



# **Financial Status Report**

**June 2016**

## FINANCIAL STATUS REPORT - JUNE 2016

### Overview

This Financial Status Report covers the period ending 30 June 2016. Variances are reported against the end of year forecasts endorsed by Council on 28 June 2016.

The report is subject to an external audit process and final results will be presented to Council through the statutory year end reporting process as part of the 2015/16 Annual Report which includes the Annual Financial Statements, Performance Statement and Report of Operations.

### Operating Surplus

	Year to 30 June 2016				
	EOY Forecast \$'000	Actual \$'000	Variance \$'000		Variance %
Total Revenues	128,333	131,659	3,326	F	2.6%
Total Expenses	108,965	106,995	1,970	F	1.8%
<b>Operating surplus</b>	<b>19,368</b>	<b>24,664</b>	<b>5,296</b>	<b>F</b>	<b>27.3%</b>

Adjustment for underlying surplus:

Capital revenues & non cash expenses	9,810	7,424	(2,386)	UF	(24.3%)
<b>Underlying surplus ^</b>	<b>29,178</b>	<b>32,088</b>	<b>2,910</b>	<b>F</b>	<b>10.0%</b>

### Commentary

Council's financial position reflects an overall \$5.3 million positive performance against the year end forecast. The key revenue and expenses include:

#### Revenue \$3.33 million favourable

\* \$1,107,000 in unbudgeted developer contributions income

\* capital grants and contributions of \$1,825,000, being a combination of income received in advance and unbudgeted grants

\* user fees and charges \$356,000

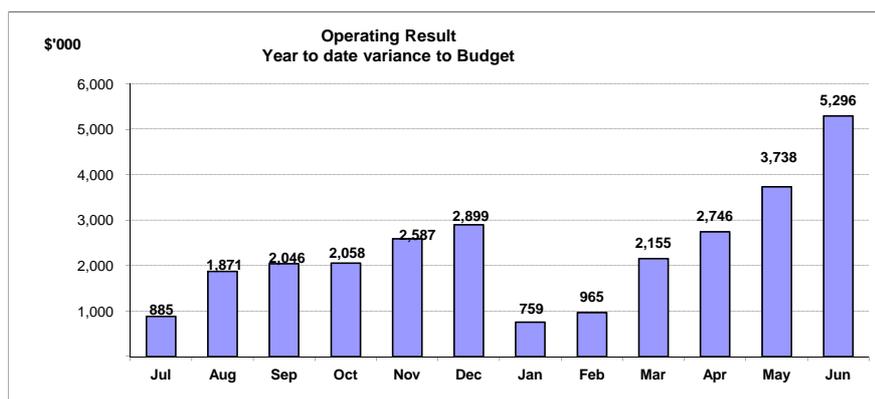
#### Expenses \$1.97 million favourable

\* utility costs \$592,000 - including one off adjustment to a land rental liability associated with State Government land at the Manningham Centre, and favourable street electricity costs.

\* materials and contracts \$572,000.

\* employee costs \$407,000, other office expenses \$273,000 and depreciation \$126,000.

^ The underlying surplus is a measure of the actual surplus realised by the Council excluding capital grants and contributions, sale of assets, developer contributions and other non cash revenues and expenses like depreciation and amortisation. Council uses the underlying surplus, in addition to external grants, to fund the capital program.



The June year to date variance is reported against the End Of Year forecast, as developed through the 2016/17 budget

### Other key indicators

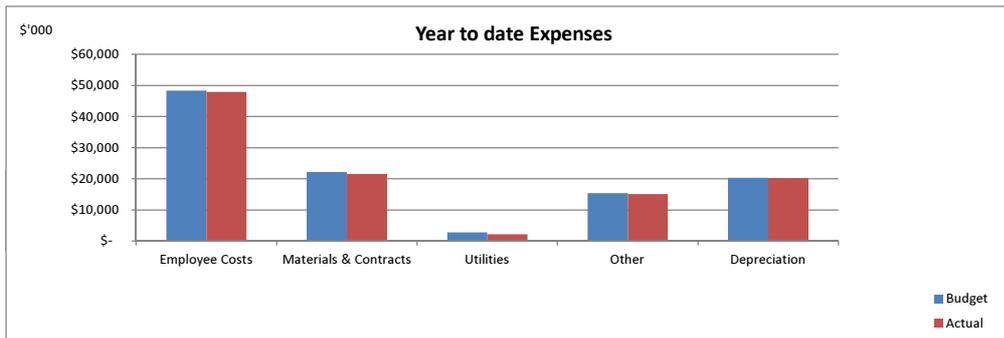
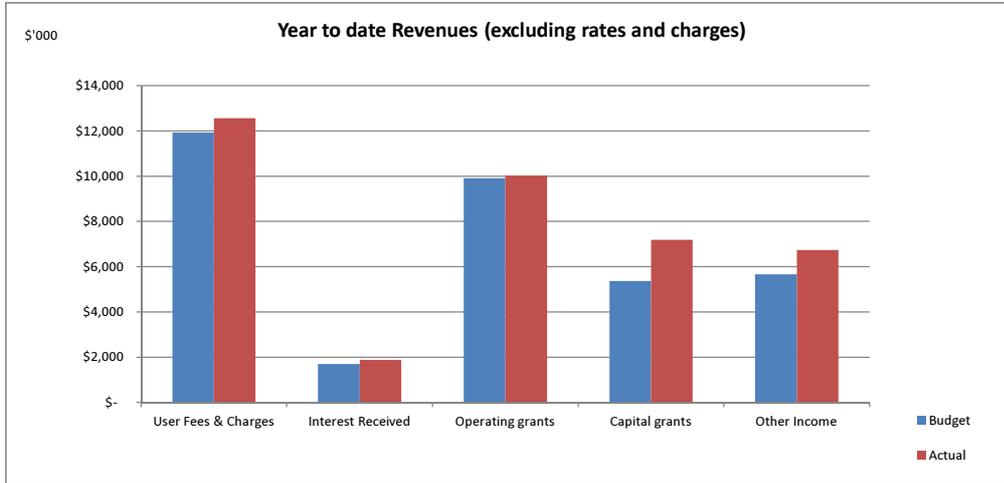
Cash and investment balance	\$62.97 million, favourable variance of \$10.99 million
Unrestricted cash	\$26.16 million, favourable variance of \$7.38 million
Rates and charges debtors	\$3.85 million (97.25% of the \$93.41 m raised in 2015/16 have been collected)

The increase in unrestricted cash from a year end forecasts of \$18.78 million to an actual of \$26.16 million is chiefly due to the increased underlying surplus of \$2.91 million and a \$3.05 million higher creditor balance than forecasts.

## FINANCIAL STATUS REPORT - JUNE 2016

### Income and Expenditure

This section details the year to date results against each major revenue and expenditure groupings. Explanations of key variances have been provided where the line item has a variance of greater than 10 per cent reporting threshold or where further explanation is deemed appropriate.



Reason for year-to-date variances	
<b>1</b>	<p><b>Statutory Charges, Fees &amp; Fines \$272,000 Favourable</b></p> <p>During the year, Council raised \$2.00 million in statutory charges, \$0.27 million favourable to forecasts. The increase was mainly due to strong demand for statutory building services and higher traffic compliance income as a result of improved technology to identify and monitor traffic behaviour.</p>
<b>2</b>	<p><b>Interest Received \$179,000 Favourable</b></p> <p>Interest on investments was greater than forecasts due to increased cash holdings resulting mainly from higher than expected developer contributions (\$1.11 million), capital works funded in 2015/16 to be completed in 2016/17 (\$1.36 million) and grants received in advance for 2016/17 works and services.</p> <p>Also interest on unpaid rates was \$351,000, \$105,000 above forecasts.</p>
<b>3</b>	<p><b>Capital Grants &amp; Contributions \$1,825,000 Favourable</b></p> <p>Unbudgeted capital contributions have been received for following projects:</p> <ul style="list-style-type: none"> <li>* Mullum Mullum Highball Facility in advance 2016/17 \$452,000</li> <li>* Sheahans Road Highball Facility in advance 2016/17 \$600,000</li> <li>* Arterial Road Pavements \$450,000</li> <li>* Bolin Bolin Billabong Footpath \$400,000</li> </ul> <p>Unbudgeted revenue has been included in the capital works program. These new capital grants will be used for capital works in the 2016/17 financial year.</p>
<b>4</b>	<p><b>Other Income \$1,068,000 Favourable</b></p> <p>Cash developer contributions in lieu of public open space was \$1.11 million greater than forecasts. These funds are placed into a cash backed reserve to be used for recreation and open space improvements for the community.</p>

## FINANCIAL STATUS REPORT - JUNE 2016

Reason for year-to-date variances	
5	<b>Utilities \$592,000 Favourable</b>
	Mainly relating to one off lease adjustment to land leased by Council from the State Government resulted in favourable variance to the end of year forecasts. In addition, street lighting expenses were lower than forecasts due to a price variation approved by the Australian Energy Regulators during the year.

### Conclusion

The June 2016 financial results indicate that Council has performed better than the end of year forecasts endorsed by Council on 28 June 2016. The final results for 2015/16 will be reported to Council through the statutory year end reporting process as part of the 2015/16 Annual Report which includes the Annual Financial Statements, Performance Statement and Report of Operations.