

Kingston City Council
Quarterly Financial Statements
For the 6 Months ending 31st December 2022

Income Statement

		YTD Actuals Compared to Adopted Budget							
		Actual YTD to December 22 \$'000	Adopted Budget YTD to December 22 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref	Adopted Budget Annual \$'000	Forecast Annual \$'000	
Revenue									
	Rates and Charges	158,892	158,975	(82)	-0.1%		159,733	159,743	
	Grants and Subsidies	24,795	22,128	2,667	12.1%	1	43,518	44,084	
	Grants - Capital	15,514	15,494	20	0.1%		15,834	15,883	
	Contributions	499	388	111	28.5%	2	6,801	6,826	
	Statutory fees and fines	4,477	4,693	(217)	-4.6%		9,870	9,724	
	User Fees	10,469	10,514	(46)	-0.4%		20,439	20,639	
	Interest Income	1,033	200	833	416.5%	3	400	1,100	
	Other Income	447	468	(21)	-4.5%		913	833	
Total Revenue		216,126	212,861	3,266	1.5%		257,508	258,832	
Expenses									
	Employee Benefits	52,925	52,931	6	0.0%		105,283	106,615	
	Materials and Services	45,329	48,721	3,392	7.0%		98,311	100,324	
	Bad and Doubtful Debts	0	25	25			50	50	
	Depreciation & Amortisation	19,072	19,122	50	0.3%		38,245	38,245	
	Interest/Borrowing Costs	222	250	28	11.1%	4	500	500	
Total Expenses		117,548	121,049	3,501	2.9%		242,389	245,734	
	Net Gain(Loss) on Disposal of Infrastructure, Property, Plant and Equipment	44	50	(6)	-12.5%	5	100	100	
Surplus		98,622	91,862	6,761	7.4%		15,220	13,198	

Variance Explanations (for material variances > 10%)

Ref	Item	Explanation
1	Grants and Subsidies	Grants and Subsidies total revenue is \$24.8 million and is \$2.7 million favourable to budget. This is primarily due to Open Space department grant of \$2.45 million grant for maintenance of the new open space created through the Dandenong Line Crossing Removals. Kingston Business team COVID Safety Outdoor funding of \$0.5 million both received and budgeted in year 2021/22 and carried over to year 2022/23 as unspent, which results in a favourable timing variance. Open space maintenance grant is a 10-year grant and spend of it will be further assessed at the year-end 2022/23 and if not spent, it will be further carried over as unspent to year 2023/24. Access Care is \$0.176 million favourable due to higher than budgeted Commonwealth Home Care Packages.
2	Contributions	Contributions total revenue is \$0.5 million and is \$0.1 million favourable to budget, which is due to timing only.
3	Interest income	Interest Income received is \$1.0 million and is \$0.8 million favourable to budget. This is due to higher rates compared to previous year and increasing trend expected to continue resulting in higher income from investments in term deposits.
4	Interest/Borrowing Costs	Interest / Borrowing Costs total expenditure is \$0.2 million and are \$28k favourable to budget. The interest relates to leases of vehicles, waste garbage trucks and equipment.
5	Net gain on disposal of infrastructure, property, plant and equipment	Net Proceeds from Disposal of Assets is \$6k unfavourable with minimal disposals at this early stage of the new financial year.

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Quarterly Financial Statements
For the 6 Months ending 31st December 2022

Cash Flow Statement

	Actual YTD to December 22 \$'000	Adopted Budget YTD to December 22 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref	Adopted Budget Full Year \$'000	Forecast Full Year \$'000
Cash Flows from Operating Activities							
Rates and charges	71,323	78,168	(6,845)	-8.8%	1	153,344	153,353
Grants - Operating	22,183	22,128	55	0.2%		43,518	44,084
Grants - Capital	16,527	15,494	1,033	6.7%		15,834	15,883
Contributions	5,261	388	4,873	1255.9%	2	6,801	6,826
Statutory fees and fines	4,477	4,576	(99)	-2.2%		9,623	9,481
User fees	8,144	10,252	(2,108)	-20.6%	3	19,928	20,123
Increase/(Repayment) of Trust Funds and Deposits	(12,441)	0	(12,441)	100.0%	4	0	0
Other Receipts	1,480	668	812	120.6%		1,313	1,933
Payments to Employees	(51,388)	(52,931)	1,542	2.9%		(105,283)	(105,024)
Payments to Suppliers	(75,774)	(48,720)	(27,053)	-58.2%	5	(98,310)	(101,915)
Net Cash Provided by Operating Activities	(10,208)	30,022	(40,231)	-134.0%		46,768	44,743
Cash Flows from Investing Activities							
Payment for Infrastructure, Property, Plant & Equipment	(20,483)	(36,715)	16,232	44.2%	6	(73,430)	(73,056)
Proceeds from sale of Infrastructure, Property, Plant & Equipment	0	50	(50)			100	100
Net Cash Provided by Investing Activities	(20,483)	(36,665)	16,182	44.1%		(73,330)	(72,956)
Cash Flows from Financing Activities							
Borrowing Costs	0	0	0	100.0%		0	0
Increase/(Repayment) of interest bearing loans & borrowings	0	0	0	100.0%		0	0
Interest paid - lease liability	(118)	(240)	122	50.8%		(500)	(500)
Repayment of lease liabilities	(600)	(250)	(350)	-140.0%		(480)	(480)
Net Cash (used in) Financing Activities	(718)	(490)	(228)	-46.5%		(980)	(980)
Net Increase in Cash and Cash Equivalents	(31,409)	(7,133)	(24,276)	-340.4%		(27,542)	(29,192)
Cash and Cash Equivalents at the Beginning of the Financial Year	161,816	133,242	28,574	21.4%		133,242	161,816
Cash and Cash Equivalents at the End of Period	130,407	126,109	4,297	3.4%		105,699	132,624

Variance Explanations (for material variances > 10%)

Ref	Item	Explanation
1	Rates and charges	Rates are unfavourable to YTD budget which is timing only from collection from the issued rates and also the supplementary rates. Rates payment includes full or installment options.
2	Contributions	Contributions received are \$5.2 million as at 31 December 2022. The variance to the budget is favourable which is due to timing only.
3	User fees	User fees received are \$8.1 million as at 31 December 2022. The variance to the budget is unfavourable as the budget is phased evenly over the months. The variance will be moving as the payments are received during the year.
4	Increase / (repayment) of trust funds and deposits	Trust funds and deposits have decreased by \$12.0 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	Payments to Suppliers	Payments made to suppliers are \$75.8 million as at 31 December 2022. The variance to the budget is unfavourable as the budget is phased evenly over the months. The variance will be moving as the payments are made during the year.
6	Payments for infrastructure, property, plant and equipment	Payments for infrastructure, property, plant and equipment are \$20.5 million and are \$16.2 million less than the forecast YTD budget. The budget is phased evenly over the months, and the capital works are progressing and this variance will be moving during the year.

Kingston City Council
Quarterly Financial Statements
For the 6 Months ending 31st December 2022

Balance Sheet

	Actual as at December 22 \$'000	Adopted Budget YTD December 22 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref	Annual Adopted Budget \$'000	Annual Forecast \$'000
Current Assets							
Cash and cash equivalents	130,407	126,109	4,298	3.4%	1	105,699	132,624
Trade and other receivables	127,946	101,419	26,527	26.2%	2	27,354	27,403
Other Assets	970	1,214	(244)	-20.1%	3	1,214	1,199
Non-current assets classified as held for sale	1,199	960	239	24.9%	4	960	1,430
Total Current Assets	260,522	229,702	30,820	13.4%		135,228	162,655
Non Current Assets							
Infrastructure, Property, Plant & Equipment	2,982,151	2,840,440	141,711	5.0%		2,858,757	3,022,086
Right of use assets	8,998	8,553	445	5.2%		7,928	7,825
Investment Property	4,038	3,900	138	3.5%		3,900	4,038
Other Assets	250	250	0	0.0%		250	250
Intangible Assets	525	604	(79)	-13.1%	5	454	671
Total Non Current Assets	2,995,961	2,853,747	142,215	5.0%		2,871,289	3,034,870
Total Assets	3,256,483	3,083,449	173,034	5.6%		3,006,517	3,197,526
Current Liabilities							
Trade and Other Payables	33,254	16,377	(16,877)	-103.1%	6	16,377	34,266
Trust Funds and Deposits	6,129	9,864	3,735	37.9%	7	9,864	18,411
Unearned income	6,208	16,977	10,769	63.4%	8	16,977	18,919
Provisions	21,703	23,286	1,583	6.8%		23,286	22,093
Interest Bearing Loans and Borrowings	0	0	(0)	0.0%		0	0
Lease Liabilities	833	922	89	9.7%		922	951
Total Current Liabilities	68,127	67,426	(701)	-1.0%		67,426	94,640
Non Current Liabilities							
Provisions	1,867	1,929	62	3.2%		1,929	1,867
Interest Bearing Loans and Borrowings	0	0	0	0.0%		0	0
Lease Liabilities	8,785	9,394	609	6.5%		9,154	8,486
Total Non Current Liabilities	10,652	11,323	671	5.9%		11,083	10,353
Total Liabilities	78,779	78,749	(30)	0.0%		78,509	104,993
Net Assets	3,177,704	3,004,700	173,005	5.8%		2,928,008	3,092,533
Equity							
Accumulated Surplus	1,576,345	1,578,370	(2,025)	-0.1%		1,501,065	1,493,076
Asset Revaluation Reserve	1,553,838	1,389,825	164,013	11.8%		1,389,825	1,553,838
Other Reserves	47,522	36,505	11,017	30.2%		37,118	45,618
Total Equity	3,177,704	3,004,700	173,005	5.8%		2,928,008	3,092,533

Ref	Item	Explanation
1	Cash & Cash Equivalents	Cash and cash equivalents are favourable to YTD budget consistent against the Full Year Adopted budget. However this reflects partial collection of issued Rates and Charges only. The cash position is expected to fluctuate as operational and capital expenditure is incurred during the year.
2	Trade and other receivables	Trade and other receivables are currently \$128.0 million and \$26.5 million or 26.2% higher than budgeted position. Of that \$87.4 million is related to rate debtors which are expected to decrease significantly during the year as rate instalments are paid.
3	Other assets (current)	Other assets of \$1.0 million are \$0.2 million unfavourable to budget. Actual other assets includes accrued interest income only. The total budget of \$1.2 million includes prepaid expenditure which is recorded at year end. 30 June 2022 total prepaid expenditure was \$1.0 million.
4	Non-current assets classified as held for sale	Non-current assets classified as held for sale are assets are \$1.2 million and are \$0.2 million more than budgeted. The current position is in line with the year end 30 June 2022 and the revaluation done.
5	Intangible Assets	Intangible assets are \$0.6 million and are \$0.1 million unfavourable to budget. The current position is in line with the year end 30 June 2022 with the additions.
6	Trade and other payables	Trade and other payables are \$33.3 million and \$16.9 more than budget. The budget is a year-end position and the level of creditors and accruals is dependent on the timing of invoices and expenditure received as at reporting date.
7	Trust funds and deposits	Trust funds and deposits are \$3.7 million less than budget. At the year-end the actuals are expected to match budget by 30 June 2022 as retentions and deposits are refunded during the year.
8	Unearned income	Unearned income is \$10.8 million less than budget. Actual unearned income doesn't include unearned capital grants or user fees which will be recorded as at 30 June 2022.

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Quarterly Financial Statements
For the 6 Months ending 31st December 2022

Capital Works

Asset	Actual YTD to December 22 \$'000	Revised Budget \$'000	% Complete	Ref	Annual Adopted Budget \$'000
Property					
Land	479	2,245	21%	1	15,445
Buildings	9,093	39,799	23%	2	34,744
Plant & Equipment					
Plant, machinery and equipment	18	150	12%	3	150
Fixtures, Fittings and Furniture	270	635	43%	4	200
Computers and telecommunications	1,112	2,630	42%	5	1,950
Library Books	635	950	67%		950
Infrastructure					
Roads	2,009	10,706	19%	6	9,004
Footpaths & cycleways	249	1,670	15%	7	1,470
Bridges	0	0	0%		0
Drainage	3,799	4,009	95%		2,450
Recreational, leisure & community facilities	1,297	5,628	23%	8	4,595
Parks, open space and streetscapes	1,761	8,902	20%	9	7,281
Off street car parks	58	832	7%	10	750
Other infrastructure	393	1,900	21%	11	1,441
Total capital works expenditure	21,174	80,056	26%		80,430
Projects Represented by:					
New asset expenditure	1,668	15,473	11%		23,726
Asset expansion expenditure	1,151	10,228	11%		39,949
Asset renewal expenditure	17,475	52,641	33%		10,528
Asset upgrade expenditure	879	1,714	51%		6,228
Total capital works expenditure	21,174	80,056	26%		80,430

* The Adopted budget doesn't include carry over from 2021/22. The Revised budget includes the carry overs.

** The Adopted budget includes \$14.6 million for Aquatic Centre, which was included in previous year 2021/22. The Revised budget excludes to \$14.6m for Aquatic Centre.

Variance Explanations - less than 25% complete

Ref	Item	Explanation
1	Land	Land budget includes \$1.4 million for Aquatic Centre Development, which is in progress. (The \$14.3 million for Aquatic Centre land purchase which was included in previous year 2021/22 has been removed from Revised budget)
2	Buildings	Budget includes \$6 million for Mentone Life Saving Club, \$5.8 million Dingley Souter Res Pavilion, \$5.1 million GR Bricker Pavilion, \$3.6 million Regent Park Change facilities. The works on those projects are in progress.
3	Plant, machinery and equipment	Budget includes works on Plant & Equipment Replacement (Operational Areas). Those works are yet to commence.
4	Fixtures, Fittings and Furniture	Budget includes works on \$0.4 million on Climate Change Strategy. Those works are yet to commence.
5	Computers and telecommunications	The budget is for laptop roll-out which is in progress.
6	Roads	The budget includes Local Roads Phase 3 \$1.6 million and Road to Recovery program \$6.9 million. The works on those projects are in progress.
7	Footpaths and cycleways	The budget is for footpaths renewal, linking Karkarook and Braeside park, East/ West cycleways, Longbeach and Granitic trails. The works are yet to commence.
8	Recreational, leisure and community facilities	The budget includes \$1.9 million Sportsground lightning renewal, \$1.7 million Roy Dore Tennis Pavilion and Court Upgrade and other projects, which are in progress
9	Parks, open space and streetscapes	The budget includes \$2 million Hawthorn-Kennedy Centre, \$1.8 million Peter Scullin Reserve, \$1.7 million Elder Street Reserve, and other smaller projects, which are in progress
10	Off street car parks	The budget includes \$0.8 million Parkdale Yacht Club car park consytruction, and the works are in progress
11	Other infrastructure	The budget includes \$0.5 million Inner Harbour Boardwalk, \$0.3 million Community Safety CCTV, and the works are in progress