

# **FINANCIAL REPORT**

**Six months ended**

**31 December 2017**

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## 1. Income Statement

For the six months ending 31 December 2017

	YTD Forecast Budget \$'000	YTD Actual Results \$'000	YTD Forecast Variance \$'000	Annual Forecast \$'000	Adopted Budget \$'000
<b>Income</b>					
Rates & charges	84,465	84,462	(3)	84,588	84,971
Statutory fees & fines	2,239	2,193	(46)	4,379	3,897
User fees	12,242	12,303	61	24,179	23,710
Contributions - cash	1,932	1,932	0	3,518	4,084
Grants - Operating (recurrent)	5,434	5,454	19	11,831	11,409
Grants - Operating (non-recurrent)	80	80	0	511	361
Interest received	485	510	24	1,109	981
Net gain (loss) on disposal of property, infrastructure, plant & equipment	(50)	(55)	(5)	(93)	(93)
<b>Total Income</b>	<b>106,827</b>	<b>106,878</b>	<b>51</b>	<b>130,022</b>	<b>129,320</b>
<b>Expenses</b>					
Employee costs	26,134	26,139	(5)	52,723	53,078
Materials and services	13,804	13,046	758	26,263	24,786
Contractors	11,007	10,830	176	23,063	23,923
Depreciation and amortisation	10,540	10,540	0	21,076	21,078
Finance costs	523	522	1	1,031	1,031
Other expenses	397	398	(1)	793	768
<b>Total expenses</b>	<b>62,405</b>	<b>61,476</b>	<b>929</b>	<b>124,949</b>	<b>124,664</b>
<b>Underlying Surplus (Deficit)</b>	<b>44,422</b>	<b>45,403</b>	<b>980</b>	<b>5,073</b>	<b>4,656</b>
Grants - Capital (recurrent and non-recurrent)	1,035	1,047	12	4,353	1,934
<b>Comprehensive result</b>	<b>45,457</b>	<b>46,450</b>	<b>993</b>	<b>9,425</b>	<b>6,590</b>

## 2. Balance Sheet

As at 31 December 2017

	31/12/2017	31/12/2016	30/06/2017
	\$ '000	\$ '000	\$ '000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16,740	7,402	7,629
Trade and other receivables	63,238	62,778	6,014
Other financial assets	18,443	22,691	36,312
Inventories	371	360	402
Other assets	1,026	432	691
<b>Total current assets</b>	<b>99,820</b>	<b>93,662</b>	<b>51,048</b>
<b>Non-current assets</b>			
Trade and other receivables	268	407	268
Investments in associates and joint ventures	3,029	2,862	3,029
Property, infrastructure, plant and equipment	1,532,562	1,452,119	1,534,498
Intangible assets	933	495	933
<b>Total non-current assets</b>	<b>1,536,792</b>	<b>1,455,883</b>	<b>1,538,728</b>
<b>Total assets</b>	<b>1,636,612</b>	<b>1,549,545</b>	<b>1,589,776</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(12,109)	(14,583)	(11,042)
Trust funds and deposits	(3,364)	(3,408)	(3,431)
Provisions	(11,769)	(11,286)	(11,757)
Interest-bearing loans and borrowings	(1,300)	(1,239)	(1,269)
<b>Total current liabilities</b>	<b>(28,542)</b>	<b>(30,516)</b>	<b>(27,499)</b>
<b>Non-current liabilities</b>			
Provisions	(1,109)	(1,045)	(1,109)
Interest-bearing loans and borrowings	(19,358)	(20,658)	(20,015)
Trust funds and deposits	(98)	(208)	(98)
<b>Total non-current liabilities</b>	<b>(20,565)</b>	<b>(21,911)</b>	<b>(21,222)</b>
<b>Total liabilities</b>	<b>(49,107)</b>	<b>(52,426)</b>	<b>(48,721)</b>
<b>Net assets</b>	<b>1,587,505</b>	<b>1,497,119</b>	<b>1,541,055</b>
<b>Equity</b>			
Accumulated surplus	495,343	469,888	495,343
Surplus (deficit) for period	46,450	48,935	-
Reserves	1,045,712	978,296	1,045,712
<b>Total equity</b>	<b>1,587,505</b>	<b>1,497,119</b>	<b>1,541,055</b>

### 3. Statement of Cash Flows

For the six months ended 31 December 2017

	31/12/2017	31/12/2016
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Rates and charges	25,946	25,186
Statutory fees and fines	2,193	2,041
User fees	13,588	12,554
Grants - operating	5,534	6,006
Grants - capital	1,047	3,324
Contributions - monetary	1,932	3,036
Interest received	517	495
Trust funds and deposits taken	3,195	6,240
Net GST refund	-	-
Employee costs	(27,017)	(25,365)
Materials and services	(22,224)	(18,082)
Trust funds and deposits repaid	(3,124)	(6,012)
<b>Net cash provided by/(used in) operating activities</b>	<b>1,586</b>	<b>9,423</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	(9,647)	(14,021)
Proceeds from sales of property, infrastructure, plant and equipment	453	423
Payments for investments	(19,470)	(20,188)
Proceeds from sales of investments	37,338	22,271
<b>Net cash provided by/(used in) investing activities</b>	<b>8,675</b>	<b>(11,514)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(523)	(552)
Proceeds from borrowings	-	-
Repayment of borrowings	(627)	(597)
<b>Net cash provided by/(used in) financing activities</b>	<b>(1,149)</b>	<b>(1,149)</b>
Net increase (decrease) in cash and cash equivalents	9,111	(3,240)
Cash and cash equivalents at the beginning of the period	7,629	10,642
<b>Cash and cash equivalents at the end of the financial period</b>	<b>16,740</b>	<b>7,402</b>

#### 4. Statement of Capital Works

For the six months ending 31 December 2017

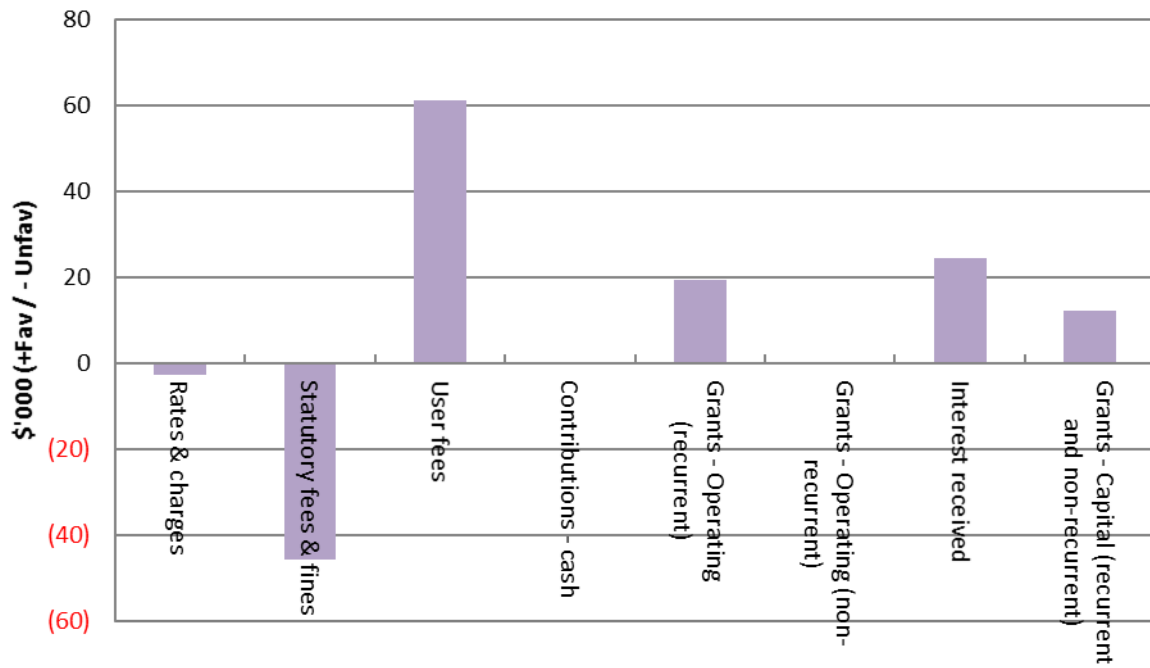
	YTD Forecast Budget \$'000	YTD Actual * \$'000	YTD Bud Var \$'000	Forecast Budget ** \$'000	Amount Carried Forward \$'000	Adopted Budget \$'000
<b>Classification</b>						
Buildings	1,040	998	42	9,714	1,369	4,630
Roads	1,510	1,557	(47)	5,195	318	3,807
Footpaths and Cycleways	1,284	1,274	10	2,083	(400)	2,745
Carparks	16	17	(1)	689	16	445
Drainage	855	821	34	1,767	(20)	2,440
Waste Management	45	38	7	72	22	50
Other Capital Roads and Drainage	708	701	7	1,756	1,012	825
Recreational Leisure and Community Facilities	605	573	32	2,859	213	2,446
Parks and Open Space	875	849	26	3,566	1,264	2,121
Fixtures, Fittings and Furniture	15	11	4	64	6	60
Plant, Machinery and Equipment	1,229	1,220	9	4,328	774	3,552
Computers and Telecommunications	461	418	43	1,426	506	920
Property Sales	0	14	(14)	0	0	0
Building Renewal	792	807	(15)	1,383	(800)	3,213
<b>Total capital works</b>	<b>9,436</b>	<b>9,300</b>	<b>136</b>	<b>34,901</b>	<b>4,279</b>	<b>27,254</b>

\* YTD Actual expenditure includes Carried Forwards

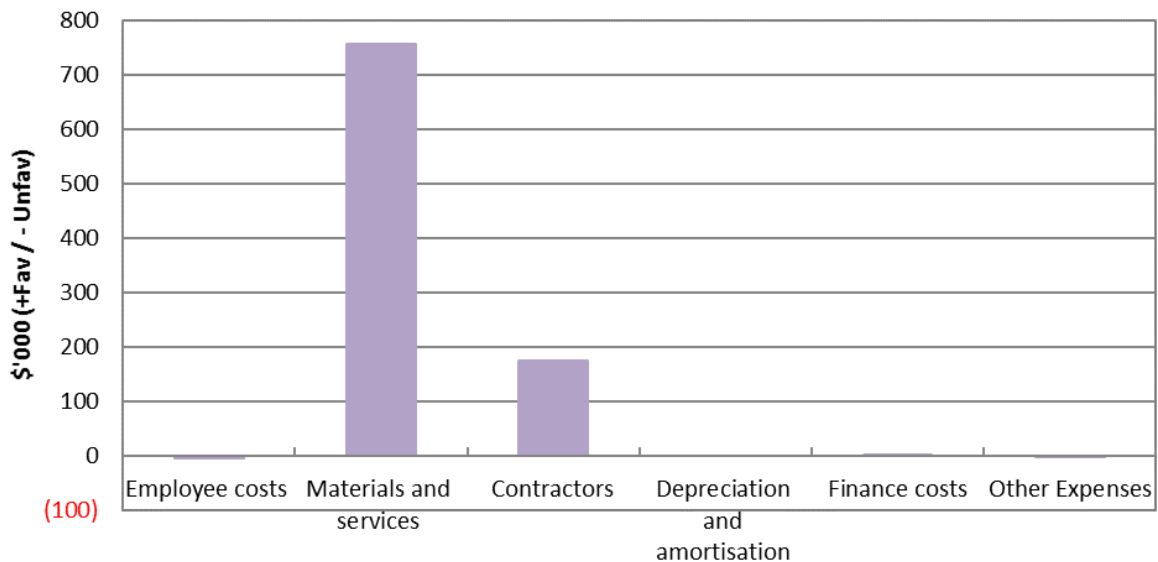
\*\* Forecast Budget expenditure includes Carried Forwards

## 5. Financial and Capital Analysis

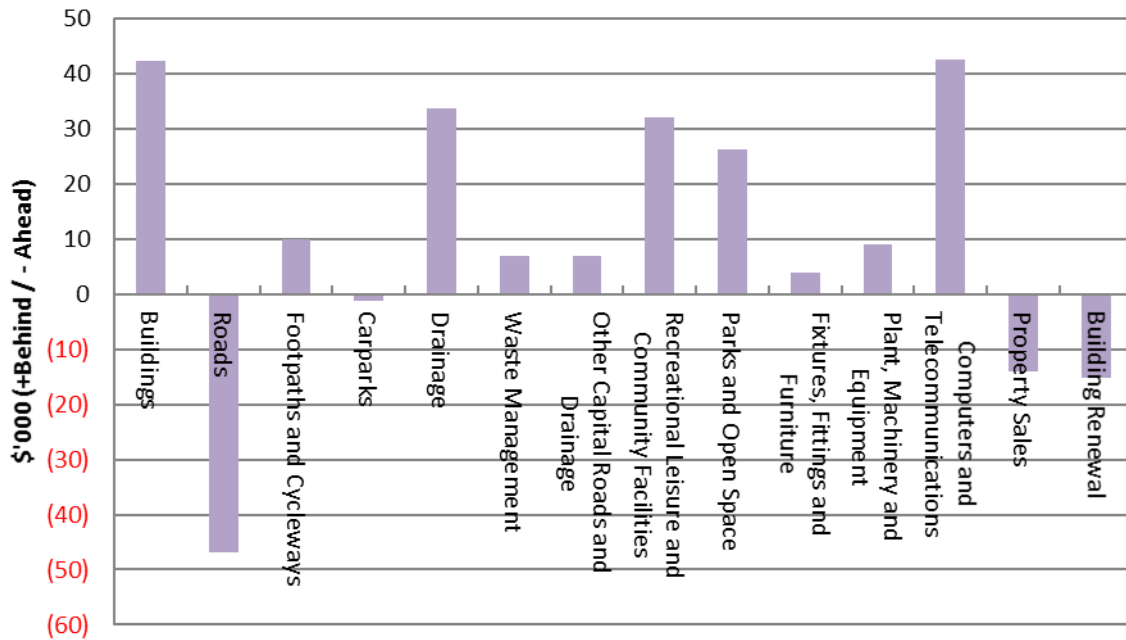
### Income – YTD Forecast Budget variances



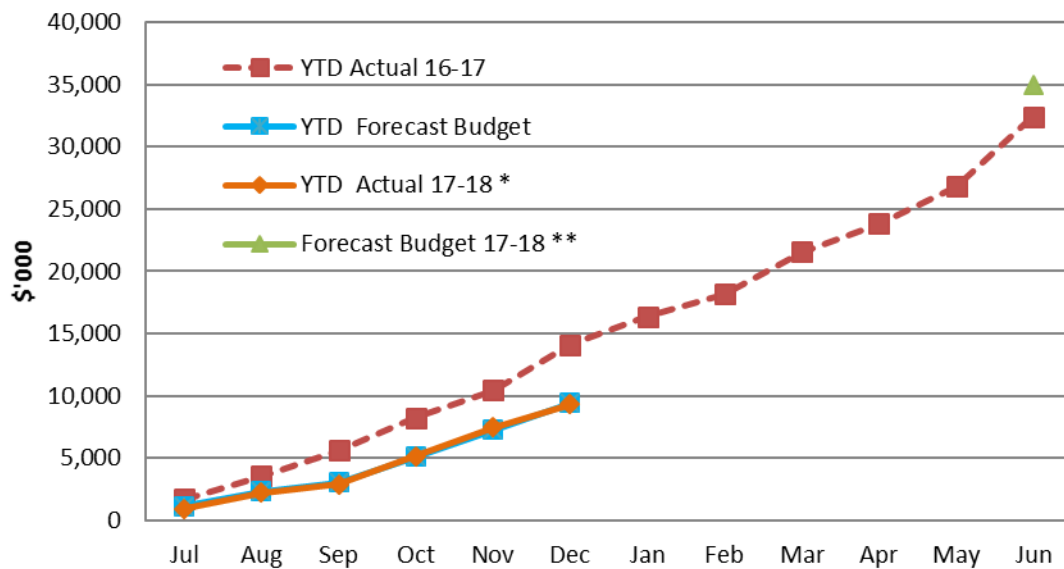
### Expenses – YTD Forecast Budget variances



**Capital Works – YTD Forecast Budget variances by asset class**



**Capital works YTD expenditure cumulative**



\*YTD Actual expenditure includes Carried Forwards

\*\*Forecast Budget expenditure includes Carried Forwards and future years' projects brought forward

These graphs demonstrate that the capital program is on par with overall budget predictions.



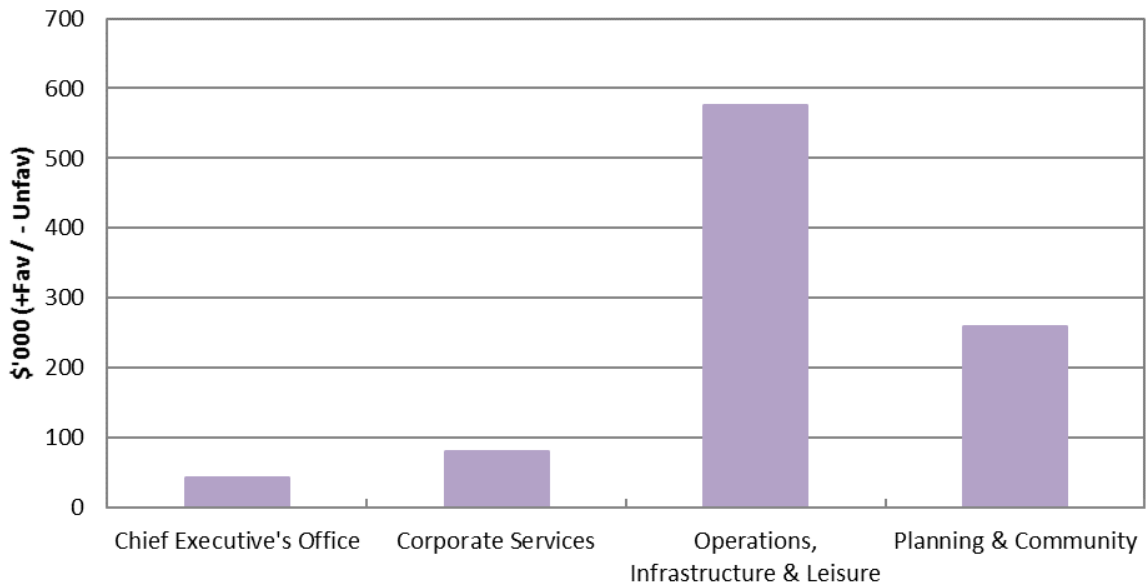
**Financial Report**  
**Six months ended 31 December 2017**

**Directorate Analysis**

	YTD Forecast Net \$'000	YTD Actual Net \$'000	YTD Bud Var Net \$'000	Annual Forecast Net \$'000
<b>Department</b>				
Chief Executive's Office	(958)	(916)	42	(2,039)
Corporate Services	(13,755)	(13,674)	80	(27,187)
Operations, Infrastructure & Leisure	(11,293)	(10,716)	577	(22,469)
Planning & Community	(3,997)	(3,737)	260	(10,876)
	<b>(30,001)</b>	<b>(29,043)</b>	<b>959</b>	<b>(62,572)</b>
Capital Grants & Contributions	1,035	1,047	12	4,353
Net (Gain)/Loss on disposal of equipment	(50)	(55)	(5)	(93)
Other non-attributable *	74,474	74,500	27	67,738
<b>Net (surplus) deficit</b>	<b>45,457</b>	<b>46,450</b>	<b>993</b>	<b>9,425</b>

\* Other non-attributable includes rate & charges revenue, grants commission, depreciation, and insurance.

**Department net cost YTD Budget variances (depiction of the table above)**



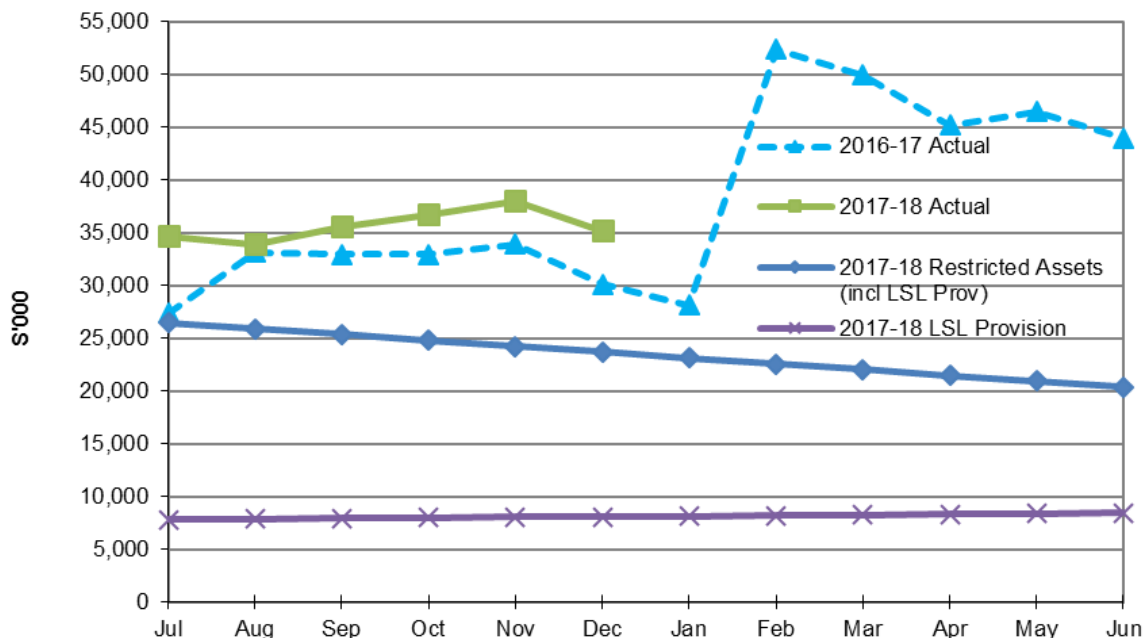
This graph shows that all directorates are showing a positive variance to the Year to Date Budget.

## 6. Financial Position

	2017-18 December Actual \$'000	2016-17 December Actual \$'000	2017-18 Adopted Budget \$'000	2016-2017 June EOFY Actual \$'000
Cash and investments	35,184	30,093	34,012	43,941
Net current assets	71,278	63,146	16,861	23,549
Net assets and total equity	1,587,505	1,497,119	1,466,530	1,541,055

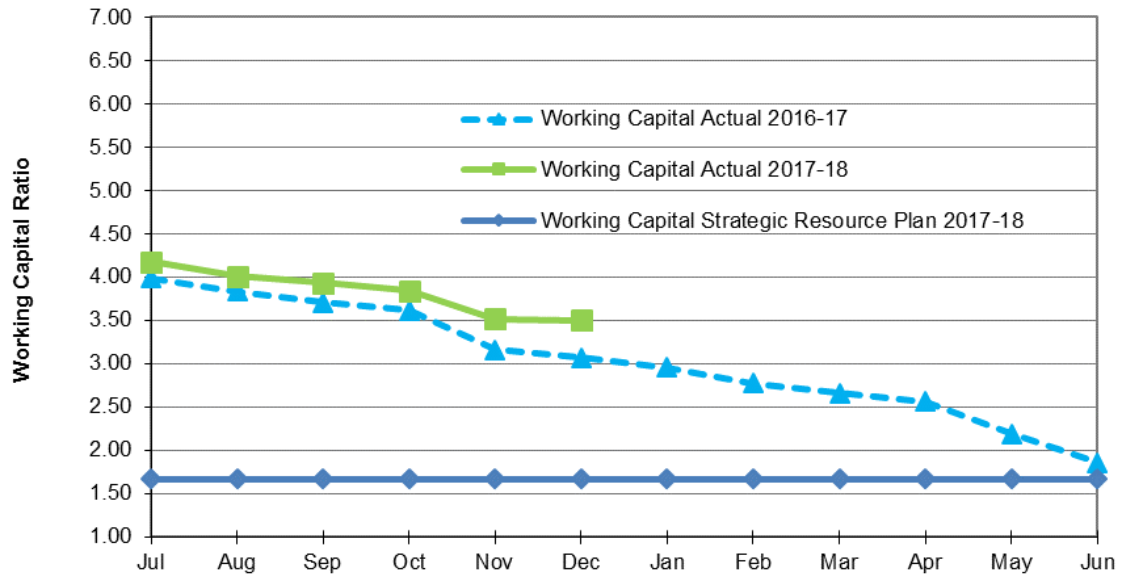
The Financial Position as at 31 December 2017 shows cash and investment balances of \$35.18 million and a net current asset position of \$71.28 million, which are both in line with balances this time last year. The net asset position as at 31 December 2017 is \$1.59 billion. Cash and investment balances are above expectations identified in the Long Term Financial Strategy for the current period of 2017/2018.

### Actual cash & investments balance by month



This graph reflects that there are sufficient cash reserves to cover both restricted assets and any fluctuations in cash flow.

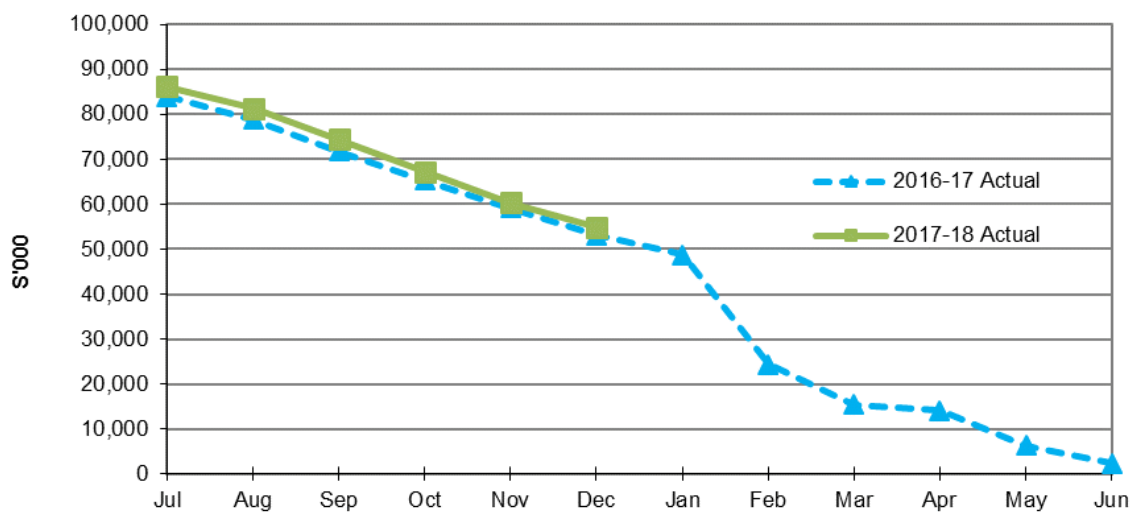
**Actual working capital ratio by month  
 (Current Assets / Current Liabilities)**



The working capital ratio is a measure of liquidity. It is essential for this figure to be greater than 1.00 at all times, with the VAGO recommended level being in excess of 1.50. Council's working capital ratio clearly meets this recommendation.

The ratio is expected to follow a similar trend to the previous financial year.

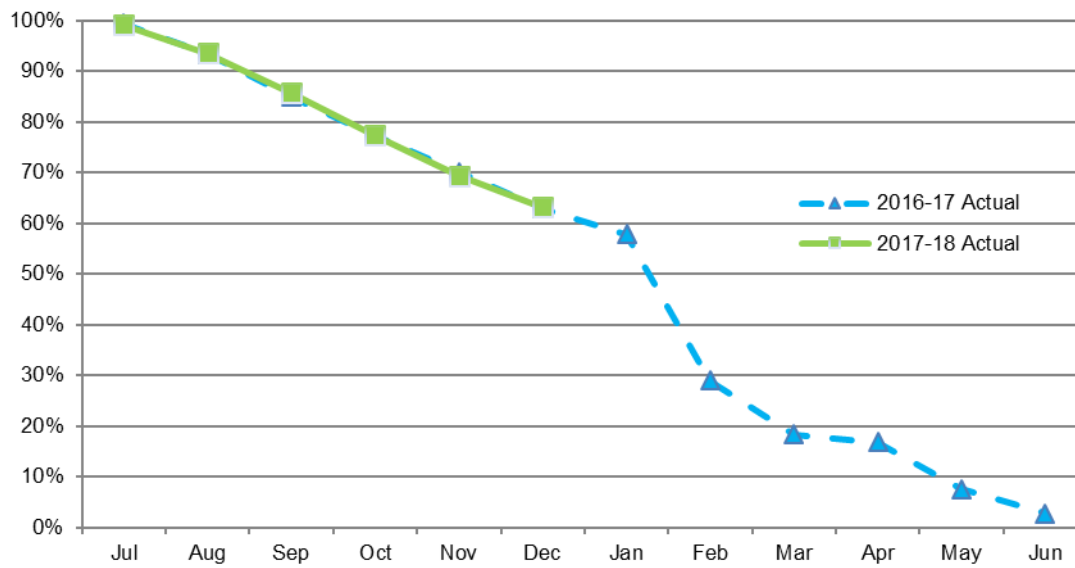
**Actual rates outstanding balances by month**



The December result indicates a similar trend of rates outstanding as compared to the same stage last year.

**Financial Report**  
**Six months ended 31 December 2017**

**Rates debtor collection rate by %**

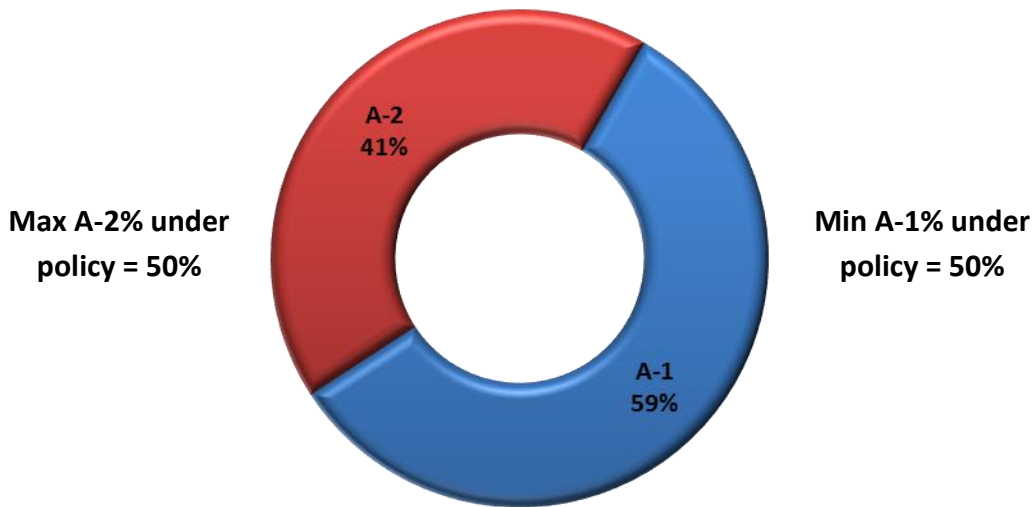


Rate debtor's collection levels during 2017/2018 are in line with expectations.

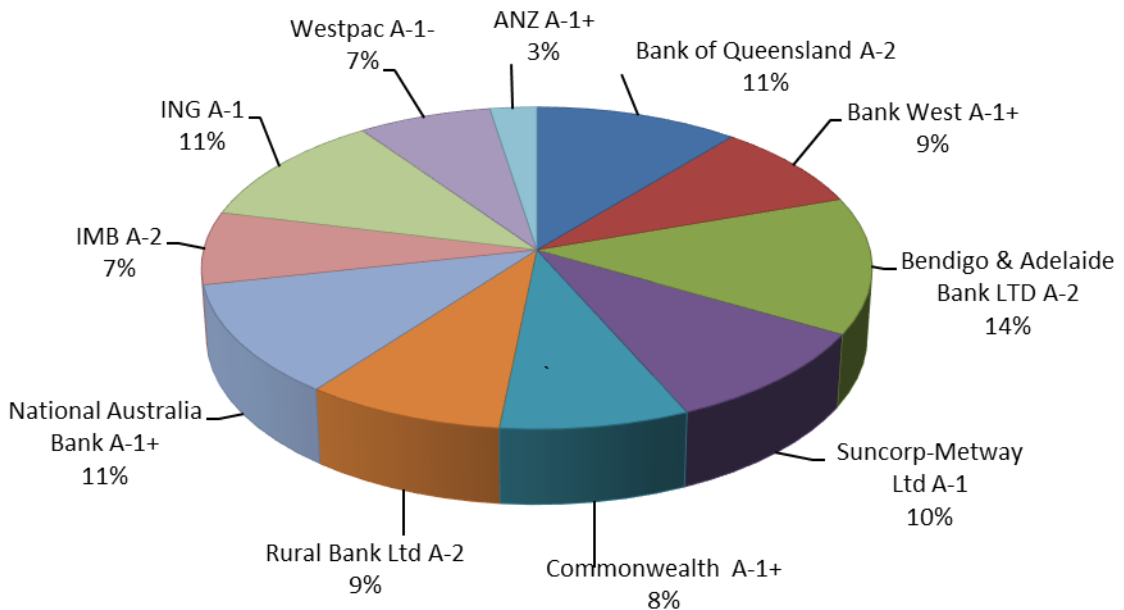
## 7. Cash and Investments

The following graphs indicate the diversification and credit ratings of the investment portfolio at the end of December. The table lists all the investments held as at 31 December 2017. Council has met Investment Policy guidelines at the end of December with respect to the portfolio's balance between A-1 and A-2 investments, and holding no greater than 15% of the portfolio with one investing partner.

**Credit Rating  
as at 31 December 2017**



**Investment Distribution  
as at 31 December 2017**



**Financial Report**  
**Six months ended 31 December 2017**

<b>Investments as at 31 December 2017</b>							
Institution	Credit Rating	Maturity Date	Period Days	Yield %	Type	\$000's	%
Bank West	A-1+			1.45	On-Call	1,500	4.2%
National Australia Bank	A-1+			1.80	On-Call	1,502	4.2%
Suncorp-Metway Ltd	A-1	04-Jan-18	59	2.15	Term Dep.	1,200	3.4%
ING	A-1	04-Jan-18	48	1.75	Term Dep.	900	2.5%
Rural Bank Ltd	A-2	10-Jan-18	44	1.90	Term Dep.	600	1.7%
IMB	A-2	11-Jan-18	71	2.25	Term Dep.	809	2.3%
Westpac	AA-	18-Jan-18	77	1.77	Term Dep.	1,013	2.8%
Bendigo & Adelaide Bank LTD	A-2	18-Jan-18	70	2.10	Term Dep.	1,500	4.2%
Westpac	AA-	25-Jan-18	71	1.67	Term Dep.	500	1.4%
Bendigo & Adelaide Bank LTD	A-2	25-Jan-18	52	2.00	Term Dep.	1,100	3.1%
Bank West	A-1+	01-Feb-18	77	2.37	Term Dep.	1,614	4.5%
IMB	A-2	07-Feb-18	78	2.15	Term Dep.	1,000	2.8%
Suncorp-Metway Ltd	A-1	08-Feb-18	59	2.20	Term Dep.	1,000	2.8%
Bank of Queensland	A-2	15-Feb-18	49	2.00	Term Dep.	1,800	5.0%
Bank of Queensland	A-2	21-Feb-18	85	2.40	Term Dep.	621	1.7%
Rural Bank Ltd	A-2	07-Mar-18	90	2.25	Term Dep.	704	2.0%
IMB	A-2	10-Jan-18	126	2.40	Term Dep.	806	2.3%
Bank of Queensland	A-2	24-Jan-18	139	2.45	Term Dep.	1,500	4.2%
ING	A-1	01-Mar-18	97	1.93	Term Dep.	600	1.7%
Rural Bank Ltd	A-2	01-Mar-18	92	2.25	Term Dep.	1,811	5.1%
Commonwealth	A-1+	07-Mar-18	96	2.08	Term Dep.	704	2.0%
ANZ	A-1+	08-Mar-18	91	2.34	Term Dep.	900	2.5%
ING	A-1	15-Mar-18	104	1.95	Term Dep.	2,600	7.3%
National Australia Bank	A-1+	21-Mar-18	104	2.46	Term Dep.	2,531	7.1%
Westpac	AA-	13-Mar-18	1461	4.25	Term Dep.	1,057	3.0%
Suncorp-Metway Ltd	A-1	05-Apr-18	272	2.55	Term Dep.	878	2.5%
Commonwealth	A-1+	17-May-18	365	2.50	Term Dep.	1,120	3.1%
Bendigo & Adelaide Bank LTD	A-2	30-May-18	365	2.55	Term Dep.	1,077	3.0%
Suncorp-Metway Ltd	A-1	22-Jun-18	364	2.55	Term Dep.	500	1.4%
Commonwealth	A-1+	22-Jun-18	364	2.50	Term Dep.	1,118	3.1%
Bendigo & Adelaide Bank LTD	A-2	12-Jul-18	405	2.65	Term Dep.	1,243	3.5%
						<b>35,806</b>	<b>100%</b>

Term Dep. = Term Deposit NCD = Negotiable Certificate of Deposit

Council's performance against the industry wide benchmark (Bank Bill Swap Reference Rate – Average Bid which summarises the returns on banks bills over the period chosen) is provided below:

Benchmark: 90 days Bank Bill Swap Reference Rate – Average Bid (Source: Australian Financial Markets Association)	2.08%
Maroondah Investment Portfolio as at 31 December 2017	2.30%