

Kingston City Council
Quarterly Financial Statements
For the 6 Months ending 31st December 2021

Income Statement

	Actual YTD to Dec 21 \$'000	Revised Budget YTD to Dec 21 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
Revenue					
Rates and Charges	154,791	155,196	(405)	-0.3%	
Grants and Subsidies	24,770	21,197	3,572	16.9%	1
Grants - Capital	7,095	7,034	61	0.9%	
Contributions	328	333	(6)	-1.7%	
Statutory fees and fines	3,733	4,552	(819)	-18.0%	2
User Fees	6,231	9,918	(3,688)	-37.2%	3
Interest Income	201	500	(299)	-59.9%	4
Other Income	319	470	(150)	-32.0%	5
Total Revenue	197,468	199,201	(1,733)	-0.9%	
Expenses					
Employee Benefits	48,761	50,139	1,378	2.7%	
Materials and Services	41,931	46,202	4,271	9.2%	
Bad and Doubtful Debts	0	0	0		
Depreciation & Amortisation	17,898	17,796	(102)	-0.6%	
Interest/Borrowing Costs	238	262	24	9.2%	
Total Expenses	108,828	114,398	5,571	4.9%	
Net Gain(Loss) on Disposal of Infrastructure, Property, Plant and Equipment	149	38	112	297.9%	6
Surplus	88,789	84,840	3,950	4.7%	

Variance Explanations (for material variances > 10%)

Ref	Item	Explanation
1	Grants and subsidies	Grants and subsidies total \$24.8 million and are \$3.6 million favourable to budget as at 31 December 2021. This is predominately due to the unbudgeted receipt of \$2.7 million from the Department of Transport for maintenance of the Linear Park created as part of the State Government's Level Crossing Removal Project.
2	Statutory fees and fines	Statutory fees and fines are \$0.8 million unfavourable to budget predominately due to reduced parking income (\$0.6 million unfavourable) which has been impacted by the COVID-19 pandemic and Melbourne lockdowns.
3	User fees	User fees are \$6.2 million as at 31 December 2021 and are \$3.7 million unfavourable to budget. User fees have been impacted by closures and reduced services during the current Melbourne COVID-19 lockdown including Waves Leisure Centre (\$1.3 million unfavourable), Family, Youth and Children's Services (\$1.1 million unfavourable), Arts and Leasing Services (\$0.8 million unfavourable) and Compliance and Amenity (\$0.2 million unfavourable).
4	Interest income	Interest income is \$0.2 million as at 31 December 2021 and is \$0.3 million unfavourable to budget. The average rate of return on our investments has been in decline since early 2019.
5	Other income	Other income is \$0.3 million and is \$150k unfavourable to budget. Workcover income is \$70k unfavourable to budget and is the main contributor to this variance.
6	Net gain on disposal of infrastructure, property, plant and equipment	Gain on disposal includes the proceeds of the sale of 4 vehicles.

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Cash Flow Statement

	Actual YTD to Dec 21 \$'000	Revised Budget YTD to Dec 21 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
Cash Flows from Operating Activities					
Rates and charges	67,723	62,000	5,723	9.2%	
Grants - Operating	19,063	20,762	(1,699)	-8.2%	
Grants - Capital	8,666	9,511	(845)	-8.9%	
Contributions	5,037	3,013	2,024	67.2%	1
Statutory fees and fines	3,733	4,665	(932)	-20.0%	2
User fees	6,180	10,018	(3,838)	-38.3%	3
Interest	201	200	1	0.5%	
Increase/(Repayment) of Trust Funds and Deposits	(4,827)	0	(4,827)	100.0%	4
Other Receipts	319	475	(156)	-33.8%	5
Payments to Employees	(47,361)	(48,550)	1,189	2.4%	
Payments to Suppliers	(50,425)	(53,603)	3,178	3.2%	
Net Cash Provided by Operating Activities	8,309	8,491	(182)	-2.1%	
Cash Flows from Investing Activities					
Payment for Infrastructure, Property, Plant & Equipment	(16,522)	(26,378)	9,856	37.4%	6
Proceeds from sale of Infrastructure, Property, Plant & Equipment	149	0	149		
Net Cash Provided by Investing Activities	(16,373)	(26,378)	10,005	37.9%	
Cash Flows from Financing Activities					
Borrowing Costs	(7)	(9)	2	22.2%	7
Increase/(Repayment) of interest bearing loans & borrowings	(341)	(362)	21	5.8%	
Interest paid - lease liability	(231)	(217)	(14)	-6.5%	
Repayment of lease liabilities	(497)	(478)	(19)	-4.0%	
Net Cash (used in) Financing Activities	(1,076)	(1,066)	(10)	-0.9%	
Net Increase in Cash and Cash Equivalents	(9,140)	(18,953)	9,813	51.8%	
Cash and Cash Equivalents at the Beginning of the Financial Year	143,026	143,026	0	0.0%	
Cash and Cash Equivalents at the End of Period	133,886	124,073	9,813	7.9%	

Variance Explanations (for material variances > 10%)

Ref	Item	Explanation
1	Contributions	A total of \$5.0 million has been received in contributions as at 31 December 2021. This is \$2.0 million more than the year to date budget. Cash contributions for open space development total \$3.7 million as at 31 December and are the main reason for the variance. These contributions are held in reserve to be spent on future open space projects. This is offset by a delay in the receipt of cash contributions from some capital projects.
2	Statutory fees and fines	Statutory fees and fines received are \$0.9 million unfavourable to budget predominately due to the current Melbourne COVID-19 lockdown impacting the parking revenue generated to date.
3	User fees	User fees received as at 31 December 2021 are \$3.8 million unfavourable to budget. User fees have been impacted by closures and reduced services during the current Melbourne COVID-19 lockdown including Waves Leisure Centre (\$1.3 million unfavourable), Family, Youth and Children's Services (\$1.1 million unfavourable), Arts and Leasing Services (\$0.8 million unfavourable) and Compliance and Amenity (\$0.2 million unfavourable).
4	Increase / (repayment) of trust funds and deposits	Trust funds and deposits have decreased by \$4.8 million. This is not budgeted for as it is difficult to predict. Trust funds and deposits include retentions held for capital works in progress and refundable deposits, including asset protection deposits, which will be required to be returned on completion of works.
5	Other receipts	Other receipts are \$156k unfavourable to YTD budget. Workcover receipts are \$70k unfavourable to budget and is the main contributor to this variance.
6	Payments for infrastructure, property, plant and equipment	Payments for infrastructure, property, plant and equipment are \$9.8 million less than the forecast YTD budget. The current COVID-19 lockdown in Melbourne has delayed some scheduled capital works and this is expected to improve as lockdown eases and there are no more construction restrictions.
7	Borrowing costs	Borrowing costs includes the interest paid on Council's remaining loan which will be fully repaid in June 2022. Borrowing costs are \$7k YTD and are \$2k favourable to budget.

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Balance Sheet

	Actual as at Dec 21 \$'000	Annual Revised Budget \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
Current Assets					
Cash and Cash Equivalents	133,887	132,312	1,575	1.2%	
Trade and Other Receivables	111,344	20,278	91,066	449.1%	1
Non-current Assets classified as Held for Sale	960	0	960		2
Other Assets	156	2,174	(2,018)	-92.8%	3
Total Current Assets	246,347	154,764	91,583	59.2%	
Non Current Assets					
Infrastructure, Property, Plant & Equipment	2,783,331	2,816,748	(33,417)	-1.2%	
Right of use assets	9,437	9,178	259	2.8%	
Investment Property	3,900	3,900	0	0.0%	
Other Assets	250	250	0	0.0%	
Intangible Assets	682	754	(72)	-9.5%	
Total Non Current Assets	2,797,600	2,830,830	(33,230)	-1.2%	
Total Assets	3,043,947	2,985,594	58,353	2.0%	
Current Liabilities					
Trade and Other Payables	12,614	16,377	3,763	23.0%	4
Trust Funds and Deposits	5,037	9,864	4,827	48.9%	5
Unearned income	10,424	16,977	6,553	38.6%	6
Provisions	24,221	23,286	(935)	-4.0%	
Interest Bearing Loans and Borrowings	346	0	(346)	100.0%	7
Lease Liabilities	733	922	189	20.5%	8
Total Current Liabilities	53,375	67,426	14,051	20.8%	
Non Current Liabilities					
Provisions	1,929	1,929	0	0.0%	
Interest Bearing Loans and Borrowings	0	0	0		
Lease Liabilities	9,169	9,084	(85)	-0.9%	8
Total Non Current Liabilities	11,098	11,013	(85)	-0.8%	
Total Liabilities	64,473	78,439	13,966	17.8%	
Net Assets	2,979,474	2,907,155	72,319	2.5%	
Equity					
Accumulated Surplus	1,550,309	1,481,167	69,142	4.7%	
Asset Revaluation Reserve	1,389,824	1,389,825	(1)	0.0%	
Other Reserves	39,341	36,162	3,179	8.8%	
Total Equity	2,979,474	2,907,155	72,319	2.5%	

Ref	Item	Explanation
1	Trade and other receivables	Trade and other receivables are currently \$111.3 million and \$91.1 million higher than the year-end budgeted position. Rate debtors make up \$101.9 million of the total receivables and these are expected to reduce over the next six months as instalments fall due.
2	Non current assets classified as held for sale	Non current assets classified as held for sale of \$1.0 million includes property at 6 Lochiel Avenue Edithvale.
3	Other assets	Other assets of \$0.2 million are \$2.0 million less than budgeted. The year end budget of \$2.2 million includes prepaid expenditure which is recorded at year end and not month to month.
4	Trade and other payables	Trade and other payables are \$3.8 million favourable as at 31 December 2021. The budget of \$16.4 million is a year-end position as at 30 June 2022 when accruals and creditors are expected to be higher.
5	Trust funds and deposits	Trust funds and deposits are \$4.8 million less than budgeted which represents the amount of deposits repaid this financial year to date. The COVID-19 pandemic and associated restrictions and lockdowns has significantly reduced the amount of deposits received in the first half of the financial year.
6	Unearned income	Unearned income is \$6.6 million favourable to budget as at 31 December. The budget of \$17.0 million is a year-end position and includes unearned capital grants which are only recorded at the end of each financial year and not month to month.
7	Interest bearing loans and borrowings	The zero budget for interest bearing loans and borrowings is a year-end position and Council is expected to have paid off all its loans by the end of the financial year.
8	Lease Liabilities	The budget for lease liabilities is a year-end position and actuals are expected to reflect budget by 30 June 2022.

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Capital Works

Asset	Actual YTD to Dec 21 \$'000	Annual Revised Budget \$'000	% Complete	Ref
Property				
Land	163	459	35%	
Buildings	10,032	30,631	33%	
Plant & Equipment				
Plant, machinery and equipment	61	252	24%	1
Fixtures, Fittings and Furniture	645	1,845	35%	
Computers and telecommunications	217	1,067	20%	2
Library Books	730	1,121	65%	
Infrastructure				
Roads	1,478	7,320	20%	3
Footpaths & cycleways	1,329	2,949	45%	
Bridges	225	900	25%	
Drainage	1,919	6,197	31%	
Recreational, leisure & community facilities	1,836	7,260	25%	
Parks, open space and streetscapes	2,191	8,748	25%	
Off street car parks	80	1,713	5%	4
Other infrastructure	503	2,331	22%	5
Total capital works expenditure	21,410	72,791	29%	
Projects Represented by:				
New asset expenditure	3,155	14,719	21%	
Asset expansion expenditure	572	3,139	18%	
Asset renewal expenditure	12,647	36,564	35%	
Asset upgrade expenditure	5,035	18,368	27%	
Total capital works expenditure	21,410	72,791	29%	

Variance Explanations - less than 25% complete

Ref	Item	Explanation
1	Plant, machinery and equipment	Capital expenditure on plant, machinery and equipment is \$61k as at 31 December 2021. The budget of \$0.3 million is for Council's vehicles, plant and equipment replacement program and is expected to be spent over the next 6 months.
2	Computers and telecommunications	\$0.2 million of the \$1.0 million annual budget is spent on computers and telecommunications as at 31 December 2021. Expenditure on the following projects is expected in the next 6 months: IS Strategy Implementation (\$170k), Mobile Work Order Solution (\$0.2 million) and Corporate Systems (\$0.2 million).
3	Roads	The capital budget for roads is \$7.3 million, and \$1.5 million of this is spent as at 31 December 2021. The capital budget includes \$4.6 million on various road projects for the road infrastructure renewal program, \$0.7 million for the local road and community infrastructure program, \$0.7 million for the traffic management program and \$0.8 million for civil assets as part of the Chadwick development Stage 3. Expenditure is expected to increase now the COVID-19 lockdown has lifted.
4	Off street car parks	The capital budget of \$1.7 million for off street car parks is largely unspent as at 31 December 2021. The following projects are budgeted to be spent over the next 6 months: car park expenditure as part of the local road and community infrastructure program (\$0.2 million), Parkdale Yacht Club car park (\$0.7 million) and Walter Galt Reserve car park (\$0.2 million),
5	Other infrastructure	The annual capital budget of \$1.6 million for other infrastructure includes the following projects of which only \$0.5 million is spent as at 31 December 2021: \$150k for street light LED conversion, \$180k for Inner Harbour Boardwalk, \$0.5 million for Kingston outdoor eating and entertainment, \$0.3 million for integrated water management (merging Bays and Waterways and Greenhouse), \$0.2 million for the Urban Cooling Strategy for adapting to climate change and \$0.1 million for Smart City Initiatives.