

Finance Report

1 July 2019 to 30 September 2019



Finance Report - 30 September 2019

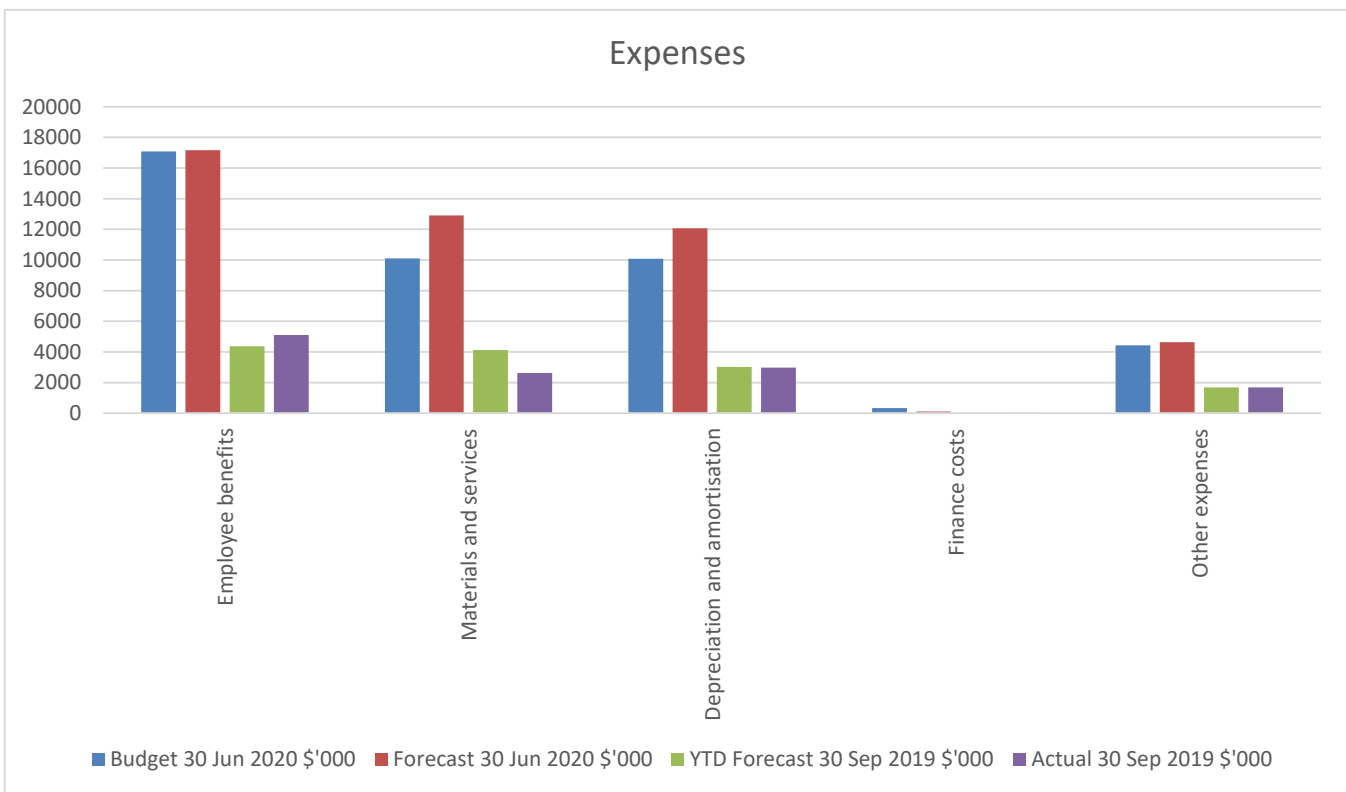
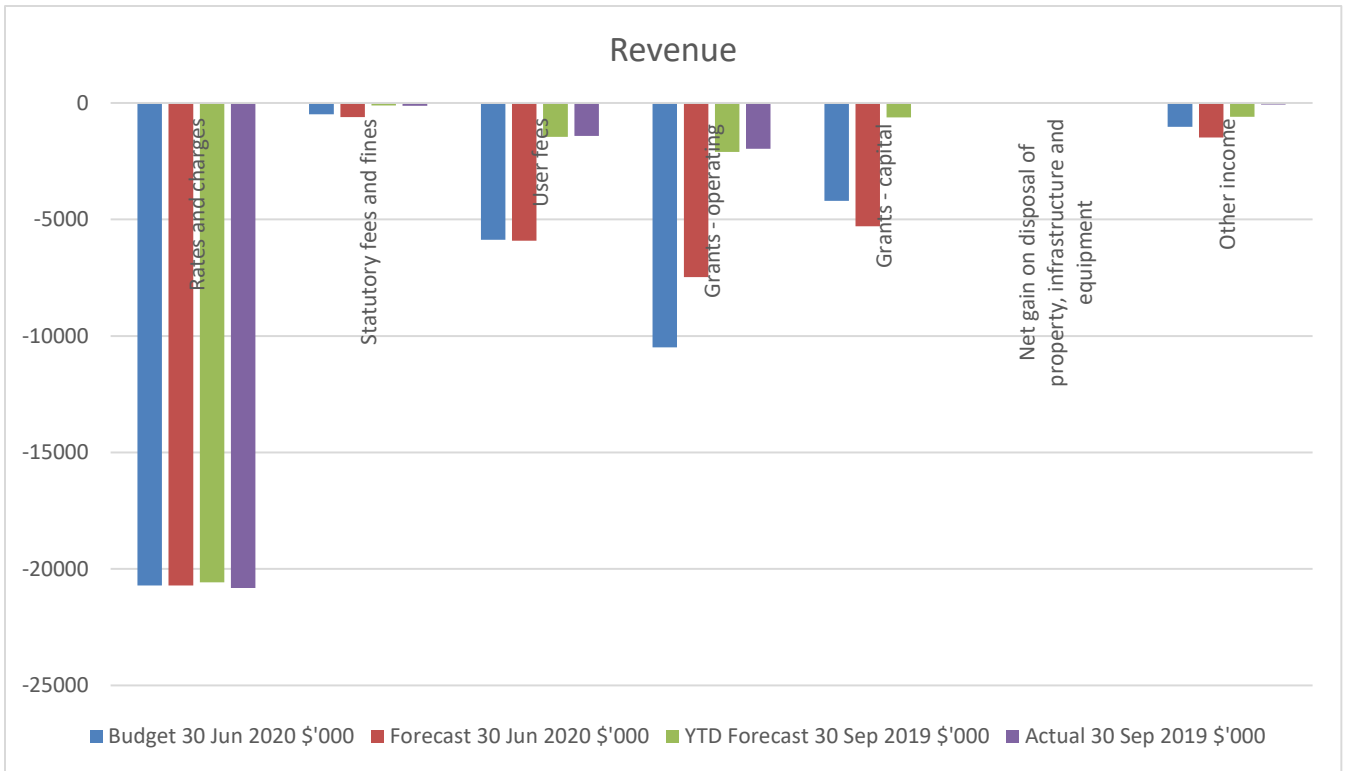
1. Comprehensive Income Statement

| | Budget 30 Jun 2020 \$'000 | Forecast 30 Jun 2020 \$'000 | YTD Forecast 30 Sep 2019 \$'000 | Actual 30 Sep 2019 \$'000 | % of YTD Forecast | Note |
|---|---------------------------------|-----------------------------------|---------------------------------------|---------------------------------|-------------------------|------|
| Operating Revenue | | | | | | |
| Rates and charges | (20,716) | (20,716) | (20,571) | (20,818) | 101% | |
| Statutory fees and fines | (491) | (610) | (104) | (117) | 113% | |
| User fees | (5,873) | (5,911) | (1,460) | (1,408) | 96% | |
| Contributions - cash | 0 | 0 | 0 | 0 | | |
| Grants - operating | (10,485) | (7,479) | (2,104) | (1,967) | 93% | 1 |
| Grants - capital | (4,200) | (5,290) | (621) | 0 | 0% | 2 |
| Net gain on disposal of property, infrastructure and equipment | 0 | 0 | 0 | 0 | | |
| Other income | (1,022) | (1,477) | (596) | (62) | 10% | 3 |
| | (42,787) | (41,485) | (25,455) | (24,373) | 96% | |
| Operating Expenses | | | | | | |
| Employee benefits | 17,090 | 17,169 | 4,357 | 5,113 | 117% | 4 |
| Materials and services | 10,106 | 12,917 | 4,123 | 2,632 | 64% | 5 |
| Bad and doubtful debts | 0 | 0 | 0 | 0 | | |
| Depreciation and amortisation | 10,072 | 12,059 | 3,015 | 2,970 | 99% | 6 |
| Finance costs | 323 | 112 | 28 | 28 | 100% | 7 |
| Other expenses | 4,435 | 4,628 | 1,682 | 1,682 | 100% | |
| | 42,026 | 46,885 | 13,205 | 12,425 | 94% | |
| (Surplus) Deficit resulting from op | (761) | 5,400 | (12,251) | (11,947) | 98% | |

Notes:

- Operating Grants have been forecast down mainly due to the receipt of 50% of the Financial Assistance Grants (\$3.5m) being received in the prior financial year.
- Capital Grants have been forecast to increase due to addition runding/Carry Forwards of grants for the livestock exchange, final flood grant and Fixing Country Roads. The YTD forecast is lower than predicted as claims for Fixing Country Roads and Lake Hamilton Dam Wall were not achieved in the quarter.
- Other Income has been forecast to include a contribution to the Hamilton Botanic Gardens Projects, CEO's Office Operations and shared service income in the finance area. The difference between the YTD forecast and actuals is mainly due to pensioner concessions from the State Government not yet reimbursed \$420k.
- Employee Benefits are slightly over, this is due in part to the prepayment of the workcover levy coupled with timing of leave and some general increases.
- Materials & Services forecast is an increase of almost \$2m. This is due to the forecasting of Dunkeld Dam \$1m, "Try, test & Learn" funding \$320k, Recreation Support \$80k, Natural Asset Management \$73k, Finance Support \$65k and a number of other projects either carrying forward from the prior year or linked to grant funding. The forecast timing of these projects is still being finalised.
- Depreciation has been forecast up due to the building revaluation and condition work that was carried out at the end of the previous financial year but after the budget had been adopted.
- Finance costs have been forecast down due to Council not taking up a loan at the end of the previous financial year.

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2. Balance Sheet

| | Budget 30 Jun 2020 \$'000 | Forecast 30 Jun 2020 \$'000 | YTD Forecast 30 Sep 2019 \$'000 | Actual 30 Sep 2019 \$'000 | % of Forecast 0 | 0 Note |
|--|---------------------------------|-----------------------------------|---------------------------------------|---------------------------------|-----------------------|-----------|
| Current Assets | | | | | | |
| Cash & Cash equivalents | 4,966 | 4,385 | 22,757 | 10,294 | 45% | 1 |
| Trade & Other Receivables | 4,767 | 8,424 | 8,424 | 14,257 | 169% | 2 |
| Other Financial Assets | 0 | 0 | 10,568 | 18,836 | 178% | 3 |
| Inventories | 461 | 600 | 600 | 845 | 141% | 4 |
| Non-Current Assets classified as held for resale | 634 | 510 | 510 | 510 | 100% | 5 |
| Other Assets (Prepayments & Accrued Income) | 0 | 0 | 0 | 0 | | |
| | 10,828 | 13,919 | 42,858 | 44,743 | 104% | |
| Non Current Assets | | | | | | |
| Investments, Trade & Other Receivables | 96 | 74 | 74 | 75 | 102% | |
| Investment Property | 6,400 | 2,720 | 2,720 | 2,720 | 100% | 6 |
| Property, Infrastructure, Plant & Equipment | 352,864 | 328,061 | 315,047 | 315,641 | 100% | |
| | 359,360 | 330,854 | 317,840 | 318,436 | 100% | |
| Total Assets | 370,188 | 344,773 | 360,698 | 363,179 | 101% | |
| Current Liabilities | | | | | | |
| Trade & Other Payables | (4,070) | (3,554) | (3,554) | (6,242) | 176% | 7 |
| Trust Funds & Deposits | (353) | (639) | (639) | (745) | 117% | 8 |
| Interest Bearing Loans & Liabilities | (450) | (365) | (91) | (95) | 104% | |
| Provisions | (6,962) | (6,100) | (6,100) | (7,465) | 122% | 9 |
| | (11,835) | (10,659) | (10,385) | (14,546) | 140% | |
| Non Current Liabilities | | | | | | |
| Interest Bearing Loans & Liabilities | (3,038) | (3,128) | (1,676) | (1,669) | 100% | |
| Provisions | (793) | (4,962) | (4,962) | (3,591) | 72% | 10 |
| | (3,831) | (8,090) | (6,638) | (5,260) | 79% | |
| Net Assets | 354,522 | 326,024 | 343,675 | 343,372 | 100% | |
| Accumulated Surplus | (153,130) | (139,079) | (156,730) | (156,427) | 100% | |
| Asset Revaluation Reserve | (200,463) | (186,084) | (186,084) | (186,084) | 100% | |
| Other Reserves | (929) | (862) | (862) | (862) | 100% | |
| Net Equity | (354,522) | (326,024) | (343,675) | (343,372) | 100% | |

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Notes:

1. Council's cash and investments are \$29.13m with the YTD forecast being \$33.32m. The cash levels are due to the timing of rate revenue being received (received early in the financial year) compared to expenditure levels which are historically low in the first quarter of the year.
2. Debtor levels are close to historical balances for this time of year - see debtor graphs.
3. See Note 1
4. Council currently holds a higher level of stock throughout the year for operations, with the winding back of volume towards the end of the construction season.
5. Land held for resale was revaluated at the end of the previous financial year which was after the budget had been adopted.
6. Investment property works were not completed as budgeted, resulting in the year end valuation not being as high as anticipated.
7. At the end of September Council had not forwarded on \$1.2m together with \$2m of creditors to be paid in early October.
8. Council is still holding some contractor performance guarantees. These should be finalised by year end.
9. Council estimated its total provisions to be \$7.755m at 30 June 2019, however employee provisions were higher together (\$495k) with the rehabilitation work on landfills were not as progressed as expected (\$2.811m) resulting in \$11.062m as Council's revised forecast.
10. See Note 9

| | Prudential Guideline | Adopted Budget | Forecast Budget | YTD Actual |
|--|-------------------------|----------------|-----------------|------------|
| Working Capital Ratio/Liquidity Ratio <i>(Current Assets/Current Liabilities)</i> | 150.0% | 91.5% | 130.6% | 307.6% |
| Debt Servicing Ratio <i>(Interest as a % of total Revenue)</i> | 5.0% | 1.6% | 0.5% | 0.1% |
| Debt Commitment Ratio <i>(Interest & Loan repayments as a % of total Revenue)</i> | 15.0% | 1.6% | 0.3% | 0.5% |

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3. Cash Flow Statement

| | Budget 30 Jun 2020 \$'000 | Forecast 30 Jun 2020 \$'000 | YTD Forecast 30 Sep 2019 \$'000 | YTD Actual 30 Sep 2019 \$'000 | % of YTD Forecast | Note |
|--|---------------------------------|-----------------------------------|---------------------------------------|-------------------------------------|-------------------------|------|
| Cash flows from Operations | | | | | | |
| Operating Revenue | | | | | | |
| Rates and charges | 20,716 | 20,716 | 10,213 | 10,407 | 102% | |
| Grants - operating | 10,485 | 7,479 | 2,104 | 1,967 | 93% | |
| Grants - capital | 4,200 | 5,290 | 621 | 0 | 0% | 1 |
| Interest | 365 | 365 | 92 | 49 | 54% | 2 |
| User fees | 5,873 | 5,911 | 1,460 | 1,408 | 96% | |
| Statutory fees and fines | 491 | 610 | 104 | 117 | 113% | |
| Other revenue | 657 | 1,112 | 504 | 13 | 3% | 3 |
| | 42,787 | 41,485 | 15,097 | 13,961 | 92% | |
| Operating Expenses | | | | | | |
| Employee benefits | (17,090) | (17,169) | (4,357) | (5,113) | 117% | 4 |
| Materials and consumables | (10,106) | (10,740) | (3,164) | (2,632) | 83% | 5 |
| Other expenses | (4,435) | (5,846) | (1,682) | (1,682) | 100% | |
| | (31,631) | (33,755) | (9,203) | (9,427) | 102% | |
| Net Cash Flows From Operating Activities | 11,156 | 7,730 | 5,894 | 4,534 | 77% | |
| Cash Flows From Financing Activities | | | | | | |
| Finance Costs | (323) | (112) | (28) | (28) | 100% | |
| Proceeds from Borrowings | 2,000 | 2,000 | 0 | 0 | | |
| Repayment of Borrowings | (365) | (365) | (91) | (95) | 104% | |
| Net cash flows from financing activities | 1,312 | 1,522 | (119) | (123) | 103% | |
| Cash Flows From Investing Activities | | | | | | |
| Payments for investing activities | (23,443) | (27,573) | (4,935) | (2,715) | 55% | 6 |
| Proceeds from Asset Sales | 581 | 581 | 0 | 0 | | |
| Net Cash Flows From Investing Activities | (22,862) | (26,993) | (4,935) | (2,715) | 55% | |
| Net Cash Flows From Movements in Balance Sheet | 0 | 0 | 10,359 | 5,309 | | |
| Net increase (decrease) in Cash | (10,394) | (17,741) | 11,199 | 7,005 | | |
| Cash (Overdraft) at the beginning of the period | 15,360 | 22,125 | 22,125 | 22,125 | | |
| Cash (Overdraft) at the end of the period | 4,966 | 4,384 | 33,324 | 29,130 | | |

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Notes:

1. Capital Grants have been forecast to increase due to additional funding/Carry Forwards of grants for the livestock exchange, final flood grant and Fixing Country Roads. The YTD forecast is lower than predicted as claims for Fixing Country Roads and Lake Hamilton Dam Wall were not achieved in the quarter.

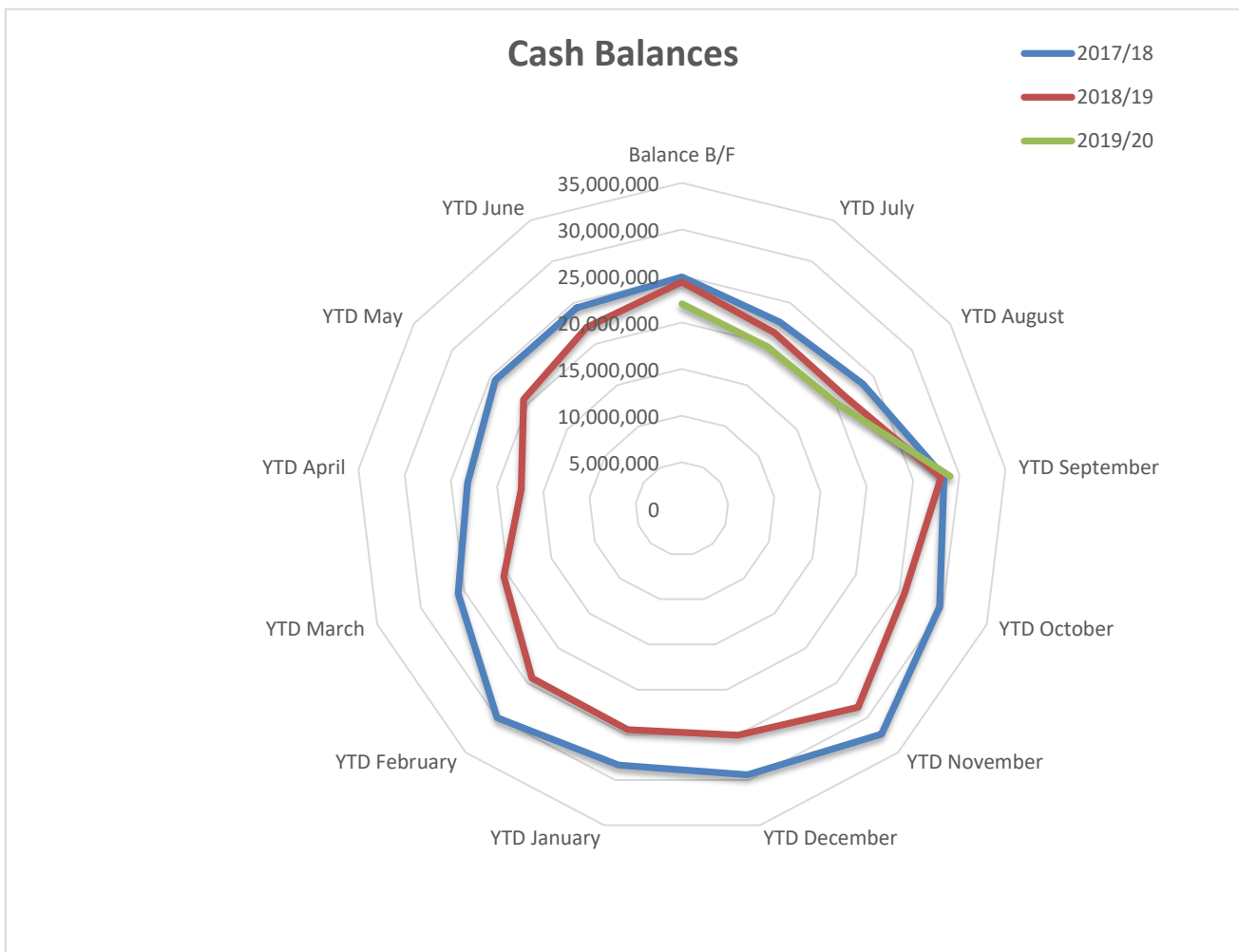
2. Many of Council's predictable investments are on annual terms which do not come due until the end of the financial year. Other fluid funds are on short term investment, however interest is recognised at the closure of the investment leaving the year to date amount low.

3. Other Income has been forecast to include a contribution to the Hamilton Botanic Gardens Projects, CEO's Office Operations and shared service income in the finance area. The difference between the YTD forecast and actuals is mainly due to pensioner concessions from the State Government not yet reimbursed \$420k.

4. Employee Benefits are slightly over, this is due in part to the prepayment of the workcover levy coupled with timing of leave and some general increases.

5. Materials & Services forecast is an increase of almost \$2m. This is due to the forecasting of Dunkeld Dam \$1m, "Try, test & Learn" funding \$320k, Recreation Support \$80k, Natural Asset Management \$73k, Finance Support \$65k and a number of other projects either carrying forward from the prior year or linked to grant funding. The forecast timing of these projects is still being finalised.

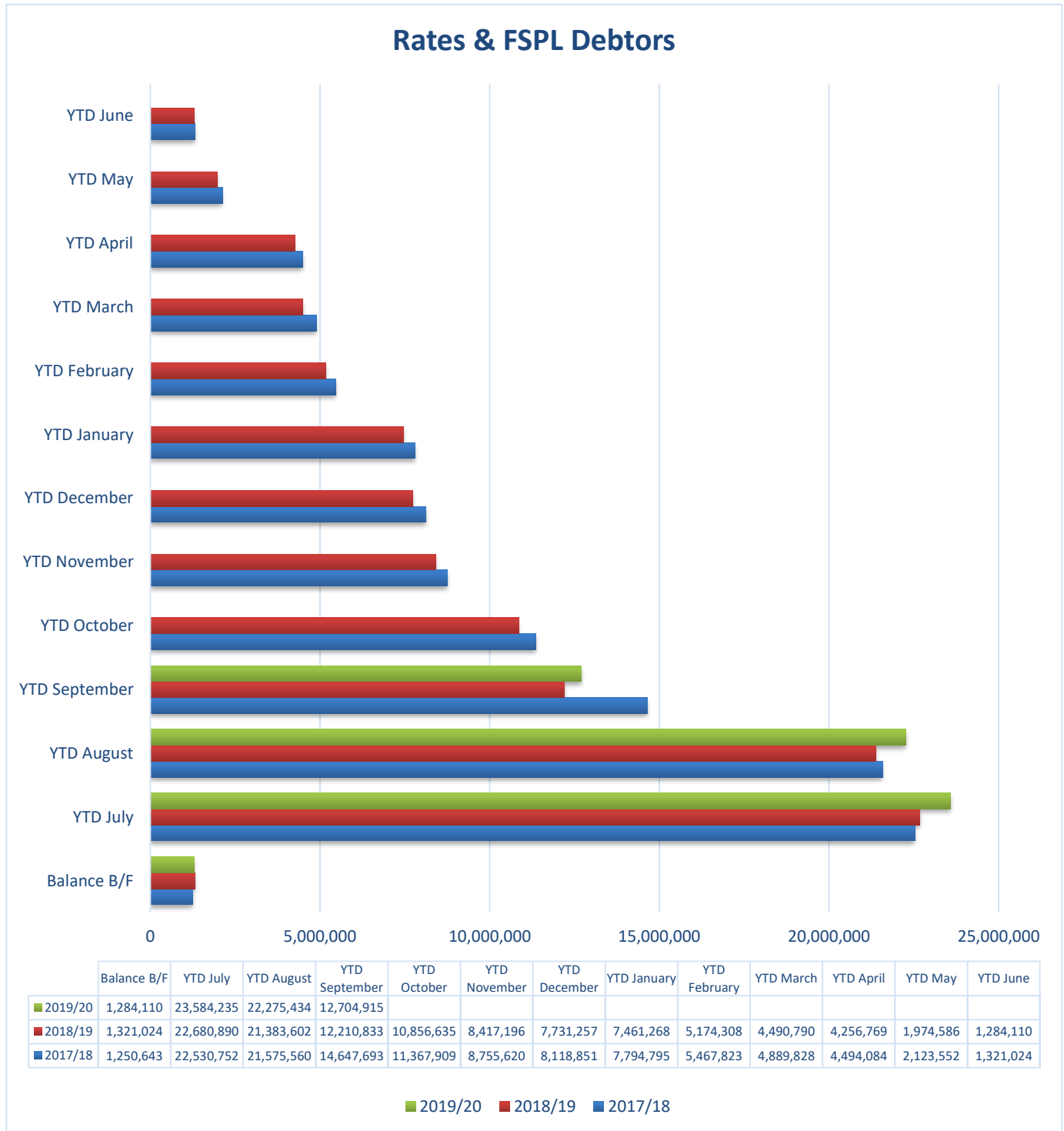
6. See detailed Capital Works report as attached and as provided separately by the Director Infrastructure.



Council's Cash balances have a consistent pattern of earning and consumption.

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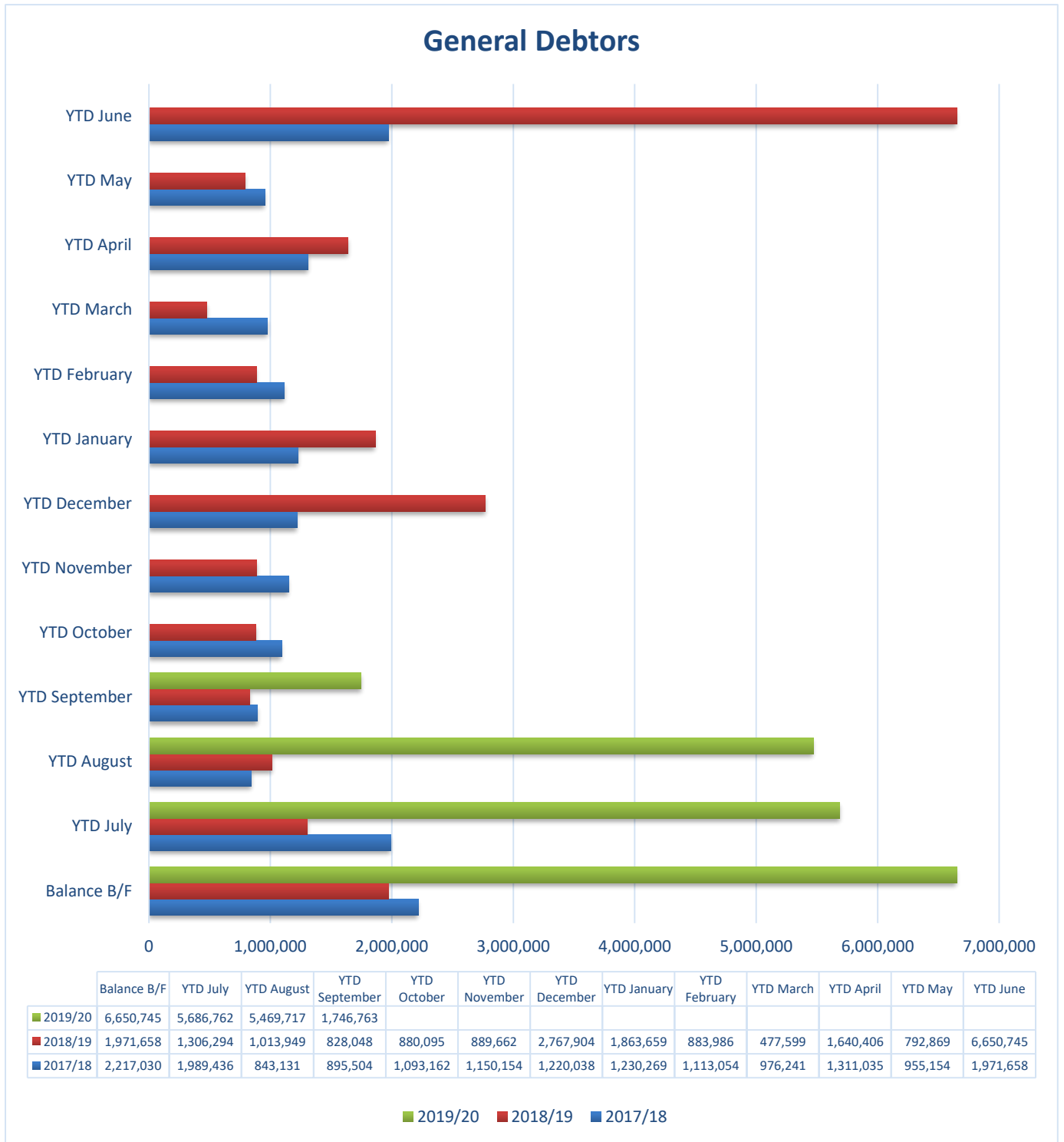
4. Debtor Analysis



Notes:

1. Rates and Fire Services Property Levy (FSPL) debtor collection has a clear pattern of 50% of the revenue collected before the end of October
2. Of the \$1.284m outstanding at the end of 2018/19, \$487k is with Debt collectors, \$98 is long term debt which is not collectable in the near future with a further \$256k under formal arrangements to pay. The remaining \$443k is currently being actioned by Council staff.

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Notes:

1. Debtors at the end of 2018/19 were substantially higher due to the final claims for works under Flood recovery. Much of this has been now paid, however at the end of September some other large debts had not been paid.

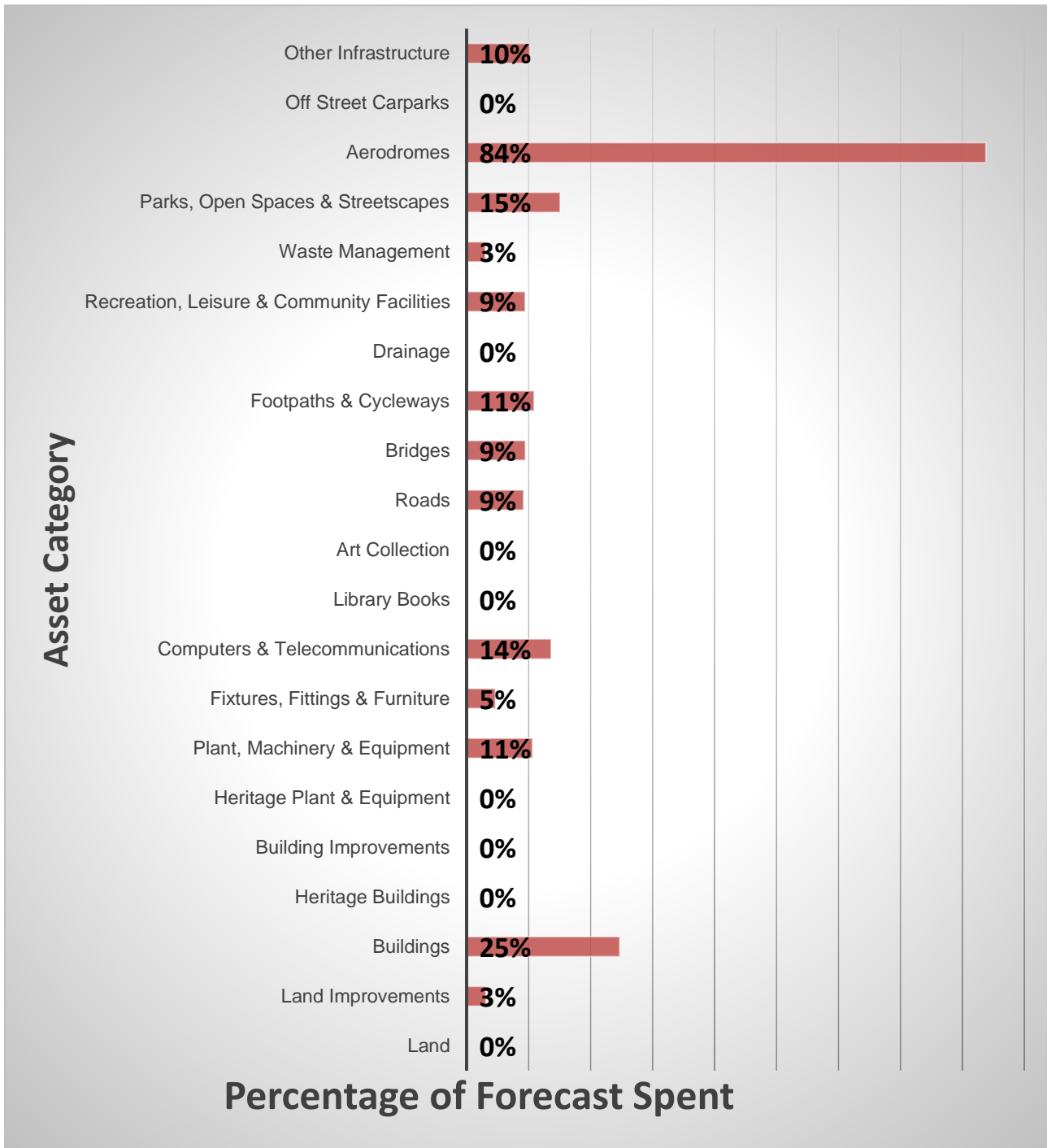
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5. Capital Works

| | Budget 30 June 2020 | Forecast 30 Jun 2020 | YTD Forecast 30 Sep 2019 | Actual 30 Sep 2019 | % of YTD Forecast |
|---|------------------------|-------------------------|-----------------------------|-----------------------|----------------------|
| Property | | | | | |
| Land | 0 | 0 | 0 | 0 | 0% |
| Land Improvements | 3,580,000 | 5,126,334 | 802,750 | 158,507 | 20% |
| Buildings | 2,860,000 | 3,341,323 | 1,263,042 | 825,501 | 65% |
| Heritage Buildings | 0 | 0 | 0 | 0 | 0% |
| Building Improvements | 0 | 0 | 0 | 0 | 0% |
| | 6,440,000 | 8,467,657 | 2,065,792 | 984,008 | |
| Plant & Equipment | | | | | |
| Heritage Plant & Equipment | 0 | 0 | 0 | 0 | 0% |
| Plant, Machinery & Equipment | 2,560,500 | 3,467,104 | 845,526 | 368,075 | 44% |
| Fixtures, Fittings & Furniture | 70,000 | 70,000 | 17,502 | 3,237 | 18% |
| Computers & Telecommunications | 25,000 | 125,000 | 76,249 | 17,047 | 22% |
| Library Books | 70,000 | 70,000 | 13,750 | 0 | 0% |
| Art Collection | 15,000 | 15,000 | 0 | 0 | 0% |
| | 2,740,500 | 3,747,104 | 953,027 | 388,359 | |
| Infrastructure | | | | | |
| Roads | 5,537,052 | 5,537,052 | 504,262 | 508,937 | 101% |
| Bridges | 610,000 | 1,839,787 | 105,552 | 174,720 | 166% |
| Footpaths & Cycleways | 550,000 | 600,000 | 174,999 | 65,286 | 37% |
| Drainage | 0 | 0 | 0 | 0 | 0% |
| Recreation, Leisure & Community Facilities | 960,000 | 1,181,600 | 246,198 | 111,670 | 45% |
| Waste Management | 1,100,000 | 2,812,000 | 5,001 | 85,422 | 1708% |
| Parks, Open Spaces & Streetscapes | 3,805,000 | 856,519 | 165,176 | 129,037 | 78% |
| Aerodromes | 0 | 20,600 | 4,400 | 17,264 | 392% |
| Off Street Carparks | 0 | 52,215 | 11,805 | 0 | 0% |
| Other Infrastructure | 1,700,000 | 2,458,882 | 698,561 | 250,582 | 36% |
| | 14,262,052 | 15,358,655 | 1,915,954 | 1,342,917 | |
| Total Capital Works | 23,442,552 | 27,573,416 | 4,934,773 | 2,715,285 | 55% |
| Represented by: | | | | | |
| New | 7,660,000 | 9,913,468 | 2,331,738 | 1,142,683 | 49% |
| Renewal | 11,482,552 | 16,024,575 | 2,510,427 | 1,389,494 | 55% |
| Expansion | 1,100,000 | 1,189,400 | 25,652 | 7,302 | 28% |
| Upgrade | 3,200,000 | 445,973 | 66,956 | 175,806 | 263% |
| | 23,442,552 | 27,573,416 | 4,934,773 | 2,715,285 | 55% |

Note: Details of Capital project expenses are provided separately in a specific report from the Director Infrastructure.

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6. Human Resources

| | Budget 30 June 2020 | Forecast 30 June 2020 | YTD Forecast 30 Sep 2019 | Actual 30 Sep 2019 | % of YTD Forecast | Note |
|--------------------------------|------------------------|--------------------------|-----------------------------|-----------------------|----------------------|------|
| Staff Expenditure | | | | | | |
| Employee Costs - Operations | 17,090,120 | 17,513,238 | 4,509,401 | 5,113,259 | 113% | |
| Employee Costs - Capital | 2,250,487 | 2,571,940 | 106,592 | 294,039 | 276% | 1 |
| Total Staff Expenditure | 19,340,607 | 20,085,178 | 4,615,993 | 5,407,298 | 117% | |

Notes:

1. Council profiled the bulk of its expenditure on infrastructure capital works to occur over the construction period of October to February. However, a new approach of carting materials to sites in preparation for the construction period has seen the early amount of expenses.

