

# Finance Report

1 July 2019 to 31 December 2019



# Finance Report - 31 December 2019

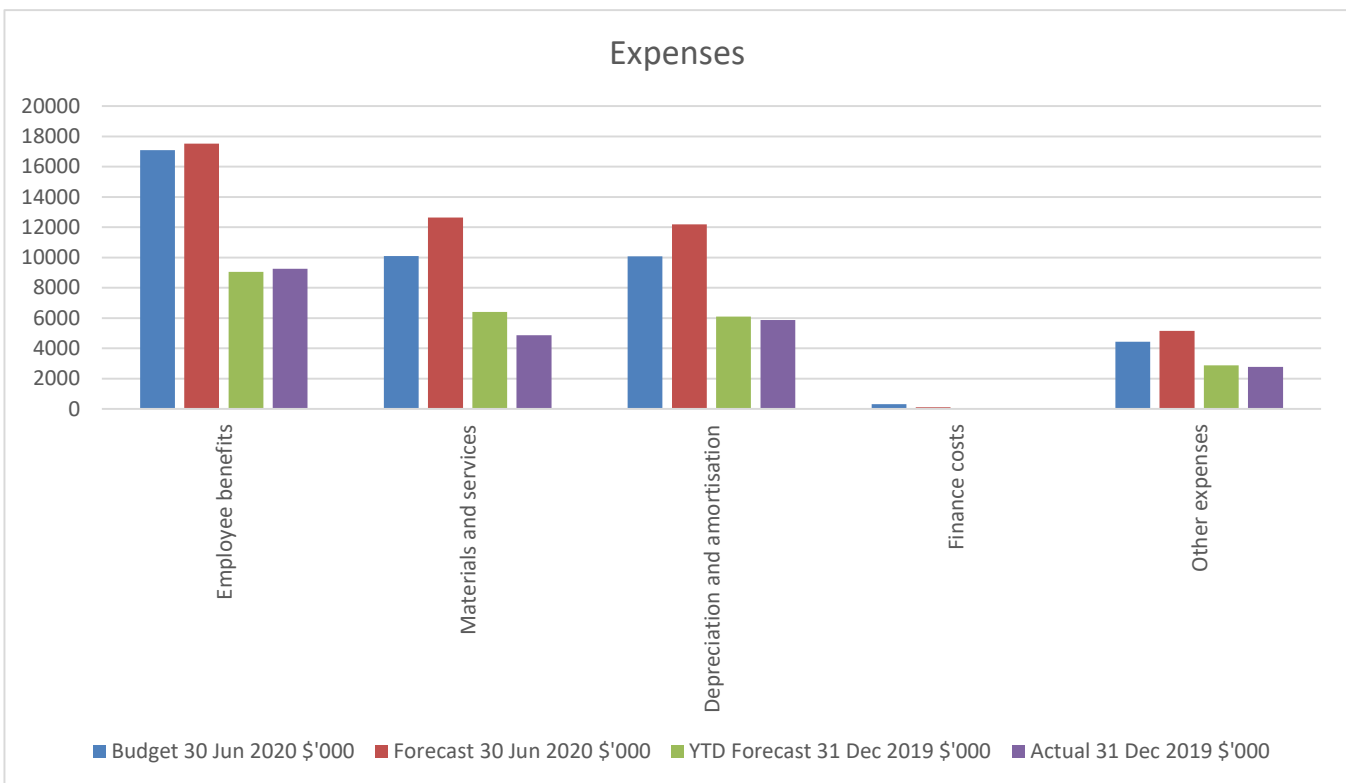
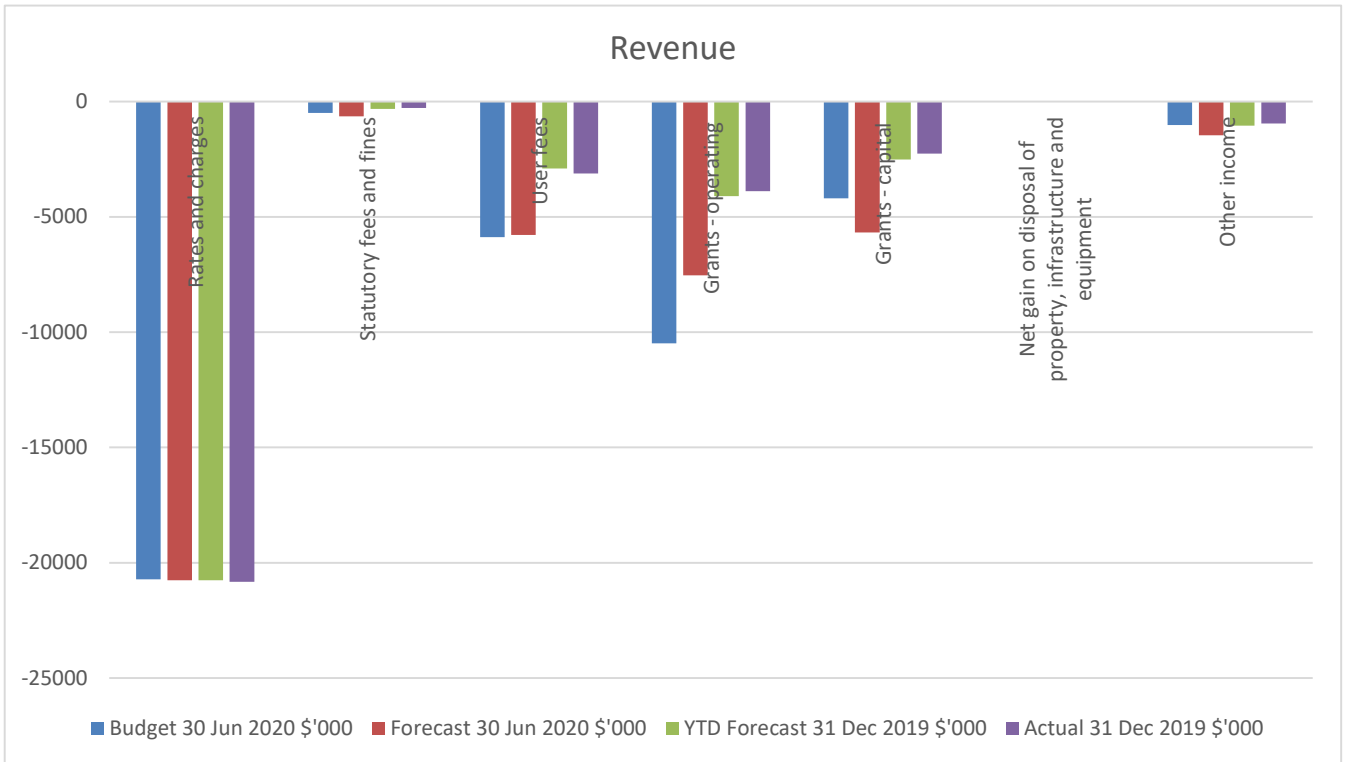
## 1. Comprehensive Income Statement

	Budget 30 Jun 2020 \$'000	Forecast 30 Jun 2020 \$'000	YTD Forecast 31 Dec 2019 \$'000	Actual 31 Dec 2019 \$'000	% of YTD Forecast	Note
<b>Operating Revenue</b>						
Rates and charges	(20,716)	(20,763)	(20,761)	(20,821)	100%	
Statutory fees and fines	(491)	(635)	(312)	(272)	87%	
User fees	(5,873)	(5,786)	(2,909)	(3,115)	107%	
Contributions - cash	0	0	0	0		
Grants - operating	(10,485)	(7,530)	(4,107)	(3,885)	95%	1
Grants - capital	(4,200)	(5,671)	(2,510)	(2,259)	90%	2
Net gain on disposal of property, infrastructure and equipment	0	0	0	0		
Other income	(1,022)	(1,469)	(1,043)	(955)	92%	3
	<b>(42,787)</b>	<b>(41,854)</b>	<b>(31,642)</b>	<b>(31,307)</b>	<b>99%</b>	
<b>Operating Expenses</b>						
Employee benefits	17,090	17,513	9,049	9,252	102%	4
Materials and services	10,106	12,642	6,408	4,873	76%	5
Bad and doubtful debts	0	0	0	0		
Depreciation and amortisation	10,072	12,179	6,089	5,869	96%	6
Finance costs	323	112	56	57	101%	7
Other expenses	4,435	5,148	2,869	2,774	97%	
	<b>42,026</b>	<b>47,595</b>	<b>24,472</b>	<b>22,825</b>	<b>93%</b>	
<b>(Surplus) Deficit resulting from ope</b>	<b>(761)</b>	<b>5,741</b>	<b>(7,170)</b>	<b>(8,482)</b>	<b>118%</b>	

### 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. The YTD forecast is on track.
- Capital Grants have been forecast to increase due to addition rounding/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 period.
- 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.
- 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 31 Dec 2019 \$'000	Actual 31 Dec 2019 \$'000	% of Forecast 0	0 Note
<b>Current Assets</b>						
Cash & Cash equivalents	4,966	3,496	12,808	6,199	48%	1
Trade & Other Receivables	4,767	8,424	8,424	9,307	110%	2
Other Financial Assets	0	0	10,568	21,501	203%	3
Inventories	461	600	600	743	124%	4
Non-Current Assets classified as held for resale	634	510	510	510	100%	5
Other Assets (Prepayments & Accrued Income)	0	0	0	0		
	<b>10,828</b>	<b>13,029</b>	<b>32,909</b>	<b>38,260</b>	<b>116%</b>	
<b>Non Current Assets</b>						
Investments, Trade & Other Receivables	96	74	74	74	100%	
Investment Property	6,400	2,720	2,720	2,720	100%	6
Property, Infrastructure, Plant & Equipment	352,864	328,610	319,827	313,991	98%	
	<b>359,360</b>	<b>331,404</b>	<b>322,621</b>	<b>316,784</b>	<b>98%</b>	
<b>Total Assets</b>	<b>370,188</b>	<b>344,433</b>	<b>355,530</b>	<b>355,044</b>	<b>100%</b>	
<b>Current Liabilities</b>						
Trade & Other Payables	(4,070)	(3,554)	(3,554)	(1,720)	48%	7
Trust Funds & Deposits	(353)	(639)	(639)	(708)	111%	8
Interest Bearing Loans & Liabilities	(450)	(365)	(180)	(216)	120%	
Provisions	(6,962)	(6,100)	(6,100)	(7,465)	122%	9
	<b>(11,835)</b>	<b>(10,659)</b>	<b>(10,473)</b>	<b>(10,108)</b>	<b>97%</b>	
<b>Non Current Liabilities</b>						
Interest Bearing Loans & Liabilities	(3,038)	(3,128)	(1,500)	(1,458)	97%	
Provisions	(793)	(4,962)	(4,962)	(3,572)	72%	10
	<b>(3,831)</b>	<b>(8,090)</b>	<b>(6,462)</b>	<b>(5,029)</b>	<b>78%</b>	
<b>Net Assets</b>	<b>354,522</b>	<b>325,684</b>	<b>338,595</b>	<b>339,907</b>	<b>100%</b>	
Accumulated Surplus	(153,130)	(138,739)	(151,650)	(152,961)	101%	
Asset Revaluation Reserve	(200,463)	(186,084)	(186,084)	(186,084)	100%	
Other Reserves	(929)	(862)	(862)	(862)	100%	
<b>Net Equity</b>	<b>(354,522)</b>	<b>(325,684)</b>	<b>(338,595)</b>	<b>(339,907)</b>	<b>100%</b>	

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**Notes:**

1. Council's cash and investments are \$27.7m with the YTD forecast being \$23.376m. 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 half 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 December Council paid most of its creditors. This level is traditionally higher at year end.
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%	122.2%	378.5%
Debt Servicing Ratio <i>(Interest as a % of total Revenue)</i>	5.0%	1.6%	0.5%	0.3%
Debt Commitment Ratio <i>(Interest &amp; Loan repayments as a % of total Revenue)</i>	15.0%	1.6%	0.6%	0.9%

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## 3. Cash Flow Statement

	Budget 30 Jun 2020 \$'000	Forecast 30 Jun 2020 \$'000	YTD Forecast 31 Dec 2019 \$'000	YTD Actual 31 Dec 2019 \$'000	% of YTD Forecast	Note
<b>Cash flows from Operations</b>						
<b>Operating Revenue</b>						
Rates and charges	20,716	20,763	10,403	10,410	100%	
Grants - operating	10,485	7,530	4,107	3,885	95%	
Grants - capital	4,200	5,671	2,510	2,259	90%	1
Interest	365	365	185	140	76%	2
User fees	5,873	5,786	2,909	3,115	107%	
Statutory fees and fines	491	635	312	272	87%	
Other revenue	657	1,104	857	515	60%	3
	<b>42,787</b>	<b>41,854</b>	<b>21,284</b>	<b>20,596</b>	<b>97%</b>	
<b>Operating Expenses</b>						
Employee benefits	(17,090)	(17,513)	(9,049)	(9,252)	102%	4
Materials and consumables	(10,106)	(10,465)	(5,449)	(4,873)	89%	5
Other expenses	(4,435)	(6,366)	(2,869)	(2,774)	97%	
	<b>(31,631)</b>	<b>(34,344)</b>	<b>(17,367)</b>	<b>(16,899)</b>	<b>97%</b>	
<b>Net Cash Flows From Operating Ac</b>	<b>11,156</b>	<b>7,510</b>	<b>3,917</b>	<b>3,697</b>	<b>94%</b>	
<b>Cash Flows From Financing Activities</b>						
Finance Costs	(323)	(112)	(56)	(57)	101%	
Proceeds from Borrowings	2,000	2,000	0	0		
Repayment of Borrowings	(365)	(365)	(180)	(216)	120%	
<b>Net cash flows from financing activities</b>	<b>1,312</b>	<b>1,522</b>	<b>(236)</b>	<b>(273)</b>	<b>116%</b>	
<b>Cash Flows From Investing Activities</b>						
Payments for investing activities	(23,443)	(28,165)	(13,121)	(6,598)	50%	6
Proceeds from Asset Sales	581	502	331	300		
<b>Net Cash Flows From Investing Activities</b>	<b>(22,862)</b>	<b>(27,662)</b>	<b>(12,790)</b>	<b>(6,298)</b>	<b>49%</b>	
<b>Net Cash Flows From Movements in Balance Sheet</b>	<b>0</b>	<b>0</b>	<b>10,359</b>	<b>8,449</b>		
<b>Net increase (decrease) in Cash</b>	<b>(10,394)</b>	<b>(18,630)</b>	<b>1,250</b>	<b>5,575</b>		
<b>Cash (Overdraft) at the beginning of the period</b>	<b>15,360</b>	<b>22,125</b>	<b>22,125</b>	<b>22,125</b>		
<b>Cash (Overdraft) at the end of the period</b>	<b>4,966</b>	<b>3,495</b>	<b>23,375</b>	<b>27,700</b>		

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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.

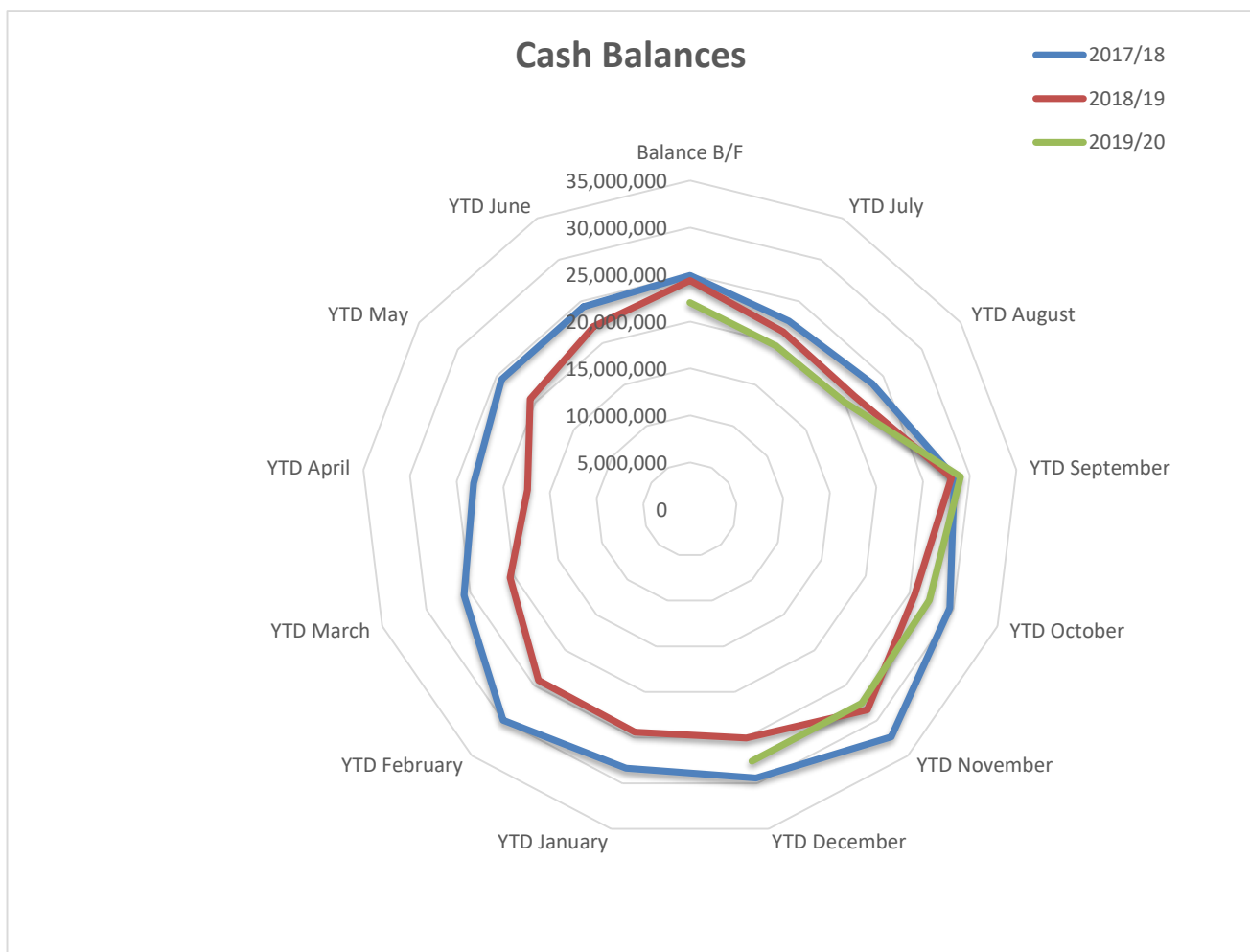
2. Many of Council's predictable investments are on annual terms which do not come due until the end of the financial year. Other fluid funds are on short term investment, however interest is recognised at the closure of the investment leaving the year to date amount low.

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.

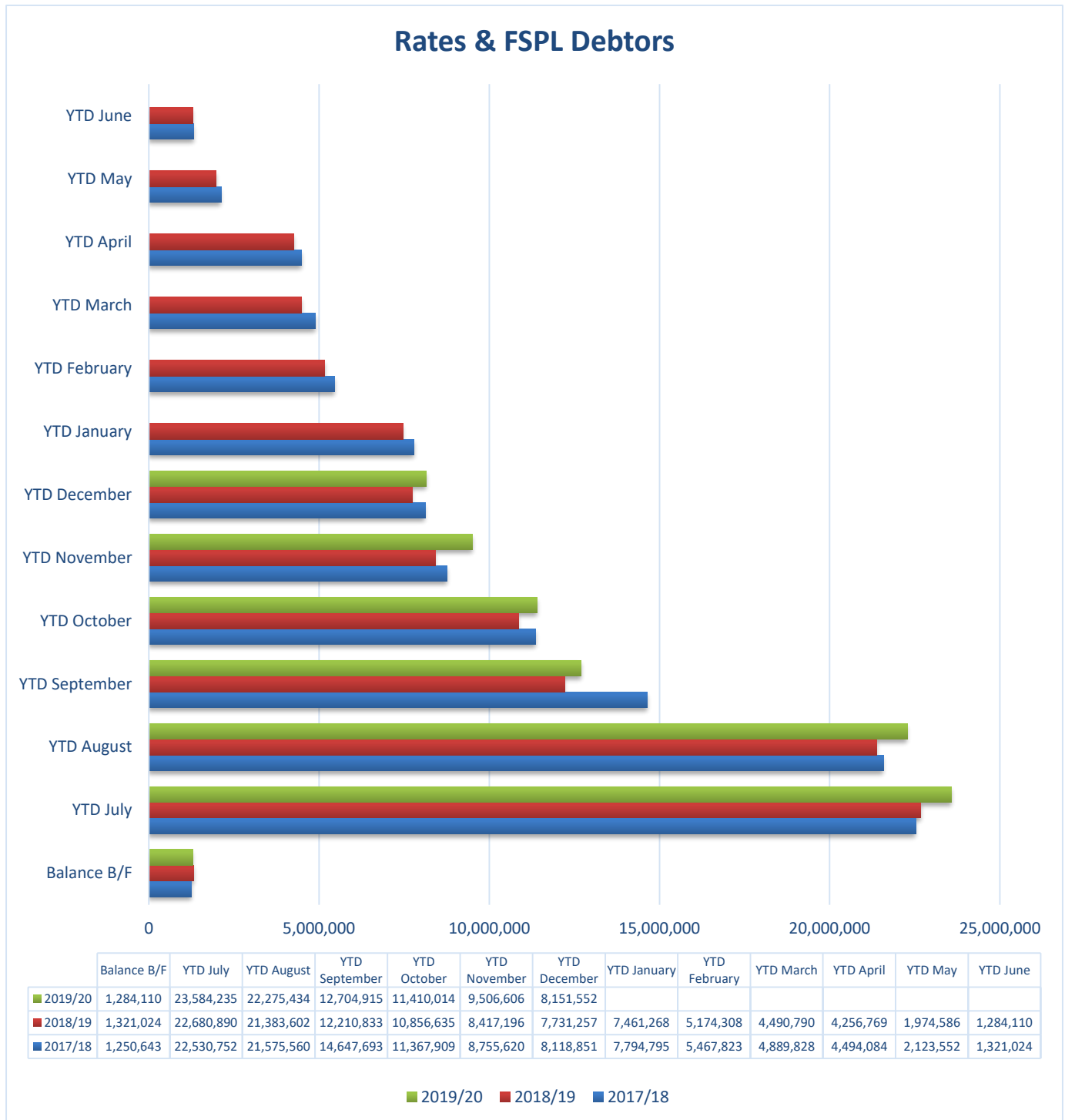
6. See detailed Capital Works report as attached and as provided separately by the Director Infrastructure.



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

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## 4. Debtor Analysis

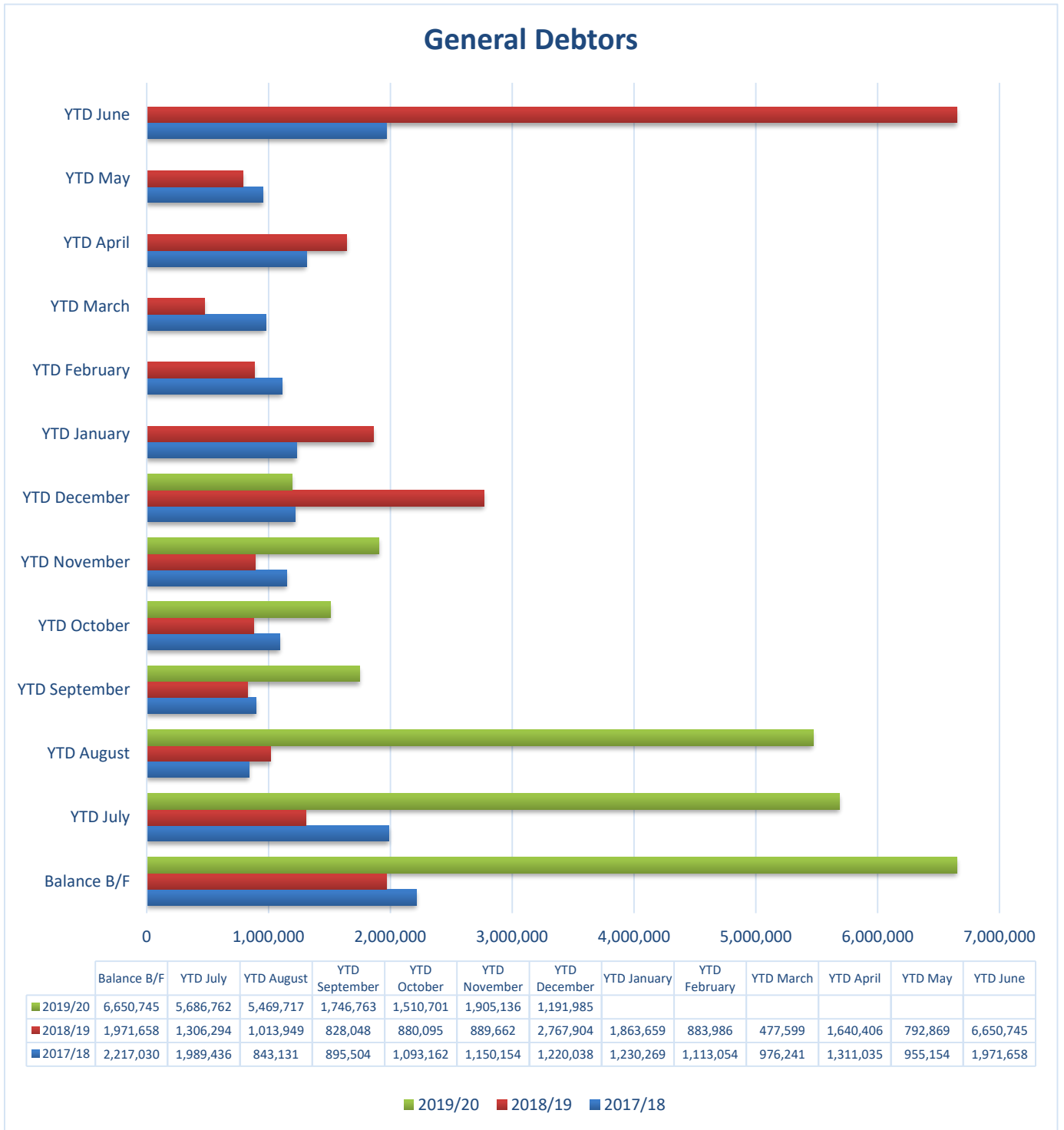


**Notes:**

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.

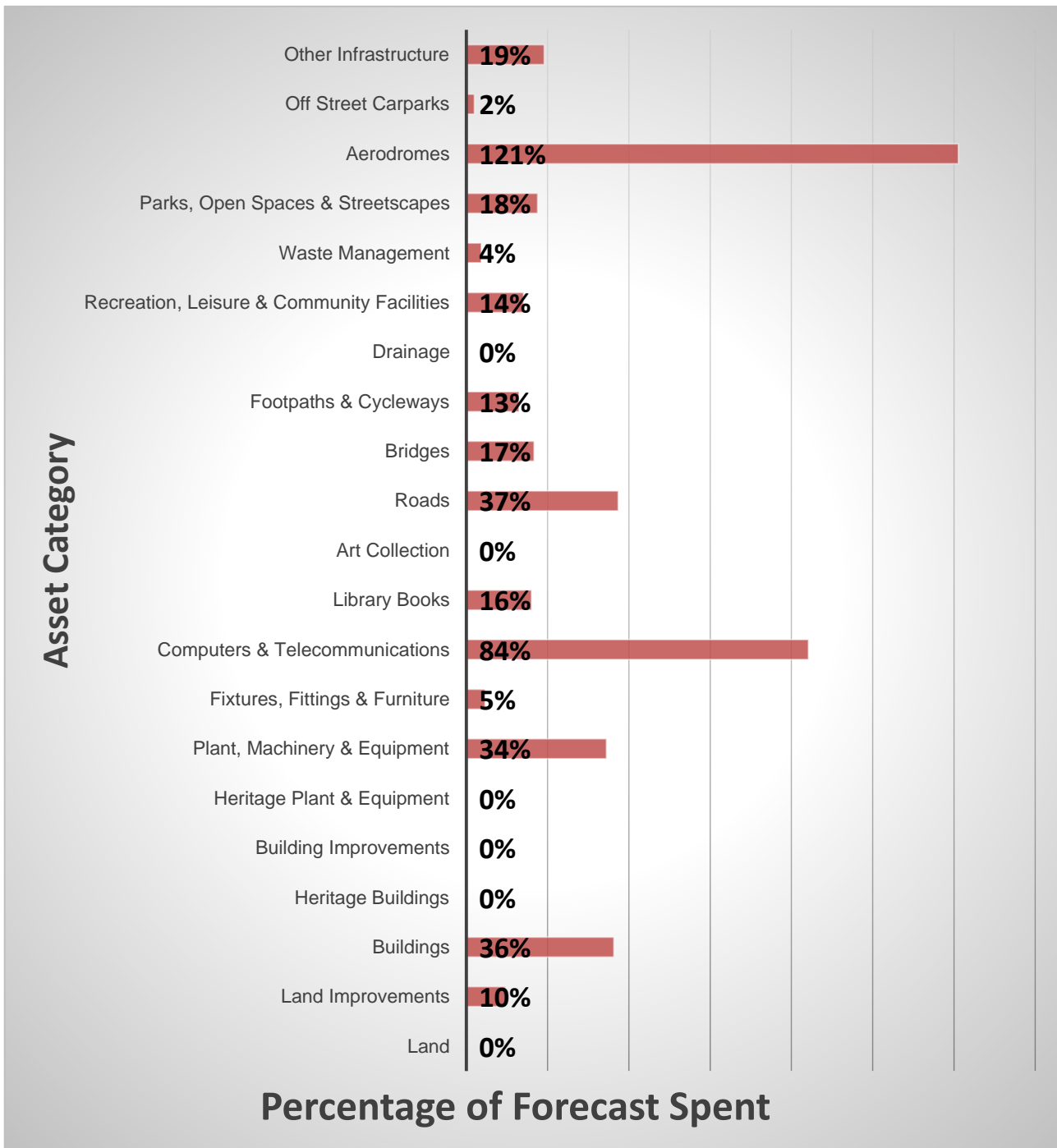
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## 5. Capital Works

	Budget 30 June 2020	Forecast 30 Jun 2020	YTD Forecast 31 Dec 2019	Actual 31 Dec 2019	% of YTD Forecast
<b>Property</b>					
Land	0	0	0	0	0%
Land Improvements	3,580,000	5,126,334	3,108,700	492,270	16%
Buildings	2,860,000	3,337,162	2,143,276	1,210,632	56%
Heritage Buildings	0	0	0	0	0%
Building Improvements	0	0	0	0	0%
	<b>6,440,000</b>	<b>8,463,496</b>	<b>5,251,976</b>	<b>1,702,902</b>	
<b>Plant &amp; Equipment</b>					
Heritage Plant & Equipment	0	0	0	0	0%
Plant, Machinery & Equipment	2,560,500	3,670,604	1,877,800	1,264,776	67%
Fixtures, Fittings & Furniture	70,000	70,000	35,004	3,237	9%
Computers & Telecommunications	25,000	100,000	100,000	84,165	84%
Library Books	70,000	70,000	27,500	11,202	41%
Art Collection	15,000	5,000	2,502	0	0%
	<b>2,740,500</b>	<b>3,915,604</b>	<b>2,042,806</b>	<b>1,363,381</b>	
<b>Infrastructure</b>					
Roads	5,537,052	5,952,800	1,905,890	2,223,321	117%
Bridges	610,000	1,825,662	513,569	303,568	59%
Footpaths & Cycleways	550,000	600,000	416,498	77,799	19%
Drainage	0	0	0	0	0%
Recreation, Leisure & Community Facilities	960,000	1,046,294	446,703	147,373	33%
Waste Management	1,100,000	2,812,000	723,002	103,275	14%
Parks, Open Spaces & Streetscapes	3,805,000	856,519	420,352	149,981	36%
Aerodromes	0	20,600	20,600	24,943	121%
Off Street Carparks	0	52,215	28,610	1,020	4%
Other Infrastructure	1,700,000	2,619,335	1,351,097	501,594	37%
	<b>14,262,052</b>	<b>15,785,425</b>	<b>5,826,321</b>	<b>3,532,874</b>	
<b>Total Capital Works</b>	<b>23,442,552</b>	<b>28,164,525</b>	<b>13,121,103</b>	<b>6,599,157</b>	<b>50%</b>
<b>Represented by:</b>					
New	7,660,000	10,173,052	5,946,150	2,003,012	34%
Renewal	11,482,552	16,356,100	6,452,994	4,341,878	67%
Expansion	1,100,000	1,189,400	409,904	7,497	2%
Upgrade	3,200,000	445,973	312,055	246,769	79%
	<b>23,442,552</b>	<b>28,164,525</b>	<b>13,121,103</b>	<b>6,599,157</b>	<b>50%</b>

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 31 Dec 2019	Actual 31 Dec 2019	% of YTD Forecast	Note
<b>Staff Expenditure</b>						
Employee Costs - Operations	17,090,120	17,513,238	9,049,318	9,252,053	102%	
Employee Costs - Capital	2,250,487	2,571,940	749,648	754,959	101%	
<b>Total Staff Expenditure</b>	<b>19,340,607</b>	<b>20,085,178</b>	<b>9,798,966</b>	<b>10,007,012</b>	<b>102%</b>	

