

Finance Report

1 July 2019 to 31 March 2020



Finance Report - 31 March 2020

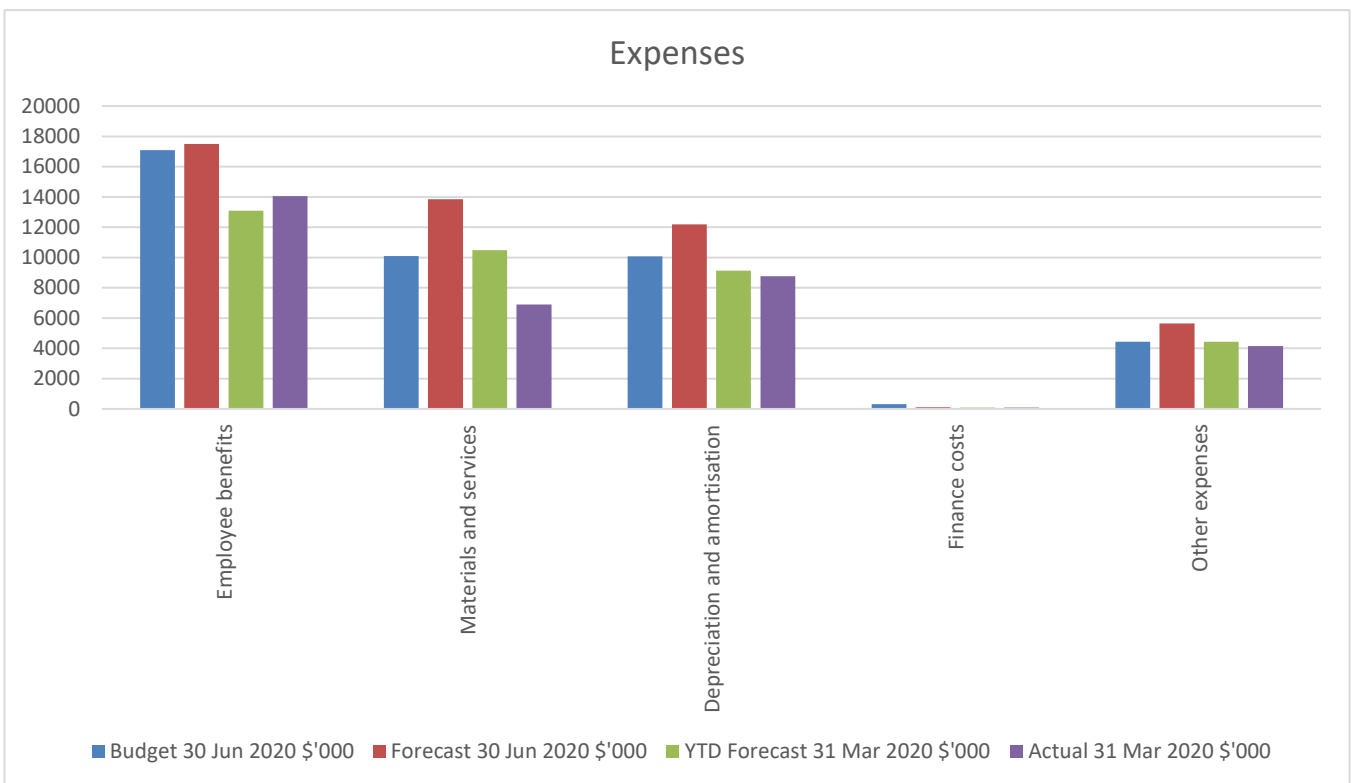
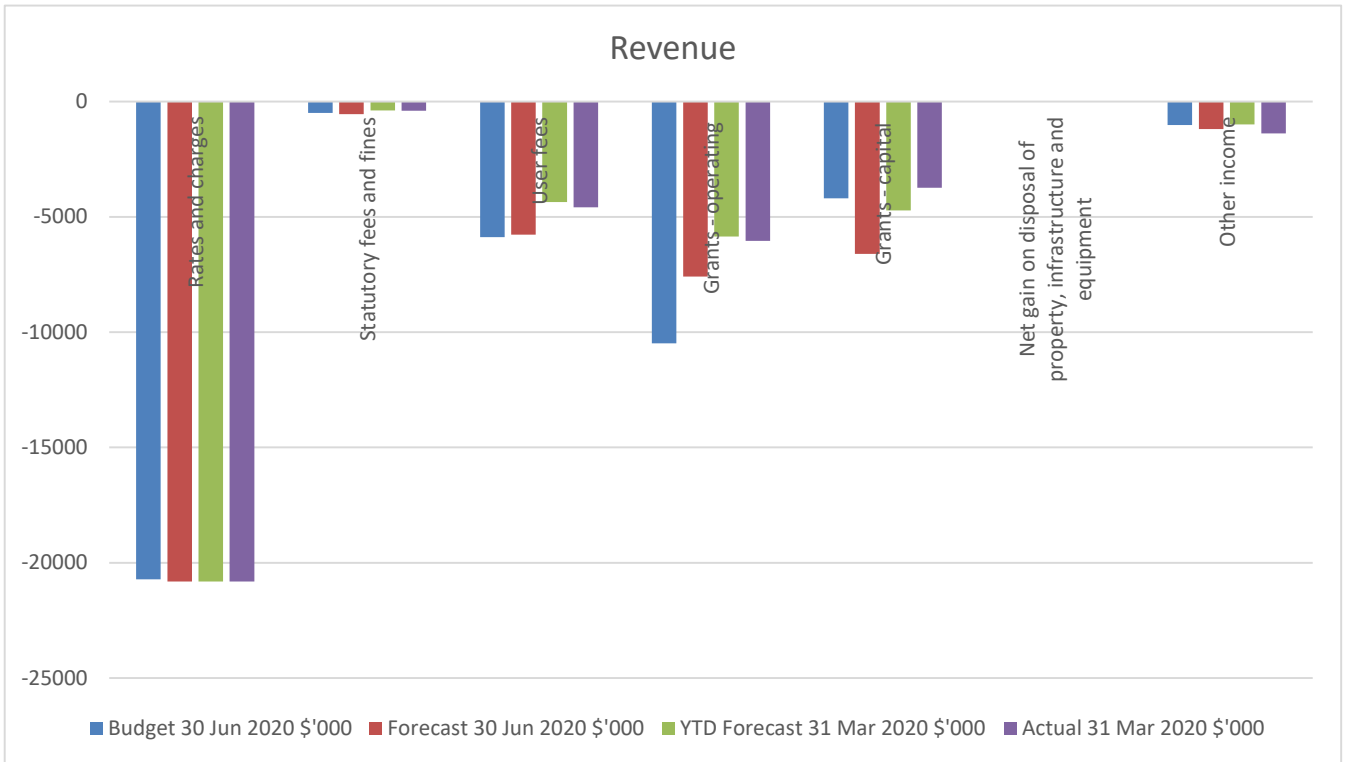
1. Comprehensive Income Statement

	Budget 30 Jun 2020 \$'000	Forecast 30 Jun 2020 \$'000	YTD Forecast 31 Mar 2020 \$'000	Actual 31 Mar 2020 \$'000	% of YTD Forecast	Note
Operating Revenue						
Rates and charges	(20,716)	(20,820)	(20,819)	(20,811)	100%	
Statutory fees and fines	(491)	(547)	(389)	(399)	102%	
User fees	(5,873)	(5,778)	(4,357)	(4,585)	105%	
Contributions - cash	0	0	0	0		
Grants - operating	(10,485)	(7,588)	(5,856)	(6,045)	103%	1
Grants - capital	(4,200)	(6,607)	(4,719)	(3,743)	79%	2
Net gain on disposal of property, infrastructure and equipment	0	0	0	0		
Other income	(1,022)	(1,193)	(991)	(1,384)	140%	3
	(42,787)	(42,535)	(37,131)	(36,968)	100%	
Operating Expenses						
Employee benefits	17,090	17,497	13,090	14,051	107%	4
Materials and services	10,106	13,859	10,481	6,901	66%	5
Bad and doubtful debts	0	0	0	0		
Depreciation and amortisation	10,072	12,179	9,134	8,762	96%	6
Finance costs	323	112	84	84	100%	
Other expenses	4,435	5,638	4,444	4,158	94%	
	42,026	49,285	37,234	33,956	91%	
(Surplus) Deficit resulting from ope	(761)	6,750	102	(3,011)	-2943%	

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 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 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 Mar 2020 \$'000	Actual 31 Mar 2020 \$'000	% of Forecast 0	0 Note
Current Assets						
Cash & Cash equivalents	4,966	9,806	5,675	6,763	119%	1
Trade & Other Receivables	4,767	8,424	8,424	6,545	78%	2
Other Financial Assets	0	0	10,568	15,514	147%	3
Inventories	461	600	600	725	121%	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	19,339	25,776	30,058	117%	
Non Current Assets						
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	321,291	319,595	316,190	99%	
	359,360	324,084	322,389	318,984	99%	
Total Assets	370,188	343,424	348,165	349,042	100%	
Current Liabilities						
Trade & Other Payables	(4,070)	(3,554)	(3,554)	(1,308)	37%	7
Trust Funds & Deposits	(353)	(639)	(639)	(667)	104%	8
Interest Bearing Loans & Liabilities	(450)	(365)	(272)	(277)	102%	
Provisions	(6,962)	(6,100)	(6,100)	(7,465)	122%	9
	(11,835)	(10,659)	(10,565)	(9,717)	92%	
Non Current Liabilities						
Interest Bearing Loans & Liabilities	(3,038)	(3,128)	(1,315)	(1,304)	99%	
Provisions	(793)	(4,962)	(4,962)	(3,584)	72%	10
	(3,831)	(8,090)	(6,278)	(4,888)	78%	
Net Assets	354,522	324,675	331,322	334,436	101%	
Net Equity						
Accumulated Surplus	(153,130)	(137,729)	(144,377)	(147,491)	102%	
Asset Revaluation Reserve	(200,463)	(186,084)	(186,084)	(186,084)	100%	
Other Reserves	(929)	(862)	(862)	(862)	100%	
Net Equity	(354,522)	(324,675)	(331,322)	(334,436)	101%	

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Notes:

1. Council's cash (includes other financial assets which are term deposits and cash investments) are \$22.3m with the YTD forecast being \$16.26m. 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. These financial assets are term deposits and cash investments. 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 revalued 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 in 2018/19, resulting in the year end valuation not being as high as anticipated.
7. At the end of March Council paid most of its creditors. This level is traditionally higher at year end.
8. Council is still holding some contractor performance guarantees. Many of 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%	91.5%	181.4%	309.3%
Debt Servicing Ratio <i>(Interest as a % of total Revenue)</i>	< 5%	1.6%	0.5%	0.4%
Debt Commitment Ratio <i>(Interest & Loan repayments as a % of total Revenue)</i>	< 15%	1.6%	0.8%	1.0%

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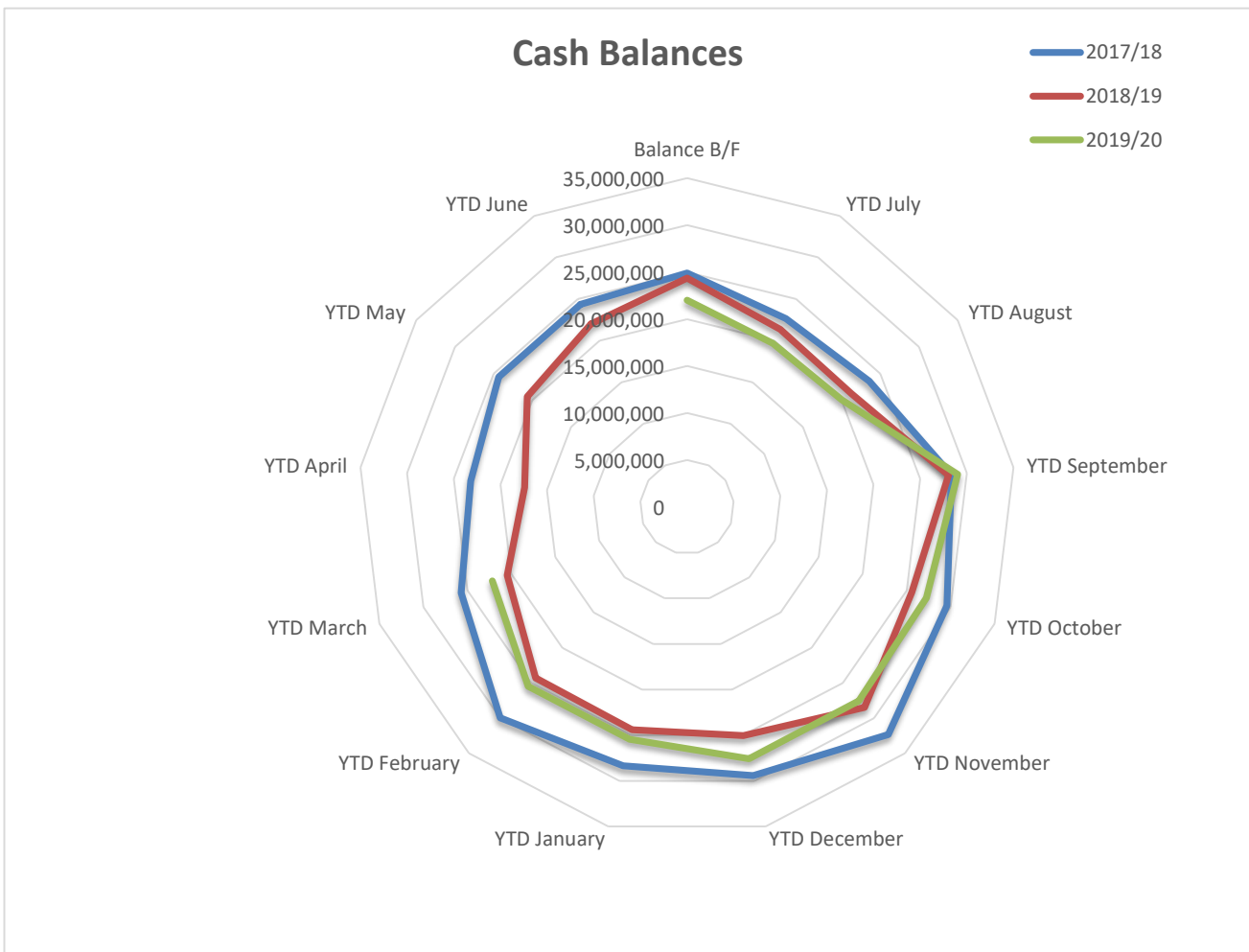
3. Cash Flow Statement

	Budget 30 Jun 2020 \$'000	Forecast 30 Jun 2020 \$'000	YTD Forecast 31 Mar 2020 \$'000	YTD Actual 31 Mar 2020 \$'000	% of YTD Forecast	Note
Cash flows from Operations						
Operating Revenue						
Rates and charges	20,716	20,820	16,676	17,623	106%	
Grants - operating	10,485	7,588	5,856	6,045	103%	
Grants - capital	4,200	6,607	4,719	3,743	79%	1
Interest	365	365	252	274	109%	2
User fees	5,873	5,778	4,357	4,585	105%	
Statutory fees and fines	491	547	389	399	102%	
Other revenue	657	828	739	707	96%	3
	42,787	42,535	32,988	33,376	101%	
Operating Expenses						
Employee benefits	(17,090)	(17,497)	(13,090)	(14,051)	107%	4
Materials and consumables	(10,106)	(11,682)	(9,522)	(6,901)	72%	5
Other expenses	(4,435)	(6,856)	(4,444)	(4,158)	94%	
	(31,631)	(36,034)	(27,056)	(25,110)	93%	
Net Cash Flows From Operating Ac	11,156	6,500	5,932	8,266	139%	
Cash Flows From Financing Activities						
Finance Costs	(323)	(112)	(84)	(84)	100%	
Proceeds from Borrowings	2,000	2,000	0	0		
Repayment of Borrowings	(365)	(365)	(272)	(277)	102%	
Net cash flows from financing activities	1,312	1,522	(356)	(362)	102%	
Cash Flows From Investing Activities						
Payments for investing activities	(23,443)	(20,925)	(16,099)	(11,691)	73%	6
Proceeds from Asset Sales	581	582	497	403		
Net Cash Flows From Investing Activities	(22,862)	(20,343)	(15,603)	(11,288)	72%	
Net Cash Flows From Movements in Balance Sheet	0	0	4,144	3,536		
Net increase (decrease) in Cash	(10,394)	(12,320)	(5,882)	153		
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	9,805	16,243	22,278		

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Notes:

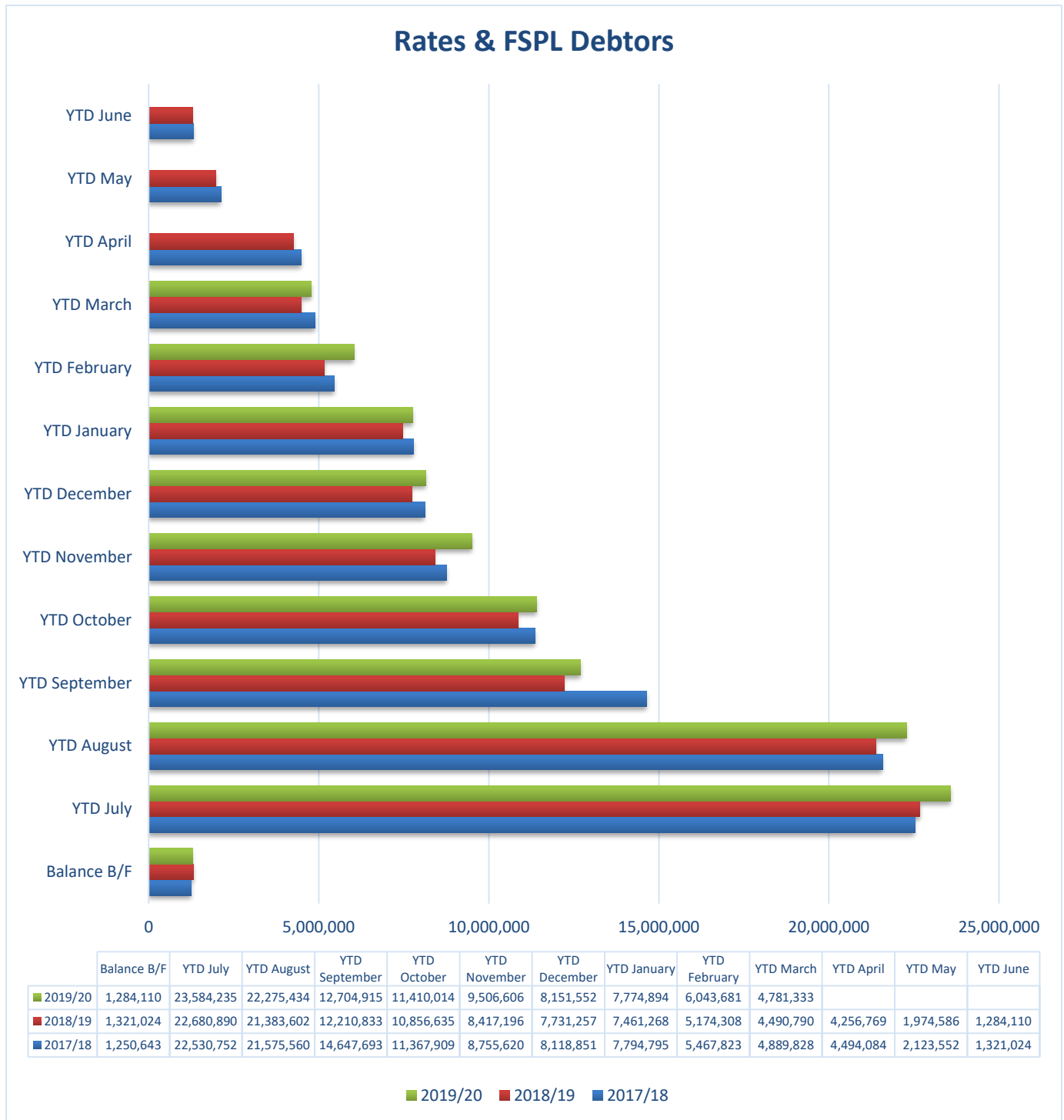
1. Capital Grants have been forecast to increase due to additional funding/Carry Forwards of grants for the livestock exchange, final flood grant and Fixing Country Roads. The YTD forecast is lower than predicted as claims for Lake Hamilton Dam Wall were not achieved in the quarter.
2. Many of Council's 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.
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 \$1.6m. 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

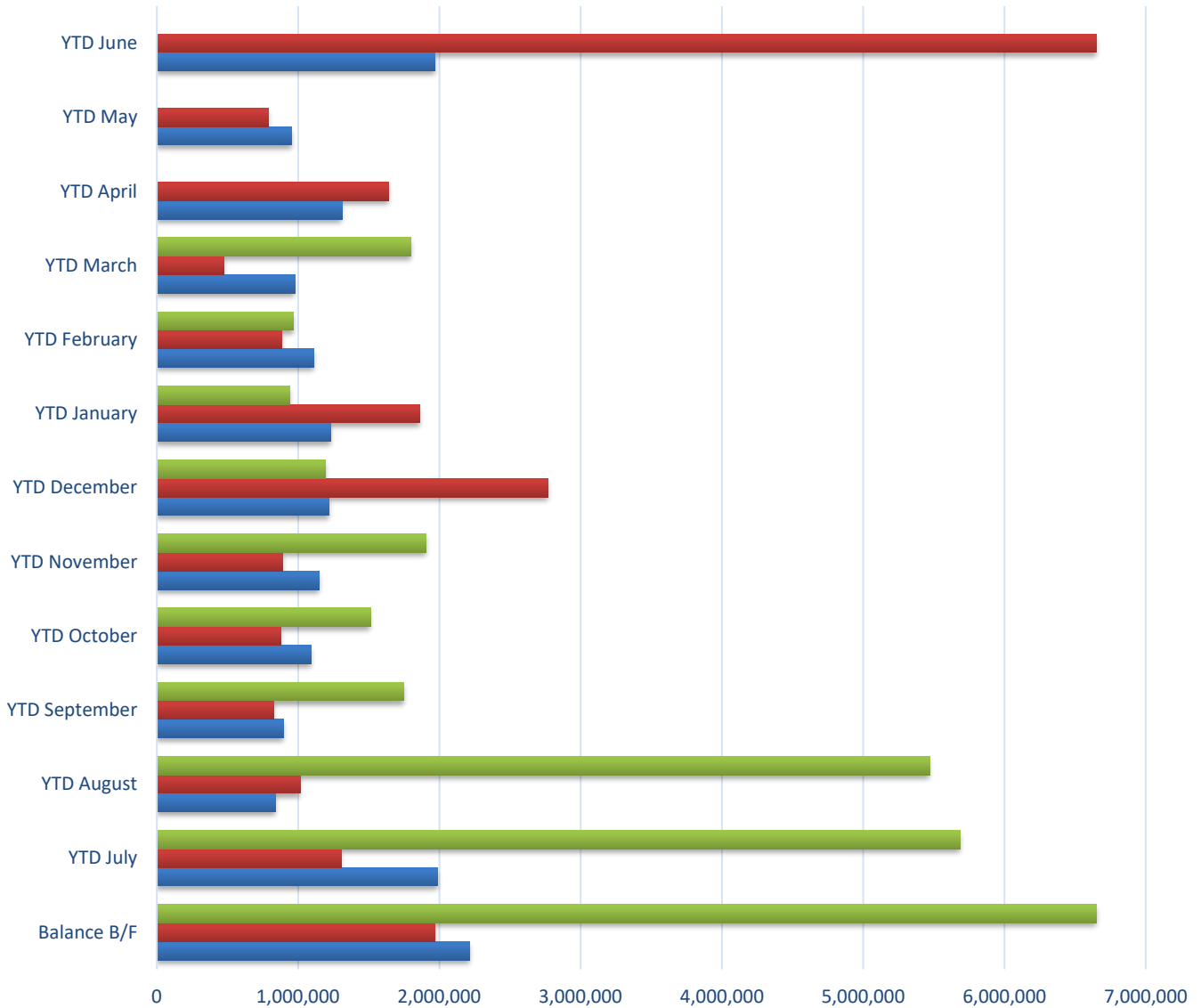


Notes:

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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General Debtors



	Balance B/F	YTD July	YTD August	YTD September	YTD October	YTD November	YTD December	YTD January	YTD February	YTD March	YTD April	YTD May	YTD June
■ 2019/20	6,650,745	5,686,762	5,469,717	1,747,502	1,512,825	1,907,260	1,194,108	943,827	965,867	1,800,504			
■ 2018/19	1,971,658	1,306,294	1,013,949	828,048	880,095	889,662	2,767,904	1,863,659	883,986	477,599	1,640,406	792,869	6,650,745
■ 2017/18	2,217,030	1,989,436	843,131	895,504	1,093,162	1,150,154	1,220,038	1,230,269	1,113,054	976,241	1,311,035	955,154	1,971,658

■ 2019/20 ■ 2018/19 ■ 2017/18

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.

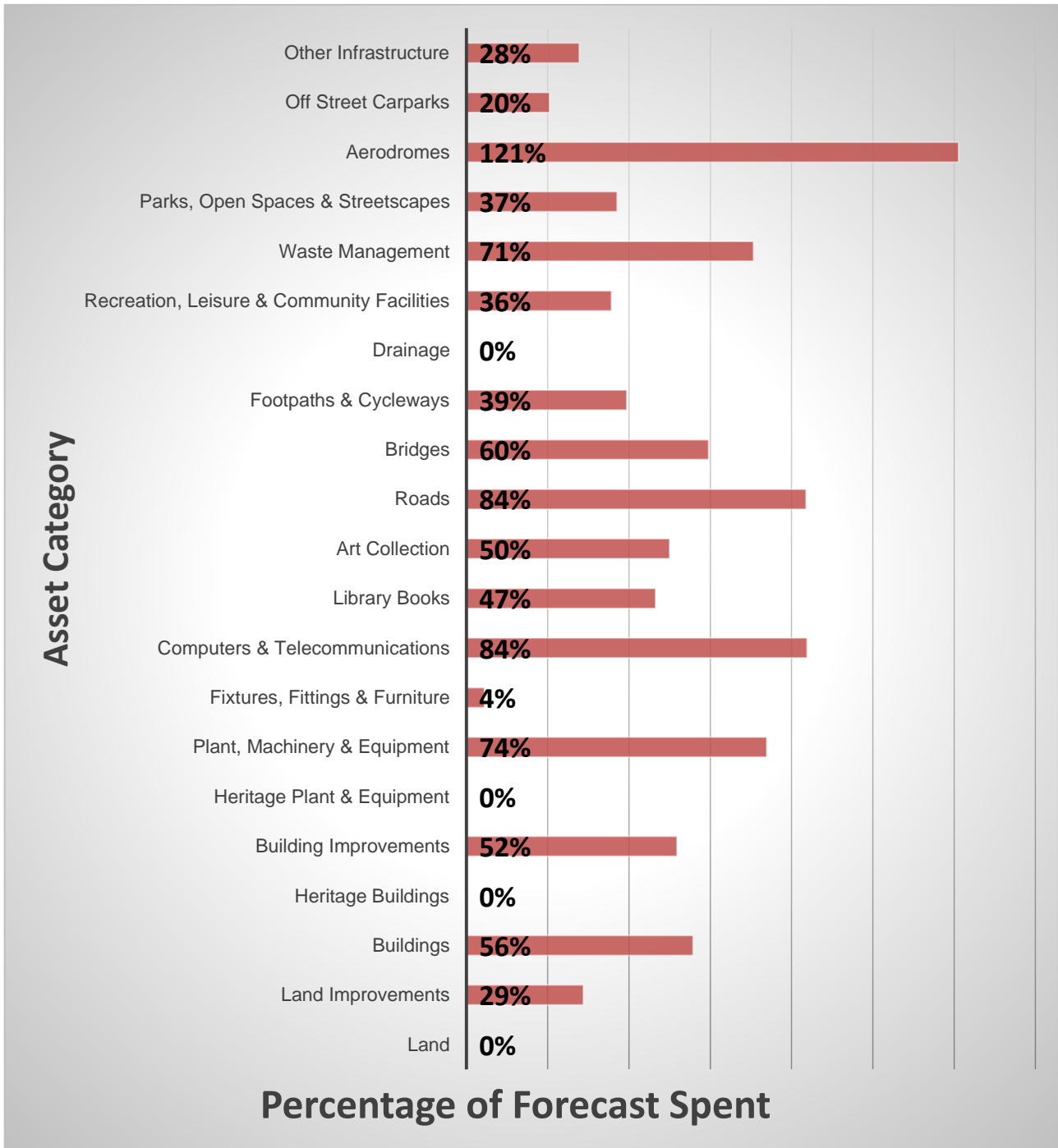
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5. Capital Works

	Budget 30 June 2020	Forecast 30 Jun 2020	YTD Forecast 31 Mar 2020	Actual 31 Mar 2020	% of YTD Forecast
Property					
Land	0	0	0	0	0%
Land Improvements	3,580,000	4,723,295	2,362,399	1,358,318	57%
Buildings	2,860,000	2,428,288	2,258,829	1,353,976	60%
Heritage Buildings	0	0	0	0	0%
Building Improvements	0	114,090	55,201	59,073	0%
	6,440,000	7,265,673	4,676,429	2,771,366	
Plant & Equipment					
Heritage Plant & Equipment	0	0	0	0	0%
Plant, Machinery & Equipment	2,560,500	2,235,604	1,697,944	1,652,265	97%
Fixtures, Fittings & Furniture	70,000	73,238	54,936	3,237	6%
Computers & Telecommunications	25,000	100,000	100,000	83,822	84%
Library Books	70,000	70,000	41,250	32,575	79%
Art Collection	15,000	5,000	3,753	2,500	0%
	2,740,500	2,483,842	1,897,883	1,774,400	
Infrastructure					
Roads	5,537,052	5,967,627	5,337,589	4,987,173	93%
Bridges	610,000	1,579,114	1,454,338	940,530	65%
Footpaths & Cycleways	550,000	250,000	200,003	98,535	49%
Drainage	0	0	0	131	0%
Recreation, Leisure & Community Facilities	960,000	498,992	283,104	178,067	63%
Waste Management	1,100,000	186,832	154,774	131,960	85%
Parks, Open Spaces & Streetscapes	3,805,000	470,019	391,336	174,207	45%
Aerodromes	0	20,600	20,600	24,943	121%
Off Street Carparks	0	5,000	5,000	1,020	20%
Other Infrastructure	1,700,000	2,197,228	1,678,318	610,229	36%
	14,262,052	11,175,412	9,525,062	7,146,794	
Total Capital Works	23,442,552	20,924,927	16,099,374	11,692,560	73%
Represented by:					
New	7,660,000	8,397,828	5,857,888	3,111,916	53%
Renewal	11,482,552	11,874,117	9,842,912	8,264,918	84%
Expansion	1,100,000	39,408	30,653	17,435	57%
Upgrade	3,200,000	613,574	367,921	298,291	81%
	23,442,552	20,924,927	16,099,374	11,692,560	73%

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 Mar 2020	Actual 31 Mar 2020	% of YTD Forecast	Note
Staff Expenditure						
Employee Costs - Operations	17,090,120	17,497,109	13,090,442	14,443,033	110%	
Employee Costs - Capital	2,250,487	2,169,712	1,974,949	1,399,721	71%	
Total Staff Expenditure	19,340,607	19,666,821	15,065,391	15,842,754	105%	

