

Kingston City Council
Quarterly Financial Statements
For the 9 Months ending 31st March 2021

Income Statement

	Actual YTD to March 21 \$'000	Revised Budget YTD to March 21 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
Revenue					
Rates and Charges	143,145	143,189	(45)	0.0%	
Grants and Subsidies	31,656	27,911	3,745	13.4%	1
Grants - Capital	7,517	7,510	7	0.1%	
Contributions	956	241	714	295.8%	2
Statutory fees and fines	5,459	5,863	(403)	-6.9%	
User Fees	9,267	10,903	(1,636)	-15.0%	3
Interest Income	638	1,565	(927)	-59.2%	4
Other Income	513	566	(53)	-9.4%	
Total Revenue	199,151	197,749	1,403	0.7%	
Expenses					
Employee Benefits	64,844	66,539	1,695	2.5%	
Materials and Services	54,486	60,163	5,677	9.4%	5
Bad and Doubtful Debts	0	0	(0)		
Depreciation & Amortisation	20,310	19,875	(435)	-2.2%	
Interest/Borrowing Costs	404	347	(57)	-16.6%	6
Total Expenses	140,044	146,923	6,879	4.7%	
Net Gain(Loss) on Disposal of Infrastructure, Property, Plant and Equipment	49	0	49	100.0%	
Surplus	59,156	50,826	8,330	16.4%	

Variance Explanations (for material variances > 10%)

Ref	Item	Explanation
1	Grants and Subsidies	Grants and subsidies income is \$31.7 million and is \$3.7 million favourable to budget. Grants include an unbudgeted \$1.0 million received from the State Government for Working 4 Victoria in response to the COVID19 pandemic. Family Day Care and Family and Children's Centres grants are \$0.4 million and \$0.7 million favourable due to the Federal Government's interim funding provided in response to the COVID19 pandemic. Packaged care funding is \$1.6 million favourable predominately due to packaged funding received in advance for services being delivered.
2	Contributions	Contributions total revenue is \$1.0 million and is \$0.7 million favourable to budget. The major payments received are \$0.8 million from clubs contributing to capital projects, of which only \$41k was budgeted.
3	User Fees	User Fees total revenue is \$9.3 million and is \$1.6 million unfavourable to budget. Long Day Care at Parkdale (\$0.4 million), Carrum (\$0.3 million) and Edithvale (\$0.2 million) are all unfavourable to budget as COVID19 has impacted day care operations. The Before / After School Care and Holiday Program team is \$0.4 million unfavourable as COVID19 continues to impact operations with more parents working from home and not requiring this service. Events and Arts Centre income are both \$0.1 million unfavourable to budget also due to the impact of the COVID19 pandemic on operations.
4	Interest Income	Interest Income is \$0.6 million and is \$0.9 million unfavourable to budget. The average rate of return on our investments has been in decline for over two years. The average rate at March 2021 is 0.4% (vs 1.5% at the corresponding time last year and 2.65% the year before that).
5	Materials & Services	Materials & Services expenditure is \$5.7 million favourable to budget. This is due to a large range of favourable program variances, for example: lower than budget consultant spend in City Strategy (\$0.6 million) with the Industrial and Commercial Employment Strategy, Heritage Review, Suburban Rail Loop Design and Value Add projects progressing slower than anticipated. Lower than YTD Budget spend also in Compliance and Amenity for animal collection costs (\$0.3 million). Lower FYCS costs of (\$0.4 million) as the services have been impacted by COVID. Events Management costs are also lower than budget YTD (\$0.8 million) as many events translated to online events during the pandemic. There are however unfavourable variances in the Waste Management program, with higher than expected costs in the <u>hard waste, green waste, and recycling programs</u> .
6	Interest/Borrowing Costs	Interest / Borrowing Costs total expenditure is \$0.4 million and is \$57k unfavourable to budget.

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Cash Flow Statement

	Actual YTD to March 21 \$'000	Revised Budget YTD to March 21 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
Cash Flows from Operating Activities					
Rates	132,134	121,655	10,479	8.6%	
Grants - Operating	28,271	27,228	1,043	3.8%	
Grants - Capital	7,791	7,409	382	5.2%	
Contributions	5,964	241	5,723	2374.7%	1
Statutory fees and fines	5,459	5,660	(201)	-3.6%	
User fees	11,691	12,051	(360)	-3.0%	
Interest	638	1,500	(862)	-57.5%	2
Increase/(Repayment) of Trust Funds and Deposits	24	0	24	100.0%	3
Other Receipts	513	563	(50)	-9.9%	
Payments to Employees	(64,417)	(66,482)	2,065	3.1%	
Payments to Suppliers	(56,276)	(62,459)	6,183	7.2%	
Net Cash Provided by Operating Activities	71,792	47,366	24,426	51.6%	
Cash Flows from Investing Activities					
Payment for Infrastructure, Property, Plant & Equipment	(35,631)	(39,273)	3,642	9.3%	
Proceeds from sale of Infrastructure, Property, Plant & Equipment	49		49		
Net Cash Provided by Investing Activities	(35,582)	(39,273)	3,691	9.4%	
Cash Flows from Financing Activities					
Borrowing Costs	(33)	(31)	(2)	-6.5%	
Increase/(Repayment) of interest bearing loans & borrowings	(1,035)	(1,038)	3	0.3%	
Interest paid - lease liability	(371)	(326)	(45)	-13.8%	4
Repayment of lease liabilities	(1,037)	(589)	(448)	-76.1%	4
Net Cash (used in) Financing Activities	(2,476)	(1,984)	(492)	-24.8%	
Net Increase in Cash and Cash Equivalents	33,734	6,109	27,625	-452.2%	
Cash and Cash Equivalents at the Beginning of the Financial Year	129,860	99,226	30,634	30.9%	
Cash and Cash Equivalents at the End of Period	163,594	105,335	58,259	55.3%	

Variance Explanations (for material variances > 10%)

Ref	Item	Explanation
1	Contributions	Contributions received are \$5.7 million favourable to budget, predominately due to \$4.7 million received for cash developer contributions which aren't budgeted for. These contributions are transferred to a reserve for later use on open space and stormwater redevelopment. The remaining contributions are cash contributions from local clubs towards capital projects.
2	Interest	Interest received is \$0.9 million unfavourable to budget. The average rate of return on our investments has been in decline for over two years. The average rate at March 2021 is 0.4% (vs 1.5% at the corresponding time last year and 2.65% the year before that).
3	Trust funds and deposits	Trust funds and deposits have increased by \$24k. This is not budgeted for as it varies significantly from year to year. Trust funds and deposits include retention money 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	Interest paid (lease liabilities) and repayment of lease liabilities	Repayment of lease liabilities and interest paid on lease liabilities are unfavourable to budget. These are cash flows recorded for the first time in Council's budget and represent conservative estimates.

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Balance Sheet

	Actual as at March 21 \$'000	Annual Revised Budget \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
Current Assets					
Cash and Cash Equivalents	163,594	102,736	60,858	59.2%	1
Trade and Other Receivables	41,367	21,455	19,912	92.8%	2
Non-current Assets classified as Held for Sale	0	0	0		
Other Assets	123	1,532	(1,409)	-92.0%	3
Total Current Assets	205,084	125,723	79,361	63.1%	
Non Current Assets					
Infrastructure, Property, Plant & Equipment	2,508,523	2,535,709	(27,186)	-1.1%	
Right of use assets	10,335	9,606	729	7.6%	
Investment Property	3,750	3,750	0	0.0%	
Intangible Assets	578	999	(421)	-42.1%	4
Total Non Current Assets	2,523,186	2,550,064	(26,878)	-1.1%	
Total Assets	2,728,270	2,675,787	52,483	2.0%	
Current Liabilities					
Trade and Other Payables	13,926	18,590	4,664	25.1%	5
Trust Funds and Deposits	4,796	4,772	(24)	-0.5%	
Unearned income	7,586	8,442	856	10.1%	6
Provisions	24,048	21,362	(2,686)	-12.6%	7
Interest Bearing Loans and Borrowings	350	0	(350)	100.0%	8
Lease Liabilities	881	1,186	305	25.7%	9
Total Current Liabilities	51,587	54,352	2,765	5.1%	
Non Current Liabilities					
Provisions	1,707	1,707	0	0.0%	
Interest Bearing Loans and Borrowings	687	555	(132)	-23.8%	8
Lease Liabilities	9,760	8,785	(975)	-11.1%	9
Total Non Current Liabilities	12,154	11,047	(1,107)	-10.0%	
Total Liabilities	63,741	65,399	1,658	2.5%	
Net Assets	2,664,529	2,610,388	54,141	2.1%	
Equity					
Accumulated Surplus	1,505,472	1,456,011	49,461	3.4%	
Asset Revaluation Reserve	1,121,316	1,121,316	0	0.0%	
Other Reserves	37,741	33,061	4,680	14.2%	
Total Equity	2,664,529	2,610,388	54,141	2.1%	

Variance Explanations (for material variances > 10%)

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Ref	Item	Explanation
1	Cash & Cash Equivalents	Cash and cash equivalents are \$60.9 million favourable to budget. The budget is a year-end position and the YTD cash position is expected to decrease as operational and capital expenditure is incurred to the end of the year.
2	Trade & Other Receivables	Trade and other receivables are \$19.9 million higher than the year-end budgeted total of \$21.4 million. Of the total \$41.4 million trade and other receivables, \$36.7 million is related to rate debtors which are expected to decrease significantly during the year as rate instalments are paid.
3	Other Assets	Other assets of \$0.1 million are \$1.4 million unfavourable to budget. Actual other assets includes accrued interest income only. The total budget of \$1.5 million includes prepaid expenditure which is recorded at year end.
4	Intangible Assets	Intangible assets are \$0.4 million unfavourable to budget. The budget of \$1.0 million includes \$0.2 million as work in progress for the cloud transition which will be included in the total intangible assets by year end.
5	Trade & Other Payables	Trade and other payables are \$4.7 million favourable to 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.
6	Unearned Income	Unearned income is \$0.9 million favourable to budget. The budget is a year-end position. Unearned income as at 31st March includes the receipt of HCP and HACC funding in advance which is due to be earned as income in the coming months.
7	Provisions	Current Provisions are \$2.7 million unfavourable to budget. The COVID19 Pandemic has resulted in less leave being taken by staff throughout the year. Provisions are expected to decline as leave is taken over the coming months.
8	Interest Bearing Loans & Borrowings	Interest bearing loans and borrowings are \$0.5 million unfavourable to budget. The budget is a year-end position and actual loans will equal budget by 30 June 2021 as per loan repayment schedules.
9	Lease Liabilities	Non-current Lease liabilities are \$0.7 million unfavourable to budget. The budget is a year end position and the lease liabilities are expected to reduce during the last quarter of the financial year.

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Capital Works

Asset	Actual YTD to March 21 \$'000	Annual Revised Budget \$'000	% Complete	Ref
Property				
Land	2,745	2,630	104%	
Buildings	13,651	24,921	55%	
Plant & Equipment				
Plant, machinery and equipment	99	100	99%	
Fixtures, Fittings and Furniture	224	1,391	16%	1
Computers and telecommunications	644	1,469	44%	2
Library Books	854	1,099	78%	
Infrastructure				
Roads	3,806	5,520	69%	
Footpaths & cycleways	2,119	4,162	51%	
Bridges	1	47	2%	3
Drainage	3,574	5,871	61%	
Recreational, leisure & community facilities	4,468	9,541	47%	4
Parks, open space and streetscapes	3,657	7,230	51%	
Off street car parks	751	739	102%	
Other infrastructure	297	660	45%	5
Other Non-Asset Capital Budget				
Non Asset Capital Projects				
Total capital works expenditure	36,890	65,380	56%	
Projects Represented by:				
New asset expenditure	6,966	13,843	50%	
Asset expansion expenditure	2,071	2,947	70%	
Asset renewal expenditure	18,334	29,542	62%	
Asset upgrade expenditure	8,188	17,644	46%	
Non Asset	1,331	1,403	95%	
Total capital works expenditure	36,890	65,380	56%	

Variance Explanations - less than 50% complete

Ref	Item	Explanation
1	Fixtures, Fittings and Furniture	Capital expenditure on fixtures, fittings and furniture is at 16% spend of the annual budget. COVID19 Stage 4 restrictions on construction activities slowed access to trades and materials. However 2020/21 projects are expected to achieve near full delivery.
2	Computers and telecommunications	Capital Expenditure on computers and telecommunications is at 44% spend of the annual budget. During COVID restrictions IT resources were focused on setting up and supporting remote systems for staff. Capacity is now returning to strategic development with a further \$460k of contractually commitment projects in progress.
3	Bridges	Capital expenditure on bridges is currently at 2% spend of the annual budget. The main project for 2020/21 is under-bridge scour protection at Wells Road bridge over Patterson River. Contract has been awarded however high water flows have delayed commencement. Programmed for April (weather permitting).
4	Recreational, leisure & community facilities	Capital expenditure on recreational, leisure and community facilities is at 47% spend of the annual budget. COVID19 Stage 4 limitations on construction activities delayed commencement of some projects. Kingston Heath Reserve Synthetic Pitch, Dolamore Reserve Athletics, Sports lighting poles and Ben Kavanaugh Masterplan are some of the active projects to be delivered before end of financial year. There are over \$3.5m of contractual commitments.
5	Other Infrastructure	Expenditure on other infrastructure is at 45% spend of the annual budget. Forecast expenditure on Patterson Lakes Inner Harbour Boardwalk (\$160k) has been carried over pending further negotiation with Melbourne Water and the Shopping Centre. Smart City Initiatives is to provide \$80k in savings. LED Street light conversions to non- standard poles is to realise savings up to \$100k.