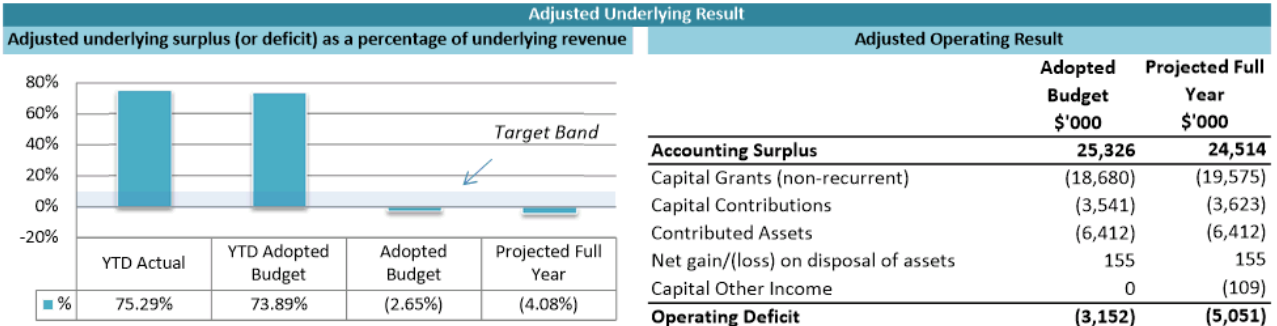
17 September 2019

Agenda Item 9.2 August 2019 Monthly Financial Report

Attachment 1 August 2019 Monthly Financial Report 123

MONTHLY FINANCIAL REPORT AUGUST 2019

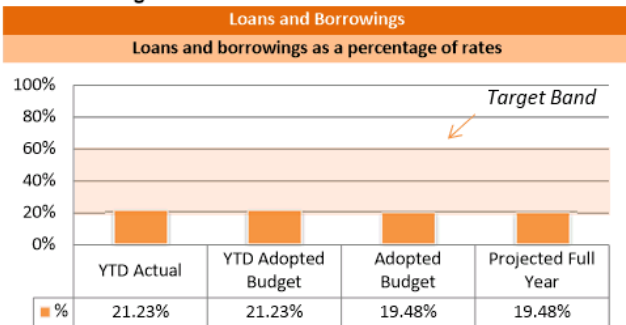
Operating Performance



- Local Government Victoria acceptable range -20% to 20%
- Council target band of 0% to 10%
- YTD Actual and YTD Adopted Budget are high due to the full amount of rates revenue being raised in July. The underlying surplus will reduce throughout the financial year as expenditure is incurred

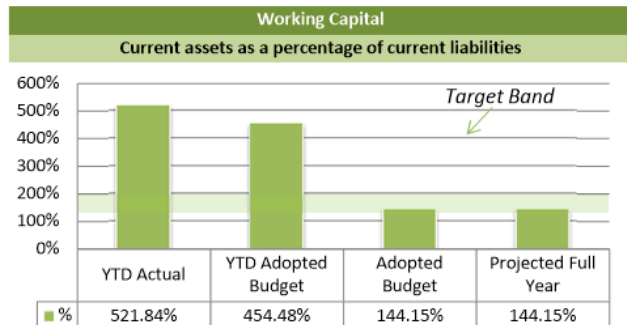
The surplus (deficit) has been adjusted to reflect the true operating result by removing items that do not fund Council operations. Capital income including non-recurrent grants, contributions and other capital income is used to fund the capital works program, while contributed assets and the net gain(loss) on disposal of assets are non-cash items.

Financial Obligations



- Local Government Victoria acceptable range 0% to 70%
- Council 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

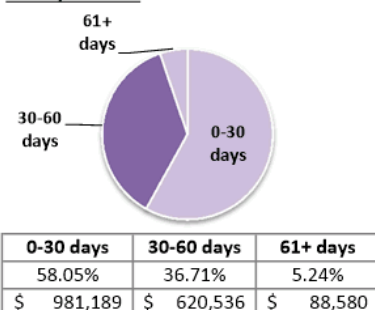
Financial Health



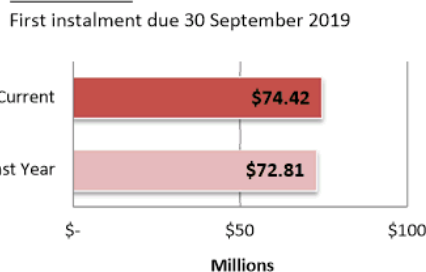
- Local Government Victoria acceptable range 100% to 400%
- Council target band of 120% to 200%
- VAGO indicate any level of liquidity higher than 10% is considered low risk
- YTD Actual and YTD Adopted Budget are high due to rate revenue being raised in July. Receivables will reduce throughout the financial year as rates instalments fall due

Other Financial Performance

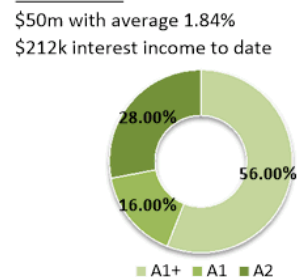
Sundry Debtors



Rates Debtors



Investments



Operating Performance
AUGUST 2019

| Income | YTD Adopted Budget vs YTD Actual (Fav)/Unfav | | Adopted Budget vs Projected Full Year (Fav)/Unfav | |
|-------------------------------|--|------------------|--|----------------|
| | | | | |
| Rates and Charges | Steady | \$0.03m | Steady | (\$0.01m) |
| Statutory Fees | Steady | \$0.03m | Steady | (\$0.01m) |
| User Charges | Steady | \$0.14m | Steady | \$0.04m |
| Grants | Steady | (\$0.06m) | Steady | \$0.2m |
| Contributions | Steady | \$0.07m | Steady | (\$0.05m) |
| Other Revenue | Favourable | (\$0.11m) | Steady | (\$0.11m) |
| Total Income | Steady | \$0.1m | Steady | \$0.05m |
| Expense | | | | |
| Employee Costs | Steady | (\$0.05m) | Steady | \$0.31m |
| Materials and Services | Steady | (\$0.7m) | Unfavourable | \$1.56m |
| Bad and Doubtful Debts | Steady | (\$0m) | Steady | (\$0m) |
| Depreciation and Amortisation | Steady | (\$0.42m) | Steady | \$0m |
| Borrowing Costs | Steady | \$0m | Steady | \$0.01m |
| Other Expenses | Steady | (\$0.01m) | Steady | (\$0.03m) |
| Total Expense | Steady | (\$1.19m) | Steady | \$1.85m |

Notes:

1) Other income is \$107k more than YTD Adopted Budget. This favourable variance is mostly due to additional income from the Winter Fun Zone school holiday activities, insurance claims, and fuel rebates. This favourable variance is also impacted by additional rental income. Please see income statement for more details.

2) Materials and Services Projected Full Year is \$1.56m more than Adopted Budget 2019/2020. This unfavourable variance is mostly due to increases in Council's insurance premiums, strategic transport assessments, clean up costs associated with storms in June 2019, equipment for Council owned childcare centres funded by prior year fundraising efforts, demolition works at the Victoria Lake Caravan Park, underground powerline works, Shepparton Art museum aboriginal engagement programs, and detailed design relating to the Shepparton Sports and Events centre. This unfavourable variance is also impacted by cost associated with the Winter Fun Zone and Lifestyle Villages Bridge works. Please see income statement for more details.

Capital Works Performance AUGUST 2019

| | | |
|-----------------------|----------------------------|-------------------|
| ADOPTED BUDGET | PROJECTED FULL YEAR | YTD ACTUAL |
| \$73.68m | \$73.42m | \$5.52m |

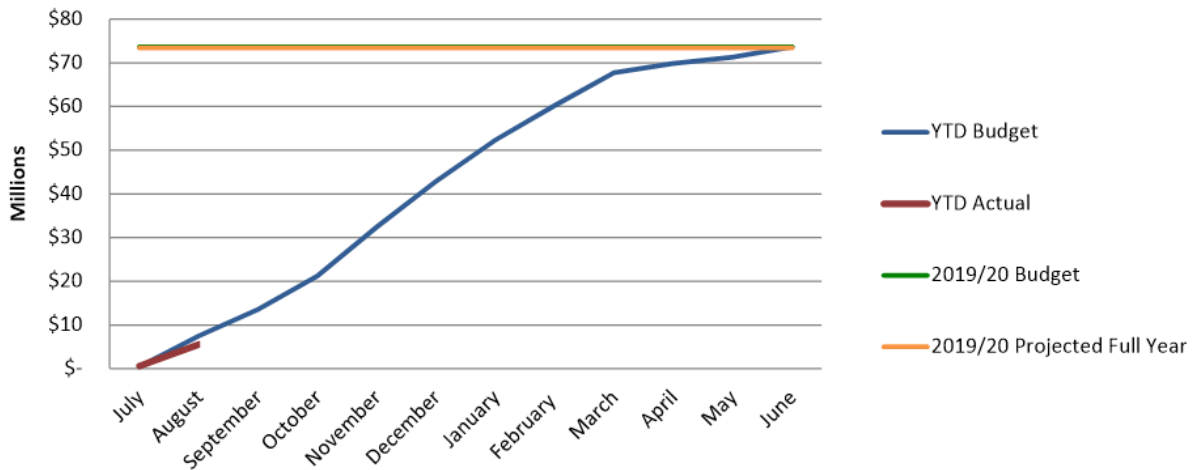
PROGRESS

*7.5% of Adopted Budget spent

*7.52% of current full year projection spent

* Same time last year: \$2.93m (6.33%) of the 2018/2019 Adopted Budget had been spent

CAPITAL WORKS BUDGET VS. ACTUAL

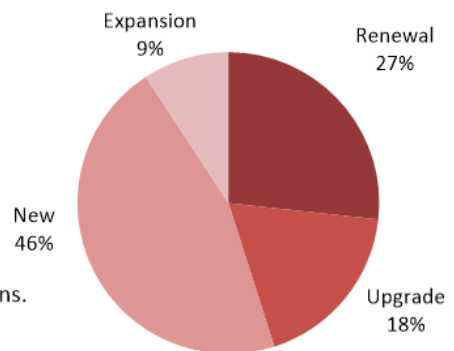


RENEWAL

| Asset Renewal | |
|---|---------------------|
| Asset renewal as a percentage of depreciation | |
| ADOPTED BUDGET | PROJECTED FULL YEAR |
| 69.10% | 70.97% |

- 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 August 2019

| | YEAR TO DATE | | | FULL YEAR | | | Notes |
|---|---|----------------------------------|--|--------------------------------------|---|---|-------|
| | 2019/2020 YTD Adopted Budget \$ | 2019/2020 YTD Actual \$ | YTD Adopted Budget Variance (Fav)/Unfav % | 2019/2020 Adopted Budget \$ | 2019/2020 Projected Full Year \$ | Adopted Budget Variance (Fav)/Unfav % | |
| Revenues from Operating Activities | | | | | | | |
| Rates and Charges | 79,936,588 | 79,907,798 | 0.0% | 80,636,028 | 80,646,028 | (0.0%) | |
| Statutory Fees | 463,901 | 436,575 | 5.9% | 3,199,854 | 3,212,856 | (0.4%) | |
| User Charges | 3,009,790 | 2,872,742 | 4.6% | 18,469,475 | 18,429,293 | 0.2% | |
| Operating Grants | 3,928,609 | 3,983,775 | (1.4%) | 17,387,999 | 17,192,272 | 1.1% | |
| Operating Contributions | 232,511 | 166,798 | 28.3% | 1,049,456 | 1,100,942 | (4.9%) | |
| Other | 439,629 | 546,418 | (24.3%) | 2,068,674 | 2,180,407 | (5.4%) | 1 |
| Total Operating Revenue | 88,011,028 | 87,914,106 | 0.1% | 122,811,486 | 122,761,798 | 0.0% | |
| Expenses from Operating Activities | | | | | | | |
| Employee Costs | 9,252,531 | 9,198,543 | (0.6%) | 50,497,519 | 50,804,831 | 0.6% | |
| Materials and Services | 8,800,776 | 8,103,051 | (7.9%) | 47,020,330 | 48,583,394 | 3.3% | 2 |
| Bad & Doubtful Debts | 4,079 | 0 | (100.0%) | 216,000 | 214,300 | (0.8%) | |
| Depreciation and Amortisation | 4,892,311 | 4,474,580 | (8.5%) | 28,504,863 | 28,504,863 | 0.0% | |
| Borrowing Costs | 8,000 | 8,703 | 8.8% | 995,000 | 1,007,000 | 1.2% | |
| Other Expenses | 146,938 | 133,998 | (8.8%) | 757,273 | 725,889 | (4.1%) | |
| Total Operating Expenses | 23,104,635 | 21,918,874 | (5.1%) | 127,990,985 | 129,840,277 | 1.4% | |
| UNDERLYING OPERATING RESULT | 64,906,393 | 65,995,232 | (1.7%) | (5,179,499) | (7,078,479) | (36.7%) | |
| Non-operating Income and Expenditure | | | | | | | |
| Capital Grants | 0 | 1,477,165 | (100.0%) | 20,707,249 | 21,602,343 | (4.3%) | 3 |
| Capital Contributions | 10,000 | 102,103 | (921.0%) | 3,541,200 | 3,623,303 | (2.3%) | |
| Contributed Assets | 2,000,000 | 0 | 100.0% | 6,412,318 | 6,412,318 | 0.0% | 4 |
| Proceeds from Sale of Assets | 124,825 | 59,825 | 52.1% | 401,000 | 401,000 | 0.0% | |
| Written Down Value of Asset Disposals | 0 | 0 | 0.0% | (556,000) | (556,000) | 0.0% | |
| Other Revenue | 0 | 109,438 | (100.0%) | 0 | 109,438 | (100.0%) | 5 |
| Total Non Operating Items | 2,134,825 | 1,748,532 | 18.1% | 30,505,767 | 31,592,402 | (3.6%) | |
| ACCOUNTING SURPLUS/(DEFICIT) | 67,041,218 | 67,743,764 | (1.0%) | 25,326,268 | 24,513,923 | 3.2% | |

Notes to the Income Statement for period ended August 2019

- 1) Other income is \$107k more than YTD Adopted Budget. This favourable variance is mostly due to additional income generated from the Winter Fun Zone school holiday activities \$33k, additional insurance claims from damage to Council assets in 2018/2019 \$21k, and additional fuel rebates \$20k. This favourable variance is also impacted by additional rental income from usage of the Youth Club Hall \$17k and the timing of rental income for the Saleyards \$16k.
- 2) Materials and Services Projected Full Year is \$1.56m more than Adopted Budget 2019/2020. This unfavourable variance is mostly due to increases in Council's insurance premiums \$148k, additional strategic transport assessments \$134k, clean up costs associated with storms in June 2019 \$120k, equipment for Council owned childcare centres funded by prior year fundraising efforts \$120k, the completion of demolition works at the Victoria Lake Caravan Park \$111k, underground powerline works to be undertaken by Powercor on infrastructure not owned by Council \$110k, Shepparton Art museum aboriginal engagement programs funded by Creative Victoria grants \$110k, and detailed design relating to the Shepparton Sports and Events centre \$103k. The unfavourable variance is also impacted by cost associated with the Winter Fun Zone \$100k and contract variations on Lifestyle Villages Bridge works \$70k.
- 3) Capital grants is \$1.48m more than YTD Adopted Budget. This favourable variance is mostly due to the timing of grant funding for the Balaclava/Verney/Dookie Rd intersection works \$751k and additional grant funding from Vic Roads for the Safe System Road Infrastructure Program \$512k for works completed in 2018/2019. This unfavourable variance is also impacted by the timing of grant income for Hamilton St kerb replacement works \$120k.
- 4) Contributed Assets is \$2m less than YTD Adopted Budget. This unfavourable variance is due to the timing of developer gifted assets which can be difficult to predict.
- 5) Other Revenue (Capital) Projected Full Year is \$109k more than Adopted Budget 2019/2020. This favourable variance is mostly due to rebates for the installation of solar panels on Council buildings \$90k.

Greater Shepparton City Council

**Balance Sheet
as at August 2019**

| | Total Actual June 2019 \$ | Adopted Budget June 2020 \$ | YTD Adopted Budget 2020 \$ | YTD Actual 2020 \$ | Total Actual June 2019 Variance (Fav)/Unfav % | Adopted Budget Variance (Fav)/Unfav % | Notes |
|--------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|-----------------------------|---|--|-------|
| Current Assets | | | | | | | |
| Cash and Cash Equivalent | 18,741,547 | 6,670,842 | 7,866,748 | 14,888,869 | 20.6% | (123.2%) | |
| Receivables | 6,141,247 | 11,776,000 | 90,641,908 | 83,048,492 | (1,252.3%) | (605.2%) | |
| Other Financial Assets | 46,000,000 | 10,880,000 | 42,000,000 | 40,000,000 | 13.0% | (267.6%) | |
| Inventories | 106,677 | 120,000 | 209,510 | 182,214 | (70.8%) | (51.8%) | |
| Assets Held for Resale | 55,465 | 248,000 | 55,465 | 55,465 | 0.0% | 77.6% | |
| Other Assets | 1,698,134 | 1,375,000 | 1,807,192 | 2,042,896 | (20.3%) | (48.6%) | |
| Total Current Assets | 72,743,070 | 31,069,842 | 142,580,823 | 140,217,936 | (92.8%) | (351.3%) | |
| Non Current Assets | | | | | | | |
| Investment in Associates | 1,457,302 | 1,457,302 | 1,457,302 | 1,457,302 | 0.0% | 0.0% | |
| Infrastructure | 1,056,129,251 | 1,116,961,000 | 1,058,968,623 | 1,057,204,298 | (0.1%) | 5.3% | 1 |
| Intangible Assets | - | - | - | 423,874 | (100.0%) | (100.0%) | |
| Total Non Current Assets | 1,057,586,553 | 1,118,418,302 | 1,060,425,925 | 1,059,085,474 | (0.1%) | 5.3% | |
| Total Assets | 1,130,329,623 | 1,149,488,144 | 1,203,006,748 | 1,199,303,410 | (6.1%) | (4.3%) | |
| Current Liabilities | | | | | | | |
| Trade & Other Payables | 12,155,409 | 8,055,000 | 17,977,807 | 13,318,167 | 9.6% | 65.3% | |
| Trust Funds | 2,547,822 | 2,836,213 | 2,498,243 | 2,457,036 | (3.6%) | (13.4%) | |
| Provisions | 9,761,404 | 9,221,000 | 9,570,772 | 9,769,174 | 0.1% | 5.9% | |
| Interest Bearing Liabilities | 1,429,234 | 1,441,000 | 1,325,344 | 1,325,344 | (7.3%) | (8.0%) | |
| Total Current Liabilities | 25,893,869 | 21,553,213 | 31,372,166 | 26,869,722 | 3.8% | 24.7% | |
| Non Current Liabilities | | | | | | | |
| Trade & Other Payables | - | - | - | 253,925 | 100.0% | 100.0% | 2 |
| Provisions | 8,572,611 | 7,108,000 | 8,572,611 | 8,572,611 | 0.0% | 20.6% | |
| Interest Bearing Liabilities | 15,641,609 | 14,266,000 | 15,641,609 | 15,641,609 | 0.0% | 9.6% | |
| Total Non Current Liabilities | 24,214,220 | 21,374,000 | 24,214,220 | 24,468,144 | 1.0% | 14.5% | |
| Total Liabilities | 50,108,089 | 42,927,213 | 55,586,386 | 51,337,866 | 2.5% | 19.6% | |
| Net Assets | 1,080,221,534 | 1,106,560,931 | 1,147,420,362 | 1,147,965,544 | 93.6% | (3.7%) | |
| Represented By | | | | | | | |
| Accumulated Surplus | 417,335,247 | 443,674,643 | 484,534,074 | 485,079,256 | (16.2%) | (9.3%) | |
| Reserves | 662,886,288 | 662,886,288 | 662,886,288 | 662,886,288 | 0.0% | 0.0% | |
| Total Equity | 1,080,221,534 | 1,106,560,931 | 1,147,420,362 | 1,147,965,544 | 93.6% | (3.7%) | |

*Subject to audit sign off

Notes to the Balance Sheet as at August 2019

1) Intangible assets is \$424k more than Adopted Budget 2019/2020. This favourable variance is due to the right of use assets recorded for all vehicle leases in accordance with AASB16.

2) Non-Current Trade and Other Payables is \$254k more than Adopted Budget 2019/2020. This unfavourable variance is due to the lease liability recorded for all vehicle leases in accordance with AASB16.

Greater Shepparton City Council
Cash Flow Statement
as at August 2019

| | 2019/2020 Adopted Budget \$ | 2019/2020 YTD Adopted Budget \$ | 2019/2020 YTD Actual \$ | Adopted Budget Variance (Fav)/Unfav \$ |
|---|--------------------------------------|---|-------------------------------|--|
| Cash flows from operating activities | | | | |
| Receipts from customers | 101,393,325 | (1,637,662) | 11,858,545 | 824.1% |
| Payments to suppliers | (101,260,000) | (12,075,193) | (22,169,371) | 83.6% |
| Net cash inflow(outflow) from customers(suppliers) | 133,325 | (13,712,855) | (10,310,825) | (24.8%) |
| Interest received | 750,000 | 272,032 | 276,121 | (1.5%) |
| Government receipts | 37,309,000 | 3,928,609 | 5,460,940 | (39.0%) |
| Contributions | 4,590,656 | 356,162 | 382,552 | (7.4%) |
| Net cash inflow(outflow) from operating activities | 42,782,981 | (9,156,052) | (4,191,212) | (54.2%) |
| Cash flows from investing activities | | | | |
| Net movement in other financial assets | 2,720,000 | 4,000,000 | 6,000,000 | (50.0%) |
| Infrastructure, property, plant & equipment - proceeds | 401,000 | 124,825 | 59,825 | 52.1% |
| Infrastructure, property, plant & equipment - payments | (73,675,828) | (5,731,682) | (5,549,627) | (3.2%) |
| Net cash inflow(outflow) from investing activities | (70,554,828) | (1,606,857) | 510,198 | 131.8% |
| Cash flows from financing activities | | | | |
| Finance Cost | (995,000) | (8,000) | (67,774) | 747.2% |
| Proceeds from interest bearing loans and borrowings | - | - | - | 0.0% |
| Repayment of interest-bearing loans and borrowings | (1,361,000) | (103,890) | (103,890) | 0.0% |
| Net cash inflow(outflow) from financing activities | (2,356,000) | (111,890) | (171,664) | 53.4% |
| Net increase(decrease) in cash and equivalents | (30,127,847) | (10,874,799) | (3,852,678) | (64.6%) |
| Cash and equivalents at the beginning of the year | 36,798,689 | 18,741,547 | 18,741,547 | 0.0% |
| Cash and equivalents at the end of the year | 6,670,842 | 7,866,748 | 14,888,869 | (89.3%) |

Greater Shepparton City Council
Capital Works Statement
 period ended August 2019

| Capital Works Area | 2019/2020 YTD Adopted Budget | 2019/2020 YTD Actual | YTD Adopted Budget Variance (Fav)/Unfav % | 2019/2020 Adopted Budget | 2019/2020 Projected Full Year | Adopted Budget Variance (Fav)/Unfav % | Note |
|---|---------------------------------------|----------------------------|--|-----------------------------|-------------------------------------|---|------|
| | \$ | \$ | | \$ | \$ | | |
| Aerodrome | 0 | 0 | 0% | 369,065 | 369,065 | 0% | |
| Bridges | 250,000 | 62,932 | (75%) | 1,062,000 | 1,062,000 | 0% | 1 |
| Buildings | 3,244,973 | 2,985,476 | (8%) | 30,801,520 | 30,522,672 | (1%) | |
| Computer & Telecommunications | 47,113 | 63,652 | 35% | 2,208,000 | 2,298,872 | 4% | |
| Drainage | 2,000 | 0 | (100%) | 3,213,000 | 3,206,000 | (0%) | |
| Fixture Fittings and Furniture | 12,895 | 54,215 | 320% | 405,680 | 467,000 | 15% | |
| Footpaths & Cycleways | 45,000 | 78,110 | 74% | 3,142,300 | 3,182,152 | 1% | |
| Land | 0 | 20,000 | 100% | 0 | 20,000 | 100% | |
| Land Improvements | 1,400 | 1,880 | 34% | 405,600 | 405,600 | 0% | |
| Off Street Car Parks | 13,100 | 1,200 | (91%) | 415,000 | 415,000 | 0% | |
| Parks, Open Space & Streetscape | 140,810 | 27,656 | (80%) | 1,362,000 | 1,561,245 | 15% | 2 |
| Plant Machinery & Equipment | 528,031 | 251,729 | (52%) | 2,311,000 | 2,311,000 | 0% | 3 |
| Recreational Leisure and Community Facilities | 154,658 | 125,118 | (19%) | 4,805,500 | 5,031,251 | 5% | |
| Roads | 2,615,524 | 1,504,003 | (42%) | 21,105,163 | 20,247,416 | (4%) | 4 |
| Waste Management | 250,000 | 162,758 | (35%) | 500,000 | 748,782 | 50% | 5 |
| Other Infrastructure | 7,500 | 0 | (100%) | 470,000 | 470,000 | 0% | |
| Project Management Office | 175,928 | 184,948 | 5% | 1,100,000 | 1,100,000 | 0% | |
| Total Capital Works | 7,488,932 | 5,523,676 | (26%) | 73,675,828 | 73,418,055 | (0%) | |

| Capital Works Area | 2019/2020 YTD Adopted Budget | 2019/2020 YTD Actual | YTD Adopted Budget Variance (Fav)/Unfav | 2019/2020 Adopted Budget | 2019/2020 Projected Full Year | Adopted Budget Variance (Fav)/Unfav | Note |
|----------------------------|---------------------------------------|----------------------------|---|-----------------------------|-------------------------------------|--|------|
| | \$ | \$ | % | | | | |
| Renewal | 3,119,342 | 1,503,125 | (52%) | 19,387,280 | 19,911,115 | 3% | |
| Upgrade | 838,643 | 737,132 | (12%) | 13,347,683 | 12,290,718 | (8%) | |
| New | 3,319,619 | 3,080,963 | (7%) | 33,132,500 | 33,311,913 | 1% | |
| Expansion | 35,400 | 17,508 | (51%) | 6,708,365 | 6,804,309 | 1% | |
| Project Management Office | 175,928 | 184,948 | 5% | 1,100,000 | 1,100,000 | 0% | |
| Total Capital Works | 7,488,932 | 5,523,676 | (26%) | 73,675,828 | 73,418,055 | (0%) | |

Notes to the Capital Works Statement for period ended August 2019

1) Bridges is \$187k less than YTD Adopted Budget. This favourable variance is due to the timing of Toolamba bridge works \$187k.

2) Parks, Open Space and Streetscapes is \$113k less than YTD Adopted Budget. Projected Full Year is \$199k more than Adopted Budget 2019/2020. These variances are mostly due to Kialla Park Oval Reconstruction works which were originally budgeted for in 2018/2019 but delayed due to wet weather.

3) Plant, Machinery and Equipment is \$276k less than YTD Adopted Budget. This favourable variance is due to the timing of the delivery of large plant items.

4) Roads is \$1.11m less than YTD Adopted Budget. This favourable variance is mostly due to the timing of works including MSTP stabilisation and asphalt works \$500k. This favourable variance is also due to delays in the delivery of materials for gravel resheeting works \$323k and the timing of works relating to the Maude St upgrade High St to Ashenden st works \$174k.

5) Waste Management Projected Full Year is \$249k more than Adopted Budget 2019/2020. This unfavourable variance is due to Cosgrove landfill works bought forward from the 2018/2019 financial year.