

## Greater Shepparton City Council

# MONTHLY FINANCIAL REPORT

### February 2024

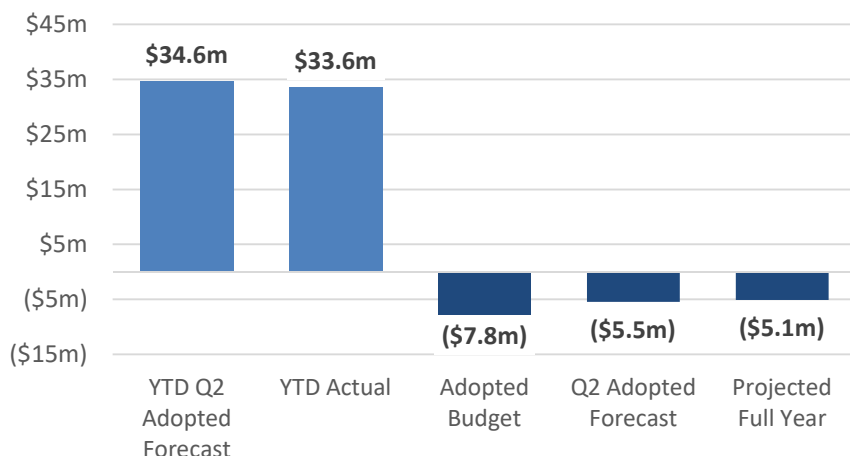
#### Overview

The February 2024 Monthly Financial Report provides commentary on year-to-date (YTD) budget performance and projected forecast variances, with a focus on Council's financial sustainability measures.

- Despite unfavourable movements in user fees, favourable movements in the employee costs and materials & services forecasts result in Council's projected operating result deficit improving slightly to \$5.1m. While this is a slight improvement, this deficit position continues to reflect the challenges Council faces in the sustainable delivery of services the community values and needs.
- Council has completed 52% of the Q2 Adopted Forecast projected capital works. This includes the now completed delivery of works to repair Council roads that were impacted by the October 2022 Flood.
- Since the Q2 Adopted Forecast, the full year projection of capital works has decreased by \$3.17m to \$47.78m largely due to project cost reductions and rebudgets into future financial years. These movements mostly relate to the rebudget the Margaret Street Pump Upgrade and Plant renewals into future financial years. It is also impacted by a reduction in the forecast October 2022 Flood Sealed Road program as the program is now complete. Further explanation is provided in the notes to the Capital Works Statement.
- Ending liquidity for 2023/2024 is projected to be 155%, which is within the desired range. This is an improvement from the adopted budget, primarily attributed to a reduction in capital expenditure.

#### Financial Sustainability Indicators

##### Operating Result (Internal Non-Audited Indicator)

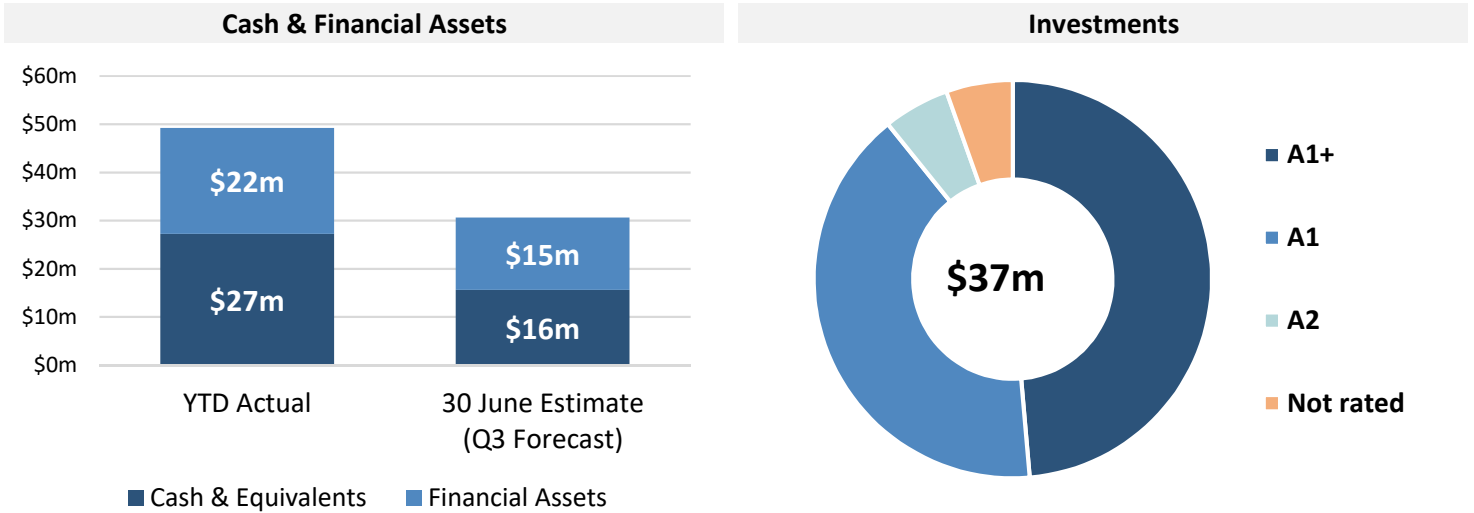


The Operating Result adjusts Council's accounting result to reflect the true operating result.

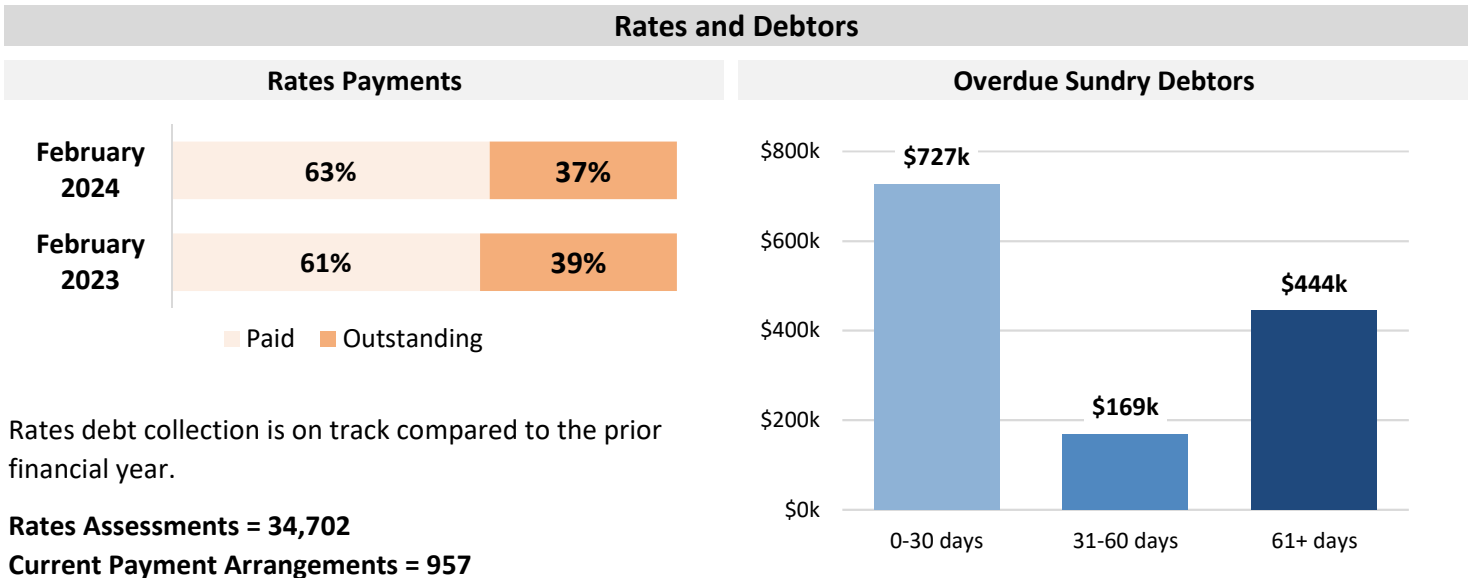
Income that does not fund Council operations is removed (capital & non-cash income) and the Federal Financial Assistance Grants income is adjusted to remove the impact of early receipts.

Refer to the income statement for explanations on material movements.

Indicator	Financial Plan Target	Adopted Budget	Q2 Adopted Review	Projected Full Year	Status
<b>\$ Adjusted Underlying Result</b>	Achieve and maintain a true underlying surplus (greater than \$0)	(\$7.8m)	(\$21.8m)	(\$21.4m)	<b>Improving</b>
<b>% Adjusted Underlying Result</b>	As above (greater than 0%)	(5.2%)	(15.6%)	(15.5%)	<b>Improving</b>
<b>Capital Renewal &amp; Upgrade / Depreciation</b>	Ensure sufficient spend on renewing/upgrading existing assets (greater than 100%)	119%	92%	85%	<b>Declining</b>
<b>Liquidity</b>	Maintain sufficient working capital to meet obligations as they fall due (greater than 100%)	139%	155%	155%	<b>Steady</b>

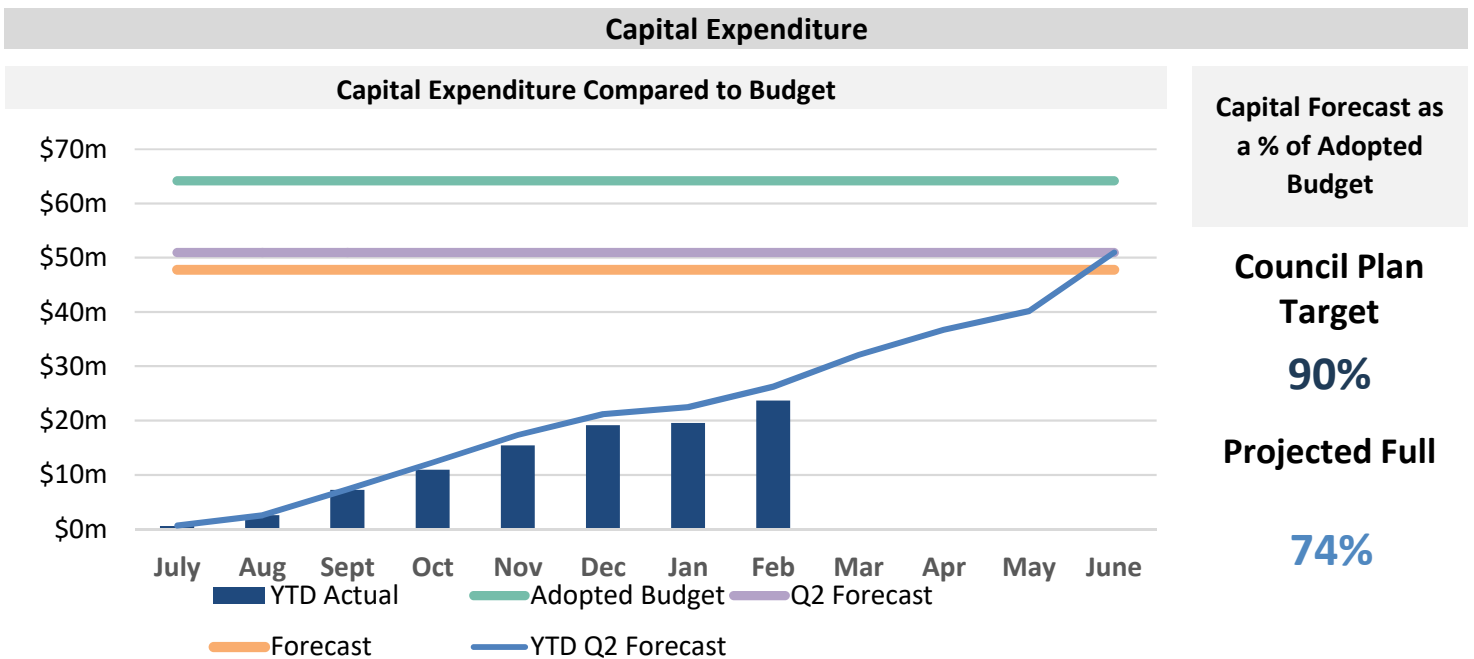


**Total cash and financial assets** is expected to reduce in the lead up to end of financial year. At February 2024, Council had \$37m invested, including \$2m of Green Term Deposits. The weighted average interest rate of investments is 5.08% with YTD interest earned of \$1.21m. Stable cash rates are continuing to influence the investment yield.



Rates debt collection is on track compared to the prior financial year.

**Rates Assessments = 34,702**  
**Current Payment Arrangements = 957**



Greater Shepparton City Council  
**Income Statement**  
 period ended February 2024

Notes	YEAR TO DATE						FULL YEAR					
	2023/2024	2023/2024	2023/2024	YTD Adopted	YTD	2023/2024	2023/2024	2023/2024	2023/2024	Adopted	Q2 Adopted	
	YTD	YTD	YTD	Budget	Forecast	Adopted	Q1 Adopted	Q2 Adopted	Forecast	Budget	Forecast	
	Adopted	Q2 Adopted	Actuals	Variance	Variance	Budget	Forecast	Forecast	Forecast	Variance	Variance	
	\$ ' 000	\$ ' 000	\$ ' 000	(Fav)/Unfav	(Fav)/Unfav	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	(Fav)/Unfav	(Fav)/Unfav	
<b>Revenues from Operating Activities</b>												
Rates and Charges	91,655	91,580	91,980	(324) ▬	(400) ▬	91,773	91,910	92,185	92,199	(426) ▬	(13) ▬	
Statutory Fees and Fines	2,963	2,919	2,940	23 ▬	(21) ▬	4,751	4,702	4,702	4,707	44 ▬	(5) ▬	
User Fees <span style="float: right;">1</span>	12,259	10,274	10,392	1,867 ▼	(118) ▬	19,993	19,724	17,550	16,406	3,586 ▼	1,143 ▬	
Grants - Operating <span style="float: right;">2</span>	8,078	8,222	8,322	(244) ▬	(100) ▬	29,800	13,933	14,349	13,937	15,863 ▼	412 ▬	
Grants - Capital Recurrent <span style="float: right;">3</span>	1,139	1,512	1,512	(373) ▲	0 ▬	1,627	1,627	3,139	3,139	(1,512) ▲	0 ▬	
Contributions - Monetary <span style="float: right;">4</span>	778	2,624	2,646	(1,867) ▲	(21) ▬	876	3,801	4,467	4,479	(3,602) ▲	(12) ▬	
Other Income <span style="float: right;">5</span>	1,574	2,069	2,194	(620) ▲	(125) ▬	1,958	2,489	3,085	3,139	(1,181) ▲	(54) ▬	
<b>Total Operating Revenue</b>	<b>118,447</b>	<b>119,201</b>	<b>119,985</b>	<b>(1,539)</b>	<b>(784)</b>	<b>150,778</b>	<b>138,187</b>	<b>139,476</b>	<b>138,005</b>	<b>12,773</b>	<b>1,471</b>	
<b>Expenses from Operating Activities</b>												
Employee Costs <span style="float: right;">6</span>	39,263	36,528	36,998	(2,265) ▬	470 ▬	59,397	59,573	58,215	57,396	(2,002) ▬	(819) ▬	
Materials and Services <span style="float: right;">7</span>	38,443	36,355	37,528	(916) ▬	1,173 ▬	56,866	58,340	59,957	58,984	2,118 ▬	(973) ▬	
Depreciation	25,593	26,542	27,014	1,421 ▬	473 ▬	39,593	39,593	40,314	40,314	720 ▬	0 ▬	
Amortisation - Leases and Intangibles	307	357	360	53 ▬	3 ▬	573	573	573	573	0 ▬	0 ▬	
Bad & Doubtful Debts	235	282	282	47 ▬	(0) ▬	354	354	354	354	0 ▬	0 ▬	
Borrowing Costs	350	426	423	73 ▬	(2) ▬	628	628	635	635	7 ▬	0 ▬	
Net Loss on Disposal of Assets	1,431	(77)	(374)	(1,805) ▼	(298) ▬	473	473	473	451	(22) ▼	(22) ▼	
Finance Costs - Leases	4	5	5	0 ▬	(0) ▬	7	7	7	7	0 ▬	0 ▬	
Other Expenses	498	443	450	(48) ▬	7 ▬	704	727	710	712	8 ▬	2 ▬	
<b>Total Operating Expenses</b>	<b>106,126</b>	<b>100,861</b>	<b>102,686</b>	<b>(3,440)</b>	<b>1,825</b>	<b>158,595</b>	<b>160,268</b>	<b>161,237</b>	<b>159,424</b>	<b>829</b>	<b>(1,812)</b>	
<b>ADJUSTED UNDERLYING RESULT</b>	<b>12,321</b>	<b>18,340</b>	<b>17,299</b>	<b>(4,979)</b>	<b>1,041</b>	<b>(7,817)</b>	<b>(22,081)</b>	<b>(21,761)</b>	<b>(21,420)</b>	<b>13,602</b>	<b>(341)</b>	
<b>Non-operating Income and Expenditure</b>												
Grants - Capital Non Recurrent <span style="float: right;">8</span>	0	1,290	1,245	(1,245) ▬	45 ▬	19,694	14,566	12,708	11,823	7,871 ▼	885 ▬	
Contributions - Monetary (Capital) <span style="float: right;">9</span>	353	119	365	(12) ▬	(246) ▲	2,192	2,190	1,784	710	1,483 ▼	1,074 ▼	
Contributions - Non Monetary	17,875	2,487	2,487	15,388 ▼	(0) ▬	17,875	17,875	17,210	17,210	665 ▬	0 ▬	
<b>Total Non Operating Items</b>	<b>18,228</b>	<b>3,896</b>	<b>4,104</b>	<b>14,124</b>	<b>(208)</b>	<b>39,762</b>	<b>34,631</b>	<b>31,702</b>	<b>29,743</b>	<b>10,019</b>	<b>1,959</b>	
<b>ACCOUNTING SURPLUS/(DEFICIT)</b>	<b>30,549</b>	<b>22,236</b>	<b>21,404</b>	<b>9,146</b>	<b>833</b>	<b>31,945</b>	<b>12,550</b>	<b>9,941</b>	<b>8,324</b>	<b>23,621</b>	<b>1,617</b>	

### Notes to the Income Statement for period ended February 2024

1	<p><b>User Fees</b> is forecast to be \$1.14m less than to the Q2 Adopted Forecast and \$3.59m less than 2023/2024 Adopted Budget. These unfavourable variances are primarily due to a decrease in income in Cosgrove Landfill, Early Childhood Education and Swimming Pool Regulation and Compliance.</p> <p>Cosgrove Landfill commercial waste intake has fallen short of the expected volumes, resulting in a reduction in income of \$2.28m from the 2023/2024 Adopted Budget.</p> <p>Long day care centres including Arthur Dickmann, Frank Pullar, Nancy Vibert and Mooroopna Children and Families Centre have seen a reduction in utilisation due to staff shortages required to meet a) educator to child ratios and b) educator qualification requirements under the Early Childhood Education and Care National Law and Regulations. This has resulted in a reduction of \$1.42m from the 2023/2024 Adopted Budget. A number of strategies are in play to address workforce shortages, including recruitment days to fast-track recruitment, counting educators 'working towards' qualifications in ratios, and implementing the Women CAN pilot to attract new recruits from our diverse community.</p> <p>A high number of outstanding swimming pool barrier inspections has resulted in a reduction of \$256k from the Q2 Adopted Forecast for Swimming Pool Regulation and Compliance. Council is actively working towards registration, with the intention of enabling council officers to conduct inspections for the June cycle.</p>
2	<p><b>Grants - Operating</b> is forecast to be \$15.86m less than the 2023/2024 Adopted Budget. This unfavourable variance is primarily due to the early receipt of the 2023/2024 Federal Financial Assistance Grants (\$16.3m) in 2022/2023 financial year.</p>
3	<p><b>Grants - Capital Recurrent</b> is forecast to be \$1.51m more than the 2023/2024 Adopted Budget. This favourable variance is primarily due to the timing of Roads to Recovery (R2R) funding for projects completed in the 2022/2023 financial year.</p>
4	<p><b>Contributions - Monetary</b> is forecast to be \$3.60m more than 2023/2024 Adopted Budget. This favourable variance is mostly due to the timing of insurance claim settlements relating to the October 2022 Flood Event.</p>
5	<p><b>Other Income</b> is forecast to be \$1.18m more than 2023/2024 Adopted Budget. This favourable variance is mostly due to higher than forecast interest rates, resulting in additional interest income on Council's investments (\$745k).</p>
6	<p><b>Employee Costs</b> are forecast to be \$2m less than 2023/2024 Adopted Budget. This favourable variance is due to staff vacancies across the organisation, including Maternal and Child Health \$790k, Early Childhood Education (\$646k), and Works (\$378k).</p>
7	<p><b>Materials and Services</b> is forecast to be \$2.12m more than 2023/2024 Adopted Budget. This unfavourable variance is primarily due to October 2022 Flood recovery-related expenditure (\$1.36m) and increased in insurance premiums (\$674k).</p>
8	<p><b>Grants - Capital Non-Recurrent</b> is forecast to be \$885k less than Q2 Adopted Forecast and \$7.87m less than 2023/2024 Adopted Budget. These unfavourable variances are primarily due to revised the October 2022 Floods Sealed Road Remediation program, as the associated work has been reduced from earlier anticipations.</p>
9	<p><b>Contributions - Monetary (Capital)</b> is forecast to be \$1.07m less than Q2 Adopted Forecast and \$1.48m less than 2023/2024 Adopted Budget primarily due to the timing of expected developer contributions.</p>

## Greater Shepparton City Council

## Balance Sheet

### as at 29 February 2024

	FULL YEAR				YEAR TO DATE	MOVEMENT
	Total Actual	Adopted Budget	Q1 Adopted Forecast	Q2 Adopted Forecast	YTD Actual	June 2023 vs. YTD Actual
	June 2023	June 2024	June 2024	June 2024	February 2024	(Fav)/Unfav
	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000
<b>Current Assets</b>						
Cash and Cash Equivalent	37,376	14,269	16,197	15,610	27,202	10,174
Receivables	16,609	13,725	13,609	13,517	40,632	(24,023)
Other Financial Assets	12,000	10,000	9,000	15,000	22,000	(10,000)
Inventories	125	159	125	125	228	(104)
Assets Held for Resale	454	-	454	-	189	264
Other Assets	3,095	1,804	1,723	1,723	753	2,342
<b>Total Current Assets</b>	<b>69,658</b>	<b>39,957</b>	<b>41,107</b>	<b>45,975</b>	<b>91,004</b>	<b>(21,346)</b>
<b>Non Current Assets</b>						
Investment in Associates	1,872	1,885	1,872	1,872	1,873	(1)
Infrastructure	1,325,909	1,419,723	1,393,896	1,385,291	1,327,470	(1,561)
Intangible Assets	36,511	31,749	36,061	36,061	36,276	235
Right-of-use Assets	262	123	139	139	165	97
<b>Total Non Current Assets</b>	<b>1,364,554</b>	<b>1,453,480</b>	<b>1,431,968</b>	<b>1,423,363</b>	<b>1,365,784</b>	<b>(1,230)</b>
<b>Total Assets</b>	<b>1,434,212</b>	<b>1,493,437</b>	<b>1,473,075</b>	<b>1,469,338</b>	<b>1,456,789</b>	<b>(22,577)</b>
<b>Current Liabilities</b>						
Trade & Other Payables	15,297	9,588	9,725	9,746	14,871	(426)
Trust Funds	6,047	5,103	6,047	6,047	9,966	3,919
Provisions	10,616	10,721	10,616	10,621	9,934	(682)
Interest Bearing Liabilities	2,870	3,221	3,221	3,155	1,320	(1,550)
Lease Liabilities	146	133	133	133	56	(90)
<b>Total Current Liabilities</b>	<b>34,975</b>	<b>28,766</b>	<b>29,742</b>	<b>29,702</b>	<b>36,146</b>	<b>1,171</b>
<b>Non Current Liabilities</b>						
Provisions	19,159	24,036	19,007	19,002	19,160	1
Interest Bearing Liabilities	15,553	14,236	14,236	13,608	15,554	1
Lease Liabilities	133	-	-	-	133	-
<b>Total Non Current</b>	<b>34,845</b>	<b>38,272</b>	<b>33,243</b>	<b>32,610</b>	<b>34,846</b>	<b>1</b>
<b>Total Liabilities</b>	<b>69,820</b>	<b>67,038</b>	<b>62,986</b>	<b>62,312</b>	<b>70,992</b>	<b>1,172</b>
<b>Net Assets</b>	<b>1,364,392</b>	<b>1,426,399</b>	<b>1,410,089</b>	<b>1,407,026</b>	<b>1,385,797</b>	<b>(21,405)</b>
<b>Represented By</b>						
Accumulated Surplus	530,006	547,738	542,556	539,946	551,411	(21,404)
Reserves	834,386	878,661	867,534	867,080	834,386	-
<b>Total Equity</b>	<b>1,364,392</b>	<b>1,426,399</b>	<b>1,410,089</b>	<b>1,407,026</b>	<b>1,385,797</b>	<b>(21,405)</b>

#### Notes to the Balance Sheet as at 29 February 2024

**Receivables** YTD Actual balance is high due to the 2023/2024 rates being raised in July 2023. These balances will reduce throughout the financial year as rates debtors payments are received.

**Other Financial Assets** YTD Actual from June 2023 is high due to investing cash available into term deposits until it is required for expenditure later in the financial year.

Greater Shepparton City Council  
**Cash Flow Statement**  
for period ended February 2024

	FULL YEAR				YEAR TO DATE
	Total Actual June 2023	Adopted Budget June 2024	Q1 Adopted Forecast June 2024	Q2 Adopted Forecast June 2024	YTD Actual February 2024
	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000
<b>Cash flows from operating activities</b>					
Receipts from customers	109,289	116,430	117,927	116,557	85,293
Payments to suppliers	(119,241)	(118,288)	(120,907)	(121,136)	(77,905)
<b>Net cash inflow(outflow) from customers(suppliers)</b>	<b>(9,952)</b>	<b>(1,858)</b>	<b>(2,980)</b>	<b>(4,579)</b>	<b>7,388</b>
Interest received	838	896	1,342	1,481	804
Government receipts	49,782	50,634	30,234	30,323	15,483
Contributions	4,007	3,068	5,991	6,251	8,705
<b>Net cash inflow(outflow) from operating activities</b>	<b>44,675</b>	<b>52,740</b>	<b>34,587</b>	<b>33,476</b>	<b>32,380</b>
<b>Cash flows from investing activities</b>					
Net movement in other financial assets	4,000	10,000	3,000	(3,000)	(10,000)
Infrastructure, property, plant & equipment - proceeds	856	1,147	1,147	1,147	1,168
Infrastructure, property, plant & equipment - payments	(40,652)	(64,125)	(58,177)	(50,958)	(31,593)
<b>Net cash inflow(outflow) from investing activities</b>	<b>(35,796)</b>	<b>(52,978)</b>	<b>(54,030)</b>	<b>(52,811)</b>	<b>(40,425)</b>
<b>Cash flows from financing activities</b>					
Finance Cost	(722)	(618)	(618)	(617)	(457)
Proceeds from interest bearing loans and borrowings	-	2,000	2,000	1,300	-
Repayment of interest-bearing loans and borrowings	(2,780)	(2,966)	(2,966)	(2,960)	(1,550)
Interest Paid - Lease Liability	(11)	(7)	(7)	(7)	(5)
Repayment of Lease Liability	(235)	(129)	(146)	(146)	(117)
<b>Net cash inflow(outflow) from financing activities</b>	<b>(3,748)</b>	<b>(1,720)</b>	<b>(1,737)</b>	<b>(2,431)</b>	<b>(2,130)</b>
<b>Net increase(decrease) in cash and equivalents</b>	<b>5,131</b>	<b>(1,958)</b>	<b>(21,179)</b>	<b>(21,766)</b>	<b>(10,174)</b>
Cash and equivalents at the beginning of the year	32,245	16,254	37,376	37,376	37,376
<b>Cash and equivalents at the end of the year</b>	<b>37,376</b>	<b>14,296</b>	<b>16,197</b>	<b>15,610</b>	<b>27,202</b>

Greater Shepparton City Council  
**Capital Works Statement**  
 period ended February 2024

Capital Works Area	Note	YEAR TO DATE					FULL YEAR					
		2023/2024	2023/2024	2023/2024	YTD	YTD	2023/2024	2023/2024	2023/2024	2023/2024	Adopted	Q2 Adopted
		YTD Adopted	YTD Q2	YTD	Adopted	Adopted	Adopted	Q1 Adopted	Q2 Adopted	Forecast	Budget	Forecast
		Budget	Adopted	Actual	Budget	Forecast	Budget	Forecast	Forecast	Review	Variance	Variance
										(Fav)/Unfav	(Fav)/Unfav	
		\$ ' 000	\$ ' 000	\$ ' 000	\$'000	\$'000	\$ ' 000	\$ ' 000	\$ ' 000	\$'000	\$'000	
Aerodrome		175	62	61	(114) ▼	(1) ▬	175	108	108	(67) ▬	0 ▬	
Bridges	1	762	6	7	(755) ▼	1 ▲	2,144	2,142	2,142	(402) ▼	(400) ▼	
Buildings	2	1,426	727	809	(617) ▼	81 ▬	2,096	2,228	2,220	(178) ▬	(302) ▼	
Computer & Telecommunications		529	199	195	(334) ▼	(4) ▬	676	687	687	(61) ▬	(72) ▬	
Drainage	3	820	227	210	(610) ▼	(17) ▼	4,126	4,126	2,835	(2,530) ▼	(1,240) ▼	
Fixture Fittings and Furniture		55	86	86	31 ▬	0 ▬	55	90	90	35 ▬	0 ▬	
Footpaths & Cycleways		2,364	1,365	1,257	(1,106) ▼	(108) ▬	3,225	3,225	3,208	(17) ▬	0 ▬	
Land		0	0	0	0 ▬	0 ▬	0	0	0	0 ▬	0 ▬	
Land Improvements		27	6	7	(19) ▬	1 ▬	163	140	178	15 ▬	0 ▬	
Off Street Car Parks		0	0	0	0 ▬	0 ▬	0	0	0	0 ▬	0 ▬	
Parks, Open Space & Streetscape	4	3,553	2,017	2,042	(1,511) ▼	24 ▲	6,022	5,739	3,988	(2,033) ▼	0	
Plant Machinery & Equipment	5	2,596	2,517	2,544	(52) ▬	27 ▲	5,976	6,121	6,121	(829) ▼	(974) ▼	
Recreational Leisure and Community Facilities	6	1,733	479	528	(1,205) ▼	49 ▲	2,359	2,412	2,543	901 ▲	716 ▲	
Roads	7	26,163	17,260	17,597	(8,566) ▼	337 ▲	30,131	24,011	23,002	(7,950) ▼	(820) ▬	
Waste Management	8	790	146	145	(645) ▼	(0) ▼	5,186	5,302	2,052	(3,282) ▼	(147) ▼	
Other Infrastructure		198	101	100	(99) ▬	(1) ▬	615	578	581	(65) ▬	(31) ▬	
Project Management Office		800	1,038	1,038	238 ▲	0 ▬	1,202	1,202	1,202	96 ▬	96 ▬	
<b>Total Capital Works</b>		<b>41,991</b>	<b>26,236</b>	<b>26,627</b>	<b>(15,364)</b>	<b>391</b>	<b>64,151</b>	<b>58,177</b>	<b>50,957</b>	<b>47,782</b>	<b>(16,369)</b>	<b>(3,175)</b>
Capital Works Area		2023/2024	2023/2024	2023/2024	YTD	YTD	2023/2024	2023/2024	2023/2024	2023/2024	Adopted	Q2 Adopted
		YTD Adopted	YTD Q2	YTD	Adopted	Adopted	Adopted	Q1 Adopted	Q2 Adopted	Forecast	Budget	Forecast
		Budget	Adopted	Actual	Budget	Forecast	Budget	Forecast	Forecast	Review	Variance	Variance
			Forecast		Variance	Variance					(Fav)/Unfav	(Fav)/Unfav
		\$ ' 000	\$ ' 000	\$ ' 000	\$'000	\$'000	\$ ' 000	\$ ' 000	\$ ' 000	\$ ' 000	\$'000	\$'000
Renewal		29,334	19,409	19,713	(9,621) ▼	304 ▲	37,185	30,885	31,197	29,031	(8,154) ▼	(2,166) ▼
Upgrade		4,406	2,359	2,420	(1,986) ▼	61 ▲	10,087	10,692	6,019	5,056	(5,031) ▼	(963) ▼
New		6,032	2,849	2,960	(3,072) ▼	111 ▲	13,883	13,603	10,765	10,623	(3,259) ▼	(141) ▼
Expansion		1,419	580	495	(924) ▼	(85) ▬	1,794	1,794	1,774	1,774	(20) ▬	0 ▬
Project Management Office		800	1,038	1,038	238 ▲	0 ▬	1,202	1,202	1,202	1,298	96 ▬	96 ▬
<b>Total Capital Works</b>		<b>41,991</b>	<b>26,236</b>	<b>26,627</b>	<b>(15,364)</b>	<b>391</b>	<b>64,151</b>	<b>58,177</b>	<b>50,957</b>	<b>47,782</b>	<b>(16,369)</b>	<b>(3,175)</b>

### Notes to the Capital Works Statement for period ended February 2024

1	<b>Bridges</b> is forecast to be \$400k less than Q2 Adopted Forecast and \$402k less than 2023/2024 Adopted Budget. These favourable variances are due to the Watt Rd Bridge and Toolamba Bridge upgrade investigations moving into future financial year operating budget.
2	<b>Buildings</b> is forecast to be \$302k less than Q2 Adopted Forecast. This favourable variance is primarily due to a \$280k reallocation to Recreational Leisure and Community Facilities, for the construction of the Tatura Park Fire Services system.
3	<b>Drainage</b> is forecast to be \$1.24m less than Q2 Adopted Forecast and \$2.53m less than 2023/2024 Adopted Budget. These favourable variances are primarily due to the Margaret Street Pump Station Upgrade being rebudgeted into the 2024/2025 financial year, due to unanticipated electrical capacity upgrades to be completed by Powercor.
4	<b>Parks, Open Space and Streetscape</b> is forecast to be \$2.03m less than 2023/2024 Adopted Budget. This favourable variance is mostly due to Seven Creeks Cormorant Park (developer contribution project) \$1.75m rebudgeted into future financial years, due to slowing land sales delaying the next stage of the project.
5	<b>Plant Machinery &amp; Equipment</b> is forecast to be \$974k less than Q2 Adopted Forecast and \$829k less than 2023/2024 Adopted Budget. These favourable variances are mostly due to the rebudget of landfill compactor and private use vehicle renewals into the 2024/2025 financial year.
6	<b>Recreational Leisure and Community Facilities</b> is forecast to be \$716k more than Q2 Adopted Forecast and \$901k more than 2023/2024 Adopted Budget. These unfavourable variances are mostly due to the reallocation of the Tatura Park Fire Services Project from building renewals and an increase in the total cost of this project \$708k.
7	<b>Roads</b> is forecast to be \$7.95m less than 2023/2024 Adopted Budget. This favourable variance is primarily due to the revised October 2022 Floods Sealed Road Remediation program, as the associated work has been reduced from earlier anticipations.
8	<b>Waste Management</b> is forecast to be \$147k less than Q2 Adopted Forecast and \$3.28m less than 2023/2024 Adopted Budget. These favourable variances are due to the abandonment of the Shepparton and Ardmona Resource Recovery Centres upgrade projects, due to the unavailability of external funding to support this project.



Greater Shepparton City Council  
**Operating Statement**  
 period ended February 2024

The Operating Statement details the Income Statement excluding non-recurrent items such as works on non-council assets and non-recurrent grant programs. It also excludes items that do not fund Council operations such as capital income and non-cash items.

	YEAR TO DATE					FULL YEAR				
	2023/2024	2023/2024	2023/2024	YTD	YTD Q2	2023/2024	2023/2024	2023/2024	Adopted	Q2 Adopted
	YTD	YTD	YTD	Adopted	Adopted	Adopted	Q2 Adopted	Forecast	Budget	Forecast
	Adopted	Q2 Adopted	Actuals	Budget	Forecast	Budget	Forecast	Forecast	Variance	Variance
Budget	Forecast		Variance	Variance	Budget	Forecast		(Fav)/Unfav	(Fav)/Unfav	
	\$'000	\$'000	\$'000	(Fav)/Unfav	(Fav)/Unfav	\$'000	\$'000	\$'000	\$	\$
				\$	\$					
<b>Revenues from Operating Activities</b>										
Rates and Charges	91,655	91,580	91,980	(324) ▬	(400) ▬	91,773	92,185	92,199	(426) ▬	(13) ▬
Statutory Fees	2,963	2,919	2,940	23 ▬	(21) ▬	4,751	4,702	4,707	44 ▬	(5) ▬
User Charges*	12,259	10,274	10,392	1,867 ▼	(118) ▬	19,993	17,550	16,406	3,586 ▼	1,143 ▬
Operating Grants*	8,078	8,182	8,322	(244) ▬	(140) ▬	28,732	30,074	29,662	(930) ▬	412 ▬
Operating Contributions*	778	624	646	133 ▼	(21) ▬	876	1,996	1,666	(789) ▲	331 ▼
Other Income*	1,574	2,069	2,194	(620) ▲	(125) ▬	1,958	3,085	3,139	(1,181) ▲	(54) ▬
<b>Total Operating Revenue</b>	<b>117,308</b>	<b>115,649</b>	<b>116,474</b>	<b>834</b>	<b>(824)</b>	<b>148,083</b>	<b>149,592</b>	<b>147,779</b>	<b>304</b>	<b>1,814</b>
<b>Expenses from Operating Activities</b>										
Employee Costs*	39,067	36,298	36,793	(2,273) ▬	495 ▬	59,064	57,738	57,131	(1,934) ▬	(607) ▬
Materials and Services*	35,936	34,758	35,125	(811) ▬	367 ▬	52,678	56,056	55,732	3,055 ▬	(324) ▬
Bad & Doubtful Debts	25,593	26,542	27,014	1,421 ▬	473 ▬	39,593	40,314	40,314	720 ▬	0 ▬
Depreciation	307	357	360	53 ▬	3 ▬	573	573	573	0 ▬	0 ▬
Amortisation	235	282	282	47 ▬	(0) ▬	354	354	354	0 ▬	0 ▬
Borrowing Costs	350	426	423	73 ▬	(2) ▬	628	635	635	7 ▬	0 ▬
Finance Costs - Leases	1,620	900	794	(825) ▼	(105) ▼	1,620	1,620	1,620	0 ▬	0 ▬
Other Expenses	498	443	450	(48) ▬	7 ▬	704	710	712	8 ▬	2 ▬
<b>Total Operating Expenses</b>	<b>103,606</b>	<b>100,004</b>	<b>101,242</b>	<b>(2,364)</b>	<b>1,237</b>	<b>155,214</b>	<b>157,999</b>	<b>157,070</b>	<b>1,856</b>	<b>(929)</b>
<b>ADJUSTED OPERATING RESULT</b>	<b>13,701</b>	<b>15,645</b>	<b>15,232</b>	<b>(1,530)</b>	<b>413</b>	<b>(7,131)</b>	<b>(8,407)</b>	<b>(9,292)</b>	<b>2,161</b>	<b>885</b>

\*Non-Recurrent items including the October 2022 Flood Event and works on non-council assets have been excluded from User Charges, Operating Grants Employee Costs and Materials and Services. These are listed below.

## Projects excluded from the Operating Statement

	INCOME				EXPENSE			
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024
	Adopted	Q2 Adopted	Forecast	YTD	Adopted	Q2 Adopted	Forecast	YTD
	Budget	Forecast		Actuals	Budget	Forecast		Actuals
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
October 2022 Flood Event								
Grants - Operating	1,068	110	110	0	0	0	0	0
Contributions - Monetary	0	2,471	2,813	2,000	0	0	0	0
Employee Costs	0	0	0	0	333	477	265	205
Materials and Services	0	0	0	0	1,735	2,684	2,243	1,639
<b>SUBTOTAL - Flood</b>	<b>1,068</b>	<b>2,581</b>	<b>2,923</b>	<b>2,000</b>	<b>2,068</b>	<b>3,161</b>	<b>2,508</b>	<b>1,844</b>
Office handset renewal	0	0	0	0	0	250	154	221
Orrvale Rd and Poplar Ave Roundabout Enabling Works	0	0	0	0	173	15	15	0
Rain Event - June 2023	0	0	0	0	0	0	0	65
<b>SUBTOTAL - Non-recurrent Operating</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>173</b>	<b>265</b>	<b>169</b>	<b>287</b>
Benalla Road upgrade - Florence Street slip lane	0	149	149	0	0	28	449	449
Stadium/Munarra utilities upgrade	0	147	147	0	0	0	0	0
Edgewater Estate Intersection	0	0	0	0	1,600	204	204	6
Wheeler St - New Dookie Rd Intersection	0	167	167	0	0	40	7	7
Numurkah Road/Hawkins St Intersection	0	0	0	0	100	100	100	14
Murchison-Toolamba Community Hub Design	0	0	0	0	80	80	80	0
V/Line Associated Works	0	0	0	0	500	500	0	0
<b>SUBTOTAL - Non-Council Assets</b>	<b>0</b>	<b>464</b>	<b>464</b>	<b>0</b>	<b>2,280</b>	<b>951</b>	<b>840</b>	<b>477</b>
<b>Total excluded from Operating Statement</b>	<b>1,068</b>	<b>3,044</b>	<b>3,387</b>	<b>2,000</b>	<b>4,521</b>	<b>4,377</b>	<b>3,516</b>	<b>2,608</b>

The impact of the October 2022 Flood Event on Council's financial position has continued into the 2023/2024 financial year. Funding opportunities and recovery expenditure will continue to be monitored. The figures included in these tables are only those for the 2023/2024 financial year, and as at the end of February, the following income and expenditure areas were impacted:

**Operating Grants** - \$110k of Connecting Community to Builders program funding is expected.

**Operating Contributions** - Additional contributions of \$2.8m is expected from insurance claim activity, of which \$2m has been received YTD.

**Employee Costs** - Employee costs relates to the EMV Community Recovery Officer program.

**Materials and Services** - YTD expenditure mostly relates to insurance related works (\$1.42m) with the remaining expenditure related to grant income received in the prior financial year.

**Capital** - Note Council has also undertaken \$8.83m of sealed roads remediation works which is not captured in the above, as these works are capital works and therefore not included in the income statement. YTD expenditure of the sealed roads remediation works is \$8.83m.

Greater Shepparton City Council  
**Capital Summary**  
 period ended February 2024

	YEAR TO DATE					FULL YEAR				
	2023/2024 YTD Adopted Budget	2023/2024 YTD Q2 Adopted Forecast	2023/2024 YTD Actual	YTD Adopted Budget Variance (Fav)/Unfav	YTD Q2 Adopted Forecast Variance (Fav)/Unfav	2023/2024 Adopted Budget	2023/2024 Q2 Adopted Forecast	2023/2024 Forecast Review	Adopted Budget Variance (Fav)/Unfav	Q2 Adopted Forecast Variance (Fav)/Unfav
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Capital Income</b>										
Capital Grants	1,139	2,802	2,757	(1,618) ▲	45 ▬	21,321	15,847	14,962	6,359 ▼	885 ▬
Capital Contributions	353	119	365	(12) ▬	(246) ▲	2,192	1,784	710	1,483 ▼	1,074 ▼
Proceeds from Sale of Assets	189	976	1,168	(980) ▲	(192) ▲	1,147	1,147	1,169	(22) ▬	(22) ▬
<b>Total Capital Income</b>	<b>1,681</b>	<b>3,897</b>	<b>4,290</b>	<b>(2,609)</b>	<b>(393)</b>	<b>24,660</b>	<b>18,777</b>	<b>16,841</b>	<b>7,820</b>	<b>1,936</b>
<b>Capital Expenditure</b>										
Renewal	29,334	19,409	19,713	(9,621) ▼	304 ▬	37,185	31,197	29,031	(8,154) ▼	(2,166) ▬
Upgrade	4,406	2,359	2,420	(1,986) ▼	61 ▬	10,087	6,019	5,056	(5,031) ▼	(963) ▼
New	6,032	2,849	2,960	(3,072) ▼	111 ▬	13,883	10,765	10,623	(3,259) ▼	(141) ▬
Expansion	1,419	580	495	(924) ▼	(85) ▬	1,794	1,774	1,774	(20) ▬	0 ▬
Project Management Office	800	1,038	1,038	238 ▲	0 ▬	1,202	1,202	1,298	96 ▬	96 ▬
<b>Total Capital Expenditure</b>	<b>41,991</b>	<b>26,236</b>	<b>26,627</b>	<b>(15,364)</b>	<b>391</b>	<b>64,151</b>	<b>50,957</b>	<b>47,782</b>	<b>(16,369)</b>	<b>(3,175)</b>