

Kingston City Council
Quarterly Financial Statements
For the 9 Months ending 31st March 2022

Income Statement

	YTD Actuals Compared to Revised Budget					YTD Actuals Compared to YTD Forecast			
	Actual YTD to March 22 \$'000	Revised Budget YTD to March 22 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref	Actual YTD to March 22 \$'000	Forecast YTD to March 22 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %
Revenue									
Rates and Charges	155,300	155,196	104	0.1%		155,300	155,370	-70	0%
Grants and Subsidies	34,766	32,009	2,757	8.6%		34,766	35,289	-523	-1%
Grants - Capital	17,487	17,467	20	0.1%		17,487	17,414	73	0%
Contributions	707	751	(44)	-5.9%		707	720	-13	-2%
Statutory fees and fines	6,949	7,282	(333)	-4.6%		6,949	6,591	358	5%
User Fees	11,082	15,038	(3,956)	-26.3%	1	11,082	11,007	75	1%
Interest Income	321	750	(429)	-57.2%	2	321	295	26	9%
Other Income	425	684	(259)	-37.9%	3	425	617	-192	-31%
Total Revenue	227,037	229,177	(2,140)	-0.9%		227,037	227,302	(265)	-0.1%
Expenses									
Employee Benefits	73,025	74,469	1,444	1.9%		73,025	73,458	433	1%
Materials and Services	60,286	66,168	5,882	8.9%		60,286	63,448	3,162	5%
Bad and Doubtful Debts	5	0	(5)	-100%		5	0	-5	100%
Depreciation & Amortisation	26,833	26,694	(139)	-0.5%		26,833	24,109	-2,724	-11%
Interest/Borrowing Costs	352	396	44	11.1%	4	352	351	-1	0%
Total Expenses	160,501	167,727	7,226	4.3%		160,501	161,366	865	0.5%
Net Gain(Loss) on Disposal of Infrastructure, Property, Plant and Equipment	149	56	93	166.1%	5	149	150	-1	0%
Surplus	66,685	61,506	5,179	8.4%		66,685	66,086	599	0.9%

Variance Explanations (for material variances > 10%)

Ref	Item	Explanation
1	User fees	User fees are \$11.1 million as at 31 March 22 and are \$3.9 million unfavourable to budget. User fees have been impacted by closures and reduced services during the COVID-19 lockdown including Waves Leisure Centre (\$1.3 million unfavourable), Family, Youth and Children's Services (\$0.7 million unfavourable), Leasing Services (\$0.7 million unfavourable), Arts & Cultural Services (\$0.5 million unfavourable) and Parking (\$0.3 million unfavourable).
2	Interest income	Interest income is \$0.3 million as at 31 March 2022 and is \$0.4 million unfavourable to budget. The average rate of return on our investments has been in decline since early 2019, although rates are slowly beginning to increase now.
3	Other income	Other income is \$0.4 million and is \$0.3 million unfavourable to budget. Workcover income is \$0.1 million unfavourable to budget and is the main contributor to this variance.
4	Interest/Borrowing Costs	Interest/Borrowing costs are \$44k favourable to budget. Council's remaining loan will be fully paid in June this year.
5	Net gain on disposal of infrastructure, property, plant and equipment	Gain on disposal includes the proceeds from the sale of 4 vehicles.

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Cash Flow Statement

	Actual YTD to March 22 \$'000	Revised Budget YTD to March 22 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
Cash Flows from Operating Activities					
Rates and charges	138,902	134,000	4,902	3.7%	
Grants - Operating	28,471	31,143	(2,672)	-8.6%	
Grants - Capital	13,423	14,506	(1,083)	-7.5%	
Contributions	7,381	4,180	3,201	76.6%	1
Statutory fees and fines	6,948	6,998	(50)	-0.7%	
User fees	12,503	15,027	(2,524)	-16.8%	2
Interest	321	300	21	7.0%	
Increase/(Repayment) of Trust Funds and Deposits	(3,907)	0	(3,907)	100.0%	3
Other Receipts	425	870	(445)	-52.1%	4
Payments to Employees	(72,632)	(72,825)	193	0.3%	
Payments to Suppliers	(73,790)	(77,365)	3,575	1.9%	
Net Cash Provided by Operating Activities	58,045	56,834	1,211	2.1%	
Cash Flows from Investing Activities					
Payment for Infrastructure, Property, Plant & Equipment	(25,230)	(42,826)	17,596	41.1%	5
Proceeds from sale of Infrastructure, Property, Plant & Equipment	149	0	149		
Net Cash Provided by Investing Activities	(25,081)	(42,826)	17,745	41.4%	
Cash Flows from Financing Activities					
Borrowing Costs	(9)	(16)	7	43.8%	6
Increase/(Repayment) of interest bearing loans & borrowings	(513)	(534)	21	3.9%	
Interest paid - lease liability	(231)	(386)	155	40.2%	7
Repayment of lease liabilities	(857)	(591)	(266)	-45.0%	7
Net Cash (used in) Financing Activities	(1,610)	(1,527)	(83)	-5.4%	
Net Increase in Cash and Cash Equivalents	31,354	12,481	18,873	-151.2%	
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	174,380	155,507	18,873	12.1%	

Variance Explanations (for material variances > 10%)

Ref	Item	Explanation
1	Contributions	A total of \$7.4 million has been received in contributions as at 31 March 2021. This is \$3.2 million more than the year to date budget. Cash contributions for open space development total \$5.6 million as at 31 March 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	User fees	User fees received as at 31 March 2021 are \$2.5 million unfavourable to budget. User fees are recovering but have been impacted by closures and reduced services during the COVID-19 lockdown including Waves Leisure Centre (\$1.3 million unfavourable), Family, Youth and Children's Services (\$0.7 million unfavourable), Leasing Services (\$0.7 million unfavourable), Arts & Cultural Services (\$0.5 million unfavourable) and Parking (\$0.3 million unfavourable).
3	Increase / (repayment) of trust funds and deposits	Trust funds and deposits have decreased by \$3.9 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.
4	Other receipts	Other receipts are \$0.4 million unfavourable to YTD budget. Workcover income is \$0.1 million unfavourable to budget and is the main contributor to this variance.
5	Payments for infrastructure, property, plant and equipment	Payments for infrastructure, property, plant and equipment are \$17.6 million less than the forecast YTD budget. The COVID-19 lockdowns have delayed some scheduled capital works and this is expected to improve as lockdown eases and there are no more construction restrictions, and as supply issues ease.
6	Borrowing costs	Borrowing costs includes the interest paid on Council's remaining loan which will be fully repaid in June 2022. Borrowing costs are \$9k YTD and are \$7k favourable to budget.
7	Lease Liabilities	Overall payments for lease liabilities are as per the expected budget. Lower than expected incremental borrowing rates in new leases has reduced the interest paid on lease liabilities compared to budget.

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Balance Sheet

	Actual as at March 22 \$'000	Annual Revised Budget \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
Current Assets					
Cash and Cash Equivalents	174,381	132,312	42,069	31.8%	
Trade and Other Receivables	42,629	20,276	22,351	110.2%	1
Non-current Assets classified as Held for Sale	0	0	0		
Other Assets	134	2,174	(2,040)	-93.8%	2
Total Current Assets	217,144	154,764	62,380	40.3%	
Non Current Assets					
Infrastructure, Property, Plant & Equipment	2,784,418	2,816,748	(32,330)	-1.1%	
Right of use assets	9,276	9,178	98	1.1%	
Investment Property	3,900	3,900	0	0.0%	
Other Assets	250	250	0	0.0%	
Intangible Assets	606	754	(148)	-19.6%	3
Total Non Current Assets	2,798,450	2,830,830	(32,380)	-1.1%	
Total Assets	3,015,594	2,985,594	30,000	1.0%	
Current Liabilities					
Trade and Other Payables	9,441	16,377	6,936	42.4%	4
Trust Funds and Deposits	5,957	9,864	3,907	39.6%	5
Unearned income	8,684	16,977	8,293	48.8%	6
Provisions	23,128	23,286	158	0.7%	
Interest Bearing Loans and Borrowings	174	0	(174)	100.0%	7
Lease Liabilities	702	922	220	23.9%	8
Total Current Liabilities	48,086	67,426	19,340	28.7%	
Non Current Liabilities					
Provisions	1,929	1,929	0	0.0%	
Interest Bearing Loans and Borrowings	0	0	0		
Lease Liabilities	9,069	9,084	15	0.2%	
Total Non Current Liabilities	10,998	11,013	15	0.1%	
Total Liabilities	59,084	78,439	19,355	24.7%	
Net Assets	2,956,510	2,907,155	49,355	1.7%	
Equity					
Accumulated Surplus	1,525,305	1,481,167	44,138	3.0%	
Asset Revaluation Reserve	1,389,824	1,389,825	(1)	0.0%	
Other Reserves	41,381	36,162	5,219	14.4%	9
Total Equity	2,956,510	2,907,155	49,355	1.7%	

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Ref	Item	Explanation
1	Trade and other receivables	Trade and other receivables are currently \$42.6 million and \$22.4 million higher than the year-end budgeted position. Rate debtors make up \$36.0 million of the total receivables and these are expected to reduce over the next three months as instalments fall due.
2	Other assets	Other assets of \$0.1 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.
3	Intangible Assets	Intangible assets are \$0.1 million less than budgeted. The budget is a year end position and any additions to software during the year will be recorded in June.
4	Trade and other payables	Trade and other payables are \$6.9 million favourable as at 31 March 2022. 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 \$3.9 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, especially in the first half of the financial year.
6	Unearned income	Unearned income is \$8.3 million favourable to budget as at 31 March. 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.
9	Other Reserves	Other Reserves are \$5.2 million higher than budget. The increase is due to the receipt of \$5.6 million from developers for open space development contributions. This income is transferred to reserves for expenditure on open space projects.

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Capital Works

Asset	Actual YTD to March 22 \$'000	Annual Revised Budget \$'000	% Complete	Ref
Property				
Land	562	459	122%	
Buildings	16,225	30,631	53%	
Plant & Equipment				
Plant, machinery and equipment	79	252	31%	1
Fixtures, Fittings and Furniture	1,044	1,845	57%	
Computers and telecommunications	213	1,067	20%	2
Library Books	880	1,121	79%	
Infrastructure				
Roads	2,133	7,320	29%	3
Footpaths & cycleways	1,860	2,949	63%	
Bridges	225	900	25%	4
Drainage	2,476	6,197	40%	5
Recreational, leisure & community facilities	2,458	7,260	34%	6
Parks, open space and streetscapes	3,182	8,748	36%	7
Off street car parks	1,019	1,713	59%	.
Other infrastructure	811	2,331	35%	8
Total capital works expenditure	33,167	72,791	46%	
Projects Represented by:				
New asset expenditure	5,403	14,719	37%	
Asset expansion expenditure	912	3,139	29%	
Asset renewal expenditure	19,482	36,564	53%	
Asset upgrade expenditure	7,370	18,368	40%	
Total capital works expenditure	33,167	72,791	46%	

Variance Explanations - less than 50% complete

Ref	Item	Explanation
1	Plant, machinery and equipment	Capital expenditure on plant, machinery and equipment is \$79k as at 31 March 2022. The budget of \$0.25 million is for Council's vehicles, plant and equipment replacement program and is expected to be spent over the next 3 months.
2	Computers and telecommunications	\$0.2 million of the \$1.0 million annual budget is spent on computers and telecommunications as at 31 March 2022. 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 \$2.1 million of this is spent as at 31 March 2022. 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 Reserve development Stage 3. Expenditure is delayed from the COVID 19 lockdown, especially in the first half of the financial year, however is on track to be completed by 30 June.
4	Bridges	YTD expenditure on bridges includes \$0.2 million spent on the Chelsea rail pedestrian bridge (total budget of \$0.9 million). Other budgeted expenditure includes \$150k on the Elder St South to Victory bridge and Chain of Parks trail pedestrian bridges.
5	Drainage	Expenditure has been delayed from the COVID-19 lockdown, especially in the first half of the financial year, as well as supply issues for pipes causing delays. The program is largely on track to be completed by 30 June.
6	Recreational, leisure and community facilities	The capital budget for recreational, leisure and community facilities is \$7.3 million of which \$2.5 million is spent as at 31 March 2022. COVID delays and supply issues, particularly for sports lighting poles has delayed a number of projects. The program is largely on track to be completed by 30 June.
7	Parks, open space and streetscapes	\$3.2 million is spent on capital works for parks, open space and streetscapes as at 31 March 2022. The annual budget is \$8.7 million. Supply issues have affected some projects. The program is largely on track to be completed by 30 June.
8	Other infrastructure	The annual capital budget of \$2.3 million for other infrastructure includes the following projects: \$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. Some carry overs may be required for some of these projects.