

14 QUARTERLY FINANCIAL REPORT

FILE REFERENCE INT2033808

RESPONSIBLE GENERAL MANAGER Tom McQualter

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RECOMMENDATION

That the quarterly financial report for the period 1 July 2019 to 31 March 2020 be received and noted.

Attachments

1 Financial Performance Report 12 Pages

EXECUTIVE SUMMARY

This report details Council's financial performance for the nine months ended 31 March 2020.

BACKGROUND

The report is broken into a number of parts highlighting different components that affect the financial performance of Council:

- Income Statement – Analysed by Income, Expenditure and Non-Recurrent Items.
Note that if actual income is greater than budgeted income or actual expenditure is less than budgeted, the variance is favourable. If actual income is less than budgeted or actual expenditure is greater than budgeted expenditure, the variance is unfavourable.
- Balance Sheet;
- Cashflow Statement; and
- Capital Works.

POLICY IMPLICATIONS

Nil.

RELEVANCE TO COUNCIL PLAN

Monitoring the financial performance of the organisation against the annual budget and longer term financial outlooks meets the following Council Plan objective:-

5.3.3 Manage the municipality's finances and assets in a responsible way.

CONSULTATION/COMMUNICATION

Accountants within the Finance business unit meet monthly with Departmental Managers to discuss their year-to-date progress against the budget for both the Operating and Capital Works programs. Results of these discussions provide input to the completion of the Monthly Financial Performance Report and are further discussed with the relevant General Manager. The Monthly Financial Performance Report is subsequently presented monthly to the Senior Leadership Team and quarterly to Council,

FINANCIAL AND RESOURCE IMPLICATIONS

The analysis undertaken as part of the Financial Performance Report is based on the differences between the 2019-20 budget adopted in June 2019 and the actual result as at 31 March 2020.

The operating result for the nine months ended 31 March 2020 is a surplus of \$3.8m. This is \$2.2m better than the year-to-date budgeted surplus of \$1.5m.

Operating income is \$1.5m favourable to budget, predominantly in Operating Grants. Operating expenditure is \$0.8m favourable to budget, mainly in Other Expenses. Detailed variance analysis is included in the attached report.

As at 31 March 2020, the forecast operating result for the 2019-20 year is a surplus of \$2.9m, which is \$1.2m unfavourable to the budgeted operating surplus of \$4.1m. Revenue is forecast to be \$1.3m favourable and expenditure \$2.6m unfavourable. The forecast result has been impacted by the financial effects of the COVID-19 pandemic.

The total cash balance as at 31 March 2020 is \$97.6m, which is \$13.7m lower than at the end of June 2019. Excluding developer related funds, the cash balance is \$56.9m. The forecast cash balance at 30 June 2020 is \$71.6m.

Total project expenditure for the nine months to 31 March 2020 is \$49.6m, which is \$7.7m more than at the same time last year and \$3.2m higher than the year-to-date budget. Forecast capital works expenditure for 2019-20 is \$65.9m.

For further details, Councillors are referred to the detailed Financial Performance Report attached.

CONCLUSION

It is appropriate that the Council receives and notes the Financial Performance Report for the period 1 July 2019 to 31 March 2020.



Financial Performance Report

For the period
1 July 2019
to
31 March 2020

Contents
March 2020

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Executive Summary

March 2020

Background

The financial report includes four of the six budgeted financial statements from Section 3 (Financial Statements) of the 2019-20 adopted budget. The information provides a summary of Cardinia Shire Council's financial position and performance for the period to 31 March 2020 against the adopted budget.

Year-end Forecast summary

| | Year-End Forecast \$'000 | Adopted Budget \$'000 | Forecast Variance \$'000 | Forecast Variance % | Fav/ Unfav |
|------------------------------------|--------------------------------|-----------------------------|--------------------------------|---------------------------|---------------|
| Operating Income | 125,509 | 124,160 | 1,349 | 1.1% | F |
| Operating Expenditure | 122,610 | 120,016 | (2,594) | -2.2% | U |
| Operating Surplus/(Deficit) | 2,899 | 4,144 | (1,245) | | |

As at the end of March, the forecast result for the end of the 2019-20 financial year is an operating surplus of \$2.9m, which is \$1.2m unfavourable to the budgeted operating surplus of \$4.1m. The forecast result has been impacted by the expected effect of the COVID-19 pandemic across most items of income and expenditure.

Revenue is forecast to be \$1.3m favourable, mainly in Operating Grants, due to receipt of the bushfire recovery grant which was \$1.7m favourable. Expenditure is forecast to be \$2.6m unfavourable, mainly in Employee Benefits and Materials & Services.

Capital grant income is forecast to be \$10.9m lower than budget mainly due to approximately \$7.0m of grants being deferred to 2020-21 as a result of the progress of the relevant projects and the impact of the recognition of grant income required by new accounting standards. Additionally, the \$3.0m grant budgeted for the McGregor Road and Pakenham Bypass interchange will not be received due to this project now being delivered by VicRoads.

The forecast end-of-year results are dependent on the timing of the payment of the 2020-21 Victoria Grants Commission (VGC) grant, and the assumption that approximately half of next year's grant will be prepaid and recognised this financial year, as was the case with the 2019-20 grant. Approximate unfavourable impact if half of the 2020-21 grant is not received and recognised in 2019-20 is \$6.0m.

Executive Summary

March 2020

Year to Date Financial Performance summary

| | YTD Actual \$'000 | YTD Budget \$'000 | YTD Variance \$'000 | YTD Variance % | Fav/ Unfav |
|------------------------------------|-------------------------|-------------------------|---------------------------|----------------------|---------------|
| Operating Income | 90,089 | 88,632 | 1,457 | 1.6% | F |
| Operating Expenditure | 86,328 | 87,110 | 782 | 0.9% | F |
| Operating Surplus/(Deficit) | 3,761 | 1,522 | 2,239 | | |

The operating surplus of \$3.8m is \$2.2m better than the year-to-date budgeted surplus of \$1.5m. Revenue is \$1.5m favourable, and expenditure is \$0.8m favourable. Further details of significant variances are included in this report.

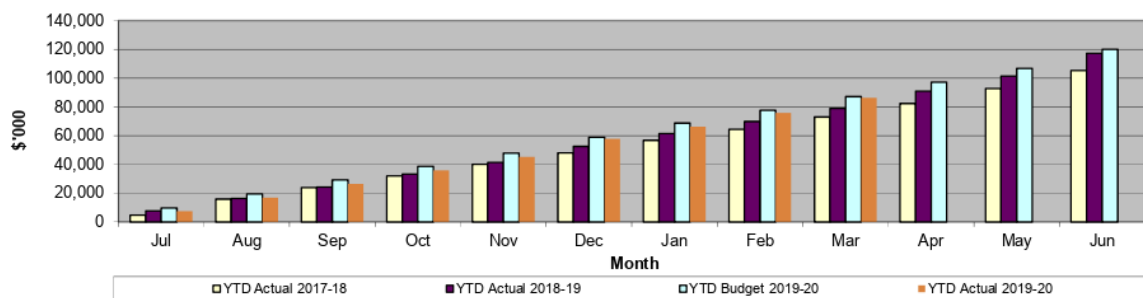
The total cash balance at the end of March 2020 is \$97.6m, which is \$13.7m lower than as at the end of June 2019. Council cash is \$13.8m lower and DCP cash is \$0.1 higher. The total cash amount of \$97.6m is currently \$41.1m above the restricted cash balance of \$56.5m. This cash balance is committed to capital carry-forwards to 2019-20 and general Council operations. The fourth and final rates instalment for 2019-20 was originally due on Monday 1 June, but has now been extended to 30 June due to the COVID-19 pandemic. The forecast cash balance at 30 June 2020 is \$71.6m.

Total Project Expenditure at the end of March 2020 is \$49.6m (or 57.5% of the full year revised budget, with 75% of the year now complete), which is \$7.7m more than as at the same time last year, and \$3.2m higher than the year-to-date budget. The major items of expenditure this financial year have been Land Acquisitions (\$9.4m) and continuing works on major projects - Lang Lang recreation facility (\$5.4m), Pakenham industrial area special charge scheme (\$3.4m), Hills Hub (\$3.2m), and Worrell Reserve pavilion (\$2.6m). The major projects ahead of budget are Land Acquisitions (by \$8.6m), Lang Lang recreation facility (\$1.7m) and Hills Hub (\$1.2m), and the major projects behind budget are Koo Wee Rup High School sports facilities (by \$1.4m), plant replacement (\$1.3m), and Gembrook Reserve pavilion upgrade (\$1.2m). Forecast 2019-20 year-end spend is \$65.9m.

Income Statement
For the period ended 31 March 2020

| | Current Month | | | Year to Date | | | Forecast | Full Year | |
|--|------------------|------------------|--------------------|------------------|------------------|--------------------|----------------|------------------|--------------------|
| | Actual \$'000 | Budget \$'000 | Variance \$'000 | Actual \$'000 | Budget \$'000 | Variance \$'000 | | Budget \$'000 | Variance \$'000 |
| Operating Income | | | | | | | | | |
| 1 Rates charges | 7,982 | 8,055 | (72) | 72,082 | 73,001 | (919) | 96,559 | 97,299 | (740) |
| 2 Statutory fees and fines | 474 | 360 | 113 | 2,899 | 3,427 | (527) | 4,439 | 5,022 | (583) |
| 3 User Fees | 158 | 221 | (63) | 2,080 | 2,524 | (444) | 3,125 | 3,625 | (500) |
| 4 Contributions (cash) | 13 | 212 | (199) | 98 | 212 | (114) | 222 | 350 | (128) |
| 5 Grants - Operating | 310 | 151 | 159 | 9,683 | 6,770 | 2,912 | 17,477 | 14,338 | 3,140 |
| 6 Other revenue | 144 | 107 | 37 | 2,249 | 1,364 | 885 | 2,289 | 1,704 | 585 |
| 7 Interest | 102 | 200 | (98) | 999 | 1,335 | (336) | 1,399 | 1,823 | (424) |
| Total Operating Income | 9,182 | 9,306 | (124) | 90,089 | 88,632 | 1,457 | 125,509 | 124,160 | 1,349 |
| Operating Expenditure | | | | | | | | | |
| 8 Employee benefits | 3,129 | 3,010 | (119) | 28,846 | 28,584 | (262) | 40,302 | 39,523 | (779) |
| 9 Materials & Services | 4,871 | 3,971 | (900) | 36,516 | 36,554 | 38 | 52,945 | 50,444 | (2,501) |
| 10 Bad & doubtful debts | 21 | 11 | (10) | 156 | 102 | (54) | 215 | 176 | (39) |
| 11 Depreciation | 2,231 | 2,088 | (143) | 18,593 | 18,791 | 197 | 25,054 | 25,054 | 0 |
| 12 Other Expenses | 71 | 208 | 138 | 911 | 1,614 | 702 | 2,060 | 2,399 | 339 |
| 13 Finance costs | 114 | 203 | 89 | 1,306 | 1,424 | 119 | 2,258 | 2,420 | 162 |
| 14 Internal Charges (should be zero) | 0 | 7 | 7 | 0 | 41 | 41 | (224) | 0 | 224 |
| Total Operating Expenditure | 10,437 | 9,498 | (939) | 86,328 | 87,110 | 782 | 122,610 | 120,016 | (2,594) |
| Operating Profit/(Loss) | (1,255) | (192) | (1,063) | 3,761 | 1,522 | 2,239 | 2,899 | 4,144 | (1,245) |
| Capital/Non-recurrent items | | | | | | | | | |
| 15 Grants - Capital | 2,136 | 3,449 | (1,313) | 6,151 | 4,145 | 2,005 | 8,688 | 19,562 | (10,874) |
| 16 Capital Contributions (cash) | 0 | 0 | 0 | 515 | 0 | 515 | 625 | 625 | 0 |
| 17 Development Levies (cash) | 2,009 | 1,229 | 779 | 13,002 | 13,577 | (575) | 16,676 | 17,265 | (589) |
| 18 Capital Contributions (non cash) | 1,984 | 3,750 | (1,766) | 25,973 | 33,750 | (7,777) | 45,000 | 45,000 | 0 |
| 19 Development Levies (non cash) | (1,235) | 0 | (1,235) | 1,134 | 0 | 1,134 | 3,168 | 0 | 3,168 |
| 20 Net gain(loss) on disposal of property, | (16) | (0) | (16) | (612) | 987 | (1,599) | 987 | 987 | 0 |
| 21 Impairment of Assets | 0 | 0 | 0 | (196) | 0 | (196) | 0 | 0 | 0 |
| Total Capital/Non-rec. items | 4,878 | 8,429 | (3,551) | 45,966 | 52,459 | (6,493) | 75,144 | 83,439 | (8,295) |
| Net Surplus | 3,622 | 8,236 | (4,614) | 49,726 | 53,981 | (4,255) | 78,044 | 87,583 | (9,540) |

Total Operating Expenditure



Income Statement Major Variance Analysis - March 2020

Operating Income

| | YTD Variance \$'000 Fav/(Unfav) | Notes to Accounts | Permanent Variance \$'000 Fav/(Unfav) | Timing Variance \$'000 Fav/(Unfav) |
|--------------------------|--|---|--|---|
| 1 Rates & Charges | (919) | Rates revenue is lower than budget by \$642k primarily due to lower supplementary rates, and is forecast to be lower at year-end. Garbage charge revenue, including commercial garbage and green waste bin income, is under budget by \$211k, and is also forecast to be lower at year-end. Interest on rates and charges are currently under budget by \$67k due to timing. | (760) | (159) |
| 2 Statutory Fees & Fines | (527) | Development fees (plan checking and supervision) and Planning fees are under budget by \$630k and \$153k respectively due to a slowdown in development activity, and both are expected to be under budget at year-end. These have been partly offset by Animal registration fees which are \$187k better than budget, and Building Services fees which are \$76k better. | (514) | (13) |
| 3 User Fees | (444) | User charges for a number of activities, including Cardinia Cultural Centre (\$312k), Emerald Lake Park (\$132k) and Passive Reserves (\$91k) are under budget, and are forecast to be under budget at the end of the year. Cardinia LiFE income is currently under budget by \$128k due to timing. | (503) | 59 |
| 4 Contributions (Cash) | (114) | Decorative light pole contributions are \$194k under budget, but have been partly offset by smaller cash contributions which total \$80k favourable. | (162) | 48 |
| 5 Grants - Operating | 2,912 | Unbudgeted grants totalling \$967k have been recognised - the most significant being for Community Recovery Fund (\$386k), recycling processing (\$221k) Cannibal Creek biodiversity project (\$122k) and Corridors of Green (\$100k). Budgeted grants are \$1.945m better than budget, primarily due to the Bushfire grant (\$1.724m), School Crossing Supervisors grant (\$129k) and the Urban Fringe Weeds grant (\$100k). | 2,739 | 173 |
| 6 Other Revenue | 885 | Cost recovery income is better than budget mainly as a result of the receipt of unbudgeted items totalling \$823k, the major item being for Capital Works. Cardinia Cultural Centre other income is \$96k better than budget respectively but has been offset by rates other income which is \$108k lower. | 793 | 92 |
| 7 Interest | (336) | Interest on DCP investments is under budget by \$198k and interest on Council investments is \$138k under, primarily due to reduced interest rates. | (320) | (16) |
| Total | 1,457 | | 1,273 | 184 |

Income Statement Major Variance Analysis - March 2020

Operating Expenditure

| | YTD Variance \$'000 Fav/(Unfav) | Notes to Accounts | Permanent Variance \$'000 Fav/(Unfav) | Timing Variance \$'000 Fav/(Unfav) |
|------------------------------------|--|--|--|---|
| 8 Employee Benefits | (262) | Employee benefits are currently over budget by \$262k. This is primarily due unbudgeted salary costs in areas such as bushfire recovery, but has been partly offset by vacancies across the organisation. | (262) | |
| 9 Materials & Services | 38 | Capital works, community capital works and priority works operating expenditure which is budgeted in the Capital Works program totals \$1.775m. Contracts are \$1.023m under budget. This is primarily due to waste contracts (including hard/green waste (\$463k), dumped rubbish (\$129k) and litter (\$87k)), building contracts (including routine maintenance (\$181k) and cleaning (\$109k)) and Connect Cardinia (\$102k) which are all currently under budget, but have been partly offset by the parks & gardens contracts which are over budget by \$173k. Other variances total \$790k under budget, with favourable variances currently in recreation reserve grants (\$434k), street lighting (\$418k), multicultural hub (\$255k), building utilities (\$217k) and specialist crew utilities (\$196k), partly offset by unfavourable variances in grading external labour (\$586k) and software licences (\$301k). | (1,775) 329 466 | 694 324 |
| 10 Bad & Doubtful Debts | (54) | Bad and doubtful debts are currently over budget, mainly in Local Laws, due to write-off of debts referred to court. | (39) | (15) |
| 11 Depreciation | 197 | Depreciation expense is currently under budget, primarily in the buildings and roads categories, but this variance is expected to decrease as new and contributed assets are recognised during the year. | | 197 |
| 12 Other Expenses | 702 | Under expenditure in garbage collection (\$127k), hardware rent/lease expenditure (\$93k), animal control (\$89k), audit fees (\$52k), corporate information (\$48k), Collective Impact (\$47k), elections (\$46k), and rental properties (\$46k) mainly due to timing. | 239 | 463 |
| 13 Finance Costs | 119 | Interest on loans are under budget by \$73k mainly due to a delay in the drawdown of the new 2019-20 loan. Additionally, bank charges are \$46k under budget, mainly in the rates area. | 131 | (12) |
| 14 Internal Charges | 41 | Internal charges actual income matches internal charges actual expenditure across the organisation. Variance is due to budget phasing. | | 41 |
| Total | 782 | | (911) | 1,693 |

Income Statement Major Variance Analysis - March 2020

Capital / Non-Recurrent Items

| | YTD Variance \$'000 Fav/(Unfav) | Notes to Accounts | Permanent Variance \$'000 Fav/(Unfav) | Timing Variance \$'000 Fav/(Unfav) |
|--|--|---|--|---|
| 15 Grants - Capital | 2,005 | Favourable variance is due to the recognition of unbudgeted grants totalling \$1.849m, the major ones being for Beaconsfield Recreation Reserve universal facilities upgrade (\$603k) and Emerald Community Hub (\$300k). Budgeted grants are \$156k better than budget due to higher Roads to Recovery funding than anticipated. | 2,005 | |
| 16 Capital Contributions (Cash) | 515 | Unbudgeted contributions to Hills Hub (\$250k), Fairbridge Lane Cockatoo special charge scheme (\$240k), recreation reserve resurfacing (\$22k) and Lang Lang sporting facilities (\$3k) have been recognised. | 515 | |
| 17 Development Levies (Cash) | (575) | Developer levies, community infrastructure levies, and public open space levies recognised total \$13.002m, which is \$575k under budget. Non-DCP levies which are \$899k lower have been partly offset by DCP related levies which are \$324k | | (575) |
| 18 Capital Contributions (Non-Cash) | (7,777) | This includes the value of developer contributed assets - roads, footpaths, bridges and drains, which are currently \$7.777m lower than the year-to-date budget. | | (7,777) |
| 19 Development Levies (Non-Cash) | 1,134 | This includes the value of DCP related developer contributed assets - roads, footpaths, bridges and drains, which currently total \$1.134m. This item was not budgeted. | 1,134 | |
| 20 Net Gain/(Loss) on Disposal of Assets | (1,599) | The net proceeds from the sale of land and plant are \$834k under budget due to timing. Additionally, the value of disposed infrastructure assets currently totals \$765k. | (765) | (834) |
| 21 Impairment of Assets | (196) | Accounting entry to recognise the impairment of land held for resale. This item was not budgeted. | (196) | |
| Total | (6,493) | | 2,693 | (9,186) |

Note: Council's income streams will be impacted by newly adopted accounting standards from 1 July 2019. Capital grants will have the most impact. According to these standards, income will have to be deferred until performance obligations/milestones are met as per the grant schedule or contract. At year-end, Finance with the help of Project Managers will identify the income against those performance obligations are not completed and the income will be carried forward to the following financial year, so surplus will be reduced by this amount. The Accounting Standards are: AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Non-for-Profit

Balance Sheet
As at 31 March 2020

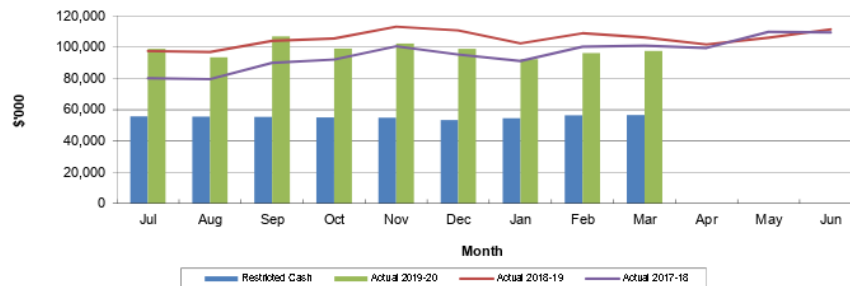
| | YTD Actual \$'000 | YTD Budget \$'000 | YTD Variance \$'000 | Full Year Forecast \$'000 | Full Year Budget \$'000 | Full Year Variance \$'000 |
|---|-------------------------|-------------------------|---------------------------|---------------------------------|-------------------------------|---------------------------------|
| Current Assets | | | | | | |
| Cash & Cash Equivalents | 97,608 | 106,980 | (9,373) | 71,642 | 85,504 | (13,862) |
| Trade & Other Receivables | 46,319 | 41,159 | 5,160 | 37,893 | 19,264 | 18,629 |
| Accrued Income | 0 | 0 | 0 | 0 | 425 | (425) |
| Prepayments | 5,329 | 2,363 | 2,966 | 3,280 | 1,348 | 1,932 |
| Inventories/Land Held for Resale | 2,779 | 760 | 2,020 | 2,783 | 26 | 2,757 |
| Total Current Assets | 152,035 | 151,262 | 773 | 115,598 | 106,567 | 9,031 |
| Non Current Assets | | | | | | |
| Intangible Assets | 374 | 564 | (190) | 684 | 587 | 97 |
| Trade & Other Receivables | 91 | 90 | 2 | 5,639 | 1,483 | (5,844) |
| Investments Long Term | 1,331 | 1,331 | (0) | 1,331 | 1,493 | (162) |
| Property, infrastructure, plant and equipment | 1,737,179 | 1,700,412 | 36,766 | 1,747,659 | 1,668,628 | 79,031 |
| Total Non Current Assets | 1,738,975 | 1,702,397 | 36,578 | 1,755,313 | 1,682,191 | 73,122 |
| TOTAL ASSETS | 1,891,011 | 1,853,659 | 37,351 | 1,870,911 | 1,788,758 | 82,153 |
| Current Liabilities | | | | | | |
| Trade and other payables | 39,544 | 30,468 | 9,076 | 13,244 | 23,711 | (10,467) |
| Trust funds and deposits | 11,991 | 11,178 | 813 | 12,470 | 12,422 | 48 |
| Provisions | 4,670 | 6,754 | (2,084) | 7,271 | 4,090 | 3,181 |
| Interest-bearing loans and borrowings | 12,631 | 12,607 | 24 | 5,021 | 4,911 | 110 |
| Total Current Liabilities | 68,837 | 61,008 | 7,829 | 38,007 | 45,134 | (7,128) |
| Non Current Liabilities | | | | | | |
| Provisions | 123,544 | 1,996 | 121,549 | 1,288 | 4,112 | (2,824) |
| Interest-bearing loans and borrowings | 21,291 | 21,178 | 113 | 27,643 | 30,467 | (2,824) |
| Trade and other payables | 6,078 | 4,121 | 1,958 | 8,934 | 10,261 | (1,327) |
| Total Non Current Liabilities | 150,914 | 27,295 | 123,619 | 37,865 | 44,841 | (6,975) |
| TOTAL LIABILITIES | 219,751 | 88,303 | 131,448 | 75,872 | 89,975 | (14,103) |
| NET ASSETS | 1,671,260 | 1,765,357 | (94,097) | 1,795,039 | 1,698,783 | 96,256 |
| Equity | | | | | | |
| Accumulated Surplus | 1,067,497 | 1,061,673 | 5,823 | 1,098,982 | 1,088,929 | 10,053 |
| Reserves | 603,763 | 703,683 | (99,920) | 696,056 | 609,854 | 86,202 |
| TOTAL EQUITY | 1,671,260 | 1,765,357 | (94,097) | 1,795,039 | 1,698,783 | 96,256 |

Comments: Trade & Other Receivables (current) have increased by \$25.1m primarily due to the recognition of rate debtors for the year. Property, infrastructure, plant and equipment have increased by a total of \$77.8m due the recognition of new and developer contributed assets and the revaluation of land and buildings. Trade & Other Payables (current) have increased by \$15.4m mainly as a result of recognition of unearned rates and charges for the remainder of the year. The increase of \$48.5m in Accumulated Surplus primarily relates to the YTD surplus per the income statement. Provisions (non-current) have increased by \$122.3m due to the recognition of future DCP commitments, and have been partly offset by a decrease in Reserves.

Cash Flow Statement
For the period ended 31 March 2020

| | YTD Actual \$'000 | YTD Budget \$'000 | YTD Variance \$'000 | Full Year Forecast \$'000 | Full Year Budget \$'000 | Full Year Variance \$'000 |
|--|-------------------------|-------------------------|---------------------------|---------------------------------|-------------------------------|---------------------------------|
| Cash flows from operating activities | | | | | | |
| Receipts | | | | | | |
| Rates and Charges | 73,732 | 62,857 | 10,875 | 78,023 | 96,585 | (18,562) |
| Statutory Fees and Fines | 3,164 | 2,627 | 537 | 4,439 | 5,022 | (583) |
| User Fees | 2,194 | 1,573 | 621 | 5,014 | 3,404 | 1,610 |
| Grants - operating | 10,118 | 4,624 | 5,494 | 17,477 | 14,338 | 3,139 |
| Grants - capital | 6,151 | 197 | 5,954 | 8,688 | 19,562 | (10,874) |
| Contributions | 14,178 | 8,818 | 5,360 | 17,523 | 18,240 | (717) |
| Interest received | 1,217 | 1,144 | 73 | 1,399 | 1,823 | (424) |
| Trust funds and deposits taken and repaid | (940) | (1,655) | 715 | 292 | - | 292 |
| Other Receipts | 1,217 | 489 | 728 | 2,289 | 1,704 | 585 |
| GST received (net) | 10,119 | 5,145 | 4,974 | - | - | - |
| Total receipts from operating activities | 121,150 | 85,820 | 35,330 | 135,144 | 160,678 | (25,534) |
| Payments | | | | | | |
| Employee costs | (29,462) | (22,541) | (6,921) | (40,094) | (39,323) | (771) |
| Materials and Services | (63,819) | (24,961) | (38,858) | (63,771) | (49,847) | (13,924) |
| Total payments from operating activities | (93,281) | (47,502) | (45,779) | (103,865) | (89,170) | (14,695) |
| Net cash provided by operating activities | 27,869 | 38,318 | (10,449) | 31,280 | 71,508 | (40,229) |
| Cash flows from investing activities | | | | | | |
| Payments for property, plant and equipment | (37,324) | (25,814) | (11,510) | (69,786) | (82,765) | 12,979 |
| Proceeds from sales of assets | 317 | 5,296 | (4,979) | 5,753 | 5,753 | - |
| Net cash used in investing activities | (37,007) | (20,518) | (16,489) | (64,033) | (77,012) | 12,979 |
| Cash flows from financing activities | | | | | | |
| Finance costs | (1,306) | (1,452) | 146 | (2,251) | (2,420) | 169 |
| Proceeds from borrowings (loan funds) | - | - | - | - | 3,000 | (3,000) |
| Repayment of borrowings | (3,242) | (2,832) | (410) | (4,646) | (4,786) | 140 |
| Net cash provided by financing | (4,548) | (4,284) | (264) | (6,898) | (4,205) | (2,691) |
| Change in cash held | (13,685) | 13,516 | (27,202) | (39,651) | (9,710) | (29,941) |
| Cash at beginning | 111,293 | 95,214 | 16,079 | 111,293 | 95,214 | 16,079 |
| Cash at end | 97,608 | 108,730 | (11,123) | 71,642 | 85,504 | (13,862) |

Cash and Cash Equivalents Balances



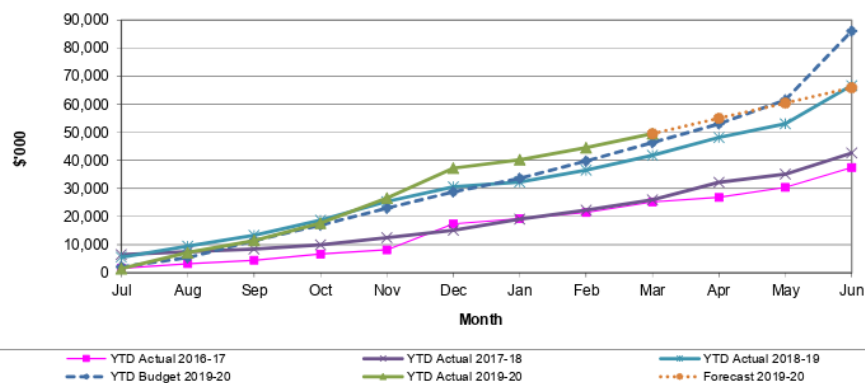
Comments: The total cash balance at the end of March 2020 is \$97.6m, which is \$13.7m lower than as at the end of June 2019. Council cash is \$13.8m lower and DCP cash is \$0.1 higher. The total cash amount of \$97.6m is currently \$41.1m above the restricted cash balance of \$56.5m. This cash balance is committed to capital carry-forwards to 2019-20 and general Council operations. The fourth and final rates instalment for 2019-20 was originally due on Monday 1 June, but has now been extended to 30 June due to the COVID-19 pandemic. The forecast cash balance at 30 June 2020 is \$71.6m.

Capital Works As at 31 March 2020

| Project Expenditure | YTD Actual \$'000 | YTD Budget \$'000 | YTD Variance \$'000 | Revised Budget* \$'000 | Adopted Budget \$'000 |
|---|----------------------|----------------------|------------------------|---------------------------|--------------------------|
| DCP Works in Kind not yet credited | 1,379 | - | (1,379) | - | - |
| Deposits for asset purchases | 3,138 | - | (3,138) | - | - |
| Land | 5,026 | 806 | (4,221) | 6,236 | 6,236 |
| Buildings (including Buildings ledger) | 20,397 | 14,809 | (5,589) | 28,389 | 20,842 |
| Recreational & Community | 4,977 | 12,377 | 7,400 | 19,007 | 12,908 |
| Plant & Machinery | 1,246 | 2,132 | 886 | 3,402 | 2,115 |
| Furniture & Equipment | 16 | - | (16) | 50 | 50 |
| Roads | 8,743 | 11,478 | 2,735 | 22,262 | 14,095 |
| Footpaths | 923 | 1,392 | 469 | 1,866 | 1,369 |
| Drains | 624 | 300 | (324) | 450 | 450 |
| Bridges | 321 | 689 | 368 | 1,051 | 452 |
| Off Street Car Parks | 362 | 663 | 301 | 723 | 546 |
| Other Infrastructure | 602 | 112 | (490) | 168 | 173 |
| Intangibles (including software) | 51 | 442 | 390 | 772 | 560 |
| Project Expenditure | 47,806 | 45,200 | (2,606) | 84,376 | 59,797 |
| Add non capital project expenditure: | | | | | |
| Capital Works | 1,493 | 492 | (1,000) | 790 | 605 |
| Community Capital Works | 191 | 587 | 396 | 838 | 450 |
| Priority Works | 63 | 82 | 20 | 120 | 150 |
| Total Project Expenditure | 49,552 | 46,361 | (3,191) | 86,123 | 61,002 |

*Revised Budget is the 2019-20 Adopted Budget plus carry-overs from 2018-19.

Total Project Expenditure



Comments: Total Project Expenditure at the end of March 2020 is \$49.6m (or 57.5% of the full year revised budget, with 75% of the year now complete), which is \$7.7m more than as at the same time last year, and \$3.2m higher than the year-to-date budget. The major items of expenditure this financial year have been Land Acquisitions (\$9.4m) and continuing works on major projects - Lang Lang recreation facility (\$5.4m), Pakenham industrial area special charge scheme (\$3.4m), Hills Hub (\$3.2m), and Worrell Reserve pavilion (\$2.6m). The major projects ahead of budget are Land Acquisitions (by \$8.6m), Lang Lang recreation facility (\$1.7m) and Hills Hub (\$1.2m), and the major projects behind budget are Koo Wee Rup High School sports facilities (by \$1.4m), plant replacement (\$1.3m), and Gembrook Reserve pavilion upgrade (\$1.2m). Forecast 2019-20 year-end spend is \$65.9m.

Capital Works
As at 31 March 2020

A number of projects budgeted this financial year have been identified as not being completed until future financial years, including - Cora Lynn Reserve pavilion, roads sealing program, Toomuc Reserve senior pavilion and Koo Wee Rup football/netball pavilion. Estimated total carry-overs to 2020-21 as at the end of March is \$23.3m.

Major capital carry-overs from 2018-19 to 2019-20

| | Adopted Budget 2019-20 \$'000 | Carry-overs from 2018-19 \$'000 | Revised Budget 2019-20 \$'000 | YTD Actual \$'000 | Balance of funds \$'000 |
|--|--|--|--|------------------------------|--|
| Peet Street Special Charge Scheme construction | - | 3,989 | | | |
| | | | 3,989 | 3,396 | 593 |
| Cardinia Cultural Centre Exhibition Space | - | 1,792 | 1,792 | 817 | 975 |
| Worrell Reserve pavilion construction | 700 | 1,778 | 2,478 | 2,552 | - 74 |
| Integrated Children's Facility - Timbertop | - | 1,726 | 1,726 | 346 | 1,380 |
| Roads Sealing Program | 2,500 | 1,718 | 4,218 | 305 | 3,913 |
| Bunyip Soccer Facility | 1,080 | 1,508 | 2,588 | 2,140 | 448 |

The table above lists the projects with the major carried over amounts from 2018-19 and how they tracking against year-to-date expenditure.