

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

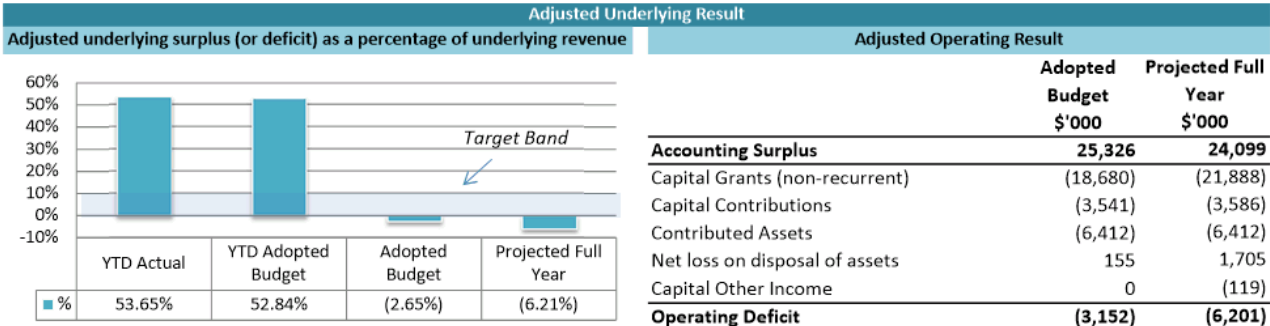
19 November 2019

Agenda Item 10.2 October 2019 Monthly Financial Report

Attachment 1 October 2019 Monthly Financial Report 152

MONTHLY FINANCIAL REPORT OCTOBER 2019

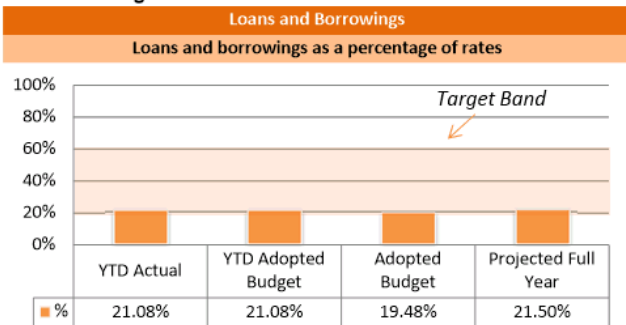
Operating Performance



- 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

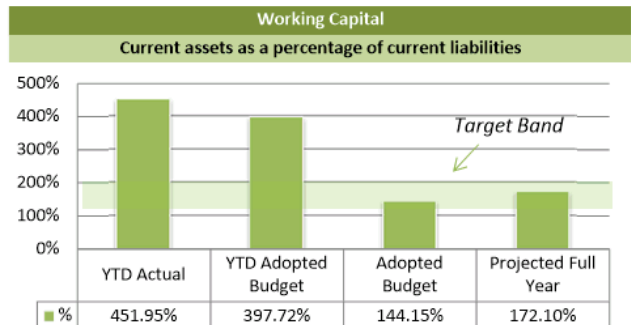
The surplus has been adjusted to reflect the true operating result by removing items that do not fund Council operations. Capital income including non-recurrent grants, contributions and other capital income is used to fund the capital works program, while contributed assets and the net loss on disposal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

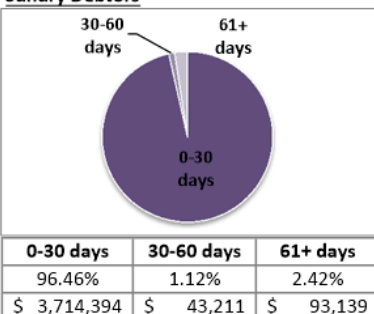
Financial Health



- 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

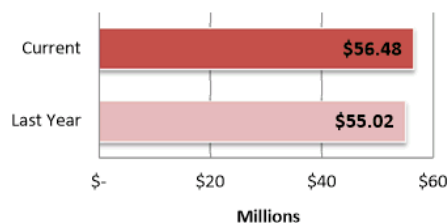
Other Financial Performance

Sundry Debtors



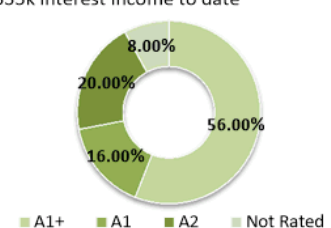
Rates Debtors

Second instalment due 30 November 2019



Investments

\$50m with average interest rate 1.74%
\$335k interest income to date



Operating Performance
OCTOBER 2019

Income	YTD Adopted Forecast Q1 vs YTD Actual (Fav)/Unfav		Adopted Forecast Q1 vs Projected Full Year (Fav)/Unfav	
Rates and Charges	Steady	(\$0.02m)	Steady	(\$0.02m)
Statutory Fees	Steady	(\$0.01m)	Steady	(\$0.02m)
User Charges	Steady	(\$0.14m)	Steady	(\$0.03m)
Grants	Steady	(\$0.02m)	Steady	(\$0.09m)
Contributions	Steady	(\$0.01m)	Steady	\$0.04m
Other Revenue	Favourable	(\$0.1m)	Favourable	(\$0.19m)
Total Income	Steady	(\$0.3m)	Steady	(\$0.31m)
Expense				
Employee Costs	Steady	\$0.16m	Steady	\$0.22m
Materials and Services	Steady	\$0.3m	Steady	(\$0.03m)
Bad and Doubtful Debts	Steady	\$0m	Steady	(\$0.04m)
Depreciation and Amortisation	Steady	\$0.15m	Steady	\$0m
Borrowing Costs	Steady	\$0m	Steady	\$0m
Other Expenses	Steady	(\$0.01m)	Steady	\$0m
Total Expense	Steady	\$0.59m	Steady	\$0.15m

Notes:

- Other Revenue is \$103k more than YTD Adopted Forecast Q1 and \$187k more than Adopted Forecast Q1. These favourable variances are mostly due to additional fuel rebates. Please see income statement for more detail.

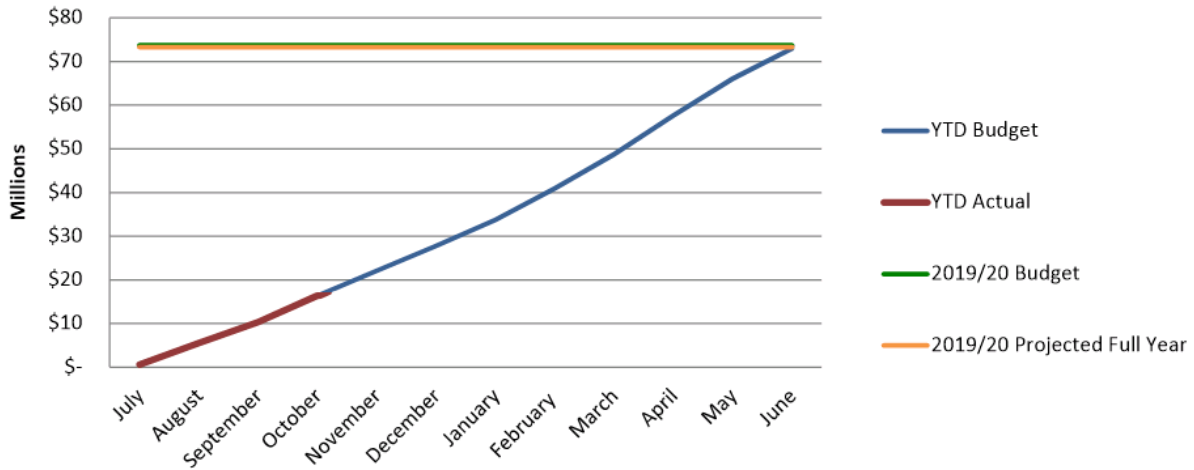
Capital Works Performance OCTOBER 2019

ADOPTED BUDGET	ADOPTED FORECAST Q1	PROJECTED FULL YEAR	YTD ACTUAL
\$73.68m	\$72.98m	\$73.29m	\$16.63m

PROGRESS

- *22.57% of Adopted Budget spent
- *22.68% of current full year projection spent
- * Same time last year: \$8.11m (17.5%) of the 2018/2019 Adopted Budget had been spent

CAPITAL WORKS BUDGET VS. ACTUAL

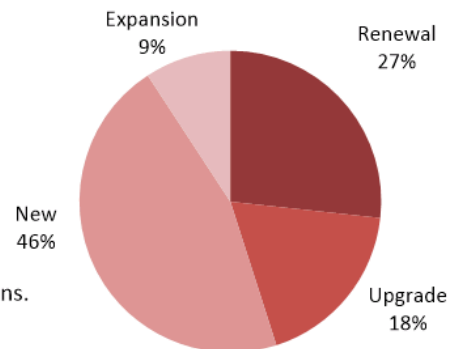


RENEWAL

Asset Renewal	
Asset renewal as a percentage of depreciation	
ADOPTED BUDGET	PROJECTED FULL YEAR
69.10%	73.73%

- 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 October 2019

	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	
	\$ ' 000	\$ ' 000	\$ ' 000	%	%	\$ ' 000	\$ ' 000	\$ ' 000	%	%	
Revenues from Operating Activities											
Rates and Charges	80,204	80,059	80,076	0.2%	(0.0%)	80,636	80,574	80,593	0.1%	(0.0%)	
Statutory Fees	855	846	858	(0.4%)	(1.4%)	3,200	3,199	3,219	(0.6%)	(0.6%)	
User Charges	6,194	6,036	6,177	0.3%	(2.3%)	18,469	18,326	18,357	0.6%	(0.2%)	
Operating Grants	5,296	5,856	5,875	(10.9%)	(0.3%)	17,388	17,511	17,600	(1.2%)	(0.5%)	
Operating Contributions	275	223	234	14.9%	(4.9%)	1,049	1,146	1,107	(5.5%)	3.4%	
Other	799	948	1,050	(31.5%)	(10.8%)	2,069	2,115	2,301	(11.3%)	(8.8%)	1
Total Operating Revenue	93,622	93,968	94,272	(0.7%)	(0.3%)	122,811	122,871	123,178	(0.3%)	(0.2%)	
Expenses from Operating Activities											
Employee Costs	17,455	17,306	17,462	0.0%	0.9%	50,498	50,438	50,661	0.3%	0.4%	
Materials and Services	16,377	15,401	15,701	(4.1%)	1.9%	47,020	50,383	50,353	7.1%	(0.1%)	2
Bad & Doubtful Debts	13	0	0	(100.0%)	0.0%	216	214	171	(21.0%)	(20.4%)	
Depreciation and Amortisation	10,265	8,910	9,055	(11.8%)	1.6%	28,505	28,505	28,505	0.0%	0.0%	
Borrowing Costs	39	42	43	9.3%	2.2%	995	1,007	1,009	1.4%	0.2%	
Other Expenses	251	243	235	(6.3%)	(3.3%)	757	707	707	(6.6%)	0.0%	
Total Operating Expenses	44,399	41,902	42,495	(4.3%)	1.4%	127,991	131,255	131,405	2.7%	0.1%	
UNDERLYING OPERATING RESULT	49,223	52,066	51,776	(5.2%)	0.6%	(5,179)	(8,384)	(8,228)	(58.8%)	1.9%	
Non-operating Income and Expenditure											
Capital Grants	5,912	3,986	3,977	32.7%	0.2%	20,707	21,528	23,914	(15.5%)	(11.1%)	3
Capital Contributions	10	373	473	(4,625.9%)	(26.6%)	3,541	3,779	3,586	(1.3%)	5.1%	
Contributed Assets	2,500	4,551	4,551	(82.1%)	0.0%	6,412	6,412	6,412	0.0%	0.0%	
Proceeds from Sale of Assets	190	138	161	15.0%	(16.8%)	401	401	401	0.0%	0.0%	
Written Down Value of Asset Disposals	0	(65)	(1,615)	100.0%	(2,378.6%)	(556)	(556)	(2,106)	(278.7%)	(278.7%)	4
Other Revenue	0	109	119	(100.0%)	(8.5%)	0	109	119	(100.0%)	(8.5%)	
Total Non Operating Items	8,612	9,094	7,666	11.0%	15.7%	30,506	31,674	32,326	(6.0%)	(2.1%)	
ACCOUNTING SURPLUS/(DEFICIT)	57,835	61,160	59,443	(2.8%)	2.8%	25,326	23,290	24,099	4.8%	(3.5%)	

Notes to the Income Statement for period ended October 2019

- Other revenue is \$103k more than YTD Adopted Forecast Q1 and Projected Full Year is \$186k more than Adopted Forecast Q1. These favourable variances are mostly due to additional fuel rebates \$110k.
- Materials and Services Projected Full Year is \$3.33m 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, Hawkins /GV Highway Intersection design \$200k, 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 Lake Caravan Park sewer extension and water main works \$505k. Other additional items include Strategic Transport impact assessments \$140k, School Readiness funding \$130k, 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.
- Capital Grants Projected Full Year is \$2.34m more than Adopted Forecast Q1 and \$3.21m more than 2019/2020 Adopted Budget. These favourable variances are due to grant funding for the Balaclava/Verney/Dookie Intersection works from Shepparton Alternate Route Scheme \$1.25m and the Fixing Country Roads funding \$1.51m.
- Written Down Value is \$1.55m more than YTD Adopted Forecast Q1 and Projected Full Year is \$1.55m more than Adopted Forecast Q1 and 2019/2020 Adopted Budget. These unfavourable variances are due to the write off of assets which have been sold, that are no longer on Council's asset register or works that were not conducted on Council owned assets.

Greater Shepparton City Council

Balance Sheet

as at October 2019

	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	14,251	33,268	29,618	9.5%	(419.2%)	
Receivables	7,721	11,776	7,721	74,924	66,600	66,571	(762.2%)	(762.2%)	
Other Financial Assets	32,000	10,880	32,000	35,000	26,000	26,000	18.8%	18.8%	
Inventories	107	120	107	236	152	152	(42.8%)	(42.4%)	
Assets Held for Resale	55	248	55	55	-	-	100.0%	100.0%	
Other Assets	1,698	1,375	1,698	520	304	305	82.0%	82.0%	
Total Current Assets	74,323	31,070	47,286	124,987	126,324	122,647	(65.0%)	(159.4%)	
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	1,067,411	1,063,257	1,066,778	(1.0%)	3.6%	
Intangible Assets	-	-	-	-	-	436	(100.0%)	(100.0%)	1
Total Non Current Assets	1,057,522	1,118,418	1,107,849	1,068,868	1,064,650	1,068,607	(1.0%)	3.5%	
Total Assets	1,131,845	1,149,488	1,155,135	1,193,854	1,190,974	1,191,254	(5.2%)	(3.1%)	
Current Liabilities									
Trade & Other Payables	13,735	8,055	13,479	18,717	12,016	13,710	(0.2%)	1.7%	
Trust Funds	2,548	2,836	2,548	1,997	2,420	2,420	(5.0%)	(5.0%)	
Provisions	9,761	9,221	9,761	9,479	9,772	9,772	0.1%	0.1%	
Interest Bearing Liabilities	1,430	1,441	1,687	1,234	1,236	1,236	(13.6%)	(26.7%)	
Total Current Liabilities	27,475	21,553	27,475	31,426	25,444	27,137	(1.2%)	(1.2%)	
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	55,640	49,657	51,654	(0.1%)	(0.1%)	
Net Assets	1,080,157	1,106,561	1,103,447	1,138,214	1,141,317	1,139,600	(5.5%)	(3.3%)	
Represented By									
Accumulated Surplus	417,271	443,674	440,561	475,328	478,431	476,714	(14.2%)	(8.2%)	
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	1,138,214	1,141,317	1,139,600	(5.5%)	(3.3%)	

Notes to the Balance Sheet as at October 2019

1) Intangible assets is \$436k 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 Other 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.

Greater Shepparton City Council

Cash Flow Statement as at October 2019

	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	18,352	27,266	31,798	(73.3%)	(16.6%)
Payments to suppliers	(101,260)	(101,743)	(26,628)	(31,963)	(35,011)	31.5%	9.5%
Net cash inflow(outflow) from customers(suppliers)	133	1,831	(8,275)	(4,697)	(3,213)	(61.2%)	(31.6%)
Interest received	750	750	333	329	328	1.3%	0.1%
Government receipts	37,309	39,039	11,208	9,843	9,853	12.1%	(0.1%)
Contributions	4,591	4,925	7,471	9,834	9,944	(33.1%)	(1.1%)
Net cash inflow(outflow) from operating activities	42,783	46,544	10,736	15,308	16,912	57.5%	10.5%
Cash flows from investing activities							
Net movement in other financial assets	2,720	-	(3,000)	6,000	6,000	300.0%	
Infrastructure, property, plant & equipment - proceeds	401	401	190	138	161	15.0%	(16.8%)
Infrastructure, property, plant & equipment - payments	(73,676)	(72,976)	(26,182)	(20,684)	(25,900)	(1.1%)	25.2%
Net cash inflow(outflow) from investing activities	(70,555)	(72,575)	(28,992)	(14,546)	(19,738)	31.9%	(35.7%)
Cash flows from financing activities							
Finance Cost	(995)	(1,007)	(39)	(42)	(102)	160.8%	143.9%
Proceeds from interest bearing loans and borrowings	-	-	-	-	-		
Repayment of interest-bearing loans and borrowings	(1,361)	-	(195)	(194)	(194)	(0.3%)	0.0%
Net cash inflow(outflow) from financing activities	(2,356)	(1,007)	(234)	(236)	(296)	26.5%	25.4%
Net increase(decrease) in cash and equivalents	(30,128)	(27,037)	(18,490)	526	(3,123)	(83.1%)	(693.7%)
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	14,251	33,268	29,618	(107.8%)	11.0%

Greater Shepparton City Council
Capital Works Statement
 period ended October 2019

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	145	3	3	(98%)	0%	369	369	369	0%	0%	
Bridges	805	444	444	(45%)	(0%)	1,062	1,060	1,059	(0%)	(0%)	
Buildings	8,570	6,479	6,488	(24%)	0%	30,802	30,423	30,423	(1%)	0%	
Computer & Telecommunications	418	192	288	(31%)	50%	2,208	2,292	2,383	8%	4%	1
Drainage	42	32	32	(24%)	(0%)	3,213	3,206	3,206	(0%)	0%	
Fixture Fittings and Furniture	13	54	54	320%	0%	406	497	497	23%	0%	2
Footpaths & Cycleways	223	235	235	5%	0%	3,142	3,179	3,179	1%	0%	
Land	0	20	20	100%	0%	0	20	20	100%	0%	
Land Improvements	18	11	11	(37%)	(0%)	406	372	372	(8%)	0%	
Off Street Car Parks	15	7	7	(52%)	0%	415	415	415	0%	0%	
Parks, Open Space & Streetscape	385	479	532	38%	11%	1,362	1,561	1,571	15%	1%	3
Plant Machinery & Equipment	1,148	770	833	(27%)	8%	2,311	2,946	2,946	27%	0%	4
Recreational Leisure and Community Facilities	1,012	307	307	(70%)	0%	4,806	5,105	5,118	6%	0%	
Roads	7,729	6,592	6,632	(14%)	1%	21,105	19,212	19,212	(9%)	0%	5
Waste Management	325	341	341	5%	0%	500	749	954	91%	27%	6
Other Infrastructure	33	25	25	(25%)	0%	470	470	470	0%	0%	
Project Management Office	358	375	374	5%	(0%)	1,100	1,100	1,100	0%	0%	
Total Capital Works	21,238	16,366	16,626	(22%)	2%	73,676	72,976	73,293	(1%)	0%	

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	8,226	5,993	6,087	(26%)	2%	19,387	20,429	20,684	7%	1%	
Upgrade	3,166	3,055	3,090	(2%)	1%	13,348	11,805	11,804	(12%)	(0%)	
New	8,985	6,773	6,853	(24%)	1%	33,133	32,837	32,884	(1%)	0%	
Expansion	504	171	221	(56%)	29%	6,708	6,805	6,821	2%	0%	
Project Management Office	358	375	374	5%	(0%)	1,100	1,100	1,100	0%	0%	
Total Capital Works	21,238	16,366	16,626	(22%)	2%	73,676	72,976	73,293	(1%)	0%	

Notes to the Capital Works Statement for period ended October 2019

- 1) Computer and Telecommunications is \$96k more than YTD Adopted Forecast Q1. Projected Full Year is \$91k more than Adopted Forecast Q1 and 2019/2020 Adopted Budget. These unfavourable variances are due to additional ICT projects, approved by ELT in October, including Boardroom Sound Recording Equipment \$50k, Internet of Things project \$25k and Ezescan software \$16k.
- 2) Fixture, Fittings and Furniture Projected Full Year is \$91k more than 2019/2020 Adopted Budget. This unfavourable variance is mostly due to ICA/Sidney Myer award special acquisitions \$50k budgeted for in 2018/2019 and awarded in 2019/2020, additional CCTV works at the Doyles Road Council Office \$21k, and additional artwork acquisitions funded by donations \$20k received in 2018/2019.
- 3) Parks, Open Space and Streetscapes Projected Full Year is \$208k more than 2019/2020 Adopted Budget. This unfavourable variance is mostly due to Kialla Park Reconstruction works \$199k budgeted for in 2018/2019 and completed in 2019/2020.
- 4) Plant, Machinery and Equipment Projected Full Year is \$635k more than 2019/2020 Adopted Budget. This unfavourable variance is due to the replacement of fleet vehicles with electric vehicles and the additional cost of grader and truck renewals.
- 5) Roads Projected Full Year is \$1.89m less than 2019/2020 Adopted Budget. This favourable variance is mostly due to Maude Street Upgrade works \$1m being rebudgeted into the 2020/2021 financial year. This favourable variance is also impacted by the movement of projects on non-Council assets from capital to operating including Victoria Park Lake Intersection \$550k, Hawkins /GV Highway Intersection design \$435k, and Ferrari Park - Midland Highway service road \$100K.
- 6) Waste Management Projected Full Year is \$205k more than Adopted Forecast Q1 and \$454k more than 2019/2020 Adopted Budget. This unfavourable variance is due to Cosgrove 2 and 3 landfill works, budgeted for in 2018/2019 and completed in 2019/2020.