

Comprehensive Income Statement Converted to Cash - December 2019

We use the Comprehensive Income Statement Converted to Cash to ensure prudent financial management by maintaining a cumulative cash surplus. The current forecast for 2019/20 is a cumulative cash surplus of \$0.61m which compares favourably against the budgeted cash surplus of \$0.43m.

| | Year to date | | YTD Variance | | Full Year | | Variance | | Notes |
|--|-----------------|-----------------|--------------|--------------|-----------------|-----------------|--------------------|--------------|-------|
| | Actual | Forecast | Actual to | Forecast | Forecast | Budget | Forecast to Budget | | |
| | (\$'000) | (\$'000) | (\$'000) | % | (\$'000) | (\$'000) | (\$'000) | % | |
| Income | | | | | | | | | |
| Rates and Charges | 65,171 | 65,029 | 142 | 0% | 129,213 | 129,149 | 64 | 0% | |
| Statutory Fees and Fines | 11,464 | 12,359 | (895) | (7%) | 23,626 | 24,046 | (421) | (2%) | |
| User Fees | 22,127 | 21,607 | 520 | 2% | 40,125 | 38,801 | 1,325 | 3% | |
| Grants - Operating | 5,098 | 5,408 | (310) | (6%) | 9,670 | 9,430 | 240 | 3% | |
| Grants - Capital | 1,276 | 120 | 1,156 | 963% | 2,655 | 2,586 | 69 | 3% | |
| Contributions - Monetary | 4,386 | 4,650 | (264) | (6%) | 7,950 | 6,045 | 1,905 | 32% | |
| Contributions - Non Monetary | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| Other Income | 7,424 | 7,011 | 413 | 6% | 18,733 | 14,381 | 4,352 | 30% | |
| Total Income | 116,945 | 116,184 | 762 | 1% | 231,972 | 224,438 | 7,534 | 3% | 1 |
| Expenses | | | | | | | | | |
| Employee Costs | 45,969 | 46,035 | 66 | 0% | 95,372 | 96,637 | 1,265 | 1% | |
| Materials and Services | 33,209 | 34,839 | 1,631 | 5% | 77,244 | 78,567 | 1,323 | 2% | |
| Professional Services | 4,896 | 5,594 | 698 | 12% | 13,269 | 12,899 | (370) | (3%) | |
| Bad and Doubtful Debts | 2,288 | 2,494 | 206 | 8% | 5,038 | 3,862 | (1,176) | (30%) | |
| Depreciation | 12,513 | 12,456 | (58) | (0%) | 24,911 | 24,911 | 0 | 0% | |
| Borrowing Costs | 213 | 175 | (38) | (22%) | 350 | 450 | 100 | 22% | |
| Other Expenses | 4,097 | 3,977 | (120) | (3%) | 11,882 | 8,473 | (3,410) | (40%) | |
| Net (Profit) or Loss on Disposal of Assets | (40) | (70) | (30) | 43% | 4,310 | 4,310 | 0 | 0% | |
| JV Equity Accounting | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| Total Expenses | 103,144 | 105,499 | 2,355 | 2% | 232,376 | 230,109 | (2,267) | (1%) | 2 |
| Operating Surplus / (Deficit) | 13,801 | 10,684 | 3,117 | 29% | (405) | (5,671) | 5,266 | 93% | |
| Income Statement Converted to Cash | | | | | | | | | |
| Adjustments for non-cash operating items: | | | | | | | | | |
| • Add back depreciation | 12,513 | 12,456 | 58 | 1% | 24,911 | 24,911 | 0 | 0% | |
| • Add back written-down value of infrastructure assets disposals | 0 | 0 | 0 | 0% | 4,450 | 4,450 | 0 | 0% | |
| • Add back written-down value of fleet asset disposals | 62 | 120 | (25) | (42%) | 240 | 240 | 0 | 0% | |
| • Add back balance sheet work in progress reallocated to operating | 10 | 600 | (300) | (100%) | 1,200 | 1,200 | 0 | 0% | |
| • Add back Joint Venture Equity Accounting | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| • Less Contributed Assets | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| | 12,585 | 13,176 | (591) | (4%) | 30,801 | 30,801 | 0 | 0% | |
| Adjustments for investing items: | | | | | | | | | |
| • Less capital expenditure - Infrastructure | (11,125) | (13,500) | 785 | 15% | (31,361) | (36,023) | 4,662 | (13%) | |
| • Less capital expenditure - IT, Plant and Equipment | (1,347) | (1,501) | (25) | (3%) | (3,219) | (3,219) | 0 | 0% | |
| | (12,472) | (15,001) | 760 | 13% | (34,580) | (39,242) | 4,662 | (12%) | 3 |
| Adjustments for financing items: | | | | | | | | | |
| • Add New Borrowings | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% | |
| • Less Loan Repayments | (335) | (335) | (0) | 0% | (670) | (670) | 0 | 0% | |
| | (335) | (335) | (0) | 0% | (670) | (670) | 0 | 0% | |
| Adjustments for reserve movements: | | | | | | | | | |
| • Discretionary Reserve Drawdown/ (Replenish) | 1,978 | 2,749 | (1) | (0%) | 4,307 | 13,392 | (9,085) | (68%) | |
| • Statutory Reserve Drawdown/ (Replenish) | 0 | (1,596) | (260) | (100%) | 293 | 632 | (339) | (54%) | |
| | 1,978 | 1,153 | (261) | (12%) | 4,600 | 14,024 | (9,424) | (67%) | 4 |
| Current Year Surplus/(Deficit) | 15,557 | 9,677 | 2,176 | 34% | (254) | (758) | 504 | (67%) | |
| Opening balance carry forward surplus | 862 | 862 | 0 | 0% | 862 | 1,192 | (330) | (28%) | |
| Accumulated Cash Surplus | 16,419 | 10,539 | 5,880 | 56% | 608 | 434 | 174 | 40% | |

Refer to Notes for explanation on changes to forecast in the current reporting month.

The following material adjustments have been identified up to December 2019 and are reflected in the Comprehensive Income Statement Converted to Cash.

Note 1. Net Operating Income forecast increased by \$5.03 million, which comprises \$1.51 million one-off increases, \$3.34 million recurrent increases (\$3.5 million non-cash), and \$2.63 million of reserve adjustments to reserves:

| Forecast Adjustments | One-off 2019/20 Adjustments (\$'000s) | Recurrent Adjustments (\$'000s) | Reserve Adjustments (\$'000s) | Total Forecast Adjustments (\$'000s) | Commentary |
|--|--|---------------------------------------|-------------------------------------|---|--|
| Efficiency and Budget Savings: | | | | | |
| • Paid Parking | | 580 | | 580 | Greater utilisation of paid parking mainly due to the successful implementation of PayStay (a convenient payment option via mobile devices). |
| Favourable Items: | | | | | |
| • Street Occupation, Skip Bins & Road Closures | 1,317 | | | 1,317 | A number of large development projects in this financial year have resulted in an one-off spike of permit income for the occupation of council streets, skip bin, and road closures. |
| • Paid Parking | 560 | | | 560 | Unbudgeted compensation from Rails Project Victoria for the loss of Domain precinct paid parking income. |
| • Other | 150 | | | 150 | A number of minor favourable adjustments. |
| Budget Neutral Items: | | | | | |
| • Community Rent Subsidies | | 3,500 | | 3,500 | Council's Accounting Policy is to take up the market value of rent to community groups as non-cash income and expenditure in the financial year the new agreements have been agreed by Council. It is expected that Council will renew \$0.48 million of lease agreements in addition to the \$3.02 million recognised in 2018/19. |
| • Contributions Open Space & DCP | | | 1,656 | 1,656 | A higher number of developments have reached the subdivision stage than expected. Income quarantined in reserve to fund future open space enhancement projects. Council also received \$0.06m for the Port Melbourne Development Contribution Plan. |
| • Road Discontinuances | | | 970 | 970 | Council has approved a number of Right of Way divestments not required for servicing the community. Funds will be quarantined in reserve for future strategic property acquisition. |
| • Portfolio Funding | 318 | | | 318 | Project portfolio funding increased due to: • Deferral of Kirrip Park works from 2018/19 including \$0.16m of funding from the Victorian Government. • \$0.09m Contribution from the Victorian Government for Ferrars St Precinct Streetscape works. • 2018/19 Alma Park Stormwater Harvesting funding from State Government \$0.12m. • Unbudgeted Sports Fields Lighting Expansion \$0.34m. • Unbudgeted TAC funding for the Water Sensitive Urban Design at Langbridge and Pattersons Sts. • Park Street Bike Link funding to be received in line with update project schedule which aligns with the Masterplan timelines \$0.53m. |
| • Recycling Sector Rebate | 255 | | | 255 | One-off unbudgeted Victoria Government support funding as a result of the Council's recycling contractor site closure. Council will receive \$0.10m of collateral from the non-performance of the SKM recycling processing contract. |
| • Valuation Funding | 240 | | | 240 | Income relating to 2018/19 State Revenue Office land valuation services fully offset by valuation expenditure. |
| • Parking Fines Filing Fees Income | (480) | | | (480) | Council has been diverting offenders with multiple parking infringements to the Magistrate Court which has improved our cash position (higher collection rate and lower payments of lodgement fees). The accounting impact is lower filing fee income and lower lodgement fee expenditure for the financial year. |
| • Long Day Care Centre Fees | | (202) | | (202) | Lower utilisation of council run child care centres offset by lower expenditure. |
| • Parking Fines Budget Realignment | | (180) | | (180) | Realignment of Parking Infringement Notices cancellation budget and the Parking Infringement Notices doubtful debt provisions (net neutral impact). |
| • Council Hall Hire Revenue | (150) | | | (150) | Lower utilisation of council facilities partially offset by lower expenditure. Officers are undertaking a strategic review including future use of facilities, marketing, operational costs and pricing. |
| Unfavourable Items: | | | | | |
| • Investment Interest Income | (300) | | | (300) | The Investment Income budget was prepared based on Deloitte Access Economic projections. Since then, the money market yield has dropped materially. Currently, investment yields offered by financial institutions are approximately 1.7%, approximately 1% lower than budgeted. |
| • Parking Infringement Notices | | (300) | | (300) | The implementation PayStay enabled a more convenience payment option for paid parking. Council has seen greater utilisation of our metered parking spaces and increased parking compliance, which has contributed to the reduction of Parking Infringement Notices issued. |
| • Planning Permit Application Fees | (250) | | | (250) | Lower planning permit application fees income due to weaker activity levels particularly in the large development sector. |
| • Building Permits | (150) | | | (150) | Lower income from building permits than budgeted due to lower development activity. |
| Total Operating Income | 1,510 | 3,398 | 2,626 | 7,534 | |

Note 2. Net Operating Expenditure forecast increased by \$2.27 million, which comprises of \$1.02 million one-off increases, \$3.83 million recurrent increases and \$2.59 million reserves related adjustments:

| Forecast Adjustments | One-off 2019/20 Adjustments (\$'000s) | Recurrent Adjustments (\$'000s) | Reserve Adjustments (\$'000s) | Total Forecast Adjustments (\$'000s) | Explanations |
|---|--|---------------------------------------|-------------------------------------|---|--|
| Additional Operating Projects carried forward from 2018/19 | | | | | |
| • Project deferrals from 2018/19 | | | (340) | (340) | A number of 2018/19 Operating Portfolio project budgets are being used in 2019/20 including: Standard drawings & design, Art on Hoardings, Placemaking program, Parking controls & permit policy, and Business enablement & innovation fund. |
| • 2018/19 Funding | | | (90) | (90) | Expenditure for Gender Equality Game Jam - funding was received in 2018/19. |
| Efficiency and Budget Savings: | | | | | |
| • Insurance Premiums | | 130 | | 130 | Efficiency savings from competitive tendering Public Liability insurance which resulted in lower premiums and greater insurance cover. |
| • Children Services | | 270 | | 270 | Lower employee costs for Council managed childcare services due to active management of staffing levels in response to changes in utilisation, monitoring and minimising use of agency staff and where possible backfill with existing staff. |
| Favourable Items: | | | | | |
| • Organisational Employee costs | | 330 | | 330 | Realised budget savings from organisational wide vacancies. |
| Budget Neutral Items: | | | | | |
| • Community Rent Subsidies | | (3,500) | | (3,500) | Council's Accounting Policy is to take up the market value of rent to community groups as non-cash income and expenditure in the financial year the new agreements have been agreed by Council. It is expected that Council will renew \$0.48 million of lease agreements in additional to the \$3.02 million recognised in 2018/19. |
| • Valuation Funding | (240) | | | (240) | Income relating to 2018/19 State Revenue Office land valuation services fully offset by valuation expenditure. |
| • Customer Experience Program | | | 3,336 | 3,336 | Delays in procurement and vendor commencement for the Customer Experience program will result in budget deferrals to 2020/21. The program is expected to be completed as planned by 30/06/2021. |
| • Parking Fines Lodgement Fees Expenditure | | 480 | | 480 | Council has been diverting offenders with multiple parking infringements to the Magistrate Court which has improved our cash position (higher collection rate and lower payments of lodgement fees). The accounting impact is lower filing fee income and lower lodgement fee expenditure for the financial year. |
| • Council Hall Hire Revenue | | 150 | | 150 | Reduced expenditure to offset lower hall hire utilisation. Officers are undertaking a strategic review including future use of facilities, marketing, operational costs and pricing. |
| Unfavourable Items: | | | | | |
| • Sports Playing Fields Renewal | | | (320) | (320) | Market tender pricing for sports field renewal are higher than budgeted, materially above inflation. |
| • Recycling Services | | (620) | | (620) | Forecast additional cost of recycling processing due to market disruptions and contractor issues. This disruption is likely to continue to place cost pressure to Council. |
| • Parking Fines Budget Realignment | (1,200) | | | (1,200) | Increased doubtful debt provision for parking debtors managed by Fines Victoria reflecting ongoing collection and system issues. |
| • Cleaning costs | | (105) | | (105) | Newly tendered South Melbourne Market cleaning contract will be greater than was budgeted. |
| • Legal Fees | (150) | | | (150) | Additional legal expenditure required for planning appeals and Fishermans Bend planning amendments. |
| • St Kilda Marina Lease project | | | (280) | (280) | A number of key changes to the St Kilda Marina lease project scope approved by Council for additional site investigates, planning scheme amendment, and advice for legal, procurement, probity and design. |
| • Other | (118) | | | (118) | A collection of other minor variances. |
| Total Operating Expenditure | (748) | (3,825) | 2,306 | (2,267) | |
| Net Operating | 762 | (427) | 4,932 | 5,267 | |

Note 3. Capital expenditure forecast decreased by \$4.66 million.

| Forecast Adjustments | One-off 2019/20 Adjustments (\$'000s) | Recurrent Adjustments (\$'000s) | Reserve Adjustments (\$'000s) | Total Forecast Adjustments (\$'000s) | Explanations |
|---|--|---------------------------------------|-------------------------------------|---|---|
| Additional Capital Projects carried forward from 2018/19 | | | | | |
| • Project deferrals from 2018/19 | | | (960) | (960) | A number of 2018/19 Capital Portfolio project budgets were transferred to reserves to be used in 2019/20 including: Elwood public space wall & play space, Alma Park stormwater harvesting, Public space lighting - Bay Trail, Public space security improvements, Acland St CCTV, South Melbourne Town Hall Lift & Ramp, and South Melbourne Solar PV. |
| • Ferrars St Streetscape Works | | | (140) | (140) | Ferrars St Streetscape works to be funded from general reserves and Victorian Government contributions. |
| Budget reductions/ savings | | | | | |
| • Maritime Infrastructure Renewal Program | | | 400 | 400 | The Maritime Asset Audits which has determined that there are no design or rectification works required for 2019/20. Funds to be quarantined in Asset Renewal Reserve. |
| • St Kilda Town Hall Security Upgrade | | | 305 | 305 | St Kilda Town Security Upgrade underspends expected due to reduced number of front counter reconfigurations required. Funds to be quarantined in Asset Renewal Reserve for future renewal requirements. |
| • Safe Roof Access | | | 140 | 140 | Safe Roof Access underspends to be transferred to Asset Renewal Reserve for future renewal requirements. |
| • Other | | 15 | | 15 | A collection of other minor variances. |
| Budget Increases | | | | | |
| • Gasworks Theatre Seats Replacement | | | (314) | (314) | Additional budget required for works associated with the environmental assessment, design, structural, electrical and fire engineering works. |
| • JL Murphy Reserve | | | (400) | (400) | Additional budget required for JL Murphy Reserve to address costs associated with the poor structural condition of the building revealed during demolition and additional contaminated soil costs. |
| • Chipton Reserve | | | (195) | (195) | Chipton Reserve overspends mainly due to higher tendered prices. The project overspend will partially be offset from a drawdown on Open Space Reserves. |
| • RF Julier Reserve Pavilion and Park Improvement | | | (170) | (170) | RF Julier Reserve Pavilion and Park Improvement project require additional funding to meet design, installation of light and site contamination management. A drawdown from Open Space Reserve will be required to partially offset the additional expenditure. |
| • Sports field Lighting Expansion | (340) | | | (340) | Federal Government funding to be used on lighting at four Sporting fields in 2019/20. |
| • Water Sensitive Urban Design - Langbridge/ Pattersons Streets | (100) | | (10) | (110) | Victorian Government awarded funding for Water Sensitive Urban Design at Langbridge/ Patterson Streets |
| Capital Projects deferred or brought forward | | | | | |
| • Council Building Accessibility Improvements | | | (330) | (330) | Three Disability Discrimination Act compliant and accessible public toilet facilities are to be delivered in 2019/20. Market driven pricing through the public tender process has seen higher than anticipated costs. |
| • Cora Graves Accessibility Improvements | | | (130) | (130) | Cora Graves Accessibility Improvements - Project has been brought forward to meet urgent OH&S requirements as identified in the Audit report. |
| • Hostile Vehicle Mitigation for Luna Park & Palais | | | (180) | (180) | Hostile Vehicle Mitigation for Luna Park & Palais part of the rolling Public Space Security Program required additional funding to include public realm improvement works. The overspend will be funded from brought forward of 2020/21 funds. |
| • Staff Accommodation Works | | | 980 | 980 | Design and feasibility stage for St Kilda Town Hall and Port Melbourne Town Hall took longer than expected. Construction spend will likely to be spread over two financial years - deferrals will be required. |
| • South Melbourne Town Hall Major Works | | | 3,000 | 3,000 | Feasibility and investigative works being undertaking which will inform scope for design. Construction works will likely to take place over the 2020/21 and 2021/22 financial years. Funds to be re-prioritised in 2019/20 for building accessibility works. |
| • Park Street Bike Link | | | 525 | 525 | Park St Bike Link part of the public realm improvements to the ANZAC station precinct has been rescheduled to align with the Masterplan timelines - completion expected in 2021/22. Additional community consultation will be required and Council will receive funding in line with new schedule. |
| • St Vincent Gardens Play Space | | | 500 | 500 | Rigorous planning along with Heritage Victoria and National Trust approval requirements are likely to add up to five months to the concept approval stage. It is likely that construction will not start until these matters have been resolved and will see construction delayed until the 2020/21 financial year. |
| • Palais Theatre | | | 460 | 460 | Palais Theatre renewal and upgrade works delivery is to be spread over 2019/20 and 2020/21 in order to minimise impact to the operations of Palais and continue to provide amenities to the public. |
| • Gasworks Arts Park Reinstatement | | | 450 | 450 | Additional works associated with the environmental assessment has slowed the overall progress of the Contamination Management Action Plan and subsequent draft Park Plan. Funds deferred for construction works expected in 2020/21. |

| | | | |
|--|--------------|--------------|--|
| • EcoCentre Redevelopment | 360 | 360 | EcoCentre Redevelopment experienced some delays with the appointment of architect and funding uncertainties for the construction phase. Expenditure deferred to 2020/21. |
| • Building Safety Corrective Actions project | 285 | 285 | Building Safety Corrective Actions project deferred to 2020/21 due to significant changes to buildings identified and therefore triggering building permit requirements. Funds deferred to 2020/21. |
| • Fitzroy St Public Toilets | 200 | 200 | Fitzroy Street Streetscape Upgrade delays requiring Parks Victoria approval. Project deferred to 2020/21. |
| • Adventure Playgrounds Upgrade | 131 | 131 | Adventure Playgrounds Upgrade scope, scheduling and funding changes following community and council consultations will require a deferral of funds to 2020/21. |
| • Laneway Construction | 100 | 100 | |
| • Hostile Vehicle Mitigation - Shakespeare Grove | 80 | 80 | Hostile Vehicle mitigation design and construction work for Shakespeare Grove (Marine Parade and Shakespeare Grove) will be designed in conjunction with the 'Missing Link' concept plan (Donovan's restaurant to Marina Skate Park). As this project is scheduled to start construction in the 2020/21 financial year, it is prudent to combine both projects from a construction, economy-of-scale and to minimise disruption. |
| Total Capital Expenditure | (425) | 5,087 | 4,662 |

Note 4. Net drawdown on reserves decreased by \$5.33 million

| Forecast Adjustments | Reserve Adjustments (\$'000s) | Explanations |
|-----------------------------------|-------------------------------|---|
| Operating Income adjustments | (2,626) | Open space contributions quarantined in reserve and divestment of Right of Way proceeds quarantined in the Strategic Property Reserves. |
| Operating expenditure adjustments | (2,306) | Customer Experience Program deferred to 2020/21 less drawdown on reserves for projects deferred from 2018/19. |
| Capital Works adjustments | (5,087) | \$7.07m of project deferrals to 2020/21. |
| Other adjustments | 595 | Drawdown of reserves not required in 2019/20 due to works deferred to 2020/21. |
| Total Reserves Movement | (9,424) | |

Balance Sheet

| | Opening | YTD - Actual | | Full Year - Forecast | | Note |
|--|------------------|------------------|---------------|----------------------|-----------------|------|
| | Balance | | | | | |
| | 01.Jul.19 | 31.Dec.19 | Movement | 30.Jun.20 | Movement | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 3,261 | 3,185 | (76) | 6,531 | 3,270 | 1 |
| Trade and other receivables | 17,249 | 30,501 | 13,252 | 17,292 | 43 | |
| Other financial assets | 83,000 | 75,280 | (7,720) | 60,000 | (23,000) | 1 |
| Non current assets classified as held for sale | 0 | 0 | 0 | 0 | 0 | |
| Other assets | 4,354 | 937 | (3,417) | 4,365 | 11 | |
| Total current assets | 107,864 | 109,903 | 2,039 | 88,188 | (19,676) | |
| Non-current assets | | | | | | |
| Investments in associates and joint ventures | 325 | 325 | 0 | 325 | 0 | |
| Other financial assets | 709 | 2,083 | 1,374 | 709 | 0 | |
| Property, infrastructure, plant and equipment | 3,197,775 | 3,197,662 | (113) | 3,201,554 | 3,779 | 2 |
| Total non-current assets | 3,198,809 | 3,200,070 | 1,261 | 3,202,588 | 3,779 | |
| TOTAL ASSETS | 3,306,673 | 3,309,973 | 3,300 | 3,290,776 | (15,897) | |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Trade and other payables | 18,884 | 6,063 | 12,821 | 4,003 | 14,881 | |
| Trust funds and deposits | 7,086 | 8,119 | (1,033) | 7,104 | (18) | |
| Provisions | 13,884 | 14,132 | (248) | 13,919 | (35) | |
| Interest-bearing loans and borrowings | 465 | 298 | 167 | 465 | 0 | |
| Total current liabilities | 40,319 | 28,612 | 11,707 | 25,491 | 14,828 | |
| Non-current liabilities | | | | | | |
| Provisions | 2,370 | 2,370 | 0 | 2,376 | (6) | |
| Interest-bearing loans and borrowings | 8,443 | 8,566 | (123) | 7,773 | 670 | |
| Total non-current liabilities | 10,813 | 10,936 | (123) | 10,149 | 664 | |
| TOTAL LIABILITIES | 51,132 | 39,548 | 11,584 | 35,640 | 15,492 | |
| NET ASSETS | 3,255,541 | 3,270,425 | 14,884 | 3,255,136 | (405) | |
| EQUITY | | | | | | |
| Accumulated surplus | 647,632 | 664,494 | 16,862 | 651,827 | 4,195 | |
| Asset revaluation reserve | 2,545,076 | 2,545,076 | 0 | 2,545,076 | 0 | |
| Other reserves | 62,833 | 60,855 | (1,978) | 58,233 | (4,600) | |
| TOTAL EQUITY | 3,255,541 | 3,270,425 | 14,884 | 3,255,136 | (405) | |

Notes

1 Cash balance is expected to drop by \$19 million, \$14 million more than budgeted. This is mainly due to the bringing forward creditor payments in June to clear out all creditor balances by year end to mitigate the risk of data migration issues for the new financial system going live on 1 July 2020. This payment run usually takes place in July.

2 Net increase in council infrastructure assets accounting for capital works, depreciation, and asset sales/write-off.

Statement of Cash Flows

| | Full Year 2018/19 \$'000 | YTD 31.Dec.19 \$'000 | Forecast Full Year 2019/20 \$'000 | Budget Full Year 2019/20 \$'000 | Variance Full Year 2019/20 \$'000 | Note |
|---|--------------------------------|----------------------------|--|--|--|------|
| Cash flows from operating activities | | | | | | |
| Rates and charges | 125,201 | 51,919 | 129,170 | 129,149 | 21 | |
| Statutory fees and fines | 16,634 | 9,176 | 18,588 | 20,267 | (1,679) | |
| User fees | 41,554 | 22,127 | 40,125 | 38,681 | 1,444 | |
| Grants - operating | 11,860 | 5,098 | 9,670 | 9,430 | 240 | |
| Grants - capital | 4,146 | 1,276 | 2,655 | 2,586 | 69 | |
| Contributions - monetary | 8,032 | 4,386 | 7,950 | 6,045 | 1,905 | |
| Other receipts | 24,541 | 10,841 | 15,702 | 14,372 | 1,330 | |
| Net trust funds taken/(repaid) | 1,578 | 1,033 | 18 | 141 | (123) | |
| | | | | | 0 | |
| Employee costs | (92,394) | (45,721) | (95,331) | (96,209) | 878 | |
| Materials and services | (94,562) | (50,906) | (104,194) | (89,782) | (14,412) | 1 |
| Other payments | (9,610) | (4,097) | (8,862) | (8,473) | (389) | |
| Net cash provided by operating activities | 36,980 | 5,132 | 15,490 | 26,207 | (10,717) | |
| Cash flows from investing activities | | | | | | |
| Payments for property, infrastructure, plant and equipment | (34,842) | (12,482) | (34,580) | (39,242) | 4,662 | 2 |
| Proceeds from the sale of property, infrastructure, plant and equipment | 220 | 102 | 380 | 380 | 0 | |
| Payments for investments | (83,000) | (32,280) | 0 | 0 | 0 | |
| Proceeds from sale of investments | 68,500 | 40,000 | 23,000 | 9,000 | 14,000 | |
| Net cash used in investing activities | (49,122) | (4,660) | (11,200) | (29,862) | 18,662 | |
| Cash flows from financing activities | | | | | | |
| Finance costs | (399) | (213) | (350) | (450) | 100 | |
| Proceeds from borrowings | 0 | 0 | 0 | 0 | 0 | |
| Repayment of borrowings | (441) | (335) | (670) | (670) | 0 | |
| Net cash provided by / (used in) financing activities | (840) | (548) | (1,020) | (1,120) | 100 | |
| Net increase (decrease) in cash and cash equivalents | (12,982) | (76) | 3,270 | (4,775) | 8,045 | |
| Cash and cash equivalents at beginning of year | 16,243 | 3,261 | 3,261 | 26,184 | (22,923) | |
| Cash & cash equivalents at end of year | 3,261 | 3,185 | 6,531 | 21,409 | (14,878) | |
| Total Cash and Investments | 86,261 | 78,465 | 66,531 | 72,315 | (5,784) | |

Notes

- 1 Cash balance is expected to drop by \$19 million, \$14 million more than budgeted. This is mainly due to the bringing forward creditor payments in June to clear out all creditor balances by year end to mitigate the risk of data migration issues for the new financial system going live on 1 July 2020. This payment run usually takes place in July.
- 2 Lower payments for property and infrastructure mainly due to the net deferrals to 2020/21.

Statement of Capital Works

| | Year to date | | YTD Variance | | Full Year | | Full year Variance | | Notes |
|--|--------------------|----------------------|--------------------------------|------------|----------------------|--------------------|--------------------------------|-------------|-------|
| | Actual (\$'000) | Forecast (\$'000) | Actual to Forecast (\$'000) | % | Forecast (\$'000) | Budget (\$'000) | Forecast to Budget (\$'000) | % | |
| Property | | | | | | | | | |
| Land | 0 | 0 | 0 | - | 0 | 0 | 0 | 0% | |
| Buildings | 4,820 | 6,002 | 1,181 | 20% | 16,683 | 21,536 | 4,853 | 23% | 1 |
| Total property | 4,820 | 6,002 | 1,181 | 20% | 16,683 | 21,536 | 4,853 | 23% | |
| Plant and equipment | | | | | | | | | |
| Plant, machinery and equipment | 0 | 250 | 250 | 100% | 700 | 930 | 230 | 25% | |
| Fixtures, fittings and furniture | 269 | 134 | (135) | (101%) | 914 | 370 | (544) | (147%) | 2 |
| Computers and telecommunications | 155 | 250 | 95 | 38% | 500 | 500 | 0 | 0% | |
| Heritage and art works | - | - | 0 | 0% | 30 | 30 | 0 | 0% | |
| Library books | 587 | 639 | 52 | 8% | 852 | 852 | 0 | 0% | |
| Motor Vehicles | 307 | 417 | 110 | 26% | 1,217 | 1,217 | 0 | 0% | |
| Total plant and equipment | 1,318 | 1,690 | 372 | 22% | 4,213 | 3,899 | (314) | (8%) | |
| Infrastructure | | | | | | | | | |
| Roads | 1,330 | 1,204 | (126) | (10%) | 3,151 | 3,251 | 100 | 3% | |
| Footpaths and cycle ways | 457 | 845 | 388 | 46% | 3,108 | 3,646 | 538 | 15% | |
| Drainage | 1,011 | 1,097 | 87 | 8% | 2,459 | 2,024 | (435) | (21%) | 3 |
| Parks, open space and streetscapes | 3,287 | 3,983 | 696 | 17% | 10,053 | 9,973 | (80) | (1%) | |
| Other infrastructure | 260 | 180 | (80) | (44%) | 360 | 360 | 0 | 0% | |
| Total infrastructure | 6,344 | 7,310 | 965 | 13% | 19,131 | 19,254 | 123 | 1% | |
| Total capital portfolio expenditure | 12,482 | 15,001 | 2,518 | 17% | 40,027 | 44,689 | 4,662 | 10% | |
| Less operating expenditure that forms part of capital projects | 0 | 0 | 0 | 0% | (5,447) | (5,447) | 0 | 0% | |
| Total capital works expenditure | 12,482 | 15,001 | 2,518 | 17% | 34,580 | 39,242 | 4,662 | 12% | |
| Capital Expenditure Type | | | | | | | | | |
| New asset expenditure | 891 | 1,545 | 654 | 42% | 3,561 | 2,674 | (887) | (33%) | |
| Asset renewal expenditure | 5,583 | 5,978 | 395 | 7% | 13,781 | 18,459 | 4,678 | 25% | |
| Asset upgrade expenditure | 4,964 | 6,234 | 1,270 | 20% | 14,369 | 15,451 | 1,082 | 7% | |
| Asset expansion expenditure | 1,044 | 1,245 | 201 | 16% | 2,869 | 2,658 | (211) | (8%) | |
| Total capital works expenditure | 12,482 | 15,001 | 2,519 | 17% | 34,580 | 39,242 | 4,662 | 12% | |

Notes

- 1 Net \$4.8m decrease of Building works due to:
- Project deferrals to 2020/21 including: South Melbourne Town Hall Major Works \$3.0m, Staff Accommodation Works \$0.98m, Palais Theatre \$0.46, EcoCentre Redevelopment \$0.36m and Building Safety Corrective Actions \$0.29m.
 - Additional costs for Council Building Accessibility Improvements due to higher tender prices than anticipated.
- 2 Gasworks Theatre Seat Replacement required additional funding for works associated with the environmental assessment, design, structural, electrical and fire engineering works.
- 3 Alma Park Stormwater harvesting project expenditure carried over to 2019/20 due to delays caused by poor weather and Electricity Authority connections.

Trade Receivables Aged Balance report (excluding Rates)

| Division/Business Unit | Current | 1-30 days | 31-60 days | 60 days + | Total | Note |
|--|------------------|----------------|----------------|----------------|------------------|------|
| Community and Economic Development | | | | | | |
| Arts | 1,448 | 1,964 | 7,043 | 371 | 10,826 | |
| Child Care Council Managed | 7,426 | 4,442 | 4,786 | 26,757 | 43,412 | 1 |
| Community Facilities | 76,244 | - | - | 4,444 | 80,687 | |
| Diversity & Inclusion | - | 5,458 | 67,573 | - | 73,031 | |
| Festivals | 49,856 | 26,991 | - | 3,500 | 80,347 | |
| Filming Permits | 8,565 | 400 | 753 | 185 | 9,903 | |
| Home Care | 27,264 | 11,127 | 3,614 | 4,896 | 46,902 | |
| Total Community & Economic Development | 170,804 | 50,382 | 83,769 | 40,153 | 345,108 | |
| Customer & Corporate Services | | | | | | |
| Finance | 192,586 | 25,896 | - | 353,433 | 571,914 | 2 |
| Property | 148,777 | 85,101 | 22,513 | 153,871 | 410,262 | 3 |
| Total Customer & Corporate Services | 341,363 | 110,996 | 22,513 | 507,304 | 982,176 | |
| Office of CEO | | | | | | |
| Esplanade Market | 3,341 | 1,631 | 2,615 | 16,506 | 24,093 | 4 |
| South Melbourne Market | 105,748 | 48,662 | 26,476 | 5,373 | 186,259 | |
| Total Office of CEO | 109,088 | 50,293 | 29,091 | 21,880 | 210,352 | |
| City Strategy & Sustainable Development | | | | | | |
| Development Permits | 879,274 | 345,901 | 156,404 | 182,775 | 1,564,355 | 5 |
| Footpath Trading | 12,282 | 7,992 | 689 | 208,582 | 229,545 | 6 |
| Transport Choices | 2,518 | - | 621 | 1,500 | 4,639 | |
| Total City Strategy & Sustainable Development | 894,074 | 353,893 | 157,715 | 392,857 | 1,798,539 | |
| Infrastructure & Amenity | | | | | | |
| Foreshore | 97,819 | 15,633 | 2,364 | 7,214 | 123,029 | |
| Health Services | 6,921 | 2,931 | 78,544 | - | 88,396 | |
| Maintenance & Renewal | 2,631 | - | - | - | 2,631 | |
| Total Infrastructure & Amenity | 107,371 | 18,564 | 80,908 | 7,214 | 214,057 | |
| Grand Total | 1,622,700 | 584,128 | 373,997 | 969,407 | 3,550,232 | |

Notes- Material debt >\$10K 60 days plus overdue

- 1 Child Care Council Managed Centres \$26K - Debts are under review by Children's Services Coordinator and FYC Manager with Finance support provided and regular monthly meetings being held. Recent DHHS payments has decreased 60+ balance.
- 2 Finance \$353K - \$350K to be paid by a state & local government organisations. \$2K is on approved payment plans. \$1K is lodged with debt collectors.
- 3 Property \$153K - under review by Finance and business unit who are liaising regularly to update. For \$139K (1 debtor) Property Team is in contact with the lawyers. \$14K (1 debtor) is managed directly by the Property Team.
- 4 Esplanade Market \$16.5K - \$14K worth of annual permits paid in 12 equal instalments. \$1.5K is lodged with debt collectors. Finance is awaiting a credit write off for \$500.
- 5 Development Permits \$182K- \$57K relates to security bonds. \$125K (29 debtors) relates to projects invoiced but development on hold or further information is required. Finance followed up with 2 major builders to find out that invoices have not been received by their finance team. (Total reminder value \$88K)
- 6 Footpath Trading \$208K - \$123K confirmed to be on payment plan. \$85K relates to not yet confirmed payment plans and cancelled permits. BU regularly submits credit adjustments for businesses that have recently closed or no longer require the permit.