

4.2 FINANCE AND BUDGET

4.2.1 Financial Report 1 July 2021 to 30 September 2021

File Id:

Responsible Officer:

Executive Manager Finance & Information
Technology

Attachments:

Financial Report 1 July 2021 – 30 September
2021

1. Report Summary

This report details Council's financial performance during the first quarter of the 2021-22 financial year.

2. Recommendation Summary

This report recommends that Council notes the Financial Report for the period 1 July 2021 to 30 September 2021.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)**3. Background**

The attached financial report is designed to inform Councillors of the results of operations for the period 1 July 2021 to 30 September 2021 including financial performance against the Amended Budget adopted by Council on 13 September 2021.

The financial report incorporates a set of Financial Statements and a Directorate Analysis of financial performance by Business Unit. The following are contained in the Attachment:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Capital Expenditure Statement
- Capital Expenditure report
- Investment Report
- Directorate Analysis

Whilst the Financial Statements are prepared in accordance with Australian Accounting Standards, they contain several items which are “non-cash” in nature such as depreciation on assets and the written down (book) value of assets sold. They also exclude capital expenditure, new borrowings and loan repayments and as such, these Statements do not provide an accurate indication of the surplus/deficit cash position within a financial year.

The table on the following page provides a management accounting summary of the financial performance for the period 1 July 2021 to 30 September 2021 which removes non-cash items and adds back cash items that are excluded from the financial statements.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

3.1 Management Accounting Summary – 1 July 2021 to 30 September 2021

Description	YEAR TO DATE			FULL YEAR		
	ACTUAL	AMENDED BUDGET	VARIANCE	AMENDED BUDGET	ORIGINAL BUDGET	VARIANCE
	\$'000	\$'000	Fav(unfav) \$'000	\$'000	\$'000	Fav(unfav) \$'000
Income Statement						
Income	56,251	55,825	426	238,764	235,462	3,302
Expenditure	47,544	50,544	3,000	212,624	204,057	(8,567)
Net surplus - ongoing operations	8,707	5,281	3,426	26,140	31,405	(5,265)
Management Accounting reconciliation						
<i>Add back (less) non cash items</i>						
Depreciation	8,316	8,316	-	33,277	33,277	-
Amortisation - right of use assets	149	149	-	604	604	-
Amortisation - intangible assets	15	15	-	60	60	-
Contributions non-monetary assets	-	-	-	(10,000)	(10,000)	-
Prior year capital expenditure unable to be capitalised	80	-	80	-	-	-
Written down value of assets sold/disposed	32	30	2	301	301	-
Sub total	8,592	8,510	82	24,242	24,242	-
Net operating surplus	17,299	13,791	3,508	50,382	55,647	(5,265)
<i>Add/less non operating cash items</i>						
Capital expenditure	6,425	7,157	732	95,255	63,362	(31,893)
Net transfers to (from) reserves	4,492	4,496	4	(9,492)	(5,656)	3,836
Repayment of borrowings	836	836	-	3,372	3,372	-
Proceeds from borrowings	-	-	-	(6,120)	(6,120)	-
Repayment of lease liabilities	168	172	4	689	689	-
Sub total	11,921	12,661	740	83,704	55,647	(28,057)
Cash surplus (deficit)	5,378	1,130	4,248	(33,322)	-	(33,322)
Accumulated surplus brought forward	-	-	-	35,202	-	35,202
Surplus (deficit) position	5,378	1,130	4,248	1,880	-	1,880

The overall management accounting result (after removing non-cash items) for the period 1 July 2021 to 30 September 2021 shows a favourable variance between the budget and actual of \$4.25 million. The variance is mainly due to a favourable surplus from ongoing operations, caused by lower than anticipated operating expenditure to date.

Capital expenditure is \$732,000 lower than the year to date budget (with a further \$25.91 million committed at 30 September 2021).

3.2 2021-22 Budget and the COVID-19 pandemic

A detailed review of the 2021-22 first quarter impact from COVID-19 is currently underway and will be adjusted as part of the Mid-Year Budget review.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

The 2021-22 Annual Budget (and subsequently the Amended Budget incorporating carry overs from the prior year) was largely based on a return to some degree of economic normality. The Budget assumptions were based on what was largely seen as a return to “business as normal”. It was not anticipated that a further hard lockdown would occur (Lockdown 6). As the roadmap to easing of restrictions continues to evolve, the financial impacts from Lockdown 6 will continue to severely impact on Council for 2021-22 as seen in the results through to 30 September 2021. Council officers are currently reviewing budget forecasts and the impacts will be reported in the Mid-Year Budget Review.

3.3 2021-22 Year-to-date Result (net surplus – ongoing operations)

Income

Income for the period ended 30 September 2021 is favourable against budget. This is primarily due to the following:

Contributions – monetary (\$657,000 favourable) – Favourable variance due to better than anticipated income from public open space contributions (Non-Directorate \$631,000). The nature of these receipts makes timing difficult to predict. These funds are transferred to reserves.

Grants – operating (\$470,000 favourable) – Receipt of unbudgeted grant funding for New Directions – Mothers and Babies (\$85,000) and Drug Strategy program (\$35,000) combined with additional funding received for Family Day Care (\$471,000) and Child First (\$100,000) and grant funding received earlier than anticipated for School Crossing (\$438,000).

These favourable variances are partly offset by lower than anticipated grant funding based on target achievement for Home and Community Care (\$207,000) and Planned Activity Group (\$54,000) and delay in receipt of grant funding Library Services (\$412,000).

Grants – capital (\$223,000 favourable) – Receipt of unbudgeted grants for Douglas Street Streetscape (\$133,000), Springvale Boulevard (\$50,000) and Tatterson Park Oval (\$22,000).

These items will be considered during the Mid-Year Budget review.

The favourable variances in income are partly offset by unfavourable variances in:

Other income (\$441,000 unfavourable) – Due to lower than anticipated income from rent and recoveries due to COVID-19 lockdown restrictions (Communications and Customer Service \$149,000, Community Development Sports and Recreation \$111,000 and Community Arts, Cultural and Library \$78,000) and interest returns on investments mainly due to lower interest rates driven by the current economic environment (Non-Directorate \$115,000).

User fees (\$297,000 unfavourable) – Mainly due to a lower fee income from parking ticket machines/meters, health renewal fees, building and inspection permits (City Planning, Design and Amenity \$288,000 due to COVID-19 restrictions).

Statutory fees and fines (\$131,000 unfavourable) – Mainly due to lower than anticipated income from parking and animal infringements, planning applications, health and food infringements (City Planning, Design and Amenity \$177,000).

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

It is anticipated that the above unfavourable variances will be permanent in nature and the full year impact will be reviewed as part of the Mid-Year Budget Review process.

Expenditure

Actual expenditure at 30 September 2021 against the budget is favourable by \$3.00 million. The major variances are in employee costs and materials and services.

Employee costs (\$1.50 million favourable) – This favourable variance is mainly due to staff recruitment occurring later than planned and a delay in commencement of grant funded projects (Community Services \$923,000, Corporate Services \$228,000 and City Planning, Design and Amenity \$214,000). Of the \$923,000 favourable variance in Community Services, \$906,000 relates to grant funded programs which require an acquittal.

Materials and services (\$1.73 million favourable) – The major items contributing to this favourable variance are:

- Contract services (\$879,000) – mainly due to delay in commencement of works, projects and receipt of invoices (Engineering Services \$514,000 and Community Services \$348,000).
- Materials, maintenance and services (\$360,000) – mainly due to lower than anticipated expenditure for materials, delay in receipt of invoices and commencement of projects (Community Services \$254,000, City Planning, Design and Amenity \$60,000 and Engineering Services \$54,000).
- Administration costs (\$346,000) – lower than anticipated expenditure across a range of accounts including promotions, community education, postage/courier, printing/stationery, Council publications, fuel, postage, advertising and events (Community Services \$159,000, Corporate Services \$73,000, Engineering Services \$65,000 and Non Directorate \$46,000).
- Utilities (\$312,000) – mainly due to lower than anticipated electricity and water costs to date (Engineering Services \$232,000, Corporate Services \$44,000 and Community Services \$32,000).

It is anticipated that some of the above favourable variances will be permanent in nature, such as the printing and utilities. The full year impact of any identified savings will be reviewed as part of the Mid-Year Budget Review process.

3.4 Capital expenditure

Total capital expenditure at 30 September 2021 was \$6.43 million. A further \$25.91 million was committed at the end of September. The capital works program comprises of asset renewal, expansion, upgrade and the investment in new assets.

4. Proposal

That Council notes the Financial Report for the period 1 July 2021 to 30 September 2021.

5. Financial Implications

The financial position of the Council will be monitored against the approved Amended Budget to ensure that Council achieves its financial goals.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

Whilst the 2021-22 Annual Budget was largely based on a return to some degree of economic normality, some areas of Council's revenue were anticipated to continue to be impacted by the outcomes of the pandemic. Budget assumptions have been particularly difficult to predict in the current COVID-19 environment. Given that Victoria has mostly been in lockdown since August 2021, it is likely that the negative financial impact will be greater than anticipated in the 2021-22 Budget. A detailed review of the 2021-22 first quarter impact is currently underway and will be adjusted as part of the Mid-Year Budget review. It is noted that Council transferred \$2 million to the Major Projects Reserve to maintain a COVID-19 contingency fund for future COVID-19 impacts.

6. Consultation

The Financial Services department has prepared the financial statements and other sections contained in the Financial Report with feedback from Business Unit Managers. This report will be presented to both Council and the Audit and Risk Committee.

7. Community Plan 'Imagine 2030' and Council Plan 2017-21 – Strategic Objectives, Strategies and Plans

After consultation with the Greater Dandenong community on what kind of future they wanted to see for themselves and the City in 2030, the result was the Greater Dandenong Community Plan 'Imagine 2030'. This report is consistent with the following community visions:

Community Plan 'Imagine 2030'*Opportunity*

- *Leadership by the Council – The leading Council*

8. Council Plan 2017-21

The Council Plan describes the kind of future the Council is working for, and how Council will do this over four years. This report is consistent with the following goals:

Opportunity

- *An open and effective Council*

9. The Overarching Governance Principles of the *Local Government Act 2020*

Section 9 of the *Local Government Act 2020* states that a Council must in the performance of its role give effect to the overarching governance principles.

This report has been prepared in accordance with these principles and provides transparency of Council's actions and financial resources over the past financial year. The quarterly budget report is required under section 97 of the *Local Government Act 2020* and indicates the impact on existing budgets and how prudently and efficiently funding and resources have been managed.

It highlights Council's priority in achieving the best outcomes for the municipal community, including future generations.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

It also considers the supporting principles regarding financial management (section 101), public transparency (section 58), strategic planning (section 89) and service performance (section 106).

10. Victorian Charter of Human Rights and Responsibilities

Council, Councillors and members of Council staff are a public authority under the *Charter of Human Rights and Responsibilities Act 2006* and, as such, are all responsible to act in accordance with the *Victorian Charter of Human Rights and Responsibilities 2006* (the Charter).

The *Victorian Charter of Human Rights and Responsibilities Act 2006* has been considered in relation to whether any human right under the Charter is restricted or interfered with in any way by this report. It is considered that this report is consistent with the rights outlined in the Charter.

11. The Gender Equality Act 2020

The *Gender Equality Act 2020* came into operation on 31 March 2021 and requires councils to take positive action towards achieving workplace gender equality and to promote gender equality in their policies, programs and services.

Council's Diversity, Access and Equity Policy and the *Gender Equality Act 2020* have been considered in the preparation of this report but are not relevant to its contents. The content/topic/issue (of this report) is purely administrative in nature and does not benefit any one gender group over any other.

12. Consideration of Climate Change and Sustainability

One of the overarching governance principles of the *Local Government Act 2020* is that the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted.

In January 2020, this Council joined a growing number of cities around Australia and declared a "Climate and Ecological Emergency" and committed this Council to emergency action on climate change. Council has developed a Climate Change Emergency Strategy and Action Plan 2020-30 to help the City of Greater Dandenong become a resilient, net zero carbon emission city with an active community prepared for the challenges of changing climate.

Council's Declaration on a Climate and Ecological Emergency, Council's Climate Change Emergency Strategy 2020-2030 and the requirements of the *Local Government Act 2020* in relation to the overarching governance principle on climate change and sustainability have been considered in the preparation of this report. Most of the comments included in this report are high level, however, a small number of comments may include financial impacts of Council's mitigation and planning for climate change risks.

13. Related Council Policies, Strategies or Frameworks

This report is in accordance with Council's policy of providing regular information and feedback to Council and the community about Council's financial position.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)**14. Conclusion**

The financial operation of Council is a significant business. Council actively manages the financial performance of Council over the course of the financial year, particularly in light of COVID-19. Council will be kept informed of the financial position on a quarterly basis, as is the current practice.

15. Recommendation

That Council notes the Financial Report for the period 1 July 2021 to 30 September 2021.

MINUTE 331

Moved by: Cr Rhonda Garad

Seconded by: Cr Richard Lim

That Council notes the Financial Report for the period 1 July 2021 to 30 September 2021.

CARRIED

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

FINANCE AND BUDGET

FINANCIAL REPORT 1 JULY 2021 TO 30 SEPTEMBER 2021

ATTACHMENT 1

**FINANCIAL REPORT 1 JULY 2021 – 30
SEPTEMBER 2021**

PAGES 47 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 5235.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



FINANCIAL REPORT
1 July 2021 to 30 September 2021

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

Contents

Financial Report

CGD – Operating Result (Income Statement)
Balance Sheet
Cash Flow Statement
Capital Expenditure Statement

Notes to the Financial Statements

Accounting policies
Operating income
Operating expenditure

Reference

A
B1
B2

Balance Sheet

Current assets
Non-current assets
Current liabilities
Non-current liabilities
Net assets and equity

C
C1
C2
C3
C4
C5

Cash Flow Statement

D

Statement of Capital Works

E

Capital Expenditure

Appendix 1

Investment analysis

Appendix 2

Directorate analysis

Appendix 3

Operating initiatives

Appendix 4

ORDINARY COUNCIL MEETING - MINUTES

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

CGD – Operating Result

For the period 1 July 2021 - 30 September 2021

Note	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
B1					
Rates and charges	40,742	40,720	22	156,253	156,253
Statutory fees and fines	2,005	2,136	(131)	8,227	8,227
User fees	2,082	2,379	(297)	7,972	7,972
Grants - operating	6,730	6,260	470	24,607	30,551
Grants - capital	2,558	2,335	223	17,933	9,996
Contributions - monetary	1,182	525	657	5,845	4,935
Contributions - non-monetary	-	-	-	10,000	10,000
Net gain (loss) on disposal of property, infrastructure, plant and equipment	69	146	(77)	403	403
Other income	883	1,324	(441)	7,524	7,125
Total income	56,251	55,825	426	238,764	235,462
Expenses					
B2					
Employee costs	19,934	21,430	1,496	91,236	86,802
Materials and services	17,170	18,903	1,733	78,216	74,566
Prior year capital expenditure unable to be capitalised (non-cash)	80	-	(80)	-	-
Bad and doubtful debts	2	-	(2)	1,568	1,568
Depreciation	8,316	8,316	-	33,277	33,277
Amortisation - intangible assets	15	15	-	60	60
Amortisation - right of use assets	149	149	-	604	604
Borrowing costs	718	718	-	2,802	2,802
Finance costs - leases	-	-	-	22	22
Other expenses	1,160	1,013	(147)	4,839	4,356
Total expenses	47,544	50,544	3,000	212,624	204,057
Net surplus (deficit)	8,707	5,281	3,426	26,140	31,405

Overview

The surplus at 30 September 2021 is favourable to budget by \$3.43 million due mainly to the following year to date variances:

- **Materials and services (\$1.73 million)** - due to delay in commencement of projects, works and receipt of invoices (Engineering Services \$822,000, Community Services \$727,000 and Corporate Services \$138,000).
- **Employee Costs (\$1.50 million)** - mainly due to delay in recruitment in Community Services (\$923,000) Corporate Services (\$228,000) and City Planning, Design and Amenity (\$214,000).
- **Contributions – monetary (\$657,000)** – better than anticipated income from public open space contributions to date. The nature of these receipts makes timing difficult to predict. These funds are transferred to reserves.
- **Grants – operating (\$470,000)** – mainly due to receipt of School Crossing grant received earlier than anticipated (City Planning, Design and Amenity \$438,000).
- **Grants – capital (\$223,000)** – due unbudgeted grants received for Douglas Street Streetscape (\$133,000), Springvale Boulevard (\$50,000), Tatterson Park Oval (\$22,000).

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

Financial Report for the period 1 July 2021 – 30 September 2021

The above favourable variances are partly offset by:

- **Other Income (\$441,000)** – lower rental income resulting from facility closures due to COVID-19 restrictions (Corporate Services \$166,000 and Community Services \$146,000) and lower than anticipated interest income (Non-Directorate (\$115,000)).
- **User fees (\$297,000)** – mainly due to lower than anticipated car parking income (City Planning, Design and Amenity \$288,000) associated with continued COVID-19 restrictions reducing activity.
- **Other expense (\$147,000)** – mainly due to expenditure relating to South East Leisure (Community Services \$295,000) which is partly offset by lower expenditure for grant and contributions in the Pandemic unit (Non-Directorate \$90,000).
- **Statutory fees and fines (\$131,000)** – mainly due to lower than anticipated income from parking and animal infringements, planning applications, health and food infringements (City Planning, Design and Amenity \$177,000)

COVID-19 and 2021-22 impacts

The 2021-22 Annual Budget was largely based on a return to some degree of economic normality for 2021-22. The Budget assumptions were based what was largely seen as a return to “business as normal”. It was not anticipated that a further hard lockdown would occur.

Since the introduction of Lockdown 6 in July/August 2021 and as the roadmap to easing of restrictions continues to evolve, it will continue to severely impact on Council for 2021-22.

A detailed review of the 2021-22 first quarter impact from COVID-19 and Lockdown 6 restrictions is currently underway and will be adjusted as part of the Mid-Year Budget review.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Balance Sheet As at 30 September 2021

	Note	2021-22 ACTUAL 30 Sep 2021 \$'000	2020-21 ACTUAL 30 Jun 2021 \$'000	2021-22 AMENDED BUDGET \$'000	2021-22 ORIGINAL BUDGET \$'000
ASSETS					
Current assets	C1				
Cash and cash equivalents		196,382	177,428	131,191	112,384
Trade and other receivables		127,632	26,530	26,818	28,013
Other assets		752	4,894	4,004	2,872
Total current assets		324,766	208,852	162,013	143,269
Non-current assets	C2				
Property, infrastructure, plant and equipment		2,444,776	2,446,778	2,518,455	2,296,195
Investment property		10,860	10,860	10,860	11,814
Right-of-use assets		414	563	1,085	1,073
Intangible assets		187	202	142	4
Trade and other receivables		295	295	295	305
Total non-current assets		2,456,532	2,458,698	2,530,837	2,309,391
Total assets		2,781,298	2,667,550	2,692,850	2,452,660
LIABILITIES					
Current liabilities	C3				
Trade and other payables		4,856	19,019	22,551	24,965
Prepaid rates		114,901	-	-	-
Trust funds and deposits		11,688	4,427	4,870	8,925
Unearned income		57,840	60,293	52,293	40,340
Provisions		22,591	22,366	22,366	19,983
Interest-bearing liabilities		2,536	3,372	4,083	4,083
Lease liabilities		247	415	570	571
Total current liabilities		214,659	109,892	106,733	98,867
Non-current liabilities	C4				
Provisions		1,596	1,424	1,424	900
Trust funds and deposits		2,137	2,035	2,035	311
Interest-bearing liabilities		53,264	53,264	55,301	55,300
Lease liabilities		160	160	442	442
Total non-current liabilities		57,157	56,883	59,202	56,953
Total liabilities		271,816	166,775	165,935	155,820
NET ASSETS	C5	2,509,482	2,500,775	2,526,915	2,296,840
EQUITY					
Accumulated surplus		928,172	923,957	959,589	979,146
Asset revaluation reserve		1,511,604	1,511,604	1,511,604	1,269,823
Reserves		69,706	65,214	55,722	47,871
TOTAL EQUITY		2,509,482	2,500,775	2,526,915	2,296,840

Note - *Prepaid Rates*: Rate revenue (excluding supplementary rates) is accrued evenly over the year, although cash is received in quarterly instalments, nine direct debit payments or a lump sum, depending on how the ratepayer chooses to pay. Rate revenue in the Income Statement is a monthly accrual of the rates determined for the year in July.

For comments regarding movements in other Balance Sheet items, please refer to explanatory notes located at C1 to C5.

ORDINARY COUNCIL MEETING - MINUTES

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Cash Flow Statement

	2021-22 ACTUAL 30 Sep 2021 Inflows/ (Outflows) \$'000	2021-22 ANNUAL AMENDED BUDGET Inflows/ (Outflows) \$'000	2021-22 ANNUAL ORIGINAL BUDGET Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Rates and charges	56,481	155,965	155,936
Statutory fees and fines	1,781	6,659	6,084
User fees	(225)	9,431	8,441
Grants - operating	7,681	26,496	32,400
Grants - capital	82	9,933	9,996
Contributions - monetary	1,932	5,845	4,935
Interest received	61	761	758
Trust funds and deposits taken	10,912	28,495	28,052
Other receipts	806	7,509	7,070
Net GST refund	2,612	14,471	10,948
Employee costs	(21,640)	(91,236)	(85,981)
Materials and services	(26,058)	(91,875)	(85,273)
Trust funds and deposits repaid	(3,390)	(28,052)	(27,552)
Other payments	(1,217)	(5,323)	(4,792)
Net cash provided by operating activities	29,818	49,079	61,022
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	(9,248)	(95,255)	(63,362)
Proceeds from sale of property, infrastructure, plant and equipment	100	704	704
Net cash used in investing activities	(9,148)	(94,551)	(62,658)
Cash flows from financing activities			
Finance costs	(712)	(2,802)	(2,802)
Proceeds from borrowings	-	6,120	6,120
Repayment of borrowings	(836)	(3,372)	(3,372)
Interest paid - lease liability	-	(22)	(22)
Repayment of lease liabilities	(168)	(689)	(689)
Net cash provided by (used in) financing activities	(1,716)	(765)	(765)
Net increase (decrease) in cash and cash equivalents	18,954	(46,237)	(2,401)
Cash and cash equivalents at the beginning of the year	177,428	177,428	114,785
Cash and cash equivalents at the end of the period	196,382	131,191	112,384
Represented by:			
Operating cash	49,504	20,418	35,062
Restricted cash	146,878	110,773	77,322
Total	196,382	131,191	112,384

- Details regarding Council's cash movements are contained in **Note D - Cash Flow Statement**.
- The dissemination of Council's restricted and operating cash is provided in the graph "Restricted and Unrestricted Cash" in **Appendix 2 Investment Analysis** in this report.
- Cash inflows and outflows are inclusive of GST where applicable.

ORDINARY COUNCIL MEETING - MINUTES

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

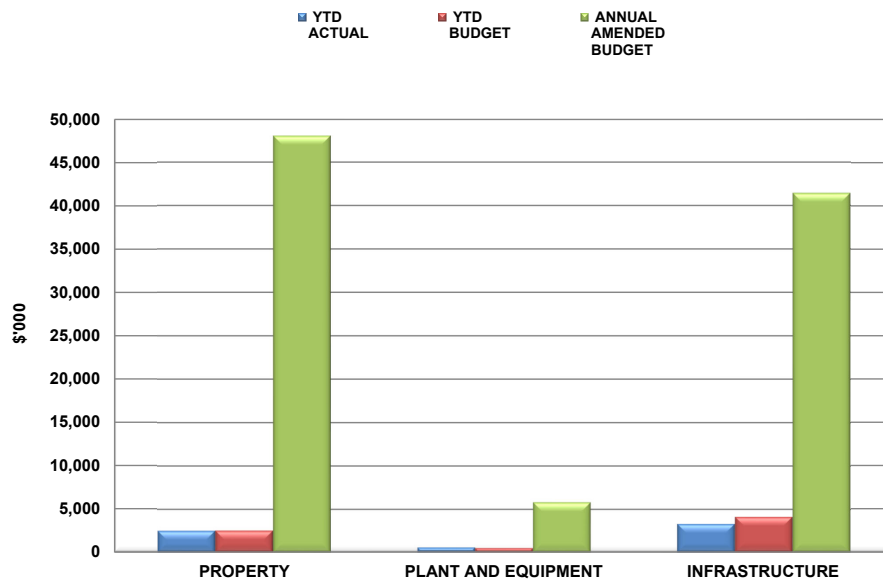


Financial Report for the period 1 July 2021 – 30 September 2021

Capital Expenditure Statement

The detailed program under each of the capital groups is contained in **Appendix 1 – Capital Expenditure**.

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	COMMIT \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
PROPERTY	2,517	2,533	16	15,055	48,024	34,798
PLANT AND EQUIPMENT	589	507	(82)	842	5,808	4,295
INFRASTRUCTURE	3,319	4,117	798	10,015	41,423	24,269
TOTAL EXPENDITURE	6,425	7,157	733	25,912	95,255	63,362



4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

Financial Report for the period 1 July 2021 – 30 September 2021

Notes to the Financial Statements**A. Accounting Policy Notes**

The financial report is prepared on the principles of accrual accounting. Accrual accounting recognises income when earned and expenditure when incurred, regardless of whether cash settlement has taken place. The basis of recognition of major income and expenditure in these statements are defined below.

1. **Rate revenue:** Rate revenue (excluding supplementary rates) is accrued evenly over the year, although cash is received in quarterly instalments or a lump sum, depending on how the ratepayer chooses to pay. Rate revenue in the Income Statement is a monthly accrual of the rates determined for the year in July.
2. **Grants revenue:** Council receives two types of grants, namely a General Purpose Grant (Financial Assistance Grant funding from the Victoria Grants Commission) which is not tied to any programs and Special Purpose Grants for various programs. In accordance with new Accounting Standards, AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income of Not-For-Profit Entities', grant income is now generally recognised in the Income Statement to the extent of satisfied performance obligations. Alternatively, grant funding which does not have sufficiently specific performance obligations are recognised as income when the cash is received. Any grant income relating to unsatisfied performance obligations are recognised as unearned income in the Balance Sheet at balance date. Grants comprise of operating and capital (recurrent and non-recurrent in nature).
3. **Fees and charges:** Most fees and charges are recognised when cash is received. Generally, where Council raises a debtor's invoice, income is recognised at the point of the invoice and not when cash is received. Car parking permit income relating to a future period at balance date are recognised as unearned income in the Balance Sheet.
4. **Contributions - cash:** Cash contributions are essentially from developers towards open space works. These monies are treated as income when received. Council is obligated to spend these monies for the purpose for which they are given by the developers. Council also receives external contributions for other capital projects. Cash contributions received are held in reserves and treated as "restricted cash" until they are spent (see **note 9** below).
5. **Employee costs:** Salaries expenditure is based on fortnightly salaries paid and accruals for salary on-costs such as leave entitlements, superannuation and workcover.
6. **Capital expenditure:** The two broad areas of capital are the capital improvement program (CIP) (which includes infrastructure and major projects) and 'other' which includes fleet, computers, plant and furniture. Expenditure is recognised as capital if it is significant in value and results in assets which have a useful life in excess of at least one year.
7. **Budget information:** The Original Budget information contained in the report is the budget approved by Council on 28 June 2021. The year to date budget in this report reflects the Amended Budget as adopted by Council on 13 September 2021. The Amended Budget represents the adopted budget incorporating net carry forward capital and operating amounts from 2020-21.
8. **Cash Flow Statement:** Reflects the actual cash movements during the year.
9. **Restricted cash:** These are monies set aside for specific purposes and are not readily available for day to day operations or general capital works. They include funds set aside towards meeting long service leave commitments (required by government regulations), statutory reserves (eg. open space contributions) and other funds that are committed towards specific purposes.

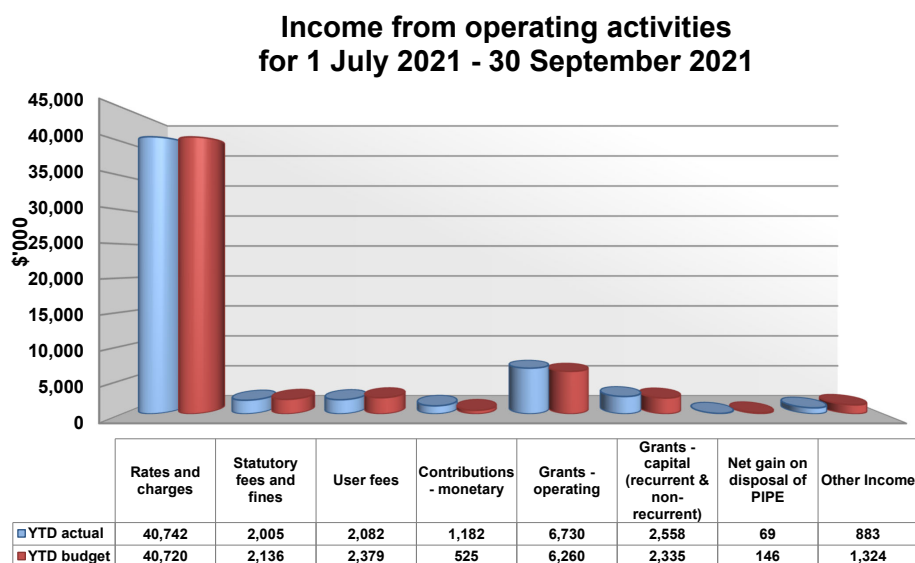
4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

B1. Operating Income

The chart below shows the categories of operating income against their respective budgets (excludes non-cash accounting entries such as non-monetary contributions or gifted assets).



Income for the period ended 30 September 2021 is favourable against budget. This is primarily due to the following:

Contributions – monetary (\$657,000 favourable) – Favourable variance due to better than anticipated income from public open space contributions (Non-Directorate \$631,000). The nature of these receipts makes timing difficult to predict. These funds are transferred to reserves.

Grants – operating (\$470,000 favourable) – Receipt of unbudgeted grant funding for New Directions – Mothers and Babies (\$85,000) and Drug Strategy program (\$35,000) combined with additional funding received for Family Day Care (\$471,000) and Child First (\$100,000) and grant funding received earlier than anticipated for School Crossing (\$438,000).

These favourable variances are partly offset by lower than anticipated grant funding based on target achievement for Home and Community Care (\$207,000) and Planned Activity Group (\$54,000) and delay in receipt of grant funding Library Services (\$412,000).

Grants – capital (\$223,000 favourable) – Receipt of unbudgeted grants for Douglas Street Streetscape (\$133,000), Springvale Boulevard (\$50,000), Tatterson Park Oval (\$22,000).

These items will be considered during the Mid-Year Budget review.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)Financial Report for the period 1 July 2021 – 30 September 2021

The favourable variances in income are partly offset by unfavourable variances in:

Other income (\$441,000 unfavourable) – Due to lower than anticipated income from rent and recoveries due to COVID-19 lockdown restrictions (Communications and Customer Service \$149,000, Community Development sports and Recreation \$111,000 and Community Arts, Cultural and Library \$78,000) and interest returns on investments mainly due to lower interest rates driven by the current economic environment (Non-Directorate \$115,000).

User fees (\$297,000 unfavourable) – Mainly due to a to lower fee income from parking ticket machines/meters, health renewal fees, building and inspection permits (City Planning, Design and Amenity \$288,000 due to COVID-19 restrictions).

Statutory fees and fines (\$131,000 unfavourable) – Mainly due to lower than anticipated income from parking and animal infringements, planning applications, health and food infringements (City Planning, Design and Amenity \$177,000).

It is anticipated that the above unfavourable variances will be permanent in nature and the full year impact will be reviewed as part of the Mid-Year Budget Review process.

The 2021-22 Annual Budget (and subsequently the Amended Budget incorporating carry overs from the prior year) was largely based on a return to some degree of economic normality. The Budget assumptions were based on what was largely seen as a return to "business as normal". It was not anticipated that a further hard lockdown would occur (Lockdown 6). As the roadmap to easing of restrictions continues to evolve, the financial impacts from Lockdown 6 will continue to severely impact on Council for 2021-22 as seen in the results through to 30 September. Council officers are currently reviewing budget forecasts and the impacts will be reported in the Mid-Year Budget Review.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

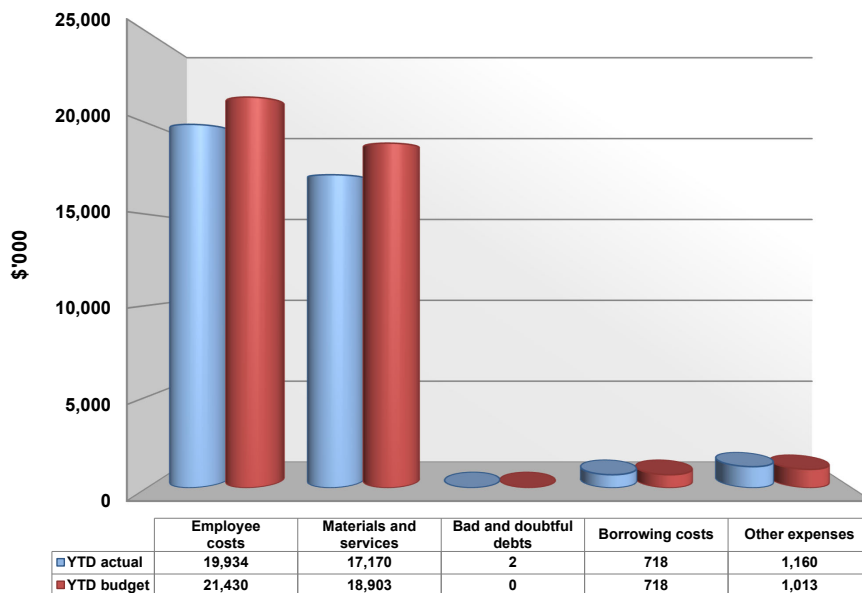


Financial Report for the period 1 July 2021 – 30 September 2021

B2. Operating Expenditure

The chart below shows the categories of operating expenditure against their respective budget (excludes non-cash accounting entries including depreciation, amortisation, asset write offs and prior year capital expenditure unable to be capitalised).

**Expenditure from operating activities
for 1 July 2021 to 30 September 2021**



Actual expenditure at 30 September 2021 against the budget is favourable by \$3.00 million. The major variances are in employee costs and materials and services.

Employee costs (\$1.50 million favourable) – This favourable variance is mainly due to staff recruitment occurring later than planned and a delay in commencement of grant funded projects (Community Services \$923,000, Corporate Services \$228,000 and City Planning, Design and Amenity \$214,000). Of the \$923,000 favourable variance in Community Services, \$906,000 relates to grant funded programs which require an acquittal.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

Financial Report for the period 1 July 2021 – 30 September 2021

Materials and services (\$1.73 million favourable) – The major items contributing to this favourable variance are:

- Contract services (\$879,000) – mainly due to delay in commencement of works, projects and receipt of invoices (Engineering Services \$514,000 and Community Services \$348,000).
- Materials, maintenance and services (\$360,000) – mainly due to lower than anticipated expenditure for materials, delay in receipt of invoices and commencement of projects (Community Services \$254,000, City Planning, Design and Amenity \$60,000 and Engineering Services \$54,000).
- Administration costs (\$346,000) – lower than anticipated expenditure across a range of accounts including promotions, community education, postage/courier, printing/stationery, Council publications, fuel, postage, advertising and events (Community Services \$159,000, Corporate Services \$73,000, Engineering Services \$65,000 and Non Directorate \$46,000).
- Utilities (\$312,000) – mainly due to lower than anticipated electricity and water costs to date (Engineering Services \$232,000, Corporate Services \$44,000 and Community Services \$32,000).

It is anticipated that some of the above favourable variances will be permanent in nature, such as the printing and utilities. The full year impact of any identified savings will be reviewed as part of the Mid-Year Budget Review process.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

Financial Report for the period 1 July 2021 – 30 September 2021

C. Balance Sheet

Council's net assets are valued at \$2.51 billion at 30 September 2021.

C1. Current assets (cash and other assets that can be readily converted to cash)

Cash and cash equivalents (\$196.38 million) – Represent the amount held by Council in cash or term deposits. Please note that this amount includes \$146.88 million of funds "restricted" for various purposes. These are detailed in the notes to the cash flows that follow in **section D** and a graphical presentation in **Appendix 2**.

Funds are invested in accordance with Council's Investment Policy. The policy requires Council to invest with prudence, consideration of acceptable risks and relevant legislation.

The details of Council's investments are contained in **Appendix 2**. In selecting investment products, Council has paid due consideration to risk by investing in products that have a minimum Standard and Poor's (S&P) rating of 'A'.

Trade and other receivables (\$127.63 million) – This balance includes:

- Rate debtors \$109.96 million.
- Infringement debtors of \$9.55 million (net of provision for doubtful debts).
- General debtors \$8.12 million (net of provision for doubtful debts).

Rate revenue (excluding supplementary rates) is accrued evenly over the year, although cash is received in quarterly instalments, nine direct debit payments or a lump sum, depending on how the ratepayer chooses to pay. Rate revenue in the Income Statement is a monthly accrual of the rates determined for the year in July.

Other assets (\$752,000) – This balance includes:

- Prepayments \$142,000 - expenses prepaid at 30 September 2021.
- Other deposits \$559,000 – represents \$75,000 deposit for Metropolitan Resource Recovery organic waste processing contract, \$250,000 deposit paid for Metropolitan Resource Recovery Landfill Services Gate Fee and \$234,000 deposit paid to South East Water for 5 Mason Street, Dandenong works.
- Accrued income \$51,000 – income earned but cash not yet received at 30 September 2021.

C2. Non-current assets

Property, infrastructure, plant and equipment (\$2.44 billion) – Includes Council roads, drains, buildings, plant and other fixed assets. These values are reflected after recognising the depreciation allowed against each asset.

Investment property (\$10.86 million) is separately classified from 'Property, infrastructure, plant and equipment' in accordance with Australian Accounting Standards. Any adjustment to the fair value of these assets is recorded in the Comprehensive Income Statement and these assets are not depreciated.

Right-of-use assets (\$414,000) – Represents leased (right of use) assets in accordance with the Accounting Standard AASB 16 'Leases'. Includes property, fleet, IT and office equipment that has been leased under ordinary lease arrangements.

Intangible assets (\$187,000) – Represents computer software assets. These values are reflected after recognising the associated amortisation expense.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

Financial Report for the period 1 July 2021 – 30 September 2021

Trade and other receivables (\$295,000) - \$222,000 for Council's share of funds held in trust by Whitehorse City Council relating to the former Narre Warren landfill site and a \$73,000 refundable bond with Western Health (originally related to Community Chef) which is expected to be returned upon completion of the contract.

C3. Current liabilities (debts due to be repaid within 12 months)

Trade and other payables (\$4.86 million) – This balance includes trade creditors arising from operations and capital works.

Trust funds and deposits (\$11.69 million) – Trust funds and deposits includes other refundable monies in respect of:

- Fire services property levy funds collected by Council on behalf of the State Government, but not yet paid on to the State Revenue Office (\$7.78 million). These monies are remitted to the State Revenue Office in accordance with legislative timeframes (28 days after each quarterly rate instalment date).
- Other deposits (\$1.72 million).
- Road deposits (\$562,000).
- Landscape deposits (\$1.09 million).
- Open space contributions (\$539,000).

Unearned income (\$57.84 million) – Represents income not yet earned in accordance with the new Accounting Standards AASB 1058 'Income of Not-For-Profit Entities' and AASB 15 'Revenue from Contracts with Customers' based on specific performance obligations that were not complete at 30 September 2021 in respect of:

- Developer Contribution Plan liabilities (DCP) – (\$40.21 million)
- Operating grants (\$6.76 million)
- Capital grants (\$10.71 million)
- Other (\$156,000).

Provisions (\$22.59 million) – This balance represents the provision for employee entitlements and landfill restoration works.

- Employee entitlements:
 - Long service leave entitlements - \$12.95 million.
 - Annual leave entitlements - \$8.76 million.
 - Rostered days off (RDO) - \$552,000.
- Landfill provision - \$331,000 - provision for the restoration and aftercare management of the former Spring Valley landfill site (closed). The former closed landfill is owned by the Council and is used as recreational open space. Council's share is 19.88% of the total future estimated costs.

Interest-bearing liabilities (\$2.54 million) – Represent the remaining repayment of long-term borrowings during 2021-22.

Lease liabilities (\$247,000) - Represents the lease repayments in respect of the right-of-use assets that are payable during 2021-22 and mainly comprise of property and information technology related lease obligations.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

Financial Report for the period 1 July 2021 – 30 September 2021

C4. Non-current liabilities (debts due to be repaid in future years)

Provisions (\$1.60 million) – Represents the provisions estimated to be paid beyond the 2021-22 financial year and comprises long service leave entitlements for employees (\$873,000) and landfill provision for restoration of Spring Valley landfill site (\$723,000) (Council's share is 19.88% of the total future estimated costs).

Trust funds and deposits (\$2.14 million) – Represents deposits that are payable beyond the 2021-22 financial year and comprises landscape deposits of \$139,000, contractor deposits of \$115,000 and asset protection bonds of \$1.88 million.

Interest-bearing liabilities (\$53.26 million) – Comprises the amount of outstanding borrowings to be repaid beyond the next 12 months.

Lease liabilities (\$160,000) – represents the amount of lease payments in respect of the right-of-use assets to be repaid beyond the next 12 months and mainly comprise of property and information technology related lease obligations.

C5. Net assets and equity

Net assets - Represents the difference between total assets and total liabilities. It is the Council's net worth to the City's ratepayers.

Reserves – Includes both statutory reserves (S) and discretionary reserves (D). The statutory reserves apply where funds are gained from the application of legislative requirements to contribute – and where expenditure of the funds is not entirely discretionary (i.e. the funds need to be used for certain expenditure only). The reserves listed below are explained in the notes to the cash flows that follow.

The discretionary reserves are:

- Major projects reserve
- Insurance fund reserve
- Council funded – Development Contribution Plans reserve
- Spring Valley landfill rehabilitation reserve
- Springvale Activity Precinct – Parking and Development reserve
- Dandenong Activity Precinct – Parking and Development reserve
- Native re-vegetation reserves
- Keysborough South Maintenance Levy reserve
- General reserve (Aged Care)
- Future maintenance reserve

The statutory reserves are:

- Open space – planning, development and improvements
- Open space – land acquisitions

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

Financial Report for the period 1 July 2021 – 30 September 2021

D. Cash Flow Statement

Cash and investment holdings total \$196.38 million at 30 September 2021, an increase of \$18.95 million since 30 June 2021. Total cash and investment holdings are made up of operating cash (\$49.50 million) and restricted cash (\$146.88 million).

Please refer to the next page for a detailed listing of Restricted Cash items, which are set aside for specific purposes.

Cash flows from operating activities – net inflow of \$29.82 million.

The major inflows are rates \$56.48 million, grants \$7.71 million, trust funds and deposits taken \$10.91 million, user fees \$1.41 million, monetary contributions \$1.93 million and statutory fees and fines \$1.78 million.

The major outflows are materials and services \$27.70 million, employee costs \$21.64 million and trust funds and deposits repaid \$3.39 million.

Trust funds and deposits taken and repaid mainly relate to fire services property levies (FSPL). The remittance of the FSPL and FSPL levy interest amounts are made to the State Revenue Office (SRO) 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. Council collects FSPL on behalf of the State Government.

Cash flows from investing activities – net outflow of \$9.15 million, including:

- \$9.25 million for capital works expenditure. The detailed capital works schedule is included in this report as Appendix 1. Please note the difference between the two capital expenditure amounts is due to the movement in capital trade creditors at the start and end of the reporting period. Appendix 1 is on an accrual basis.
- \$100,000 proceeds on asset sales mainly relating to the fleet replacement program.

Cash flows from financing activities – outflow of \$1.72 million. Council incurred \$712,000 in finance costs on its borrowings and repaid \$836,000 of existing loans. Council repaid \$168,000 of its leased liabilities as at 30 September 2021.

Restricted cash - Restricted cash represents funds that are set aside for specific purposes, as detailed in the following tables.

Type	30 Sep 2021	Notes
Reserve funds	\$'000	
Council funded Development Contribution Plans (DCP) reserve	20,107	Reserved for specific expenditure in accordance with the published DCP.
Open space – planning, development and improvements	5,516	Reserved for enhancing the City's open space by planning, development and improvements.
Open space – acquisitions	6,000	To fund acquisitions of new open space land.
Major projects reserve	28,954	Holds funds realised from the sale of Council's property assets or surplus Council funds that will be utilised for investing in other properties or funding future major projects.

ORDINARY COUNCIL MEETING - MINUTES

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Type	30 Sep 2021	Notes
Keysborough South Maintenance Levy	3,251	Reserved for specific maintenance expenditure relating to this area.
Spring Valley landfill rehabilitation	1,510	This reserve is for the rehabilitation of the Spring Valley landfill site.
Re-vegetation reserves	333	These funds are to meet native re-vegetation requirements on Council's reserves.
Insurance fund reserve	880	This fund has been created to meet large and unexpected policy excesses on multiple insurance claims.
Springvale Activity Precinct Parking and Development reserve	236	This reserve is to fund development in the Springvale Activity Centre.
Dandenong Activity Precinct Parking and Development reserve	1,610	This reserve is to fund development in the Dandenong Activity Centre.
General reserve (Aged Care)	1,103	Funds set aside for the aged care reforms.
Future maintenance reserve	206	Contribution funds for future works to address level crossing removal authority defects.
Total reserve funds	69,706	

Type	30 Sep 2021	Notes
Employee provisions	\$'000	
Long service leave	13,817	Funds set aside to meet long service leave commitments.
Annual leave and other	9,316	Funds set aside to meet annual leave and rostered days off (RDO) commitments.
Employee provisions	23,133	
Trust funds and deposits	\$'000	
Fire services property levy (FSPL) collected and due	7,782	Payable to State Revenue Office – legislative requirement.
Open space contributions	539	Pending completion of works.
Landscape deposits	1,232	Pending completion of works.
Road deposits	562	Pending completion of works.
Other trust funds and deposits	3,710	Refundable upon finalisation of programs.
Total trust funds and deposits	13,825	
Other restricted funds	\$'000	
DCP unearned income	40,214	Pending completion of works by developers.
Other restricted funds	40,214	
Total restricted cash	146,878	

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)Financial Report for the period 1 July 2021 – 30 September 2021

Statement of Capital Works

Total capital expenditure at 30 September 2021 was \$6.42 million. A further \$25.91 million was committed at the end of September. The following **CIP Expenditure Report** contains the expenditure status of each of the approved capital projects.

The timing of cash outflows and project completion can differ for capital projects. Commentary on the status of each project with major year to date variances are reported if the variance is greater than \$300,000.

No major variances to report this month.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Appendix 1

Capital Expenditure

ORDINARY COUNCIL MEETING - MINUTES

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

CIP Expenditure Report

	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	COMMIT	ANNUAL AMENDED BUDGET	ANNUAL ORIGINAL BUDGET
	\$	\$	\$	\$	\$	\$
PROPERTY						
Buildings						
1796. Wal Turner Reserve Master Plan	13,571	-	(13,571)	1,082	150,000	150,000
1818. Safety, Security & Space Activation	-	-	-	-	193,994	193,994
1869. Feasibility Study D'ong Commun.Hub	-	10,000	10,000	-	325,000	325,000
3044. Roof Safety Program	-	5,000	5,000	-	157,000	157,000
3179. Shepley Regional Multipurpose Ctr	-	-	-	-	150,000	150,000
3219. Thomas Carroll Pavilion	111,125	110,000	(1,125)	23,333	5,294,615	3,000,000
3361. Springers Leisure Works	22,860	21,500	(1,360)	0	31,500	31,500
3543. Public Toilet Strategy-Implement	4,500	-	(4,500)	252,342	840,000	840,000
3547. George Andrews Reserve-Bld Modific.	-	-	-	-	328,435	-
3548. Keysborough South Community Hub Dev	58,618	62,205	3,587	182,280	12,754,272	10,229,862
3793. Dandenong Market Utility Srv Infra	-	-	-	-	100,000	-
3804. CCTV/Security Capital Program	-	-	-	-	105,000	105,000
3820. Noble Park Aquatic Ctr Mechan.&Pump	1,947	2,000	53	-	36,000	36,000
3821. Oasis Leisure Ctr Mechan. & Pump	-	-	-	-	10,000	10,000
3874. Building Renewal Prg.- HVAC	-	35,000	35,000	4,150	297,000	297,000
3876. Building Renewal Prg.- Bathroom	12,618	45,000	32,382	144,832	385,000	385,000
3877. Building Renewal Prg.- Flooring	-	12,000	12,000	23,860	103,000	103,000
3878. Building Renewal Prg.- Lift Refurb.	-	-	-	-	100,000	100,000
3879. Building Renewal Prg.- Minor Works	9,511	10,000	489	39,403	92,000	92,000
3880. Building Renewal Prg.- Roof	700	23,000	22,300	53,986	203,000	203,000
3883. Building Renewal Prg.- Kitchen & Eq	25,587	33,000	7,413	167,180	280,000	280,000
3902. Ross Reserve Pavilion	998,153	983,474	(14,679)	5,975,917	8,386,948	7,900,000
3904. Building Renewal Prg. - Theatre	7,689	6,000	(1,689)	-	175,762	52,000
3906. Greater D'ong Gallery of Art	64,057	72,431	8,374	44,128	2,504,863	-
3946. Building Renewal Prg.-Aquatic & Lei	87,784	33,000	(54,784)	21,874	289,000	289,000
3947. Building Renewal Prg.- Project	3,000	18,000	15,000	19,400	156,000	156,000
3949. NPAC Redevelopment	504,729	505,000	271	5,313,056	6,525,203	4,200,000
3951. Ross Res P/grnd-Change Plc Toilet	121,078	103,555	(17,523)	4,914	103,555	-
3952. S/Vale Library/Civic-Storage&Equip	1,860	5,000	3,140	2,268	97,005	-
3957. Audio Visual Equipment Renewal	-	13,000	13,000	99,493	110,000	110,000
3974. Dandenong Oasis Replacement	442,279	425,000	(17,279)	2,336,665	4,967,942	3,300,000
4000. MCH Centres (x6) Works	-	-	-	-	26,000	26,000
4001. Dandenong Market Works	1,540	-	(1,540)	8,197	420,000	420,000
4002. Springvale Reserve Boardroom	-	-	-	-	20,000	20,000
4003. Springvale Reserve Changerooms (x2)	12,900	-	(12,900)	58,060	325,000	325,000
4004. Balmoral Car	-	-	-	-	942,793	942,793
4026. Springvale Town Hall Works	-	-	-	7,300	18,000	18,000
Leasehold Improvements						
3941. Police Paddocks Res. Grandstand	-	-	-	82	434,860	-
4005. Keysb PS Kinder Fitout	-	-	-	-	50,000	50,000
4006. Police Paddocks Soccer Function Rm	-	-	-	-	300,000	300,000
4028. Police Paddocks Batting Cage	7,450	-	(7,450)	45,520	123,750	-
4029. Police Paddocks Fence/Dugout	3,414	-	(3,414)	225,783	-	-
Total property	2,516,970	2,533,165	16,195	15,055,106	48,024,137	34,797,149

ORDINARY COUNCIL MEETING - MINUTES

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

CIP Expenditure Report

	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	COMMIT	ANNUAL AMENDED BUDGET	ANNUAL ORIGINAL BUDGET
	\$	\$	\$	\$	\$	\$
PLANT AND EQUIPMENT						
Plant, machinery and equipment						
1445. Fleet Purchases	151,938	29,000	(122,938)	66,115	3,542,000	2,837,000
Library books						
3104. Library Resources	133,896	172,000	38,104	714,664	878,000	878,000
Computers and telecommunications						
3914. Asset Management System	207,993	210,000	2,007	50,135	337,197	-
3959. Emergency Relief Centres-Equipment	2,098	3,000	902	1,639	24,803	-
4007. Merit CRM Replacement	-	-	-	-	500,000	500,000
Fixtures, fittings and furniture						
3198. Public Art Program	-	-	-	-	20,000	20,000
3314. Public hall equipment	92,792	93,000	208	9,396	300,937	60,000
Total plant and equipment	588,718	507,000	(81,718)	841,948	5,807,937	4,295,000
INFRASTRUCTURE						
Parks, open space and streetscapes						
1629. 275 Lonsdale St Dnong-Vanity Lane	65,183	67,249	2,066	63,834	1,244,499	134,000
1747. Barry Powell Reserve Master Plan	-	47,973	47,973	-	95,947	-
1818. Safety, Security & Space Activation	-	17,270	17,270	-	182,116	164,846
2126. Herbert St Pocket Park	-	-	-	2,750	548,588	275,000
3065. Public Place Recycling Bin Instal.	-	-	-	-	55,000	55,000
3192. NPR Douglas St Streetscape	298,241	300,000	1,759	369,517	1,177,543	1,177,543
3272. Indigenous Public Art SCP	2,605	-	(2,605)	-	31,015	-
3438. Hemmings St N'hood Act Ctr	-	-	-	-	40,000	40,000
3442. NPR Noble Park Revitalisation	-	-	-	11,635	610,000	610,000
3454. Dogs off leash program	-	15,963	15,963	-	31,927	-
3490. Springvale Road Boulevard	300,781	302,426	1,645	4,900,991	5,284,684	1,385,939
3631. Dandenong Park Master Plan	4,927	160,506	155,579	-	321,011	-
3747. Streetscapes - Activity Centres	5,416	-	(5,416)	0	-	-
3848. LRCl Hemmings SC Streetscape	3,055	-	(3,055)	5,143	29,637	-
3849. Frederick Wachter Res. Master Plan	13,074	306,156	293,082	492,036	612,308	-
3853. Parkfield Res. Master Plan Impl.	1,300	67,914	66,614	11,541	135,824	-
3900. Ross Reserve Plaza/Play/Oval/Path	50,343	50,277	(66)	28,810	714,797	200,000
3929. Act Crt Strat Plan Imp - D'nong	216	-	(216)	75,987	49,760	-
3931. Guardrail Upgrade Program	-	5,000	5,000	-	113,411	113,411
3932. Open Space Infra Renewal Prg	4,008	5,000	992	930	165,000	165,000
3933. Sports Lighting Plan Imp.	-	-	-	23,860	147,377	-
3934. Parking Sensor Implementation	67,911	68,000	89	-	408,000	300,000
3936. Glendale Reserve Landscaping	-	5,000	5,000	-	150,000	150,000
3970. Alan Corrigan Exercise Equipment	24,810	25,000	190	41,914	270,000	270,000
3973. Signage Renewal Program	-	-	-	-	30,000	30,000
3977. LXRA Rectification Works	-	-	-	53,355	40,000	40,000
4012. Alex Wilkie Wetlands & S/Water	-	-	-	-	50,000	50,000
4013. Charlotte Resv Local Park Fur.&L/SC	-	5,000	5,000	-	80,000	80,000
4014. NPR Frank Street Open Space	3,436	5,000	1,564	300	500,000	500,000
4015. Lonsdale/Halpin Pedestrian Lights	-	5,000	5,000	167,081	166,000	166,000
4016. Neighbourhood Act Ctr F/Wrk Imp	-	5,000	5,000	32	100,000	100,000
4017. Pocket Parks (x4) NPark & S/vale	-	-	-	-	40,000	40,000
4018. Tirhatuan Park Wetland	-	-	-	-	50,000	50,000
4019. Turner Close Resv Work	-	5,000	5,000	-	100,000	100,000
4020. Railway Parade SC S/Scape	5,220	5,000	(220)	380	100,000	100,000
4021. Browns Reserve Upgrade Works	-	-	-	-	70,000	70,000
4022. Burden Park Bowls BBQ Area	-	-	-	-	60,000	60,000
4027. NPR Ian St S/Scape Upgrade Construc	-	-	-	-	850,000	850,000
4030. Tatterson Park Oval 1 Lighting	22,334	24,000	1,666	30,680	313,652	-

Page 19

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

CIP Expenditure Report

	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	COMMIT	ANNUAL AMENDED BUDGET	ANNUAL ORIGINAL BUDGET
	\$	\$	\$	\$	\$	\$
Recreational, leisure and community facilities						
1747. Barry Powell Reserve Master Plan	-	10,000	10,000	-	235,000	235,000
1859. Rowley Allan Reserve	2,350	15,000	12,650	-	300,000	300,000
3029. Playground Improvements	5,017	25,000	19,983	1,400	500,000	500,000
3687. Roth Hetherington Reserve	5,638	-	(5,638)	13,156	20,000	20,000
3849. Frederick Wachter Res. Master Plan	548	1,000	452	-	450,000	450,000
3853. Parkfield Res. Master Plan Impl.	3,370	12,500	9,130	-	250,000	250,000
3854. Burden Park Res. Master Plan Impl.	936	1,000	64	-	500,000	500,000
3900. Ross Reserve Plaza/Play/Oval/Path	161,912	96,686	(65,226)	178,284	96,686	-
3925. Active Fencing Program	7,463	10,000	2,537	187,874	200,000	200,000
3966. Tirhatuan Park - Basketball Court	478	10,000	9,522	-	220,300	220,300
3969. Thomas Carroll-Cricket/Play/Light	-	12,500	12,500	-	250,000	250,000
4008. Greaves Resv Netball Crt & Car Pk	1,600	5,000	3,400	-	100,000	100,000
4011. Hennessy Reserve Playgrnd & L/Scape	-	5,000	5,000	-	100,000	100,000
4023. Warner Reserve Community Garden	-	-	-	-	40,000	40,000
4024. Noble Park Reserve Plgmd Shade	-	5,000	5,000	-	80,000	80,000
4025. Noble Park Comm Ctr Petanque	-	-	-	-	50,000	50,000
4031. Ross Reserve Soccer Pitch	478	-	(478)	-	616,000	-
Roads						
1629. 275 Lonsdale St Dnong-Vaniry Lane	14,736	15,000	264	6,181	29,523	-
3080. Abbots Road DCP item L102	269,463	272,216	2,753	1,314,122	6,434,433	2,090,000
3373. Municipal wide, Kerb and Channel	145,327	80,000	(65,327)	155,283	500,000	500,000
3418. Municipal Wide,LATM Program	59,678	34,000	(25,678)	-	600,000	600,000
3752. Local Road Rehab.Prg-Implement R2R	-	100,000	100,000	196,363	1,515,113	1,017,807
3753. Local Road Surf./Rehabit. Prg.	325,847	243,000	(82,847)	314,397	2,919,436	2,656,596
3828. Activity Centre Proj. Mason St	-	-	-	7,350	422,852	-
3938. Kerb & Channel Resurfacing Program	375,575	377,000	1,425	215,973	664,149	664,149
3942. Black Spot Works Program	14,071	15,000	929	529,849	2,140,581	-
3944. Keysb Sth Comm Hub Access Road	518,390	518,000	(390)	201,306	584,125	-
3962. Bakers Road Service Road	-	-	-	-	206,200	206,200
4009. LRCI-Colemans Rd Reconstruction	-	20,000	20,000	-	1,226,500	1,226,500
Bridges						
3185. Municipal Wide - Bridges	-	10,000	10,000	-	100,000	100,000
Footpath and cycleways						
3174. Active Transport Infra.Priority Pat	6,995	7,675	680	20,099	475,347	300,000
3355. Municipal Wide-Footpath Renewal	227,510	484,000	256,490	90,672	1,400,000	1,400,000
3589. Dandenong Creek Trail User Paths	-	10,000	10,000	-	430,000	430,000
Off street car parks						
1747. Barry Powell Reserve Master Plan	-	-	-	-	60,000	60,000
3937. Car Park Renewal Program	-	5,000	5,000	-	46,000	46,000
Drainage						
3019. Major Drainage Renewal Prg.	187,757	20,000	(167,757)	130,926	523,029	400,000
3939. Drainage Reactive Renewal Program	100,359	100,000	(359)	142,964	300,000	300,000
4010. LRCI-Callander Rd Drain	10,810	100,000	89,190	28,190	1,759,808	1,700,000
Total infrastructure	3,319,167	4,117,311	798,144	10,015,163	41,423,200	24,269,291
GRAND TOTAL	6,424,855	7,157,476	732,621	25,912,217	95,255,274	63,361,440

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Appendix 2

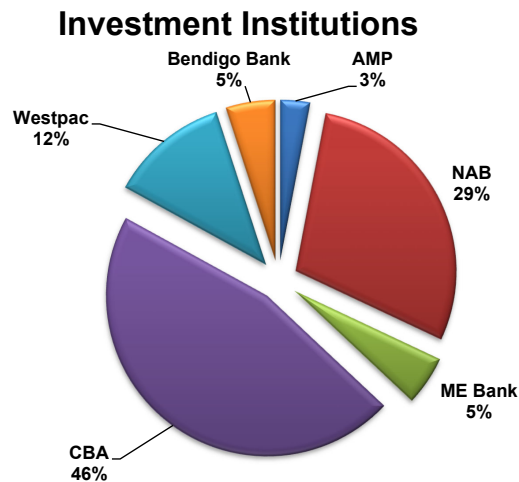
Investment Analysis

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



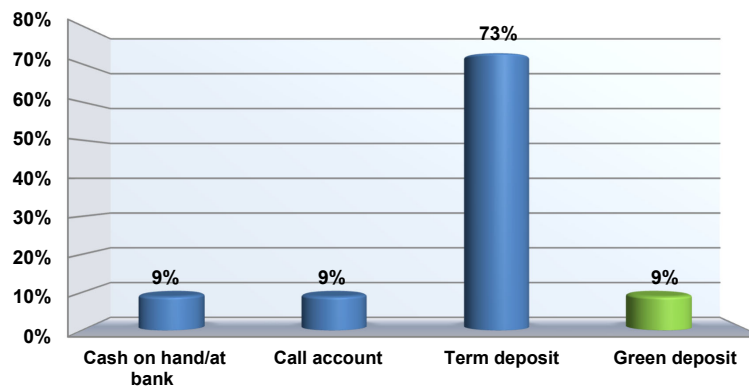
Financial Report for the period 1 July 2021 – 30 September 2021

Cash and Investments



Policy limit - no single institution shall comprise more than 35% of the total investment portfolio, unless the investment is with Council's banker (CBA).

Portfolio Products



Note: Green deposit: 9% (or \$18.27 million) was invested at 30 September 2021. These investments are certified against Climate Bonds Initiative – Climate Bonds Standard, the same certification as green bonds.

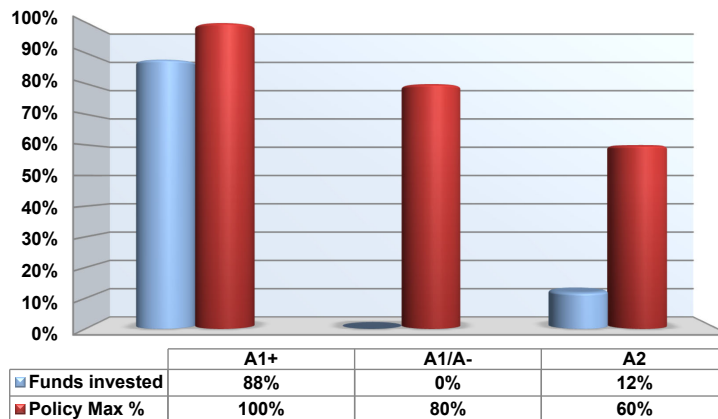
4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



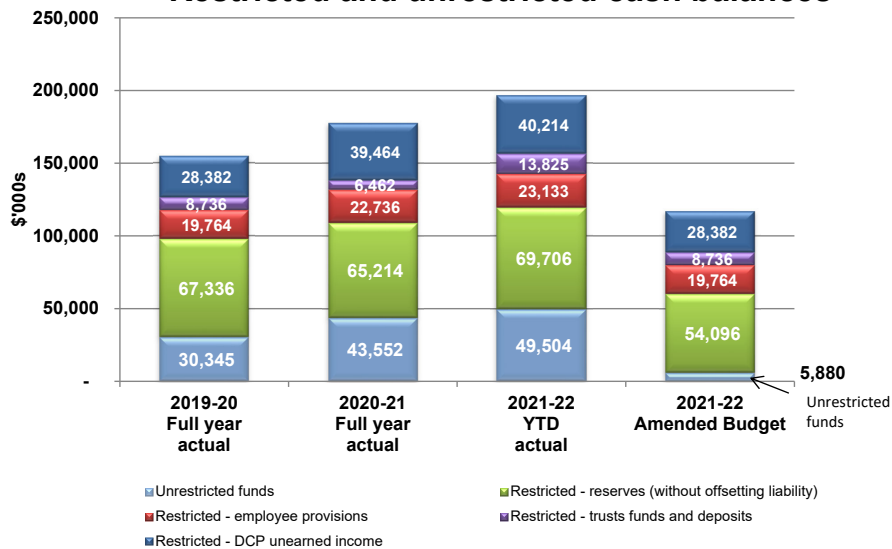
Financial Report for the period 1 July 2021 – 30 September 2021

Cash and Investments

Investment Credit Rating



Restricted and unrestricted cash balances

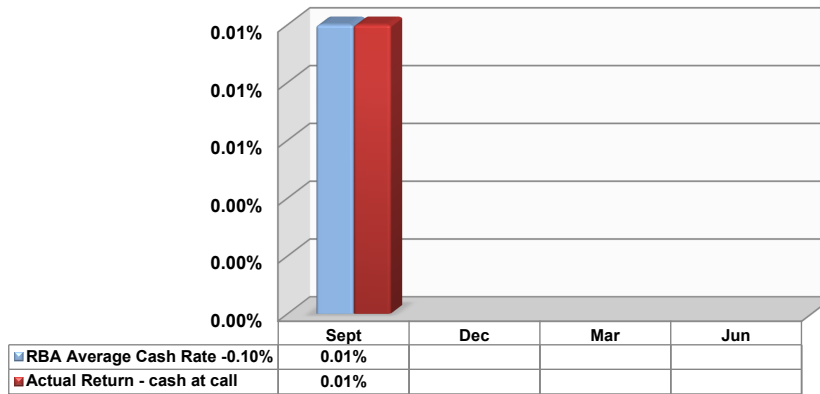


4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)

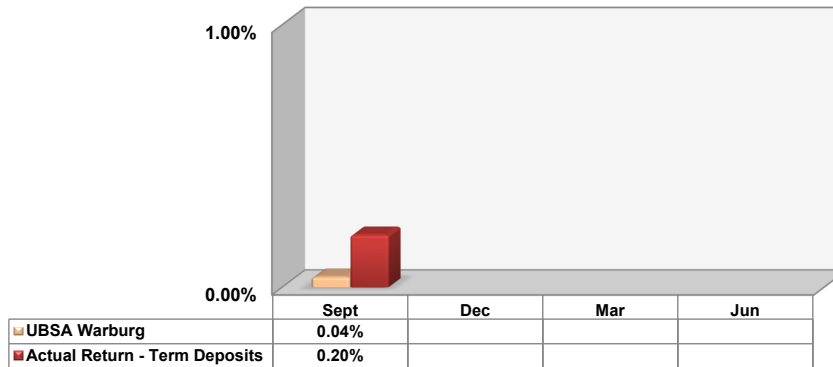


Financial Report for the period 1 July 2021 – 30 September 2021

Benchmark Indicator - Cash at Call



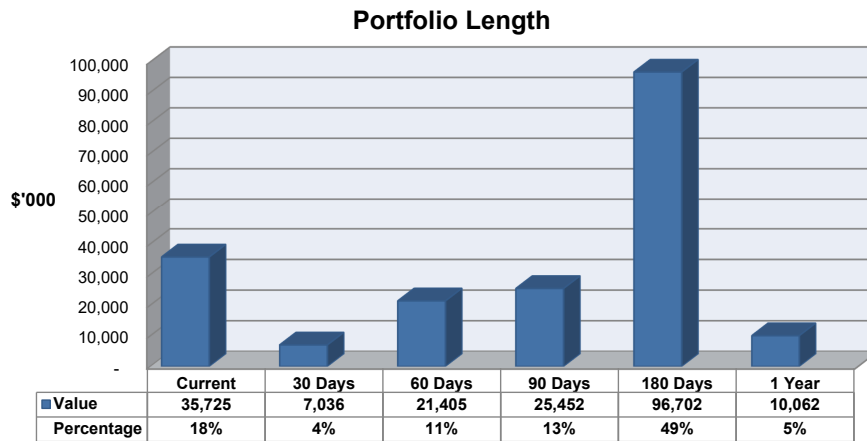
Benchmark Indicator - Term/Green Deposits



4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021



4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Appendix 3

Directorate Analysis

ORDINARY COUNCIL MEETING - MINUTES

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Total Operating Results

CGD BY DIRECTORATE

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Chief Executive Office	-	-	-	-	-
Greater Dandenong Business	165	127	38	258	258
Corporate Services	652	808	(156)	4,002	4,002
Engineering Services	6,364	6,396	(32)	26,346	25,914
City Planning Design and Amenity	3,696	3,725	(29)	12,938	12,938
Community Services	5,185	5,425	(240)	22,065	21,691
Non-Directorate ^(a)	37,613	37,014	599	151,678	158,028
Capital Works Program	2,608	2,360	248	21,778	12,931
Total income	56,283	55,855	428	239,065	235,762
Expenses					
Chief Executive Office	130	142	12	703	703
Greater Dandenong Business	1,055	1,104	49	5,349	4,236
Corporate Services	7,536	7,944	408	24,074	23,608
Engineering Services	13,528	14,408	880	67,996	66,466
City Planning Design and Amenity	4,009	4,241	232	19,087	18,882
Community Services	11,891	13,247	1,356	56,930	51,849
Non-Directorate ^(a)	9,427	9,488	61	38,786	38,613
Capital Works Program	-	-	-	-	-
Total expenses	47,576	50,574	2,998	212,925	204,357
Net surplus (deficit)	8,707	5,281	3,426	26,140	31,405

^(a) Non Directorate includes non-attributable items such as rates income, developer's contributions, interest income, non-monetary assets, finance costs and depreciation.

Note. Total income and total expenditure may differ to the operating result on the previous page due to the treatment of proceeds from asset sales and associated written down value.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

CEO DIRECTORATE

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Other income	-	-	-	-	-
Total income	-	-	-	-	-
Expenses					
Employee costs	127	139	12	589	589
Materials and services	3	3	-	108	108
Other expenses	-	-	-	6	6
Total expenses	130	142	12	703	703
Net surplus (deficit)	(130)	(142)	12	(703)	(703)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
CEO	-	-	-	-	-
Total income	-	-	-	-	-
Expenses					
CEO	130	142	12	703	703
Total expenses	130	142	12	703	703
Net surplus (deficit)	(130)	(142)	12	(703)	(703)

Notes:

No notes/comments required for this directorate.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

GREATER DANDENONG BUSINESS GROUP

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
User fees	-	-	-	6	6
Grants - operating	153	115	38	115	115
Other income	12	12	-	137	137
Total income	165	127	38	258	258
Expenses					
Employee costs	650	678	28	2,855	2,731
Materials and services	403	412	9	2,218	1,373
Other expenses	1	14	13	276	132
Total expenses	1,054	1,104	50	5,349	4,236
Net surplus (deficit)	(889)	(977)	88	(5,091)	(3,978)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Greater Dandenong Business Executive	-	-	-	-	-
Business Networks	143	125	18	165	165
Activity Centres Revitalisation	-	-	-	6	6
Major Projects	21	-	21	81	81
Economic Development	1	2	(1)	6	6
Total income	165	127	38	258	258
Expenses					
Greater Dandenong Business Executive	100	96	(4)	407	407
Business Networks	192	223	31	1,031	757
Activity Centres Revitalisation	376	376	-	1,901	1,231
Major Projects	102	127	25	515	456
Economic Development	284	282	(2)	1,495	1,385
Total expenses	1,054	1,104	50	5,349	4,236
Net surplus (deficit)	(889)	(977)	88	(5,091)	(3,978)

Notes:

No notes/comments required for this directorate.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

CORPORATE SERVICES DIRECTORATE

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Statutory fees and fines	35	25	10	100	100
User fees	(1)	-	(1)	22	22
Grants - operating	49	48	1	48	48
Other income	1 569	735	(166)	3,832	3,832
Total income	652	808	(156)	4,002	4,002
Expenses					
Employee costs	2 3,325	3,553	228	14,805	14,588
Materials and services	3 3,833	3,971	138	7,934	7,685
Other expenses	378	420	42	1,335	1,335
Total expenses	7,536	7,944	408	24,074	23,608
Net surplus (deficit)	(6,884)	(7,136)	252	(20,072)	(19,606)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Corporate Services Executive	-	-	-	-	-
Communications and Customer Service	63	213	(150)	853	853
Governance	449	447	2	2,749	2,749
Information Technology	5	-	5	-	-
Financial Services	66	91	(25)	323	323
People and Procurement Services	69	57	12	77	77
Total income	652	808	(156)	4,002	4,002
Expenses					
Corporate Services Executive	33	146	113	612	612
Communications and Customer Service	1,172	1,425	253	5,912	5,912
Governance	675	795	120	3,210	3,210
Information Technology	2,538	2,614	76	5,720	5,470
Financial Services	657	695	38	2,961	2,961
People and Procurement Services	2,461	2,269	(192)	5,659	5,443
Total expenses	7,536	7,944	408	24,074	23,608
Net surplus (deficit)	(6,884)	(7,136)	252	(20,072)	(19,606)

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)Financial Report for the period 1 July 2021 – 30 September 2021

Corporate Services Directorate**Income**

Note 1 Other income (\$166,000 unfavourable) – Unfavourable variance is due mainly to the COVID-19 lockdown restrictions resulting in lower rental of facilities (Civic Facilities \$99,000, Jan Wilson Community Centre \$19,000, Paddy O'Donoghue \$17,000 and Senior Citizen Facilities \$16,000). Some of this variance will be permanent. Full year impacts will be assessed as part of the Mid-Year Budget Review.

It is anticipated lower rental income from Council facilities will be permanent in nature and the full year impact will be reviewed as part of the Mid-Year Budget Review process.

Expenditure

Note 2 Employee costs (\$228,000 favourable) – The favourable variance is primarily due to vacant positions, a reduction in the use of casuals and temporary staff (Civic Facilities \$83,000, Corporate Services Executive \$77,000, Call and Service Centres \$60,000 and Emergency Management Grants \$26,000).

This favourable variance is partly offset by two unbudgeted positions and higher than anticipated overtime (Organisational Development Executive \$46,000).

Note 3 Materials and services (\$138,000 favourable) - Favourable variance due to delay in receipt of invoices, commencement of projects and lower than anticipated printing and stationery, postage and storage, subscriptions and professional services (Technical Services \$54,000, Property Revenue \$46,000, Property Management Administration \$41,000, Organisational Development Executive \$29,000, Communications and Customer Service Executive \$29,000, Records Management \$28,000, Governance \$24,000, Business Systems \$24,000, Jan Wilson Community Centre \$18,000 and Civic Facilities \$17,000).

This favourable variance is partly offset by higher than anticipated insurance premiums (Risk Management \$95,000 and is a permanent variance), advertising and IT costs (Organisational Development Executive \$49,000). The advertising costs will be reallocated to the relevant business units in the next quarter, whereas the IT costs relate to the new PULSE onboarding and recruitment modules which is expected to be included in the Mid-Year Budget Review as it is unable to be managed within the annual budget allocation.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

ENGINEERING SERVICES DIRECTORATE

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Rates and charges	5,871	5,862	9	23,317	23,317
Statutory fees and fines	137	111	26	444	444
User fees	159	146	13	586	586
Grants - operating	7	-	7	31	-
Contributions - monetary	2	-	2	-	-
Asset sales	4 100	177	(77)	704	704
Other income	88	100	(12)	1,264	863
Total income	6,364	6,396	(32)	26,346	25,914
Expenses					
Employee costs	5 4,373	4,437	64	18,800	18,677
Materials and services	6 9,085	9,907	822	48,783	47,376
Bad and doubtful debts	-	-	-	1	1
Carrying amount of assets sold	32	30	(2)	301	301
Other expenses	38	34	(4)	111	111
Total expenses	13,528	14,408	880	67,996	66,466
Net surplus (deficit)	(7,164)	(8,012)	848	(41,650)	(40,552)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Engineering Services Executive	-	-	-	-	-
Infrastructure Services	5,985	6,045	(60)	24,997	24,565
City Projects and Asset Improvement	11	19	(8)	19	19
Infrastructure Planning	368	332	36	1,330	1,330
Total income	6,364	6,396	(32)	26,346	25,914
Expenses					
Engineering Services Executive	-	-	-	-	-
Infrastructure Services	10,758	11,314	556	54,060	52,970
City Projects and Asset Improvement	2,294	2,561	267	11,797	11,357
Infrastructure Planning	476	533	57	2,139	2,139
Total expenses	13,528	14,408	880	67,996	66,466
Net surplus (deficit)	(7,164)	(8,012)	848	(41,650)	(40,552)

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)Financial Report for the period 1 July 2021 – 30 September 2021

Engineering Services Directorate**Income**

Note 4 Asset sales (\$77,000 unfavourable) – Unfavourable variance due to a delay in disposing retired service vehicles (retained for use during COVID-19 restrictions) (Fleet Management \$77,000).

Expenditure

Note 5 Employee costs (\$64,000 favourable) – Favourable variance due to delay in recruitment and lower temporary agency staff costs (Parks Services \$149,000, CIP Implementation \$104,000, Roads \$33,000 and Infrastructure Service and Planning Executive \$17,000).

This favourable variance is partly offset by a higher than anticipated temporary agency staff costs (Cleansing \$116,000, Waste Management \$24,000 and City Improvement Executive \$24,000) and higher than anticipated salary expenditure (Asset Management System Implementation \$43,000).

Note 6 Materials and services (\$122,000 favourable) - Favourable variance due to timing of works, delay in receipt of invoices from contractors and lower utility costs, mainly electricity and water (Parks Services \$316,000, Building Maintenance \$207,000, Roads & Drains \$93,000, Fleet Management \$89,000 and Cleansing \$82,000) and higher asset protection reinstatement costs which are offset by higher recovery income received (Asset Protection \$37,000).

This favourable variance is partly offset by higher than anticipated professional services (City Improvement Executive \$41,000 and Spring Valley Landfill \$24,000).

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

CITY PLANNING, DESIGN & AMENITY

OPERATING RESULT

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income						
Statutory fees and fines	7	1,786	1,963	(177)	7,533	7,533
User fees	8	1,365	1,653	(288)	4,631	4,631
Grants - operating	9	544	107	437	685	685
Other income	1	2		(1)	89	89
Total income		3,696	3,725	(29)	12,938	12,938
Expenses						
Employee costs	10	3,134	3,348	214	14,128	14,128
Materials and services		869	882	13	3,340	3,135
Bad and doubtful debts		2	-	(2)	1,558	1,558
Other expenses		4	11	7	61	61
Total expenses		4,009	4,241	232	19,087	18,882
Net surplus (deficit)		(313)	(516)	203	(6,149)	(5,944)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
City Planning, Design and Amenity Exec.	-	-	-	-	-
Building Services	1,134	1,350	(216)	2,465	2,465
Planning and Design	536	476	60	1,905	1,905
Regulatory Services	2,026	1,899	127	8,568	8,568
Total income	3,696	3,725	(29)	12,938	12,938
Expenses					
City Planning, Design and Amenity Exec.	133	114	(19)	470	470
Building Services	1,118	995	(123)	4,041	3,868
Planning and Design	1,236	1,363	127	5,507	5,475
Regulatory Services	1,522	1,769	247	9,069	9,069
Total expenses	4,009	4,241	232	19,087	18,882
Net surplus (deficit)	(313)	(516)	203	(6,149)	(5,944)

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

City Planning, Design and Amenity Directorate

Income

Note 7 Statutory fees and fines (\$177,000 unfavourable) – Unfavourable variance due to lower than anticipated fines issued (Planning Compliance \$109,000, Parking Management \$64,000, General Law Enforcement \$45,000, Health \$40,000 and Animal Management \$30,000). This is due to current COVID-19 restrictions impacting activity levels and is forecast to be permanent in nature. A full review will be undertaken and reported in the Mid-Year Budget Review.

The unfavourable variance is partly offset by higher than anticipated income from planning (Statutory Planning \$77,000) and building applications (Building \$38,000).

Note 8 User fees (\$288,000 unfavourable) – Unfavourable variance is due to COVID-19 state government restrictions resulting in lower activity in the following areas:

- Ticket machines/meters (Parking Management \$242,000).
- Car parking permits (Car Parks \$78,000).
- Health and food fees (Health \$60,000).
- Permit and inspection fees (Building \$45,000)

This unfavourable variance is offset by higher than anticipated income from the Walker Street carpark (Car Parks \$61,000).

This will continue to be monitored and reviewed as part of the Mid-Year Budget process however it is anticipated the majority of the above variances will be permanent in nature.

Note 9 Grant-operating (\$437,000 favourable) – Favourable variance is due to receipt of grant earlier than anticipated (School crossing \$437,000). This will correct in October.

Expenditure

Note 10 Employee costs (\$146,000 favourable) – Favourable variance due to a delay in filling vacant positions (Statutory Planning \$79,000, Animal Management \$44,000, Public Safety and Security \$38,000, Parking Management \$38,000, Regulatory Services \$23,000, General Law Enforcement \$23,000, LG Capacity Building Grant \$20,000 and School Crossing \$19,000)

This favourable variance is offset by higher than anticipated temporary staff costs (Health \$42,000 and Planning Compliance \$21,000).

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

COMMUNITY SERVICES DIRECTORATE

OPERATING RESULT

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income						
User fees		558	579	(21)	2,728	2,728
Grants - operating	11	4,488	4,562	(74)	18,013	17,638
Other income	12	139	284	(145)	1,324	1,325
Total income		5,185	5,425	(240)	22,065	21,691
Expenses						
Employee costs	13	8,324	9,247	923	38,995	35,060
Materials and services	14	2,876	3,603	727	15,295	14,352
Bad and doubtful debts		-	-	-	9	9
Amortisation - intangible assets		-	-	-	6	6
Other expenses	15	691	397	(294)	2,625	2,422
Total expenses		11,891	13,247	1,356	56,930	51,849
Net surplus (deficit)		(6,706)	(7,822)	1,116	(34,865)	(30,158)

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Community Services Executive	-	-	-	-	-
Community Wellbeing	2,974	2,256	718	9,452	9,084
Community Care	1,502	1,778	(276)	9,909	9,909
Community Arts, Culture and Libraries	663	1,224	(561)	1,970	1,964
Community Development, Sports and Recreation	46	167	(121)	734	734
Total income	5,185	5,425	(240)	22,065	21,691
Expenses					
Community Services Executive	187	186	(1)	803	744
Community Wellbeing	3,904	4,578	674	19,768	15,244
Community Care	3,240	3,288	48	14,234	14,090
Community Arts, Culture and Libraries	2,699	2,911	212	10,676	10,609
Community Development, Sports and Recreation	1,861	2,284	423	11,449	11,162
Total expenses	11,891	13,247	1,356	56,930	51,849
Net surplus (deficit)	(6,706)	(7,822)	1,116	(34,865)	(30,158)

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Community Services Directorate

Income

Note 11 Grants – operating (\$74,000 unfavourable) - Unfavourable variance due to:

Delay in receipt of grant funding:

- Library and Information Services \$412,000
- Sleep and Settling Initiative \$44,000

Lower than anticipated grant funding based on target achievement for (to be assessed during the Mid-Year Budget review):

- HACC – Assessments & Team Leaders \$207,000
- Home and Community Care \$58,000
- Planned Activity Group \$54,000

These favourable variances are partly offset by:

Additional or grant funding received earlier than anticipated:

- Family Day Care \$471,000
- Child First \$100,000
- Y-Space \$13,000

New (unbudgeted) grant funding received (to be addressed in the Mid-Year Budget):

- New Directions – Mothers and Babies \$85,000
- Drug Strategy \$35,000

Note 12 Other income (\$145,000 unfavourable) – Unfavourable variance due to lower than anticipated rental income (Dandenong Indoor Sports Stadium \$52,000, Sports Planning \$60,000 and Drum Theatre \$46,000) due to COVID-19 lockdown closures, and recovery income (Library Services \$32,000). It is anticipated that this unfavourable variance will be permanent in nature and the full year impact will be reviewed as part of the Mid-Year Budget Review process.

Expenses

Note 13 Employee costs (\$923,000 favourable) – \$906,000 of this favourable variance relates to grant funded programs (which require an acquittal) caused by a delay in recruitment (Enhanced MCH Program \$325,000, Child First \$244,000, Sleep and Settling Initiative \$160,000, Playgroups Initiative \$70,000, Pre-School Field Officer \$47,000, Right@Home \$37,000 and Drug Strategy \$27,000).

The remaining favourable variance is due to a delay in recruitment (Children's Support Services \$58,000, Library and Information Services \$52,000, Youth Development \$46,000, PYP Linkages \$39,000, HACC – Assessments and Team Leaders \$28,000, Cultural Development \$19,000, Planned Activity Group \$18,000, Community Transport \$17,000, Maternal and Child Health \$17,000, Community Development \$16,000 and Food Services \$16,000).

The favourable variance is partly offset by higher temporary/agency staff (Home and Community Care \$219,000 and Community Funding \$32,000), increased hours due to COVID-19 social distancing requirements (Immunisation \$33,000) and change of working conditions (The Drum Theatre \$47,000).

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)Financial Report for the period 1 July 2021 – 30 September 2021

Note 14 Material and services (\$727,000 favourable) – Favourable variance due to:

- Delay in receipt of contract management fee invoices (Leisure Centres \$747,000) combined with actual expenditure for South East Leisure company establishment occurring in 'Other expenses' but budgeted in 'Materials and services' (see Note 15 below). The South East Leisure budget will be reallocated to different expense line items as part of the Mid-Year Budget review.
- Lower than anticipated expenditure for materials, delay in receipt of invoices and commencement of projects (Home and Community Care \$95,000, Library Services \$83,000, Cultural Development \$48,000, Festivals and Events \$37,000, Food Services \$21,000, PYP Linkages \$21,000, Drum Theatre \$18,000, Cultural Venues \$14,000, Enhanced MCH Program \$13,000 and Community Funding \$11,000).

This favourable variance is partly offset by higher payments to educators (Family Day Care \$436,000) relating to additional service delivery requirements which is offset by higher grant income and higher than anticipated professional services expenditure (Community Development \$13,000).

Note 15 Other expenses (\$295,000 unfavourable) – Unfavourable variance mainly due to establishment expenditure relating to South East Leisure which has been budgeted in 'Materials and Services' (\$300,000 – see Note 14 above). This will be reviewed and reallocated in the Mid-Year Budget.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

NON-DIRECTORATE

OPERATING RESULT

Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Rates and charges	34,871	34,857	14	132,936	132,936
Statutory fees and fines	47	38	9	150	150
Grants - operating	16 1,490	1,429	61	5,715	12,066
Contributions - monetary	17 1,130	500	630	2,000	2,000
Contributions - non-monetary	-	-	-	10,000	10,000
Other income	18 75	190	(115)	877	876
Total income	37,613	37,014	599	151,678	158,028
Expenses					
Employee costs	-	27	27	1,064	1,028
Materials and services	101	125	24	537	537
Prior year capital expenditure unable to be capitalised (non-cash)	19 80	-	(80)	-	-
Depreciation	8,316	8,316	-	33,277	33,277
Amortisation - intangible assets	15	15	-	60	60
Amortisation - right of use assets	149	149	-	598	598
Borrowing costs	718	718	-	2,802	2,802
Finance costs - leases	-	-	-	22	22
Other expenses	20 48	138	90	426	289
Total expenses	9,427	9,488	61	38,786	38,613
Net surplus (deficit)	28,186	27,526	660	112,892	119,415

BUSINESS UNITS

	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income					
Governance	-	-	-	-	-
Corporate Accounting	36,482	36,514	(32)	149,678	156,028
Planning and Design	1,131	500	631	2,000	2,000
Total income	37,613	37,014	599	151,678	158,028
Expenses					
Governance	-	-	-	31	31
Corporate Accounting	9,427	9,486	59	38,737	38,564
Planning and Design	-	2	2	18	18
Total expenses	9,427	9,488	61	38,786	38,613
Net surplus (deficit)	28,186	27,526	660	112,892	119,415

Non-Directorate includes non-attributable items such as rates income, fire services levy payable on Council properties, developer's contributions, interest income, gifted assets, carrying amount of assets disposed/written off and finance costs. Non attributable COVID-19 pandemic costs are included here.

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)Financial Report for the period 1 July 2021 – 30 September 2021

Non-Directorate**Income**

Note 16 Grants - operating (\$61,000 favourable) – Better than anticipated general purpose grant (Corporate Services \$61,000).

Note 17 Contributions – monetary (\$630,000 favourable) – Better than anticipated income from public open space contributions to date. The nature of these receipts makes timing difficult to predict. These funds are transferred to reserves.

Note 18 Other income (\$115,000 unfavourable) – Unfavourable variance due to lower than anticipated interest income to date attributable to lower interest rates in the current COVID-19 economic environment (Corporate Accounting \$115,000). It is anticipated that this unfavourable variance will be permanent in nature and the full year impact will be reviewed as part of the Mid-Year Budget Review process.

Expenditure

Note 19 Prior year capital expenditure unable to be capitalised (non-cash) (\$80,000 unfavourable) – This unfavourable variance is due to works in progress (prior year capital expenditure) that is not able to be capitalised to the asset register because it is not capital in nature, does not meet the capitalisation threshold or relates to non-Council owned assets (Corporate Accounting \$80,000). This is a non-cash entry that does not impact on Council's cash position. Examples of non-capital expenditure includes asset relocation, asset removal/demolition, operating services, projects cancelled, repairs and maintenance expenditure, studies/surveys and concept planning.

Note 20 Other expenses (\$90,000 favourable) – Lower than anticipated local partnership grants and contribution expenditure (Pandemic \$92,000).

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

CAPITAL WORKS PROGRAM

OPERATING RESULT

	Notes	YTD ACTUAL \$'000	YTD BUDGET \$'000	YTD VARIANCE \$'000	ANNUAL AMENDED BUDGET \$'000	ANNUAL ORIGINAL BUDGET \$'000
Income						
Grants - capital	21	2,558	2,335	223	17,933	9,996
Contributions - monetary		50	25	25	3,845	2,935
Other income		-	-	-	-	-
Total income		2,608	2,360	248	21,778	12,931
Expenses						
Employee costs		-	-	-	-	-
Materials and services		-	-	-	-	-
Bad and doubtful debts		-	-	-	-	-
Other expenses		-	-	-	-	-
Total expenses		-	-	-	-	-
Net surplus (deficit)		2,608	2,360	248	21,778	12,931

Notes:

Income

Note 21 Grants - operating (\$223,000 favourable) – Favourable variance due to receipt of unbudgeted grant for Douglas Street Streetscape (\$133,000), Springvale Boulevard (\$50,000), Tatterson Park Oval (\$22,000).

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Appendix 4

Operating Initiatives

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Operating Initiatives

Operating initiative project	2021-22 YTD Actuals \$	2021-22 YTD Budget \$	YTD Variance (Unfav) Fav \$	2021-22 Full Year Original Budget \$	2021-22 Full Year Amended Budget \$	Project update - 30 Sep 2021
Community Services						
Barry Powell Sports Pavilion - Concept design	0	0	0	80,000	80,000	Concept Plan is progressing, with procurement of architects currently being undertaken.
Dandenong Community Hub - Business Case and Concept Plan	23,288	25,000	1,713	0	55,750	Concept plan currently open for public comment. Due for endorsement by Council in December 2021.
Chandler Reserve Community Gardens Contribution	0	0	0	0	19,280	Planning Permit issued by Council on 11 October 2021. Council report on the lease to be considered on 15 November 2021.
	23,288	25,000	1,713	80,000	155,030	
City Planning, Design and Amenity						
Community Gardens Strategy Development	0	0	0	0	16,360	Community Gardens on Council Owned Public Open Space Policy was adopted on 13 September 2021. A graphic designer has been engaged to package up the Guidelines into a Council publication for community use. The remaining budget is awaiting outcomes from the planning advertising process for the Chandler Road community gardens application.
	0	0	0	0	16,360	

...table continued on next page

Notes re Operating Initiative reporting:

The reporting on operating initiatives excludes the following:

- salary related initiatives
- operating initiatives that add to an existing budget (eg - 'Greening Our City' Tree Strategy)
- ongoing initiatives

4.2.1 Financial Report 1 July 2021 to 30 September 2021 (Cont.)



Financial Report for the period 1 July 2021 – 30 September 2021

Operating Initiatives

Operating initiative project	2021-22 YTD Actuals \$	2021-22 YTD Budget \$	YTD Variance (Unfav) Fav \$	2021-22 Full Year Original Budget \$	2021-22 Full Year Amended Budget \$	Project update - 30 Sep 2021
Business, Engineering and Major Projects						
Business Case for Dandenong Sports and Events Centre	40,000	40,000	0	51,000	110,480	Project progressing well. Timelines for completion to be extended to June 2022.
Compost subsidy	0	3,332	3,332	20,000	20,000	Quotations for the service delivery by a suitable contractor have been issued. Project delivery is expected to commence by January 2022.
Landscaping - Robinson Street and Princes Highway Intersection	0	0	0	0	188,000	Site meeting proposed with interested parties when lockdown conditions are eased.
Building demolition - Ross Reserve Junior Soccer Pavilion	0	0	0	0	20,000	Works to be completed by March 2022.
Building demolition - Ross Reserve O'Donahue Pavilion (Football)	0	0	0	0	20,000	Works to be completed by March 2022.
Building demolition - 275 Lonsdale Street, Dandenong	0	0	0	0	106,750	Works to be completed by December 2021.
Building demolition - 280 Lonsdale Street, Dandenong	0	0	0	0	60,591	Works to be completed by June 2022.
Building demolition - 14 Stuart Street, Dandenong	0	0	0	0	10,000	Works to be completed by June 2022.
Building demolition - 77 Herbert St, Dandenong	0	0	0	0	10,000	Works to be completed by June 2022.
Building demolition - 89 Douglas St, Noble Park	0	0	0	0	25,000	Works to be completed by March 2022.
Asset demolition - Barry Powell Tennis Pavilion and Tennis Courts (x 2)	683	1,000	317	90,000	90,000	Works to be completed by May 2022.
Asset demolition - Glendale Reserve Scout Hall	3,486	3,000	(486)	75,000	75,000	Works to be completed by November 2021.
Street lighting - install and replacement	0	0	0	400,000	400,000	Negotiations in progress with two selected tenderers for the installation of the lights.
	44,170	47,332	3,162	636,000	1,135,821	
TOTAL	67,457	72,332	4,875	716,000	1,307,211	