

7.4 October 2022 Monthly Financial Report

Executive Summary

Purpose

The purpose of this report is to provide Council the Monthly Financial Report for October 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 2022-23 Annual Budget, approved by Council on 27 June 2022.

Key Issues

Year to date actuals vs. Annual Original Budget

Council's favourable operating result against year to date budget of \$142.04 million is \$1.31 million or 1% above the Annual Original Budget of \$140.73 million primarily due to a number of factors which are outlined in **Section 2 of Attachment 1** -

Financial Overview.

Capital works actual expenditure is \$17.52 million which is \$2.53 million below year to date budget phasing of \$20.05 million. Priority projects expenditure of \$6.72 million is \$527,000 below year to date budget phasing of \$7.25 million.

Council's Balance Sheet and cash position are sound and depict a satisfactory result. At the end of October Council's cash position stood at \$158.97 million or \$55.31 million above year to date budget.

Officers' recommendation

That Council resolve to receive and note the Monthly Financial Report for October 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 October 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 2022-23 Annual Budget, approved by Council on 27 June 2022.

4. Outline of key issues/options

Year to date actual vs. year to date Annual Original Budget

The favourable operating result against year to date budget of \$142.04 million is \$1.31 million or 1% above the Annual Original Budget of \$140.73 million primarily due to a number of factors which are outlined in **Section 2 Financial Overview**.

Balance Sheet and Cash Flow Statement

Cash and investment holdings are \$158.97 million as at 31 October 2022, or \$55.31 million higher than year to date budget of \$103.66 million. This represents an increase of \$8.63 million from 30 June 2022.

The Balance Sheet as at 31 October 2022 indicates a satisfactory result with total current assets of \$303.18 million and total current liabilities of \$70.38 million.

Please refer to **page 8 of Attachment 1** for further detail.

Capital Works

Council's year to date performance in gross capital works expenditure is \$17.52 million which is \$2.53 million below year to date budget phasing of \$20.05 million. Year to date actual and commitments as at 31 October 2022 equates to \$48.92 million.

Priority Projects

Council's year to date performance in gross priority project expenditure is \$6.72 million which is \$527,000 below year to date budget phasing of \$7.25 million. Year to date actual and commitments as at 31 October 2022 equates to \$28.53 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



Monthly Financial Report

October 2022

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1. Executive Overview

1.1 Introduction and overview

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

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

The year to date and annual original Budget referred to in this report reflects the original Adopted Budget.

1.2 Key financial highlights and overview

Key financial summary	YTD ACTUAL (1) \$'000	YTD BUDGET (2) \$'000	YTD VARIANCE (1) - (2) \$'000	YTD VARIANCE (1) / (2) %	STATUS YTD VARIANCE	ANNUAL ORIGINAL BUDGET \$'000
Surplus/(Deficit) for the year	142,039	140,729	1,310	1%	✓	6,607
Recurrent income	219,024	218,488	536	0%	✓	255,177
Recurrent expenditure	72,192	70,950	(1,242)	-2%	—	226,608
Capital works						
Expenditure *	17,520	20,051	2,531	13%	✓	78,890
Priority projects						
Expenditure *	6,720	7,247	527	7%	✓	23,148
Closing cash and investments **	158,970	103,655	55,315	53%	✓	87,121

* Please refer to page 9 for further explanation of variances.

** Please refer to page 8 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 31 October 2022 is satisfactory with a working capital ratio of 4.31 to 1 (including cash contingency for emergency response works and reserve funds of \$23.47 million).

Storm Event - October 2022

During October 2022 the City encountered significant rainfall on the 7th and 13th October which lead to some minor flooding in some locations. Council received 590 requests in relation to these storms. Actual expenditure at the end of October was \$550 with committed expenditure of \$43,000. Considering these events, the cash contingency will be reduced by this amount. Total Forecast expenditure is expected to be around \$100,000.

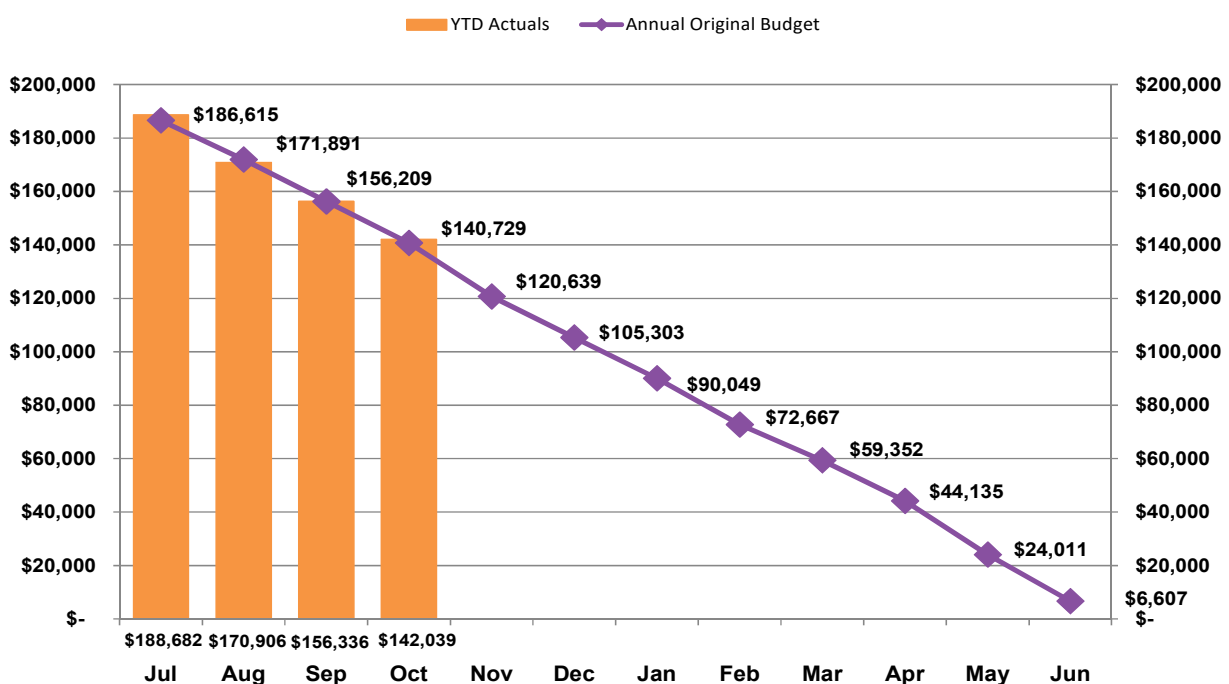
Surplus Result

Year to date actual vs. Annual Original Budget

The year to date surplus result of \$142.04 million as per the budget is due to the striking of full year annual rates in August 2022. 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 \$1.31 million or 1% is due to timing differences for income and expenditure across Council. Refer to **Section 2 Financial Overview** for details on Council's financial performance.

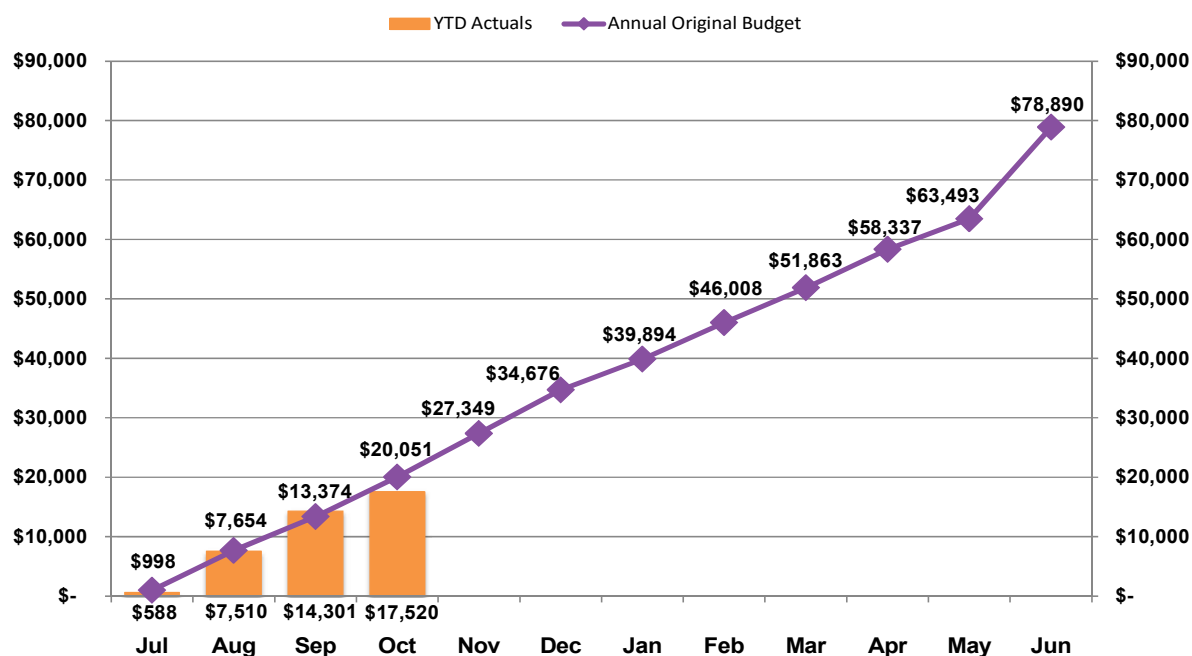
Please refer to the graphical representation below of actual year to date surplus result versus the Annual Original Budget.

Surplus Result 2022-23
Surplus Result vs Annual Original Budget \$'000



Capital Works

Capital Works Projects 2022-23 Cumulative Budget vs Actual Expenditure All Projects - '\$'000



Council's year to date performance in gross capital works expenditure is \$17.52 million which is \$2.53 million below year to date budget phasing of \$20.05 million.

Capital works committed expenditure as at 31 October 2022 is \$31.40 million (year to date actual and commitments equates to \$48.92 million).

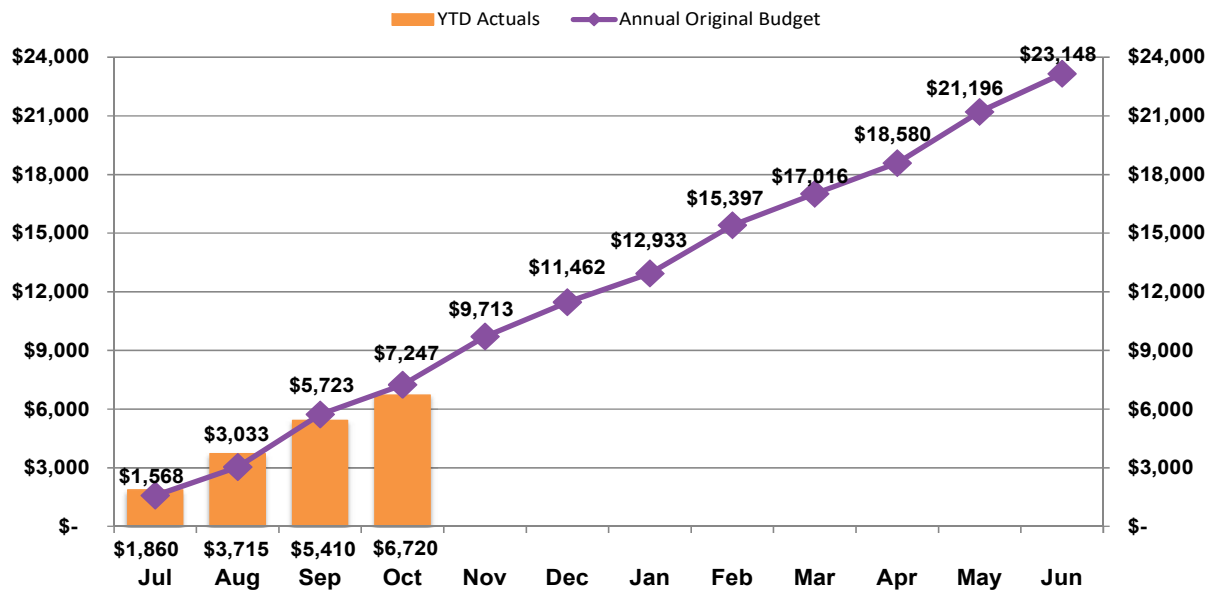
Kew Recreation Centre

On Thursday 20 October 2022, a section of the roof structure at the Kew Recreation Centre construction site collapsed. The construction site is now closed while investigations are undertaken to assess the cause. Construction works are expected to be limited in the 2022-23 year with funding required to be carried forward to the 2023-24 financial year. This has been reflected in the 2022-23 Amended Budget however it is not currently reflected in the development of this report. Once the full financial implications are known these will be incorporated into the development of the 2022-23 Full Year Forecast and the 2023-24 Budget development.

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

Priority Projects

Priority Projects 2022-23 Cumulative Budget vs Actual Expenditure All Projects - \$'000



Council's year to date performance in gross priority project expenditure is \$6.72 million which is \$527,000 below year to date budget phasing of \$7.25 million.

Priority projects committed expenditure as at 31 October 2022 is \$21.81 million (year to date actual and commitments equates to \$28.53 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 \$142.04 million is \$1.31 million above the Annual Original Budget surplus of \$140.73 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 above budget by \$2.02 million comprising recurrent income of \$536,000 and non-recurrent income of \$1.49 million, while year to date total recurrent and non-recurrent expenditure is (\$715,000) ((\$1.24 million) + \$527,000) above 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 (\$432,000)	T	Lower than budgeted income: <ul style="list-style-type: none"> (\$432,000) - rates and charges income, primarily in supplementary rates.
Statutory fees and fines \$704,000	T T T	Higher than budgeted income: <ul style="list-style-type: none"> \$883,000 - parking management income. \$79,000 - skip bins income. Offset by lower than budgeted income: <ul style="list-style-type: none"> (\$191,000) - lodgement fee income - primarily in scheme control income.
User fees (\$378,000)	T	Lower than budgeted income: <ul style="list-style-type: none"> (\$339,000) - service fees and charges primarily in Asset Protection permit income.

Income		
Income line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Grants - operating (\$1.36 million)	T	Lower than budgeted income: <ul style="list-style-type: none"> • (\$1.36 million) - grants operating - primarily due to a change to Commonwealth Home Support Programme service agreement and timing of receipt of the Public Libraries Victoria grant second instalment.
Contributions - Cash \$316,000	T	Higher than budgeted income: <ul style="list-style-type: none"> • \$296,000 - developers open space contributions received higher than planned budget phasing.
Rental Income \$88,000	T	Higher than budgeted income: <ul style="list-style-type: none"> • \$91,000 - rental/hire income - primarily at Hawthorn Arts Centre higher than planned budget phasing.
Other income \$403,000	T T	Higher than budgeted income: <ul style="list-style-type: none"> • \$234,000 - road and footpath occupation income higher than planned budget phasing. • \$172,000 - right of ways income higher than planned budget phasing.
Interest \$1.20 million	T	Higher than budgeted income: <ul style="list-style-type: none"> • \$1.20 million - managed interest - due to interest on investments.

Expenditure		
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Employee costs (\$905,000)	T T T T	Higher than budgeted expenditure: <ul style="list-style-type: none"> • (\$2.01 million) - due to once off increase in expenditure related to changes in the Commonwealth Home Support Programme. • (\$1.29 million) - temporary staff filling vacancies across the organisation. • (\$128,000) - overtime and casuals and relievers filling vacancies across the organisation. Offset by lower than budgeted expenditure: <ul style="list-style-type: none"> • \$2.43 million - salaries and associated costs primarily due to staff vacancies across the organisation. This includes a reduction in expenditure for the Commonwealth Home Support Programme.

Expenditure		
Expense line	Expected variance (P)ermanent (T)iming	Explanation Year to date actual vs year to date budget variations
Materials and services (\$668,000)	T T T T T T T T T T	Higher than budgeted expenditure: <ul style="list-style-type: none"> • (\$766,000) - licensing/maintenance contracts expense. • (\$594,000) - specialist tree work, high voltage works and block tree pruning in Environmental Sustainability and Open Space. • (\$318,000) - concrete expense. • (\$214,000) - plumbing services expense. • (\$129,000) - below excess claims, public liability expense. • (\$97,000) - recruitment costs expense. • (\$85,000) - infringements court filing fees expense. • (\$80,000) - hardware expense. • (\$77,000) - distillate expense. • (\$75,000) - asphalt expense.
	T T T T T T T T T	Offset by lower than budgeted expenditure: <ul style="list-style-type: none"> • \$398,000 - trade services expense. • \$244,000 - waste/recycling disposal expense. • \$185,000 - professional services and advise expense. • \$175,000 - legal fees expense. • \$171,000 - insurance premiums, decrease to Council's public liability and building insurance expenses influenced by movements in the insurance markets. • \$150,000 - application support expense. • \$116,000 - capital works in progress (items expensed due to not meeting the asset capitalisation criteria - this is a non-cash accounting entry). • \$90,000 - telephone/internet/data sim cards expense. • \$81,000 - mowing contractors expense. • \$75,000 - carpentry services expense.
Other expenses \$331,000	T T T	Lower than budgeted expenditure: <ul style="list-style-type: none"> • \$161,000 - grants and subsidies - behind planned budget phasing, primarily in Operational Social Support Grants and Senior Citizens Centre grants. • \$138,000 - special rates expenditure behind planned budget phasing. Offset by higher than budgeted expenditure: <ul style="list-style-type: none"> • (\$93,000) - 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.

2.2 Balance Sheet and Cash Flow Statement

Cash and investment holdings are \$158.97 million as at 31 October 2022 which has increased by \$8.63 million from 30 June 2022.

Total cash and investment holdings are \$55.31 million higher than year to date budget primarily due to the opening balance of the cash and cash equivalents at the beginning of the year being \$38.63 million higher than budget. This was a result of having a higher cash balance at the end of 30 June 2022 largely due to the forward commitments from 2021-22 for Priority Projects of \$9.76 million and Capital Works of \$14.37 million, which were previously identified in the June 2022 Quarterly Financial Report, and also due to additional unearned grants received at 30 June 2022 of \$2.41 million for Capital Works.

Other favourable variances contributing to the higher cash and investment holdings are rates and charges of \$12.09 million due to Council issuing rate notices at an earlier point than the previous year and recording a higher level of ratepayers accessing the 2% discount for early lump sum payment of rates. Trust funds and deposits is \$1.70 million higher, due to receiving Fire Service Property Levies (FSPL) of \$1.16 million. Council collects the fire service property levy on behalf of the State Government and remits the levies to the State Revenue Office in four payments in accordance with Section 41(1) of Fire Services Property Levy Act (FSPL). This item is not provided for in the Annual Budget as all monies received during the financial year are forwarded on to the State Revenue Office. The accounting treatment is in accordance with that approved by the Victorian Auditor-General's Office. Property, infrastructure, plant and equipment of \$1.58 million due to timing of cash outflows relating to the capital works program.

This is partially offset by lower receipts for grants operating of (\$1.22 million) due to a change in the Commonwealth Home Support Programme service agreement.

The Balance Sheet as at 31 October 2022 indicates a satisfactory result with total current assets of \$303.18 million and total current liabilities of \$70.38 million.

The working capital ratio of 4.31 to 1 (includes a 0.5% or \$846,000 cash contingency for emergency response works and reserve funds of \$23.47 million) reflects the increase in current debtors resulting from the striking of the rates which will reduce by 30 June 2023 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.

2.3 Priority Projects

Council's year to date performance in gross priority project expenditure is \$6.72 million which is \$527,000 below year to date budget phasing primarily due to expenditure delays, the most significant being:

- **81083. System Licensing and Maintenance - (\$488,000)**
The system licensing and maintenance project is underspent due to a delay in commencing the Core systems initiative. The initiative has now commenced, and it is anticipated that expenditure going forward will align with the budget.

Priority projects committed expenditure as at 31 October 2022 is \$21.81 million (year to date actual and commitments equates to \$28.53 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 \$17.52 million which is \$2.53 million below year to date budget phasing with the most significant being:

- **Kew Recreation Centre - (\$3.64 million)**
This is a multi-year project. On Thursday 20 October 2022, a section of the roof structure at the Kew Recreation Centre construction site collapsed. The construction site is now closed while investigations are undertaken to assess the cause. Construction works are expected to be limited in the 2022-23 year with funding required to be carried forward to the 2023-24 financial year. This has been reflected in the 2022-23 Amended Budget. Once the full financial implications are known these will be incorporated into the development of the 2022-23 Full Year Forecast and the 2023-24 Annual Budget development.

Capital works committed expenditure as at 31 October 2022 is \$31.40 million (year to date actual and commitments equates to \$48.92 million).

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

The 2022-23 Amended Budget will include final forward commitments as noted in the June 2022 Quarterly Financial Report and will be used for management reporting purposes from November onwards.

3. Financial Statements

3.1 Income Statement

	YTD ACTUAL (1) \$'000s	YTD BUDGET (2) \$'000s	YTD VARIANCE (1) - (2) \$'000s	YTD VARIANCE %	ANNUAL ORIGINAL BUDGET \$'000s
Recurrent income					
Rates and charges	202,636	203,068	(432)	0%	203,580
Statutory fees and fines	5,142	4,438	704	16%	14,245
User fees	2,866	3,244	(378)	-12%	16,728
Grants - operating	3,180	4,544	(1,364)	-30%	10,257
Contributions - cash	1,989	1,673	316	19%	5,079
Rental income	718	630	88	14%	2,430
Other income	1,177	774	403	52%	2,508
Interest	1,316	117	1,199	1025%	350
Total recurrent income	219,024	218,488	536	0%	255,177
Recurrent expenditure					
Employee costs	29,181	28,276	(905)	-3%	97,599
Materials and services	24,952	24,284	(668)	-3%	73,556
Bad and doubtful debts	-	-	-	0%	1,818
Depreciation and amortisation ¹	12,813	12,813	-	0%	38,454
Amortisation - right of use assets	1,443	1,443	-	0%	4,331
Borrowing costs	1,365	1,365	-	0%	2,781
Finance costs - leases	107	107	-	0%	322
Other expenses	2,331	2,662	331	12%	7,747
Total recurrent expenditure	72,192	70,950	(1,242)	-2%	226,608
Net recurrent operating surplus	146,832	147,538	(706)	0%	28,569
Non-recurrent income					
Priority projects income	991	438	553	126%	1,333
Capital works income	936	-	936	100%	2,616
Total non-recurrent income	1,927	438	1,489	340%	3,949
Non-recurrent expenditure					
Priority projects expenditure	6,720	7,247	527	7%	23,148
Total non-recurrent expenditure	6,720	7,247	527	7%	23,148
Net non recurrent operating surplus (deficit)	(4,793)	(6,809)	2,016	-30%	(19,199)
Net gain (loss) on disposal of property, infrastructure, plant and equipment	-	-	-	0%	(2,763)
Surplus/(Deficit) for the year ²	142,039	140,729	1,310	1%	6,607

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 \$142.04 million as per the budget is due to the striking of full year annual rates in August 2022. 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 \$1.31 million or 1% is due to timing differences for income and expenditure. Refer to Section 2 Financial Overview for details on Council's financial performance.

3.2 Balance Sheet

	31 Oct 2022 \$'000	30 Jun 2022 \$'000	31 Oct 2021 \$'000
Current assets			
Cash and cash equivalents ¹	158,970	71,342	102,428
Other financial assets ¹	-	79,000	-
Trade and other receivables	142,999	26,093	142,060
Prepayments	1,209	2,373	1,489
Total current assets	303,178	178,808	245,977
Non-current assets			
Financial assets	4	4	4
Property, plant and equipment, infrastructure	4,414,779	4,410,083	4,043,227
Right of use assets	7,602	8,552	9,664
Intangible assets	269	269	584
Investment property	8,756	8,756	8,745
Total non-current assets	4,431,410	4,427,664	4,062,224
Total assets	4,734,588	4,606,472	4,308,201
Current liabilities			
Trade and other payables	13,758	27,671	11,397
Interest-bearing liabilities	7,372	7,579	1,479
Provisions	18,930	19,749	21,209
Trust funds and deposits	15,113	13,411	10,420
Unearned income	11,999	11,985	10,638
Lease liabilities	3,206	3,206	9,940
Total current liabilities	70,378	83,601	65,083
Non-current liabilities			
Provisions	2,120	2,120	2,024
Interest-bearing liabilities	83,960	83,960	21,539
Provision for investments in joint ventures	6,040	6,040	6,727
Lease liabilities	4,747	5,447	-
Total non-current liabilities	96,867	97,567	30,290
Total liabilities	167,245	181,168	95,373
Net assets	4,567,343	4,425,304	4,212,828
Equity			
Accumulated surplus	1,077,380	935,341	1,066,164
Asset revaluation reserve	3,466,496	3,466,496	3,125,778
Reserves ²	23,467	23,467	20,886
Total equity	4,567,343	4,425,304	4,212,828
Working capital ratio	4.31		

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 (\$9.00 million).

3.3 Statement of Cash Flows

	YEAR TO DATE			ANNUAL ORIGINAL BUDGET \$'000
	ACTUAL (1) \$'000	YTD ANNUAL ORIGINAL BUDGET (2) \$'000	VARIANCE (unfav) (1) - (2) \$'000	
Cash flows from operating activities				
Rates and waste charges ¹	83,346	71,254	12,092	205,981
Statutory fees and fines	4,168	4,438	(270)	11,757
User charges and other fines	4,023	3,569	454	18,401
Grants - operating ²	4,227	5,447	(1,220)	12,618
Grants - capital	793	-	793	2,616
Contributions - monetary	2,043	1,675	368	5,079
Interest received	432	116	316	350
Other receipts	2,158	1,545	613	5,432
Net GST refund	6,489	5,324	1,165	14,221
Trust funds and deposits taken ³	1,702	-	1,702	100
Employee costs	(32,381)	(31,832)	(549)	(103,667)
Materials and services	(40,513)	(39,820)	(693)	(101,138)
Short-term, low value and variable lease payments	(216)	(206)	(10)	(596)
Other payments	(2,396)	(2,704)	308	(8,002)
Net cash provided by/(used in) operating activities	33,875	18,806	15,069	63,152
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment ⁴	(23,676)	(25,251)	1,575	(78,889)
Proceeds from sale of property, plant and equipment	-	-	-	4,720
Net cash used in investing activities	(23,676)	(25,251)	1,575	(74,169)
Cash flows from financing activities				
Finance costs	(57)	(56)	(1)	(2,859)
Proceeds from borrowings	-	-	-	19,700
Repayment of borrowings	(207)	(207)	-	(26,362)
Interest paid - lease liability	(108)	(108)	-	(323)
Repayment of lease liabilities	(1,199)	(1,244)	45	(3,733)
Net cash provided by (used in) financing activities	(1,571)	(1,615)	44	(13,577)
Net increase (decrease) in cash and cash equivalents	8,628	(8,060)	16,688	(24,594)
Cash and cash equivalents at beginning of year ⁵	150,342	111,715	38,627	111,715
Cash and cash equivalents at end of year	158,970	103,655	55,315	87,121

Note: All numbers are rounded to the nearest thousand.

1. Rates and waste charges are higher than budget due to timing and a higher collection rate (40.38%) than anticipated (35%).
2. Grants operating are \$1.22 million lower than budget primarily due to a change to Commonwealth Home Support Programme service agreement and timing of second instalment for the Public Libraries Grant allocation.
3. 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.
4. Payments for property, plant and equipment differs from that presented in the capital works statement due to settlement of the 30 June 2022 creditors and forward commitment expenditure. Works delivered in the 2021-22 financial year have previously been brought to account and accrued against the 2021-22 capital works statement.
5. For management reporting purposes, cash and cash equivalents at the beginning of the year include investments of \$79.00 million. These investments (term deposits) were classified as financial assets at 30 June 2022 as their maturity dates were greater than three months. The investments have been redeemed during July and August and classified as cash equivalents.

3.4 Capital Works expenditure by asset group

	YTD ACTUAL (1) \$'000s	YTD BUDGET (2) \$'000s	YTD VARIANCE (1) - (2) \$'000s	YTD VARIANCE %	COMMIT \$'000s	ANNUAL ORIGINAL BUDGET \$'000s
Infrastructure						
Bridges	1,275	525	(750)	-143%	2,128	1,459
Drainage	784	642	(142)	-22%	825	4,218
Footpaths and cycleways	285	290	5	2%	156	2,100
Off street carparks	144	250	106	42%	112	721
Parks, open space and streetscapes	1,443	966	(477)	-49%	1,393	4,693
Recreational, leisure & com facilities	896	547	(349)	-64%	1,379	3,639
Roads	2,733	2,305	(428)	-19%	787	12,551
Total Infrastructure	7,560	5,525	(2,035)	-37%	6,780	29,381
Plant and Equipment						
Computers and telecommunications	479	530	51	10%	1,145	1,062
Fixtures, fittings and furniture	97	658	561	85%	79	1,655
Library books	299	332	33	10%	83	995
Plant machinery and equipment	320	405	85	21%	516	1,363
Total Plant and Equipment	1,195	1,925	730	38%	1,823	5,075
Property						
Building	2,422	2,600	178	7%	7,015	22,740
Building improvements	11	3	(8)	-267%	-	58
Major Projects	6,332	9,998	3,666	37%	15,778	21,636
Total Property	8,765	12,601	3,836	30%	22,793	44,434
Total capital works expenditure	17,520	20,051	2,531	13%	31,396	78,890
Represented by:						
Asset renewal expenditure	10,613	10,933	320	3%	19,229	53,595
Asset upgrade expenditure	1,699	1,140	(559)	-49%	2,756	2,315
New asset expenditure	4,209	6,092	1,883	31%	7,254	16,946
Asset expansion expenditure	999	1,886	887	47%	2,157	6,034
Total capital works expenditure	17,520	20,051	2,531	13%	31,396	78,890

Note: All numbers are rounded to the nearest thousand.