

**Strathbogie Shire Council
Financial Report
30 September 2012**

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Variance analysis summary report for the three month period ending 30 September 2012

Summary Analysis

The operating surplus for the three month period ending 30 September was \$11,209,828. The primary reason for this surplus at September 2012 is the rate revenue for the full financial year being brought to account during this period.

A small favourable operating variance to budget of \$2,796 is forecast at 30 June 2013 as summarised below.

As at September 2012 total capital works was \$962,964. A favourable variance is forecast at 30 June 2013 of \$265,000.

These forecast variances are based on information available to Council officers at the time this report was prepared. It is important to understand outcomes of Grant applications and final tender pricing may result in updated variance analysis as the information becomes available. This information is then reported as part of Councils Financial Reporting obligations.

Further details of all variances are reported on page 8 of this report.

Summary of variances to budget for the period ending 30 September 2012 as provided in the detailed briefing to Council.

		<u>Amount</u> <u>Favourable /</u> <u>(unfavourable)</u>
<u>Income Statement budget variance.</u>		
Revenue		(241,904)
Expenditure		244,700
	Page 4	<u>2,796</u>
 <u>Statement of Capital works budget variance.</u>	 Page 7	 265,000

**Standard Income Statement
For the Period Ended 30 September 2012**

	YTD Budget 30 September 2012	YTD Actual 30 September 2012	YTD Variance 30 September 2012	Annual Budget 2012/2013	Forecast Actual 2012/2013	Variances		Note
		\$	\$	\$	\$	\$	%	
Revenue								
Rates and charges	14,064,000	13,992,718	(71,282)	14,064,000	14,064,000	-	0.0	
Statutory fees and fines	34,998	46,412	11,414	277,000	277,000	-	0.0	
User fees	259,440	184,185	(75,255)	1,148,100	1,145,500	(2,600)	(0.2)	1
Contributions	10,000	-	(10,000)	90,000	90,000	-	0.0	
Grants - Recurrent	898,177	1,110,207	212,030	3,950,800	3,850,196	(100,604)	(2.5)	2
Grants - Non-recurrent	1,003,750	1,058,307	54,557	4,895,400	4,756,700	(138,700)	(2.8)	3
Other revenue	78,725	151,307	72,582	314,900	314,900	-	0.0	
Total revenue	16,349,090	16,543,136	194,046	24,740,200	24,498,296	(241,904)	(1.0)	
Expenses								
Employee benefits	(2,348,361)	(2,202,985)	145,376	(9,484,900)	(9,564,900)	(80,000)	(0.8)	4
Materials and services	(1,960,080)	(1,976,362)	(16,282)	(9,463,200)	(9,138,500)	324,700	3.4	5
Depreciation and amortisation	(1,108,482)	(1,108,500)	(18)	(4,434,000)	(4,434,000)	-	0.0	
Finance costs	(56,724)	(47,610)	9,114	(226,900)	(226,900)	-	0.0	
Other expenses	(46,227)	(42,164)	4,063	(713,800)	(713,800)	-	0.0	
Total expenses	(5,519,874)	(5,377,621)	142,253	(24,322,800)	(24,078,100)	244,700	1.0	
Net gain(loss) on disposal of property, plant and equipment, infrastructure	-	44,313	-	-	-	-	100.0	
Surplus(deficit) for the period	10,829,216	11,209,828	336,299	417,400	420,196	2,796	0.7	

**Standard Balance Sheet
As at 30 September 2012**

	YTD Budget 30 September 2012 \$	YTD Actual 30 September 2012 \$	YTD Variance 30 September 2012 \$	Annual Budget 2012/2013 \$
Assets				
Current assets				
Cash and cash equivalents	6,416,932	9,049,128	2,632,196	2,762,174
Trade and other receivables	12,253,239	11,877,674	(375,565)	1,705,239
Prepayments	192,908	359,944	167,036	192,908
Inventories	120,138	14,167	(105,971)	120,138
Accrued Income	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total current assets	18,983,217	21,300,913	2,317,696	4,780,459
Non-current assets				
Financial assets	2,032	2,032	-	2,032
Investments in associates	123,444	156,226	32,782	123,444
Property, plant and equipment, infrastructure	198,107,011	221,295,824	23,188,813	201,909,597
Total non-current assets	198,232,487	221,454,082	23,221,595	202,035,073
Total assets	217,215,704	242,754,995	25,539,291	206,815,532
Liabilities				
Current liabilities				
Trade and other payables	1,180,070	2,263,261	(1,083,191)	1,480,070
Trust funds and deposits	307,156	431,135	(123,979)	307,156
Provisions	2,294,359	3,318,587	(1,024,228)	1,845,928
Interest-bearing loans and borrowings	547,240	382,001	165,239	584,472
Total current liabilities	4,328,825	6,394,984	(2,066,159)	4,217,626
Non-current liabilities				
Trade and other payables				
Trust funds and deposits	67,980	67,980	-	67,980
Provisions	202,080	-	202,080	202,080
Interest-bearing loans and borrowings	2,281,051	2,417,255	(136,204)	2,403,894
Total non-current liabilities	2,551,111	2,485,235	65,876	2,673,954
Total liabilities	6,879,936	8,880,219	(2,000,283)	6,891,580
Net Assets	210,335,768	233,874,776	23,539,008	199,923,952
Equity				
Accumulated surplus	81,252,265	83,175,814	1,923,549	70,640,449
Reserves	129,083,503	150,698,962	21,615,459	129,283,503
Total Equity	210,335,768	233,874,776	23,539,008	199,923,952

Standard Cash Flow Statement For the Period Ended 30 September 2012

	YTD Budget 30 September 2012	YTD Actual 30 September 2012 \$	YTD Variance 30 September 2012 \$	Annual Budget 2012/2013 \$
Cash flows from operating activities				
Rates	3,517,951	3,488,482	(29,469)	14,064,000
Statutory fees and fines	34,998	46,412	11,414	277,000
User charges and other fines (inclusive of GST)	537,817	128,234	(409,583)	1,148,100
Grants (inclusive of GST)	1,976,927	2,587,099	610,172	9,329,000
Interest	49,500	64,546	15,046	198,000
Contributions	10,000	-	(10,000)	90,000
Other receipts (inclusive of GST)	32,148	86,761	54,613	117,000
Net GST refund/payment	(487,250)	159,921	647,171	2,367,000
Payments to suppliers (inclusive of GST)	(1,531,077)	(3,749,283)	(2,218,206)	(11,713,000)
Payments to employees (including redundancies)	(2,419,361)	(1,068,213)	1,351,148	(9,484,900)
Other payments	(46,228)	(44,712)	1,516	(184,900)
Net cash provided by (used in) operating activities	1,675,425	1,699,247	23,822	6,207,300
Cash flows from investing activities				
Payments for property, plant and equipment, infrastructure	(806,630)	(962,964)	(156,334)	(8,838,633)
Proceeds from sale of property, plant and equipment, infrastructure	124,998	161,083	36,085	500,000
Payment for remediation of landfill site	-	-	-	(519,431)
Net cash provided by (used in) investing activities	(681,632)	(801,881)	(120,249)	(8,858,064)
Cash flows from financing activities				
Finance costs	(56,724)	(47,610)	9,114	(226,900)
Trust funds and deposits	-	11,196	11,196	-
Proceeds from interest bearing loans and borrowings	-	-	-	575,000
Repayment of interest bearing loans and borrowings	(514,417)	(122,750)	391,667	(929,000)
Net cash provided by (used in) financing activities	(571,141)	(159,164)	411,977	(580,900)
Net increase (decrease) in cash and cash equivalents	422,652	738,202	315,550	(3,231,664)
Cash and cash equivalents at the beginning of the financial year	5,994,280	8,310,926	2,316,646	5,994,280
Rounding adjustment				(442)
Cash and cash equivalents at the end of the financial year	6,416,932	9,049,128	2,632,196	2,762,174

**Standard Statement of Capital Works
For the Period Ended 30 September 2012**

	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast Actual	Variances		Note
	30 September 2012	30 September 2012	30 September 2012	2012/2013	2012/2013	\$	%	
	\$	\$	\$	\$	\$	\$	%	
Capital Works Areas								
Land	30,000	918	29,082	235,000	280,000	(45,000)	(19.1)	6
Buildings	40,617	-	40,617	1,923,315	1,518,315	405,000	21.1	7
Roads	288,750	489,160	(200,410)	4,448,218	4,468,218	(20,000)	(0.4)	8
Bridges and Culverts	-	1,081	(1,081)	610,000	654,000	(44,000)	(7.2)	9
Footpaths	-	601	(601)	-	-	-	100.0	
Kerb & Channel	-	20,000	(20,000)	-	-	-	100.0	
Drains	10,000	-	10,000	125,600	145,600	(20,000)	(15.9)	10
Plant and equipment	82,000	104,412	(22,412)	888,000	888,000	-	0.0	
Furniture and equipment	61,263	34,466	26,797	314,500	294,500	20,000	6.4	11
Waste Management	294,000	312,326	(18,326)	294,000	325,000	(31,000)	(10.5)	12
Total capital works	806,630	962,964	(156,334)	8,838,633	8,573,633	265,000	3.0	

Represented by:

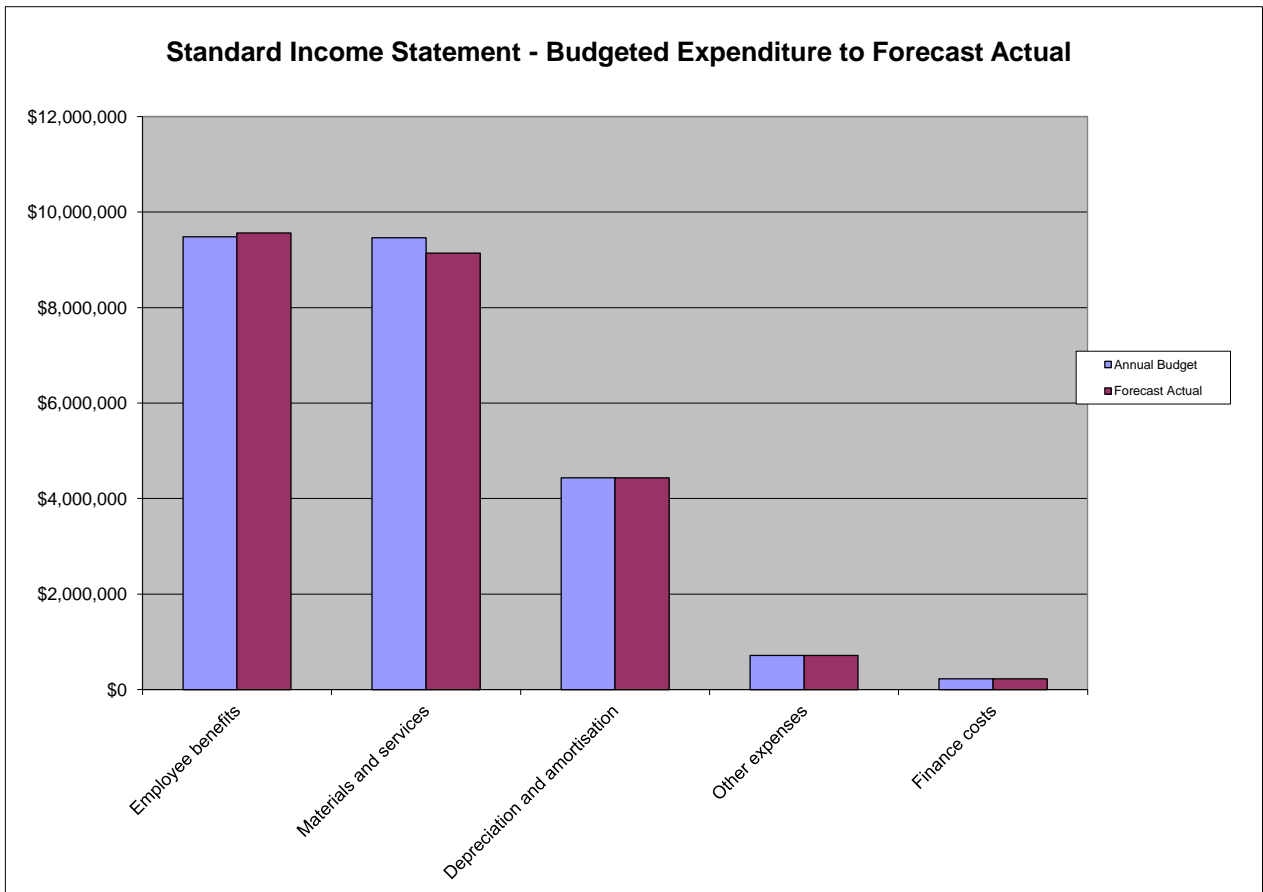
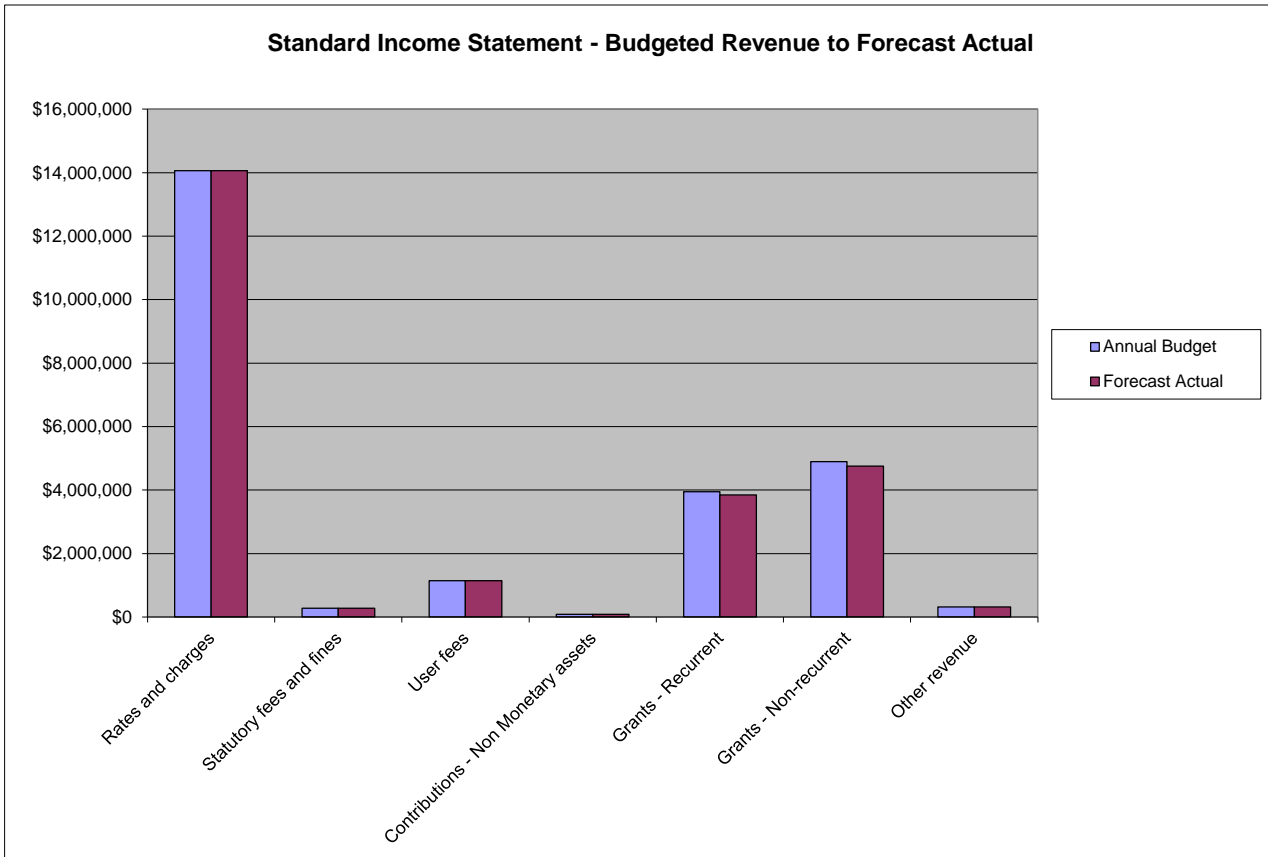
Renewal	402,630	598,142	(195,512)	5,294,633	4,942,633	352,000	6.6	
Upgrade	40,500	15,610	24,890	609,050	691,050	(82,000)	(13.5)	
New assets	363,500	349,212	14,288	2,934,950	2,939,950	(5,000)	(0.2)	
Total capital works	806,630	962,964	(156,334)	8,838,633	8,573,633	265,000	3.0	

Financial Narrative
For the Period Ended 30 September 2012

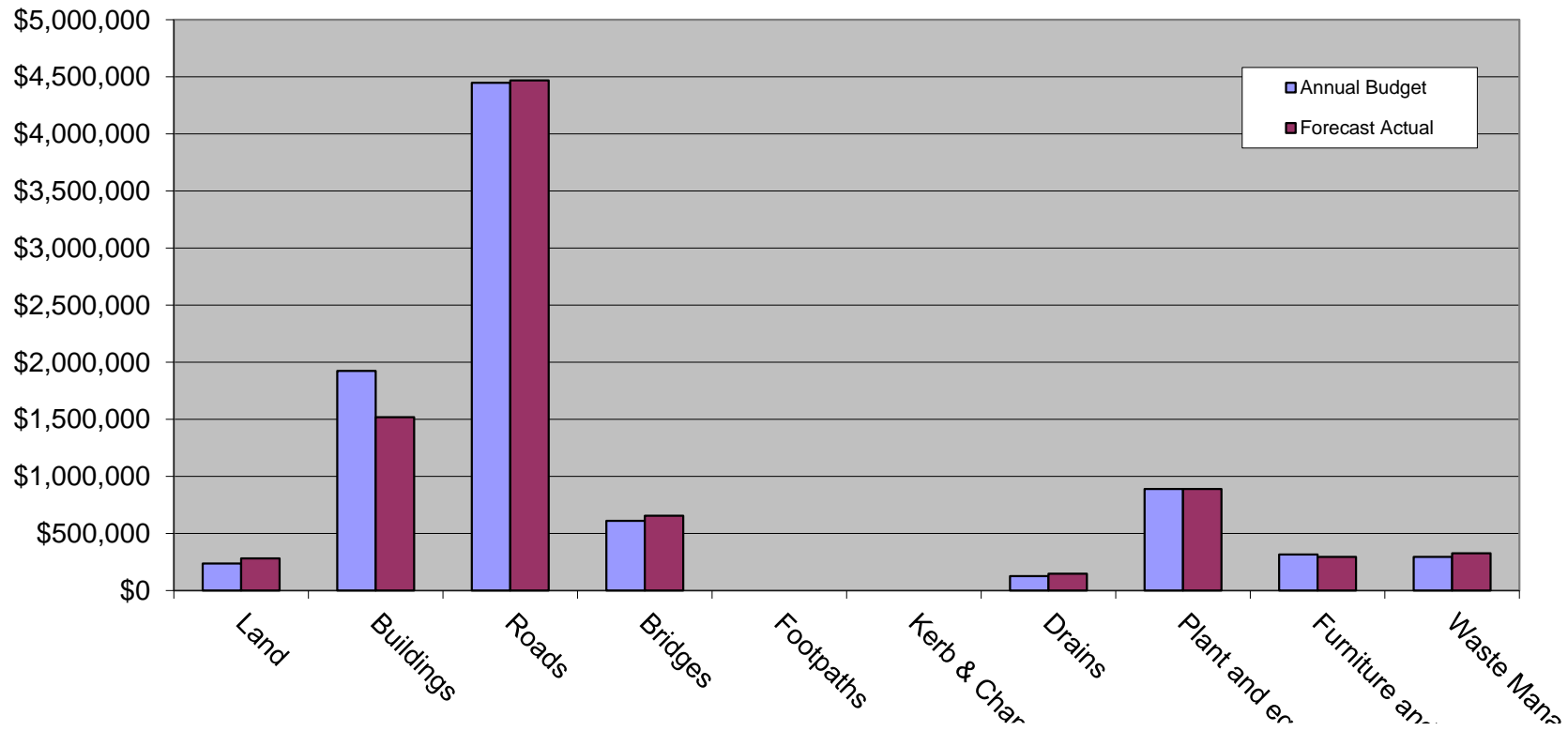
Note	Variance Favourable/ (unfavourable)	<u>Financial Narrative</u>
1 User Fees		
Rental 9 Lily Street Violet Town	(2,600)	Reduced rental income due to the proposed sale of the building.
Total User Fees	<u>(2,600)</u>	
2 Grants Recurrent		
Emergency Management Fire Officer	120,000	This unbudgeted received grant will be fully offset by expenditure on the new Fire Officer Position. This project is cost neutral to Council. See also Notes 4 and 5.
Natural Disaster 2010 Flood Damage grant	90,000	The works and funding associated with the 2010 flood event crossed multiple financial years. At the time the budget was finalised it was anticipated these works would have been completed, however the works and final claim for funding will be finalised in the current financial year resulting in a variance to budget that is cost neutral to Council. See also Note 8.
HACC Funding	(35,724)	Information received after the budget was adopted advised of reduced funding across the HACC programs.
Local Roads Grant	(59,260)	Confirmation of grant allocation was received after the budget was adopted. The total grants commission funding was less than provided in budget resulting in an unfavourable budget variance.
Grants Commission	(86,490)	Confirmation of grant allocation was received after the budget was adopted. The total grants commission funding was less than provided in budget resulting in an unfavourable budget variance.
Avenel Rec. Reserve Stage 1	(120,000)	The variance is due to the 1st instalment being received in June 2012 after the budget was finalised. Note this is a timing difference between two financial years resulting in an unfavourable variance to budget in the current financial year.
Various Other	(9,130)	
Total Grants Recurrent	<u>(100,604)</u>	
3 Grants - Capital		
Creightons Creek Road	400,000	The budget assumed completion of this project in the previous financial year. The project was commenced in the previous financial year and will be completed in the current financial year. The final grant instalment will be claimed resulting in a favourable variance against budget. This is a timing variance only across two financial years.
Euroa Caravan Park Footbridge	54,800	The budget assumed completion of this project in the previous financial year. The project was commenced in the previous financial year and will be completed in the current financial year. The final grant instalment has been claimed resulting in a favourable variance against budget. This is a timing variance only across two financial years.
Implementation of V/T Floodplain Stage 1	45,000	Additional funding will be received for the project which will be fully expended and therefore remains cost neutral to Councils budget. See also Note 6.
The Rockies Pedestrian Bridge Grant	44,000	Additional funding will be received for the project which will be fully expended and therefore remains cost neutral to Councils budget. See also Note 9.
Euroa Memorial Oval	(300,000)	This grant application was unsuccessful, therefore the project will not proceed. See also Note 5.
Violet Town Library Complex	(340,000)	This grant application was unsuccessful, therefore the project will not proceed. See also Note 7.
Various Other	(42,500)	
Total Grants - Capital	<u>(138,700)</u>	
Total Revenue Forecast Variance	(241,904)	

Financial Narrative
For the Period Ended 30 September 2012

Note		Variance Favourable/ (unfavourable)	<u>Financial Narrative</u>
4	Employee Costs		
	Emergency Management Fire Officer	(80,000)	This unbudgeted expenditure will be fully offset by Grant Income for the new Fire Officer Position. This project is cost neutral to Council. See also Notes 2 and 5.
	Total Employee Costs	<u>(80,000)</u>	
5	Materials and Contracts		
	Euroa Memorial Oval	390,000	This grant application was unsuccessful, therefore the project will not proceed. See also Note 3.
	Fire Access Tracks	41,000	No grant was received for the current financial year and therefore anticipated works will not proceed.
	Emergency Management Fire Officer	(40,000)	This unbudgeted grant will be fully offset by expenditure on the new Fire Officer Position. This project is cost neutral to Council. See also Note 2 and 4.
	Municipal Revaluation	(53,200)	This relates to the Municipal valuation process that was completed in the previous year. This expense was not accrued at 30 June 2012 resulting in a timing difference between two financial years and an unfavourable variance to budget in the current financial year.
	Various Other	(13,100)	
	Total Materials and Contracts	<u>324,700</u>	
	Total Expenditure Forecast Variance	<u>244,700</u>	
	Net Operating Forecast Variance	<u>2,796</u>	
	Capital Works Variances		
6	<u>Land</u>		
	Implementation of V/T Floodplain Stage 1	(45,000)	Additional funding will be received for the project which will be fully expended and therefore remains cost neutral to Councils budget. See also Note 3.
7	<u>Buildings</u>		
	Violet Town Library Complex	380,000	This grant application was unsuccessful, therefore the project will not proceed. See also Note 3.
	Euroa Office Energy Retrofit	25,000	This grant application was unsuccessful, therefore the project will not proceed
8	<u>Roads</u>		
	Reseals & Pavement Rehab. Program	100,000	Savings are due the tendered contract price being less than provided in budget.
	Creightons Creek Road	(30,000)	This project was commenced in the previous financial year and will be completed in the current financial year. The final grant instalment will be claimed resulting in a favourable variance against budget but is ultimately only a timing variance across two financial years.
	Natural Disaster 2010 Flood Damage grant	(90,000)	The works and funding associated with the 2010 flood event crossed multiple financial years. At the time the budget was finalised it was anticipated these works would have been completed, however the works and final claim for funding will be finalised in the current financial year resulting in a variance to budget that is cost neutral to Council. See also Note 2.
9	<u>Bridges and Culverts</u>		
	The Rockies Pedestrian Bridge Grant	(44,000)	Additional funding will be received for the project which will be fully expended and therefore remains cost neutral to Councils budget. See also Note 3.
10	<u>Drainage</u>		
	Euroa Tarcombe Street Drainage	(20,000)	It was anticipated this project would be completed in the previous financial year, resulting in a timing difference between two financial years and an unfavourable variance to budget in the current financial year.
11	<u>Furniture and Equipment</u>		
	Streetlight Energy saving bulb replacement	35,000	This grant application was unsuccessful, therefore the project will not proceed
	Regional Shared Services Infrastructure	(15,000)	Costs associated with the development of a regional solution have been applied to Councils telephone and records management systems upgrades. These updates were originally identified as part of the Regional Shared Services solution. Note savings associated with the interplan development offset this unfavourable budget variance.
12	<u>Waste Management</u>		
	Violet Town Transfer Station works	(31,000)	Final costs associated with this project were greater than provided in budget.
	Total Capital Works Variances	<u>265,000</u>	



Standard Statement of Budgeted Capital Works to Forecast Actual



Schedule of Investments at 30 September 2012

National Australia Bank

Long Service Leave Investment	1,200,000	4.95%
Term Deposit	600,000	5.00%
Term Deposit	500,000	4.95%
Term Deposit	800,000	4.48%
Term Deposit	400,000	4.00%

3,500,000

Goulburn Murray Credit Union

Term Deposit	600,000	4.65%
Term Deposit	500,000	4.75%
Term Deposit	500,000	4.75%

1,600,000

Commonwealth Bank of Australia

Term Deposit	500,000	4.55%
Term Deposit	500,000	4.55%

1,000,000

Total Investments at 30 September 2012

\$ 6,100,000

