



Financial Statements

September 2023

Comprehensive Income Statement Converted to Cash

	Year to date		YTD Variance		Full Year		Variance		Notes
	Actual (\$'000)	Forecast (\$'000)	Actual to Forecast (\$'000)	%	Forecast (\$'000)	Budget (\$'000)	Forecast to Budget (\$'000)	%	
Rates and Charges	47,924	48,248	(324)	(1%)	146,200	146,200	0	0%	
Statutory Fees and Fines	5,388	5,682	(294)	(5%)	24,356	24,356	(0)	(0%)	
User Fees	10,127	10,425	(298)	(3%)	43,358	43,373	(15)	(0%)	
Grants - Operating	2,140	2,146	(6)	(0%)	8,551	9,481	(930)	(10%)	
Grants - Capital	306	387	(81)	(21%)	4,165	4,178	(13)	(0%)	
Contributions - Monetary	2,148	2,151	(3)	(0%)	4,870	4,928	(58)	(1%)	
Contributions - Non Monetary	0	0	0	0%	0	0	0	0%	
Other Income	4,723	4,796	(73)	(2%)	30,150	29,421	729	2%	
Total Income	72,756	73,837	(1,081)	(1%)	261,650	261,938	(288)	(0%)	1
Employee Costs	22,833	22,698	(135)	(1%)	106,266	105,822	(444)	(0%)	
Materials & Services	20,700	21,000	299	1%	92,946	91,620	(1,326)	(1%)	
Depreciation	5,638	5,491	(147)	(3%)	21,789	21,693	(96)	(0%)	
Amortisation of Right of Use assets	100	500	400	80%	2,000	2,096	96	5%	
Bad & Doubtful Debts	436	498	62	12%	4,669	4,669	(0)	(0%)	
Interest - Right of Use	10	22	13	56%	490	656	166	25%	
Other expenses	2,263	2,210	(52)	(2%)	20,451	20,346	(105)	(1%)	
Net proceeds from asset disposals	16	38	22	59%	4,641	4,642	1	0%	
Share of Joint Venture	0	0	0	0%	0	0	0	0%	
Total Expenses	51,995	52,457	461	1%	253,252	251,544	(1,708)	(1%)	2
Operating Surplus / (Deficit)	20,761	21,380	(619)	(3%)	8,398	10,394	(1,996)	(19%)	
Income Statement Converted to Cash									
Adjustments for non-cash operating items:									
• Add back depreciation	5,638	5,491	147	3%	21,789	21,693	96	0%	
• Add back amortisation	100	500	(400)	(80%)	2,000	2,096	(96)	(5%)	
• Add back written-down value of infrastructure assets disposals	16	38	(22)	(59%)	7,262	7,262	0	0%	
• Add back balance sheet work in progress reallocated to operating	41	0	41	0%	1,200	1,200	0	0%	
	5,794	6,028	(234)	(4%)	32,251	32,251	(0)	(0%)	
Adjustments for investing items:									
• Less Capital Expenditure	(4,483)	(6,131)	1,648	27%	(56,669)	(57,972)	1,303	2%	3
Adjustments for financing items:									
• Less Lease Repayments	(122)	(145)	22	16%	(2,158)	(2,233)	75	3%	
	(122)	(145)	22	16%	(2,158)	(2,233)	75	3%	
Adjustments for financing items:									
Net Reserves Drawdown/ (Replenishment)	0	0	0	0%	9,864	10,049	(185)	(2%)	4
Current Year Cash Surplus/ (Deficit)	21,950	21,133	817	4%	(8,315)	(7,511)	(803)	(11%)	
Opening balance cash surplus/ (Deficit)	8,386	8,386	0	0%	8,386	8,370	16	0%	
Accumulated Cash Surplus	30,336	29,519	817	3%	71	859	(787)	(92%)	

Refer to explanatory notes on material (greater than \$100,000) forecast adjustments.

Notes to the Income Statement

Legend: ↑ financial improvements, → neutral impact, ↓ unfavourable financial changes




Note 1. Operating income forecast adjustments:

↑ → ↓	Variance (\$,000's)	Operating income forecast explanatory notes
↑	250	Increasing interest income due to higher average investment yields compared to budget. Forecast based on full year investment returns at current invest returns, noting that this may increase further pending Reserve Bank adjustments to the cash rate.
↑	186	Minor increase in grant funding for long day care centres, in addition to existing per capita funding. Funding is highly dependent on enrolments (demographic profile of children and family) and variable year on year.
↑	250	Increasing number of residential properties within the municipality resulting in net increase in supplementary rates.
→	330	Additional income generated through laneway sales forecast this financial year (net proceeds from sales ringfenced in Strategic Property Reserve)
→	(250)	Reduction in net waste charge income predominately due to increase default waste charge rebates issued for properties with private collection (this has been offset against the waste charge reserve).
↓	(1,300)	Net aged care CHSP grant funding ringfenced in reserves, to reflect potential under delivery against performance target for 2023/24. This funding is expected to be returned to the Commonwealth Government through an acquittal process and held in reserves.




Note 2. Operating expenditure forecast adjustments:

↑ → ↓	Variance (\$,000's)	Operating expenditure forecast explanatory notes
↓	250	Re-instatement of budget for parking ticket machine maintenance contract due to budget efficiencies not able to be achieved through procurement of new contract.
→	166	Adjustment to right of use (financed leased asset) expenditure based on current mix of lease vehicles and equipment. These savings are used to funds the fleet renewal program (purchasing vehicles as opposed to leasing).
→	(625)	Increase in current year capital write off expenditure (non-capital spend associated with capital projects) due to capital program deferrals to 2023/24 after budget adoption (offset against project deferral reserve).
→	(516)	Operating project deferrals identified post 2023/24 budget adoption. Key deferrals include Fishermans Bend and Greening Port Phillip Programs.
→	(600)	Additional net cost due to delays in transitioning to fortnightly garbage service. This has been partially offset by delays in Multi Unit Development (MUDs) FOGO rollout.

Note 3. Capital expenditure forecast adjustments:

  	Variance (\$,000's)	Capital expenditure forecast explanatory notes
→	1,303	<ul style="list-style-type: none"> ▪ \$1.8m capital expenditure deferrals to 2024/25 and future years ▪ (\$1.2m) deferrals post 2023/24 budget adoption ▪ \$1.4m early purchase of land for Lansdowne Road new small local open space project in 2022/23. ▪ (\$0.7m) other minor movements including additional projects, cost escalations, savings and funds brought forward for early delivery. <p>See capital works statement for full breakdown</p>

Note 4. Reserve forecast adjustments:

  	Variance (\$,000's)	Reserve forecast adjustment explanatory notes
🌀	1,121	<p>Tied Grants Reserve net decrease due to:</p> <ul style="list-style-type: none"> ▪ (\$0.8m) additional drawdown for Victorian grants commission funding paid in advance in full in 2023/24 after budget was adopted. ▪ (\$0.8m) project funding paid in advance to be drawdown in 2023/24 to align with project delivery <p>\$1.3m allocation from aged care CHSP grant funding ringfenced in reserves, to reflect potential under delivery against performance target for 2023/24. This funding is expected to be returned to commonwealth government through acquittal process and held in reserves.</p>
→	348	Asset Renewal Fund net decrease to additional drawdown to fund accelerated fleet renewal program including purchase of electric vehicles.
→	400	Waste charge reserve net decrease due to additional drawdown to fund shortfall in waste charge income and additional costs associated with delayed transition to fortnightly garbage service.
→	(1,491)	Open Space Reserve increase predominately due to land acquisition completed in 2022/23 after Budget 2023/24 adoption
→	(347)	Strategic Property Reserve increase due two additional laneway sales forecast with income ringfenced in reserves.
→	(211)	Sustainable Transport Reserve increase as external funding received from Iffla Street and Tribe Street Pedestrian Signal, which was previous funded from reserves.
→	(260)	Gasworks Remediation Reserve increase due to minor timing changes for Gasworks Arts Park Reinstatement works.
→	(192)	Project Deferral Reserve increase due to minor timing changes in project portfolio

Balance Sheet

	Opening	Year to Date			Full Year			Variance %	Note
	Balance \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	Forecast \$'000	Budget \$'000	Variance \$'000		
ASSETS									
Current assets									
Cash and cash equivalents	16,437	23,927	19,563	4,364	11,778	12,336	(558)	(5%)	
Trade and other receivables	35,088	61,483	60,614	869	28,614	20,552	8,062	39%	1
Other financial assets	118,500	106,002	106,307	(306)	118,900	129,900	(11,000)	(8%)	2
Prepayments	4,863	77	63	14	4,863	3,106	1,757	57%	3
Non current assets classified as held for sale	1,202	1,202	1,202	0	1,202	1,202	0	0%	
Other assets	3,391	2,458	3,442	(984)	891	563	328	58%	
Total current assets	179,482	195,149	191,192	3,957	166,249	167,659	(1,410)	(1%)	
Non-current assets									
Investments in associates and joint ventures	215	215	215	0	215	239	(24)	(10%)	
Trade and other receivables	567	567	567	0	567	549	18	3%	
Other financial assets	14,994	14,994	14,994	0	15,094	17,019	(1,925)	(11%)	2
Property, infrastructure, plant and equipment	3,506,853	3,505,657	3,507,648	(1,990)	3,608,271	3,611,280	(3,009)	(0%)	
Right of use assets	748	779	248	530	1,248	1,154	94	8%	
Total non-current assets	3,523,377	3,522,212	3,523,673	(1,460)	3,625,396	3,630,241	(4,845)	(0%)	
TOTAL ASSETS	3,702,859	3,717,361	3,714,864	2,497	3,791,644	3,797,900	(6,256)	(0%)	
LIABILITIES									
Current liabilities									
Trade and other payables	11,815	1,674	1,992	317	15,524	20,724	5,200	25%	3
Trust funds and deposits	6,905	10,131	7,043	(3,088)	7,331	7,651	320	4%	
Unearned Income/Revenue	2,565	2,940	2,616	(325)	2,668	0	(2,668)	0%	4
Provisions	18,043	18,315	18,404	89	18,765	19,126	361	2%	
Interest-bearing loans and borrowings	0	0	0	0	0	0	0	0%	
Lease liabilities	413	788	635	(153)	255	291	36	13%	
Total current liabilities	39,741	33,848	30,689	(3,159)	44,542	47,792	3,250	7%	
Non-current liabilities									
Provisions	2,138	2,138	2,181	43	2,224	2,278	54	2%	
Interest-bearing loans and borrowings	0	0	0	0	0	0	0	0%	
Lease liabilities	367	0	0	0	867	878	11	1%	
Total non-current liabilities	2,505	2,138	2,181	43	3,091	3,156	65	2%	
TOTAL LIABILITIES	42,245	35,986	32,870	(3,116)	47,633	50,948	3,315	7%	
TOTAL ASSETS	3,660,614	3,681,374	3,681,994	(619)	3,744,012	3,746,952	(2,940)	(0%)	
EQUITY									
Accumulated surplus	641,248	662,009	662,628	(619)	647,825	654,177	(6,352)	(1%)	
Asset revaluation reserve	2,877,795	2,877,795	2,877,795	0	2,963,795	2,961,814	1,981	0%	
Other reserves	141,571	141,571	141,571	0	132,391	130,961	1,430	1%	
TOTAL EQUITY	3,660,614	3,681,374	3,681,994	(619)	3,744,011	3,746,952	(2,941)	(0%)	

Balance Sheet explanatory notes

Note	Explanatory notes
1	Trade and Other Receivables higher than budget predominately due to outstanding property rates. New debt collection contract in place to help improve collections.
2	Financial investments comprised of short (less than 90 days), medium (less than one year) and longer terms (greater than one year) in line with investment strategy to balance investment risks, operational liquidity and corporate social responsibilities. Lower investments due to higher receivables.
3	Greater level of prepayments and lower year end payables forecast due to timely payment of invoices at year end, small business charter obligations and advance payment discounts.
4	Unearned income previously not separately identified, mostly grants and rental income in advance.

Statement of Cash Flows

	Full Year	Year to Date			Full Year			Variance	Variance	Note
	2022/23	Actual	Forecast	Variance	Forecast	Budget	\$'000			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Cash flows from operating activities										
Rates and charges	132,875	22,183	22,507	(324)	151,200	146,200	5,000	3%		
Statutory fees and fines	18,121	4,658	5,281	(623)	24,161	22,968	1,193	5%		
User Fees	41,176	10,744	11,597	(853)	44,394	44,205	189	0%		
Grants - operating	13,499	2,515	2,197	318	8,654	9,482	(828)	(9%)		
Grants - capital	2,292	306	387	(81)	4,165	4,178	(13)	(0%)		
Contributions- monetary	4,453	2,148	2,151	(3)	4,870	4,928	(58)	(1%)		
Interest received	4,353	1,686	1,737	(52)	6,929	6,609	320	5%		
Trust funds and deposits taken	22,328	17,099	14,006	3,093	55,886	55,819	67	0%		
Other receipts	14,248	4,368	3,309	1,059	17,695	14,595	3,100	21%		
Net GST refund	8,810	2,380	2,561	(181)	9,918	10,303	(385)	(4%)		
Employee costs	(98,387)	(22,561)	(22,294)	(267)	(105,458)	(105,417)	(41)	(0%)		
Materials and services	(100,709)	(25,486)	(25,789)	303	(103,992)	(104,048)	56	0%		
Short term, low value and variable lease payme	(413)	0	0	0	0	0	0	0%		
Trust funds and deposits repaid	(22,429)	(13,873)	(13,868)	(5)	(55,460)	(55,490)	30	0%		
Other payments	(8,985)	(2,489)	(2,431)	(57)	(12,009)	(11,866)	(143)	(1%)		
Net cash provided by/(used in) operating activ	31,232	3,679	1,353	2,326	50,953	42,466	8,487	20%	1	
Cash flows from investing activities										
Payments for property, infrastructure, plant and equipment	(28,138)	(8,539)	(10,060)	1,521	(55,185)	(57,972)	2,787	5%		
Proceeds from sale of property, infrastructure, plant and equipment	271	0	0	0	2,621	2,620	1	0%		
Payments for investments	(133,494)	(106,018)	(106,500)	483	(118,900)	(120,000)	1,100	1%		
Proceeds from sale of investments	135,019	118,500	118,500	0	118,500	135,000	(16,500)	(12%)		
Net cash provided by/(used in) investing activ	(26,342)	3,944	1,940	2,004	(52,964)	(40,352)	(12,612)	(31%)	2	
Cash flows from financing activities										
Interest paid - lease liability	(47)	(10)	(22)	13	(490)	(656)	166	25%		
Repayment of lease liabilities	(745)	(122)	(145)	22	(2,158)	(2,233)	75	3%		
Net cash provided by/(used in) financing activities	(792)	(132)	(167)	35	(2,648)	(2,889)	241	8%		
Net (decrease) increase in cash and cash equivalents	4,098	7,491	3,126	4,365	(4,659)	(775)	(3,884)	(501%)		
Cash and cash equivalents at the beginning of the financial year	12,339	16,437	16,437	0	16,437	13,111	3,326	25%		
Cash and cash equivalents at the end of the financial year (investment less than 90 days)	16,437	23,928	19,563	4,365	11,778	12,336	(558)	(5%)		
Total cash and investments	149,931	144,923	140,864	4,059	145,772	159,255	(13,483)	(8%)	3	

Cash flows explanatory notes

Note	Explanatory notes
1	\$8.5m net increase in cash provided through operating activities predominately caused by projected improved collection of outstanding rates and fees and charges from prior year (new debt collection contract).
2	\$12.6m decrease in cash used in investing activities predominantly due to lower investment balances (offset by higher receivables and lower payables forecast)
3	\$13.4m decrease in forecasted cash and investments predominately due to forecast higher receivables (property rates) combined with low payables at year end (to comply with small business charter requirements).

Capital Works Statement

Property	Year to date		YTD Variance		Full Year		Variance		Notes
	Actual (\$'000)	Forecast (\$'000)	Actual to Forecast (\$'000)	%	Forecast (\$'000)	Budget (\$'000)	Forecast to Budget (\$'000)	%	
Buildings	1,608	2,606	997	38%	25,119	27,848	2,729	10%	1
Total Property	1,608	2,606	997	38%	25,119	27,848	2,729	10%	
Plant and Equipment									
Plant, machinery and equipment	1,051	1,065	14	1%	2,651	2,360	(291)	(12%)	2
Fixtures, fittings and furniture	144	141	(3)	(2%)	381	333	(48)	(15%)	3
Computers and telecommunications	0	0	0	0%	750	650	(100)	(15%)	4
Heritage plant and equipment	0	0	0	0%	30	30	0	0%	
Library books	82	130	48	37%	830	852	22	3%	
Total Plant and Equipment	1,277	1,336	59	4%	4,642	4,225	(417)	(10%)	
Infrastructure									
Roads	95	59	(37)	(63%)	3,233	3,378	146	4%	5
Bridges	11	8	(4)	(49%)	141	141	0	0%	
Footpaths and cycleways	17	80	63	78%	2,658	2,725	67	2%	
Drainage	367	349	(19)	(5%)	2,174	1,962	(212)	(11%)	6
Parks, open space and streetscape	1,106	1,695	589	35%	18,704	17,694	(1,010)	(6%)	7
Total Plant and Equipment	1,597	2,189	592	27%	26,909	25,899	(1,009)	(4%)	
Total Capital Works Expenditure	4,483	6,131	1,648	27%	56,669	57,972	1,303	2%	
Capital Expenditure Type									
New asset expenditure	409	523	114	22%	6,460	8,002	1,542	19%	
Asset renewal expenditure	2,197	2,694	497	18%	18,005	17,805	(200)	(1%)	
Asset upgrade expenditure	1,461	2,366	905	38%	24,482	25,345	863	3%	
Asset expansion expenditure	416	548	132	24%	7,722	6,820	(902)	(13%)	
Total Capital Works Expenditure	4,483	6,131	1,648	27%	56,669	57,972	1,303	2%	

Capital expenditure explanatory notes

Note	↑ → ↓	Variance (\$,000's)	Explanatory notes
1	→	2,729	<p>Buildings</p> <p>Project spend on buildings has been significantly impacted in 2023/24 by the flow on of timing delays from prior years. Since budget was adopted, additional deferrals and minor additions of \$0.17m have been included, which are offset by \$0.2m of deferrals to 2024/45 for Port Melbourne Town Hall Front Counter Security Upgrade project due to more detailed consultation and engagement strategy required.</p> <p>In addition to this, the Lagoon Reserve project (a complex construction project), has been split into two stages and managed under two projects, to better manage the resources and monitor the project with the \$3m Park Improvement project reported through Parks, Open Space and Street scapes.</p>

Note	↑ → ↓	Variance (\$,000's)	Explanatory notes
2	→	(291)	Plant, Machinery and Equipment \$0.29m additional Fleet Renewal program expenditure (funded by asset renewal reserve).
3	→	(48)	Fixtures, Fittings and Furniture Minor addition to Council Furniture and Fittings program.
4	→	(100)	Computers & Telecommunications \$0.1m brought forward from 2024/25 to 2023/24 for yearly information and communication technology upgrade.
5	→	146	Roads \$0.15m savings achieved for Laneway Renewal – Thompson Street project due to competitive quote received from the contractors.
6	→	(212)	Drainage \$0.16m minor deferrals post 2023/24 budget adoption and additional funding required for Stormwater Capital works project. In addition to this, \$0.04m slight cost increase due to higher contractor price received for WSUD Faussett Street Construction project.
7	→	(1,010)	Parks, Open Space and Street Scapes \$2m related to timing changes of delivery of open space and recreation projects, including partial deferral of Graham Street Overpass Skatepark and Carpark project to 2024/25 due to the project approach change, and the early purchase of land purchase for Lansdowne Road new small local open space project in 2022/23 a year ahead of budget. Noting also the \$3m transferred from Building category due to the Lagoon Reserve project split.