

# **ATTACHMENT TO AGENDA ITEM**

**Ordinary Meeting**

**16 August 2016**

**Agenda Item 7.5      July 2016 Monthly Report**

**Attachment 1      July 2016 Monthly Financial Statements ..... 486**

## MONTHLY FINANCIAL REPORT JULY 2016

### Operating Performance

Adjusted underlying result		
Adjusted underlying surplus (or deficit) as a percentage of underlying revenue		
YTD BUDGET	YTD ACTUAL	FORECAST END OF YEAR
<b>86.83%</b>	<b>85.46%</b>	<b>5.02%</b>

- Expected range of -20% to 20%. All indicators have reached the target band of >0%.
- YTD Budget & YTD Actual are high due to high underlying operating surpluses. This is caused by the full amount of 2016/2017 rates revenue being raised in July. The underlying surplus will reduce throughout the financial year as expenditure is incurred.

### Financial Health

Working Capital		
Current assets as a percentage of current liabilities		
YTD BUDGET	YTD ACTUAL	FORECAST END OF YEAR
<b>428.42%</b>	<b>451.72%</b>	<b>140.12%</b>

- Expected range of 100% to 400%; Target band of 120% to 200%.
- YTD Budget & YTD Actual are high due to high Receivables caused by the full amount of 2016/2017 rates revenue being raised in July. Receivables will be reduced throughout the financial year as rates instalments fall due.
- The high level of working capital indicates good liquidity.

### Financial Obligations

Loans and borrowings		
Loans and borrowings as a percentage of rates		
YTD BUDGET	YTD ACTUAL	FORECAST END OF YEAR
<b>25.83%</b>	<b>25.68%</b>	<b>31.28%</b>

- All indicators are within the expected range of 0% to 70% and within the 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.
- Borrowings for the Greater Shepparton Regional Sports Precinct and SAM are forecast to increase this indicator.

### Other Financial Performance

Rates Debtors	Sundry Debtors	Investments
\$72.69m	0-30 days \$418k	\$28.5m with average rate of 2.75%
Same time last year \$69.04m	31-60 days \$146k	51% at A1+, 14% at A1, 28% at A2
1st instalment due 30 September	61+ days \$321k	\$92k in interest income to date

### Operating Performance July 2016

Income	YTD Budget vs YTD Actual		Forecast vs Budget	
Rates and Charges	Steady	\$0.41m	Steady	\$0m
Statutory Fees	Steady	\$0.01m	Steady	\$0.07m
User Charges	Steady	\$0.01m	Steady	\$0.01m
Grants	Favourable	\$0.12m	Steady	\$0.08m
Contributions	Steady	\$0m	Steady	\$0.02m
Other Revenue	Steady	\$0.01m	Steady	\$0.01m
<b>Total Income</b>	Steady	<b>\$0.5m</b>	Steady	<b>\$0.04m</b>
<b>Expense</b>				
Employee Costs	Steady	\$0.18m	Steady	\$0.09m
Materials and Consumables	Steady	\$0.13m	Unfavourable	\$0.44m
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	\$0m	Steady	\$0m
<b>Total Expense</b>	Steady	<b>\$0.31m</b>	Steady	<b>\$0.54m</b>

**Notes:**

- Rates & Charges are \$406k more than YTD Budget. This variance was caused by unbudgeted supplementary rates being raised in July. Forecast to be revised in August.

- Grants are \$118k more than YTD Budget. This favourable variance is caused by the timing of grant income. Despite this additional income grants are forecast to remain steady. Please see income statement notes for more detail.

- Materials and consumables are forecast to be \$443k over Adopted Budget. This has been caused by increases to expense in various areas. Despite this unfavourable increase, materials and services are forecast to remain steady. Please see income statement notes for more detail.

### Capital Works Performance July 2016

ADOPTED BUDGET	QUARTER FORECAST	CURRENT FORECAST
<b>\$45.49m</b>	<b>\$45.49m</b>	<b>\$45.77m</b>

#### PROGRESS

- 1.5% of Adopted budget spent, 20% committed
- 1.5% of current forecast spent, 20% committed
- In July 2015 1.8% of the 2015/2016 Adopted Budget had been spent
- \$5.6m in rebudgets for 2015/2016 to be adopted at September Quarter Review

#### RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	FORECAST END OF YEAR
<b>123.38%</b>	<b>121.56%</b>

- Expected range of 40% to 130%; Target band of 90% to 110%.
- YTD budget and YTD actual are showing we are not meeting this indicator, however we are forecast to exceed this.
- Indicator of assets being renewed as planned. High or increasing percentages indicates improvement in capacity to meet long term obligations.

#### MAJOR PROJECTS PERFORMANCE (multiple year projects, > \$2m)

Greater Shepparton Regional Sports Precinct		
Original Approved Estimate	Current Approved Estimate	Current Forecast
<b>\$13.44m</b>	<b>\$21.0m</b>	<b>\$21.0m</b>
Shepparton Art Museum		
Original Approved Estimate	Current Approved Estimate	Current Forecast
<b>\$34.5m</b>	<b>\$34.5m</b>	<b>\$34.5m</b>
Verney Road Stages 2 & 3		
Original Approved Estimate	Current Approved Estimate	Current Forecast
<b>\$4.2m*</b>	<b>\$3.37m*</b>	<b>\$3.37m*</b>

\* Includes stage 3 estimates

## Greater Shepparton City Council

## Income Statement

for period ended July 2016

	2016/2017 Adopted Budget	2016/2017 Forecast	Forecast v Budget	2016/2017 YTD Budget	2016/2017 YTD Actual	YTD Variance (Fav)/Unfav	YTD Variance (Fav)/Unfav %	Note
	\$	\$	\$	\$	\$	\$	%	
<b>Revenues from Operating Activities</b>								
Rates and Charges	70,956,622	70,956,622	0	70,878,110	71,284,528	(406,418)	(0.6%)	1
Statutory Fees	3,147,663	3,074,100	(73,563)	191,778	180,116	11,662	6.1%	
User Charges	20,607,998	20,621,043	13,045	1,237,919	1,244,585	(6,666)	(0.5%)	
Operating Grants	22,838,467	22,915,346	76,879	1,120,466	1,238,117	(117,651)	(10.5%)	2
Operating Contributions	468,444	489,444	21,000	11,600	8,791	2,809	24.2%	
Other	1,647,027	1,653,167	6,140	167,388	156,039	11,349	6.8%	
<b>Total Operating Revenue</b>	<b>119,666,221</b>	<b>119,709,722</b>	<b>43,501</b>	<b>73,607,261</b>	<b>74,112,176</b>	<b>(504,915)</b>	<b>(0.7%)</b>	
<b>Expenses from Operating Activities</b>								
Employee Costs	46,463,647	46,556,502	92,855	3,933,343	4,117,532	184,189	4.7%	
Materials and Consumables	46,330,015	46,773,206	443,191	3,770,250	3,895,466	125,216	3.3%	3
Bad & Doubtful Debts	144,000	144,000	0	2,400	2,400	0	0.0%	
Depreciation and Amortisation	22,044,545	22,044,545	0	1,836,309	1,829,512	(6,797)	(0.4%)	
Borrowing Costs	1,250,000	1,250,000	0	0	5,305	5,305	100.0%	
Other Expenses	284,500	284,500	0	22,590	22,610	20	0.1%	
<b>Total Operating Expenses</b>	<b>116,516,707</b>	<b>117,052,753</b>	<b>536,046</b>	<b>9,564,892</b>	<b>9,872,826</b>	<b>307,934</b>	<b>3.2%</b>	
<b>UNDERLYING OPERATING RESULT</b>	<b>3,149,514</b>	<b>2,656,969</b>	<b>(492,545)</b>	<b>64,042,369</b>	<b>64,239,350</b>	<b>(196,981)</b>	<b>(0.3%)</b>	
<b>Non-operating Income and Expenditure</b>								
Capital Grants	7,462,860	7,462,860	0	0	0	0	0.0%	
Capital Contributions	844,000	810,000	(34,000)	0	45,000	(45,000)	100.0%	
Contributed Assets	2,000,000	2,000,000	0	0	0	0	0.0%	
Proceeds from Sale of Assets	1,782,770	389,000	(1,393,770)	18,776	18,776	(0)	(0.0%)	4
Other Revenue	0	0	0	0	0	0	0.0%	
Written Down Value of Asset Disposals	(1,668,323)	(1,668,323)	0	(22,893)	0	(22,893)	100.0%	
<b>Total Non Operating Items</b>	<b>10,421,307</b>	<b>8,993,537</b>	<b>1,908,876</b>	<b>(4,117)</b>	<b>63,776</b>	<b>(67,893)</b>	<b>1,649.1%</b>	
<b>ACCOUNTING SURPLUS/(DEFICIT)</b>	<b>13,570,821</b>	<b>11,650,506</b>	<b>(1,920,315)</b>	<b>64,038,252</b>	<b>64,303,126</b>	<b>(264,874)</b>	<b>(0.4%)</b>	

## Notes

- 1) Rates & Charges are \$406k more than YTD Budget. This variance was caused by unbudgeted supplementary rates being raised in July. YTD and forecast are expected to remain steady despite this additional income.
- 2) Grants are \$118k more than YTD Budget. This favourable variance is caused by the timing of grant income for Aged Services \$91k and unbudgeted for grant income for Challenge Shepparton Triathlon \$20k. Despite this additional income Grant income is forecast to remain steady.
- 3) Materials and consumables are forecast to be \$443k over Adopted Budget. This is mostly due to insurance premiums being more than budgeted for \$127k and 2015/2016 projects being brought forward into 2016/2017 including Implement Economic development \$100k and Goulburn Broken Greenhouse Alliance street lighting \$96k projects. \$74k of the increase relates to Children and Youth Services and is offset by grant income received in 2015/2016.
- 4) Proceeds from sale of assets is forecast to be \$1.39m less than budget. This is due to a budget misallocation. Forecast to be adjusted in August to include land sales income.

## Greater Shepparton City Council

**Balance Sheet**  
as at July 2016

	June 2016 Actual \$	Adopted Budget June 2017 \$	Budget 2017 \$	Actual 2017 \$	Variance (Fav)/Unfav \$	Variance (Fav)/Unfav %	Note
<b>Current Assets</b>							
Cash and Cash Equivalent	15,852,892	6,955,000	19,687,401	22,991,307	(3,303,906)	(16.8%)	1
Receivables	5,339,059	7,593,000	82,594,459	81,816,786	777,673	0.9%	
Other Financial Assets	25,100,000	16,100,000	9,000,000	9,000,000	0	0.0%	
Inventories	73,754	93,670	-	83,522	(83,522)		
Other Assets	1,190,810	-	274,259	507,724	(233,465)	(85.1%)	
<b>Total Current Assets</b>	<b>47,556,514</b>	<b>30,741,670</b>	<b>111,556,119</b>	<b>114,399,339</b>	<b>(2,843,220)</b>	<b>(2.5%)</b>	
<b>Non Current Assets</b>							
Investment in Associates	1,513,596	1,513,596	1,513,596	1,513,596	0	0.0%	
Infrastructure	1,020,986,172	1,059,655,000	1,019,581,532	1,019,858,834	277,302	0.0%	
Intangible Assets	1,013,337	1,013,338	1,013,337	1,013,337	0	0.0%	
<b>Total Non Current Assets</b>	<b>1,023,513,105</b>	<b>1,062,181,934</b>	<b>1,022,108,465</b>	<b>1,022,385,767</b>	<b>(277,302)</b>	<b>(0.0%)</b>	
<b>Total Assets</b>	<b>1,071,069,620</b>	<b>1,092,923,604</b>	<b>1,133,664,584</b>	<b>1,136,785,106</b>	<b>(3,120,522)</b>	<b>(0.3%)</b>	
<b>Current Liabilities</b>							
Trade & Other Payables	10,047,736	8,359,377	12,729,361	5,035,042	(7,694,319)	(60.4%)	2
Trust Funds	3,036,668	2,748,204	2,583,748	9,564,335	6,980,587	270.2%	
Provisions	9,932,002	9,324,000	9,913,247	9,913,247	0	0.0%	
Interest Bearing Liabilities	896,755	1,507,308	812,898	812,898	(0)	(0.0%)	
<b>Total Current Liabilities</b>	<b>23,913,161</b>	<b>21,938,889</b>	<b>26,039,254</b>	<b>25,325,521</b>	<b>(713,733)</b>	<b>(2.7%)</b>	
<b>Non Current Liabilities</b>							
Provisions	4,596,898	4,720,584	4,596,898	4,596,898	(0)	(0.0%)	2
Interest Bearing Liabilities	17,494,161	20,685,131	17,494,161	17,494,161	(0)	(0.0%)	
<b>Total Non Current Liabilities</b>	<b>22,091,059</b>	<b>25,405,715</b>	<b>22,091,059</b>	<b>22,091,059</b>	<b>(0)</b>	<b>(0.0%)</b>	
<b>Total Liabilities</b>	<b>46,004,220</b>	<b>47,344,604</b>	<b>48,130,313</b>	<b>47,416,580</b>	<b>(713,733)</b>	<b>(1.5%)</b>	
<b>Net Assets</b>	<b>1,025,065,400</b>	<b>1,045,579,000</b>	<b>1,085,534,271</b>	<b>1,089,368,526</b>	<b>(3,834,255)</b>	<b>(0.4%)</b>	
<b>Represented By</b>							
Accumulated Surplus	327,450,937	339,490,000	387,919,808	391,754,063	(3,834,255)	(1.0%)	
Reserves	697,614,463	706,089,000	697,614,463	697,614,463	0	0.0%	
<b>Total Equity</b>	<b>1,025,065,400</b>	<b>1,045,579,000</b>	<b>1,085,534,271</b>	<b>1,089,368,526</b>	<b>(3,834,255)</b>	<b>(0.4%)</b>	

**Notes:**

1) Receivables is showing a high YTD budget and YTD actual balance due to the full amount of 2016/2017 rates being raised in July. This figure will reduce through the financial year as rates instalments fall due and are paid. The next instalment is due on 30 September.

2) Interest bearing liabilities is budgeted to increase through the year. This relates to new borrowings in 2016/2017 for the Greater Shepparton Sports Precinct \$4.1m and New Shepparton Arts Museum \$1.0m. Despite this increase, page 1 shows we are well within the Loans and Borrowings indicators.

Greater Shepparton City Council  
**Cash Flow Statement**  
as at July 2016

	2016/2017 Adopted Budget \$	2016/2017 YTD Budget \$	2016/2017 YTD Actual \$	Variance (Fav)/Unfav \$
<b><i>Cash flows from operating activities</i></b>				
Receipts from customers	95,832,165	1,876,627	1,950,994	(74,367)
Payments to suppliers	(93,625,986)	(11,273,802)	(11,519,287)	245,484
Net cash inflow(outflow) from customers(suppliers)	2,206,179	(9,397,175)	(9,568,292)	171,117
Interest received	1,038,096	93,642	92,359	1,283
Government receipts	28,660,422	1,120,466	1,238,117	(117,651)
Contributions	1,324,000	6,600	48,791	(42,191)
<b>Net cash inflow(outflow) from operating activities</b>	<b>33,228,697</b>	<b>(8,176,467)</b>	<b>(8,189,026)</b>	<b>12,558</b>
<b><i>Cash flows from investing activities</i></b>				
Net movement in other financial assets	9,000,358	16,100,000	16,100,000	-
Infrastructure, property, plant & equipment -	389,000	18,776	18,776	(0)
Infrastructure, property, plant & equipment -	(45,485,000)	(4,023,942)	(702,174)	(3,321,769)
<b>Net cash inflow(outflow) from investing activities</b>	<b>(36,095,642)</b>	<b>12,094,834</b>	<b>15,416,603</b>	<b>(3,321,769)</b>
<b><i>Cash flows from financing activities</i></b>				
Finance Cost	(1,250,217)	-	(5,305)	5,305
Repayment of interest-bearing loans and borrowings	3,862,440	(83,857)	(83,858)	0
<b>Net cash inflow(outflow) from financing activities</b>	<b>2,612,223</b>	<b>(83,857)</b>	<b>(89,163)</b>	<b>5,306</b>
<b>Net increase(decrease) in cash and equivalents</b>	<b>(254,722)</b>	<b>3,834,509</b>	<b>7,138,414</b>	<b>(3,303,905)</b>
Cash and equivalents at the beginning of the year	7,209,000	15,852,892	15,852,892	0
<b>Cash and equivalents at the end of the year</b>	<b>6,954,278</b>	<b>19,687,401</b>	<b>22,991,307</b>	<b>(3,303,905)</b>

Greater Shepparton City Council  
**Capital Budget vs Actual**  
 period ended July 2016

Capital Works Area	2016/2017 Adopted Budget	2016/2017 YTD Current Budget	2016/2017 YTD Actual	2016/2017 YTD Variance (Fav.)/Unfav.	
				Variance \$	Variance %
Aerodrome	189,000	0	0	0	0%
Bridges	0	0	0	0	0%
Buildings	2,893,561	30,492	29,230	(1,262)	(4%)
Computer & Telecommunications	815,000	19,951	59,153	39,202	196%
Drainage	1,127,000	832	832	0	0%
Fixture Fittings and Furniture	579,704	3	41,701	41,698	1389932%
Footpaths & Cycleways	694,450	0	2,030	2,030	100%
Land	0	0	0	0	100%
Land Improvements	13,822,383	65,193	120,074	54,881	84%
Off Street Car Parks	0	0	0	0	0%
Parks, Open Space & Streetscape	700,000	50,000	48,430	(1,570)	(3%)
Plant Machinery & Equipment	2,355,937	30,000	29,918	(82)	(0%)
Recreational Leisure and Community	5,806,545	4,697	54,710	50,013	1065%
Roads	14,036,919	224,461	277,071	52,610	23%
Waste Management	2,414,916	0	39,110	39,110	100%
Other Infrastructure	50,037	0	671	671	100%
<b>Total Capital Works</b>	<b>45,485,452</b>	<b>425,629</b>	<b>702,930</b>	<b>277,301</b>	<b>65%</b>

  

Capital Works Type	2016/2017 Adopted Budget	2016/2017 YTD Current Budget	2016/2017 YTD Actual	2016/2017 YTD Variance (Fav.)/Unfav.	
				Variance \$	Variance %
Renewal	27,199,330	283,925	406,949	123,024	30%
Upgrade	4,879,783	26,761	26,613	(148)	(1%)
New	13,266,339	114,943	228,049	113,106	50%
Expansion	140,000	0	41,319	41,319	100%
<b>Total Capital Works</b>	<b>45,485,452</b>	<b>425,629</b>	<b>702,930</b>	<b>277,301</b>	<b>39%</b>