

**Kingston City Council**  
**Quarterly Financial Statements**  
**For the 3 Months ending 30th September 2021**

**Income Statement**

	Actual YTD to Sept 21 \$'000	Budget YTD to Sept 21 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
<b>Revenue</b>					
Rates and Charges	154,512	154,546	(34)	0.0%	
Grants and Subsidies	9,947	10,054	(107)	-1.1%	
Grants - Capital	3,720	3,717	3	0.1%	
Contributions	172	165	7	4.2%	
Statutory fees and fines	1,791	1,984	(193)	-9.7%	
User Fees	3,453	4,912	(1,459)	-29.7%	1
Interest Income	115	250	(135)	-54.0%	2
Other Income	183	213	(30)	-14.3%	3
<b>Total Revenue</b>	<b>173,892</b>	<b>175,841</b>	<b>(1,949)</b>	<b>-1.1%</b>	
<b>Expenses</b>					
Employee Benefits	24,058	24,584	526	2.1%	
Materials and Services	20,902	23,401	2,499	10.7%	4
Bad and Doubtful Debts	0	0	0		
Depreciation & Amortisation	7,589	7,529	(60)	-0.8%	
Interest/Borrowing Costs	121	114	(7)	-6.1%	
<b>Total Expenses</b>	<b>52,672</b>	<b>55,628</b>	<b>2,957</b>	<b>5.3%</b>	
Net Gain(Loss) on Disposal of Infrastructure, Property, Plant and Equipment		19	(19)	100.0%	
<b>Surplus</b>	<b>121,220</b>	<b>120,231</b>	<b>989</b>	<b>0.8%</b>	

**Variance Explanations (for material variances > 10%)**

Ref	Item	Explanation
1	User fees	User fees are \$3.5 million as at 30 September 2021 and are \$1.5 million unfavourable to budget. User fees have been impacted by closures during the current Melbourne COVID-19 lockdown including Waves Leisure Centre (\$0.6 million unfavourable), Arts and Cultural Services (\$0.3 million unfavourable) and Leasing (\$0.2 million unfavourable).
2	Interest income	Interest income is \$0.1 million as at 30 September 2021 and is \$0.1 million unfavourable to budget. The average rate of return on our investments has been in decline since early 2019. The average rate in September is 0.31% vs 1.11% at the corresponding time last year.
3	Other income	Other income is \$0.2 million and is \$30k unfavourable to budget. Workcover income is \$37k unfavourable to budget and is the main contributor to this variance.
4	Materials and services	Materials and services is \$20.9 million and is \$2.5 million less than budgeted. The variance is spread across most departments including the following: Open Space (\$0.5 million), Infrastructure (\$0.2 million), AccessCare (0.5 million), Property and Arts (\$0.2 million), Libraries and Social Development (\$0.2 million) and Active Kingston (\$0.15 million).

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**Cash Flow Statement**

	Actual YTD to Sept 21 \$'000	Budget YTD to Sept 21 \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
<b>Cash Flows from Operating Activities</b>					
Rates and charges	33,270	32,000	1,270	4.0%	
Grants - Operating	8,535	10,381	(1,846)	-17.8%	1
Grants - Capital	4,533	4,173	360	8.6%	
Contributions	3,231	1,667	1,564	93.8%	2
Statutory fees and fines	1,791	2,333	(542)	-23.2%	3
User fees	3,449	5,009	(1,560)	-31.1%	4
Interest	115	125	(10)	-8.0%	
Increase/(Repayment) of Trust Funds and Deposits	(2,033)	0	(2,033)	100.0%	5
Other Receipts	183	180	3	0.7%	
Payments to Employees	(23,373)	(24,138)	765	3.2%	
Payments to Suppliers	(28,275)	(29,749)	1,474	2.3%	
<b>Net Cash Provided by Operating Activities</b>	<b>1,426</b>	<b>1,981</b>	<b>(555)</b>	<b>-28.0%</b>	
<b>Cash Flows from Investing Activities</b>					
Payment for Infrastructure, Property, Plant & Equipment	(8,626)	(10,667)	2,041	19.1%	6
Proceeds from sale of Infrastructure, Property, Plant & Equipment	0	0	0		
<b>Net Cash Provided by Investing Activities</b>	<b>(8,626)</b>	<b>(10,667)</b>	<b>2,041</b>	<b>19.1%</b>	
<b>Cash Flows from Financing Activities</b>					
Borrowing Costs	(3)	(3)	0	0.0%	
Increase/(Repayment) of interest bearing loans & borrowings	(170)	(169)	(1)	-0.6%	
Interest paid - lease liability	(118)	(109)	(9)	-8.3%	
Repayment of lease liabilities	(255)	(240)	(15)	-6.3%	
<b>Net Cash (used in) Financing Activities</b>	<b>(546)</b>	<b>(521)</b>	<b>(25)</b>	<b>-4.8%</b>	
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(7,746)</b>	<b>(9,207)</b>	<b>1,461</b>	<b>15.9%</b>	
Cash and Cash Equivalents at the Beginning of the Financial Year	143,026	102,736	40,290	39.2%	
<b>Cash and Cash Equivalents at the End of Period</b>	<b>135,280</b>	<b>93,529</b>	<b>41,751</b>	<b>44.6%</b>	

**Variance Explanations (for material variances > 10%)**

Ref	Item	Explanation
1	Grants - Operating	Operational grants received are \$1.8 million unfavourable to budget due to the early receipt of some grants last year which were budgeted to be received this financial year.
2	Contributions	A total of \$3.2 million has been received in contributions as at 30 September 2021. This is \$1.6 million more than the year to date budget. Cash contributions for open space development total \$2.7 million as at 30 September and are the main reason for the variance. These contributions are held in reserve to be spent on future open space projects.
3	Statutory fees and fines	Statutory fees and fines received are \$0.5 million less than budgeted predominately due to the current Melbourne COVID-19 lockdown impacting the parking revenue generated to date.
4	User fees	User fees received as at 30 September 2021 are \$1.6 million unfavourable to budget. User fees have been impacted by closures during the current Melbourne COVID-19 lockdown including Waves Leisure Centre (\$0.6 million unfavourable), Arts and Cultural Services (\$0.3 million unfavourable) and Leasing (\$0.2 million unfavourable).
5	Increase / (repayment) of trust funds and deposits	Trust funds and deposits have decreased by \$2.0 million. This is not budgeted for as it is too 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.
6	Payments for infrastructure, property, plant and equipment	Payments for infrastructure, property, plant and equipment are \$2.0 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.

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**Balance Sheet**

	Actual as at Sept 21 \$'000	Annual Budget \$'000	Favourable/ (Unfavourable) \$'000	Favourable/ (Unfavourable) %	Ref
<b>Current Assets</b>					
Cash and Cash Equivalents	135,281	90,442	44,839	49.6%	1
Trade and Other Receivables	139,878	24,806	115,072	463.9%	2
Non-current Assets classified as Held for Sale	960	0	960		3
Other Assets	151	1,532	(1,381)	-90.1%	4
<b>Total Current Assets</b>	<b>276,270</b>	<b>116,780</b>	<b>159,490</b>	<b>136.6%</b>	
<b>Non Current Assets</b>					
Infrastructure, Property, Plant & Equipment	2,785,373	2,574,560	210,813	8.2%	
Right of use assets	9,721	8,741	980	11.2%	5
Investment Property	3,900	3,750	150	4.0%	
Other Assets	250	0	250		
Intangible Assets	770	899	(129)	-14.3%	6
<b>Total Non Current Assets</b>	<b>2,800,014</b>	<b>2,587,950</b>	<b>212,064</b>	<b>8.2%</b>	
<b>Total Assets</b>	<b>3,076,284</b>	<b>2,704,730</b>	<b>371,554</b>	<b>13.7%</b>	
<b>Current Liabilities</b>					
Trade and Other Payables	8,829	18,590	9,761	52.5%	7
Trust Funds and Deposits	5,018	4,772	(246)	-5.2%	
Unearned income	8,922	8,442	(480)	-5.7%	.
Provisions	23,951	21,362	(2,589)	-12.1%	8
Interest Bearing Loans and Borrowings	517	0	(517)	100.0%	9
Lease Liabilities	873	1,186	313	26.4%	10
<b>Total Current Liabilities</b>	<b>48,110</b>	<b>54,352</b>	<b>6,242</b>	<b>11.5%</b>	
<b>Non Current Liabilities</b>					
Provisions	1,929	1,707	(222)	-13.0%	8
Interest Bearing Loans and Borrowings	0	0	0		
Lease Liabilities	9,273	8,236	(1,037)	-12.6%	10
<b>Total Non Current Liabilities</b>	<b>11,202</b>	<b>9,943</b>	<b>(1,259)</b>	<b>-12.7%</b>	
<b>Total Liabilities</b>	<b>59,312</b>	<b>64,294</b>	<b>4,982</b>	<b>7.7%</b>	
<b>Net Assets</b>	<b>3,016,972</b>	<b>2,640,436</b>	<b>376,536</b>	<b>14.3%</b>	
<b>Equity</b>					
Accumulated Surplus	1,589,383	1,483,977	105,406	7.1%	
Asset Revaluation Reserve	1,389,824	1,121,316	268,508	23.9%	
Other Reserves	37,765	35,143	2,622	7.5%	
<b>Total Equity</b>	<b>3,016,972</b>	<b>2,640,436</b>	<b>376,536</b>	<b>14.3%</b>	

Ref	Item	Explanation
1	Cash and cash equivalents	Cash and cash equivalents of \$135.3 million are \$44.9 million more than the budgeted year end position of \$90.4 million. Cash levels are expected to reach budget once the budgeted and carry over capital program is expensed.
2	Trade and other receivables	Trade and other receivables are currently \$139.9 million and \$115.1 million higher than the year-end budgeted position. Rate debtors make up \$136.6 million of the total receivables and these are expected to reduce over the next nine months as instalments are due.
3	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 which is expected to be sold this financial year.
4	Other assets	Other assets of \$0.2 million are \$1.4 million less than budgeted. The year end budget of \$1.5 million includes prepaid expenditure which is recorded at year end and not month to month.
5	Right of use assets	Right of use assets are \$9.7 million as at 30 September 2021. The budgeted year end position of \$8.7 million is anticipated as amortisation is charged over the next nine months.
6	Intangible assets	Intangible assets are \$0.8 million as at 30 September 2021 and \$0.1 million less than the budget of \$0.9 million. Intangible assets includes purchased software and the increase to the budgeted position as at 30th June will depend on any significant software purchases made during the year and if they reach the capitalisation threshold.
7	Trade and other payables	Trade and other payables are \$9.8 million favourable as at 30 September 2021. The budget of \$18.6 million is a year-end position as at 30 June 2022 when accruals and creditors are expected to be higher.
8	Provisions	Provisions are \$2.8 million unfavourable. The budget is a year end position and a decrease in provisions is forecast before the end of the financial year as leave is taken.
9	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.
10	Lease Liabilities	The budget for lease liabilities is a year-end position and actuals are expected to reflect budgeted by 30 June 2022.

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**Capital Works**

Asset	Actual YTD to Sept 21 \$'000	Annual Budget \$'000	% Complete	Ref
<b>Property</b>				
Land	122	400	31%	
Buildings	4,235	39,391	11%	1
<b>Plant &amp; Equipment</b>				
Plant, machinery and equipment	27	300	9%	2
Fixtures, Fittings and Furniture	380	1,800	21%	
Computers and telecommunications	180	875	21%	
Library Books	512	1,121	46%	
<b>Infrastructure</b>				
Roads	827	7,624	11%	3
Footpaths & cycleways	318	3,162	10%	4
Bridges	0	1,375	0%	5
Drainage	1,007	4,775	21%	
Recreational, leisure & community facilities	631	4,802	13%	
Parks, open space and streetscapes	511	6,595	8%	6
Off street car parks	34	1,200	3%	7
Other infrastructure	26	1,580	2%	8
<b>Total capital works expenditure</b>	<b>8,809</b>	<b>75,001</b>	<b>12%</b>	
<b>Projects Represented by:</b>				
New asset expenditure	1,262	11,186	11%	
Asset expansion expenditure	346	4,269	8%	
Asset renewal expenditure	4,986	41,117	12%	
Asset upgrade expenditure	2,215	18,428	12%	
<b>Total capital works expenditure</b>	<b>8,809</b>	<b>75,001</b>	<b>12%</b>	

**Variance Explanations - less than 50% complete**

Ref	Item	Explanation
1	Buildings	Capital expenditure on buildings is 11% of the budget as at 30 September 2021. The annual budget of \$39.4 million for buildings includes the following major projects still in progress which are to be completed over the next 9 months as the COVID-19 lockdown is lifted: \$1.9 million for condition renewal expenditure, \$0.5 million for Waves Leisure Centre, \$3.0 million for Aspendale LSC development, \$1.1 million for Chelsea Sailing Club renewal, \$1.1 million for public toilet renewal at Peter Scullin Reserve, \$1.9 million for Chadwick Pavilion stage 2, \$1.8 million for Roy Dore sports precinct, \$2.0 million for GR Bricker reserve park master plan, \$2.5 million for Dingley Souter Reserve Pavilion refurbishment and extension and \$11.2 million for Mentone life saving club redevelopment.
2	Plant, machinery and equipment	Capital expenditure on plant, machinery and equipment is \$27k as at 30 September 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 9 months.
3	Roads	The capital budget for roads is \$7.6 million, and \$0.8 million of this is spent as at 30 September 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 the civil assets as part of the Chadwick development stage 3. Expenditure is expected to increase as the COVID-19 lockdown is lifted.
4	Footpaths and cycleways	Footpath and cycleways expenditure YTD totals \$0.3 million. The annual budget is \$3.2 million and includes the following major projects yet to be spent: \$0.3 million as part of the road infrastructure renewal program, \$0.7 million as part of the footpath renewal program, \$1.2 million as part of the local road and community infrastructure program and \$0.5 million for linking Karkarook Park to Settlement Creek.
5	Bridges	\$1.4 million is budgeted to be spent on bridges in 2021/22. This includes Elder Street South to Victory bridge (\$0.8 million), Chain of Parks trail pedestrian bridges (\$0.1 million) and Chelsea Rail pedestrian bridge \$0.5 million).
6	Parks, open space and streetscapes	Expenditure on parks, open space and streetscapes is \$0.5 million YTD. The budget of \$6.6 million includes the following major projects to be spent over the next 9 months: playground improvement and renewal (\$0.4 million), irrigation and drainage renewals and upgrades (\$0.2 million), parks asset and reserve fencing renewal (\$0.6 million), \$0.7 million as part of the local road and community infrastructure program, Peter Scullin Reserve masterplan (\$1.0 million), Elder Street South reserve development (\$1.3 million),
7	Off street car parks	The capital budget of \$1.2 million for off street car parks is largely unspent as at 30 September 2021. The following projects are budgeted to be spent over the next 9 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),
8	Other infrastructure	The annual capital budget of \$1.6 million for other infrastructure includes the following projects which are largely unspent as at 30 September 2021: \$150k for street light LED conversion, \$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, \$0.2 million for Smart City Initiatives and \$0.5 million for local roads and community infrastructure projects.