

FINANCIAL REPORT

Two months ended

31 August 2009



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1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Operating				
Revenue	81,602	81,898	296	110,538
Expenditure	(20,222)	(19,068)	1,154	(113,250)
	61,380	62,830	1,450	(2,712)
Capital				
Revenue	40	21	(19)	5,137
Gain (loss) on disposal of assets	72	(4)	(76)	768
Net surplus (deficit)	61,492	62,847	1,355	3,193

The Operating Performance for the two months ended 31 August 2009 is an operating surplus before capital revenue and other items of \$62.8 million, which is \$1.5 million ahead of budget. The main items contributing to this favorable variance are user fees, statutory fees and fines, contributions income, other revenue, employee benefits, materials and services, depreciation and other expenses. These have been partially off set by unfavorable variances in rates and operating grants. All material variances reported are of a timing nature. After capital and other items, the operating surplus is \$62.8 million, which is \$1.4 million ahead of budget.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Total capital works	1,970	1,382	588	35,478	36,876

The Capital Performance for the two months ended 31 August 2009 shows that a total of \$1.4 million has been expended on the capital works program, which is \$0.6 million behind the budget. The variance is due mainly to timing differences on roads projects and the purchase of plant and equipment.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and cash equivalents	19,507	20,792	1,285	17,190
Net current assets	73,684	78,569	4,885	2,053
Net assets and total equity	858,084	973,331	115,247	799,787

The Financial Position as at 31 August 2009 shows a cash balance of \$20.8 million which is \$1.3 million ahead of budget. The variance is due mainly to the timing difference in the payment for property, infrastructure, plant & equipment and the higher opening cash position compared with budget of \$2.6 million. The net current asset position is \$78.6 million which is \$4.9 million more than budget. The variance is due mainly to the higher cash and cash equivalents, trade receivables, provisions and lower trade payables positions compared with budget. The net asset position is \$973.3 million, which is \$115.2 million ahead of budget and reflects the impact of asset revaluations at 30 June 2009 of \$104.9 million.

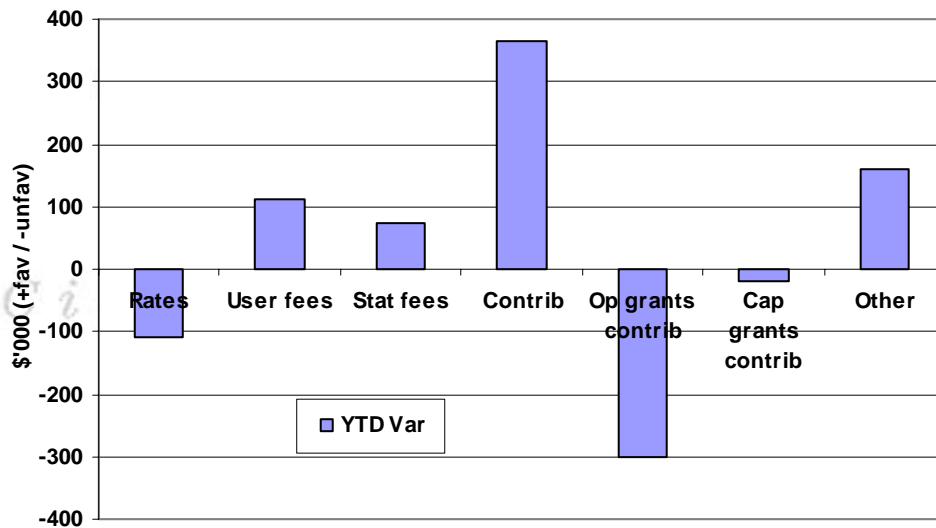
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Revenues				
Rates	75,675	75,566	(109)	78,067
User fees	1,922	2,033	111	9,775
Statutory fees and fines	520	593	73	4,012
Contributions	250	614	364	1,500
Operating grants & contrib's	2,789	2,487	(302)	13,731
Capital grants & contrib's	40	21	(19)	5,137
Other revenue	446	605	159	3,453
Total operating revenue	81,642	81,919	277	115,675

Revenue YTD variances



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Two months ended 31 August 2009

Major Operating Revenue Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Rates			109
Supplementary	T		95
User fees		111	
Valuation services	T	36	
Right of ways	T	37	
Roads & footpath – maintenance	T	27	
Statutory fees and fines		73	
Traffic enforcement	T	46	
Contributions		364	
Open space	T	294	
DCP	T	70	
Operating grants and contributions			302
Early years & children's services	T		251
Leisure services	T		85
Other revenue		159	
Interest income	T	63	

Note: Var T = Timing P = Permanent



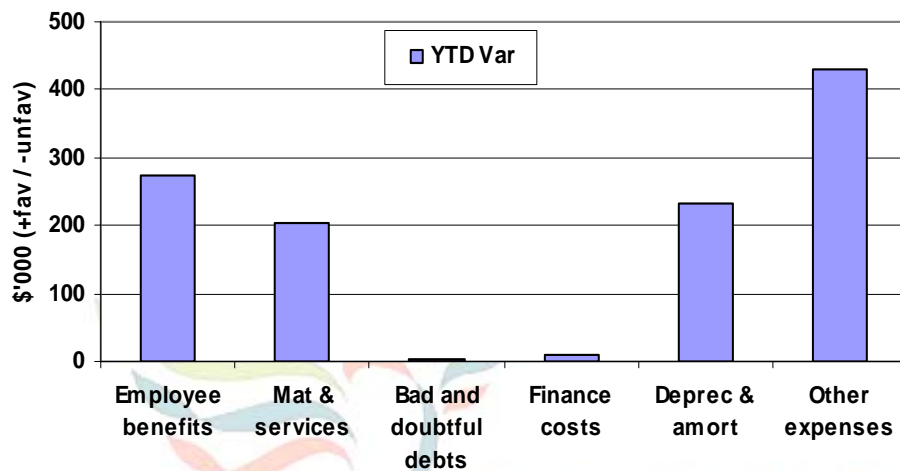
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Two months ended 31 August 2009

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Expenses				
Employee benefits	9,644	9,371	273	57,506
Materials and services	4,882	4,679	203	30,243
Bad and doubtful debts	106	103	3	688
Finance costs	59	48	11	357
Depreciation and amortisation	2,878	2,644	234	17,269
Other expenses	2,653	2,223	430	7,187
Total operating expenses	20,222	19,068	1,154	113,250

Expenses YTD variances



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Two months ended 31 August 2009

Major Operating Expense Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Employee benefits			273
Home support services	T		111
Customer service	T		27
CAMS – Customer & Asset Mgt System	T	38	
Materials and services			203
Open space management	T		106
Arboriculture	T		67
Environmental services	T		67
Arts & culture	T		38
Darebin libraries	T		32
Desktop & network support	T	51	
System administration	T	70	
Children's services	T	37	
Depreciation and amortisation			234
Roads	P		198
Other assets	T		95
Plant & equipment	T		81
Buildings	P	130	
Other			430
Separate rates	T		271
Children's services	T		156
Leisure services	T		40
Communications	T		36
Open space planning	T	143	

Note: Var T = Timing P = Permanent

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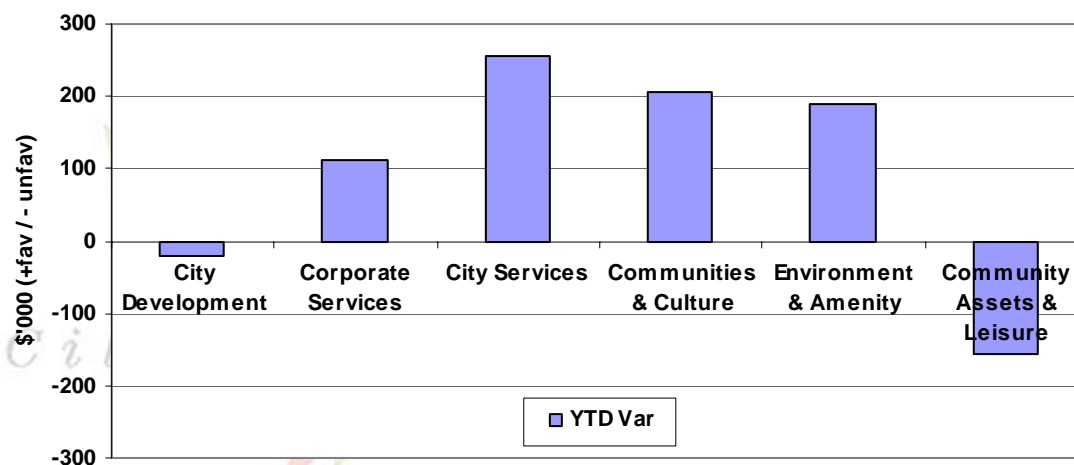
Two months ended 31 August 2009

2.1.3 Department analysis

	YTD Budget Net cost \$'000	YTD Actual Net cost \$'000	YTD Var Net cost \$'000	Adopted Budget Net cost \$'000
Department				
City Development	578	600	(22)	3,636
Corporate Services	2,342	2,231	111	12,860
City Services	1,680	1,424	256	16,469
Communities & Culture	2,996	2,789	207	16,747
Environment & Amenity	822	633	189	3,631
Community Assets & Leisure	1,431	1,589	(158)	7,446
	9,849	9,266	583	60,789
Other non-attributable ¹	(71,341)	(72,113)	772	(63,982)
Net (surplus) deficit	(61,492)	(62,847)	1,355	(3,193)

1. Other non-attributable includes rate revenue, grants commission, capital revenue, major maintenance, depreciation, insurance and other significant items.

Department net cost YTD variances



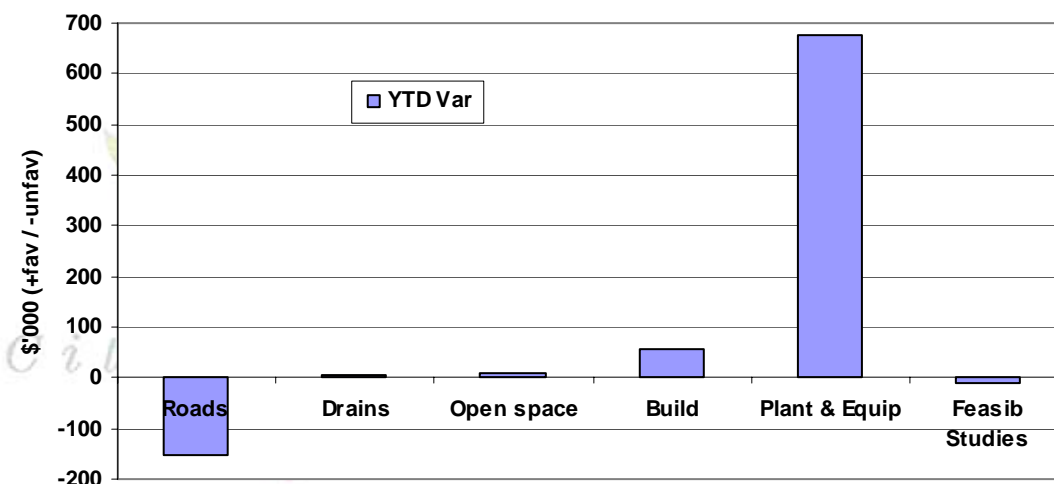
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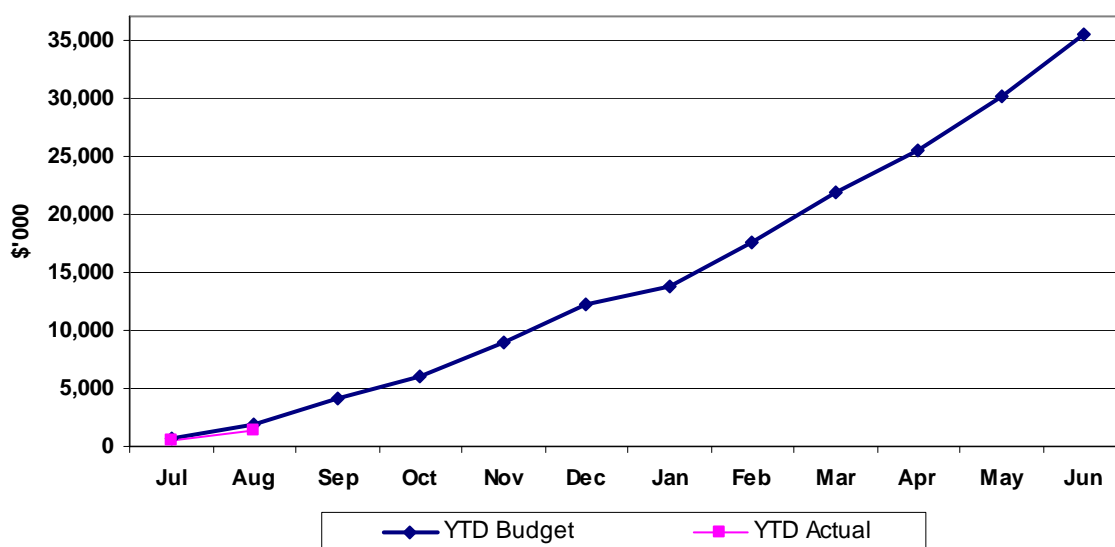
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Capital works class				
Roads	148	300	(152)	8,607
Drains	15	9	6	1,201
Open space	317	306	11	4,527
Buildings	353	295	58	13,474
Plant & equipment	1,129	454	675	7,167
Feasibility studies	8	18	(10)	502
Total capital works	1,970	1,382	588	35,478
Represented by:				
Capital expenditure	1,722	1,097	625	31,792
Major maintenance	248	285	(37)	3,686
Total capital works	1,970	1,382	588	35,478

Capital works YTD variances by asset class



Capital works YTD expenditure cumulative



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Two months ended 31 August 2009

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Roads		152	
Local roads	T	85	
Footpaths	T	76	
Right of way – Andrew St	T	23	
Tram 86 corridor	T		38
Buildings			58
Lancaster Gate Community Centre	T		98
Floor coverings replacement	T		36
Darebin Information Volunteer Resource Service fit out	T		35
East Reservoir Neighbourhood House	T	43	
Preston City Hall floor reblocking	T	36	
Plant & equipment			675
Plant replacement program	T		305
Customer & asset mgmt system	T		295
Energy efficiency works	T		67
Library product purchases	T	33	

Note: Var T = Timing P = Permanent



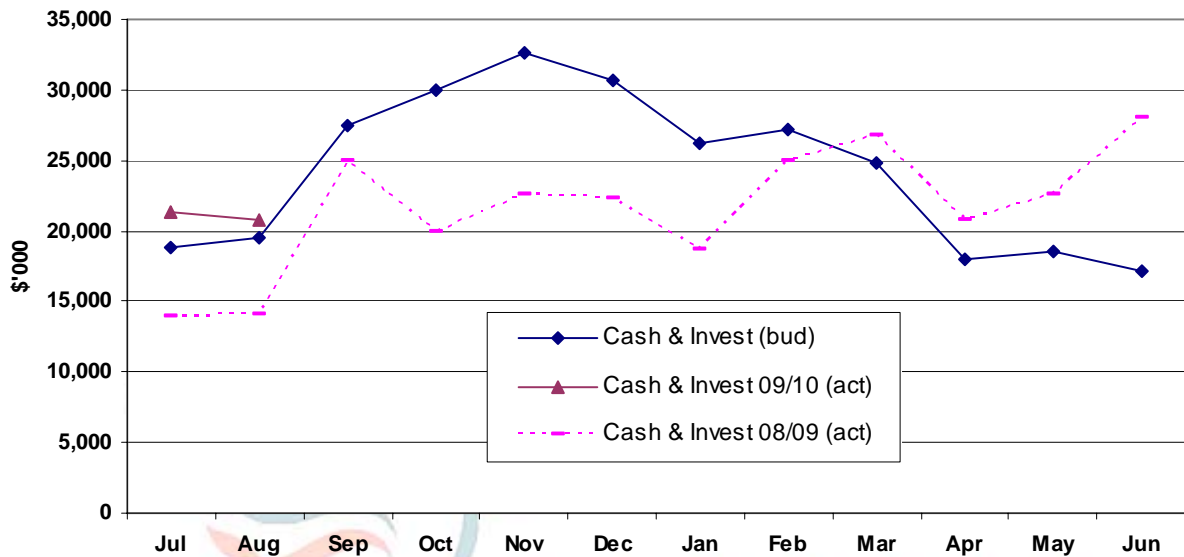
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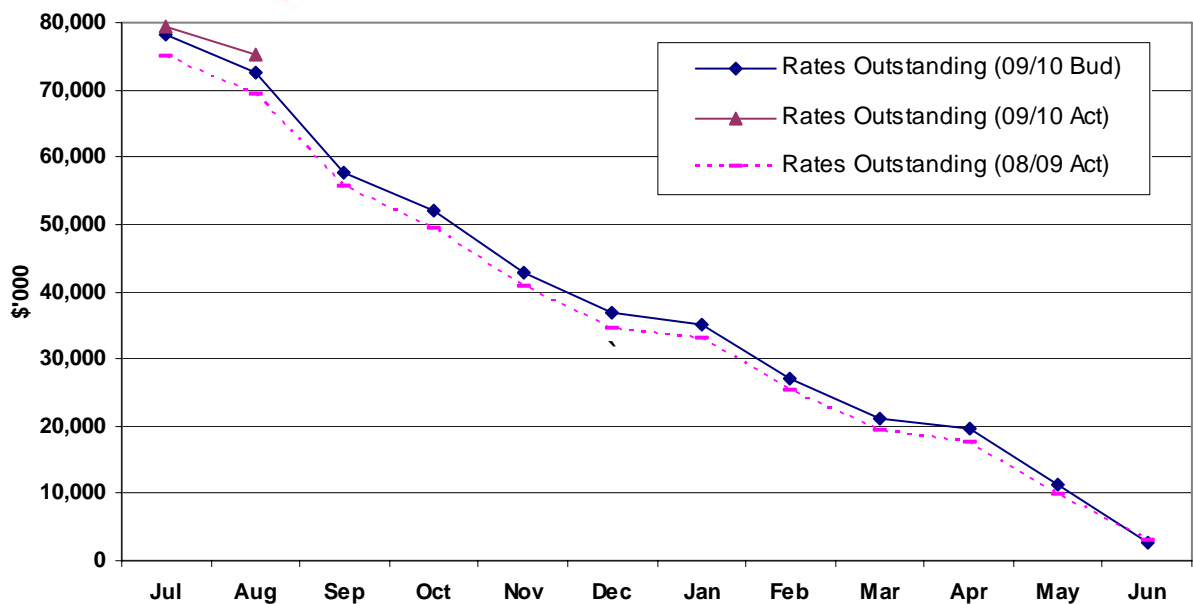
2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	19,507	20,792	1,285	17,190
Net current assets	73,684	78,569	4,885	2,053
Net assets and total equity	858,084	973,331	115,247	799,787

Actual & Budget cash & investments balance by month with prior year comparison



Actual & Budget rates outstanding balances by month with prior year comparison



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Major Balance Sheet YTD variances

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000
Current assets		3,690	
Cash and investments	P	1,285	
Receivables	T	2,432	
Current liabilities			1,195
Trade creditors	P		905
Employee provisions	P		259
Non current assets		110,837	
Property, Infra. plant & equipment	P	110,173	
Investment property	P	365	
Intangible assets	P	303	
Non current liabilities		475	
Employee provisions	P	443	
Equity		115,247	
Accumulated surplus	P	10,091	
Asset revaluation reserve	P	104,868	
Other reserves	P	288	

Note: Var T = Timing P = Permanent



APPENDIX A

Income Statement
Balance Sheet
Cash Flow Statement
Statement of Capital Works



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Two months ended 31 August 2009

DAREBIN CITY COUNCIL

Income Statement

For the 2 months ended 31 August, 2009

	YTD Budget \$'000	YTD Actual \$'000	YTD Varianc e \$'000	Annual Budget \$'000
Revenues from ordinary activities				
Rates	75,675	75,566	(109)	78,067
User fees	1,922	2,033	111	9,775
Statutory fees and fines	520	593	73	4,012
Contributions	250	614	364	1,500
Operating grants and contributions	2,789	2,487	(302)	13,731
Capital grants and contributions	40	21	(19)	5,137
Other	446	605	159	3,453
Total revenues	<u>81,642</u>	<u>81,919</u>	<u>277</u>	<u>115,675</u>
Expenses from ordinary activities				
Employee benefits	9,644	9,371	273	57,506
Materials and services	4,882	4,679	203	30,243
Bad and doubtful debts	106	103	3	688
Finance costs	59	48	11	357
Depreciation and amortisation	2,878	2,644	234	17,269
Other	2,653	2,223	430	7,187
Total expenses	<u>20,222</u>	<u>19,068</u>	<u>1,154</u>	<u>113,250</u>
Net gain (loss) on disposal of property infrastructure, plant and equipment	<u>72</u>	<u>(4)</u>	<u>(76)</u>	<u>768</u>
Surplus (deficit) for the year	<u><u>61,492</u></u>	<u><u>62,847</u></u>	<u><u>1,355</u></u>	<u><u>3,193</u></u>

Financial Report
Two months ended 31 August 2009

DAREBIN CITY COUNCIL

Balance Sheet

As at 31 August, 2009

	YTD Budget \$'000	YTD Actual \$'000	YTD Varianc e \$'000	Annual Budget \$'000
Current assets				
Cash and cash equivalents	19,507	20,792	1,285	17,190
Trade and other receivables	74,884	77,316	2,432	7,998
Other financial assets	71	44	(27)	71
Total current assets	<u>94,462</u>	<u>98,152</u>	<u>3,690</u>	<u>25,259</u>
Non-current assets				
Trade and other receivables	460	456	(4)	397
Property, infrastructure, plant & equipment	785,191	895,364	110,173	800,170
Investment property	3,027	3,392	365	3,027
Intangible assets	598	901	303	598
Other financial assets	206	206	0	206
Total non-current assets	<u>789,482</u>	<u>900,319</u>	<u>110,837</u>	<u>804,398</u>
Total assets	<u>883,944</u>	<u>998,471</u>	<u>114,527</u>	<u>829,657</u>
Current liabilities				
Trade and other payables	8,256	7,351	905	10,119
Interest bearing loans and borrowings	638	607	31	795
Provisions	11,884	11,625	259	12,292
Total current liabilities	<u>20,778</u>	<u>19,583</u>	<u>1,195</u>	<u>23,206</u>
Non-current liabilities				
Interest bearing loans and borrowings	3,151	3,183	(32)	4,733
Provisions	1,931	2,374	(443)	1,931
Total non-current liabilities	<u>5,082</u>	<u>5,557</u>	<u>(475)</u>	<u>6,664</u>
Total liabilities	<u>25,860</u>	<u>25,140</u>	<u>720</u>	<u>29,870</u>
Net assets	<u>858,084</u>	<u>973,331</u>	<u>115,247</u>	<u>799,787</u>
Equity				
Accumulated surplus	507,549	517,640	10,091	449,602
Asset revaluation reserve	347,032	451,900	104,868	347,032
Other reserves	2	3,791	288	3,153
Total equity	<u>858,084</u>	<u>973,331</u>	<u>115,247</u>	<u>799,787</u>

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DAREBIN CITY COUNCIL

Cash Flow Statement

For the 2 months ended 31 August, 2009

	YTD Budget \$'000 Inflows (Outflows)	YTD Actual \$'000 Inflows (Outflows)	YTD Varianc e \$'000	Annual Budget \$'000 Inflows (Outflows)
Cash flows from operating activities				
Receipts from customers (incl GST)	11,400	9,503	(1,897)	99,052
Payments to suppliers and employees (incl GST)	(17,745)	(16,055)	1,690	(101,915)
	(6,345)	(6,552)	(207)	(2,863)
Interest	107	244	137	865
Government receipts	3,645	3,473	(172)	18,868
Net GST refund / payment	636	963	327	3,817
Net cash provided by operating activities	(1,957)	(1,872)	85	20,687
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	268	54	(214)	1,609
Repayment of loans and advances	18	20	2	76
Payment for property, infrastr, plant & equipment	(3,999)	(5,114)	(1,115)	(31,793)
Net cash used in investing activities	(3,713)	(5,040)	(1,327)	(30,108)
Cash flows from financing activities				
Proceeds from borrowings	0	0	0	2,300
Finance costs	(52)	(40)	12	(357)
Trust funds and deposits	0	(112)	(112)	0
Repayment of interest bearing loans and borrowings	(128)	(128)	0	(689)
Net cash used in financing activities	(180)	(280)	(100)	1,254
Net increase / (decrease) in cash & cash equivalents	(5,850)	(7,192)	(1,342)	(8,167)
Cash & cash equivalents at the beginning of the year	25,357	27,984	2,627	25,357
Cash & cash equivalents at the end of the year	19,507	20,792	1,285	17,190

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Two months ended 31 August 2009

DAREBIN CITY COUNCIL

Statement of Capital Works

For the 2 months ended 31 August, 2009

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Roads	148	300	(152)	8,607
Drains	15	9	6	1,201
Open space	317	306	11	4,527
Buildings	353	295	58	13,474
Plant & equipment	1,129	454	675	7,167
Feasibility studies	8	18	(10)	502
Total capital works	1,970	1,382	588	35,478
Represented by:				
Capital expenditure	1,722	1,097	625	31,792
Major maintenance	248	285	(37)	3,686
Total capital works	1,970	1,382	588	35,478

