

7 Presentation of officer reports

7.1 April 2022 Monthly Financial Report

Executive Summary

Purpose

The purpose of this report is to provide Council the Monthly Financial Report for April 2022. The Monthly Financial Report is designed to identify and explain major variances at an organisational level and is provided in **Attachment 1**.

Background

The year to date annual budget referred to in this report reflects the October 2021 Amended Budget, approved by Council on 25 October 2021 which includes the carry forward funding for 2020-21 priority projects and capital works forward commitments.

The 2021-22 Full Year Forecast reflects the final result of the full year review of the annual financials to be undertaken during the year.

Key Issues

Year to date actuals vs. October Amended Budget

Council's favourable operating result against year to date budget of \$54.58 million is \$19.00 million or 53% above the October Amended Budget of \$35.58 million primarily due to a number of factors which are outlined in **Section 2 of Attachment 1 - Financial Overview**.

Capital works actual expenditure is \$50.43 million which is \$19.46 million below year to date budget phasing of \$69.89 million. Priority projects expenditure of \$20.12 million is \$11.75 million below year to date budget phasing of \$31.87 million.

Council's Balance Sheet and cash position are sound and depict a satisfactory result. At the end of April, Council's cash position stood at \$108.68 million or \$35.93 million above year to date budget.

Officers' recommendation

That Council resolve to receive and note the Monthly Financial Report for April 2022 (**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 April 2022. 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 Boroondara Community Plan 2021-31, incorporating the 10-year Community Vision, Council Plan 2021-25 and Municipal Public Health and Wellbeing Plan 2021-25 (MPHWP). In particular, the Council Plan theme of Leadership & Governance and the strategy "Resources are responsibly allocated and used through sound financial and asset planning, procurement and risk management practices".

3. Background

The year to date annual budget referred to in this report reflects the October 2021 Amended Budget, approved by Council on 25 October 2021 which includes the carry forward funding for 2020-21 priority projects and capital works forward commitments.

The 2021-22 Full Year Forecast reflects the final result of the full year review of the annual financials to be undertaken during the year.

4. Outline of key issues/options

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

The favourable operating result against year to date budget of \$54.58 million is \$19.00 million or 53% above the October Amended Budget of \$35.58 million primarily due to a number of factors which are outlined in **Section 2 Financial Overview**.

Full year forecast vs. October Amended Budget

The 2021-22 Full Year Forecast of \$2.67 million represents an increase in the surplus result by \$3.41 million compared to the October 2021 Amended Budget deficit of (\$735,000).

Whilst the current forecast position indicates an improved surplus outcome, COVID-19 continues to cause unfavourable financial impacts on Council's revenue streams primarily in user fees and statutory fees and charges.

Balance Sheet and Cash Flow Statement

Cash and investment holdings are \$108.68 million as at 30 April 2022, or \$35.93 million higher than year to date budget of \$72.75 million. This represents an increase of \$13.73 million from 30 June 2021.

The Balance Sheet as at 30 April 2022 indicates a satisfactory result with total current assets of \$152.17 million and total current liabilities of \$61.66 million.

Please refer to **page 10 of Attachment 1** for further detail.

Capital Works

Council's year to date performance in gross capital works expenditure is \$50.43 million which is \$19.46 million below year to date budget phasing of \$69.89 million. Year to date actual and commitments as at 30 April 2022 equates to \$92.44 million and includes committed expenditure for multi-year projects with the most significant being Kew Recreation Centre and Canterbury Community Precinct.

Priority Projects

Council's year to date performance in gross priority project expenditure is \$20.12 million which is \$11.75 million below year to date budget phasing of \$31.87 million (year to date actual and commitments as at 30 April 2022 equates to \$43.49 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: Amy Montalti, Chief Financial Officer

Report officer: Sapphire Allan, Coordinator Management Accounting

Attachment 1

City of Boroondara

Monthly Financial Report

April
2022



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1. Executive Overview

1.1 Introduction and overview

The Monthly Performance Report for April 2022 has been prepared in accordance with Australian Accounting Standards.

This monthly report is designed to identify major variations against the October 2021 Amended Budget at an organisational level.

The year to date and annual budget referred to in this report reflects the October 2021 Amended Budget approved by Council on 25 October 2021 which includes the carry forward funding for final 2020-21 priority projects and capital works forward commitments.

The 2021-22 Full Year Forecast reflects the final result of the full year review of the annual financials to be undertaken during the year.

1.2 Key financial highlights and overview

Key financial summary	ANNUAL ORIGINAL BUDGET \$'000	YTD ACTUAL (1) \$'000	YTD BUDGET (2) \$'000	YTD VARIANCE (1) - (2) \$'000	YTD VARIANCE (1) / (2) %	STATUS YTD VARIANCE	FULL YEAR FORECAST (3) \$'000	ANNUAL OCTOBER AMENDED BUDGET (3) \$'000	FORECAST VARIANCE (3) - (4) \$'000	STATUS FULL YEAR VARIANCE
Surplus/(Deficit) for the year	9,012	54,584	35,581	19,003	53%	✓	2,671	(735)	3,406	✓
Recurrent income	253,495	239,051	236,450	2,601	1%	✓	241,001	243,851	(2,850)	—
Recurrent expenditure	219,827	168,721	178,024	9,303	5%	✓	219,276	221,267	1,991	✓
Capital works										
Expenditure *	101,586	50,430	69,889	19,459	28%	✓	91,841	99,690	7,849	✓
Priority projects										
Expenditure *	32,061	20,117	31,869	11,752	37%	✓	33,912	39,639	5,727	✓
Closing cash and investments **	103,278	108,678	72,753	35,925	49%	✓	107,787	100,065	7,722	✓

* Please refer to page 11-12 and 13-14 for further explanation of variances.

** Please refer to page 10 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 30 April 2022 is satisfactory with a working capital ratio of 2.47 to 1 (including cash contingency for emergency response works and reserve funds of \$22.47 million).

Surplus Result

Year to date actual vs. October Amended Budget

The favourable operating result against year to date budget of \$54.58 million is \$19.00 million or 53% the October Amended Budget of \$35.58 million primarily due to a number of factors which are outlined in **Section 2 Financial Overview**.

Full Year Forecast vs. October Amended Budget

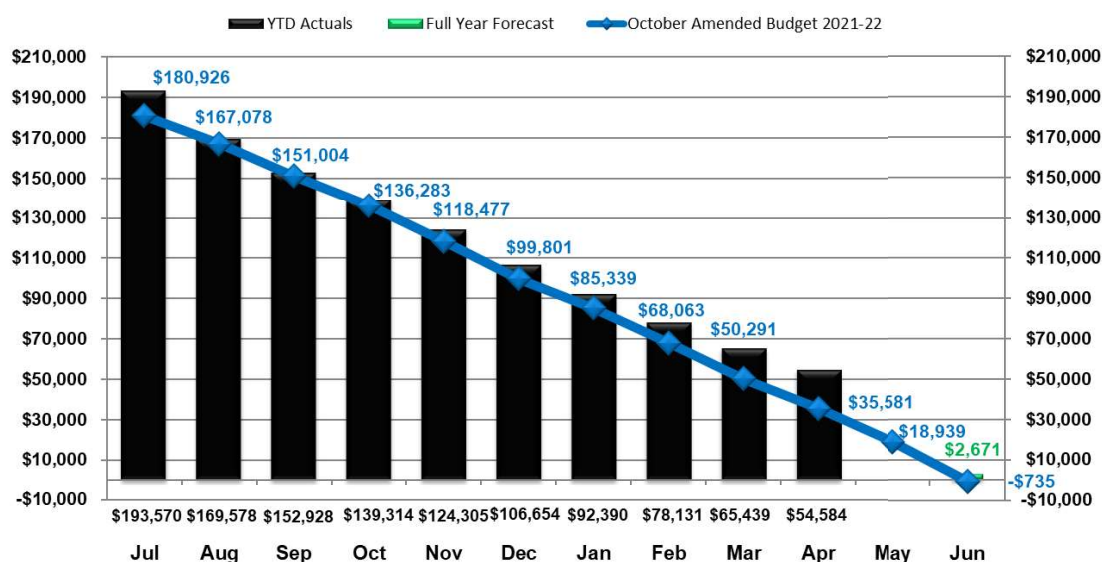
The 2021-22 Full Year Forecast of \$2.67 million represents an increase in the surplus result by \$3.41 million compared to the October 2021 Amended Budget deficit of (\$735,000).

The full year forecast result is the subject of an extensive review undertaken with departments during the March quarter. Council's 2021-22 initial financial position was heavily influenced by early COVID-19 impacts and Council officers continue to closely monitor the impacts on the financial position for the remainder of 2021-22.

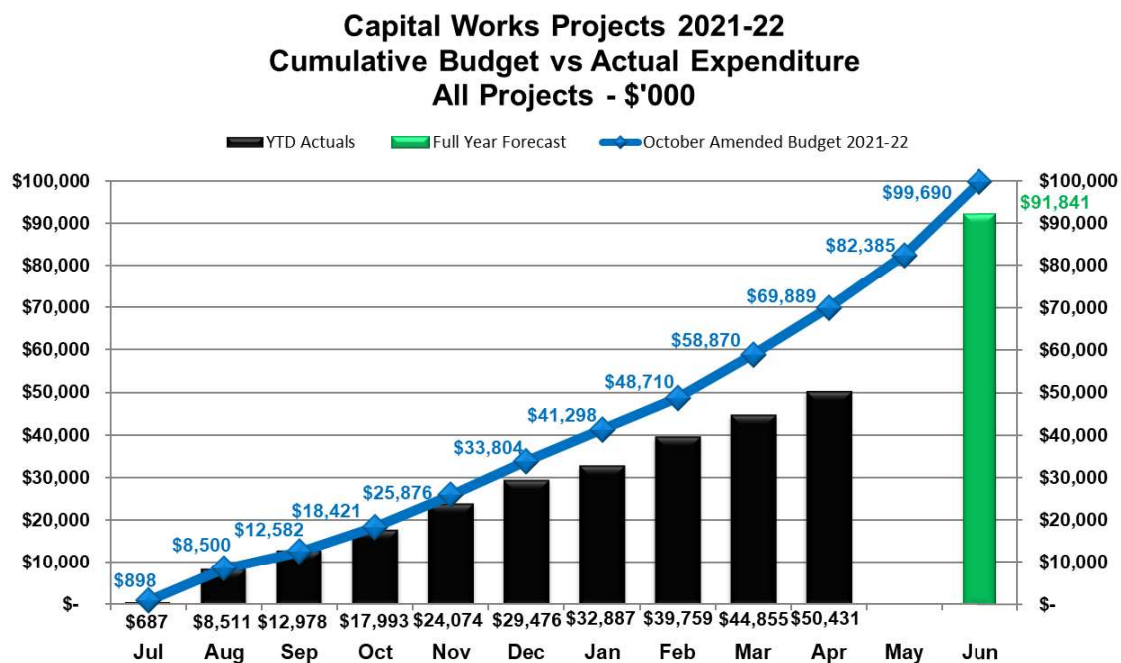
Whilst the current forecast position indicates an improved surplus outcome, COVID-19 continues to cause unfavourable financial impacts on Council's revenue streams primarily in user fees and statutory fees and charges. The 2021-22 full year forecast result estimates a further \$2.39 million reduction in budgeted revenue compared to the October 2021 Amended Budget bringing the total estimated net loss of recurrent operating revenue and expenditure impacts for the year to \$12.96 million.

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

Surplus/(Deficit) Result 2021-22
Surplus Result vs October Amended Budget \$'000



Capital Works

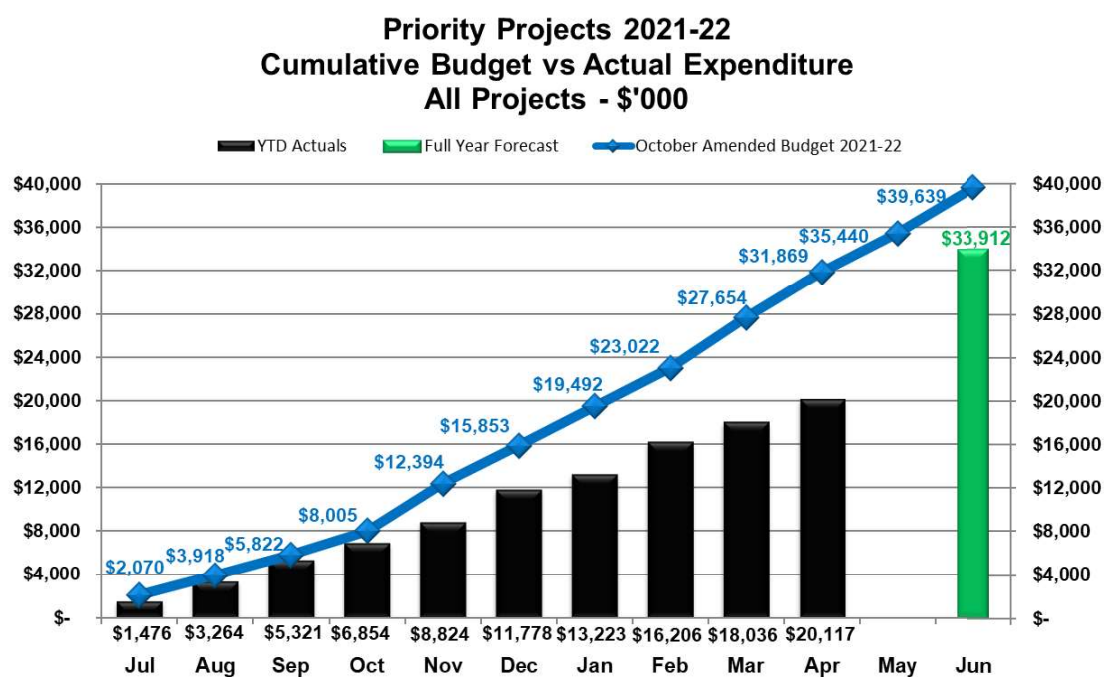


Council's year to date performance in gross capital works expenditure is \$50.43 million which is \$19.46 million below year to date budget phasing of \$69.89 million.

Capital works committed expenditure as at 30 April 2022 is \$42.01 million (year to date actual and commitments equates to \$92.44 million) and includes committed expenditure for multi-year projects with the most significant being Kew Recreation Centre and Canterbury Community Precinct.

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

Priority Projects



Council's year to date performance in gross priority project expenditure is \$20.12 million which is \$11.75 million below year to date budget phasing of \$31.87 million.

Priority projects committed expenditure as at 30 April 2022 is \$23.37 million (year to date actual and commitments equates to \$43.49 million).

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

2. Financial overview

2.1 Income Statement

The year to date surplus result of \$54.58 million is \$19.00 million above the October Amended Budget surplus of \$35.58 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 below budget by (\$1.40 million) comprising recurrent income of \$2.60 million above budget and non-recurrent income of (\$4.00 million) below budget, while year to date total recurrent and non-recurrent expenditure is \$21.05 million (\$9.30 million + \$11.75 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	Full Year Forecast permanent variance from Amended Budget
Rates and charges (including waste) \$377,000	P	Higher than budgeted income: <ul style="list-style-type: none"> \$390,000 - rates and charges income, primarily in interest on rates. 	\$86,000

Monthly Financial Report – April 2022

Attachment 1

Income			
Income line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations	Full Year Forecast permanent variance from Amended Budget
Statutory fees and fines (\$94,000)	<p>P</p> <p>P</p> <p>T</p> <p>P</p> <p>P</p>	<p>Lower than budgeted income:</p> <ul style="list-style-type: none"> • (\$246,000) - trade permits income. • (\$243,000) - lodgement fee income, primarily in scheme control income. • (\$75,000) infringement court charges income - partially offset with infringement court filing fees expenditure. <p>Partially offset by higher income:</p> <ul style="list-style-type: none"> • \$334,000 - street furniture permits income - COVID-19 fee relief ended 31st March 2022 and decision was made to restart all existing permits on a new annual cycle. • \$93,000 - tree control fines income. 	<p>(\$372,000)</p> <p>(\$100,000)</p> <p></p> <p>(\$66,000)</p> <p>\$40,000</p>
User fees (\$943,000)	<p>T/P</p> <p>P</p> <p>P</p> <p>P</p> <p>T/P</p>	<p>Lower than budgeted income:</p> <ul style="list-style-type: none"> • (\$452,000) - other service fees and charges, primarily in general waste due to reduced usage in the transfer station during COVID-19 restrictions. • (\$301,000) - lodgement fees, primarily in swimming pool and spa registrations income. • (\$229,000) - fines income, primarily in revenue and property services. • (\$126,000) - other charges income, primarily in green waste due to reduced usage in the transfer station during COVID-19 restrictions. <p>Partially offset by higher than budgeted income:</p> <ul style="list-style-type: none"> • \$119,000 - parking meter charges. 	<p>(\$1.59 million)</p> <p>(\$310,000)</p> <p>(\$250,000)</p> <p>(\$140,000)</p> <p>(\$50,000)</p>
Grants - operating \$4.11 million	<p>T/P</p> <p>T/P</p>	<p>Higher than budgeted income:</p> <ul style="list-style-type: none"> • \$3.93 million - grants operating - primarily due to 75% of the Victorian Local Government Grants Commission (VLGGC) 2022-23 funding allocation brought forward to the current financial year. • \$180,000 - grants operating - primarily due to Commonwealth Home Support Programme funding received ahead of year to date planned budget phasing. 	<p>\$130,000</p>
Contributions Cash (\$670,000)	T	<p>Lower than budgeted income:</p> <ul style="list-style-type: none"> • (\$678,000) - developers open space contributions behind year to date planned budget phasing. 	

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Income			
Income line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations	Full Year Forecast permanent variance from Amended Budget
Rental income \$129,000	T	Higher than budgeted income: <ul style="list-style-type: none"> \$158,000 - leasing income, primarily in the Hawthorn Arts Centre. 	(\$244,000)
Other Income (\$287,000)	T	Lower than budgeted income: <ul style="list-style-type: none"> (\$289,000) - fresh food market cost reimbursements. 	

Expenditure			
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations	Full Year Forecast permanent variance from Amended Budget
Employee costs \$1.64 million	P	Lower than budgeted expenditure: <ul style="list-style-type: none"> \$3.81 million - salaries and associated costs primarily due to staff vacancies across the organisation. 	\$3.18 million
	P	<ul style="list-style-type: none"> \$102,000 - apprentices and traineeships across the organisation. 	\$118,000
	P	Partially offset by higher than budgeted expenditure: <ul style="list-style-type: none"> (\$1.78 million) - temporary staff filling vacancies across the organisation. 	(\$1.82 million)
	P	<ul style="list-style-type: none"> (\$535,000) - overtime, casuals and relievers filling vacancies across the organisation. 	(\$401,000)
Amortisation - right of use assets \$459,000	P	Lower than budgeted expenditure: <ul style="list-style-type: none"> \$445,000 - a review was undertaken of right of use assets and has been reflected in the Full Year Forecast. The favourable variance has been partially offset by increase in short term assets below in "other expenses". 	\$553,000
Bad and doubtful debts \$329,000	T	Lower than budgeted expenditure: <ul style="list-style-type: none"> \$384,000 - bad and doubtful debts expense primarily in parking management. 	(\$133,000)

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Expenditure			
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations	Full Year Forecast permanent variance from Amended Budget
Other expenses \$646,000	T/P	Lower than budgeted expenditure:	
	P	<ul style="list-style-type: none"> \$582,000 - grants and subsidies behind planned budget phasing, primarily in Senior Citizen Centre grants. \$232,000 - conferences and training across the organisation. 	\$324,000
	T	<ul style="list-style-type: none"> \$90,000 - special rates expenditure behind planned budget phasing. 	\$153,000
	P	Partially offset by higher than budgeted expenditure: <ul style="list-style-type: none"> (\$323,000) - 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. 	\$5,000
Materials and services \$6.18 million	T	Lower than budgeted expenditure:	
	P	<ul style="list-style-type: none"> \$1.03 million - capital works in progress (items expensed due to not meeting the asset capitalisation criteria - this is a non-cash accounting entry). 	
	T/P	<ul style="list-style-type: none"> \$824,000 - waste recycling disposal expense. 	\$836,000
	T/P	<ul style="list-style-type: none"> \$762,000 - licencing and maintenance contracts expense. 	\$2,000
	T/P	<ul style="list-style-type: none"> \$652,000 - professional services and advice expense. 	(\$138,000)
	T/P	<ul style="list-style-type: none"> \$471,000 - specialist tree work, high voltage works and block tree pruning in Environmental Sustainability and Open Space. 	\$196,000
	T/P	<ul style="list-style-type: none"> \$370,000 - legal fees expense. 	\$156,000
	T	<ul style="list-style-type: none"> \$341,000 - application support expense. 	
	T/P	<ul style="list-style-type: none"> \$314,000 - trade services expense across the organisation. 	(\$290,000)
	T/P	<ul style="list-style-type: none"> \$236,000 - consultants expense. 	(\$281,000)
	P	<ul style="list-style-type: none"> \$181,000 - tipping fees expense. 	\$377,000
	P	<ul style="list-style-type: none"> \$177,000 - fleet excess claims expense 	\$184,000
	T/P	<ul style="list-style-type: none"> \$176,000 - postage expense. 	\$147,000
	T/P	<ul style="list-style-type: none"> \$175,000 - landscape contractor expense. 	\$70,000
	P	<ul style="list-style-type: none"> \$172,000 - electricity expense. 	\$259,000
	P	<ul style="list-style-type: none"> \$145,000 - stump removal expense. 	\$150,000
	T/P	<ul style="list-style-type: none"> \$135,000 - painting expense. 	\$29,000

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Attachment 1

Expenditure			
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations	Full Year Forecast permanent variance from Amended Budget
Materials and services \$6.18 million cont.		Lower than budgeted expenditure cont:	
	T/P	• \$125,000 - non-staff catering expense.	\$81,000
	T	• \$123,000 - carpentry expenses.	
	T/P	• \$115,000 - telephone, internet and data sim cards.	\$41,000
	T/P	• \$114,000 - line marking expense.	\$88,000
	T/P	• \$106,000 - other rates and taxes	(\$1,000)
	P	• \$104,000 - printing expense.	\$141,000
	T/P	• \$103,000 - water supply expense.	\$3,000
	T/P	• \$97,000 - gas supply and maintenance expense.	\$72,000
	P	• \$84,000 - petrol expense.	\$112,000
	T/P	• \$83,000 - mechanical equipment maintenance expense.	\$54,000
	T/P	• \$77,000 - catering expenses.	\$46,000
		Offset by higher than budgeted expenditure:	
	P	• (\$1.20 million) - trade services - Boroondara's Leisure and Aquatic Facilities support payments.	(\$1.20 million)
	T/P	• (\$312,000) - recruitment costs expense.	(\$240,000)
	T/P	• (\$240,000) - drainage cleaning and maintenance expense.	(\$231,000)
	T/P	• (\$207,000) - plumbing services expense.	(\$163,000)
	T/P	• (\$122,000) - building cleaning expense.	\$6,000
	T/P	• (\$76,000) - security and cash collection expense.	(\$32,000)

2.2 Balance Sheet and Cash Flow Statement

Cash and investment holdings are \$108.68 million as at 30 April 2022 which has increased by \$13.73 million from 30 June 2021.

Total cash and investment holdings are \$35.93 million higher than year to date budget primarily due to:

- Lower than budgeted materials and services of \$16.49 million due to timing of cash outflows.
- Lower payments for property, infrastructure, plant and equipment of \$13.71 million due to timing of cash outflows relating to the capital works program.
- Operating grants higher than budget \$2.60 million due to timing and being ahead of planned budget phasing.
- Higher than budgeted rates and charges \$2.36 million due to timing of rates receivables.
- Employee costs are lower than budgeted primarily due to staff vacancies across the organisation.

Partially offset by:

- Capital Grants lower than budget (\$4.67 million) due to timing and being behind planned budget phasing.
- Lower than budgeted user charges and other receipts from customers of (\$2.09 million) due to timing and settlement of debtors.

The Balance Sheet as at 30 April 2022 indicates a satisfactory result with total current assets of \$152.17 million and total current liabilities of \$61.66 million.

The working capital ratio of 2.47 to 1 (includes a 0.5% or \$830,000 cash contingency for emergency response works and reserve funds of \$22.47 million) reflects the increase in current debtors resulting from the striking of the rates which will reduce by 30 June 2022 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 2021-22 year, the city encountered severe winds bringing down trees and causing damage across a number of Council locations. Actual expenditure as at 30 April 2022 is \$695,000. Considering these events, the cash contingency will be reduced by this amount.

2.3 Priority Projects

Council's year to date performance in gross priority project expenditure is \$20.12 million which is \$11.75 million below year to date budget phasing of \$31.87 million, primarily due to expenditure delays, the most significant being:

- **81084 - System Development and Implementation- \$5.38 million**
This is a multi-year project. This variance has arisen due to a delay completing negotiations for the core applications system implementation work that is part of the Transforming Boroondara program. Negotiations are now complete, and work has commenced. Works will be accelerated, and the variance is expected to be reduced by the end of the 2021-22 financial year.
- **81082 - BC1 Program Resources - \$2.59 million**
Project activity is currently on schedule. The current variance is attributed to recruitment for roles across the program taking longer in the COVID-19 environment. Alternative resourcing arrangements have been used to fill gaps where appropriate and the variance is expected to reduce as new resources are on-boarded.
- **81033 - Energy Safe Victoria (ESV) power line clearance program - \$904,000**
The considerable underspend has been caused by a combination of factors including: the off-cycle pruning program costing around half of what was forecasted due to lower numbers of trees requiring pruning and engineering solutions being delayed due to lack of progress with powerline companies. The cyclic removals program has been delayed until 2022-23 due to the lack of contractor capacity and higher risk works taking priority. The Energy Safe Victoria audit has been delayed, and it is anticipated that compliance works will be completed in the 2022-23 financial year. A proposed forward commitment of \$317,000 has been reflected in the Full Year Forecast.
- **80931 - North East Link - \$882,000**
The North East Link (NEL) is a multi-year project expected to be completed by 2028. The project has been delayed due to COVID-19 related shutdowns across the construction sector, as well as the North East Link Program amending the design and delivery program and schedule, which has resulted in less expenditure than anticipated.
- **80968 - Boroondara Customer First Delivery and project support- \$549,000**
This is a multi-year project. The current variance is a result of deferral of contract spending relating to the Transforming Boroondara program. Carry forward into the 2022-23 financial year is now expected, although the project schedule has not been impacted.
- **80955. Tree Strategy Action Plan Implementation - \$372,000**
Tree renewal projects have undergone a more extensive consultation program than originally anticipated, delaying their implementation. Works will now be completed by October 2022. A proposed forward commitment of \$694,000 has been reflected in the Full Year Forecast.

- **80977 - Enterprise Change and Communications - \$370,000**
Project activity is currently on schedule. The variance is attributed to recruitment of roles in the program's change and governance teams which is currently being undertaken. This variance is expected to reduce as resources are on-boarded.

Priority projects committed expenditure as at 30 April 2022 is \$23.37 million (year to date actual and commitments equates to \$43.49 million).

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

2.4 Capital Works

Council's year to date performance in gross capital works expenditure is \$50.43 million which is \$19.46 million below year to date budget phasing of \$69.89 million, primarily due to expenditure delays, the most significant being:

- **71636 & 71637 - Roads Resheeting and Full Road Reconstruction and Kerb Replacements - \$2.53 million**
Works are behind schedule with reduced staffing levels due to COVID-19 positive cases impacting scheduling. Additional contract crews are being sought to enable the programme to be completed by the end of the 2021-22 financial year.
- **72836 - Victoria Park regional playground - \$1.14 million**
This is a multi-year project. Construction is well underway with the program scheduled for completion by mid-2022. Progress payments are tracking slightly behind forecast due to the initial delayed site establishment in February 2022 to align with the approved construction program and delays in supply of equipment.
- **72769, 72770, 72771 & 72772 - Canterbury Community Precinct - \$1.04 million**
This is a multi-year project. There have been a number of COVID-19 restrictions, with most recent being supply chain delays in steel that have resulted in the works program being slightly delayed. The delayed program will extend the work scheduled, however the project is anticipated to remain on schedule for stage 1 works completion by late 2022, and stage 2 works extended to early 2023. A proposed forward commitment of \$2.00 million has been reflected in the Full Year Forecast.
- **72686, 72776 & 72607 - Kew Recreation Centre - \$990,000**
This is a multi-year project. Due to supply chain delays with the structural steel arriving on site, the programme works have been delayed. The delay in steel deliveries will have a flow on effect, particularly with the roofing installation and works within the pool zone. Project remains on track to be completed by mid-2023.
- **72915 - Freeway Golf course reconfiguration works - \$966,000**
Works are slightly behind schedule due to delays in relocation of the Yarra East Main Sewer due to limited access to our site. Majority of the physical works are scheduled to be completed in April 2022 to enable grass to establish prior to reopening the golf course in late 2022.
- **72939 - Concrete Drain relining - \$704,000**
Concrete drain relining was impacted with COVID-19 related delays in shipping of materials, with the program anticipated to be completed by mid-2022.
- **72712 - Willsmere Park Pavilion- \$654,000**
Design and broader consultation has been delayed due to site constraint challenges, resulting in higher than anticipated costs. The resulting redesign will extend the program by six months with construction not anticipated to commence until early 2023. A proposed forward commitment of \$1.12 million has been reflected in the Full Year Forecast.

- **72901 - Climate Action Plan - emissions reduction work - \$646,000**
A variety of projects are scheduled in accordance with the Climate Action Plan Implementation were due to be delivered this financial year. Key projects include further solar panel installations on Council facilities and electric charging stations in Council owned public car parks for community use. However, some of these initiatives have now been delayed due to impacts of COVID-19 and contractor availability.
- **71794 - Future Information Technology expenditure - \$631,000**
Works have been delayed due to COVID-19 restrictions, which also continues to limit the availability of equipment and impact on the progress of the program. There is expected to be some underspend at the end of the financial year.
- **72665 - Library IT Hardware Renewal- \$477,000**
The renewal project has been considerably delayed due to the impacts of COVID-19 and associated limited availability of products and equipment. As a result, with the project progressing slower than anticipated, it is likely to continue over the next couple of financial years. Further underspend is expected for the 2021-22 financial year due to limited contractor availability and will need to be carried forward. A proposed forward commitment of \$500,000 has been reflected in the Full Year Forecast.
- **72918 - Balwyn Pedestrian operated signals - \$451,000**
This is a multi-year project. Funding was confirmed and received from the North East Link Project in early 2021. Officers commenced working on the project in line with the Department of Transport's (DoT's) requirements to deliver this project. In principle approval has been received from the DoT and the detailed design, including tender documentation is due to be completed by June 2022. Installation of the pedestrian signals is expected to commence in late 2022. A proposed forward commitment of \$400,000 has been reflected in the Full Year Forecast.
- **71728. Condition 4 Footpaths renewal - \$376,000**
The condition 4 footpath program is on track for the program to be completed in mid 2022 with additional work crews added to complete the program.

Capital works committed expenditure as at 30 April 2022 is \$42.01 million (year to date actual and commitments equates to \$92.44 million).

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

Monthly Financial Report – April 2022

Attachment 1

3. Financial statements

3.1 Income Statement

	ANNUAL ORIGINAL BUDGET	YTD ACTUAL (1)	YTD BUDGET (2)	YTD VARIANCE (1) - (2)	YTD VARIANCE %	FULL YEAR FORECAST (3)	ANNUAL OCTOBER AMENDED BUDGET (3)	FULL YEAR FORECAST VARIANCE (3) - (4)
	\$'000s	\$'000s	\$'000s	\$'000s	%	\$'000s	\$'000s	\$'000s
Recurrent income								
Rates and charges	199,247	199,775	199,398	377	0%	199,484	199,398	86
Statutory fees and fines	16,515	8,733	8,827	(94)	-1%	10,166	10,648	(482)
User fees	15,751	7,767	8,710	(943)	-11%	8,951	11,164	(2,213)
Grants - operating	11,227	14,533	10,422	4,111	39%	11,762	11,630	132
Contributions - cash	5,150	3,987	4,657	(670)	-14%	5,565	5,576	(11)
Rental income	2,690	2,031	1,902	129	7%	2,160	2,450	(290)
Other income	2,415	2,039	2,326	(287)	-12%	2,696	2,735	(39)
Interest	500	186	208	(22)	-11%	217	250	(33)
Total recurrent income	253,495	239,051	236,450	2,601	1%	241,001	243,851	(2,850)
Recurrent expenditure								
Employee costs	93,353	72,229	73,872	1,643	2%	92,243	93,499	1,256
Materials and services	73,270	54,414	60,597	6,183	10%	73,702	73,951	249
Bad and doubtful debts	1,790	773	1,102	329	30%	2,643	2,510	(133)
Depreciation and amortisation ¹	37,023	30,945	30,945	-	0%	37,149	37,149	-
Amortisation - right of use assets	4,095	2,952	3,411	459	13%	3,542	4,095	553
Borrowing costs	2,121	1,044	1,044	-	0%	2,121	2,121	-
Finance costs - leases	341	241	284	43	15%	290	342	52
Other expenses	7,834	6,123	6,769	646	10%	7,586	7,600	14
Total recurrent expenditure	219,827	168,721	178,024	9,303	5%	219,276	221,267	1,991
Net recurrent operating surplus	33,668	70,330	58,426	11,904	20%	21,725	22,584	(859)
Non-recurrent income								
Priority projects income	2,233	1,721	2,275	(554)	-24%	2,267	3,129	(862)
Capital works income	7,935	3,307	6,749	(3,442)	-51%	16,290	15,954	336
Total non-recurrent income	10,168	5,028	9,024	(3,996)	-44%	18,557	19,083	(526)
Non-recurrent expenditure								
Priority projects expenditure	32,061	20,117	31,869	11,752	37%	33,912	39,639	5,727
Total non-recurrent expenditure	32,061	20,117	31,869	11,752	37%	33,912	39,639	5,727
Net non recurrent operating surplus (deficit)	(21,893)	(15,089)	(22,845)	7,756	-34%	(15,355)	(20,556)	(5,201)
Net gain (loss) on disposal of property, infrastructure, plant and equipment	(2,763)	(657)	-	(657)	100%	(3,699)	(2,763)	(936)
Surplus/(Deficit) for the year ²	9,012	54,584	35,581	19,003	53%	2,671	(735)	3,406

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 \$54.58 million as per the budget is due to the striking of full year annual rates in August 2021. 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 \$19.00 million or 53% is due to timing differences for income and expenditure. Refer to Section 2 Financial Overview for details on Council's financial performance.

Monthly Financial Report – April 2022

Attachment 1

3.2 Balance Sheet

	30 Apr 2022	30 Jun 2021	30 Apr 2021
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents ¹	108,680	82,942	124,339
Other financial assets ¹	-	12,009	-
Trade and other receivables	42,199	24,562	45,027
Prepayments	1,295	2,682	1,226
Total current assets	152,174	122,195	170,592
Non-current assets			
Financial assets	4	4	4
Property, plant and equipment, infrastructure	4,055,529	4,038,119	3,566,322
Right of use assets	8,811	10,533	10,815
Intangible assets	584	584	348
Investment property	8,745	8,745	8,935
Total non-current assets	4,073,673	4,057,985	3,586,424
Total assets	4,225,847	4,180,180	3,757,016
Current liabilities			
Trade and other payables	12,901	22,809	24,561
Interest-bearing liabilities	651	1,674	614
Provisions	20,188	20,723	20,239
Trust funds and deposits	14,608	9,342	7,797
Unearned income	10,171	11,219	1,273
Lease liabilities	3,144	3,144	10,895
Total current liabilities	61,663	68,911	65,379
Non-current liabilities			
Provisions	2,024	2,024	2,042
Interest-bearing liabilities	21,539	21,539	23,213
Provision for investments in joint ventures	6,727	6,727	2,974
Lease liabilities	5,795	7,464	-
Total non-current liabilities	36,085	37,754	28,229
Total liabilities	97,748	106,665	93,608
Net assets	4,128,099	4,073,515	3,663,408
Equity			
Accumulated surplus	979,964	926,851	974,097
Asset revaluation reserve	3,125,668	3,125,778	2,668,425
Reserves ²	22,467	20,886	20,886
Total equity	4,128,099	4,073,515	3,663,408
Working capital ratio	2.47		

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 (\$14.03 million) and Defined Benefits Superannuation future call up reserve (\$8.00 million).

Monthly Financial Report – April 2022

Attachment 1

3.3 Statement of Cash Flows

	ANNUAL ORIGINAL BUDGET \$'000	YEAR TO DATE			ANNUAL OCTOBER AMENDED BUDGET \$'000
		YTD ACTUAL (1) \$'000	OCTOBER AMENDED BUDGET (2) \$'000	VARIANCE (unfav) (1) - (2) \$'000	
Cash flows from operating activities					
Rates and waste charges ¹	205,549	181,819	179,459	2,360	197,004
Statutory fees and fines	13,556	7,772	7,725	47	7,534
User charges and other fines ²	17,325	7,781	9,871	(2,090)	12,572
Grants - operating ³	14,567	16,083	13,483	2,600	5,251
Grants - capital ⁴	7,935	2,023	6,694	(4,671)	15,724
Contributions - monetary	5,150	4,272	4,711	(439)	5,806
Interest received	500	170	210	(40)	250
Other receipts	5,616	4,632	4,650	(18)	5,704
Net GST refund	16,615	13,184	13,596	(412)	19,053
Trust funds and deposits taken ⁵	100	5,266	-	5,266	100
Employee costs ⁶	(103,055)	(83,960)	(86,094)	2,134	(105,578)
Materials and services ⁷	(104,969)	(77,230)	(93,715)	16,485	(117,400)
Short-term, low value and variable lease payments	(597)	(860)	(500)	(360)	(597)
Other payments	(8,073)	(6,162)	(7,128)	966	(7,999)
Net cash provided by/(used in) operating activities	70,219	74,791	52,962	21,829	37,424
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment ⁸	(101,586)	(56,180)	(69,890)	13,710	(99,690)
Proceeds from sale of property, plant and equipment	4,720	2	-	2	4,720
Net proceeds / (payments) for investments	-	12,009	12,009	-	12,009
Net cash used in investing activities	(96,866)	(44,169)	(57,881)	13,712	(82,961)
Cash flows from financing activities					
Finance costs	(2,121)	(708)	(708)	-	(1,408)
Proceeds from borrowings	70,000	-	-	-	70,000
Repayment of borrowings	(1,674)	(1,023)	(1,022)	(1)	(1,674)
Interest paid - lease liability	(342)	(242)	(280)	38	(342)
Repayment of lease liabilities	(4,438)	(2,913)	(3,260)	347	(3,916)
Net cash provided by (used in) financing activities	61,425	(4,886)	(5,270)	384	62,660
Net increase (decrease) in cash and cash equivalents	34,778	25,736	(10,189)	35,925	17,123
Cash and cash equivalents at beginning of year	68,950	82,942	82,942	-	82,942
Cash and cash equivalents at end of year	103,728	108,678	72,753	35,925	100,065

Note: All numbers are rounded to the nearest thousand.

1. Rates and waste charges are higher than budget \$2.36 million due to timing of rates receivables.
2. Lower than budgeted user charges and other receipts from customers of (\$2.09 million) due to timing and settlement of debtors.
3. Higher than budgeted operating grants of \$2.60 million due to timing and being ahead of planned budget phasing.
4. Capital grants lower than budgeted (\$4.67 million) due to timing being behind of planned budget phasing.
5. 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.
6. Employee costs are \$2.13 million lower than budgeted primarily due to staff vacancies across the organisation.
7. Materials and services are lower than budgeted due to timing of cash outflows \$16.49 million.
8. Payments for property, plant and equipment differs from that presented in the capital works statement due to settlement of the 30 June 2021 creditors and forward commitment expenditure. Works delivered in the 2020-21 financial year have previously been brought to account and accrued against the 2020-21 capital works statement.

Monthly Financial Report – April 2022

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	FULL YEAR FORECAST (3)	ANNUAL OCTOBER AMENDED BUDGET (3)	FULL YEAR FORECAST VARIANCE (3) - (4)
	\$'000s	\$'000s	\$'000s	\$'000s	%	\$'000s	\$'000s	\$'000s	\$'000s
Infrastructure									
Bridges	2,461	132	73	(59)	-81%	9	1,065	1,065	-
Drainage	4,539	1,981	2,909	928	32%	2,186	4,966	4,774	(192)
Footpaths and cycleways	3,110	1,560	2,374	814	34%	70	2,858	2,854	(4)
Off street carpark	2,510	464	963	499	52%	37	1,568	1,855	287
Parks, open space and streetscapes	6,486	2,813	6,290	3,477	55%	3,732	8,590	9,046	456
Recreational, leisure & com facilities	3,721	3,049	4,937	1,888	38%	2,604	6,195	6,759	564
Roads	11,196	6,183	9,701	3,518	36%	152	11,443	12,091	648
Total Infrastructure	34,023	16,182	27,247	11,065	41%	8,790	36,685	38,444	1,759
Plant and Equipment									
Computers and telecommunications	1,381	442	1,708	1,266	74%	39	1,563	1,864	301
Fixtures, fittings and furniture	1,187	961	1,864	903	48%	402	1,860	2,380	520
Library books	990	698	820	122	15%	104	990	990	-
Plant machinery and equipment	1,338	854	1,165	311	27%	266	1,394	1,383	(11)
Total Plant and Equipment	4,896	2,955	5,557	2,602	47%	811	5,807	6,617	810
Property									
Building	20,255	8,055	11,649	3,594	31%	4,525	13,080	17,269	4,189
Building improvements	57	(6)	93	99	106%	44	93	93	-
Major Projects	42,355	23,244	25,343	2,099	8%	27,844	36,176	37,267	1,091
Total Property	62,667	31,293	37,085	5,792	16%	32,413	49,349	54,629	5,280
Total capital works expenditure	101,586	50,430	69,889	19,459	28%	42,014	91,841	99,690	7,849
Represented by:									
Asset renewal expenditure	64,144	37,359	49,722	12,363	25%	17,595	55,893	61,246	5,353
Asset upgrade expenditure	5,152	2,015	2,438	423	17%	948	4,596	4,868	272
New asset expenditure	18,108	7,898	14,379	6,481	45%	17,092	19,623	20,751	1,128
Asset expansion expenditure	14,182	3,158	3,350	192	6%	6,379	11,729	12,825	1,096
Total capital works expenditure	101,586	50,430	69,889	19,459	28%	42,014	91,841	99,690	7,849

Note: All numbers are rounded to the nearest thousand.