

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

19 December 2017

Agenda Item 9.1 November 2017 Monthly Financial Report

Attachment 1 November 2017 Monthly Financial Statements..... 210

MONTHLY FINANCIAL REPORT NOVEMBER 2017

Operating Performance

Adjusted underlying result			
Adjusted underlying surplus (or deficit) as a percentage of underlying revenue			
YTD ACTUAL	YTD ADOPTED FORECAST Q1	ADOPTED BUDGET	ADOPTED FORECAST Q1
49.96%	50.75%	-0.50%	1.03%

- Expected end of year range of -20% to 20%; Target band of >0%.
- YTD Actual and YTD Adopted Budget are high due to the full amount of 2017/2018 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 ACTUAL	YTD ADOPTED FORECAST Q1	ADOPTED BUDGET	ADOPTED FORECAST Q1
454.29%	359.09%	174.40%	214.77%

- Expected range of 100% to 400%; Target band of 120% to 200%.
- YTD Actual and YTD Adopted Budget are high due to the full amount of 2017/2018 rates revenue being raised in July. Receivables will reduce throughout the financial year as rates instalments fall due.
- VAGO indicate that any level of liquidity higher than 100% is considered low risk.

Financial Obligations

Loans and borrowings			
Loans and borrowings as a percentage of rates			
YTD ACTUAL	YTD ADOPTED FORECAST Q1	ADOPTED BUDGET	ADOPTED FORECAST Q1
26.58%	26.42%	33.08%	33.24%

- Expected range of 0% to 70%; 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.

Other Financial Performance

Rates Debtors

\$43.33m
Same time last year \$51.01m
3rd instalment due 28 February

Sundry Debtors

0-30 days \$2.38m or 94% of total outstanding sundry debtors.
31-60 days \$15k or 1% of total outstanding sundry debtors.
61+ days \$145k or 5% of total outstanding sundry debtors.

Investments

\$31.50m with average rate of 1.87%;
61.91% at A1+, 25.39% at A1, 6.35% at A2.
\$219k in interest income to date

Operating Performance
November 2017

	YTD Adopted Forecast Q1 vs YTD Actual (Fav)/Unfav		Projected Full Year vs Adopted Forecast Q1 (Fav)/Unfav	
Income				
Rates and Charges	Steady	(\$0.25m)	Steady	(\$0.38m)
Statutory Fees	Steady	(\$0.04m)	Steady	\$0.09m
User Charges	Steady	(\$0.36m)	Steady	(\$0.11m)
Grants	Steady	(\$0.45m)	Steady	\$0.03m
Contributions	Steady	(\$0.16m)	Steady	(\$0.08m)
Other Revenue	Steady	(\$0.06m)	Steady	(\$0.01m)
Total Income	Steady	(\$1.31m)	Steady	(\$0.46m)
Expense				
Employee Costs	Unfavourable	\$1.44m	Steady	\$0.15m
Materials and Consumables	Steady	\$0.15m	Steady	\$0.79m
Bad and Doubtful Debts	Steady	\$0m	Steady	\$0m
Depreciation and Amortisation	Steady	(\$0.32m)	Steady	\$0.16m
Borrowing Costs	Steady	\$0m	Steady	\$0m
Other Expenses	Steady	(\$0.02m)	Steady	(\$0.01m)
Total Expense	Steady	\$1.25m	Steady	\$1.09m

Notes:

- Employee Costs are \$1.44m more than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to the timing of salary expenditure for Active Living and superannuation contributions. Please see income statement for more detail.

Capital Works Performance November 2017

ADOPTED BUDGET	ADOPTED FORECAST Q1	PROJECTED FULL YEAR	YTD ACTUAL
\$39.38m	\$40.33m	\$41.39m	\$10.85m

PROGRESS

*28.28% of Adopted Budget spent; 49.27% committed

*26.87% of current full year projection spent; 46.82% committed

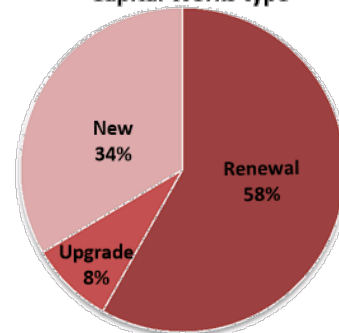
* Same time last year: \$8.10m (17.80%) of the 2016/2017 Adopted Budget had been spent

RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	PROJECTED FULL YEAR
108.73%	109.72%

- 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 November 2017

	YEAR TO DATE					FULL YEAR					Notes
	2017/2018 YTD Adopted Budget	2017/2018 YTD Adopted Forecast Q1	2017/2018 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav %	YTD Adopted Forecast Q1 Variance (Fav)/Unfav %	2017/2018 Adopted Budget	2017/2018 Adopted Forecast Q1	2017/2018 Projected Full Year	Adopted Budget Variance (Fav)/Unfav %	Adopted Forecast Q1 Variance (Fav)/Unfav %	
	\$	\$	\$	%	%	\$	\$	\$	%	%	
Revenues from Operating Activities											
Rates and Charges	74,039,049	74,003,271	74,249,536	(0.3%)	(0.3%)	74,191,715	74,370,687	74,748,687	(0.8%)	(0.5%)	
Statutory Fees	886,137	1,104,356	1,143,005	(29.0%)	(3.5%)	3,751,436	3,115,571	3,030,329	19.2%	2.7%	1
User Charges	3,652,394	5,989,444	6,344,963	(73.7%)	(5.9%)	18,557,836	19,508,984	19,622,134	(5.7%)	(0.6%)	2
Operating Grants	4,409,145	6,799,176	7,248,005	(64.4%)	(6.6%)	16,945,759	16,478,932	16,448,164	2.9%	0.2%	
Operating Contributions	300,888	437,904	600,701	(99.6%)	(37.2%)	696,262	944,830	1,024,248	(47.1%)	(8.4%)	3
Other	823,865	820,932	878,476	(6.6%)	(7.0%)	2,262,581	1,994,814	1,999,920	11.6%	(0.3%)	4
Total Operating Revenue	84,111,478	89,155,083	90,464,686	(7.6%)	(1.5%)	116,405,589	116,413,818	116,873,482	(0.4%)	(0.4%)	
Expenses from Operating Activities											
Employee Costs	20,089,448	18,469,136	19,909,032	(0.9%)	7.8%	47,979,746	47,664,230	47,817,873	(0.3%)	0.3%	5
Materials and Consumables	10,060,939	16,382,116	16,531,073	64.3%	0.9%	48,164,990	49,313,441	50,101,430	4.0%	1.6%	
Bad & Doubtful Debts	5,445	11,497	12,431	128.3%	8.1%	132,000	149,586	150,795	14.2%	0.8%	
Depreciation and Amortisation	9,369,121	9,369,167	9,048,469	(3.4%)	(3.4%)	22,485,890	22,486,000	22,643,795	0.7%	0.7%	
Borrowing Costs	0	0	0			1,223,000	1,223,000	1,223,000	0.0%	0.0%	
Other Expenses	61,041	204,789	186,373	205.3%	(9.0%)	519,671	505,231	499,231	(3.9%)	(1.2%)	
Total Operating Expenses	39,585,994	44,436,705	45,687,379	15.4%	2.8%	120,505,297	121,341,488	122,436,124	1.6%	0.9%	
UNDERLYING OPERATING RESULT	44,525,484	44,718,378	44,777,308	(0.6%)	(0.1%)	(4,099,708)	(4,927,670)	(5,562,642)	(35.7%)	(12.9%)	
Non-operating Income and Expenditure											
Capital Grants	100,000	1,000,000	1,000,000	(900.0%)	0.0%	6,851,408	5,851,378	5,706,585	16.7%	2.5%	6
Capital Contributions	38,000	755,798	702,377	(1,748.4%)	7.1%	1,910,749	2,658,820	2,667,980	(39.6%)	(0.3%)	7
Contributed Assets	0	0	1,193,654	(100.0%)	(100.0%)	2,000,000	2,000,000	2,000,000	0.0%	0.0%	8
Proceeds from Sale of Assets	27,000	39,154	153,842	(469.8%)	(292.9%)	1,012,500	1,030,500	1,030,500	(1.8%)	0.0%	
Written Down Value of Asset Disposals	0	0	(236,807)	100.0%	100.0%	(473,262)	(473,262)	(473,262)	0.0%	0.0%	
Total Non Operating Items	165,000	1,794,952	2,813,066	(1,604.9%)	(56.7%)	11,301,395	11,067,436	10,931,803	3.3%	1.2%	
ACCOUNTING SURPLUS/(DEFICIT)	44,690,484	46,513,330	47,590,374	(6.5%)	(2.3%)	7,201,687	6,139,766	5,369,161	25.4%	12.6%	

Notes to the Income Statement for period ended November 2017

- 1) Statutory Fees Projected Full Year is \$721k less than 2017/2018 Adopted Budget. This unfavourable variance is mostly due to the reclassification of Aged Services fees from Statutory Fees to User Fees \$594k. Also impacted by a reclassification of Building income from statutory fees to user fees \$225k.
- 2) User Fees Projected Full Year is \$1.06m more than 2017/2018 Adopted Budget. This favourable variance is mostly due to the reclassification of Aged Services fees \$594 and Building income \$225k from Statutory Fees to User Fees. Also impacted by an increase in Active Living income due to strong aquatic entry and membership numbers \$157k.
- 3) Operating Contributions Projected Full Year is \$328k more than 2017/2018 Adopted Budget. This favourable variance is mostly due to additional contributions from developers for civil works \$190k; University of Melbourne for SAM community engagement programs \$56k; and additional income from insurance claims \$50k.
- 4) Other Income Projected Full Year is \$262k less than 2017/2018 Adopted Budget. This unfavourable variance is mostly due to a reduction in rates interest income \$225k due to a change in rates interest calculations.
- 5) Employee Costs is \$1.44m more than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to the timing of Active Living salary and casual expenditure and Council contributions to superannuation funds \$388k. Despite this unfavourable variance the Projected Full Year Forecast is only \$150k more than Adopted Forecast Q1.
- 6) The Projected Full Year is expected to be \$1.14m less than 2017/2018 Adopted Budget. This unfavourable variance is mostly due to the Federal funding for the new Shepparton Art Museum \$1m being delayed until future financial years.
- 7) Project Full Year is expected to be \$757k more than 2017/2018 Adopted budget. This favourable variance is mostly due to additional developer contributions \$337k for Kialla Green Estate, Seven Creeks Estate, North Growth Corridor and Northside Estate. Also impacted by contributions from GV water for the Verney Road Reconstruction \$336k.
- 8) Contributed Assets is \$1.19m more than YTD Adopted Forecast Q1. This favourable variance is mostly due to contributed assets relating to the Jammjack Estate \$1.19m. The Projected Full Year for Contributed Assets is also expected to be \$1m more than 2017/2018 Adopted Budget and 2017/2018 Q1 Adopted Forecast due to expected contributed assets from various completed estates.

Greater Shepparton City Council

Balance Sheet
as at November 2017

	Total Actual June 2017 \$	Adopted Budget June 2018 \$	Adopted Forecast Q1 June 2018 \$	YTD Adopted Budget 2018 \$	YTD Adopted Forecast Q1 2017 \$	YTD Actual 2018 \$	Total Actual June 2017 Variance (Fav)/Unfav %	Adopted Budget Variance (Fav)/Unfav %
Current Assets								
Cash and Cash Equivalent	25,303,343	19,384,378	18,403,042	29,907,263	42,048,858	28,791,435	3.5%	2.9%
Receivables	7,208,640	6,377,264	7,208,640	53,328,807	58,653,767	53,942,586	(996.1%)	0.0%
Other Financial Assets	17,000,000	13,226,000	17,000,000	13,000,000	13,000,000	13,000,000	23.5%	0.0%
Inventories	73,983	74,000	73,983	144,833	163,757	161,488	(10.7%)	(0.0%)
Other Assets	1,050,880	1,230,000	1,050,880	931,236	970,835	399,991	(47.1%)	(29.5%)
Total Current Assets	50,636,846	40,291,642	43,736,545	97,312,139	114,837,217	96,295,500	(133.1%)	0.3%
Non Current Assets								
Investment in Associates	1,511,499	1,493,000	1,511,499	1,493,000	1,511,499	1,511,499	1.2%	(0.0%)
Infrastructure	1,058,401,546	1,073,331,000	1,076,243,585	1,056,162,637	1,048,896,067	1,061,164,819	0.1%	(0.2%)
Intangible Assets	847,819	973,000	847,819	973,000	847,819	847,813	0.0%	12.9%
Total Non Current Assets	1,060,760,865	1,075,797,000	1,078,602,903	1,058,628,637	1,051,255,385	1,063,524,131	0.1%	(0.1%)
Total Assets	1,111,397,711	1,116,088,642	1,122,339,448	1,155,940,776	1,166,092,602	1,159,819,631	(5.9%)	(0.1%)
Current Liabilities								
Trade & Other Payables	6,220,097	8,786,000	6,220,097	3,014,964	9,119,578	2,287,820	(37.7%)	10.3%
Trust Funds	2,716,657	3,094,000	2,716,657	9,365,410	7,199,317	7,357,537	245.3%	0.0%
Provisions	10,119,393	9,932,000	10,119,393	10,170,402	14,537,869	10,243,810	0.5%	(0.0%)
Interest Bearing Liabilities	1,307,898	1,291,000	1,307,898	700,683	1,123,274	1,307,898	(32.3%)	(0.0%)
Total Current Liabilities	20,364,044	23,103,000	20,364,044	23,251,459	31,980,038	21,197,066	19.4%	1.5%
Non Current Liabilities								
Provisions	7,093,881	6,485,000	7,093,881	567,568	7,093,881	7,093,881	(92.0%)	(0.0%)
Interest Bearing Liabilities	18,426,369	23,250,000	23,409,369	25,651,407	18,426,368	18,426,368	39.2%	0.0%
Total Non Current Liabilities	25,520,250	29,735,000	30,503,250	26,218,975	25,520,249	25,520,249	2.7%	0.0%
Total Liabilities	45,884,294	52,838,000	50,867,294	49,470,434	57,500,287	46,717,315	10.1%	0.7%
Net Assets	1,065,513,416	1,063,250,642	1,071,472,154	1,106,470,342	1,108,592,315	1,113,102,317	(5.8%)	(0.1%)
Represented By								
Accumulated Surplus	519,606,407	350,814,179	525,746,173	560,563,334	562,685,307	567,195,309	(11.8%)	(0.1%)
Reserves	545,907,009	712,436,463	545,725,981	545,907,008	545,907,008	545,907,008	0.0%	(0.0%)
Total Equity	1,065,513,416	1,063,250,642	1,071,472,154	1,106,470,342	1,108,592,315	1,113,102,317	(5.8%)	(0.1%)

Greater Shepparton City Council
Cash Flow Statement
as at November 2017

	2017/2018 Adopted Budget	2017/2018 Adopted Forecast Q1	2017/2018 YTD Actual	Adopted Budget Variance (Fav)/Unfav	Adopted Forecast Q1 Variance (Fav)/Unfav
	\$	\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers	97,875,000	98,607,869	39,026,557	60.13%	60.42%
Payments to suppliers	(98,116,000)	(97,632,488)	(38,859,852)	60.39%	60.20%
Net cash inflow(outflow) from customers(suppliers)	(241,000)	975,381	166,705	169.17%	82.91%
Interest received	652,000	382,187	417,356	35.99%	(9.20%)
Government receipts	23,692,000	22,330,310	8,248,005	65.19%	63.06%
Contributions	2,602,000	3,603,650	2,428,610	6.66%	32.61%
Net cash inflow(outflow) from operating activities	26,705,000	27,291,528	11,260,676	57.83%	58.74%
Cash flows from investing activities					
Net movement in other financial assets	8,817,000	-	4,000,000	54.63%	#DIV/0!
Infrastructure, property, plant & equipment - proceeds	1,551,000	1,030,500	39,154	97.48%	96.20%
Infrastructure, property, plant & equipment - payments	(39,384,000)	(38,982,329)	(11,811,738)	70.01%	69.70%
Net cash inflow(outflow) from investing activities	(29,016,000)	(37,951,829)	(7,772,584)	73.21%	79.52%
Cash flows from financing activities					
Finance Cost	(1,223,000)	(1,223,000)	-	100.00%	100.00%
Proceeds from interest bearing loans and borrowings	6,000,000	6,000,000	-	100.00%	100.00%
Repayment of interest-bearing loans and borrowings	(1,017,000)	(1,017,000)	-	100.00%	100.00%
Net cash inflow(outflow) from financing activities	3,760,000	3,760,000	-	100.00%	100.00%
Net increase(decrease) in cash and equivalents	1,450,000	(6,900,301)	3,488,092	(140.56%)	150.55%
Cash and equivalents at the beginning of the year	17,934,378	25,303,343	25,303,343	(41.09%)	(0.00%)
Cash and equivalents at the end of the year	19,384,378	18,403,042	28,791,435	(48.53%)	(56.45%)

Greater Shepparton City Council
Capital Works Statement
 period ended November 2017

Capital Works Area	2017/2018	2017/2018	2017/2018	YTD	YTD	2017/2018	2017/2018	2017/2018	Adopted	Adopted	Note
	YTD	YTD	YTD	Adopted	Adopted		Adopted	Forecast Q1	Forecast Q1	Budget	
	Adopted	Adopted	Actual	Variance	Variance	Actual	Variance	Projected	Variance	Variance	
	Budget	Forecast Q1		(Fav)/Unfav	(Fav)/Unfav	Full Year	(Fav)/Unfav	Full Year	(Fav)/Unfav	(Fav)/Unfav	
	\$	\$	\$	%	%	\$	%	\$	%	%	
Aerodrome	0	0	9,880	100%	100%	300,000	0%	300,000	0%	0%	
Bridges	0	243	243	100%	(0%)	657,360	0%	657,360	0%	0%	
Buildings	1,399,034	1,172,433	1,352,960	(3%)	15%	5,584,000	(1%)	5,495,166	1%	1%	
Computer & Telecommunications	60,000	154,841	212,722	255%	37%	260,000	98%	513,660	0%	1	
Drainage	35,300	77,142	108,437	207%	41%	670,000	8%	926,988	(22%)	2	
Fixture Fittings and Furniture	14,895	96,585	58,823	295%	(39%)	466,000	2%	436,000	9%	9%	
Footpaths & Cycleways	709,680	674,514	409,148	(42%)	(39%)	1,699,400	10%	1,862,400	0%	3	
Land	0	0	0	0%	0%	20,000	0%	20,000	0%	0%	
Land Improvements	15,000	13,625	5,025	(66%)	(63%)	1,090,000	(0%)	1,006,717	8%	8%	
Off Street Car Parks	13,300	3,300	0	(100%)	(100%)	40,000	0%	40,000	0%	0%	
Parks, Open Space & Streetscape	221,500	247,176	151,107	(32%)	(39%)	1,233,000	5%	1,270,642	2%	2%	
Plant Machinery & Equipment	40,000	128,848	297,807	645%	131%	2,620,940	3%	2,700,616	0%	4	
Recreational Leisure and Community Facilities	1,121,000	870,309	1,642,671	47%	89%	3,681,574	20%	4,034,718	10%	5	
Roads	3,413,810	5,377,208	5,787,135	70%	8%	13,561,262	4%	13,455,452	5%	6	
Waste Management	269,573	888,944	818,931	204%	(8%)	6,500,000	2%	6,608,319	0%	7	
Project Management Office	0	0	0	0%	0%	1,000,000	0%	1,000,000	0%	0%	
Total Capital Works	7,313,092	9,705,168	10,854,891	48%	12%	39,383,536	5%	40,328,038	3%	3%	

Capital Works Area	2017/2018	2017/2018	2017/2018	YTD	YTD	2017/2018	2017/2018	2017/2018	Adopted	Adopted	Note
	YTD	YTD	YTD	Adopted	Adopted		Adopted	Forecast Q1	Forecast Q1	Budget	
	Adopted	Adopted	Actual	Variance	Variance	Actual	Variance	Projected	Variance	Variance	
	Budget	Forecast Q1		(Fav)/Unfav	(Fav)/Unfav	Full Year	(Fav)/Unfav	Full Year	(Fav)/Unfav	(Fav)/Unfav	
	\$	\$	\$	%	%	\$	%	\$	%	%	
Renewal	5,305,663	6,730,864	6,864,113	29%	2%	24,448,488	2%	20,561,290	24%	21%	
Upgrade	165,949	644,157	671,024	304%	4%	4,341,074	34%	5,186,191	12%	12%	
New	1,788,980	2,328,647	3,297,554	84%	42%	9,386,574	2%	13,373,157	(29%)	(29%)	
Expansion	52,500	1,500	22,200	(58%)	1380%	207,400	0%	207,400	0%	0%	
Project Management Office	0	0	0	0%	0%	1,000,000	0%	1,000,000	0%	0%	
Total Capital Works	7,313,092	9,705,168	10,854,891	48%	12%	39,383,536	5%	40,328,038	3%	3%	

Notes to the Capital Works Statement for period ended November 2017

- 1) Computer and Telecommunications Projected Full Year is \$254k more than 2017/2018 Adopted Budget. This unfavourable variance is mostly due to the finance system replacement project rebudgeted from the 2016/2017 capital works program.
- 2) Drainage Projected Full Year is \$203k less than Q1 Adopted Forecast. This favourable variance is mostly due to Marlboro Drive drainage works being delayed until 2018/2019 financial year \$240k.
- 3) Footpaths and Cycleways is \$265k less than YTD Q1 Adopted Forecast. This favourable variance is mostly due to the timing of asset preservation kerb and channel works \$198k, and Seven Creeks shared path works \$96k. Projected Full Year is expected to be \$163k more than 2017/2018 Adopted Budget. This unfavourable variance is mostly due to \$96k reclassified from Land Improvement for Seven Creeks shared paths, and \$47k rebudgeted from 2016/2017 for Tallygaroopna walking track.
- 4) Plant, Machinery & Equipment is \$169k more than YTD Q1 Adopted Forecast. This unfavourable variance is mostly due to the timing of plant purchases \$157k. Despite this unfavourable variance, Projected Full Year is not expected to increase.
- 5) Recreational Leisure and Community Facilities is \$772k more than YTD Q1 Adopted Forecast. This unfavourable variance is mostly due to the timing of expenditure for the Greater Shepparton Regional Sports Precinct \$653k. Projected Full Year is currently \$755k more than 2017/2018 Adopted Budget and \$401k more than Q1 Adopted Forecast. These unfavourable variances are mostly due to an additional \$400k for Greater Shepparton Regional Sports Precinct Boulevard works, \$200k of which was a re-budget from 2016/2017 and \$200k required for security at the facility during construction. This Variance also impacted by an additional \$111k required for the Greater Shepparton Regional Sports Precinct main pavilion.
- 6) Roads are \$410k more than YTD Adopted Forecast Q1. This unfavourable variance is mostly due to the timing of works for the Shepparton Alternate Route \$480k; Gravel Resheeting \$403k; and Verney Road Stage 2 \$402k. These unfavourable variances are partially offset by favourable variances in Roads for Renewal Asphalt works \$280k; Welsford st stage 3 \$268k; and sealing \$245k. Projected Full Year is currently \$584k more than 2017/2018 Adopted Budget and \$690k more than Q1 Adopted Forecast. These unfavourable variances are mostly due to \$445k rebudgeted from 2016/2017 for Welsford St update stages 3 & 4, as well as an additional \$450k for Welsford st upgrade stage 2. This unfavourable variance is also impacted by an additional \$138k for Nixon st and Welsford st signals. These unfavourable variances are partially offset by a favourable variance of \$470k for Seven Creeks Estate Intersection with GV highway which was reallocated to operating as part of the Q1 Forecast Review.
- 7) Waste Management Projected Full Year is \$108k more than 2017/2018 Adopted Budget. This unfavourable variance relates to a rebudget of \$108k from 2016/2017 for Cosgrove 3 Landfill.