

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

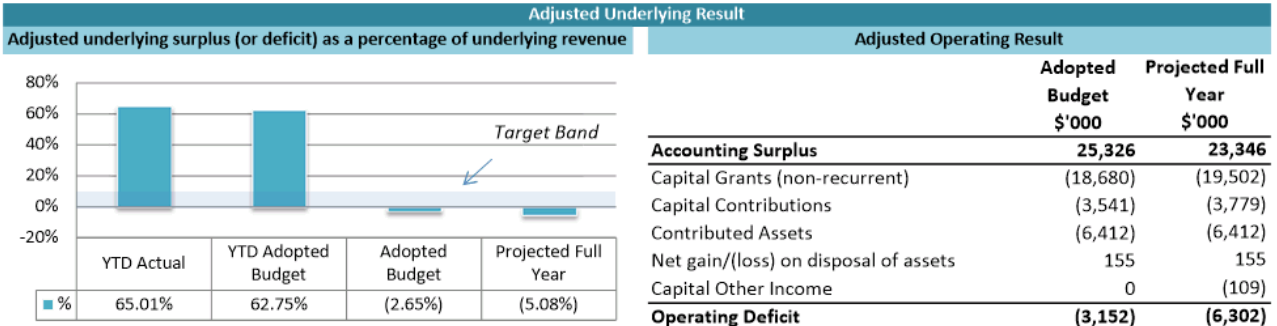
15 October 2019

Agenda Item 9.2 September 2019 Monthly Financial Report

Attachment 1 September 2019 Monthly Financial Report..... 262

MONTHLY FINANCIAL REPORT SEPTEMBER 2019

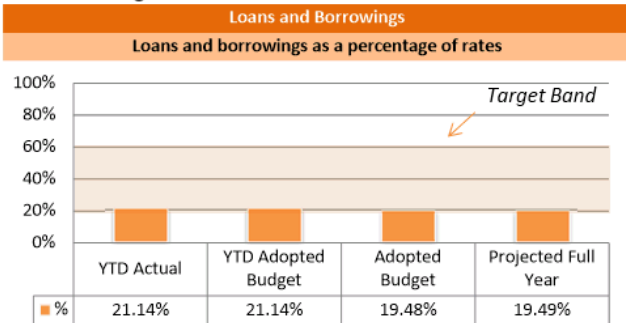
Operating Performance



- 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

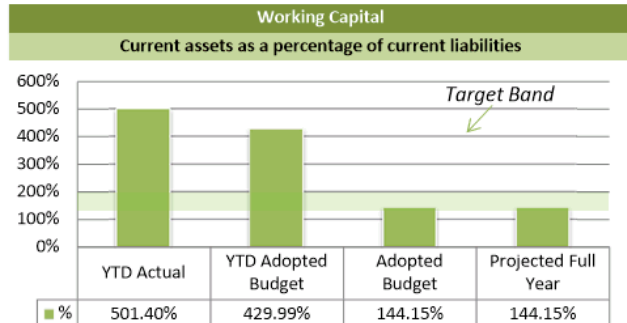
The surplus (deficit) has been adjusted to reflect the true operating result by removing items that do not fund Council operations. Capital income including non-recurrent grants, contributions and other capital income is used to fund the capital works program, while contributed assets and the net gain(loss)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

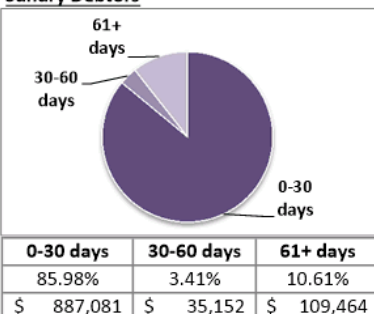
Financial Health



- 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

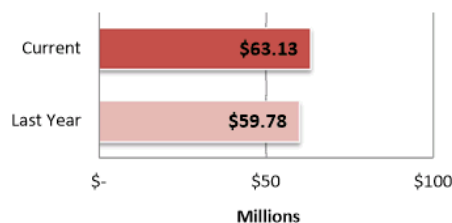
Other Financial Performance

Sundry Debtors



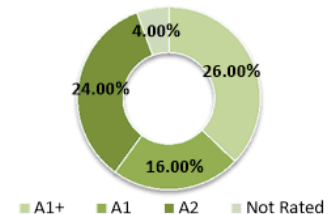
Rates Debtors

First instalment due 30 September 2019



Investments

\$50m with average interest rate 1.83%
\$212k interest income to date



Operating Performance
SEPTEMBER 2019

Income	YTD Adopted Budget vs YTD Actual (Fav)/Unfav		Adopted Budget vs Projected Full Year (Fav)/Unfav	
Rates and Charges	Steady	\$0.13m	Steady	\$0.06m
Statutory Fees	Steady	\$0.05m	Steady	\$0m
User Charges	Steady	\$0.27m	Steady	\$0.14m
Grants	Steady	(\$0.01m)	Steady	(\$0.12m)
Contributions	Steady	\$0.03m	Steady	(\$0.1m)
Other Revenue	Favourable	(\$0.1m)	Steady	(\$0.1m)
Total Income	Steady	\$0.37m	Steady	(\$0.12m)
Expense				
Employee Costs	Steady	(\$0.1m)	Steady	(\$0.06m)
Materials and Services	Steady	(\$0.64m)	Unfavourable	\$3.36m
Bad and Doubtful Debts	Steady	(\$0.01m)	Steady	(\$0m)
Depreciation and Amortisation	Steady	(\$1.71m)	Steady	\$0m
Borrowing Costs	Steady	\$0m	Steady	\$0.01m
Other Expenses	Steady	(\$0.01m)	Steady	(\$0.05m)
Total Expense	Steady	(\$2.47m)	Steady	\$3.26m

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 \$3.36m more than Adopted Budget 2019/2020. This unfavourable variance is mostly due Movement from capital to operating of Victoria Park Lake Intersection, GV Highway Intersection design, Midland Highway Service Road parking and Archer Street Benalla Road Landscaping totalling \$1.1m. New works added for the Victoria Park Lake Caravan Park water main and sewer extension works \$505k. Other additional items include the Strategic Transport Impact Assessment, School Readiness Funding, 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.

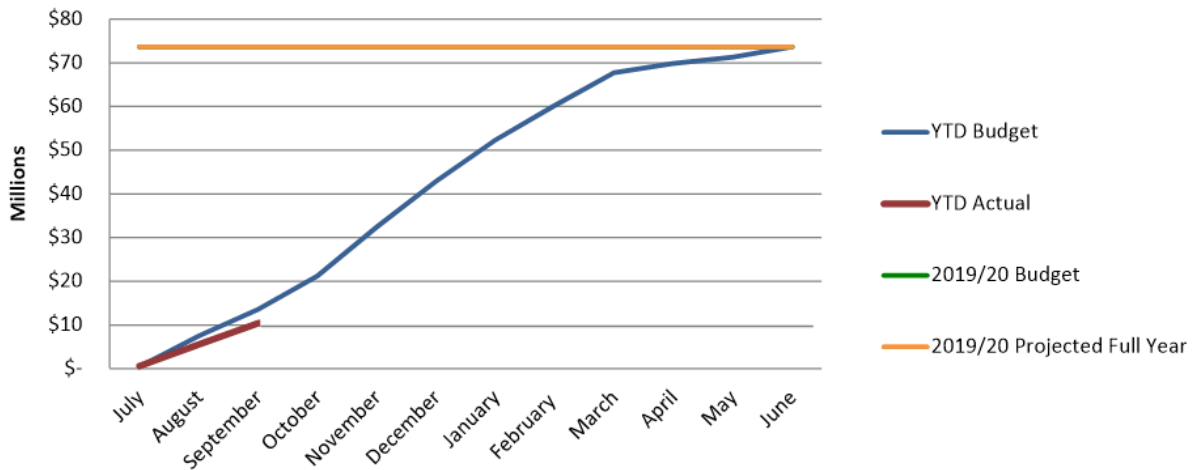
Capital Works Performance SEPTEMBER 2019

ADOPTED BUDGET	PROJECTED FULL YEAR	YTD ACTUAL
\$73.68m	\$72.98m	\$10.39m

PROGRESS

- *14.1% of Adopted Budget spent
- *14.24% of current full year projection spent
- * Same time last year: \$5.6m (12.08%) of the 2018/2019 Adopted Budget had been spent

CAPITAL WORKS BUDGET VS. ACTUAL

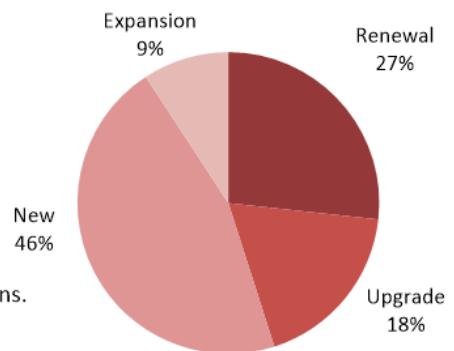


RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	PROJECTED FULL YEAR
69.10%	72.83%

- 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 2019

	YEAR TO DATE			FULL YEAR			Notes
	2019/2020 YTD Adopted Budget \$ ' 000	2019/2020 YTD Actual \$ ' 000	YTD Adopted Budget Variance (Fav)/Unfav %	2019/2020 Adopted Budget \$ ' 000	2019/2020 Projected Full Year \$ ' 000	Adopted Budget Variance (Fav)/Unfav %	
Revenues from Operating Activities							
Rates and Charges	79,960	79,832	0.2%	80,636	80,574	0.1%	
Statutory Fees	669	622	7.0%	3,200	3,199	0.0%	
User Charges	4,582	4,315	5.8%	18,469	18,326	0.8%	
Operating Grants	4,613	4,625	(0.3%)	17,388	17,511	(0.7%)	
Operating Contributions	254	219	13.7%	1,049	1,146	(9.2%)	
Other	621	716	(15.3%)	2,069	2,171	(4.9%)	
Total Operating Revenue	90,699	90,329	0.4%	122,811	122,927	(0.1%)	
Expenses from Operating Activities							
Employee Costs	13,172	13,072	(0.8%)	50,498	50,438	(0.1%)	
Materials and Services	12,461	11,821	(5.1%)	47,020	50,383	7.2%	1
Bad & Doubtful Debts	8	0	(100.0%)	216	214	(0.8%)	
Depreciation and Amortisation	8,034	6,327	(21.2%)	28,505	28,505	0.0%	
Borrowing Costs	42	42	0.5%	995	1,007	1.2%	
Other Expenses	192	179	(6.9%)	757	707	(6.6%)	
Total Operating Expenses	33,909	31,441	(7.3%)	127,991	131,255	2.6%	
UNDERLYING OPERATING RESULT	56,790	58,888	(3.7%)	(5,179)	(8,328)	(60.8%)	
Non-operating Income and Expenditure							
Capital Grants	250	1,477	(490.9%)	20,707	21,528	(4.0%)	2
Capital Contributions	10	231	(2,209.6%)	3,541	3,779	(6.7%)	3
Contributed Assets	2,000	0	100.0%	6,412	6,412	0.0%	
Proceeds from Sale of Assets	125	60	52.1%	401	401	0.0%	
Written Down Value of Asset Disposals	0	(415)	100.0%	(556)	(556)	0.0%	
Other Revenue	0	109	100.0%	0	109	100.0%	
Total Non Operating Items	2,385	1,463	38.7%	30,506	31,674	(3.8%)	
ACCOUNTING SURPLUS/(DEFICIT)	59,175	60,351	(2.0%)	25,326	23,346	7.8%	

Notes to the Income Statement for period ended September 2019

1. Materials and Services Projected Full Year is \$3.36m more than Adopted Budget 2019/2020. This unfavourable variance is mostly due movement from capital to operating of Victoria Park Lake Intersection \$550k, GV Highway Intersection design \$435k, Midland Highway Service Road parking \$100k and Archer Street Benalla Road Landscaping \$60k totalling \$1.1m. New works added for the Victoria Park Lake Caravan Park water main and sewer extension works \$505k. Other additional items include the Strategic Transport Impact Assessment \$134k, School Readiness Funding \$130k, demolition works at the Victoria Lake Caravan Park \$111k, underground powerline works \$100k, Shepparton Art museum aboriginal engagement programs \$110k, 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.

2. Capital Grants Projected Full Year is \$821k more than Adopted Budget 2019/2020. This favourable variance is mostly due to additional income for the Safe System Road infrastructure program \$512k and Balaclava Verney Dookie Road intersection \$431k. This has been offset by grants that were budgeted to be received this financial year but were received early in the prior financial year.

3. Capital Contributions Projected Full Year is \$238k more than Adopted Budget 2019/2020. This favourable variance is mostly due to additional contributions to be received from North Growth Corridor \$119k and Seven Creeks Estate \$94k which were not budgeted for.

Greater Shepparton City Council

Balance Sheet as at September 2019

	Total Actual June 2019 \$ ' 000	Adopted Budget June 2020 \$ ' 000	YTD Adopted Budget 2020 \$ ' 000	YTD Actual 2020 \$ ' 000	Total Actual June 2019 Variance (Fav)/Unfav %	Adopted Budget Variance (Fav)/Unfav %	Notes
Current Assets							
Cash and Cash Equivalent	32,742	6,671	19,925	31,543	3.7%	(372.8%)	
Receivables	7,721	11,776	69,866	71,117	(821.1%)	(503.9%)	
Other Financial Assets	32,000	10,880	40,000	26,000	18.8%	(139.0%)	
Inventories	107	120	225	101	4.9%	15.5%	
Assets Held for Resale	55	248	55	-	100.0%	100.0%	
Other Assets	1,698	1,375	767	271	84.0%	80.3%	
Total Current Assets	74,323	31,070	130,839	129,033	(73.6%)	(315.3%)	
Non Current Assets							
Investment in Associates	1,393	1,457	1,393	1,393	0.0%	4.4%	
Infrastructure	1,056,129	1,116,961	1,061,900	1,059,892	(0.4%)	5.1%	
Intangible Assets	-	-	-	396	100.0%	100.0%	1
Total Non Current Assets	1,057,522	1,118,418	1,063,293	1,061,681	(0.4%)	5.1%	
Total Assets	1,131,845	1,149,488	1,194,132	1,190,713	(5.2%)	(3.6%)	
Current Liabilities							
Trade & Other Payables	13,735	8,055	16,820	12,331	(10.2%)	53.1%	
Trust Funds	2,548	2,836	2,527	2,393	(6.1%)	(15.6%)	
Provisions	9,761	9,221	9,847	9,772	0.1%	6.0%	
Interest Bearing Liabilities	1,430	1,441	1,234	1,238	(13.4%)	(14.1%)	
Total Current Liabilities	27,475	21,553	30,428	25,735	(6.3%)	19.4%	
Non Current Liabilities							
Trade & Other Payables	-	-	-	257	0.0%	100.0%	2
Provisions	8,573	7,108	8,573	8,573	0.0%	20.6%	
Interest Bearing Liabilities	15,640	14,266	15,642	15,640	0.0%	9.6%	
Total Non Current Liabilities	24,213	21,374	24,214	24,470	1.1%	14.5%	
Total Liabilities	51,688	42,927	54,643	50,205	(2.9%)	17.0%	
Net Assets	1,080,157	1,106,561	1,139,490	1,140,508	94.3%	(3.1%)	
Represented By							
Accumulated Surplus	417,271	443,674	476,603	477,622	(14.5%)	(7.7%)	
Reserves	662,886	662,886	662,886	662,886	0.0%	0.0%	
Total Equity	1,080,157	1,106,561	1,139,490	1,140,508	94.4%	(3.1%)	

Notes to the Balance Sheet as at September 2019

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

Greater Shepparton City Council

Cash Flow Statement as at September 2019

	2019/2020 Adopted Budget \$ ' 000	2019/2020 YTD Adopted Budget \$ ' 000	2019/2020 YTD Actual \$ ' 000	Adopted Budget Variance (Fav)/Unfav \$ ' 000
Cash flows from operating activities				
Receipts from customers	101,393	21,495	26,521	(23.4%)
Payments to suppliers	(101,260)	(19,836)	(29,905)	50.8%
Net cash inflow(outflow) from customers(suppliers)	133	1,659	(3,384)	(303.9%)
Interest received	750	287	289	(0.7%)
Government receipts	37,309	4,863	6,102	(25.5%)
Contributions	4,591	291	477	(63.9%)
Net cash inflow(outflow) from operating activities	42,783	7,100	3,484	(50.9%)
Cash flows from investing activities				
Net movement in other financial assets	2,720	(8,000)	6,000	175.0%
Infrastructure, property, plant & equipment - proceeds	401	125	60	52.1%
Infrastructure, property, plant & equipment - payments	(73,676)	(11,805)	(10,449)	(11.5%)
Net cash inflow(outflow) from investing activities	(70,555)	(19,680)	(4,390)	77.7%
Cash flows from financing activities				
Finance Cost	(995)	(42)	(101)	141.1%
Proceeds from interest bearing loans and borrowings	-	-	-	0.0%
Repayment of interest-bearing loans and borrowings	(1,361)	(195)	(192)	(1.6%)
Net cash inflow(outflow) from financing activities	(2,356)	(237)	(293)	23.7%
Net increase(decrease) in cash and equivalents	(30,128)	(12,817)	(1,199)	(90.6%)
Cash and equivalents at the beginning of the year	36,799	32,742	32,742	0.0%
Cash and equivalents at the end of the year	6,671	19,925	31,543	(58.3%)

Greater Shepparton City Council
Capital Works Statement
 period ended September 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
	\$ ' 000	\$ ' 000	%	\$ ' 000	\$ ' 000	%	
Aerodrome	0	0	0%	369	369	0%	
Bridges	500	236	(53%)	1,062	1,060	(0%)	1
Buildings	5,314	4,866	(8%)	30,802	30,423	(1%)	
Computer & Telecommunications	181	209	15%	2,208	2,292	4%	
Drainage	17	6	(65%)	3,213	3,206	(0%)	
Fixture Fittings and Furniture	13	54	320%	406	497	23%	
Footpaths & Cycleways	95	146	54%	3,142	3,179	1%	
Land	0	20	100%	0	20	100%	
Land Improvements	8	5	(42%)	406	372	(8%)	
Off Street Car Parks	15	1	(92%)	415	415	0%	
Parks, Open Space & Streetscape	250	144	(42%)	1,362	1,561	15%	2
Plant Machinery & Equipment	933	292	(69%)	2,311	2,946	27%	3
Recreational Leisure and Community Facilities	383	135	(65%)	4,806	5,105	6%	4
Roads	5,322	3,782	(29%)	21,105	19,212	(9%)	5
Waste Management	250	219	(12%)	500	749	50%	6
Other Infrastructure	15	0	(100%)	470	470	0%	
Project Management Office	267	274	3%	1,100	1,100	0%	
Total Capital Works	13,562	10,390	(23%)	73,676	72,976	(1%)	

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	5,500	3,692	(33%)	19,387	20,429	5%	
Upgrade	2,014	1,353	(33%)	13,348	11,805	(12%)	
New	5,601	4,913	(12%)	33,133	32,837	(1%)	
Expansion	181	158	(13%)	6,708	6,805	1%	
Project Management Office	267	274	3%	1,100	1,100	0%	
Total Capital Works	13,562	10,390	(23%)	73,676	72,976	(1%)	

Notes to the Capital Works Statement for period ended September 2019

1. Bridges is \$264k less than YTD Adopted Budget. This favourable variance is due to the timing of Toolamba bridge works \$264k.
2. Parks, Open Space and Streetscapes is \$136k 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 \$641k less than YTD Adopted Budget. This favourable variance is due to the timing of the delivery of large plant items.
4. Recreational Leisure and Community Facilities is \$248k less than YTD Adopted Budget. This favourable variance is due to timing of the SPOTS program and Active Living Renewals.
5. Roads is \$1.54m less than YTD Adopted Budget. This favourable variance is mostly due to the timing of works including \$416k Maude St upgrades, \$256k for gravel resheeting, \$273k for MSTP asphalt and stabilisation works, \$178k at Balaclava Verney Dookie intersection and \$166k for Kerb and Channel Renewal.
6. Waste Management Projected Full Year is \$249k more than Adopted Budget 2019/2020. This unfavourable variance is due to Cosgrove landfill works rebudgeted from the 2018/2019 financial year.