

7.4 February 2021 Monthly Financial Report

Abstract

The Monthly Financial Report for February 2021 is designed to identify and explain any major variances to budget at an organisational level for the period ending 28 February 2021.

Council's favourable operating result against year to date budget of \$73.84 million is \$14.41 million or 24% above the September Amended Budget of \$59.43 million primarily due to a number of factors which are outlined in **Section 2 of Attachment 1 - Financial Overview**.

Capital works actual expenditure is \$29.53 million which is \$19.72 million below year to date budget phasing of \$49.25 million, primarily due to timing of expenditure on multi-year projects. Priority projects expenditure of \$14.94 million is \$4.58 million below year to date budget phasing of \$19.52 million.

Council's Balance Sheet and cash position are sound and depict a satisfactory result. At the end of February, Council's cash position stood at \$154.02 million or \$36.03 million above year to date budget.

Officers' recommendation

That Council resolve to receive and note the Monthly Financial Report for February 2021 (**Attachment 1**).

Responsible director: Phillip Storer, Chief Executive Officer

1. Purpose

The purpose of this report is to provide Council the Monthly Financial Report for February 2021. The Monthly Financial Report is designed to identify and explain major variances at an organisational level and is provided in **Attachment 1**.

2. Policy implications and relevance to community plan and council plan

This report is consistent with the Council Plan 2017-21 and the Boroondara Community Plan. In particular, the Council Plan theme of Civic Leadership & Governance and the strategy "Ensure sound financial management while allocating resources to deliver strategic infrastructure and services that meet community needs".

3. Background

The year to date annual budget referred to in this report reflects the September 2020 Amended Budget, approved by Council on 21 September 2020 which includes the carry forward funding for 2019-20 priority projects and capital works forward commitments.

4. Outline of key issues/options

Year to date actual vs. year to date September Amended Budget

The favourable operating result against year to date budget of \$73.84 million is \$14.41 million or 24% above the September Amended Budget of \$59.43 million, is primarily due to timing and permanent differences for income and expenditure across Council which are outlined in **Section 2 Financial Overview**.

Balance Sheet and Cash Flow Statement

Cash and investment holdings are \$154.02 million as at 28 February 2021, or \$36.03 million higher than year to date budget of \$117.99 million. This represents an increase of \$39.68 million from 30 June 2020.

The Balance Sheet as at 28 February 2021 indicates a satisfactory result with total current assets of \$206.84 million and total current liabilities of \$48.65 million.

Please refer to **page 9 of Attachment 1** for further detail.

Capital Works

Council's year to date performance in gross capital works expenditure is \$29.53 million which is \$19.72 million below year to date budget phasing of \$49.25 million. Year to date actual and commitments as at 28 February 2021 equates to \$50.57 million and includes committed expenditure for multi-year projects with the most significant being Kew Recreation Centre, Canterbury Precinct and Camberwell Community Centre.

Priority Projects

Council's year to date performance in gross priority project expenditure is \$14.94 million which is \$4.58 million below year to date budget phasing of \$19.52 million (year to date actual and commitments as at 28 February 2021 equates to \$18.52 million).

Refer to **page 3 and 4 of Attachment 1** for graphical representation of capital works and priority projects year to date budget, actual and committed expenditure.

5. Consultation/communication

The Executive Leadership Team has reviewed and approved the report.

6. Financial and resource implications

Council's current operating and cash flow position is sound. Council continues to monitor and review the financial impacts of COVID-19 on Council's operating budget.

7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

8. Social and environmental issues

There are no direct impacts resulting from this report.

Manager: Callista Clarke, Acting Chief Financial Officer

Report officer: Sapphire Allan, Management and Reporting Accountant

Attachment 1

City of Boroondara
Monthly Financial Report


www.boroondara.vic.gov.au

February
2021



Contents

1. Executive Overview	1
1.1 Introduction and overview	1
1.2 Key financial highlights and overview	1
2. Financial overview	5
2.1 Income Statement	5
2.2 Balance Sheet and Cash Flow Statement	9
2.3 Priority Projects	10
2.4 Capital Works	12
3. Financial statements	14
3.1 Income Statement	14
3.2 Balance Sheet	15
3.3 Statement of Cash Flows	16
3.4 Capital Works expenditure by asset group	17

Monthly Financial Report – February 2021

Attachment 1

1. Executive Overview

1.1 Introduction and overview

The Monthly Performance Report for February 2021 has been prepared in accordance with Australian Accounting Standards.

This monthly report is designed to identify major variations against the September Amended Budget at an organisational level.

The year to date and annual budget referred to in this report reflects the September 2020 Amended Budget approved by Council on 21 September 2020 which includes the carry forward funding for final 2019-20 priority projects and capital works forward commitments.

1.2 Key financial highlights and overview

Key financial summary	ANNUAL ORIGINAL BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE	STATUS YTD VARIANCE	ANNUAL SEPTEMBER AMENDED BUDGET
	\$'000	(1) \$'000	(2) \$'000	(1) - (2) \$'000	(1) / (2) %		(3) \$'000
Surplus for the year	(7,389)	73,841	59,433	14,408	24%	✓	(13,496)
Recurrent income	239,819	215,278	217,982	(2,704)	-1%	—	234,866
Recurrent expenditure	215,600	136,241	141,505	5,264	4%	✓	214,970
Capital works							
Expenditure *	82,052	29,530	49,247	19,717	40%	✓	88,364
Priority projects							
Expenditure *	33,368	14,942	19,522	4,580	23%	✓	38,042
Closing cash and investments **	65,194	154,021	117,987	36,034	31%	✓	59,239

* Please refer to page 10 and 11 for further explanation of variances.

** Please refer to page 9 for further details and explanation of closing cash and investments.

Status legend:

✓	Above budgeted revenue or under budgeted expenditure.
—	Below budgeted revenue or over budgeted expenditure by <10%.
✗	Below budgeted revenue or over budgeted expenditure by >10%.

The overall financial position at 28 February 2021 is satisfactory with a working capital ratio of 4.25 to 1 (including cash contingency for emergency response works and reserve funds of \$20.89 million).

Monthly Financial Report – February 2021

Attachment 1

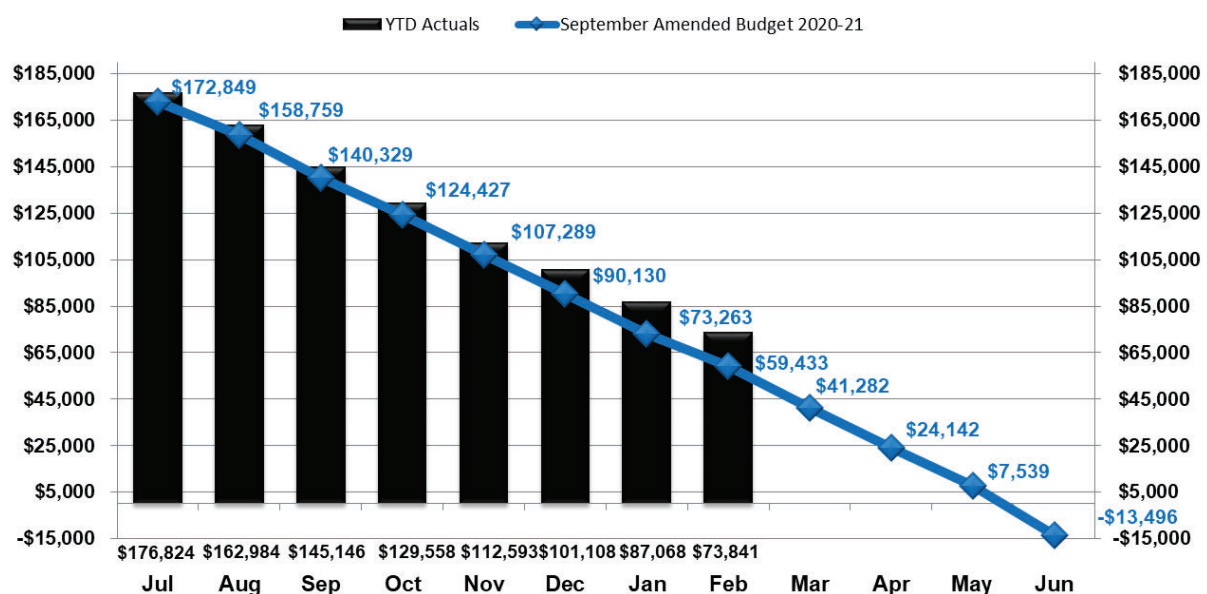
Surplus Result

Year to date actual vs. September Amended Budget

The year to date surplus result of \$73.84 million as per the budget is due to the striking of full year annual rates in August 2020. The surplus result will reduce over the course of the year as Council delivers services to the community. In addition, the favourable result against year to date budget of \$14.41 million or 24% is primarily due to timing and permanent differences for income and expenditure across Council. Refer to **Section 2 Financial Overview** for details on Council's financial performance.

Please refer to the graphical representation below of actual year to date surplus result versus the September Amended Budget.

Surplus/(Deficit) Result 2020-21
Surplus Result vs September Amended Budget \$'000

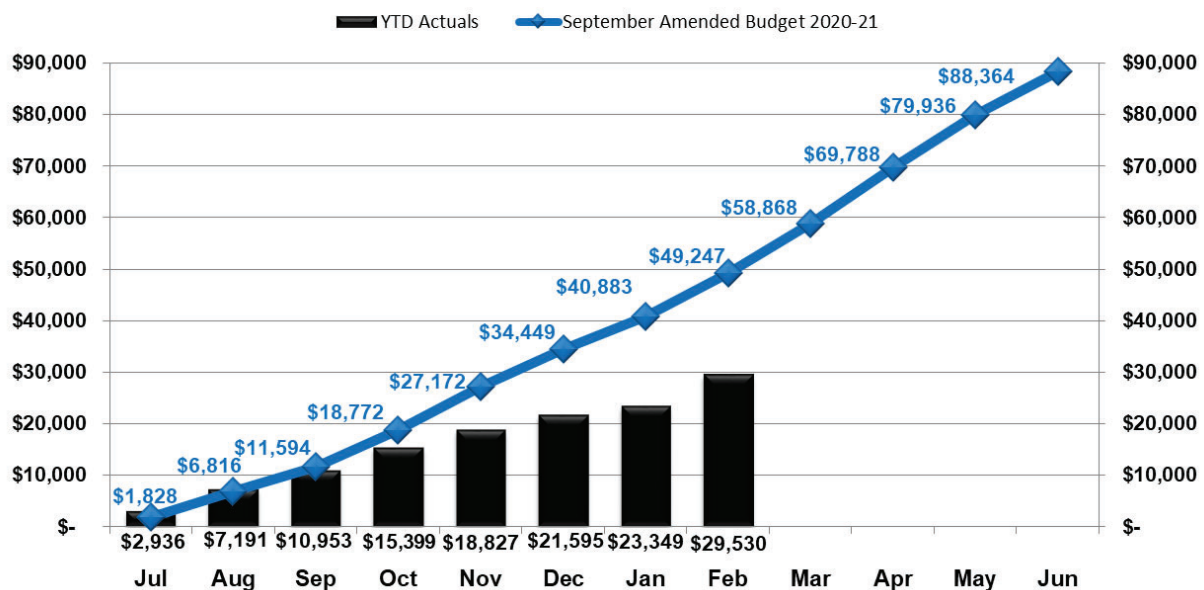


Monthly Financial Report – February 2021

Attachment 1

Capital Works

Capital Works Projects 2020-21 Cumulative Budget vs Actual Expenditure All Projects - \$'000



Council's year to date performance in gross capital works expenditure is \$29.53 million which is \$19.72 million behind year to date budget phasing of \$49.25 million. The difference relates to timing of expenditure on various projects.

Capital works committed expenditure as at 28 February 2021 is \$21.04 million (year to date actual and commitments equates to \$50.57 million) and includes committed expenditure for multi-year projects with the most significant being Kew Recreation Centre, Canterbury Precinct and Camberwell Community Centre.

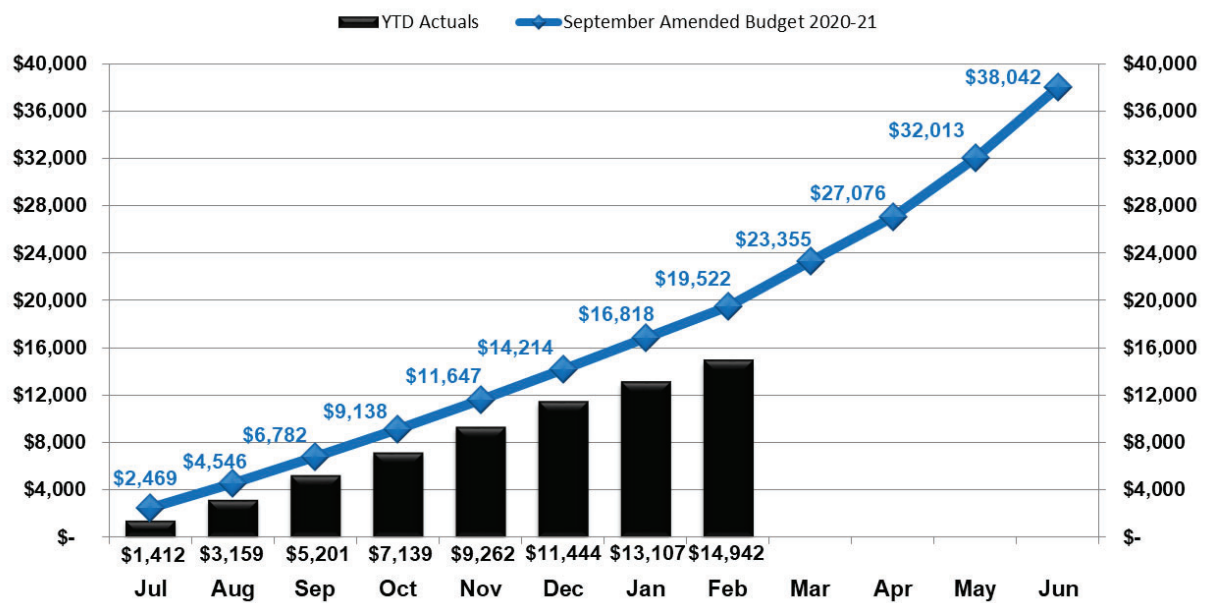
Please refer to **Section 2.4 Capital Works** for further explanation.

Monthly Financial Report – February 2021

Attachment 1

Priority Projects

Priority Projects 2020-21 Cumulative Budget vs Actual Expenditure All Projects - \$'000



Council's year to date performance in gross priority project expenditure is \$14.94 million which is \$4.58 million below year to date budget phasing of \$19.52 million. The difference relates to timing of expenditure on various projects.

Priority projects committed expenditure as at 28 February 2021 is \$3.57 million (year to date actual and commitments equates to \$18.52 million).

Please refer to **Section 2.3 Priority Projects** for further explanation.

Monthly Financial Report – February 2021

Attachment 1

2. Financial overview

2.1 Income Statement

The year to date surplus result of \$73.84 million is \$14.41 million above the September Amended Budget surplus of \$59.43 million. The favourable result against year to date budget is due to a number of factors which are outlined below.

Year to date total recurrent and non-recurrent income is ahead of budget by \$2.72 million comprising recurrent income of (\$2.70 million) and non-recurrent income of \$5.42 million. The increase in non-recurrent income is primarily due to additional capital grants of \$4.00 million being received from the State Government North East Link project. The year to date total recurrent and non-recurrent expenditure is \$9.84 million (\$5.26 million + \$4.58 million) below budget.

The following table includes explanations on major income and expenditure line variances over \$75,000 against the year to date budget.

Definitions

Timing (T) = Year to date expenditure or income level is less/more than anticipated in the budget phasing. Anticipated this variance will correct by end of financial year without management action.

Permanent (P) = The dollars outlined as a permanent variance are anticipated to add/reduce the end of year result.

Forecast = Where a permanent variance has been determined, an expected full year forecast variance has been noted.

Phasing = When anticipated spread of expenditure/income across the financial year is expected to be spent/received.

Year to date actual vs. year to date budget variations.

Income		
Income line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Rates and charges (including waste) \$125,000	T/P	Higher than budgeted income: <ul style="list-style-type: none"> \$125,000 - rates and charges income, primarily in supplementary income.

Monthly Financial Report – February 2021

Attachment 1

Income		
Income line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Statutory Fees and Fines (\$1.90 million)	<p>P</p> <p>T/P</p> <p>T/P</p> <p>T/P</p>	<p>Lower than budgeted income:</p> <ul style="list-style-type: none"> • (\$1.47 million) - parking management income. • (\$227,000) - infringement court charges income - offset with infringement court filing fees expenditure. • (\$161,000) - swimming pool and spa service fees and charges. • (\$173,000) - swimming pool and spa registration income.
User Fees (\$978,000)	<p>P</p> <p>T/P</p> <p>P</p> <p>T</p>	<p>Lower than budgeted income:</p> <ul style="list-style-type: none"> • (\$592,000) - parking meter charges - fees waived due to COVID-19. • (\$249,000) - other service fees and charges, primarily in Leisure Aquatic Facilities. • (\$229,000) - health services - food registration fees waived until December 2020 due to COVID-19. <p>Partially offset by higher income:</p> <ul style="list-style-type: none"> • \$78,000 - internal building permits income.
Grants - operating \$254,000	T	<p>Higher than budgeted income:</p> <ul style="list-style-type: none"> • \$189,000 - grants operating - primarily due to School Crossing income ahead of year to date planned budget phasing.
Contributions - cash \$250,000	T	<p>Higher than budgeted income:</p> <ul style="list-style-type: none"> • \$278,000 - developers open space contributions ahead of year to date planned budget phasing. A full year forecast review is currently underway and will reflect any amendments.
Rental Income (\$135,000)	T	<p>Lower than budgeted income:</p> <ul style="list-style-type: none"> • (\$89,000) - leasing income, primarily in the Camberwell Fresh Food Market due to the impact of COVID-19 restrictions.
Interest (\$277,000)	P	<p>Lower than budgeted income:</p> <ul style="list-style-type: none"> • (\$277,000) - interest on investments - due to low investment earnings that are continuing in the current environment.

Monthly Financial Report – February 2021

Attachment 1

Expenditure		
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Employee costs \$169,000	T T/P P P	<p>Lower than budgeted expenditure:</p> <ul style="list-style-type: none"> \$1.88 million net - salaries and associated costs and an increase in leave entitlements not taken. The February year to date result includes redundancies as a result of the Organisation Design. A full year forecast review is currently underway to reflect final results, which will include ongoing savings from the organisation redesign. \$115,000 - apprentices and traineeships across the organisation. <p>Partially offset by higher than budgeted expenditure:</p> <ul style="list-style-type: none"> (\$1.48 million) - temporary staff filling vacancies across the organisation. (\$627,000) - overtime, casuals and relievers filling vacancies across the organisation.
Bad and Doubtful debts (\$159,000)	P	<p>Higher than budgeted expenditure:</p> <ul style="list-style-type: none"> (\$147,000) - bad and doubtful debts primarily in Strategic and Statutory Planning.
Amortisation - right of use assets \$471,000	T/P	<p>Lower than budgeted expenditure:</p> <ul style="list-style-type: none"> \$459,000 - the favourable variance is due to planned budget phasing of acquiring new vehicles throughout the year. A full year forecast review is currently underway and will reflect any amendments.
Other Expenses \$201,000	T T/P T P	<p>Lower than budgeted expenditure:</p> <ul style="list-style-type: none"> \$264,000 - grants and subsidies behind planned budget phasing, primarily in Senior Citizen Centre grants. \$196,000 - conferences and training across the organisation. <p>Partially offset by higher expenditure:</p> <ul style="list-style-type: none"> (\$260,000) - timing of special rates expenditure. (\$221,000) - leased assets across the organisation that are short term (less than 12 months) or low value in nature. In accordance with the requirements of the new accounting standard AASB 16 - Leases short term or low value leases will be expensed to the income statement.

Monthly Financial Report – February 2021

Attachment 1

Expenditure		
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Materials and services \$4.57 million	<p>T/P T/P</p> <p>T/P T/P</p> <p>T/P T/P T/P</p> <p>T/P T/P T</p> <p>T/P T/P T/P T/P P T T T/P T T</p> <p>T/P T</p> <p>P T/P</p> <p>P P T</p>	<p>Lower than budgeted expenditure:</p> <ul style="list-style-type: none"> • \$518,000 - professional services and advice. • \$499,000 - trade services - due to more people returning (post lockdown) to use Boroondara's Leisure and Aquatic Facilities earlier than initially predicted, resulting in lower support payments. A full year forecast is underway and will reflect any amendments. • \$438,000 - trade services expense across the organisation. • \$487,000 - specialist tree work, high voltage works and block tree pruning in Environmental Sustainability and Open Space. • \$344,000 - consultant expense. • \$317,000 - electricity expense. • \$244,000 - infringement court filing fees, offset with infringement court charges income. • \$217,000 - petrol expense. • \$159,000 - printing expense. • \$156,000 - landscape contractor expense. • \$156,000 - postage expense. • \$130,000 - other rates and taxes expense. • \$110,000 - cleaning buildings internal. • \$97,000 - line marking expense. • \$94,000 - furniture maintenance expense. • \$92,000 - equipment maintenance expense. • \$91,000 - legal fee expense. • \$88,000 - catering (non-staff) expense. • \$87,000 - graffiti removal. • \$82,000 - concrete expense. <p>Offset by higher than budgeted expenditure:</p> <ul style="list-style-type: none"> • (\$393,000) - licencing and maintenance contracts. • (\$427,000) - capital works in progress (items expensed due to not meeting the asset capitalisation criteria - this is a non-cash accounting entry). • (\$162,000) - telephone, internet and data cards expense. • (\$154,000) - online subscription expense, primarily due to an increase in online resources for Library Services due to COVID-19, this is offset by a reduction in the Capital Works program - Library Resources. • (\$135,000) - drainage cleaning and maintenance. • (\$98,000) - stump removal - increased tree removals in response to an Energy Safe Victoria (ESV) audit. • (\$77,000) - fleet excess claims expense.

Monthly Financial Report – February 2021

Attachment 1

2.2 Balance Sheet and Cash Flow Statement

Cash and investment holdings are \$154.02 million as at 28 February 2021 which has increased by \$39.68 million from 30 June 2020.

Total cash and investment holdings are \$36.03 million higher than year to date budget primarily due to:

- Lower payments for property, infrastructure, plant and equipment of \$12.85 million due to timing of cash outflows relating to the capital works program.
- Materials and services are lower than budget due to timing of outflows \$10.78 million.
- Capital grants are higher than budgeted \$4.57 million, primarily due to additional grant funding being received.
- Employee costs are lower than budgeted primarily due to an increase in annual leave entitlements not taken during the 2020-21 financial year.

Partially offset by:

- Lower than budgeted statutory fees and fines (\$1.37 million) primarily due to parking related income.
- Lower than budgeted user charges and other receipts from customers (\$1.18 million) due to timing and settlement of debtors.

The Balance Sheet as at 28 February 2021 indicates a satisfactory result with total current assets of \$206.84 million and total current liabilities of \$48.65 million.

The working capital ratio of 4.25 to 1 (includes a 0.5% or \$809,000 cash contingency for emergency response works and reserve funds of \$20.89 million) reflects the increase in current debtors resulting from the striking of the rates which will reduce by 30 June 2021 as Council funds its operating programs and capital works. The rate debt will be repaid over the remainder of the financial year in accordance with the payment options chosen by ratepayers.

During the 2020-21 year, the city encountered storm events which amounted to forecast expenditure of \$146,000. Considering these events, the cash contingency will be reduced by this amount.

Monthly Financial Report – February 2021

Attachment 1

2.3 Priority Projects

Council's year to date performance in gross priority project expenditure is \$14.94 million which is \$4.58 million below year to date budget phasing primarily due to expenditure delays, the most significant being:

- **81082. BC1 Program Resources - (\$984,000)**
Resource recruitment continues with new project staff on-boarded as required, however recruitment of further key resources is still to occur. Due to the delay in recruitment of key resources, a forward commitment has been identified which will be reflected in the full year forecast.
- **81084. System Development & Implementation - (\$698,000)**
The current favourable variance is attributed to the timing of key system implementation contracts being awarded, that are expected in the last quarter of the 2020-21 financial year. Due to this delay, this will result in a favourable variance for the end of the financial year, and is required to be carried forward as committed expenditure against existing contracts. This will be reflected in the full year forecast.
- **81081. BC1 Program Delivery Partner - (\$551,000)**
The current variance is attributed to the timing of invoices received from the external delivery partner. Majority of invoices have now been received with the current favourable variance to be reduced upon payment of the outstanding invoices.
- **80955. Tree Strategy Action Plan Implementation - (\$422,000)**
Due to COVID-19, all non-essential tree renewal works scheduled for 2020-21 have been delayed. The Tree Management Guidelines are scheduled for delivery during 2021 and it is anticipated the project will be largely completed by end of 2021, with some renewal works to be completed during the 2021-22 financial year. A proposed forward commitment has been identified and will be reflected in the full year forecast.
- **80850. Municipal Wide Heritage Assessment - (\$358,000)**
The Municipal Wide Heritage Gap Study has been delayed in the 2019-20 and 2020-21 financial years due to continuing COVID-19 restrictions. This specifically impacted on reporting on project milestones for the planning scheme amendments associated with the Hawthorn, Hawthorn East, Ashburton and Glen Iris heritage gap studies. The project is progressing with the final three studies of Hawthorn East, Glen Iris and Ashburton, which are at varying stages of the implementation process. A proposed forward commitment will be reflected in the full year forecast.
- **81074. New Swimming Pool & Spa Building Regulations resources - (\$204,000)**
Due to COVID-19, the Victorian State Government pushed back the deadline for pool and spa owners to register their pools and spas to 1 November 2020, from the previous date of 1 June 2020. As a result, recruitment was temporarily delayed. Building Services is now in the process of recruiting staff to deliver the services.

- **81071. Update CoB Website content Management System Drupal 9 - (\$201,000)**
The upgrade of our open source Drupal Content Management System to version 9 introduces many core feature enhancements and security improvements. The timing of our migration effort requires careful planning and deployment to ensure that Council can benefit from the product improvements at the right stage of adoption and maturity. The release window has been revised by 3 months to capitalise on alterations being made from other users before adopting the upgrade.

Priority projects committed expenditure as at 28 February 2021 is \$3.57 million (year to date actual and commitments equates to \$18.52 million).

Refer to **page 4 Executive overview** for graphical representation of priority projects year to date budget, actual and committed expenditure.

Monthly Financial Report – February 2021

Attachment 1

2.4 Capital Works

Council's year to date performance in gross capital works expenditure is \$29.53 million which is \$19.72 million behind year to date budget phasing primarily due to expenditure delays, the most significant being:

- **72607, 72686 & 72776 - Kew Recreation Centre - (\$5.17 million)**
This is a multi-year project. Due to COVID-19 restrictions, there was a delay in commencement of demolition works that are now underway and due for completion late February 2021. Construction work is scheduled to commence early March 2021 with completion early-mid 2023. Due to the delay in commencement, a forward commitment has been identified which will be reflected in the full year forecast.
- **72769-72772. Canterbury Precinct - (\$4.89 million)**
This is a multi-year project. Contract was awarded September 2020 however there were delays in commencement of construction due to external authority approvals required to issue building permits. Construction is anticipated to commence early 2021 to renovate three existing buildings and construct a new single storey extension to the former bowls club building, including a basement carpark. Project is planned for completion mid-late 2022. Due to the delay in commencement of construction, a forward commitment has been identified which will be reflected in the full year forecast.
- **71636. Roads Resheeting - (\$566,000)**
Road reconstruction works are scheduled and underway after minor delays with recent COVID-19 restrictions. It is anticipated that all programmed works will be completed by the end of the financial year.
- **72507 & 72852. Camberwell Community Centre - (\$407,000)**
This is a multi-year project. There was a delay in the commencement of construction works, however construction is now well progressed with approximately 90% of works completed. Project is now scheduled for completion late early April 2021.
- **72768. Diversity Inclusion and Participation (DIP) Pavilion program - (\$415,000)**
Multiple individual projects sit within the broader DIP program. Contracts have recently been awarded for pavilion improvement works to increase participation in sport at Dorothy Laver Reserve East, Howard Dawson Reserve, Vic Rd Reserve and St James Park. It is anticipated that the completion of the current DIP projects will be by September 2021.
- **72377. Sportsground Reconstruction Program - (\$396,000)**
There was a delay in the commencement of the project and during works due to COVID-19 restrictions. Works are well underway and will be completed by end of March 2021.
- **72665. Library IT Hardware renewal - (\$390,000)**
Project was delayed due to COVID-19 restrictions but is now due to be completed by 30 June 2021.
- **71728. Condition 4 footpaths renewal - (\$384,000)**
Footpath renewal works are scheduled and underway after minor delays with recent COVID-19 restrictions. It is anticipated that all programmed works will be completed by the end of the financial year.

Monthly Financial Report – February 2021

Attachment 1

Capital works committed expenditure as at 28 February 2021 is \$21.04 million (year to date actual and commitments equates to \$50.57 million) and includes committed expenditure for multi-year projects with the most significant being Kew Recreation Centre, Canterbury Precinct and Camberwell Community Centre.

Refer to **page 3 Executive overview** for graphical representation of capital works year to date budget and actual expenditure.

Capital Works Income

Capital Works income is \$9.26 million and is \$4.68 million above year to date budget phasing of \$4.58 million primarily due to additional grant funding of \$4.00 million being received from the State Government North East Link Project to implement initiatives with the most significant being Freeway Golf Course works \$2.50 million and Balwyn Road pedestrian signals \$700,000.

Monthly Financial Report – February 2021

Attachment 1

3. Financial statements

3.1 Income Statement

	ANNUAL ORIGINAL BUDGET	YTD ACTUAL (1)	YTD BUDGET (2)	YTD VARIANCE (1) - (2)	YTD VARIANCE %	ANNUAL SEPTEMBER AMENDED BUDGET (3)
	\$'000s	\$'000s	\$'000s	\$'000s	%	\$'000s
Recurrent income						
Rates and charges	192,534	192,234	192,109	125	0%	192,384
Statutory fees and fines	14,056	4,063	5,958	(1,895)	-32%	11,182
User fees	11,577	3,978	4,956	(978)	-20%	10,089
Grants - operating	11,611	8,478	8,224	254	3%	11,053
Contributions - cash	4,424	3,761	3,511	250	7%	5,181
Rental income	2,070	961	1,096	(135)	-12%	1,827
Other income	2,047	1,414	1,462	(48)	-3%	2,150
Interest	1,500	389	666	(277)	-42%	1,000
Total recurrent income	239,819	215,278	217,982	(2,704)	-1%	234,866
Recurrent expenditure						
Employee costs	91,608	59,145	59,314	169	0%	90,779
Materials and services	70,533	43,772	48,344	4,572	9%	72,771
Bad and doubtful debts	1,746	928	769	(159)	-21%	1,846
Depreciation and amortisation ¹	37,873	23,817	23,817	-	0%	35,740
Amortisation - right of use assets	4,307	2,399	2,870	471	16%	4,307
Borrowing costs	1,342	900	900	-	0%	1,342
Finance costs - leases	337	214	224	10	4%	337
Other expenses	7,854	5,066	5,267	201	4%	7,848
Total recurrent expenditure	215,600	136,241	141,505	5,264	4%	214,970
Net recurrent operating surplus	24,219	79,037	76,477	2,560	3%	19,896
Non-recurrent income						
Priority projects income	1,046	1,162	424	738	174%	1,218
Capital works income	4,188	9,256	4,576	4,680	102%	6,906
Total non-recurrent income	5,234	10,418	5,000	5,418	108%	8,124
Non-recurrent expenditure						
Priority projects expenditure	33,368	14,942	19,522	4,580	23%	38,042
Total non-recurrent expenditure	33,368	14,942	19,522	4,580	23%	38,042
Net non recurrent operating surplus (deficit)	(28,134)	(4,524)	(14,522)	9,998	-69%	(29,918)
Net gain (loss) on disposal of property, infrastructure, plant and equipment	(3,474)	(672)	(2,522)	1,850	-73%	(3,474)
Surplus/(Deficit) for the year ²	(7,389)	73,841	59,433	14,408	24%	(13,496)

Note: All numbers are rounded to the nearest thousand.

1. Depreciation and amortisation primarily relates to property, plant, equipment and infrastructure assets.
2. The year to date surplus result of \$73.84 million as per the budget is due to the striking of full year annual rates in August 2020. The surplus result will reduce over the course of the year as Council delivers services to the community. In addition, the favourable result against year to date budget of \$14.41 million or 24% is primarily due to timing differences for income and expenditure. Refer to **Section 2 Financial Overview** for details on Council's financial performance.

Monthly Financial Report – February 2021

Attachment 1

3.2 Balance Sheet

	28 Feb 2021 \$'000	30 Jun 2020 \$'000	28 Feb 2020 \$'000
Current assets			
Cash and cash equivalents ¹	154,021	99,259	170,511
Other financial assets ¹	-	15,078	-
Trade and other receivables	51,784	21,347	50,150
Prepayments	1,039	1,956	951
Total current assets	206,844	137,640	221,612
Non-current assets			
Financial assets	4	4	4
Property, plant and equipment, infrastructure	3,558,443	3,555,629	3,404,685
Right of use assets	10,311	10,269	-
Intangible assets	348	348	980
Investment property	8,935	8,915	9,086
Total non-current assets	3,578,041	3,575,165	3,414,755
Total assets	3,784,885	3,712,805	3,636,367
Current liabilities			
Trade and other payables	8,655	19,125	20,635
Interest-bearing liabilities	614	1,573	582
Provisions	19,971	19,364	17,434
Trust funds and deposits	15,002	5,752	4,641
Unearned income	1,270	1,569	89
Lease liabilities	3,139	3,139	-
Total current liabilities	48,651	50,522	43,381
Non-current liabilities			
Provisions	2,042	2,042	1,987
Interest-bearing liabilities	23,213	23,213	24,785
Provision for investments in joint ventures	2,974	2,974	2,579
Lease liabilities	7,269	7,159	-
Total non-current liabilities	35,498	35,388	29,351
Total liabilities	84,149	85,910	72,732
Net assets	3,700,736	3,626,895	3,563,635
Equity			
Accumulated surplus	1,010,982	939,324	1,010,595
Asset revaluation reserve	2,668,868	2,668,868	2,534,337
Reserves ²	20,886	18,703	18,703
Total equity	3,700,736	3,626,895	3,563,635
Working capital ratio	4.25		

Note: All numbers are rounded to the nearest thousand.

1. Cash reflects balances in the general ledger not actual bank account balances.

2. Reserve funds comprise of Strategic Acquisition Fund (\$434,000), Open Space Development Fund (\$12.45 million) and Defined Benefits Superannuation future call up reserve (\$8.00 million).

Monthly Financial Report – February 2021

Attachment 1

3.3 Statement of Cash Flows

	ANNUAL ORIGINAL BUDGET \$'000	YEAR TO DATE			ANNUAL SEPTEMBER AMENDED BUDGET \$'000
		ACTUAL (1) \$'000	SEPTEMBER AMENDED BUDGET (2) \$'000	VARIANCE (unfav) (1) - (2) \$'000	
Cash flows from operating activities					
Rates and waste charges	192,434	159,503	159,679	(176)	188,854
Statutory fees and fines ¹	11,140	3,820	5,189	(1,369)	7,837
User charges and other fines ²	13,131	4,267	5,451	(1,184)	11,496
Grants - operating	13,283	9,589	9,344	245	12,867
Grants - capital ³	4,188	9,149	4,575	4,574	6,571
Contributions - monetary	4,424	4,033	3,515	518	5,516
Interest received	1,500	491	664	(173)	1,000
Other receipts	4,529	2,521	2,813	(292)	4,375
Net GST refund	15,343	9,472	10,110	(638)	17,257
Trust funds and deposits taken ⁴	100	9,250	-	9,250	100
Employee costs ⁵	(101,804)	(67,977)	(68,970)	993	(101,940)
Materials and services ⁶	(103,769)	(57,992)	(68,776)	10,784	(105,777)
Short-term, low value and variable lease payments	(616)	(715)	(408)	(307)	(616)
Other payments	(7,875)	(5,073)	(5,335)	262	(8,057)
Net cash provided by/(used in) operating activities	46,008	80,339	57,851	22,488	39,483
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment ⁷	(82,053)	(36,395)	(49,248)	12,853	(88,364)
Proceeds from sale of property, plant and equipment	1,570	29	-	29	1,570
Net cash used in investing activities	(80,483)	(36,366)	(49,248)	12,882	(86,794)
Cash flows from financing activities					
Finance costs	(1,342)	(772)	(746)	(26)	(1,342)
Repayment of borrowings	(1,572)	(959)	(958)	(1)	(1,572)
Interest paid - lease liability	(337)	(215)	(225)	10	(337)
Repayment of lease liabilities	(4,536)	(2,343)	(3,024)	681	(4,536)
Net cash provided by (used in) financing activities	(7,787)	(4,289)	(4,953)	664	(7,787)
Net increase (decrease) in cash and cash equivalents	(42,262)	39,684	3,650	36,034	(55,098)
Cash and cash equivalents at beginning of year	107,456	114,337	114,337	-	114,337
Cash and cash equivalents at end of year	65,194	154,021	117,987	36,034	59,239

Note: All numbers are rounded to the nearest thousand.

1. Lower than budgeted statutory fees and fines (\$1.37 million) primarily due to parking related income.
2. Lower than budgeted user charges and other receipts from customers (\$1.18 million) due to timing and settlement of debtors.
3. Grants - capital \$4.57 million higher than budgeted primarily due to additional grant funding being received.
4. Trust funds and deposits includes the fire services property levy received which relates to the timing of fire services property levy and levy interest amounts received and subsequently remitted to the State Revenue Office (SRO) which are to be made in four payments in accordance with Section 41(1) of the FSPL Act. An instalment is due and payable to the Commissioner of State Revenue 28 days after the due date of rates instalments. Levy monies are to be remitted to the SRO by the following dates each financial year - 28 October; 28 December; 28 March; and 28 June.
5. Employee costs are \$993,000 lower than budgeted primarily due to an increase in annual leave entitlements not taken during the 2020-21 financial year.
6. Materials and services are lower than budgeted due to timing of outflows \$10.78 million.
7. Payments for property, plant and equipment differs from that presented in the capital works statement due to settlement of the 30 June 2020 creditors and forward commitment expenditure. Works delivered in the 2019-20 financial year have previously been brought to account and accrued against the 2019-20 capital works statement.

Monthly Financial Report – February 2021

Attachment 1

3.4 Capital Works expenditure by asset group

	ANNUAL ORIGINAL BUDGET	YTD ACTUAL (1)	YTD BUDGET (2)	YTD VARIANCE (1) - (2)	YTD VARIANCE %	COMMIT	ANNUAL SEPTEMBER AMENDED BUDGET (3)
	\$'000s	\$'000s	\$'000s	\$'000s	%	\$'000s	\$'000s
Infrastructure							
Bridges	2,463	6	40	34	85%	-	2,463
Drainage	4,395	2,500	3,964	1,464	37%	575	5,651
Footpaths and cycleways	2,982	1,575	2,167	592	27%	98	3,073
Off street carparks	664	126	439	313	71%	15	680
Parks, open space and streetscapes	7,996	1,903	2,907	1,004	35%	1,476	6,956
Recreational, leisure & com facilities	2,771	737	2,243	1,506	67%	2,091	4,455
Roads	10,283	6,432	7,495	1,063	14%	344	11,486
Total Infrastructure	31,554	13,279	19,255	5,976	31%	4,599	34,764
Plant and Equipment							
Computers and telecommunications	1,744	377	1,410	1,033	73%	440	1,922
Fixtures, fittings and furniture	1,623	128	763	635	83%	335	1,705
Library books	985	431	647	216	33%	202	985
Plant machinery and equipment	1,627	2,158	2,347	189	8%	420	2,711
Total Plant and Equipment	5,979	3,094	5,167	2,073	40%	1,397	7,323
Property							
Building	14,576	7,250	7,926	676	9%	2,539	14,109
Building improvements	311	18	75	57	76%	118	335
Major Projects	29,632	5,889	16,824	10,935	65%	12,391	31,833
Total Property	44,519	13,157	24,825	11,668	47%	15,048	46,277
Total capital works expenditure	82,052	29,530	49,247	19,717	40%	21,044	88,364
Represented by:							
Asset renewal expenditure	50,649	20,979	32,965	11,986	36%	14,320	53,545
Asset upgrade expenditure	5,451	1,105	2,577	1,472	57%	1,359	7,073
New asset expenditure	17,009	3,728	7,435	3,707	50%	2,928	15,562
Asset expansion expenditure	8,943	3,718	6,270	2,552	41%	2,437	12,184
Total capital works expenditure	82,052	29,530	49,247	19,717	40%	21,044	88,364

Note: All numbers are rounded to the nearest thousand.