

2020-2021 Quarter 2 Finance Report

ITEM 5.8 02/02/2021
The Committee

Strategic Alignment - Enabling Priorities

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2020/00150

Public

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EXECUTIVE SUMMARY

The 2020-21 Quarter 2 Finance Report summarises:

- The year to date financial performance for the quarter ended 31 December 2020.
- Proposed adjustments to the 2020-21 Budget to fund emerging priorities and adjust income and expenditure in line with the 2020-21 Quarter 2 Revised Forecast.

The 2020-21 Business Plan and Budget was developed on the basis of best projections of the anticipated impact of COVID-19. It reflects Council's decision that the Chief Executive Officer identify \$20 million in permanent operating expenditure savings this financial year. While good progress has been made towards achieving this target as part of the Reshaping Our Organisation project, not all savings will be realised this financial year. Additional opportunities for achieving ongoing savings will be discussed with Council as part of the 2021-22 Business Plan and Budget process.

Since the adoption of the 2020-21 Quarter 1 Revised Forecast, additional initiatives and projects have been resolved by Council such as the City Business Stimulus Program and the feasibility study for a new Regional Community Aquatic and Recreation facility. These decisions of Council have increased our operating deficit by \$0.99 million. This has been offset by the reprioritisation of savings, and additional income received.

The impact of these net adjustments in the Quarter 2 reforecast to the end of year position are a decrease to:

- Council's forecasted Operating Deficit for 2020-21 from \$39.0 million to \$34.1 million,
- Borrowings from \$92.8 million to \$90.3 million.

This projected level of borrowing as at 30 June 2021 is within our existing Prudential Borrowing Limits.

The Long-Term Financial Plan (LTFP) is provided as an appendix to the Quarter 2 Finance Report provided as **Attachment A** and also reflects the revised budget parameters from 2021/22 that was approved by Council on the 15 December (Item 10.12 - 2021-22 Business Plan and Budget – Budget Parameters).

Further sessions on the 2021-22 Business Plan and Budget will be facilitated with Council from February, which will include workshops on the Strategic Asset Management Plan (SAMP), the LTFP and a review of Council services.

The following recommendation will be presented to Council on 9 February 2021 for consideration

That Council:

1. Adopts the 2020-21 Quarter 2 Finance Report, including the proposed 2020-21 Quarter 2 Revised Forecast as summarised in Attachment A to Item X on the Agenda for the meeting of the Council held on 9 February 2021.
2. Approves a further extension of the rates hardship assistance measures, which have been made available to all City ratepayers on application through the City Support Package, until 30 June 2021.
3. Notes the 2020-21 Quarter 2 Finance Report includes adjustments of (\$0.99) million of increased operating costs as a result of Council decisions in Quarter 2.
4. Notes the updated Long Term Financial Plan, shown in appendix 2 in the Quarter 2 Finance Report as Attachment A to Item X on the Agenda for the meeting of Council held on 9 February 2021.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities The deliverables and objectives set out in the Quarter 2 Revised Forecast (QF2) document are directly aligned to the delivery of year 1 of the 2020-2024 City of Adelaide Strategic Plan.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	The financial indicators have been included in Attachment A to support Council's strategic decision making by comparing the financial sustainability, asset sustainability, liquidity and capacity to respond in the context of the Long Term Financial Plan.
Opportunities	The quarterly review meets Council's obligations under the <i>Local Government Act 1999</i> and <i>Local Government (Financial Management) Regulations 2011</i> .
20/21 Budget Allocation	Adjustments to the 2020-21 Budget are detailed throughout the Report and Attachment A
Proposed 21/22 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
20/21 Budget Reconsideration (if applicable)	Adjustments to the 2020-21 Budget are detailed throughout the Report and Attachment A.
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

2020-21 Quarter 2 Financial Result

1. The year to date financial position for the quarter ended 31 December 2020 is an operating surplus of \$0.5 million which is \$15.4 million favourable compared to budget of (\$14.9) million. The favourable position is driven by a combination of better than expected income from user fees and charges, city businesses, delay in timing of expenditure and savings.

Better than expected Income

2. Despite the restrictions in November, the quarter saw an increase in activity within the City which has resulted in income from user fees and charges to be better than budgeted for by \$1.8 million, however the income is still significantly lower than the same year to date period for 2019/20 (\$6.6 million).
3. North Adelaide Golf has recovered better than budgeted by \$0.3 million as COVID-19 restrictions have had less of an impact on their business operations than expected and patronage has continued to improve along with secondary purchases.
4. Opportunities and Risks for the rest of the financial year include:
 - 4.1. The Aquatic Centre saw an impact due to the November COVID-19 restrictions and slow recovery from those closures, with swim school bookings being impacted the most. The end of year forecast for the Aquatic Centre remains a loss of \$2.6 million before depreciation.
 - 4.2. UPark has shown and has recognised a favourable income variance for quarter 2, however it is anticipating a lower than forecasted quarter 3 income as COVID-19 restrictions continue to cause major events to be either cancelled, delayed, or downsized.

Operating Activities and Strategic Projects

5. As the November COVID-19 restrictions have eased planning and delivery of operating activities and strategic projects have progressed, the timing of expenditure has been delayed from quarter 2 to quarter 3. Significant activities and strategic projects include:
 - 5.1. Transitioning of \$0.5 million of activities to Adelaide Economic Development Authority (AEDA).
 - 5.2. Completion of various grants and partnership activities worth \$0.2 million.
 - 5.3. Planned delivery of new activation and events to attract more visitors into the city during quarter 3 valued at \$0.2 million
 - 5.4. Delivery of \$0.4 million Climate Change Action Initiative is also planned to be completed in the second half of the year.

Reshaping Our Organisation

6. The 2020-21 Business Plan and Budget was developed on the basis of best projections of the anticipated impact of COVID-19. It reflects Council's decision that the CEO identify \$20 million in permanent operating expenditure savings this financial year.
7. The Quarter 1 Finance Report incorporated the permanent savings of \$2.576 million identified (post the enactment of our COVID-19 Business Continuity Plan) as an initial contribution to the \$20 million operational expenditure savings target set by Council (Phase 1), as reported to Council on 13 August 2020.
8. Through quarter 2 a proposed new organisational structure was designed to be more efficient and integrated, allowing us to continue to provide quality services to our community while providing value for money for our ratepayers. The implementation of the proposed new structure will be completed in quarter 3. We anticipate minimal impact on service delivery overall.
9. Good progress has been made towards achieving the target of \$20 million in permanent operating expenditure savings as part of the Reshaping Our Organisation project, however not all savings will be realised this financial year. Both actual and identified savings will be reflected in the Quarter 3 Finance Report and additional opportunities for achieving ongoing savings will be discussed with Council as part of the 2021-22 Business Plan and Budget process.

Cash flow from Rates Income

10. Rates notices were distributed later than in prior years and rate payers had until 31 December to make payment.
11. As at 12 January, 87.5% of payments have been received and there have been 81 applications for hardship (4% of Q2 rates notices).

12. To continue to provide additional support to those City ratepayers still impacted by COVID-19, a further extension of the Rates Hardship Assistance Measures 30 June 2021 is recommended.

Additional adjustments as requested by Council

13. An allocation of \$0.9 million City Business Stimulus Program through:
 - 13.1. The design and implementation of a digital marketplace for businesses
 - 13.2. An Energy Assessment Pilot Program
 - 13.3. Implementation of an Event Infrastructure Funding Scheme
 - 13.4. South Australian Tourism Commission's Great State Vouchers, incorporating paid experiences and hospitality offerings
 - 13.5. Extension of the Summer Street Beats and Eats series
14. An allocation of \$0.09 million to undertake a detailed feasibility study for a new Regional Community Aquatic and Recreation facility

These requests are funded through a reprioritisation of existing budgets as detailed below.

Proposed adjustments to the Operating Position

15. On Street Parking and Expiations fees and charges income increase of \$0.9 million.
16. Property Recovery of \$0.1m as a result of the finalisation of the 2019-20 turnover rent.
17. UPark favourable income as a result of higher than expected income across multiple UParks \$0.9 million.
18. North Adelaide Golf Course favourable income as result of higher casual rounds and golf cart hire \$0.3 million.
19. Adelaide Central Market Arcade (ACMA) \$0.25 million reduction in income for property leases driven by a higher number of vacancies and rent concessions (\$0.3 million), offset by additional Off-Street Parking income \$0.05 million, and reduction of expenditure of \$0.25 million across employee costs and other expenditure.
20. Savings as a result of cancelled or reduced events as a result of COVID-19 \$0.77m including New Year's Eve and sponsorship funding of external festivals and events.

Infrastructure and Capital Projects Adjustments

21. Multiple changes within the Infrastructure Program including additional funds for Rundle UPark \$0.55 million, and Rundle Park Events Infrastructure \$0.65 million has resulted in an overall decrease of \$0.38 million to the program.
22. The Work in Progress (WIP) write-off forecast has decreased by \$0.6 million following quarterly review of the program.
23. Proposed works on the North Adelaide Golf Course irrigation and purchase of four further golf carts \$0.24 million.

Proposed Revised Quarter 2 Forecast

24. The revised forecast of the Operating Deficit at the end of the 2020-21 financial year is projected to decrease by \$4.9 million, from \$39.0 million to \$34.1 million.
25. Council's borrowings (debt) as at 30 June 2021 is forecasted to decrease by \$2.5 million from \$92.8 million to \$90.3 million.
26. The Revised Financial Statements are included as an Appendix to **Attachment A**.

Forecast Financial Statements and Long Term Financial Plan

27. Council's Long Term Financial Plan has been updated to reflect the revised estimates for interest expense and borrowings for the revised forecasted 2020-21 Financial Year, the initiatives of the Strategic Property Action Plan as approved by Council on 15 December 2020, and the expenditure and revenue targets adopted for the 2021-22 Business Plan and Budget as approved by Council on the 15 December.
28. Financial statements and the Long Term Financial Plan are provided in the appendices to **Attachment A**. These show the forecast operating surplus/(deficit), funding requirement and borrowings in 2020-21 and future years based on the proposed re-timing adjustments.
29. The financial indicators have been included in **Attachment A** to support Council's strategic decision making by comparing the financial sustainability, asset sustainability, liquidity and capacity to respond in the context of the Long Term Financial Plan.

Treasury Report

30. As per the requirements set out in the Treasury and Cash Investment Policy, the borrowing and cash investment performance for year to date as at 31 December 2020 is reported below.
31. Borrowings as at 31 December 2020 were \$42.5 million.

Borrowings Facility	Available	Interest Type	Interest Rate	Borrowing(s) Amount as at 31 December 2020	Change since previous report	Maturity Date	CAD Interest Rate
LGFA CAD* 554	\$30m	Variable	1.35%	\$30m	\$0.0m	16/12/2023	1.35%
LGFA CAD* 555	\$70m	Variable	1.35%	\$12.5m	(\$10.6m)	15/06/2033	1.35%

* The Local Government Finance Authority (LGFA) cash advance debenture (CAD) facilities are flexible and allows Council to convert all or part of it into a fixed rate interest only loan for a maximum of 5 years.

32. The Prudential Limits as at 31 December 2020 based on actual borrowings of \$42.5 million are below:

Prudential Limit Ratio	Comments	Limits	YTD Actual to December 2020
Interest Expense Ratio	Number of times annual General Rates Revenue (less Landscape Levy) can service the annual interest expense	Maximum 10%	1.6%
Leverage Test	Total borrowings relative to annual General Rates Revenue (Less Landscape Levy)	Max 1.5 years	0.8
Asset Test	The percentage of total borrowings to Council's saleable property assets.	Max 25%	12%

33. Interest Income (Expenditure) against the Quarter 2 budget is a net favourable year to date variance of \$0.2 million.

Interest	Quarter Oct-Dec		Dec YTD		Annual	Administration Comments
	Actual	Budget	Actual	Budget	Budget	
Revenue	\$2,072	\$8,800	\$5,235	\$17,600	\$35,200	Interest revenue consists of interest earned on operating monies held in the NAB operating account.
Expense	(\$183,491)	(\$382,500)	(\$416,061)	(\$765,000)	(\$1,530,000)	Interest expense consists of LGFA CAD facility.

ATTACHMENTS

Attachment A – 2020-21 Quarter 2 Finance Report

- END OF REPORT -

City of Adelaide 2020-21 Quarter 2 Finance Report

December 2020

Prepared for the City of Adelaide
by Strategic Finance and Performance

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Glossary

Asset Sustainability Ratio: Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans

Asset Test Ratio: Borrowings as a percentage of total saleable property assets

Debt Service Coverage: Number of times the funding surplus from Operations can fund annual debt (principle and interest) repayments

Leverage Test Ratio: Total borrowings relative to rates revenue (less NRM levy)

Interest Expense Ratio: Proportion of Council's general rate income that is being used to service debt (interest)

Liquidity: Measure of the Council's ability to cover its immediate and short-term debts and obligations

Net Financial Liabilities: Financial liabilities as a percentage of operating surplus

Operating Surplus Ratio: Operating surplus as a percentage of operating revenue

Uniform Presentation of Finances: Annual funding requirement to cover spend on operations and capital

Vacancy Management: Centralisation of vacancies across operations against an annual target of \$1.5m

Work in Progress (WIP): An unfinished project that has not yet been capitalised to our asset register

WIP write off: A portion of an unfinished project which cannot be capitalised and will be expensed once the project is capitalised

Executive Summary

Quarterly Update

Council's year to date financial position is an improvement to forecast budget, driven by greater than expected income and lower expenditure.

Despite the increased restrictions in November, the quarter saw further increases in activity in the City. However, UPark are anticipating future income may be lower than budget as major events are cancelled, delayed or downsized.

The above has been considered and reflected in the Quarter 2 forecast.

Cash flow from Quarter 2 rates notices was due on 31 December. Currently 87.5% has been paid with 81 applications for hardship amounting to 4% of rates. The City of Adelaide hardship policy remains available.

Expenditure is lower than budget year to date, however there are requests for funds in the Quarter 2 forecast for the Council Decision to provide a City Business Stimulus Package and capital project write-offs. Savings have been identified to offset these requests.

Adelaide Central Market Authority are recognising a reduction in rental income as a result of higher than expected vacancies and continued tenant support. This reduction has been offset within the Authority to achieve a zero bottom line adjustment.

Quarter 2 Operating Position

Council's quarter 2 financial position is an operating surplus of \$0.5 million which is \$15.4 million favourable compared to our COVID-19 Recovery budget of (\$14.9) million. This is primarily due to:

- A combination of better than expected income from user fees and charges, city businesses, delay in timing of expenditure and savings
- Works in progress (WIP) write off due to the timing of capital projects, of which adjustments of \$1.8 million are proposed.
- Better than forecast revenue from UPark, On Street Parking and Expiations, noting revenue from user charges is (\$6.6) million below quarters 1 and 2 2019-20. Proposed adjustment of \$1.8 million.

End of Year Operating Position

The revised forecast of our Operating Deficit at the end of the 2020-21 financial year is projected to decrease by \$4.9 million, from (\$39.0) million to (\$34.1) million.

Borrowings

Council's borrowings at 31 December 2020 were \$42.5 million. This is within prudential limits.

The forecast end of year position has decreased by \$2.5 million to \$90.3 million

Risk & Opportunities

Income Expectations

User Charges revenues are 10% higher than budget year to date although still (\$6.6) million lower than the same time in 2019-20.

The 2020-21 COVID-19 recovery budget was built assuming a gradual recovery of revenue. Favourable variances have been recognised however, as we move into the second half of the year, the actual and budget income will be more closely aligned and there is a possibility revenue budget may not be achieved in quarter 3 due to:

- Cancelled and reduced events including Superloop 500 and Tour Down Under.
- Festivals will also be impacted across the peak period of February and March – with reduced numbers of participants – both artists and audiences.

Work in Progress write off

The revised Operating Position includes a decrease to the Work in Progress (WIP) write-off of \$0.6 million.

Reshape Update

A proposed new organisational structure was designed to be more efficient and integrated, allowing us to continue to provide quality services to our community while providing value for money for our ratepayers. The implementation of the proposed new structure will be completed in quarter 3 and we anticipate minimal impact on service delivery overall.

Good progress has been made towards achieving the target of \$20 million in permanent operating expenditure savings as part of the Reshaping Our Organisation project, however not all savings will be realised this financial year. Both actual and identified savings will be reflected in the Quarter 3 Finance Report and additional opportunities for achieving ongoing savings will be discussed with Council as part of the Business Plan and Budget process.

Financial Indicators

Explanation

The table below provides information about the key indicators of the Council's financial performance and financial position. A range of financial indicators have been included to support Council's strategic decision making by comparing the financial sustainability, asset sustainability, liquidity and capacity to respond in the context of the Long Term Financial Plan. These are analysed on pages 16 to 19.

Financial Indicator	Explanation	Target	December Year to Date		Revised Forecast	
			2020-21 Actuals	2020-21 Budget	2020-21 QF1 Budget	Proposed 2020-21 Budget (QF2)
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	4%	(13%)	(21%)	(18%)
Net Financial Liabilities	Financial liabilities and a percentage of operating revenue	Less than 80%	N/A	N/A	63%	60%
Asset Sustainability Ratio	Asset renewal expenditure as a percentage of required expenditure forecast in the asset management plans	90%-110%	N/A	N/A	74%	74%
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	12%	18%	27%	26%
Interest Expense Ratio	Number of times General Rates Revenue (less landscape Levy) can service the annual interest expense	Maximum 10%	1.6%	2.0%	1.3%	1.1%
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less landscape Levy)	Maximum 1.5 years	N/A	N/A	0.8	0.8
Borrowings (\$'m)	Total borrowings	Within Prudential Limits	42.5	61.6	92.8	90.3
Operating Surplus (\$'m)	Operating Income less Expenditure	\$2m - \$10m	3.1	(10.6)	(39.0)	(34.1)
Future Fund (\$'m)	Proceeds from the sale of Council assets to fund new income generating assets or new strategic capital projects	-	0.1	0.1	0.1	0.1

The year to date financial indicators are in line with the targets, and borrowings are within the prudential limits. The net financial liabilities and leverage test are marked as not applicable because they are based on annual rate income rather than year to date.

The asset sustainability ratio is also not applicable because it reflects the annual infrastructure renewal program spend against the asset management plan

Operating Summary

Explanation

The Operating Summary provides a breakdown of the key variances in operational income and expenditure between the year to date actuals and adopted budget.

This summary is presented in a format consistent with the Statement of Comprehensive Income.

\$'000s	Year to Date			Revised Forecast		
	2020-21 YTD Actuals	2020-21 YTD Budget	Variance	2020-21 QF1 Budget	Proposed 2020-21 Budget (QF2)	Variance
Income						
Rates Revenues	61,116	61,071	45	118,454	118,454	-
Statutory Charges	5,626	4,998	627	9,369	9,886	517
User Charges	29,076	26,536	2,540	53,879	55,296	1,417
Grants, Subsidies and Contributions	1,869	2,096	(227)	5,469	5,419	(50)
Investment Income	8	18	(10)	35	35	-
Reimbursements	180	334	(154)	691	668	(23)
Other Income	232	269	(36)	349	327	(23)
Total Income	98,106	95,322	2,784	188,247	190,086	1,839
Expenses						
Employee Costs	37,151	38,782	1,631	78,130	77,896	235
Materials, Contracts & Other Expenses	32,931	43,422	10,491	93,076	91,079	1,998
Depreciation, Amortisation & Impairment	26,548	26,825	277	53,638	53,006	631
Finance Costs	965	1,220	255	2,412	2,162	250
Total Expenses	97,594	110,247	12,653	227,256	224,143	3,113
Operating Surplus / (Deficit)	512	(14,925)	15,437	(39,009)	(34,057)	4,952
Asset Disposal & Fair Value Adjustments	(99)	(20)	(79)	491	791	300
Amounts Received Specifically for New or Upgraded Assets	2,548	3,987	(1,439)	7,853	7,877	23
Net Surplus / (Deficit)	2,961	(10,958)	13,919	(30,665)	(25,390)	5,275
Total Comprehensive Income	2,961	(10,958)	13,919	(30,665)	(25,390)	5,275

Operating Summary

Year to Date

Statutory Fees and Charges \$0.6 million Increased expiations and associated revenue

User Fees and Charges \$2.5 million

- UPark \$0.9 million favourable. UPark Plus continues to assist with better than anticipated recovery post-COVID-19
- On Street Parking fees and charges revenue increase \$0.4 million as COVID-19 restrictions ease
- Golf \$0.3 million favourable due to increased rounds across all courses and associated secondary spends
- Central Market Car Park \$0.3 million favourable. Recovery has been faster than anticipated.

Grants, Subsidies & Contributions (\$0.2) million

Delay in recognition of grants as this is matched with delayed expenditure

Reimbursements (\$0.2) million Reduced level of private works completed by Public Realm.

Expenditure

Employee Costs \$1.6 million Employee costs are lower than forecast due to the timing of transition costs and management of vacancies year to date.

Materials, Contracts & Other Expenses \$10.5 million including:

- \$3.3 million of operational and maintenance costs that are adhoc in nature
- \$1.8 million of partnerships and operating activities where funding is still required to achieve 2020-21 Business Plan
- WIP write off \$1.2 million due to the timing of capital projects.
- \$0.5 million of activities moving to AEDA
- Electricity \$0.3 million as current spot market rates low, but expected to rise in Q3 due to peak demand period
- Quarter 2 proposed savings of \$1.7 million and retiming of \$0.5 million.

Depreciation, Amortisation & Impairments \$0.3 million lower depreciation due to the finalisation of the 2019-20 Financial Statements.

Finance Costs \$0.3 million Due to lower debt balance.

End of Year Forecast

Statutory Fees and Charges \$0.5 million

Recognition of year to date favourable variance in expiations and associated revenue.

User Charges \$1.4 million

- Recognition of year to date favourable variance in UPark \$0.9 million, On-Street Parking \$0.4 million and Golf \$0.3 million .
- Adelaide Central Market Arcade (ACMA) (\$0.25) million reduction in income for property leases driven by a higher number of vacancies and rent concessions (\$0.3 million), offset by additional Off-Street Parking income \$0.05 million.
- Property Recovery \$0.1 million due to favourable position for 2019-20 turnover rent.

Grants, Subsidies & Contributions (\$0.05) million

Adelaide Park Lands Authority (APLA) contribution reduced to reflect delivery by in house resourcing (\$0.14) million, partially offset by additional grants received for asset renewals \$0.1 million.

Expenditure

Employee Costs \$0.2 million Includes a reduction of 2.0 FTE across ACMA as the support is being delivered by CoA, and the City Plan project.

Materials, Contracts & Other Expenses \$2.0 million including:

- Council Decisions to provide a City Business Stimulus Program (\$0.9) million, and the Aquatic Centre feasibility study (\$0.09) million, see page 10.
- Cancelled or reduced events as a result of COVID-19 restrictions \$0.77 million, including New Years Eve, Lord Mayor (LM) Christmas Pageant, LM Golf Trophy day, LM Christmas Reception, Sponsorship funding of external festivals and events that have been cancelled.
- Capital works write off \$0.6 million, see slide 14
- City Wide Waste and Recycling Program retimed to 2021-22 \$0.5 million
- Other savings based on year to date favourable position \$1.1 million.

Depreciation, Amortisation & Impairments \$0.6 million

Adjustment following the finalisation of the 2019-20 Financial Statements.

Finance Costs \$0.25 million

Reduced due to year to date lower debt levels

Uniform Presentation of Finances

Explanation

Uniform Presentation of Finances provides a breakdown of the key variances in operations, net outlays on existing assets and net outlays on new and upgraded assets between the year to date Actuals and Original Budget.

\$'000s	December Year to Date			Revised Forecast		
	2020-21 Actuals	2020-21 Budget	Variance	2020-21 QF1 Budget	Proposed 2020-21 Budget (QF2)	Variance
Income	98,106	95,322	2,784	188,247	190,086	1,839
less Expenses	97,594	110,247	12,653	(227,256)	(224,143)	3,113
Operating Surplus / (Deficit) before Capital Amounts	512	(14,925)	15,437	(39,009)	(34,057)	4,952
Outlays on Existing Assets						
Capital Expenditure on Renewal & Replacement of Existing Assets	(12,194)	(18,999)	6,806	(32,613)	(32,898)	(285)
add back Depreciation, Amortisation and Impairment	26,548	26,825	277	53,638	53,006	(631)
add back Proceeds from Sale of Replaced Assets	290	855	(565)	751	751	-
Net Outlays on Existing Assets	14,644	8,680	5,964	21,776	20,859	(917)
Outlays on New and Upgraded Assets						
Capital Expenditure on New and Upgraded Assets	(4,860)	(7,261)	2,401	(31,817)	(32,467)	(650)
add back Amounts received specifically for New and Upgraded Assets	2,548	3,987	(1,439)	4,953	4,977	24
Net Outlays on New and Upgraded Assets	(2,311)	(3,273)	962	(26,864)	(27,490)	(627)
Net Lending / (Borrowing) for the Financial Year	12,845	(9,519)	22,364	(44,097)	(40,688)	3,409

Uniform Presentation of Finances

Year to Date

The year to date Net Lending / (borrowing) position of \$12.5 million is \$25.6 million favourable to the budget of (\$13.0) million. This is largely due to the favourable operating surplus position of \$19.4 million (refer to Page 6), and the timing of expenditure on the renewal and replacement of assets, and new and upgraded assets of \$6.5 million.

Renewal & Replacement of Existing Assets

Capital Expenditure \$6.8 million

- Grote St Renewal \$0.4million – project impacted by COVID with contractor adding second crew to speed up delivery.
- Francis St \$0.4 million– Timing due to seasonal constraints
- North Terrace contribution \$0.2 million – deed not yet finalised, delaying contribution to DIT.
- Plant, Fleet & Equipment \$1.0 million favourable, Purchases have been delayed due to waiting on tender completions.

Depreciation, Amortisation & Impairments \$0.3 million lower depreciation due to the finalisation of the 2019-20 Financial Statements.

Amounts received (\$0.6) million

Timing of sale of plant and fleet and receipt supplementary roads grant

New and Upgraded Assets

Capital Expenditure \$2.4 million

- City Skate Park \$0.2m – works now contracted
- Market to Riverbank (Bentham Street) \$2.4 million - delayed start, SA Health requested all works to halt in the street due to quarantine hotel
- Whitmore Square safety improvements \$0.5 million – awaiting contract execution
- Events Infrastructure \$0.3m – project in final stage of delivery (now completed)

Amounts received (\$1.4) million

Timing, mainly due to City Skate Park (\$0.2) million and Market to Riverbank (Bentham Street) (\$1.2) million.

End of Year Forecast

The revised Net Lending / (Borrowing) position is (\$40.7) million, a decrease of \$3.4 million from the Quarter 1 Revised Budget, driven by a favourable operating position of \$5.0 million, offset by the net outlays on assets of (\$1.5) million as detailed below.

Renewal & Replacement of Existing Assets

Capital Expenditure (\$0.3) million

- Increase in Capital Expenditure of (\$0.6) million resulted in a corresponding net reduction to write off forecast (see slide 15)
- Changes in Infrastructure Renewals Program of \$1 million were used to fund an increase of the Events Infrastructure New/Upgrade project (\$0.65) million and to release savings of \$0.38 million
- Movement of funds in ACMA from upgrade to renewal (\$0.25) million

New and Upgraded Assets

Capital Expenditure (\$0.65) million

- Additional funds reprioritised from Infrastructure Renewals to Events Infrastructure Rundle Park (\$0.65) million due to tender pricing received.
- Movement of funds in ACMA from upgrade to renewal \$0.25 million
- Savings made in Commercial Operations are partly used to fund Golf course irrigation upgrade and new golf carts (\$0.23) million, also seeking grant contribution

Projects

Adjustments and re-timed

Project Explanation	Budget \$'000	Adjustment \$'000	Re-timed \$'000
Aquatic Centre Investigation Council Decision to undertake a detailed feasibility study for a new Regional Community Aquatic and Recreation facility.	-	(90)	-
City Activation Council Decision to reprioritise funds to the Event Infrastructure Funding Scheme, and the Summer Street Beats and Eats.	(785)	150	-
City Plan Project to be delivered with internal resources.	(200)	131	-
City Wide Waste and Recycling Program Delay in recruitment of Project Resource.	(1,000)	-	500
Digital Marketplace Council Decision to design and implement a digital Marketplace for businesses.	-	(250)	-
Energy Assessment Pilot Program Council Decision for an Energy Assessment Pilot Program to reduce operational costs for small businesses.	-	(400)	-
Event Infrastructure Funding Scheme Council Decision to implementation of an Event Infrastructure Funding scheme of up to \$50,000, funded through the reprioritisation of the City Activation Budget.	-	(50)	-
North Adelaide Parking Review Project has been finalised with savings.	(35)	35	-
SATC Great State Vouchers Council Decision to complement and leverage the South Australian Tourism Commission (SATC) Great State Vouchers, incorporating paid experiences and hospitality offerings.	-	(250)	-
Summer Street Beats and Eats Council Decision to extend the Summer Street Beats and East program, funded through reprioritisation of City Activation budget.	-	(100)	-
Torrens Lake Weir Design Movement of existing project from operating to capital to reflect scope.	(16)	16	-
Total		(808)	500

Summary of Adjustments

The adjustments on the left reflect changes to the 2020-21 QF1 Budget to the existing funding allocated to projects. The changes include:

- Council Decision to undertake a detailed feasibility study for a new Regional Community Aquatic and Recreation facility (\$0.09) million
- Council Decision to provide a City Business Stimulus Program through:
 - The design and implementation of a digital Marketplace for businesses by the Adelaide Economic Development Agency (\$0.25) million.
 - An Energy Assessment Pilot Program (\$0.4) million
 - Implementation of an Event Infrastructure Funding scheme (\$0.05) million
 - South Australian Tourism Commission's Great State Vouchers, incorporating paid experiences and hospitality offerings (\$0.25) million
 - Extension of the Summer Street Beats and Eats series (\$0.1) million
- Movement of funds from operating to capital to reflect the nature of the expenditure
- Retiming of the City Wide Waste and Recycling Program due to delay in recruitment of project resources. One role is in place and recruitment is underway for remainder.

The net value of the these adjustments (\$0.8) million has been funded through operational savings.

Infrastructure Program

Adjustments and re-timed

Project* Explanation	Budget \$'000	Adjustment \$'000	Retimed \$'000
New/Significant upgrades			
Events Infrastructure Rundle Park Tender pricing above budget.	(807)	(650)	-
Golf Carts Purchase of an additional 4 golf carts to reflect the increase in demand	-	(56)	-
Golf Course Irrigation Savings made in Commercial Operations are partly used to fund Golf course irrigation upgrade	-	(180)	-
Paxton's Walk and Vaughan Place Design project completed with savings.	(37)	17	-
Peace Park/Town Clerk's Walk Project completed with small overspend.	(314)	(8)	-
Total		(877)	
Transport			
Chesser/Coromandel Street Additional road and footpath renewals brought forward to align with grant funded project. Part of the increase covered by grant transfer from Sussex St (\$5k).	-	Expense (48)	-
		Income 5	
Featherstone Place Agreement with stakeholders cannot be reached this financial year, project re-prioritised to a future year.	(86)	83	-
Grote Street (Morphett St to West Tce) Project can return \$250k savings due to successful Supplementary Roads grant application.	(1,717)	Expense (145)	-
		Income 395	
Hutt Street Design project completed with savings.	(53)	20	-
Sussex Street Project completed with savings \$5k, grant funding transferred to related grant project Chesser/Coromandel St.	-	Expense 5	-
		Income (5)	
Transport Program 20-21 * George St works on hold due to negotiations with adjacent property owners \$227k, * Roads to Recovery grant transferred to the Bridge Program for road reseal of Victoria Bridge \$256k, * Re-prioritisation of Hutt St road renewals due to Masterplan discussions \$722k * Main North Road resurfacing completed with savings \$79k	(6,083)	Expense 1,641	-
		Income (348)	
Total		1,603	
Bridges			
Bridges Renewal Program Allocation of 20/21 Roads to Recovery funding to Victoria bridge road reseal (\$256k). Savings from prior year Bridge Program transferred to Urgent works \$13k.	(509)	(243)	-
Bridges – Assorted Design and Urgent Works Savings from prior year Bridge Program transferred to Urgent Works (\$13k). Operating project Weir 2 handrail design transferred to Capital (\$16k).	(224)	(29)	-
Total		(272)	

Summary of Adjustments

- Changes in Infrastructure Renewals Program of \$1 million were used to fund an increase of the Events Infrastructure New/Upgrade project (\$0.65) million and to release savings of \$0.36 million
- Savings made in Commercial Operations are partly used to fund Golf course irrigation upgrade and new golf carts (\$0.23) million, also seeking grant contribution

* The project adjustments include capital amounts and WIP write-off amounts expensed to the Statement of Comprehensive Income

Infrastructure Program

Adjustments and re-timed

Project* Explanation	Budget \$'000	Adjustment \$'000	Retimed \$'000
Lighting and Electrical			
Lighting and Electrical Renewal Program Funds allocated to Lighting & Electrical Program (\$648k).	(802)	(268)	-
Building Management System and CCTV BMS project delayed to next year.	(800)	648	-
Total		380	
Water Infrastructure			
Creek Rehabilitation Settlement received for design defect \$45k which will cover construction rectification costs.	(43)	Expense (45) Income 45	-
Water Infrastructure Renewal Program Funds allocated to Stormwater renewal alongside Frome Road.	(1,415)	(150)	-
Total		(150)	
Buildings			
UPark Buildings – Topham Mall Project completed with savings.	(100)	54	-
UPark Buildings – Rundle UPark Latent conditions discovered during construction required additional budget.	(3,378)	(550)	
Public Conveniences Park 27B Tender pricing above budget.	(84)	(60)	-
Total		(556)	

Summary of Adjustments:

- Building Management System project delayed until future years
- Increase in budget for Rundle UPark due to latent conditions (\$0.55) million, and lighting & electrical renewal program (\$0.27) million

* The project adjustments include capital amounts and WIP write-off amounts expensed to the Statement of Comprehensive Income

Major Projects

Adjustments and re-timed

Project* Explanation	Budget \$'000	Adjustment \$'000	Retimed \$'000
Major Projects			
Quentin Kenihan Accessible Play Space Interest accumulated on the grant released into project \$24k, project completed on budget.	-	Expense (24) Income 24	-
Total		-	

Summary of Adjustments

- Recognition of interest earned for the grant received from the Quentin Kenihan Accessible Play Space.

* The project adjustments include capital amounts and WIP write-off amounts expensed to the Statement of Comprehensive Income

Adelaide Central Market Arcade Capital Projects

Adjustments and re-timed

Project* Explanation	Budget \$'000	Adjustment \$'000	Retimed \$'000
Renewal / Replacement Projects			
Stall Structural Renewal Works			
Re-prioritisation from Tower project due high demand from stall holders	(800)	(250)	-
Total		(250)	
New and Upgraded Projects			
Tower			
Change in project scope and delayed until future year. Funds reprioritised to Stall Structural Renewals Works.	(250)	250	-
Total		250	

Summary of Adjustments

Due to the increasing number of stalls requiring structural refurbishment in 20/21 ACMA are requesting to reallocate \$250k from the Tower into Stall Structural Renewal Works. In order to come to commercial terms with incoming or renewing tenants, the structural renewal works are required to bring deteriorated stalls up to the current building standards. The tower structural works are not a high priority at this point but may be required in the future to allow commercial use of the space.

* The project adjustments include capital amounts and WIP write-off amounts expensed to the Statement of Comprehensive Income

Capital Works Write-off Adjustments

Project	Budget \$'000	Adjustment \$'000
Savings/Additional funds		
Transport Renewals	(651)	250
Lighting & Electrical Renewals	(977)	648
Park Land Renewals	(78)	26
Total		924
Forecasting adjustment		
Transport renewals	(651)	(2)
Bridge Renewals	(8)	(7)
Lighting & Electrical Renewals	(977)	(40)
Urban Renewals	(122)	(3)
Park Land Renewals	(78)	(6)
CITB Levy	(51)	18
ICT Renewals	-	(269)
Total		(309)
Total changes Expense to Capital	-	615

Expense Adjustments

- All capital project budgets are split between capital and non-capital when they are created in the finance system, this allows administration to forecast the expected non-capital (expense) value for the year.
- The Renewals Program was again reviewed during the quarter. Project changes to budget have resulted in a reduction of non-capital expense of \$0.9 million
- This was partly offset by a review of the scope of projects, including ICT Renewals, which increased the non-Capital expense by (\$0.3) million.

Infrastructure Update

Project Status

Project Explanation	Status
Quarter 2 Practical Completion	
Quentin Kenihan Inclusive Playspace (QKIP) Creation of an exemplary regional playspace in Rymill Park / Murlawirrapurka (Park 14). Provision of social, active, cognitive and creative play and recreation opportunities for all ages, abilities and cultures serviced by the wider park facilities and amenities for the local and surrounding areas.	Delivered
Peace Park / Town Clerk's Walk Peace Park irrigation, turf management and tree succession planting. Infill tree planting along Town Clerks Walk.	Delivered
Park 11 - Torrens Path (Albert Bridge to Behind Zoo) Construct new concrete footpath and retaining structures adjacent Torrens.	Delivered
North Terrace (King William Road to Kintore Avenue) Continuation of footpath renewal works on North Terrace (King William Road to Kintore Avenue).	Delivered
Pelzer Park/ Pityarilla (Park 19) Enhancement Final stage (public art element) of Pityarilla / Pelzer Park (Park 19) upgrade.	Delivered
Decorative Lighting Program Hurtle Square Decorative Lighting	Delivered
Hazardous Material Removal Program Jolley's Boathouse hazardous material removal	Delivered
Quarter 2 Planned Practical Completions	
Rymill Park Public Convenience Renewal Renewal of the east toilet block including change room facilities (Inc \$150k Changing Places Grant Funding).	Planned
Playground Renewals for QKIP Main works have reached PC in December - additional path, DDA Car Park Works planned for early Q3.	Planned
Torrens Lake Weir 1 Gate seals replacement.	Planned
Torrens Lake Weir – Component Renewals Gate control system renewal.	Planned
Grote Street Greening to new median to align with Road Renewal, Kerb and Water Table and footpath works	Planned
Events Infrastructure Rundle Park Design and construction of services (e.g. water and power) to the east Park Lands area (Rundle Park / Kadlitpina) to improve the facilitation of key festival events within the City of Adelaide	Planned
Upark Buildings - Rundle Upark Required treatment works to increase the serviceability of the Rundle Street Upark.	Planned
Chesser / Coromandel Asphalt works, planters and street art	Planned
Victoria Bridge Asphalt, Waterproofing and Expansion Joint Replacement	Planned
King William Street Intersections Two out of three intersections complete, KWS/South Tce intersection planned for early Feb as contractor was delayed due to SA Lockdown	Planned

Project Status

- In the second quarter seven projects were delivered. Delivered refers to the construction phase projects being completed, the projects now move in to the close phase which includes handover and financial capitalisation.
- Four of these projects are part of the renewal program, one is New and Upgrade and two are grant funded projects.
- Quentin Kenihan Inclusive Playspace is 100% funded by the State Government and was opened to the public in December.
- Denise Norton Park/ Pardipardinyilla (Park 2) East Enhancement is the final stage of a Major Project funded by a grant contribution
- Ten projects are planned for delivery in the third quarter.

Quarter Performance

financial indicators and performance

Dashboard

The table below provides information about the key indicators of the Council's financial performance and financial position. A range of financial indicators have been included to support Council's strategic decision making by comparing the financial sustainability, asset sustainability, liquidity and capacity to respond in the context of the Long Term Financial Plan (which is provided as Appendix B)

2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Borrowings (\$'m) (Total borrowings)										
Target: Prudential Limits										
92.8	90.3	86.3	95.2	80.8	60.4	62.6	55.1	46.1	72.5	112.0
Operating Surplus (\$'m) (Funding surplus/(deficit))										
Target: Financial sustainability										
(39.0)	(34.1)	(0.1)	(1.9)	(3.7)	3.6	3.6	10.0	8.4	12.5	6.4
Operating Surplus Ratio (Operating surplus as a percentage of operating revenue)										
Target: 0%-20%										
(21%)	(18%)	0%	(1%)	(2%)	2%	2%	4%	4%	5%	3%
Net Financial Liabilities (Financial liabilities and a percentage of operating revenue)										
Target: Less than 80%										
63%	60%	56%	62%	54%	38%	38%	34%	30%	39%	54%
Asset Sustainability Ratio (Expenditure on asset renewals as a % of forecast required expenditure in the asset management plans)										
Target: 90%-110%										
74%	74%	67%	100%	100%	100%	100%	100%	100%	100%	100%
Asset Test Ratio (Borrowings as a percentage of total saleable property assets)										
Target: Maximum 50%										
26%	26%	25%	27%	20%	15%	16%	14%	11%	17%	26%
Interest Expense Ratio (Number of times General Rates Revenue (less NRM Levy) can service the annual interest expense)										
Target: Maximum 10%										
1.3%	1.1%	1.2%	1.0%	1.2%	1.0%	0.8%	0.8%	0.7%	0.8%	1.2%
Leverage Test Ratio (Total borrowings relative to General Rates Revenue (Less NRM Levy))										
Target: Maximum 1.5 years										
0.8	0.8	0.7	0.8	0.6	0.5	0.5	0.4	0.3	0.5	0.7

Quarter Performance

financial indicators and performance

Local Government Indicators

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia

Operating Surplus Ratio (Operating surplus as a percentage of operating revenue)

Target: 0%-20%

(21%)	(18%)	0%	(1%)	(2%)	2%	2%	4%	4%	5%	3%
2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan

This indicator represents the percentage by which the major controllable revenue source varies from day to day operating expenses. Financial sustainability is indicated where a council consistently achieves operating surpluses and has soundly based projections showing it can continue to do so in the future, having regard to asset management and the service level needs of its community.

Target: The Local Government Act target is to achieve an average operating surplus ratio between 0% and 15% over any five-year period. However, as a capital city council, the City of Adelaide has significant responsibilities in improving its public realm, and as such considers that an average operating surplus ratio between 0% and 20%, over any five-year period, is a more appropriate target.

Analysis: The 2020-21 through to 2023-24 financial years are forecasted to fall outside the target range, as a result of anticipated reduction of income from COVID-19. Council's response to remediate is to reduce operating expenditure by \$20m in the 2020-21 Financial Year. This ongoing saving improves the ratio, and overtime operating surpluses are generated to reduce borrowings and reinvest from 2024-25.

Net Financial Liabilities (Financial liabilities and a percentage of operating surplus)

Target: Less than 80%

63%	60%	56%	62%	54%	38%	38%	34%	30%	39%	54%
2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan

This indicator represents the significance of the net amount owed compared with operating revenue. It measures the extent to which Council is managing its debt and highlights that borrowings are often an effective means of financial sustainability, rather than trying to fund all assets and services from operating income. A steady ratio means council is balancing the need to borrow against their affordability of debt. An excessive ratio means Council is borrowing beyond their means and cannot generate the income required to service assets and operations.

Target: The target for Net Financial Liabilities should normally be greater than zero. If not, then it implies that a council is willing to place a higher priority on accumulated financial assets than applying funds generated from ratepayers to the provision of services and/or infrastructure renewal. The target set by City of Adelaide is that liabilities as a percentage of total operating revenue will not exceed 80%.

Analysis: City of Adelaide's net financial liabilities are within the prescribed target.

Quarter Performance

financial indicators and performance

Asset Sustainability Ratio (Expenditure on asset renewals as a % of forecast required expenditure in the asset management plans)

Target: 90%-110%

74%	74%	67%	100%	100%	100%	100%	100%	100%	100%	100%
2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan

This indicator expresses expenditure on asset renewals as a percentage of the projected funding required for asset renewal. It illustrates whether existing assets are being replaced or renewed at the rate they are being consumed and ensures consistent service delivery as determined by the Asset Management Plans (AMPs).

Target: A ratio lower than 100% suggests that Council is not maintaining assets and infrastructure in order to optimise asset lives. A ratio higher than 100% suggests that Council is replacing assets earlier than needed. Adoption of a target ratio between 90% and 110%, is in line with the *Local Government Act 1999*.

Analysis: The Infrastructure and Asset Management Plans (AMPs) are currently being reviewed and updated including asset levels of service, taking into account community needs, population density/growth impacts and asset management principles.

Impacts of reducing the Infrastructure Program in 2020-21 will increase the renewal funding required over the longer term (to enable the renewal backlog to be undertaken), reducing capacity to deliver new and significant upgrade projects, major projects and emerging priorities in the short to medium term.

As a result of the sustainability ratio falling below the target range for 2020-21 and 2021-22, consideration will need to be made for the Long Term Financial Plan funding to take a longer term view on asset replacement to ensure it does not interfere with renewals over the life of the plan.

Quarter Performance

financial indicators and performance

Treasury Report indicators

The Treasury and Cash Investment Policy sets the risk appetite of Council and the amount of borrowing it can sustain as defined by the Prudential Borrowing Limits, as calculated in the following 3 ratios

Asset Test Ratio (Borrowings as a percentage of total saleable property assets)

Target: Maximum 50%

26%	26%	25%	27%	20%	15%	16%	14%	11%	17%	26%
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Interest Expense Ratio (Number of times General Rates Revenue (less NRM Levy) can service the annual interest expense)

Target: Maximum 10%

1.3%	1.1%	1.2%	1.0%	1.2%	1.0%	0.8%	0.8%	0.7%	0.8%	1.2%
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Leverage Test Ratio (Total borrowings relative to General Rates Revenue (Less NRM Levy))

Target: Maximum 1.5 years

0.8	0.8	0.7	0.8	0.6	0.5	0.5	0.4	0.3	0.5	0.7
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2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
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The maximum level of debt is prescribed by Council by way of prudential limits. While Council does not place a physical monetary limit on the level of borrowings, and upper limit is determined through its financial indicators. When borrowing, Council will consider these indicators.

Target: The Prudential limits set within the Policy are:

Asset Test Ratio Maximum of 50%

Interest Expense Ratio Maximum of 10%

Leverage Test Ratio Maximum 1.5 Years

Prudential limits are breached when one of the ratios fall outside of the targets stipulated in the Treasury and Cash Investment Policy. The breach must be reported with remediation actions to the CEO immediately and reported quarterly within the borrowing and cash investment performance report.

Analysis: City of Adelaide's borrowings are within the prescribed targets across the Long Term Financial Plan

Appendix

A – Budgeted Financial Statements

B - Long Term Financial Plan

Item 5.8 - Attachment A

Appendix A

Budgeted Financial Statements

Statement of Comprehensive Income			
\$'000s	Consolidated 2020-21 Adopted Budget	Consolidated 2020-21 Quarter 1 Forecast	Consolidated 2020-21 Quarter 2 Forecast
Income			
Rates Revenues	118,455	118,454	118,454
Statutory Charges	8,900	9,369	9,886
User Charges	53,435	53,879	55,296
Grants, Subsidies and Contributions	4,510	5,469	5,419
Investment Income	35	35	35
Reimbursements	691	691	668
Other Income	299	349	327
Total Income	186,326	188,247	190,086
Expenses			
Employee Costs	78,274	78,130	77,896
Materials, Contracts & Other Expenses	88,296	93,076	91,079
Depreciation, Amortisation & Impairment	53,744	53,638	53,006
Finance Costs	2,423	2,412	2,162
Total Expenses	222,737	227,256	224,143
Operating Surplus / (Deficit)	(36,411)	(39,009)	(34,057)
Asset Disposal & Fair Value Adjustments	(300)	491	791
Amounts Received Specifically for New or Upgraded Assets	3,429	7,853	7,877
Net Surplus / (Deficit)	(33,282)	(30,665)	(25,390)
Total Comprehensive Income	(33,282)	(30,665)	(25,390)

Appendix A

Budgeted Financial Statements

Statement of Financial Position			
\$'000s	Consolidated 2020-21 Adopted Budget	Consolidated 2020-21 Quarter 1 Forecast	Consolidated 2020-21 Quarter 2 Forecast
ASSETS			
Current Assets			
Cash and Cash Equivalents	800	800	800
Trade & Other Receivables	14,789	13,340	13,470
Other Financial Assets	129	46	46
Inventories	707	576	576
Total Current Assets	16,424	14,762	14,892
Non-Current Assets			
Financial Assets	225	277	277
Equity Accounted Investments in Council Businesses	629	672	605
Investment Property	2,894	2,889	2,574
Infrastructure, Property, Plant & Equipment	1,867,041	1,871,426	1,872,993
Other Non-Current Assets	1,264	2,161	2,161
Total Non-Current Assets	1,872,053	1,877,425	1,878,610
TOTAL ASSETS	1,888,477	1,892,187	1,893,502
LIABILITIES			
Current Liabilities			
Trade & Other Payables	37,195	25,136	24,505
Provisions	11,320	12,064	12,064
Other Current Liabilities	3,290	3,290	3,290
Total Current Liabilities	48,515	40,490	39,859
Non-Current Liabilities			
Trade & Other Payables	1,000	1,293	293
Borrowings	90,125	92,754	90,345
Provisions	1,585	1,584	1,584
Other Non-Current Liabilities	33,745	33,745	33,745
Total Non-Current Liabilities	126,454	129,376	125,967
TOTAL LIABILITIES	178,259	169,866	165,827
Net Assets	1,710,219	1,722,321	1,727,675
EQUITY			
Accumulated Surplus	790,205	786,626	791,901
Asset Revaluation Reserves	918,355	934,010	934,010
Other Reserves	1,659	1,612	1,612
Future Fund Reserve	-	73	73
Total Council Equity	1,710,219	1,722,321	1,727,675

Appendix A

Budgeted Financial Statements

Statement of Changes in Equity			
\$'000s	Consolidated 2020-21 Adopted Budget	Consolidated 2020-21 Quarter 1 Forecast	Consolidated 2020-21 Quarter 2 Forecast
Balance at the end of previous reporting period	1,743,501	1,752,986	1,752,986
a. Net Surplus / (Deficit) for Year	(33,282)	(30,665)	(25,390)
b. Other Comprehensive Income	-	-	-
Total Comprehensive Income	(33,282)	(30,665)	(25,390)
Gain (Loss) on Revaluation of I, PP&E	-	-	-
Balance at the end of period	1,710,219	1,722,321	1,727,596

Appendix A

Budgeted Financial Statements

Statement of Cash flows			
\$'000s	Consolidated 2020-21 Adopted Budget	Consolidated 2020-21 Quarter 1 Forecast	Consolidated 2020-21 Quarter 2 Forecast
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts	188,261	188,197	189,905
<u>Payments</u>			
Operating Payments to Suppliers and Employees	(158,805)	(166,950)	(164,417)
Net Cash provided by (or used in) Operating Activities	29,456	21,247	24,908
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets	3,429	4,953	4,977
Proceeds from Surplus Assets	1,000	1,000	-
Sale of Replaced Assets	-	751	751
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets	(41,885)	(32,613)	(32,898)
Expenditure on New/Upgraded Assets	(25,999)	(31,817)	(32,467)
Net Cash provided by (or used in) Investing Activities	(63,456)	(57,725)	(59,637)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings	38,525	41,154	38,745
<u>Payments</u>			
Repayment from Borrowings	-	-	-
Repayment of Principal portion of lease liability	(4,853)	(4,820)	(4,820)
Net Cash provided by (or used in) Financing Activities	33,672	36,334	33,925
Net Increase (Decrease) in Cash Held	(328)	(145)	(224)
plus: Cash & Cash Equivalents at beginning of period	1,128	945	945
Cash & Cash Equivalents at end of period	800	800	721

Appendix A

Budgeted Financial Statements

Uniform Presentation of Finances			
\$'000s	Consolidated 2020-21 Adopted Budget	Consolidated 2020-21 Quarter 1 Forecast	Consolidated 2020-21 Quarter 2 Forecast
Income	186,289	188,247	190,086
less Expenses	(223,118)	(227,256)	(224,143)
Operating Surplus / (Deficit) before Capital Amounts	(36,829)	(39,009)	(34,057)
less Net Outlays on Existing Assets			
Net Capital Expenditure on Renewal & Replacement of Existing Assets	(41,885)	(32,613)	(32,898)
less Depreciation, Amortisation and Impairment	53,744	53,638	53,006
less Proceeds from Sale of Replaced Assets	-	751	751
Net Outlays on Existing Assets	12,724	21,776	20,859
less Net Outlays on New and Upgraded Assets			
Net Capital Expenditure on New and Upgraded Assets	(25,999)	(31,817)	(32,467)
less Amounts received specifically for New and Upgraded Assets	14,650	4,953	4,977
Net Outlays on New and Upgraded Assets	(11,349)	(26,864)	(27,490)
Net Lending / (Borrowing) for Financial Year	(35,454)	(44,097)	(40,688)

Appendix B

Long Term Financial Plan

Statement of Comprehensive Income											
\$'000s	2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Income											
Rates Revenues	118,454	118,454	121,123	124,150	127,680	132,250	136,698	140,643	144,667	148,772	152,958
Statutory Charges	9,369	9,886	11,869	11,976	12,173	12,373	12,576	12,819	13,068	13,322	13,580
User Charges	53,879	55,296	61,083	62,274	61,012	68,685	69,893	71,225	72,637	74,076	75,544
Grants, Subsidies and Contributions	5,469	5,419	3,029	3,074	3,128	3,182	3,238	3,303	3,369	3,436	3,505
Investment Income	35	35	25	26	26	27	27	28	28	29	29
Reimbursements	691	668	699	710	722	735	748	763	778	794	810
Other Income	349	327	303	308	313	318	324	331	337	344	351
Total Income	188,247	190,086	198,131	202,518	205,054	217,570	223,505	229,112	234,885	240,772	246,777
Expenses											
Employee Costs	78,130	77,896	71,712	73,285	74,854	76,458	78,096	79,689	81,315	82,974	84,667
Materials, Contracts & Other Expenses	93,076	91,179	71,497	76,309	77,739	81,229	82,123	83,829	86,762	92,255	96,130
Depreciation, Amortisation & Impairment	53,638	53,006	52,829	52,446	53,675	54,111	57,853	53,846	56,951	51,418	57,386
Finance Costs	2,412	2,162	2,192	2,376	2,462	2,144	1,863	1,732	1,505	1,602	2,148
Total Expenses	227,256	224,143	198,231	204,416	208,730	213,942	219,934	219,096	226,532	228,249	240,331
Operating Surplus / (Deficit)	(39,009)	(34,057)	(101)	(1,898)	(3,677)	3,628	3,570	10,016	8,353	12,524	6,446
Other Comprehensive Income											
Asset Disposal & Fair Value Adjustments	491	791	(861)	2,090	2,213	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	7,853	7,877	132	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(30,665)	(25,390)	(830)	192	(1,464)	3,628	3,570	10,016	8,353	12,524	6,446
Other Comprehensive Income											
Changes in Revaluation Surplus - I, PP&E	-	-	-	-	42,873	-	-	-	-	-	-
Net Actuarial Gains/(Loss) on Defined Benefit Plan	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	-	-	-	-	42,873	-	-	-	-	-	-
Total Comprehensive Income	(30,665)	(25,390)	(830)	192	41,409	3,628	3,570	10,016	8,353	12,524	6,446

Appendix B

Long Term Financial Plan

Statement of Financial Position												
\$'000s	2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
ASSETS												
Current Assets												
Cash and Cash Equivalents	800	800	800	800	800	800	800	800	800	800	800	800
Trade & Other Receivables	13,340	13,470	13,121	13,089	13,164	13,935	14,311	14,669	15,038	15,414	15,798	16,193
Other Financial Assets	46	46	41	37	33	30	27	24	22	20	18	16
Inventories	576	576	576	576	576	576	576	576	576	576	576	576
Total Current Assets	14,762	14,892	14,539	14,502	14,573	15,341	15,714	16,069	16,436	16,810	17,192	17,585
Non-Current Assets												
Financial Assets	277	277	249	225	202	182	164	147	133	119	107	97
Equity Accounted Investments in Council Businesses	672	605	605	605	605	605	605	605	605	605	605	605
Investment Property	2,889	2,574	2,600	2,626	2,652	2,679	2,705	2,732	2,760	2,787	2,815	2,843
Infrastructure, Property, Plant & Equipment	1,871,426	1,872,993	1,882,086	1,892,422	1,914,373	1,885,389	1,885,712	1,882,744	1,877,598	1,911,887	1,953,718	1,995,104
Other Non-Current Assets	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161
Total Non-Current Assets	1,877,425	1,878,610	1,887,701	1,898,039	1,919,992	1,891,015	1,891,347	1,888,390	1,883,256	1,917,560	1,959,407	2,000,810
TOTAL ASSETS	1,892,187	1,893,502	1,902,240	1,912,540	1,934,566	1,906,356	1,907,060	1,904,459	1,899,691	1,934,369	1,976,598	2,018,395
LIABILITIES												
Current Liabilities												
Trade & Other Payables	25,136	24,584	22,705	22,747	29,675	23,225	23,285	23,351	23,424	22,167	22,246	21,660
Provisions	12,064	12,064	12,305	12,551	12,802	13,058	13,320	13,586	13,858	14,135	14,418	14,706
Other Current Liabilities	3,290	3,290	5,093	5,140	5,276	5,434	5,504	4,513	3,291	4,144	3,473	3,599
Total Current Liabilities	40,490	39,938	40,104	40,439	47,754	41,718	42,108	41,450	40,573	40,446	40,136	39,965
Non-Current Liabilities												
Trade & Other Payables	1,293	293	1,293	7,293	293	293	293	293	293	293	293	293
Borrowings	92,754	90,345	85,678	94,560	80,104	59,703	61,916	54,435	45,447	71,836	111,364	149,677
Provisions	1,584	1,584	1,616	1,648	1,681	1,715	1,749	1,784	1,820	1,856	1,893	1,931
Other Non-Current Liabilities	33,745	33,745	46,782	41,642	36,366	30,932	25,428	20,915	17,624	13,480	10,007	6,408
Total Non-Current Liabilities	129,376	125,967	135,370	145,143	118,444	92,643	89,386	77,427	65,184	87,466	123,558	158,310
TOTAL LIABILITIES	169,866	165,906	175,474	185,582	166,198	134,360	131,495	118,877	105,757	127,911	163,694	198,274
Net Assets	1,722,321	1,727,596	1,726,766	1,726,958	1,768,368	1,771,996	1,775,566	1,785,582	1,793,934	1,806,458	1,812,904	1,820,120
EQUITY												
Accumulated Surplus	786,626	791,901	788,971	782,663	756,200	734,328	737,898	747,914	756,266	768,790	775,236	782,452
Asset Revaluation Reserves	934,010	934,010	934,010	934,010	976,883	976,883	976,883	976,883	976,883	976,883	976,883	976,883
Other Reserves	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612
Future Reserve Fund	73	73	2,173	8,673	33,673	59,173	59,173	59,173	59,173	59,173	59,173	59,173
Total Council Equity	1,722,321	1,727,596	1,726,766	1,726,958	1,768,368	1,771,996	1,775,566	1,785,582	1,793,934	1,806,458	1,812,904	1,820,120

Appendix B

Long Term Financial Plan

Statement of Changes in Equity

\$'000s	2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
Balance at the end of previous reporting period	1,752,986	1,752,986	1,727,596	1,726,766	1,726,958	1,768,368	1,771,996	1,775,566	1,785,582	1,793,934	1,806,458	1,812,904
a. Net Surplus / (Deficit) for Year	(30,665)	(25,390)	(830)	192	(1,464)	3,628	3,570	10,016	8,353	12,524	6,446	7,217
b. Other Comprehensive Income												
Total Comprehensive Income	(30,665)	(25,390)	(830)	192	(1,464)	3,628	3,570	10,016	8,353	12,524	6,446	7,217
Gain (Loss) on Revaluation of I, PP&E					42,873							
Balance at the end of period	1,722,321	1,727,596	1,726,766	1,726,958	1,768,368	1,771,996	1,775,566	1,785,582	1,793,934	1,806,458	1,812,904	1,820,120

Appendix B

Long Term Financial Plan

Statement of Cash flows												
\$'000s	2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
Cash Flows from Operating Activities												
<u>Receipts</u>												
Operating Receipts	188,197	189,905	198,479	202,551	204,978	216,800	223,129	228,754	234,516	240,396	246,393	252,559
<u>Payments</u>												
Operating Payments to Suppliers and Employees	(166,950)	(164,338)	(145,237)	(151,687)	(154,803)	(158,995)	(168,698)	(164,890)	(169,211)	(176,453)	(182,561)	(186,922)
Net Cash provided by (or used in) Operating Activities	21,247	25,567	53,243	50,864	50,176	57,805	54,431	63,864	65,305	63,943	63,833	65,637
Cash Flows from Investing Activities												
<u>Receipts</u>												
Amounts Received Specifically for New/Upgraded Assets	4,953	4,977	132	-	-	-	-	-	-	-	-	-
Proceeds from Surplus Assets	1,000	-	3,100	12,500	25,000	18,500	-	-	-	-	-	-
Sale of Replaced Assets	751	751	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(32,613)	(32,898)	(27,563)	(53,004)	(55,539)	(50,627)	(51,210)	(50,878)	(51,804)	(85,707)	(99,217)	(99,806)
Expenditure on New/Upgraded Assets	(31,817)	(32,467)	(19,190)	(14,188)	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(57,725)	(59,637)	(43,521)	(54,693)	(30,539)	(32,127)	(51,210)	(50,878)	(51,804)	(85,707)	(99,217)	(99,806)
Cash Flows from Financing Activities												
<u>Receipts</u>												
Proceeds from Borrowings	41,154	38,745	-	8,882	-	-	2,213	-	-	26,389	39,528	38,313
<u>Payments</u>												
Repayment from Borrowings	-	-	(4,667)	-	(14,456)	(20,401)	-	(7,482)	(8,988)	-	-	-
Repayment of Lease Liabilities	(4,820)	(4,820)	(5,055)	(5,053)	(5,181)	(5,276)	(5,434)	(5,504)	(4,513)	(4,625)	(4,144)	(4,144)
Repayment of Bonds & Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Financing Activities	36,334	33,925	(9,722)	3,829	(19,637)	(25,677)	(3,221)	(12,986)	(13,500)	21,764	35,384	34,169
Net Increase (Decrease) in Cash Held	(145)	(145)	(0)	(0)	(0)	0	(0)	0	(0)	(0)	0	0
plus: Cash & Cash Equivalents at beginning of period	945	945	800	800	800	800	800	800	800	800	800	800
Cash & Cash Equivalents at end of period	800	800	800	800	800	800	800	800	800	800	800	800

Appendix B

Long Term Financial Plan

Uniform Presentation of Finances												
\$'000s	2020-21 Quarter 1 Forecast	2020-21 Quarter 2 Forecast	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
Income	188,247	190,086	198,131	202,518	205,054	217,570	223,505	229,112	234,885	240,772	246,777	252,954
less Expenses	(227,256)	(224,143)	(198,231)	(204,416)	(208,730)	(213,942)	(219,934)	(219,096)	(226,532)	(228,249)	(240,331)	(245,737)
Operating Surplus / (Deficit) before Capital Amounts	(39,009)	(34,057)	(101)	(1,898)	(3,677)	3,628	3,570	10,016	8,353	12,524	6,446	7,217
Net Outlays on Existing Assets												
Capital Expenditure on Renewal & Replacement of Existing Assets	(32,613)	(32,898)	(27,563)	(53,004)	(55,539)	(50,627)	(51,210)	(50,878)	(51,804)	(85,707)	(99,217)	(99,806)
add back Depreciation, Amortisation and Impairment	53,638	53,006	52,829	52,446	53,675	54,111	57,853	53,846	56,951	51,418	57,386	58,420
add back Proceeds from Sale of Replaced Assets	751	751	-	-	-	-	-	-	-	-	-	-
Net Outlays on Existing Assets	21,776	20,859	25,266	(558)	(1,864)	3,483	6,643	2,968	5,146	(34,289)	(41,831)	(41,386)
Net Outlays on New and Upgraded Assets												
Capital Expenditure on New and Upgraded Assets	(31,817)	(32,467)	(19,190)	(14,188)	-	-	-	-	-	-	-	-
add back Amounts received specifically for New and Upgraded Assets	4,953	4,977	132	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets			2,100	6,500	25,000	25,500	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	(26,864)	(27,490)	(16,958)	(7,688)	25,000	25,500	-	-	-	-	-	-
Net Lending / (Borrowing) for Financial Year	(44,097)	(40,688)	8,208	(10,144)	19,459	32,612	10,213	12,984	13,499	(21,766)	(35,385)	(34,169)