

# FINANCIAL REPORT

Four months ended

31 October 2010



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Balance Sheet  
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Statement of Capital Works



# Financial Report

## Four months ended 31 October 2010

### 1 EXECUTIVE SUMMARY

#### 1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
<b>Operating</b>				
Revenue	93,257	94,900	1,643	117,594
Expenditure	(40,352)	(36,848)	3,504	(120,078)
	52,905	58,052	5,147	(2,484)
<b>Capital</b>				
Revenue	50	341	291	2,631
Gain (loss) on disposal of assets	65	86	21	148
<b>Net surplus (deficit)</b>	<b>53,020</b>	<b>58,479</b>	<b>5,459</b>	<b>295</b>

The Operating Performance for the four months ended 31 October 2010 is an operating surplus before capital revenue and other items of \$58.1 million, which is \$5.1 million ahead of budget. The main items contributing to this favorable variance are contributions, operating and capital grants and contributions, other revenue, employee benefits, material and services, depreciation and other expenses offset by unfavorable variances in user fees and statutory fees and fines. After capital and other items, the operating surplus is \$58.5 million, which is \$5.5 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	9,290	5,688	3,602	37,317	38,632

The Capital Performance for the four months ended 31 October 2010 shows that a total of \$5.7 million has been expended on the capital works program, which is \$3.6 million behind the budget. The variance is due mainly to timing differences on the roads and building works projects and purchase of plant and equipment. The 'adjusted budget' represents the adopted budget adjusted for additional capital works carried over from the 2009/10 year.

#### 1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and cash equivalents	32,926	39,209	6,283	20,227
Net current assets	71,749	81,277	9,528	5,232
Net assets and total equity	971,475	979,217	7,742	918,749

The Financial Position as at 31 October 2010 shows a cash balance of \$39.2 million which is \$6.3 million ahead of budget. The variance is due mainly to the higher opening cash position compared with budget and timing differences in government receipts, payments to suppliers and employees and purchase of property, infrastructure, plant & equipment. The net current asset position is \$81.2 million which is \$9.5 million more than budget. The variance is due mainly to the higher cash position and lower trade and other payables position compared with budget. The net asset position is \$979.2 million, which is \$7.7 million ahead of budget.

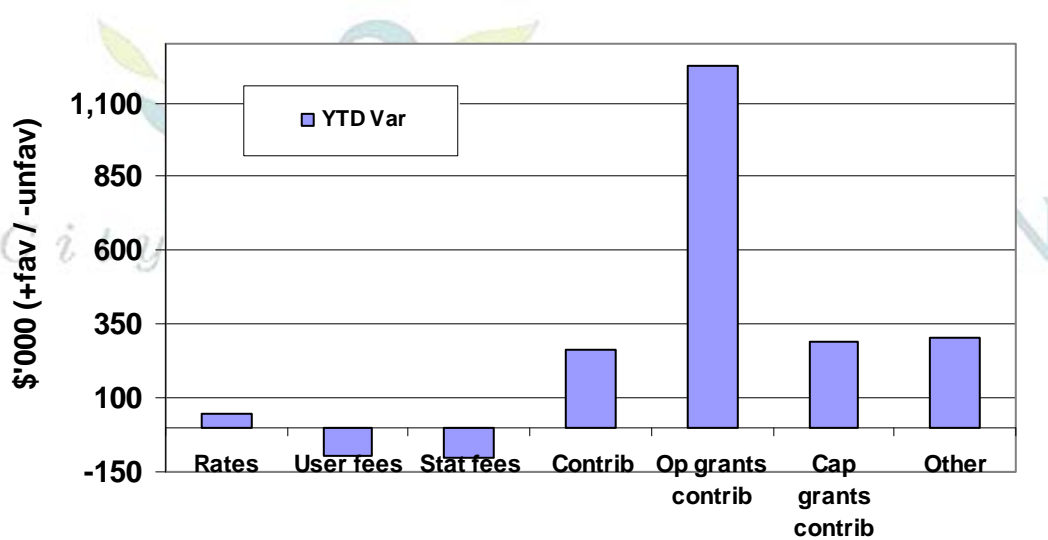
## 2. FINANCIAL ANALYSIS

### 2.1 Operating performance

#### 2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
<b>Revenues</b>				
Rates	82,321	82,366	45	83,918
User fees	3,478	3,382	(96)	10,270
Statutory fees and fines	1,293	1,189	(104)	4,747
Contributions	756	1,021	265	2,000
Operating grants & contrib's	4,591	5,818	1,227	13,731
Capital grants & contrib's	50	341	291	2,631
Other revenue	818	1,124	306	2,928
<b>Total operating revenue</b>	<b>93,307</b>	<b>95,241</b>	<b>1,934</b>	<b>120,225</b>

#### Revenue YTD variances



Financial Report  
Four months ended 31 October 2010

**Major Operating Revenue Variances**

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
<b>User fees</b>			<b>96</b>
Northcote golf course	T		44
Reservoir Leisure Centre	T		45
Right of ways	T		82
Street tree replacement	T	35	
<b>Statutory fees and fines</b>			<b>104</b>
Traffic enforcement	T		170
Statutory planning	T	38	
<b>Contributions</b>		<b>265</b>	
Open space contributions	T	185	
Edwards Lake – circling the lake	T	100	
<b>Operating grants and contributions</b>		<b>1,227</b>	
Victorian grants commission	T	974	
Intercultural centre	P	73	
HACC support services	T	93	
Family services	T	86	
School crossing supervision	T	161	
Darebin sport for all	T		58
Early years	T		50
Access for all abilities	T		43
<b>Capital grants and contributions</b>		<b>291</b>	
DR Atkinson Reserve lighting	T	54	
Bundoora Park all abilities playground	P	126	
JC Donath Reserve lighting	T	54	
Traffic management & road safety	P	86	
<b>Other revenue</b>		<b>306</b>	
Interest	P	281	

Note: Var T = Timing P = Permanent

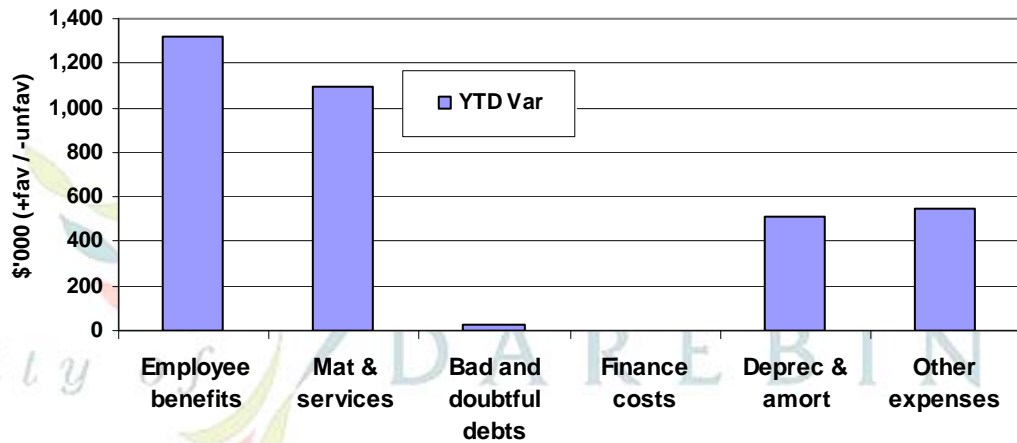
# Financial Report

## Four months ended 31 October 2010

### 2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
<b>Expenses</b>				
Employee benefits	19,696	18,375	1,321	<b>60,891</b>
Materials and services	10,025	8,930	1,095	<b>32,002</b>
Bad and doubtful debts	267	240	27	<b>807</b>
Finance costs	71	73	(2)	<b>203</b>
Depreciation and amortisation	5,798	5,284	514	<b>17,395</b>
Other expenses	4,495	3,946	549	<b>8,780</b>
<b>Total operating expenses</b>	<b>40,352</b>	<b>36,848</b>	<b>3,504</b>	<b>120,078</b>

### Expenses YTD variances



# Financial Report

## Four months ended 31 October 2010

### Major Operating Expense Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
<b>Employee benefits</b>			<b>1,321</b>
Payroll reporting change	T		750
EBA , staff vacancy & other	T		616
Assessment & complex care	T	104	
<b>Materials and services</b>			<b>1,095</b>
Major maintenance	T		381
Facility maintenance	T		86
Asset strategy	T		40
IT – application systems	T		60
Roads infrastructure management	T		65
Open space management	T		111
Darebin parks	T		144
Human resources	T	41	
<b>Depreciation and amortisation</b>			<b>514</b>
Other assets	T		184
Plant & equipment	T		208
Building	T		126
<b>Other</b>			<b>549</b>
Communication & marketing	T		60
Leisure services	T		72
Inclusion support	T		174
Revenue services	T		85
Community grants program	T		98
Human resources	T	50	

Note: Var T = Timing P = Permanent  
(1) – Capitalised expenditure

# Financial Report

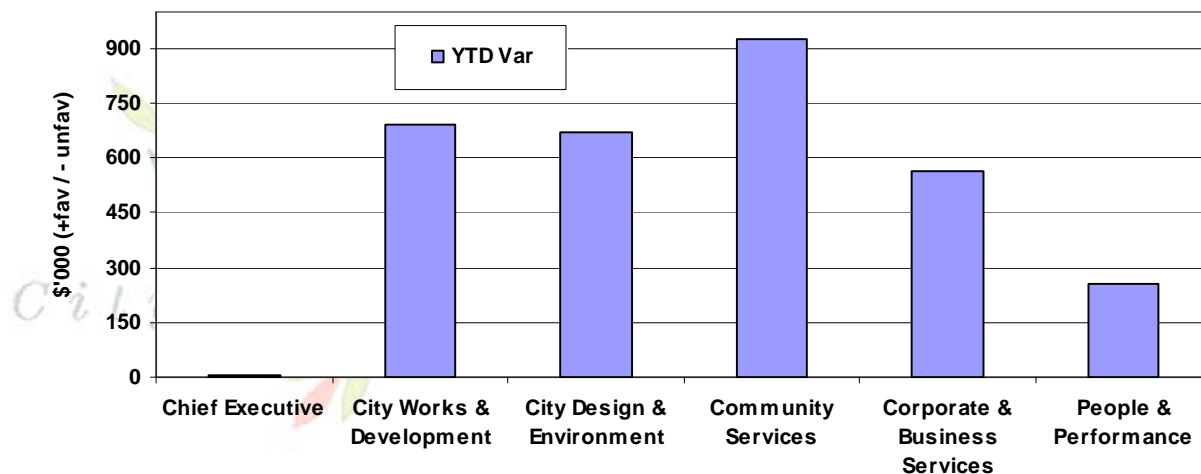
## Four months ended 31 October 2010

### 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
<b>Department</b>				
Chief Executive	227	223	4	722
City Works & Development	5,672	4,980	692	19,240
City Design & Environment	4,466	3,798	668	13,062
Community Services	4,153	3,225	928	13,534
Corporate & Business Services	3,820	3,259	561	10,381
People & Performance	2,467	2,212	255	6,246
	20,805	17,697	3,108	63,185
Other non-attributable <sup>1</sup>	(73,825)	(76,176)	2,351	(63,480)
<b>Net (surplus) deficit</b>	<b>(53,020)</b>	<b>(58,479)</b>	<b>5,459</b>	<b>(295)</b>

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

### Department net cost YTD variances

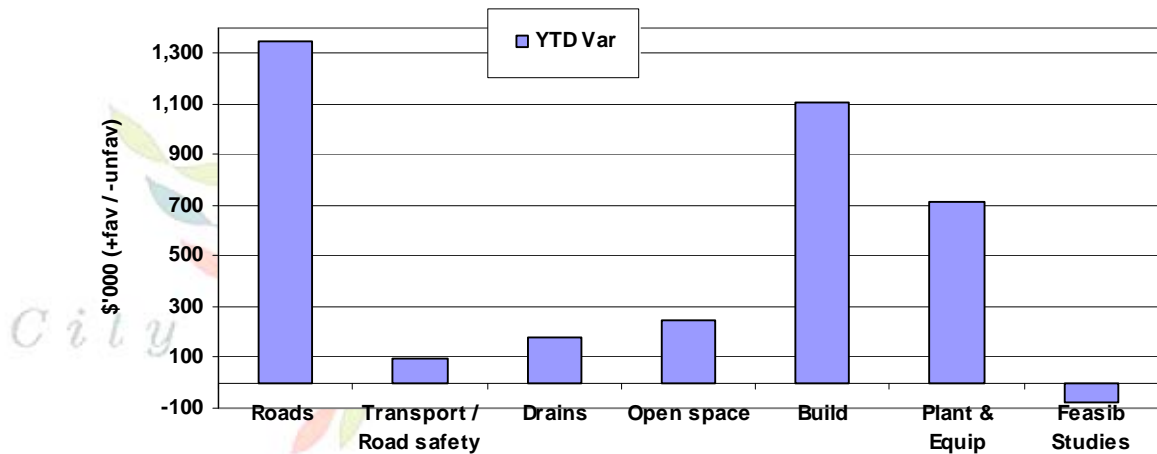




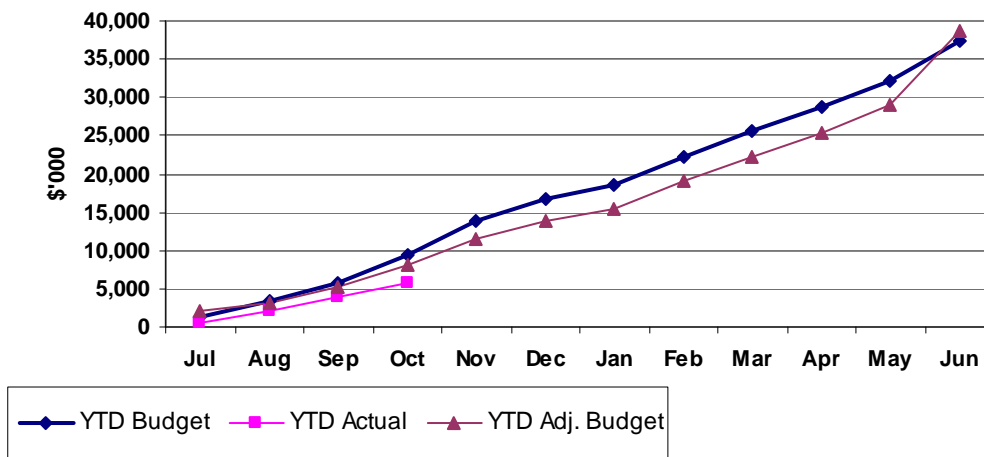
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
<b>Capital works class</b>					
Roads	1,777	433	1,344	7,567	7,191
Transport / Road safety	220	124	96	1,789	1,591
Drains	203	24	179	873	867
Open space	1,124	878	246	7,459	7,810
Buildings	3,135	2,030	1,105	10,770	12,025
Plant & equipment	2,770	2,058	712	8,317	8,485
Feasibility studies	61	141	(80)	542	663
<b>Total capital works</b>	<b>9,290</b>	<b>5,688</b>	<b>3,602</b>	<b>37,317</b>	<b>38,632</b>
<b>Represented by:</b>					
Capital expenditure	8,299	5,078	3,221	32,188	33,304
Major maintenance	991	610	381	5,129	5,328
<b>Total capital works</b>	<b>9,290</b>	<b>5,688</b>	<b>3,602</b>	<b>37,317</b>	<b>38,632</b>

Capital works YTD variances by asset class



Capital works YTD expenditure cumulative



# Financial Report

## Four months ended 31 October 2010

### Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
<b>Roads</b>			<b>1,344</b>
Local roads	T		1,071
Right of way - Aberdeen	T		30
Right of way - Wakanui	T		30
Footpath – Station St	T		44
Footpath – Whalley St	T		32
<b>Transport / Road safety</b>			<b>96</b>
No significant individual item			
<b>Drains</b>			<b>179</b>
Flood mapping	T		45
Water sensitive Darebin depot	T		69
<b>Open space</b>			<b>246</b>
John Cain masterplan	T		50
DR Atkinson Reserve lighting	T		40
Warm season turf establishment	T		70
Northcote Golf Course droughtproofing	T		115
Busy parks improvement program	T		60
Darebin Ck shared path	T		77
Bundoora Park all abilities playground	T	367	
<b>Buildings</b>			<b>1,105</b>
Lancaster Gate Community Centre	T		563
Clyde St Community Centre hall	T		47
Clifton Street childcare redevelopment	T		68
NARC water supply replacement	T		75
Sweeper tipping deck & yard fencing	T		143
Building painting program	T		48
Building floor coverings	T		42
JE Moore windows & shutters	T		45
Preston City Oval redevelopment	T	52	
Portable kindergarten building – JS Grey	P	122	
<b>Plant &amp; equipment</b>			<b>712</b>
Early years centralized database	T		50
IT server, pc & network upgrades	T		144
IT web strategy & e-services	T		70
Plant replacement program	T		168
CAMS – customer & asset mgt system	T		131
Preston Library – radio frequency id	T		39
<b>Feasibility studies</b>		<b>80</b>	
Business planning Preston civic precinct	T	79	

Note: Var T = Timing P = Permanent

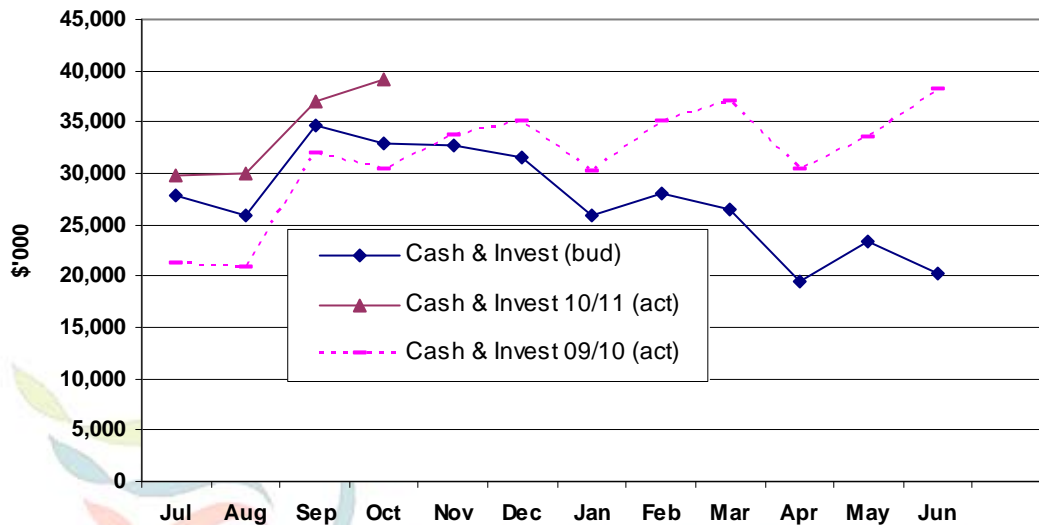
# Financial Report

## Four months ended 31 October 2010

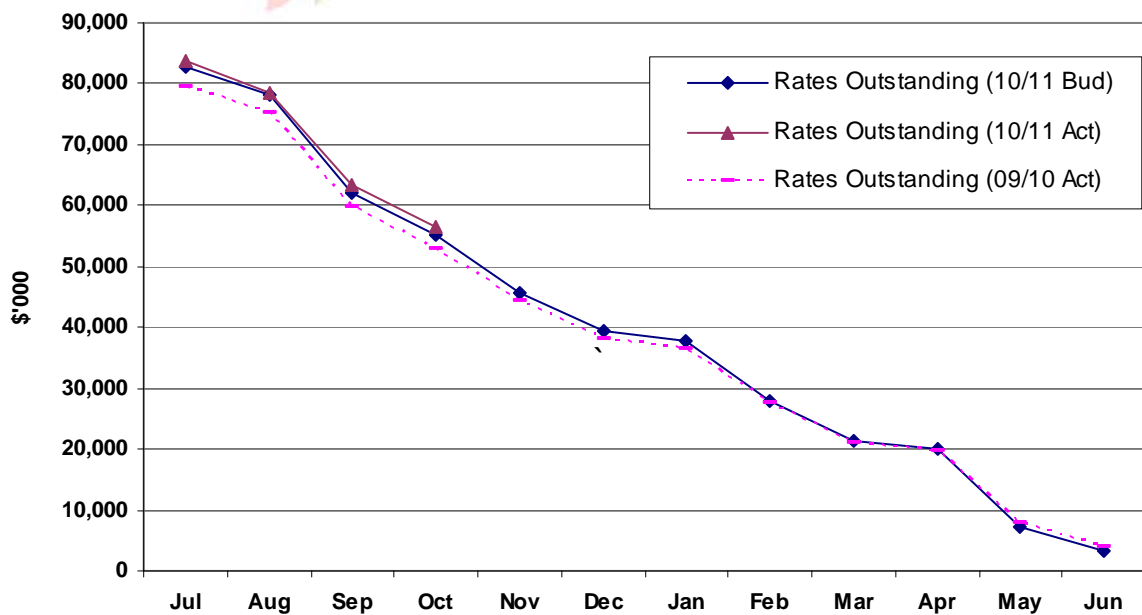
### 2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	32,926	39,209	6,283	20,227
Net current assets	71,749	81,277	9,528	5,232
Net assets and total equity	971,475	979,217	7,742	918,749

#### Actual & Budget cash & investments balance by month



#### Actual & Budget rates outstanding balances by month



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Four months ended 31 October 2010

**Major Balance Sheet YTD variances**

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000
<b>Current assets</b>		<b>5,908</b>	
Cash and investments	P	6,283	
Receivables	T		377
<b>Current liabilities</b>			<b>3,620</b>
Trade creditors	T		3,600
Employee provisions	P	26	
<b>Non current assets</b>			<b>1,855</b>
Property, Infra. plant & equipment	P		1,587
Investment property	P	67	
Intangible assets	P		350
<b>Non current liabilities</b>			<b>69</b>
Employee provisions	P		63
<b>Equity</b>		<b>7,742</b>	
Accumulated surplus	P	7,449	
Other reserves	P	293	

Note: Var T = Timing P = Permanent



## APPENDIX A

Income Statement  
Balance Sheet  
Cash Flow Statement  
Statement of Capital Works



Financial Report  
Four months ended 31 October 2010

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**DAREBIN CITY COUNCIL**

**Income Statement**

For the 4 months ended 31 October, 2010

	YTD Budget	YTD Actual	YTD Variance	Annual Budget
	\$'000	\$'000	\$'000	\$'000
<b>Revenues from ordinary activities</b>				
Rates	82,321	82,366	45	<b>83,918</b>
User fees	3,478	3,382	(96)	<b>10,270</b>
Statutory fees and fines	1,293	1,189	(104)	<b>4,747</b>
Contributions	756	1,021	265	<b>2,000</b>
Operating grants and contributions	4,591	5,818	1,227	<b>13,731</b>
Capital grants and contributions	50	341	291	<b>2,631</b>
Other	818	1,124	306	<b>2,928</b>
Total revenues	<u>93,307</u>	<u>95,241</u>	<u>1,934</u>	<u><b>120,225</b></u>
<b>Expenses from ordinary activities</b>				
Employee benefits	19,696	18,375	1,321	<b>60,891</b>
Materials and services	10,025	8,930	1,095	<b>32,002</b>
Bad and doubtful debts	267	240	27	<b>807</b>
Finance costs	71	73	(2)	<b>203</b>
Depreciation and amortisation	5,798	5,284	514	<b>17,395</b>
Other	4,495	3,946	549	<b>8,780</b>
Total expenses	<u>40,352</u>	<u>36,848</u>	<u>3,504</u>	<u><b>120,078</b></u>
Net gain (loss) on disposal of property infrastructure, plant and equipment	65	86	21	<b>148</b>
<b>Surplus for the year</b>	<u><b>53,020</b></u>	<u><b>58,479</b></u>	<u><b>5,459</b></u>	<u><b>295</b></u>

Financial Report  
Four months ended 31 October 2010

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**DAREBIN CITY COUNCIL**

**Balance Sheet**

As at 31 October, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
<b>Current assets</b>				
Cash and cash equivalents	32,926	39,209	6,283	<b>20,227</b>
Trade and other receivables	60,455	60,078	(377)	<b>8,520</b>
Other financial assets	846	848	2	<b>846</b>
<b>Total current assets</b>	<b>94,227</b>	<b>100,135</b>	<b>5,908</b>	<b>29,593</b>
<b>Non-current assets</b>				
Trade and other receivables	355	370	15	<b>308</b>
Property, infrastructure, plant & equipment	899,680	898,093	(1,587)	<b>913,081</b>
Investment property	3,392	3,459	67	<b>3,392</b>
Intangible assets	972	622	(350)	<b>972</b>
Other financial assets	206	206	0	<b>206</b>
<b>Total non-current assets</b>	<b>904,605</b>	<b>902,750</b>	<b>(1,855)</b>	<b>917,959</b>
<b>Total assets</b>	<b>998,832</b>	<b>1,002,885</b>	<b>4,053</b>	<b>947,552</b>
<b>Current liabilities</b>				
Trade and other payables	9,730	6,130	3,600	<b>11,123</b>
Interest bearing loans and borrowings	622	628	(6)	<b>622</b>
Provisions	12,126	12,100	26	<b>12,616</b>
<b>Total current liabilities</b>	<b>22,478</b>	<b>18,858</b>	<b>3,620</b>	<b>24,361</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	2,505	2,499	6	<b>2,068</b>
Provisions	2,374	2,311	63	<b>2,374</b>
<b>Total non-current liabilities</b>	<b>4,879</b>	<b>4,810</b>	<b>69</b>	<b>4,442</b>
<b>Total liabilities</b>	<b>27,357</b>	<b>23,668</b>	<b>3,689</b>	<b>28,803</b>
<b>Net assets</b>	<b>971,475</b>	<b>979,217</b>	<b>7,742</b>	<b>918,749</b>
<b>Equity</b>				
Accumulated surplus	514,750	522,199	7,449	<b>462,713</b>
Asset revaluation reserve	451,900	451,900	0	<b>451,900</b>
Other reserves	4,825	5,118	293	<b>4,136</b>
<b>Total equity</b>	<b>971,475</b>	<b>979,217</b>	<b>7,742</b>	<b>918,749</b>

Financial Report  
Four months ended 31 October 2010

**DAREBIN CITY COUNCIL**

**Cash Flow Statement**

For the 4 months ended 31 October, 2010

	YTD Budget \$'000 Inflows (Outflows)	YTD Actual \$'000 Inflows (Outflows)	YTD Variance \$'000	Annual Budget \$'000 Inflows (Outflows)
<b>Cash flows from operating activities</b>				
Receipts from customers (incl GST)	38,678	36,051	(2,627)	<b>105,064</b>
Payments to suppliers and employees (incl GST)	(35,657)	(35,063)	594	<b>(109,036)</b>
	3,021	988	(2,033)	<b>(3,972)</b>
Interest	431	263	(168)	<b>1,275</b>
Government receipts	4,487	6,432	1,945	<b>16,361</b>
Net GST refund / payment	1,641	1,733	92	<b>4,723</b>
Net cash provided by operating activities	<b>9,580</b>	<b>9,416</b>	<b>(164)</b>	<b>18,387</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant & equipment	327	188	(139)	<b>932</b>
loans and advances	40	(102)	(142)	<b>81</b>
Payment for property, infrastr, plant & equipment	(10,600)	(8,470)	2,130	<b>(32,188)</b>
Net cash used in investing activities	<b>(10,233)</b>	<b>(8,384)</b>	<b>1,849</b>	<b>(31,175)</b>
<b>Cash flows from financing activities</b>				
Finance costs	(76)	(76)	0	<b>(202)</b>
Trust funds and deposits	0	296	296	<b>0</b>
Repayment of interest bearing loans and borrowings	(184)	(184)	0	<b>(622)</b>
Net cash used in financing activities	<b>(260)</b>	<b>36</b>	<b>296</b>	<b>(824)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>(913)</b>	<b>1,068</b>	<b>1,981</b>	<b>(13,612)</b>
Cash & cash equivalents at the beginning of the year	33,839	38,141	4,302	<b>33,839</b>
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>32,926</b>	<b>39,209</b>	<b>6,283</b>	<b>20,227</b>



Financial Report  
Four months ended 31 October 2010

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**DAREBIN CITY COUNCIL**

**Statement of Capital Works**

For the 4 months ended 31 October, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	<b>Annual Budget \$'000</b>	Adjusted Budget \$'000
Roads	1,777	433	1,344	<b>7,567</b>	7,191
Transport / Road safety	220	124	96	<b>1,789</b>	1,591
Drains	203	24	179	<b>873</b>	867
Open space	1,124	878	246	<b>7,459</b>	7,810
Buildings	3,135	2,030	1,105	<b>10,770</b>	12,025
Plant & equipment	2,770	2,058	712	<b>8,317</b>	8,485
Feasibility studies	61	141	(80)	<b>542</b>	663
<b>Total capital works</b>	<b>9,290</b>	<b>5,688</b>	<b>3,602</b>	<b>37,317</b>	<b>38,632</b>
<b>Represented by:</b>					
Capital expenditure	8,299	5,078	3,221	<b>32,158</b>	33,304
Major maintenance	991	610	381	<b>5,159</b>	5,328
<b>Total capital works</b>	<b>9,290</b>	<b>5,688</b>	<b>3,602</b>	<b>37,317</b>	<b>38,632</b>

