

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

20 September 2016

Agenda Item 6.4 August 2016 Monthly Report

Attachment 1 August 2016 - Monthly Financial Statements 203

MONTHLY FINANCIAL REPORT AUGUST 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
75.96%	74.64%	6.85%

- 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
422.29%	436.36%	140.12%

- 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 reduce 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
25.83%	25.69%	31.11%

- 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
\$75.35m	0-30 days \$1.28m	\$27.6m with average rate of 2.27%
Same time last year \$66.09m	31-60 days \$58k	64% at A1+, 7% at A1, 22% at A2
1st instalment due 30 September	61+ days \$116k	\$86k in interest income to date

Operating Performance August 2016

Income	YTD Budget vs YTD Actual (Fav)/Unfav		Forecast vs Budget (Fav)/Unfav	
Rates and Charges	Steady	(\$0.38m)	Steady	(\$0.39m)
Statutory Fees	Favourable	(\$0.08m)	Steady	(\$0.08m)
User Charges	Steady	(\$0.12m)	Steady	\$0.07m
Grants	Favourable	(\$0.54m)	Steady	\$0.02m
Contributions	Favourable	(\$0.06m)	Favourable	(\$0.15m)
Other Revenue	Favourable	(\$0.06m)	Steady	(\$0.01m)
Total Income	Steady	(\$1.24m)	Steady	(\$0.54m)
Expense				
Employee Costs	Steady	\$0.27m	Steady	\$0.12m
Materials and Consumables	Steady	\$0.17m	Unfavourable	\$0.66m
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	Unfavourable	\$0.02m	Steady	\$0m
Total Expense	Steady	\$0.45m	Steady	\$0.79m

Notes:

- Rates & Charges are \$382k more than YTD Budget. This variance was caused by unbudgeted supplementary rates being raised in July.

- Grants are \$536k 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.

- Contributions are forecast to be \$155k more than Adopted budget. This favourable variance is caused by additional contributions. Please see income statement notes for more detail.

- Materials and consumables are forecast to be \$663k over Adopted Budget and is currently \$169k over YTD budget. This has been caused by increases to expense in various areas. Please see income statement notes for more detail.

Capital Works Performance

August 2016

ADOPTED BUDGET	QUARTER FORECAST	CURRENT FORECAST
\$45.49m	\$45.49m	\$46.7m

PROGRESS

- * 4.3% of Adopted budget spent, 24.7% committed
- * 4.1% of current forecast spent, 24% committed
- * In August 2015 4.5% of the 2015/2016 Adopted Budget had been spent

RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	FORECAST END OF YEAR
123.38%	123.75%

- Expected range of 40% to 130%; Target band of 90% to 110%.
- 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
\$13.44m	\$21.0m	\$21.0m
Shepparton Art Museum		
Original Approved Estimate	Current Approved Estimate	Current Forecast
\$34.5m	\$34.5m	\$34.5m
Verney Road Stages 2 & 3		
Original Approved Estimate	Current Approved Estimate	Current Forecast
\$4.2m*	\$3.37m*	\$3.37m*

* Includes stage 3 estimates

Greater Shepparton City Council
Income Statement
for period ended August 2016

	2016/2017	2016/2017	Forecast v	2016/2017	2016/2017	YTD	YTD	Note
	Adopted		Forecast	Budget	YTD	YTD	Variance	
	Budget		(Fav)/Unfav	Budget	Actual	(Fav)/Unfav	(Fav)/Unfav	
	\$	\$	\$	\$	\$	\$	%	
Revenues from Operating Activities								
Rates and Charges	70,956,622	71,343,318	(386,696)	70,883,110	71,265,703	(382,593)	(0.5%)	1
Statutory Fees	3,147,663	3,227,252	(79,589)	363,951	447,989	(84,038)	(23.1%)	
User Charges	20,607,998	20,539,574	68,424	2,863,658	2,979,735	(116,077)	(4.1%)	
Operating Grants	22,838,467	22,817,252	21,215	4,510,940	5,046,908	(535,968)	(11.9%)	2
Operating Contributions	468,444	623,238	(154,794)	19,550	80,722	(61,172)	(312.9%)	
Other	1,647,027	1,656,867	(9,840)	289,677	350,503	(60,826)	(21.0%)	
Total Operating Revenue	119,666,221	120,207,501	(541,280)	78,930,886	80,171,560	(1,240,674)	(1.6%)	
Expenses from Operating Activities								
Employee Costs	46,463,647	46,588,368	124,721	7,834,422	8,104,415	269,993	3.4%	
Materials and Consumables	46,330,015	46,993,395	663,380	7,484,481	7,653,862	169,381	2.3%	3
Bad & Doubtful Debts	144,000	144,000	0	3,250	3,923	673	20.7%	
Depreciation and Amortisation	22,044,545	22,044,545	0	3,672,618	3,657,670	(14,948)	(0.4%)	
Borrowing Costs	1,250,000	1,250,000	0	0	5,305	5,305		
Other Expenses	284,500	284,500	0	40,360	62,764	22,404	55.5%	
Total Operating Expenses	116,516,707	117,304,808	788,101	19,035,131	19,487,938	452,807	2.4%	
UNDERLYING OPERATING RESULT	3,149,514	2,902,693	246,821	59,895,755	60,683,622	(787,867)	(1.3%)	
Non-operating Income and Expenditure								
Capital Grants	7,462,860	7,312,860	150,000	368,700	705,489	(336,789)	(91.3%)	4
Capital Contributions	844,000	635,000	209,000	0	65,001	(65,001)		
Contributed Assets	2,000,000	2,000,000	0	181,745	0	181,745	100.0%	
Proceeds from Sale of Assets	1,782,770	2,049,000	(266,230)	18,776	22,412	(3,636)	(19.4%)	5
Other Revenue	0	0	0	0	368,700	(368,700)		
Written Down Value of Asset Disposals	(1,668,323)	(1,668,323)	0	(45,786)	0	(45,786)	100.0%	
Total Non Operating Items	10,421,307	10,328,537	3,243,876	523,435	1,161,602	(638,167)	(121.9%)	
ACCOUNTING SURPLUS/(DEFICIT)	13,570,821	13,231,230	339,591	60,419,190	61,845,224	(1,426,034)	(2.4%)	

Notes

- 1) Rates & Charges are \$383k more than YTD Budget. This favourable variance is caused by unbudgeted supplementary rates being raised in July. YTD and forecast are expected to remain steady despite this additional income.
- 2) Grants are \$536k more than YTD Budget. This favourable variance is caused by the timing of grant income for Aged Services \$302k, Youth auspiced funds \$60k, Emergency Management \$60k, Sidney Myer ACA \$45k, and early childhood education \$35k. Despite this additional income Grant income is forecast to remain steady.
- 3) Materials and consumables are \$169k more than YTD budget. This unfavourable variance is mainly due to insurance premiums being higher than budgeted for \$127k and the timing of Saleyard contract payments \$67k.
- 4) Capital grants are \$337k more than YTD Budget. This favourable variance is mainly due to the timing of grant income for Roads to Recovery projects \$337k.
- 5) Proceeds from sale of assets is forecast to be \$266k more than budget. This is due to additional income received from the sale of Council land.

Greater Shepparton City Council

Balance Sheet
as at August 2016

	Actual June 2016 \$	Adopted Budget June 2017 \$	Budget 2017 \$	Actual 2017 \$	Variance (Fav)/Unfav \$	Variance (Fav)/Unfav %	Note
Current Assets							
Cash and Cash Equivalent	13,275,933	6,955,000	25,086,177	30,498,593	(5,412,416)	(21.6%)	1
Receivables	5,339,059	7,593,000	79,947,176	78,231,300	1,715,876	2.1%	
Other Financial Assets	27,042,827	16,100,000	2,000,000	2,000,000	0	0.0%	
Inventories	73,754	93,670	-	89,888	(89,888)		
Other Assets	1,230,299	-	174,834	404,002	(229,168)	(131.1%)	
Total Current Assets	46,961,872	30,741,670	107,208,187	111,223,782	(4,015,595)	(3.7%)	
Non Current Assets							
Investment in Associates	1,493,041	1,513,596	1,513,596	1,493,041	20,555	1.4%	
Infrastructure	1,020,986,172	1,059,655,000	1,019,658,344	1,019,192,719	(465,625)	(0.0%)	
Intangible Assets	972,944	1,013,338	1,013,337	972,944	(40,393)	(4.0%)	
Total Non Current Assets	1,023,452,158	1,062,181,934	1,022,185,277	1,021,658,704	526,573	0.1%	
Total Assets	1,070,414,029	1,092,923,604	1,129,393,464	1,132,882,486	(3,489,022)	(0.3%)	
Current Liabilities							
Trade & Other Payables	10,927,247	8,359,377	12,049,821	5,292,645	(6,757,177)	(56.1%)	
Trust Funds	3,093,498	2,748,204	2,611,230	9,472,985	6,861,755	262.8%	
Provisions	9,932,002	9,324,000	9,913,247	9,910,339	(2,908)	(0.0%)	
Interest Bearing Liabilities	896,755	1,507,308	812,898	812,898	(0)	(0.0%)	
Total Current Liabilities	24,849,502	21,938,889	25,387,196	25,488,866	101,670	0.4%	
Non Current Liabilities							
Provisions	6,484,709	4,720,584	4,596,898	6,484,709	1,887,811	41.1%	
Interest Bearing Liabilities	17,494,161	20,685,131	17,494,161	17,494,161	(0)	(0.0%)	2
Total Non Current Liabilities	23,978,870	25,405,715	22,091,059	23,978,870	1,887,811	8.5%	
Total Liabilities	48,828,371	47,344,604	47,478,255	49,467,736	1,989,481	4.2%	
Net Assets	1,021,585,658	1,045,579,000	1,081,915,209	1,083,414,750	(1,499,541)	(0.1%)	
Represented By							
Accumulated Surplus	323,971,195	339,490,000	384,300,746	385,800,288	(1,499,542)	(0.4%)	
Reserves	697,614,463	706,089,000	697,614,463	697,614,463	0	0.0%	
Total Equity	1,021,585,658	1,045,579,000	1,081,915,209	1,083,414,750	(1,499,541)	(0.1%)	

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 August 2016

	2016/2017 Adopted Budget \$	2016/2017 YTD Budget \$	2016/2017 YTD Actual \$	Variance (Fav)/Unfav \$
Cash flows from operating activities				
Receipts from customers	95,832,165	7,296,599	8,129,634	(833,035)
Payments to suppliers	(93,625,986)	(23,316,103)	(20,359,092)	(2,957,011)
Net cash inflow(outflow) from customers(suppliers)	2,206,179	(16,019,504)	(12,229,458)	(3,790,046)
Interest received	1,038,096	168,642	86,173	82,469
Government receipts	28,660,422	4,879,640	5,751,667	(872,027)
Contributions	1,324,000	194,295	502,417	(308,122)
Net cash inflow(outflow) from operating activities	33,228,697	(10,776,927)	(5,889,201)	(4,887,726)
Cash flows from investing activities				
Net movement in other financial assets	9,000,358	25,042,827	25,042,827	-
Infrastructure, property, plant & equipment - proceeds	389,000	18,776	22,412	(3,636)
Infrastructure, property, plant & equipment - payments	(45,485,000)	(2,390,576)	(1,864,216)	(526,360)
Net cash inflow(outflow) from investing activities	(36,095,642)	22,671,027	23,201,024	(529,996)
Cash flows from financing activities				
Finance Cost	(1,250,217)	-	(5,305)	5,305
Repayment of interest-bearing loans and borrowings	3,862,440	(83,857)	(83,858)	0
Net cash inflow(outflow) from financing activities	2,612,223	(83,857)	(89,163)	5,306
Net increase(decrease) in cash and equivalents	(254,722)	11,810,244	17,222,660	(5,412,416)
Cash and equivalents at the beginning of the year	7,209,000	13,275,933	13,275,933	0
Cash and equivalents at the end of the year	6,954,278	25,086,177	30,498,593	(5,412,416)

Greater Shepparton City Council
Capital Works Statement
 period ended August 2016

Capital Works Area	2016/2017 Adopted Budget	2016/2017 YTD Current Budget	2016/2017 YTD Actual	YTD Variance (Fav)/Unfav \$	YTD Variance (Fav)/Unfav %
Aerodrome	189,000	0	2,636	2,636	0%
Buildings	2,893,561	355,474	183,141	(172,333)	(48%)
Computer & Telecommunications	815,000	44,951	70,847	25,896	58%
Drainage	1,127,000	15,000	13,296	(1,704)	(11%)
Fixture Fittings and Furniture	579,704	3,003	46,634	43,631	1453%
Footpaths & Cycleways	694,450	4,000	6,015	2,015	50%
Land Improvements	13,822,383	530,459	396,762	(133,697)	(25%)
Parks, Open Space & Streetscape	700,000	50,000	85,090	35,090	70%
Plant Machinery & Equipment	2,355,937	30,000	31,874	1,874	6%
Recreational Leisure and Community Facilities	5,806,545	537,027	125,737	(411,290)	(77%)
Roads	14,036,919	791,729	914,394	122,665	15%
Waste Management	2,414,916	0	71,173	71,173	0%
Other Infrastructure	50,037	0	643	643	0%
Total Capital Works	45,485,452	2,361,643	1,948,242	(413,401)	(18%)
Capital Works Type	2016/2017 Adopted Budget	2016/2017 YTD Current Budget	2016/2017 YTD Actual	YTD Variance (Fav)/Unfav \$	YTD Variance (Fav)/Unfav %
Renewal	27,199,330	818,283	1,111,361	293,078	26%
Upgrade	4,879,783	520,374	207,475	(312,899)	(151%)
New	13,266,339	1,022,986	588,088	(434,898)	(74%)
Expansion	140,000	0	41,319	41,319	100%
Total Capital Works	45,485,452	2,361,643	1,948,242	(413,401)	(21%)