



AGENDA APPENDIX
Council Meeting
Wednesday 25 March 2015

AGENDA ITEM FOR SEPARATE DISTRIBUTION TO COUNCILLORS AND
EXECUTIVE LEADERSHIP TEAM DUE TO DOCUMENT SIZE.

THE ITEM IS ACCESSIBLE VIA THE COUNCIL WEBSITE OR BY
CONTACTING COUNCIL ON 03 5662 9200.

D.1 FINANCE PERFORMANCE REPORT JULY – FEBRUARY 2015

Appendix 1 – Financial Performance Report

Financial Performance Report –February 2015

The Financial Performance Report covers the 8 month period from July 2014 to February 2015.

Overview

Income Statement

Annual year to date performance:

- Operating result: \$1.582 million surplus which is \$1.883 million unfavourable compared the year to date budget projection of \$3.465 million surplus.

Balance Sheet

Projected year end result:

- Underlying working capital ratio 1.83 to 1 (original budget 1.56 to 1)

Cash Flow Statement

Projected year end result:

- Cash assets: \$14.098 million (original budget \$9.657 million)

Capital Works program

- Expenditure \$5.737 million which is \$1.418 million behind year to date budget projection of \$7.155 million

The February Financial Performance Report includes the proposed 2015/16 Annual Budget and Long Term Financial Plan forward budgets that are currently being considered by Council. The longer term financial performance indicators show that the financial plan (adjusted for budget carry forward and other budget adjustments) is financially sustainable.

The balance of this Financial Performance Report is broken down to the following sections:

Section 1 - Year to date financial performance and projected financial results.

Section 2 – Annual year to date financial analysis.

Section 3 – Long Term Financial Plan analysis.

SECTION 1 – YEAR TO DATE FINANCIAL PERFORMANCE AND PROJECTED FINANCIAL RESULTS

This section discusses variations in year to date performance and budget projections. The information is presented in the budgeted financial statements format.

YEAR TO DATE FINANCIAL PERFORMANCE AND PROJECTED FINANCIAL RESULTS

South Gippsland Shire Council INCOME STATEMENT For the Period Ending 28 Feb 2015								
	Y.T.D. Actual \$'000	Y.T.D. Budget \$'000	Y.T.D. Variance \$'000	Note	Original Budget \$'000	Projected Budget \$'000	Projected Variance \$'000	Note
INCOME								
Rates and charges	24,068	23,909	159		35,677	35,810	133	
Statutory fees and fines	458	394	64		551	588	37	
User fees	2,574	2,770	(196)		4,267	4,130	(137)	
Contributions - cash	213	126	87		66	557	491	
Contributions - non monetary assets	0	0	0		1,337	337	(1,000)	A
Grants - Operating (recurrent)	8,107	8,120	(13)		10,867	10,972	105	
Grants - Operating (non recurrent)	1,259	3,470	(2,211)	1	4,597	5,683	1,086	B
Grants - Capital (recurrent)	0	836	(836)	2	1,636	1,672	36	
Grants - Capital (non recurrent)	315	307	8		3,176	2,102	(1,074)	C
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	(46)	32	(78)		291	291	0	
Other income	1,342	1,148	194		1,807	1,859	52	
TOTAL INCOME	38,290	41,112	(2,822)		64,272	64,001	-271	
EXPENSES								
Employee costs	14,559	14,747	188		22,241	22,317	(76)	
Materials and consumables	12,831	13,469	638	3	21,483	22,029	(546)	
Bad and doubtful debts	0	0	0		1	1	0	
Depreciation	7,086	7,177	91		10,853	10,766	87	
Borrowing costs	33	33	0		151	123	28	
Other expenses	2,199	2,221	22		3,454	3,094	360	
TOTAL EXPENSES	36,708	37,647	939		58,183	58,330	(147)	
SURPLUS / (DEFICIT)	1,582	3,465	(1,883)		6,089	5,671	(418)	

NOTES: MATERIAL VARIATIONS IN YEAR TO DATE FINANCIAL PERFORMANCE

Note 1 Income: Grants – Operating (non recurrent) - \$2.211 million behind

- \$2.292 million Storm Response Recovery not yet received.

Note 2 Income: Grants – Capital (recurrent) - \$836,000 behind

- \$836,000 grant for Roads to Recovery not yet received.

Note 3 Expenses: Materials and consumables) - \$638,000 behind

- \$568,000 behind on contactor payments for projects.
- \$104,000 behind on training and professional development costs across the organisation
- \$102,000 behind on expenditure for minor furniture plant and equipment
- \$70,000 behind on program maintenance costs
- \$64,000 behind on consultancy costs
- \$41,000 behind on printing and stationary expenses
- \$58,000 behind on apprenticeship payments
- \$70,000 behind on fuel and oil costs
- \$61,000 behind on insurance costs
- \$437,000 ahead on labour hire costs
- \$47,000 ahead for software annual support and licences
- \$44,000 ahead for external plant hire costs

NOTES: MATERIAL VARIATIONS PROJECTED BUDGET TO ORIGINAL BUDGET

Note A Income: Contributions – non monetary assets- \$1 million unfavourable

- The volume and value of gifted assets is expected to be significantly less than the original budget. Budget projection revised down by \$1 million.

Note B Income: Grants- Operating (non-recurrent) - \$1.086 million favourable

- \$687,000 grants originally expected to be received in 2013/14 have had budgets carried forward into this financial year.
- Additional \$106,000 for Storm response.
- Additional \$10,000 for Arts and Culture.
- Additional \$300,000 for Yanakie Recreation Reserve.
- Additional \$93,000 for Meeniyan Recreation Reserve
- \$237,000 grants reclassified from the line item 'capital grants' to 'operating grants'.

- \$635,000 less storm recovery grants expected than previously estimated.
- Additional \$45,000 for Synthetic green redevelopment for Korumburra Bowls Club
- Additional \$21,000 for community service program services

Note C Income: Grants- Capital (non-recurrent) - \$1.074 million unfavourable

- \$189,000 grants originally expected to be received in 2013/14 have had budgets carried forward into this financial year.
- Additional \$35,000 for McDonalds Track black spot.
- Additional \$50,000 for Timms Rd black spot.
- Additional \$100,000 for Mirboo Nth Soccer lights.
- Additional \$74,000 Korumburra Recreation Reserve.
- Additional \$255,000 for Recreation - Nyora Hall.
- Additional \$40,000 for Mossvale Park flood recovery.
- \$237,000 grants reclassified from the line item 'capital grants' to 'operating grants'.
- \$1.555 million less grants to be received for Korumburra Child Care Hub.
- \$28,000 less for Waratah Bay caravan park rotunda and camp kitchen

South Gippsland Shire Council BALANCE SHEET For the Period Ending 31 Jan 2015					
	Y.T.D. Actual \$'000	Original Budget \$'000	Projected Budget \$'000	Projected Variance \$'000	Note
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	19,619	9,657	14,098	4,441	A
Trade and other receivables	12,973	4,335	4,624	289	
Financial assets	349	1,700	351	(1,349)	B
Inventories	252	219	248	29	
Other assets	0	113	212	99	
	33,193	16,024	19,533	3,509	
NON CURRENT ASSETS					
Investments in regional library corporation	776	603	776	173	
Property, infrastructure, plant and equipment	482,262	532,318	488,578	(43,740)	C
Investment property	716	674	716	42	
	483,754	533,595	490,070	(43,525)	
TOTAL ASSETS	516,947	549,619	509,603	(40,016)	
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	5,040	3,389	4,202	813	
Trust funds and deposits	655	529	526	(3)	
Provisions	5,849	5,146	5,356	210	
Interest bearing loans and borrowings	0	0	0	0	
	23,294	9,064	10,084	1,020	
NON CURRENT LIABILITIES					
Provisions	1,247	1,057	1,094	37	
Interest bearing loans and borrowings	3,350	3,350	3,350	0	
	4,597	4,407	4,444	37	
TOTAL LIABILITIES	27,891	13,471	14,528	1,057	
NET ASSETS	489,056	536,148	495,075	(41,073)	
REPRESENTED BY					
Accumulated Surplus	188,883	195,666	194,096	(1,570)	
Reserves	300,171	340,482	301,014	(39,468)	E
TOTAL EQUITY	489,054	536,148	495,110	(41,038)	

NOTES: MATERIAL VARIATIONS PROJECTED BUDGET TO ORIGINAL BUDGET

Note A Current Assets: Cash and cash equivalents \$4.441 million favourable

- \$1.349 million financial assets (investments with maturity above 3 months) reclassified as cash and cash equivalent assets. The cash was also impacted by levels of accounts payable and receivable at year end that vary to budgeted year end projections.

Note B Current Assets: Financial Assets \$1.349 million unfavourable

- \$1.349 million financial assets (investments with maturity above 3 months) reclassified as cash and cash equivalent assets.

Note C Non Current Assets: Property, infrastructure, plant and equipment \$43.740 million unfavourable

- \$43.740 million unfavourable projection predominantly due to asset revaluation adjustments for previous 2013/14 year being less than anticipated.

Note D Equity: Reserves \$39.468 million unfavourable

- \$39.468 million unfavourable projection predominantly due to asset revaluation adjustments for previous 2013/14 year being less than anticipated.

South Gippsland Shire Council CASH FLOW STATEMENT For the Period Ending 31 Jan 2015					
	Y.T.D. Actual \$'000	Original Budget \$'000	Projected Budget \$'000	Projected Variance \$'000	Note
CASHFLOWS FROM OPERATING ACTIVITIES					
Rates and charges	26,486	35,677	35,810	133	
Statutory fees & fines	458	551	588	37	
User fees	3,395	4,267	4,130	(137)	
Contributions	213	66	557	491	
Grants - operating	9,366	15,464	16,655	1,191	A
Grants - capital	315	4,812	3,774	(1,038)	B
Interest	235	529	377	(152)	
Other receipts	1,143	1,278	1,482	204	
Employee costs	(14,298)	(22,147)	(22,223)	(76)	
Materials and consumables	(11,094)	(20,812)	(21,055)	(243)	
Utilities	(543)	(1,029)	(975)	54	
Other payments	(2,199)	(3,454)	(3,094)	360	
Net cash provided by (used in) operating activities	13,477	15,202	16,026	824	
CASHFLOWS FROM INVESTING ACTIVITIES					
Payments for property, infrastructure, plant & equipment	(5,737)	(15,476)	(14,143)	1,333	C
Proceeds from sale of property, infrastructure, plant and equipment	415	913	913	0	
Trust Funds and deposits	129	0	0	0	
Net cash provided by (used in) investing activities	(5,193)	(14,563)	(13,230)	1,333	
CASHFLOWS FROM FINANCING ACTIVITIES					
Finance costs	(56)	(151)	(123)	28	
Proceeds from borrowing	0	0	0	0	
Repayment of borrowings	0	0	0	0	
Net cash provided by (used in) financing activities	(56)	(151)	(123)	28	
Net increase (decrease) in cash and cash equivalents	8,228	488	2,673	2,185	
Cash and cash equivalents at the beginning of the financial year	11,425	9,169	11,425	2,256	
Cash and cash equivalents at the end of the period	19,653	9,657	14,098	4,441	

NOTES: MATERIAL VARIATIONS PROJECTED BUDGET TO ORIGINAL BUDGET

Note A Cash inflows from operations: Grants operating \$1.191 million favourable

- \$687,000 grants originally expected to be received in 2013/14 have had budgets carried forward into this financial year.
- Additional \$106,000 for Storm response.
- Additional \$10,000 for Arts and Culture
- Additional \$300,000 for Yanakie Recreation Reserve.
- Additional \$93,000 for Meeniyen Recreation Reserve.
- \$237,000 grants reclassified from the line item 'capital grants' to 'operating grants'.
- \$635,000 less storm recovery grants expected than previously estimated.
- Additional \$45,000 for Synthetic green redevelopment for Korumburra Bowls Club
- Additional \$21,000 for community service program services

Note B Cash inflows from operations: Grants capital \$1.038 million unfavourable

- \$189,000 grants originally expected to be received in 2013/14 have had budgets carried forward into this financial year.
- Additional \$35,000 for McDonalds Track black spot.
- Additional \$50,000 for Timms Rd black spot.
- Additional \$100,000 for Mirboo Nth Soccer lights.
- Additional \$74,000 Korumburra recreation reserve.
- Additional \$255,000 for Recreation - Nyora Hall.
- Additional \$40,000 for Mossvale Park flood recovery.
- \$237,000 grants reclassified from the line item 'capital grants' to 'operating grants'.
- \$1.555 million less grants to be received for Korumburra Child Care Hub.
- \$28,000 less for Waratah Bay caravan park rotunda and camp kitchen

Note C Cash outflows from Investing Activities: Payment for property, infrastructure plant and equipment \$1.333 million unfavourable

- \$1.006 million capital expenditure originally expected to be incurred in 2013/14 have had budgets carried forward into this financial year.
- Additional \$35,000 for McDonalds Track black spot.
- Additional \$51,000 for Timms Rd black spot.
- Less \$42,000 for playground equipment Lance Moon Park.
- Less \$41,000 on kerb and channel –Collis St Foster.
- Additional \$298,000 Recreation – Nyora Hall.

- Additional \$111,000 for Korumburra Recreation Centre.
- Less \$110,000 on Recreation Community Infrastructure projects.
- Additional \$41,000 for drainage rehabilitation program.
- Additional \$257,000 for Mirboo Nth Soccer club lights.
- Additional \$39,000 for office accommodation.
- Less \$26,000 for fleet purchase - invoice paid in 2013/14
- Less \$25,000 for Taylor Reserve Open Space Enhancement project – invoice paid in 2013/14
- Additional \$60,000 for Mirboo Nth Netball court project
- Less \$21,000 on Betterment works- now funding Hannah Rise / Melville Ave drainage
- Less \$60,000 on Yanakie Caravan Park and \$20,000 on Long Jetty Caravan Park
- Less \$20,000 on Station Street rehabilitation works now funding Station Street Korumburra
- Less \$61,000 on Meeniyan Dumbalk United project –reclassified as operating expense
- Less \$2.629 million on Korumburra Child Care Hub- project delayed
- Less \$8,000 on Goads Road bridge – now funding Summers Road bridge
- Additional \$207,000 Waste program landfill cover
- Less \$169,000 on Allambie Estate Road bridge
- Less \$39,000 on Goads Road bridge
- Less \$158,000 on Betterment works

SECTION 2 – ANNUAL YEAR TO DATE FINANCIAL ANALYSIS

This section analyses the implications of the year to date performance and the projected outcome for the financial year.

Operating Performance

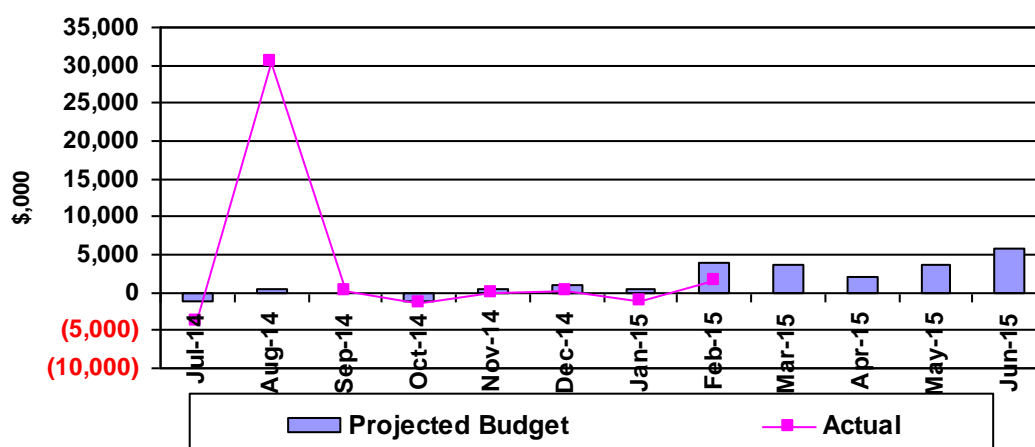
Operating Budget \$0.35 million Surplus for the period Jul-14 to Feb-15

Operating Result \$0.16 million Surplus for the period Jul-14 to Feb-15

The operational result varies by \$0.19 million to the projected year to date budget. Variation is due to timing of actual costs to year to date budgets.

The spike in August is a result of bringing to account full rate income for the year. In the following month the income has been adjusted to be proportionately prepaid throughout the year.

Operating Performance (\$'000)



Capital Performance

Capital Budget \$7.11 million for the period Jul-14 to Feb-15

Actual Expenditure \$5.76 million for the period Jul-14 to Feb-15

Capital Expenditure \$1.35 million behind year to date budgets

The Capital Works Program is running behind year to date budgets. \$1.35 million funding for Capital Works Program was carried forward from 2013/14 to 2014/15 (for projects that were not completed by 30 June 2014).

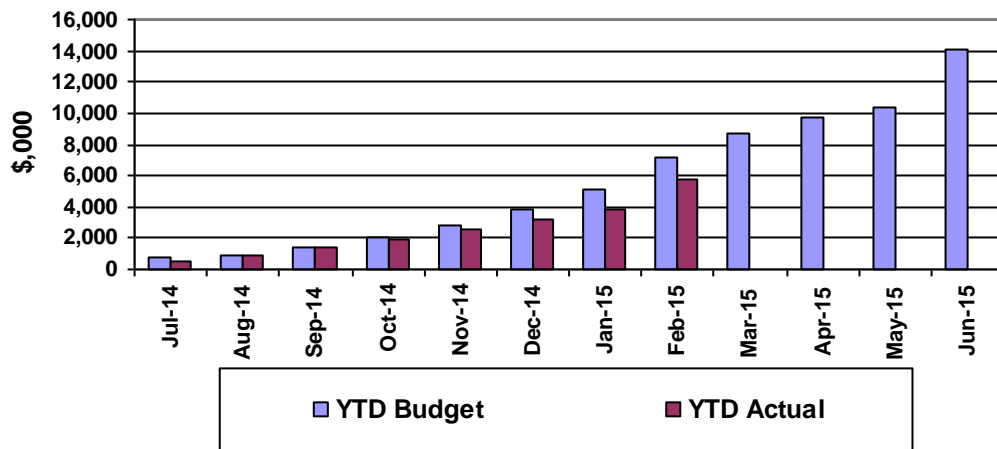
Projects running behind / (ahead) schedule as at 28 February 2015 are detailed in the following table:

Directorate	Department	Cost Centre	Expenditure Major Variation \$	Major Variation Explanation
Corporate Services	Information Services	8030 - Information Services Total	149,150	Major Variance is related to the profiling of the capital budget where funds have been allocated to individual projects for the timeframe that they were anticipated to commence however delays have occurred and the projects remain unstarted. Contract Management System and Website are the two major ones. Variance will be corrected with further profiling of the budget and additional budget adjustments/requests to allocate funds from the overall capital to individual projects.
Engineering Services	Engineering and Assets	8040 - Fleet - Fleet Purchases Total	(36,943)	Expenditure is ahead of schedule and will balance out in the coming months.
Engineering Services	Operations	8050 - Plant - Plant Purchases Total	151,830	Plant Purchases: Expenditure behind schedule.
Engineering Services	Property	8163 - Buildings - Leongatha Memorial Hall Replace Gas Heating System - Leongatha Total	50,040	Works are have been held up by delays in obtaining a New Gas Connection to the site, Hopeful works to commence on 16 March all going well.
Engineering Services	Operations	8173 - Playground Replacement -Saggassar Park, Victoria St - Nyora Total	(54,523)	Two playgrounds have been installed in Toora. Both were booked against this account. Budget adjustment to correct the error will be completed as soon as budgets are open for adjustments.
Engineering Services	Operations	8174 - Playground Replacement -Foreshore Reserve, Lewis St - Port Welshpool Total	(36,252)	Expenditure ahead of schedule and the program has been completed.

Directorate	Department	Cost Centre	Expenditure Major Variation \$	Major Variation Explanation
Engineering Services	Operations	8284 - Roads - Loch Poowong Road - Loch Total	(82,381)	Project cost over original budget due to change in project scope. Expect savings in other projects to cover cost over run.
Engineering Services	Operations	8292 - Roads - Victory Avenue - Foster Total	200,497	Works behind original schedule but expect completion within the times set in the contract.
Engineering Services	Engineering and Assets	8559 - Waste - Koonwarra Landfill Cells 1, 2 and 3 Cap - (PROVISION) Total	72,915	Works are progressing well. Due to the delay in beginning works caused by EPA approval, we are behind our original program, but at current construction rates, the program should be accelerated.
Engineering Services	Operations	8703 - Drainage - Tramway St (Flood Mitigation) - Port Franklin Total	(61,053)	Works carried out ahead of schedule.
Engineering Services	Engineering and Assets	8770 - Civil - Capital Works Design Total	51,932	Design program running behind original schedule. Expect to pick up over coming quarter.
Engineering Services	Operations	8772 - Roads - Reseals (Partially funded R2R) Total	748,502	Program is progressing, will come into line in coming months.
Engineering Services	Operations	8774 - Roads - Reseal Preparation Total	(300,824)	Reseal preparation is complete for this season, may require transfer from reseal budget to cover overrun.
Engineering Services	Engineering and Assets	8841 - Footpaths - Renewal Total	41,460	Works behind schedule. Expect completion within contract timeframes.
Engineering Services	Engineering and Assets	9096 - Roads - Henrys Road - Nyora Total	236,088	Works running behind original schedule. Expect completion early April.
Engineering Services	Engineering and Assets	9425 - Buildings - Child Care Hub - Korumburra Total	178,774	Awaiting settlement of property acquired by a public acquisition overlay.

Directorate	Department	Cost Centre	Expenditure Major Variation \$	Major Variation Explanation
Engineering Services	Property	9523 - Buildings - Public Toilets Reconstruction - Toora Total	26,781	The contract has been awarded, and works will begin soon.
Engineering Services	Property	9524 - Buildings - Public Toilets Reconstruction - Fish Creek Total	35,441	The contract has been awarded, and works will begin soon.
Engineering Services	Engineering and Assets	9577 - Recreation - TP Taylor Reserve Open Space Enhancement Project Total	(101,963)	Project completed ahead of schedule.
Engineering Services	Engineering and Assets	9705 - Bridge - Allambee Estate Rd Bridge Rehab - Allambee Reserve Total	95,701	Project running behind original schedule. Project expected to be completed within contract timeframes.
Engineering Services	Engineering and Assets	9738 - Roads - Gray St - Leongatha Total	112,304	Project running behind original schedule. Works to be completed early April.
Engineering Services	Engineering and Assets	9758 - Bridge - Wyghts Bridge Replacement - Meeniyan (CRandB) Total	(63,872)	The project is progressing well and is approximately 70% complete.
Engineering Services	Engineering and Assets	9825 - Guard Rails - Replacement Program Total	27,206	Bulk of contract completed, awaiting final invoices.

Capital Performance (\$'000)



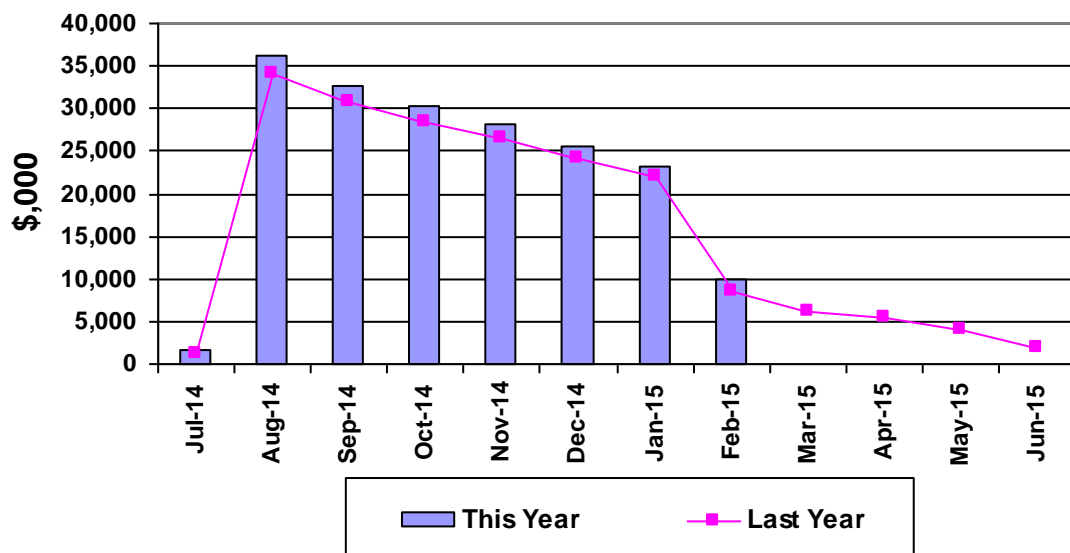
Rate Debtors

Outstanding 14/15 \$9.95 million as at Feb-15

Outstanding 13/14 \$8.43 million as at Feb-14

The outstanding rates as at 28 February 2015 have parity to last year. It is to be expected that the current years outstanding rates are slightly higher than last year because the amount of rates we are dealing with increase each year.

Rate Debtors (\$,000)



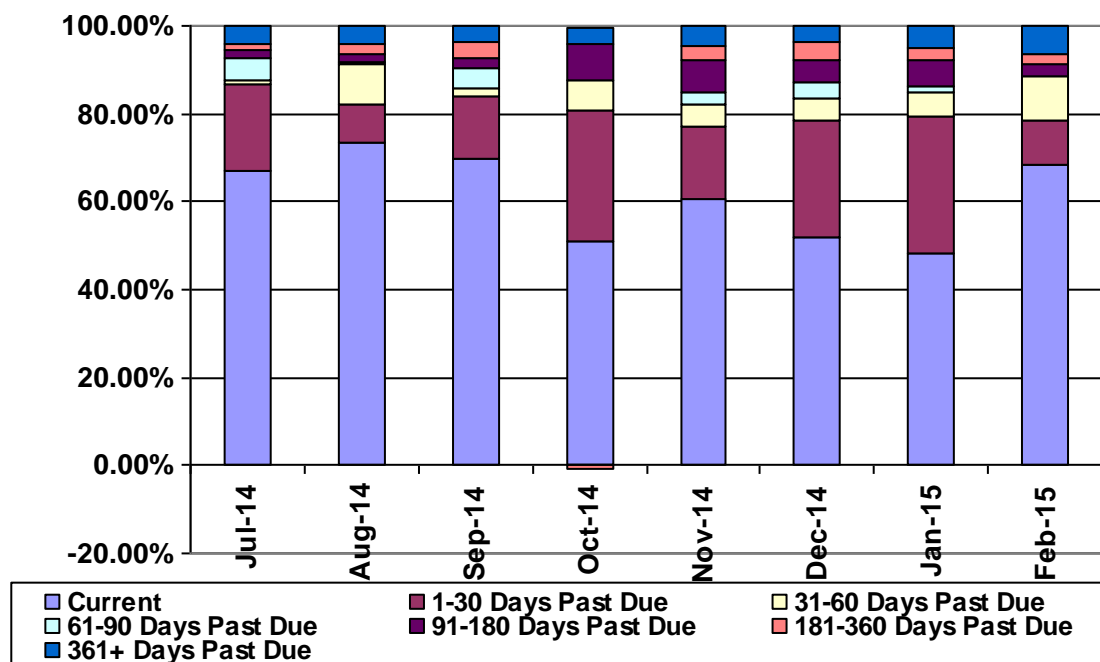
Other Sundry Debtors

Outstanding 14/15 \$ 1.15 million as at Feb-15

Outstanding 13/14 \$ 1.02 million as at Feb-14

The Current and 1-30 Days Past Due make up approx. 78% of total debtors outstanding.

Other Sundry Debtors



SECTION 3 – LONG TERM FINANCIAL PLAN ANALYSIS

This section benchmarks and strategically analyses the financial impact of the year's projected financial results against the adopted Annual Budget, Long Term Financial Plan and the Financial Strategy's key performance indicators.

The Long Term Financial Plan analysis report normally compares the current 2014/15 Budget and Long Term Financial Plan forecasts to the original plan (the Annual Budget & Long Term Financial Plan was adopted for 2014/15 on 25 June 2014).

Council in March is scheduled to formally consider the Proposed 2015/16 Budget / Long Term Financial Plan. The February financial performance report includes the Proposed 2015/16 annual forward budgets.

The lines in the following graphs are as follows

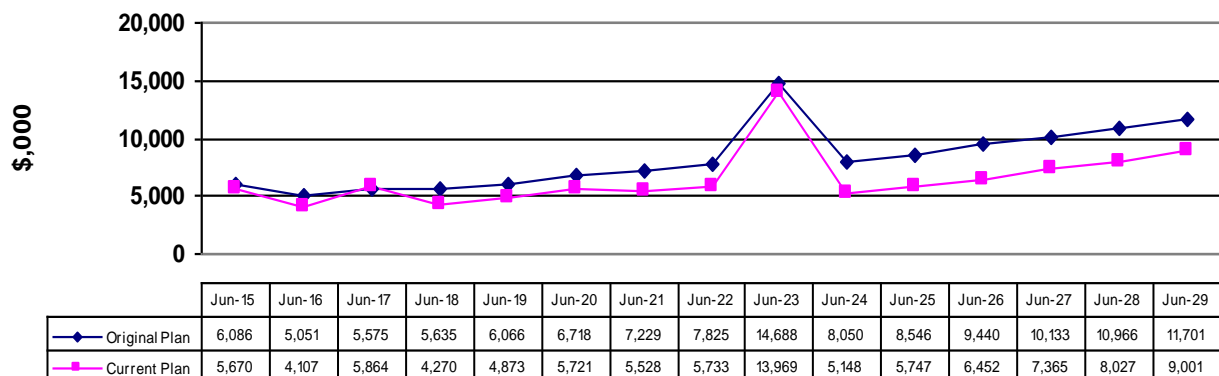
- Original plan – Blue line –original 2014/15 Budget and Long Term Financial Plan
- Current Plan – Purple line – Proposed 2015/16 Budget and Long Term Financial Plan

Operating Result

The current plan has factored in rates being capped from 2016/17. The current plan's projected operating result is marginally weaker when compared to the original plan. The financial integrity of the budgeted financial statements have been retained.

The positive flow on impact of strengthening operating outcomes can be readily seen in the underlying operating, cash and working capital ratios that are discussed later in this report.

Operating Result (\$,000)

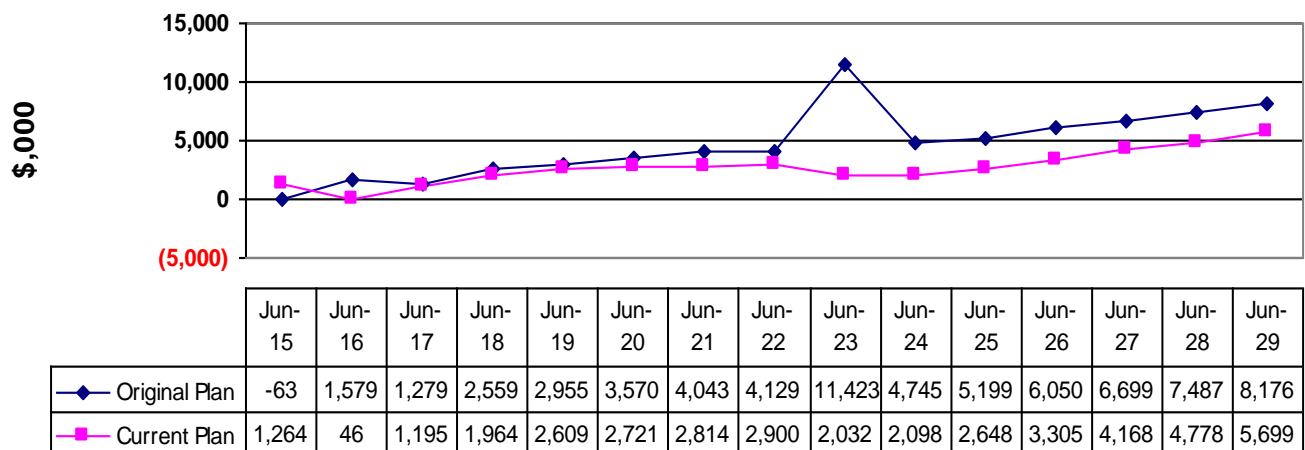


Operating Result before Capital Funding

The operating result before capital funding is sometimes referred to as the underlying financial result. Capital grants and contributions that artificially improve the operating result are removed to disclose the true underlying financial result. The current plan no longer identifies Special Charge Rate income as recurrent income (cause of spike for 2022/23 in Original plan)

The underlying result shows more clearly the income sources relative to the expenses for the recurrent operating activities of Council. The current plan underlying result shows surpluses being achieved and mirrors the operating result outcomes discussed immediately above.

Operating Result before Capital Funding (\$,000)

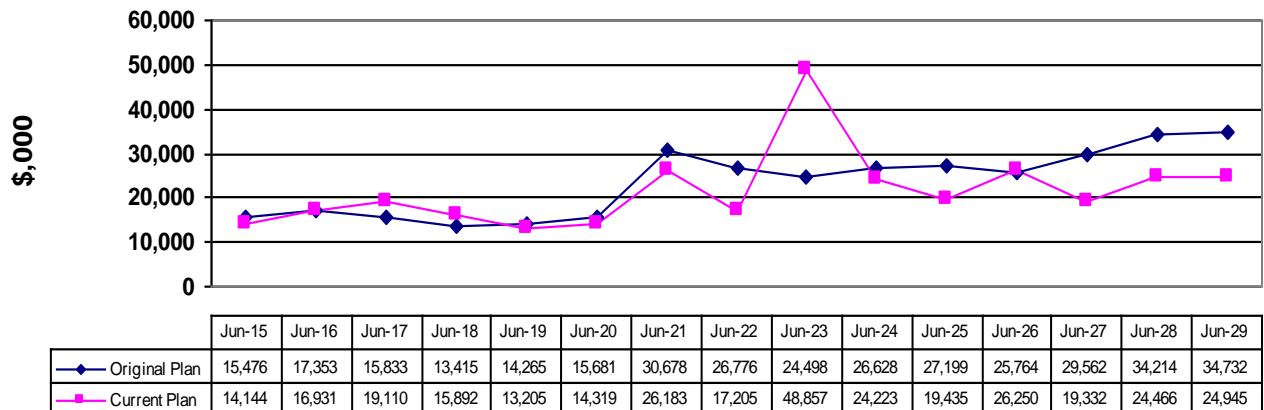


Capital Expenditure

The 2014/15 budget was adjusted to take into account the financial ramifications of carrying forward funds for projects that are not expected to be completed by 30 June 2014. In total, \$2.05 million funds were carried forward from 2013/14 (this includes \$2.04 million identified during the 2013/14 budget development process and an additional \$1.01 million identified at financial year end).

The current plan's projected Capital Works Program for the current plan generally correlates with the original plan. The spike in 2022/23 takes into account a major municipal development project proposal. Expenditure budgets in the mid to later years have been tapered down because less funding anticipated as a result of rate capping being introduced for all Victorian councils.

Capital Expenditure (\$,000)

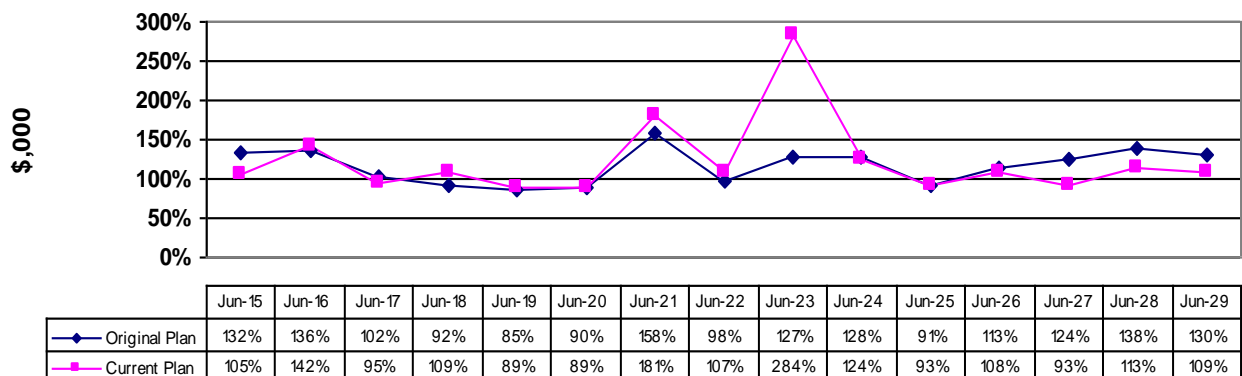


Sustainability Index for Capital Assets

The sustainability index expresses as a percentage the amount of expenditure incurred on capital renewal and upgrade infrastructure works relative to the amount of depreciation on infrastructure assets that are expensed to the Income Statement.

The current plan's sustainability index correlates when benchmarked with the original Long Term Financial Plan. The strategic target is to exceed 95%. There are no asset renewals funding gaps for all major classes of assets in the current plan's draft budget.

Sustainability Index



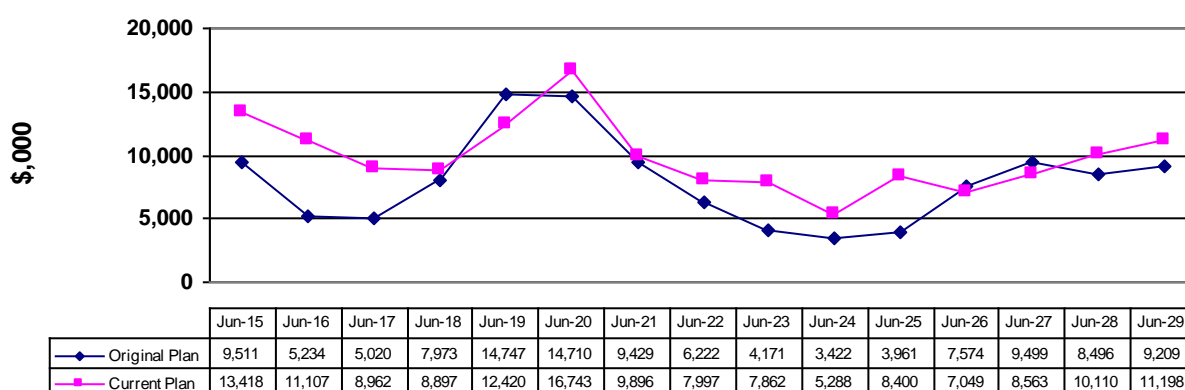
Underlying Liquidity

The current plan's forecast underlying cash position is stronger than the original plan in the early years. The reason is due to the change of mix of accounts receivables and accounts payable at financial year end to budget forecasts as well as reclassification of financial assets as cash and equivalents.

Mid to later it strengthens as a result of reviewing expected cash inflows profile from a Special Charge Scheme project scheduled for 2021/22.

Due to the inherent volatility of debtors and creditors on cash position at any point in time the underlying cash is always assessed in conjunction with the underlying working capital ratio.

Underlying Liquidity (\$,000)

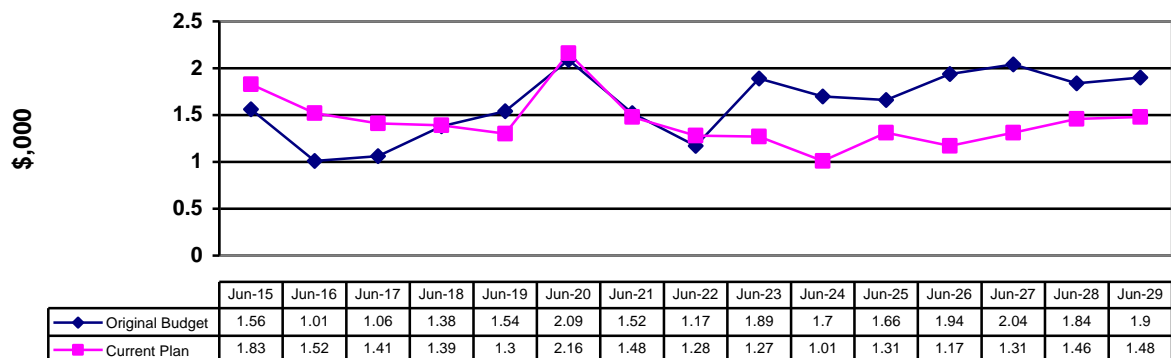


Underlying Working Capital Ratio

The underlying working capital ratio assesses the relationships between current assets and liabilities in the Balance Sheet after excluding cash backed reserves. It is a very important strategic financial indicator.

The rate capping that is to be introduced in 2016/17 puts financial pressure on the forward budgeted financial statements. The current financial plan's underlying working capital is somewhat stronger for 2015/16 and the immediate years following than the original plan. This is as a result of costs being reduced in 2015/16 but rate income only being reduced in the following 2016/17 year. Longer term it trends down when compared with the previous plans. This means that in the mid to later years, Council has very limited financial capacity to accommodate unforeseen strategic opportunities or unavoidable costs.

Underlying Working Capital Ratio



Conclusion

The table below shows several key financial performance indicators targets set when the 2014/15 Budget and Long Term Financial Plan were adopted. Ratios coloured red indicate either short term / immediate sustainability concerns, yellow denotes medium risk and green low risk.

2014/15 Original Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Financial performance															
Underlying result	-0.11%	2.01%	2.19%	4.13%	4.55%	5.27%	5.67%	5.55%	13.41%	5.83%	6.07%	6.75%	7.10%	7.6%	7.9%
Underlying Working Capital	1.56	1.01	1.06	1.38	1.54	2.09	1.52	1.17	1.89	1.70	1.66	1.94	2.04	1.84	1.90
Funding capacity															
Self-financing	24.16%	25.00%	26.08%	26.85%	27.79%	28.04%	28.87%	29.78%	25.56%	31.39%	32.19%	32.59%	33.35%	33.84%	33.74%
Sustainability Index	132%	136%	102%	92%	85%	90%	158%	90%	127%	128%	91%	113%	124%	138%	130%
Borrowing capacity															
Indebtedness	10.28%	8.21%	8.11%	7.80%	1.23%	1.31%	1.40%	1.48%	1.40%	1.64%	1.71%	1.77%	1.84%	1.91%	1.97%
Total Debt as a % of Rate revenue	9.39%	8.88%	8.41%	7.98%	7.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.23%	0.25%	0.24%	0.23%	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The table below shows the current status of proposed 2015/16 Budget and Long Term Financial Plan's key financial indicators.

The majority of indicators remain within strategic thresholds targets. It is marginally weaker than the original plan.

The \$7.15 million special charge scheme income budgeted for 2022/23 cash inflow profile has been adjusted to receive 1/3rd at the commencement of the scheme and the remaining 2/3rd over the following 5 years. The amount outstanding is apportioned between current and non-current assets which impacts on the working capital ratio.

The underlying working capital ratio in the immediate years indicates that Council in those years has less financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in that period of time.

Longer term the financial plan is financially sustainable.

Proposed Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Financial performance															
Underlying result	2.12%	0.08%	2.02%	3.25%	4.17%	4.22%	4.20%	4.20%	2.84%	2.83%	3.42%	4.11%	4.98%	5.50%	6.27%
Underlying Working Capital	1.83	1.52	1.41	1.39	1.30	2.16	1.48	1.28	1.27	1.01	1.31	1.17	1.31	1.46	1.48
Funding capacity															
Self-financing	25.17%	23.77%	26.58%	25.76%	26.69%	27.28%	27.14%	21.03%	37.12%	29.60%	30.16%	30.65%	31.15%	30.52%	31.15%
Sustainability Index	105%	142%	95%	109%	89%	89%	181%	107%	284%	124%	93%	108%	93%	113%	109%
Borrowing capacity															
Indebtedness	10.48%	8.86%	8.62%	8.45%	1.67%	1.75%	1.83%	1.90%	26.20%	28.32%	27.26%	26.25%	15.20%	14.70%	10.20%
Total Debt as a % of Rate revenue	9.35%	8.75%	8.44%	8.14%	7.85%	0.00%	0.00%	0.00%	28.31%	30.98%	29.61%	28.31%	15.22%	14.55%	10.07%
Debt servicing costs as a % of Total revenue	0.19%	0.23%	0.22%	0.23%	0.22%	0.08%	0.00%	0.00%	1.15%	1.24%	1.19%	1.15%	0.62%	0.60%	0.40%