

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

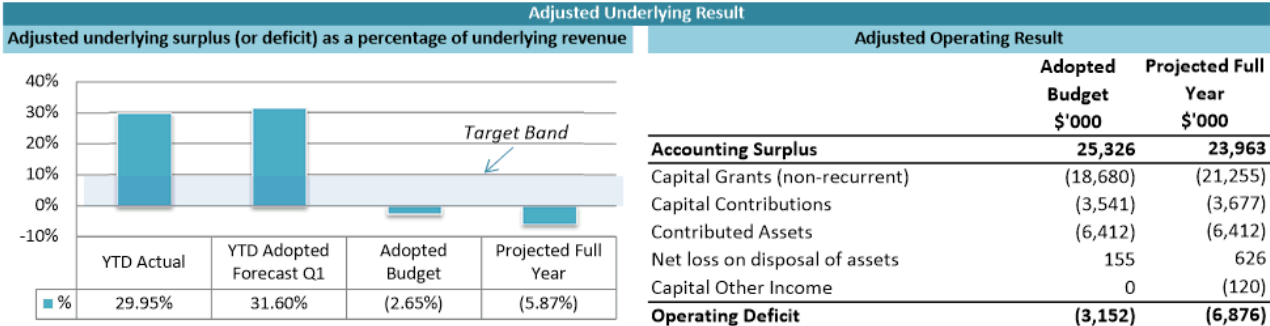
18 February 2020

Agenda Item 9.3 January 2020 Monthly Financial Report

Attachment 1 January 2020 - Monthly Financial Statements 114

MONTHLY FINANCIAL REPORT JANUARY 2020

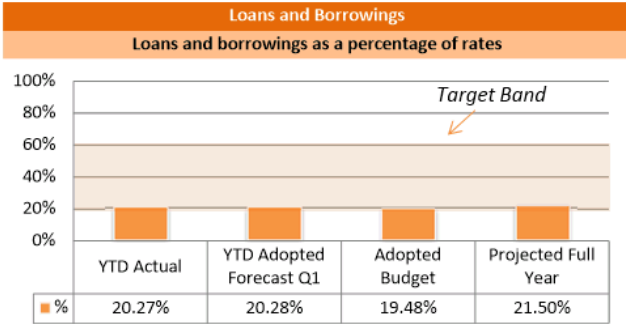
Operating Performance



- 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

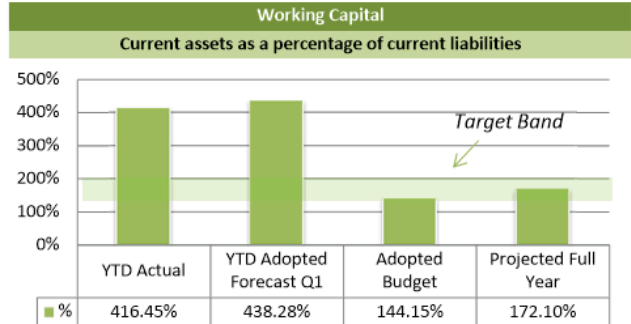
The surplus has been adjusted to reflect the true operating result by removing items that do not fund Council operations. Capital income including non-recurrent grants, contributions and other capital income is used to fund the capital works program, while contributed assets and the net loss on disposal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

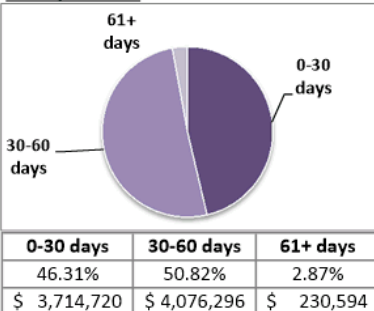
Financial Health



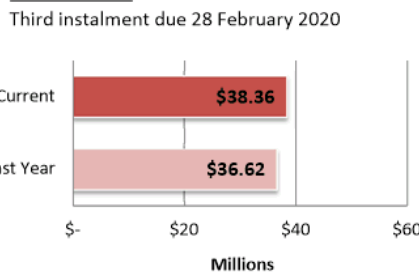
- Local Government Victoria acceptable range 100% to 400%
- Council target band of 120% to 200%
- VAGO indicate any level of liquidity higher than 100% is considered low risk
- YTD Actual and YTD Adopted Budget are high due to rate revenue being raised in July. Receivables will reduce throughout the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

Other Financial Performance

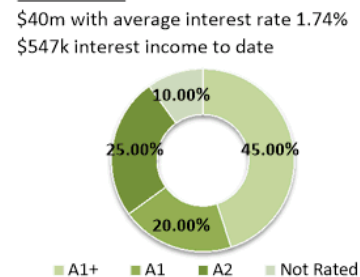
Sundry Debtors



Rates Debtors



Investments



Operating Performance
JANUARY 2020

Income	YTD Adopted Forecast Q1 vs YTD Actual (Fav)/Unfav		Adopted Forecast Q1 vs Projected Full Year (Fav)/Unfav	
Rates and Charges	Steady	(\$0.09m)	Steady	(\$0.03m)
Statutory Fees	Favourable	(\$0.37m)	Steady	(\$0.27m)
User Charges	Steady	(\$0.3m)	Steady	\$0.01m
Grants	Steady	(\$0.06m)	Steady	(\$0.17m)
Contributions	Steady	\$0.02m	Steady	\$0.03m
Other Revenue	Favourable	(\$0.38m)	Favourable	(\$0.35m)
Total Income	Steady	(\$1.18m)	Steady	(\$0.79m)
Expense				
Employee Costs	Steady	\$0.32m	Steady	(\$0m)
Materials and Services	Steady	\$0.69m	Steady	\$1.35m
Bad and Doubtful Debts	Steady	\$0.06m	Steady	(\$0.04m)
Depreciation and Amortisation	Steady	\$0.95m	Steady	\$0m
Borrowing Costs	Steady	(\$0.01m)	Steady	\$0m
Other Expenses	Steady	\$0.01m	Steady	\$0m
Total Expense	Steady	\$2.01m	Steady	\$1.3m

Notes:

- Statutory Fees is \$369k more than YTD Adopted Forecast Q1. This favourable variance is mostly due to improvements in how parking infringement income is accounted. Please see income statement for more detail.

- Other Revenue is \$384k more than YTD Adopted Forecast Q1 and Projected Full Year is \$397k more than Adopted Forecast Q1. These favourable variances are mostly due to additional income from fuel rebates, BMX events and Parks Services. Please see income statement for more detail.

Capital Works Performance JANUARY 2020

ADOPTED BUDGET	ADOPTED FORECAST Q1	PROJECTED FULL YEAR	YTD ACTUAL
\$73.68m	\$72.98m	\$73.53m	\$29.97m

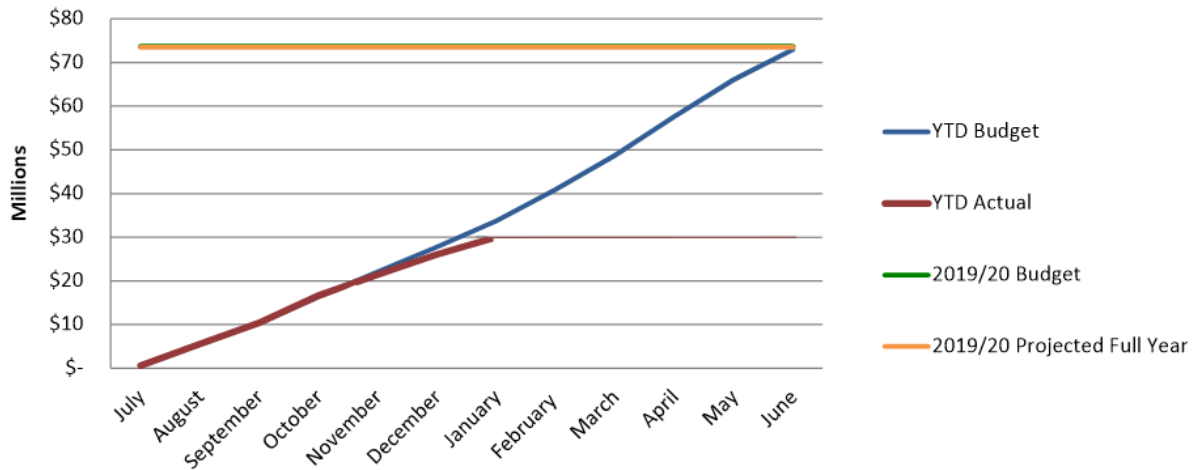
PROGRESS

*40.67% of Adopted Budget spent

*40.75% of current full year projection spent

* Same time last year: \$13.86m (29.9%) of the 2018/2019 Adopted Budget had been spent

CAPITAL WORKS BUDGET VS. ACTUAL

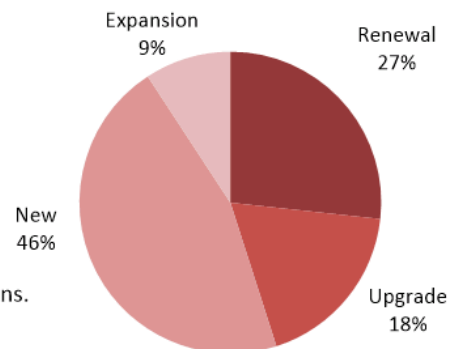


RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	PROJECTED FULL YEAR
69.10%	71.68%

- 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 January 2020

	YEAR TO DATE					FULL YEAR					Notes
	2019/2020 YTD Adopted Budget	2019/2020 YTD Adopted Forecast Q1	2019/2020 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav %	YTD Adopted Forecast Q1 Variance (Fav)/Unfav %	2019/2020 Adopted Budget	2019/2020 Adopted Forecast Q1	2019/2020 Projected Full Year	Adopted Budget Variance (Fav)/Unfav %	Adopted Forecast Q1 Variance (Fav)/Unfav %	
	\$	\$	\$	%	%	\$	\$	\$	%	%	
Revenues from Operating Activities											
Rates and Charges	80,411	80,165	80,251	0.2%	(0.1%)	80,636	80,574	80,606	0.0%	(0.0%)	1
Statutory Fees	1,740	1,676	2,045	(17.5%)	(22.0%)	3,200	3,199	3,469	(8.4%)	(8.5%)	
User Charges	10,820	10,219	10,516	2.8%	(2.9%)	18,469	18,326	18,319	0.8%	0.0%	
Operating Grants	9,602	10,106	10,169	(5.9%)	(0.6%)	17,388	17,511	17,679	(1.7%)	(1.0%)	
Operating Contributions	599	597	577	3.6%	3.3%	1,049	1,146	1,118	(6.5%)	2.5%	
Other	1,352	1,324	1,708	(26.3%)	(29.0%)	2,069	2,115	2,466	(19.2%)	(16.6%)	2
Total Operating Revenue	104,525	104,086	105,266	(0.7%)	(1.1%)	122,811	122,871	123,657	(0.7%)	(0.6%)	
Expenses from Operating Activities											
Employee Costs	29,992	30,067	30,384	1.3%	1.1%	50,498	50,438	50,435	(0.1%)	(0.0%)	3
Materials and Services	28,315	26,512	27,201	(3.9%)	2.6%	47,020	50,383	51,731	10.0%	2.7%	
Bad & Doubtful Debts	25	2	60	139.3%	3,894.4%	216	214	171	(21.0%)	(20.4%)	
Depreciation and Amortisation	17,433	14,782	15,730	(9.8%)	6.4%	28,505	28,505	28,505	0.0%	0.0%	
Borrowing Costs	499	495	484	(3.1%)	(2.4%)	995	1,007	1,009	1.4%	0.2%	
Other Expenses	446	385	392	(11.9%)	1.8%	757	707	708	(6.5%)	0.1%	
Total Operating Expenses	76,710	72,243	74,250	(3.2%)	2.8%	127,991	131,255	132,559	3.6%	1.0%	
UNDERLYING OPERATING RESULT	27,815	31,843	31,016	(11.5%)	2.6%	(5,179)	(8,384)	(8,902)	(71.9%)	(6.2%)	
Non-operating Income and Expenditure											
Capital Grants	12,800	13,687	9,888	22.8%	27.8%	20,707	21,528	23,281	(12.4%)	(8.1%)	4
Capital Contributions	13	390	723	(5,459.6%)	(85.2%)	3,541	3,779	3,677	(3.8%)	2.7%	5
Contributed Assets	4,500	4,551	5,364	(19.2%)	(17.9%)	6,412	6,412	6,412	0.0%	0.0%	
Proceeds from Sale of Assets	300	268	197	34.2%	26.5%	401	401	401	0.0%	0.0%	
Written Down Value of Asset Disposals	0	(65)	(536)	100.0%	(722.9%)	(556)	(556)	(1,027)	(84.7%)	(84.7%)	
Other Revenue	0	109	120	(100.0%)	(9.9%)	0	109	120	(100.0%)	(9.9%)	
Total Non Operating Items	17,613	18,941	15,756	10.5%	16.8%	30,506	31,674	32,864	(7.7%)	(3.8%)	
ACCOUNTING SURPLUS/(DEFICIT)	45,428	50,784	46,771	(3.0%)	7.9%	25,326	23,290	23,963	5.4%	(2.9%)	

Notes to the Income Statement for period ended January 2020

1) Statutory Fees is \$369k more than YTD Adopted Forecast Q1. This favourable variance is mostly due to improvements in how parking income is accounted and does not impact the full year.

2) Other revenue is \$384k more than YTD Adopted Forecast Q1. Projected Full Year is \$351k more than Adopted Forecast Q1 and \$397k more than 2019/2020 Adopted Budget. These favourable variances are mostly due to additional income from fuel rebates \$110k and BMX events \$80k. Increases in Parks Services for median strip maintenance \$32k and for the Australian Botanical Gardens \$39k also impact this favourable variance. Council Resource Recovery Centres additional income from cardboard recycling \$18k also adds to this variance.

3) Materials and Services Projected Full Year is \$1.35m more than Adopted Forecast Q1. This unfavourable variance is due to the write off of previous year capital works not conducted on Council owned assets \$1.12m and the 'No Fee Tip' days at Council Resource Recovery Centres in January which was estimated, pre-event, to be an increase of \$350k. This unfavourable variance is also impacted by additional expenditure for BMX events \$169k partially offset by Building Better Regions grant funding \$145k, the use of external labour to cover staff vacancies in the Building area \$126k, and the reintroduction of the Challenge Shepparton Triathlon \$70k. This unfavourable variance is partially offset by savings at Cosgrove landfill resulting from the movement of Cosgrove 2 landfill rehabilitation works \$379k and implementation of the Tarpomatic system \$150k into the 2020/2021 financial year. Projected Full Year is \$4.71m more than 2019/2020 Adopted Budget. This unfavourable variance is mostly due to the movement of projects on non-Council assets from capital to operating including Victoria Park Lake Intersection \$550k, Ferrari Park - Midland Highway service road \$100k and Archer Street/Benalla Road Landscaping \$60k. New projects have been added as part of the Q1 Adopted Forecast for Victoria Park Lake Caravan Park Demolition Works \$111k, underground powerline works \$110k, Art Museum Aboriginal Engagement project \$110k, and detailed design relating to the Shepparton Sports and Events Centre \$101k.

4) Capital Grants is \$3.8m less than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to a delay in the receipt of federal grant funding for the New Shepparton Art Museum resulting from delays in milestone requirements \$4m. Projected Full Year is \$1.75m more than Q1 Adopted Forecast and \$2.57m more than 2019/2020 Adopted Budget. These favourable variances are mostly due to additional grant funding for the Shepparton Alternate Route Scheme \$1.25m and Fixing Country Roads funding \$1.08m for the Balaclava/Verney/Dookie intersection works. Grant funding for the E-Waste sheds at the Shepparton and Ardmona Resource Recovery Centres that has been moved from operating to capital \$100k. These favourable variances are partially offset by reductions in grant income caused by the early receipt of funds in the 2018/2019 financial year for Aquamoves 50m pool heating \$225k, Youth SPOTS \$225k and Princess Park master plan implementation \$225k.

5) Capital Contributions is \$333k more than YTD Adopted Forecast Q1. This favourable variance is mostly due to additional developer contributions \$169k. This favourable variance is also impacted by additional contributions for the Mooroopna Ware Memorial Stage 1 \$67k, Merrigum Splash Park Equipment \$50k, and Lifestyle Village Bridge \$14k.

Greater Shepparton City Council

Balance Sheet
as at January 2020

	Total Actual June 2019 \$ ' 000	Adopted Budget June 2020 \$ ' 000	Adopted Forecast Q1 June 2020 \$ ' 000	YTD Adopted Budget 2020 \$ ' 000	YTD Adopted Forecast Q1 2020 \$ ' 000	YTD Actual 2020 \$ ' 000	Total Actual June 2019 Variance (Fav)/Unfav %	Adopted Forecast Q1 Variance (Fav)/Unfav %	Notes
Current Assets									
Cash and Cash Equivalent	32,742	6,671	5,705	69	17,503	20,509	37.4%	(17.2%)	
Receivables	7,721	11,776	7,721	60,818	53,240	52,216	(576.3%)	1.9%	
Other Financial Assets	32,000	10,880	32,000	27,000	31,000	26,000	18.8%	16.1%	
Inventories	107	120	107	279	196	140	(31.6%)	28.2%	
Assets Held for Resale	55	248	55	55	-	-	100.0%	0.0%	
Other Assets	1,698	1,375	1,698	410	194	362	78.7%	(86.4%)	
Total Current Assets	74,323	31,070	47,286	88,631	102,132	99,227	(33.5%)	2.8%	
Non Current Assets									
Investment in Associates	1,393	1,457	1,393	1,457	1,393	1,393	0.0%	0.0%	
Infrastructure	1,056,129	1,116,961	1,106,456	1,091,438	1,074,932	1,074,258	(1.7%)	0.1%	
Intangible Assets	-	-	-	-	-	395	(100.0%)	(100.0%)	1
Total Non Current Assets	1,057,522	1,118,418	1,107,849	1,092,895	1,076,325	1,076,045	(1.8%)	0.0%	
Total Assets	1,131,845	1,149,488	1,155,135	1,181,526	1,178,457	1,175,272	(3.8%)	0.3%	
Current Liabilities									
Trade & Other Payables	13,735	8,055	13,479	20,920	11,999	10,840	(21.1%)	(19.6%)	
Trust Funds	2,548	2,836	2,548	305	728	2,575	1.1%	1.1%	
Provisions	9,761	9,221	9,761	9,663	9,956	9,787	0.3%	0.3%	
Interest Bearing Liabilities	1,430	1,441	1,687	618	620	625	(56.3%)	(63.0%)	
Total Current Liabilities	27,475	21,553	27,475	31,505	23,303	23,827	(13.3%)	(13.3%)	
Non Current Liabilities									
Trade & Other Payables	-	-	-	-	-	303	100.0%	100.0%	2
Provisions	8,573	7,108	8,573	8,573	8,573	8,573	0.0%	(0.0%)	
Interest Bearing Liabilities	15,640	14,266	15,640	15,642	15,640	15,640	0.0%	(0.0%)	
Total Non Current Liabilities	24,213	21,374	24,213	24,214	24,213	24,516	1.3%	1.3%	
Total Liabilities	51,688	42,927	51,688	55,719	47,516	48,343	(6.5%)	1.7%	
Net Assets	1,080,157	1,106,561	1,103,447	1,125,807	1,130,941	1,126,929	(4.3%)	0.4%	
Represented By									
Accumulated Surplus	417,271	443,674	440,561	462,920	468,055	464,043	(11.2%)	0.9%	
Reserves	662,886	662,886	662,886	662,886	662,886	662,886	0.0%	0.0%	
Total Equity	1,080,157	1,106,561	1,103,447	1,125,807	1,130,941	1,126,929	(4.3%)	0.4%	

Notes to the Balance Sheet as at January 2020

1) Intangible Assets is \$395k more than 2019/2020 Adopted Budget. This favourable variance is due to the right of use assets recorded for all leases in accordance with AASB16.

2) Non-Current Trade and Payables is \$303k more than 2019/2020 Adopted Budget. This unfavourable variance is due to the lease liability recorded for all leases in accordance with AASB16.

Cash Flow Statement as at January 2020

	2019/2020 Adopted Budget \$ ' 000	2019/2020 Adopted Forecast Q1 \$ ' 000	2019/2020 YTD Adopted Budget \$ ' 000	2019/2020 YTD Adopted Forecast Q1 \$ ' 000	2019/2020 YTD Actual \$ ' 000	Adopted Budget Variance (Fav)/Unfav %	Adopted Forecast Q1 Variance (Fav)/Unfav %
Cash flows from operating activities							
Receipts from customers	101,393	103,574	37,568	44,975	52,140	(38.8%)	(15.9%)
Payments to suppliers	(101,260)	(101,743)	(49,485)	(56,374)	(62,102)	25.5%	10.2%
Net cash inflow(outflow) from customers(suppliers)	133	1,831	(11,917)	(11,399)	(9,962)	(16.4%)	(12.6%)
Interest received	750	750	449	429	467	(3.9%)	(8.8%)
Government receipts	37,309	39,039	22,403	23,792	20,056	10.5%	15.7%
Contributions	4,591	4,925	8,968	9,395	10,520	(17.3%)	(12.0%)
Net cash inflow(outflow) from operating activities	42,783	46,544	19,902	22,217	21,081	5.9%	(5.1%)
Cash flows from investing activities							
Net movement in other financial assets	2,720	-	5,000	1,000	6,000	(20.0%)	
Infrastructure, property, plant & equipment - proceeds	401	401	300	268	197	34.2%	26.5%
Infrastructure, property, plant & equipment - payments	(73,676)	(72,976)	(56,565)	(37,418)	(38,162)	(32.5%)	2.0%
Net cash inflow(outflow) from investing activities	(70,555)	(72,575)	(51,265)	(36,149)	(31,965)	37.6%	11.6%
Cash flows from financing activities							
Finance Cost	(995)	(1,007)	(499)	(495)	(543)	8.8%	9.5%
Proceeds from interest bearing loans and borrowings	-	-	-	-	-		
Repayment of interest-bearing loans and borrowings	(1,361)	-	(811)	(811)	(806)	(0.7%)	(0.6%)
Net cash inflow(outflow) from financing activities	(2,356)	(1,007)	(1,310)	(1,306)	(1,348)	2.9%	3.2%
Net increase(decrease) in cash and equivalents	(30,128)	(27,037)	(32,673)	(15,239)	(12,233)	(62.6%)	(19.7%)
Cash and equivalents at the beginning of the year	36,799	32,742	32,742	32,742	32,742	0.0%	0.0%
Cash and equivalents at the end of the year	6,671	5,705	69	17,503	20,509	(29781.9%)	(17.2%)

Greater Shepparton City Council
Capital Works Statement
period ended January 2020

Capital Works Area	2019/2020 YTD Adopted Budget	2019/2020 YTD Adopted Forecast Q1	2019/2020 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav %	YTD Adopted Forecast Q1 Variance (Fav)/Unfav %	2019/2020 Adopted Budget	2019/2020 Adopted Forecast Q1	2019/2020 Projected Full Year	Adopted Budget Variance (Fav)/Unfav %	Adopted Forecast Q1 Variance (Fav)/Unfav %	Note
	\$ ' 000	\$ ' 000	\$ ' 000			\$ ' 000	\$ ' 000	\$ ' 000			
Aerodrome	369	3	3	(99%)	0%	369	369	369	0%	0%	
Bridges	1,062	1,060	1,000	(6%)	(6%)	1,062	1,060	1,189	12%	12%	1
Buildings	26,226	11,839	11,931	(55%)	1%	30,802	30,423	31,163	1%	2%	
Computer & Telecommunications	1,301	988	441	(66%)	(55%)	2,208	2,292	2,121	(4%)	(7%)	2
Drainage	1,269	273	71	(94%)	(74%)	3,213	3,206	3,204	(0%)	(0%)	3
Fixture Fittings and Furniture	142	167	150	6%	(10%)	406	497	491	21%	(1%)	
Footpaths & Cycleways	1,330	548	391	(71%)	(29%)	3,142	3,179	3,174	1%	(0%)	4
Land	0	20	20	100%	0%	0	20	20	100%	0%	
Land Improvements	349	194	115	(67%)	(41%)	406	372	359	(11%)	(3%)	
Off Street Car Parks	266	119	145	(46%)	21%	415	415	415	0%	0%	
Parks, Open Space & Streetscape	923	836	826	(10%)	(1%)	1,362	1,561	1,721	26%	10%	5
Plant Machinery & Equipment	1,663	2,862	1,412	(15%)	(51%)	2,311	2,946	2,949	28%	0%	6
Recreational Leisure and Community Facilities	3,228	1,784	864	(73%)	(52%)	4,806	5,105	4,634	(4%)	(9%)	7
Roads	13,025	11,477	11,246	(14%)	(2%)	21,105	19,212	19,210	(9%)	(0%)	
Waste Management	400	749	606	51%	(19%)	500	749	944	89%	26%	8
Other Infrastructure	140	218	84	(40%)	(62%)	470	470	470	0%	0%	9
Project Management Office	631	645	661	5%	3%	1,100	1,100	1,100	0%	0%	
Total Capital Works	52,324	33,783	29,965	(43%)	(11%)	73,676	72,976	73,534	(0%)	1%	

Capital Works Area	2019/2020 YTD Adopted Budget	2019/2020 YTD Adopted Forecast Q1	2019/2020 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav %	YTD Adopted Forecast Q1 Variance (Fav)/Unfav %	2019/2020 Adopted Budget	2019/2020 Adopted Forecast Q1	2019/2020 Projected Full Year	Adopted Budget Variance (Fav)/Unfav %	Adopted Forecast Q1 Variance (Fav)/Unfav %	Note
	\$	\$	\$			\$	\$	\$			
Renewal	13,180	13,597	11,123	(16%)	(18%)	19,387	20,429	20,104	4%	(2%)	
Upgrade	7,589	5,673	5,389	(29%)	(5%)	13,348	11,805	11,923	(11%)	1%	
New	27,623	13,146	12,502	(55%)	(5%)	33,133	32,837	33,274	0%	1%	
Expansion	3,301	722	289	(91%)	(60%)	6,708	6,805	7,134	6%	5%	
Project Management Office	631	645	661	5%	3%	1,100	1,100	1,100	0%	0%	
Total Capital Works	52,324	33,783	29,965	(43%)	(11%)	73,676	72,976	73,534	(0%)	1%	

Notes to the Capital Works Statement for period ended January 2020

- 1) Bridges Projected Full Year is \$129k more than Adopted Forecast Q1 and \$127k more than 2019/2020 Adopted Budget. This unfavourable variance is mostly due to Toolamba bridge renewal works contract variations \$130k.
- 2) Computer and Telecommunications is \$548k less than YTD Adopted Forecast Q1. This favourable variance is mostly due to a delay in the commencement of the Public Wifi project due to protracted contract negotiations \$501k.
- 3) Drainage is \$202k less than YTD Adopted Forecast Q1. This favourable variance is mostly due to the timing of the Southdown Precinct Yakka Basin project \$99k and drainage renewals \$87k.
- 4) Footpaths and Cycleways is \$157k less than YTD Adopted Forecast Q1. This favourable variance is mostly due to delays in the footpath missing links program including Batman Avenue footpath works \$137k.
- 5) Parks, Open Space and Streetscapes Projected Full Year is \$359k more than 2019/2020 Adopted Budget. This unfavourable variance is mostly due to Kialla Park Reconstruction works budgeted for in 2018/2019 and completed in 2019/2020.
- 6) Plant Machinery and Equipment is \$1.45m less than YTD Adopted Forecast Q1. This favourable variance is due to delays in the delivery of large plant items. Projected Full Year is \$368k more than 2019/2020 Adopted Budget. This unfavourable variance is mostly due to additional grader and truck renewals.
- 7) Recreational Leisure and Community Facilities is \$920k less than YTD Adopted Forecast. Projected Full Year is \$472k less than Adopted Forecast Q1 and \$172k less than 2019/2020 Adopted Budget. These favourable variances are mostly due to delays in the Vibert Reserve Lighting and Security Fencing \$215k, and the Aquamoves 25m Pool tile renewal \$440k which has been re-budgeted into the 2020/2021 financial year. These favourable variances are also impacted by the timing of various projects including Kialla Park Female Friendly change rooms \$99k, Princess Park master plan implementation \$88k, Merrigum pool sand filter and pump \$55k, Active Living Renewals \$55k, Princess Park Irrigation \$45k, Sport Infrastructure Renewals \$44k, and Aquamoves 50m pool heating \$40k.
- 8) Waste Management is \$143k less than YTD Adopted Forecast Q1. This favourable variance is due to the timing of EPA approvals for Cosgrove Landfill clay pit works \$140k. Projected Full Year is \$195k more than Adopted Forecast Q1 and \$444k more than 2019/2020 Adopted Budget. These unfavourable variances are mostly due to Cosgrove 2 and 3 works budgeted for in 2018/2019 and completed in 2019/2020.
- 9) Other Infrastructure is \$134k less than YTD Adopted Forecast Q1. This favourable variance is mostly due to the timing of street tree \$92k and outdoor furniture \$35k renewals.