

FINANCIAL REPORT

Ten months ended

30 April 2010



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1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Operating					
Revenue	104,791	108,341	3,550	110,872	115,578
Expenditure	(94,478)	(92,021)	2,457	(113,250)	(114,160)
	10,313	16,320	6,007	(2,378)	1,418
Capital					
Revenue	1,230	1,240	10	5,137	4,517
Gain (loss) on disposal of assets	361	274	(87)	434	367
Net surplus (deficit)	11,904	17,834	5,930	3,193	6,302

The Operating Performance for the ten months ended 30 April 2010 is an operating surplus before capital revenue and other items of \$16.3 million, which is \$6.0 million ahead of budget. The main items contributing to this favorable variance are rates, user fees, contributions, other revenue, employee benefits, material and services and depreciation expenses. After capital and other items, the operating surplus is \$17.8 million, which is \$5.9 million ahead of budget. The forecast Operating Performance for the year ending 30 June 2010 is an operating surplus of \$6.3 million, which is \$3.1 million more than budget.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Total capital works	25,507	13,151	12,356	35,478	25,991

The Capital Performance for the ten months ended 30 April 2010 shows that a total of \$13.2 million has been expended on the capital works program, which is \$12.4 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 forecast total to be expended on capital works for the year ending 30 June 2010 is \$26.0 million, which is \$9.5 million less than budget. A total of \$7.6 million is forecast to be carried forward into the 2010/11 year for capital works expected to be incomplete as at 30 June 2010.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and cash equivalents	18,031	30,442	12,411	17,190	29,056
Net current assets	17,015	34,287	17,272	2,053	14,699
Net assets and total equity	808,496	928,320	119,824	799,787	916,786

The Financial Position as at 30 April 2010 shows a cash balance of \$30.4 million which is \$12.4 million ahead of budget. The variance is due mainly to timing differences in the receipts from customers, payments to suppliers and employees, government receipts and payment for property, infrastructure, plant & equipment, the receipt of proceeds from borrowings of \$2.3 million not undertaken and the higher opening cash position compared with budget. The net current asset position is \$34.3 million which is \$17.3 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 \$928.3 million, which is \$119.8 million ahead of budget. The forecast Financial Position as at 30 June 2010 shows a cash position of \$29.1 million and net current assets of \$14.7 million.

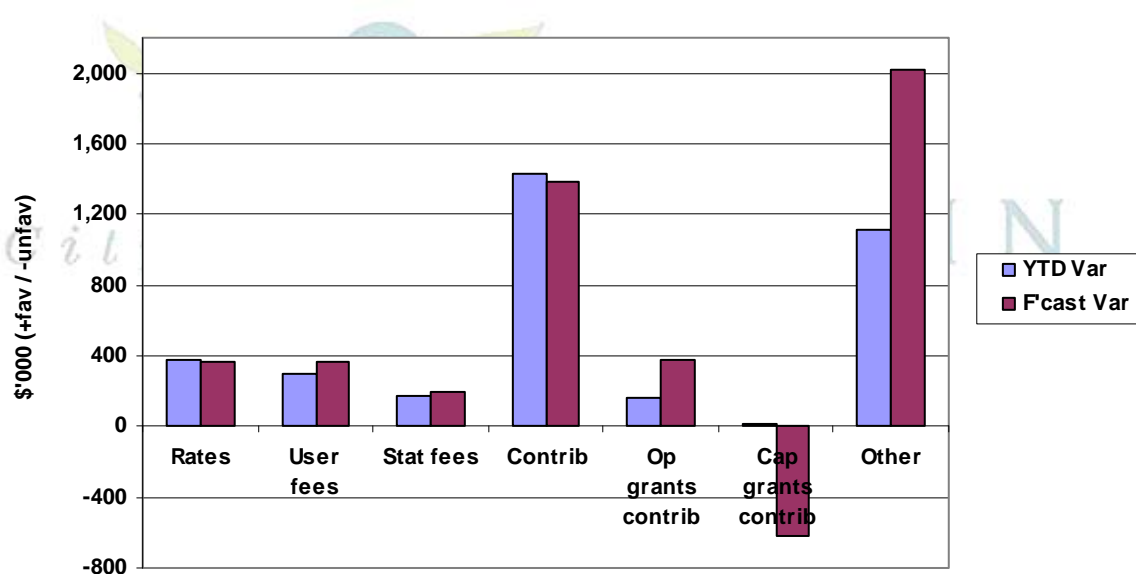
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000	Forecast Var \$'000
Revenues						
Rates	77,775	78,152	377	78,350	78,720	370
User fees	8,954	9,253	299	10,605	10,968	363
Statutory fees and fines	3,490	3,661	171	4,012	4,203	191
Contributions	1,250	2,675	1,425	1,500	2,884	1,384
Operating grants & contrib's	11,328	11,493	165	13,731	14,107	376
Capital grants & contrib's	1,230	1,240	10	5,137	4,517	(620)
Other revenue	1,994	3,107	1,113	2,674	4,696	2,022
Total operating revenue	106,021	109,581	3,560	116,009	120,095	4,086

Revenue YTD & Forecast variances



Financial Report
Ten months ended 30 April 2010

Major Operating Revenue Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000	F'cast Ahead of Budget \$'000	F'cast Behind Budget \$'000
Rates		377		370	
Supplementary	P	380		380	
User fees		299		363	
RLC - fitness	P	99		105	
RLC - swimming school	P	67		31	
Street tree replacement	P	149		148	
Property management	P			144	
Statutory fees and fines		171		191	
Council administration – election	P	46		66	
Statutory planning	P	74		87	
Building services	P	36		43	
Environmental health	P	37		36	
Traffic enforcement	P				40
Contributions		1,425		1,384	
Open space contributions	P	834		1,000	
DCP Contributions	P	591		384	
Operating grants and contributions		165		376	
Northcote place manager	P	80		80	
School crossing supervisor service	T	82			
Home support	P			55	
Family services	P	36		52	
Early years & education planning	P	50		50	
Immunisation	T		69		
Streets ahead	T		67		
Local area access pedestrians	T		65		86
Capital grants and contributions		10			620
Preston City oval redevelopment	P				860
Lancaster Gate Community Centre	P				500
Clyde st. community centre hall refurb.	P				138
Preston Connect Project	P	252		363	
East Reservoir Neighbourhood House	P	112		152	
Kindergarten Action Plan	P			111	
Bundoora Park bicycle path	P			97	
Refurbish former Preston Court House	P			80	
Neighbourhood Parks refurbishment	P			80	
Bundoora Park all abilities playground	T		210		
Bridge & culverts	T		165		
Other revenue		1,113		2,022	
Interest	P	674		803	
DIAC International students	P	60		66	
Aboriginal TSI relations	P	88		53	
Road Infrastructure	P	115		104	
Learner driver support	P	60		60	
Bushlands - administration	P	66		75	

Note: Var T = Timing P = Permanent

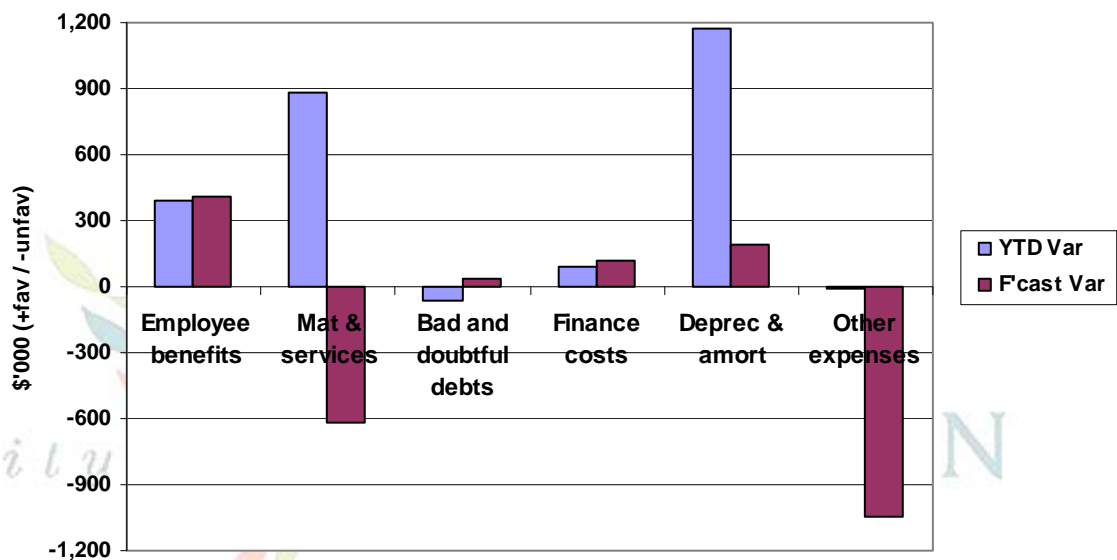
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Ten months ended 30 April 2010

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000	Forecast Var \$'000
Expenses						
Employee benefits	48,375	47,984	391	57,951	57,542	409
Materials and services	23,287	22,404	883	29,113	29,733	(620)
Bad and doubtful debts	534	602	(68)	688	648	40
Finance costs	297	209	88	357	243	114
Depreciation and amortisation	14,391	13,216	1,175	17,269	17,077	192
Other expenses	7,594	7,606	(12)	7,872	8,917	(1,045)
Total operating expenses	94,478	92,021	2,457	113,250	114,160	(910)

Expenses YTD & Forecast variances



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Ten months ended 30 April 2010

Major Operating Expense Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000	F'cast Ahead of Budget \$'000	F'cast Behind Budget \$'000
Employee benefits			391		409
Home support services	P		435		406
Transportation planning	P		169		216
Environmental strategy	P		108		119
Urban development	T		78		139
Information services	P		70		72
Fleet maintenance	P		90		87
Business support	P		65		84
Urban development	P		116		139
CAMS – customer & asset mgmt system	T	236			
Social inclusion & diversity	T	54			
Arboriculture	P			65	
Aboriginal TSI relations	T	104		41	
Chief Executive Officer	P	67		83	
Darebin parks	P	59		114	
Reservoir Leisure Centre	P	108		65	
Environmental operations	P	78		72	
Workcover levy	P			197	
Materials and services			883	620	
Major maintenance	P		740		342
Open space - arboriculture			207		
Open space management			74		
Northcote aquatic & recreation centre	T		130		
Utilities	T		98		
Environmental strategy	P		70	56	
Darebin Resource Recovery Centre	P	171		206	
Facilities maintenance	P	123		164	
DIR Infrastructure	P	97		100	
Communications & customer services	P	64		107	
Open space planning	P	58		62	
Early years & children's services	P	52			124
Family youth & community support	P				160
Depreciation and amortisation			1,175		192
Roads	P		988		1,079
Other assets	T		490		
Plant & equipment	T		402		
Building	P	645		782	
Intangibles	P	84		95	
Other		12		1,045	
Regional food kitchen contribution	P			63	
Melbourne Heart @ Darebin	P			120	
Northern interfaith project PVAW	P	23		90	
Best start	P			60	
Statutory planning	P	69		52	

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

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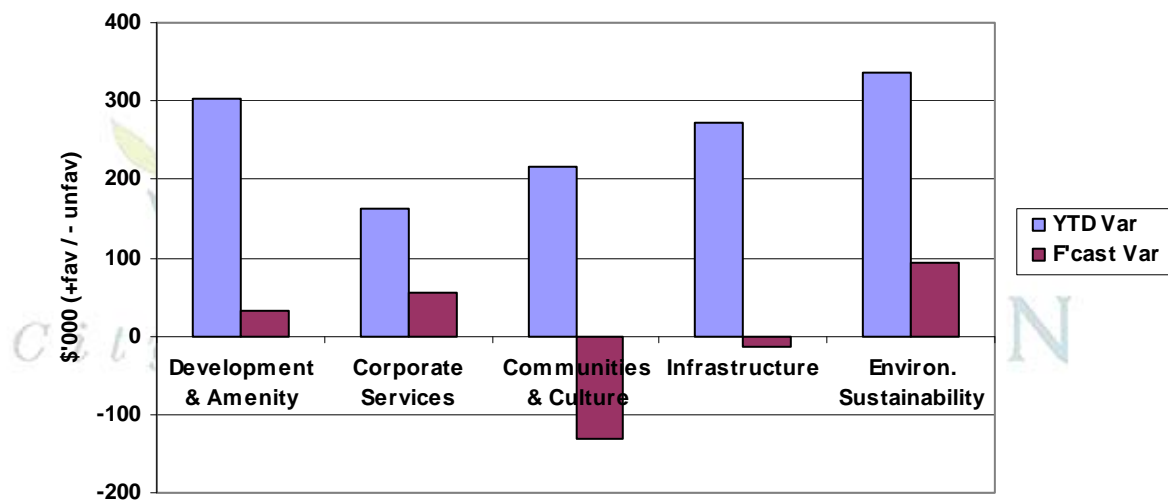
Ten months ended 30 April 2010

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	Forecast Net cost \$'000	Forecast Var Net cost \$'000
Department						
Development & Amenity	3,847	3,544	303	4,873	4,841	32
Corporate Services	10,905	10,743	162	12,860	12,804	56
Communities & Culture	13,779	13,563	216	16,739	16,870	(131)
Infrastructure	19,982	19,709	273	23,924	23,937	(13)
Environ. Sustainability	1,990	1,654	336	2,393	2,298	95
	50,503	49,213	1,290	60,789	60,750	39
Other non-attributable ¹	(62,407)	(67,047)	4,640	(63,982)	(67,052)	3,070
Net (surplus) deficit	(11,904)	(17,834)	5,930	(3,193)	(6,302)	3,109

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

Department net cost YTD & Forecast variances



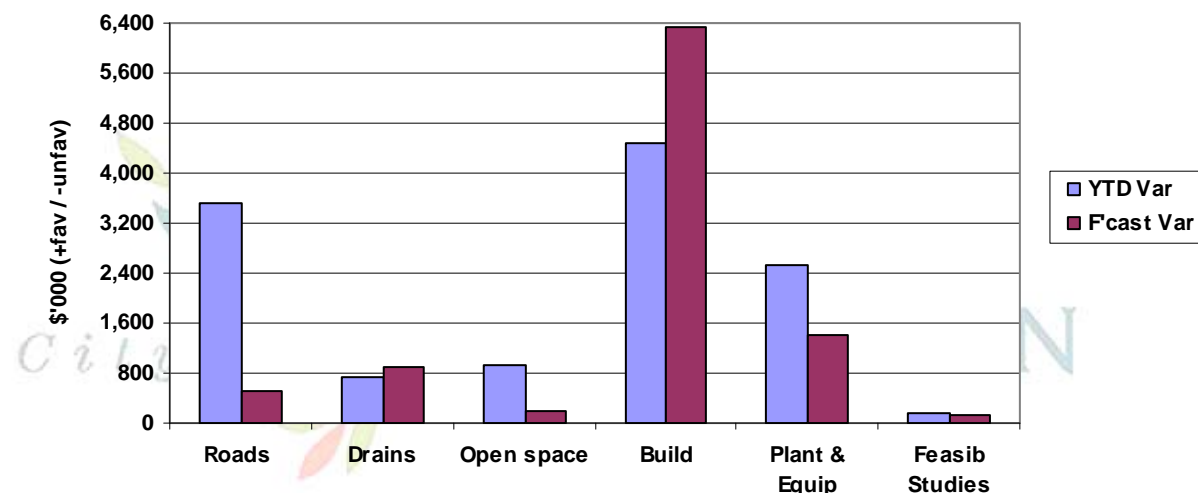
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Ten months ended 30 April 2010

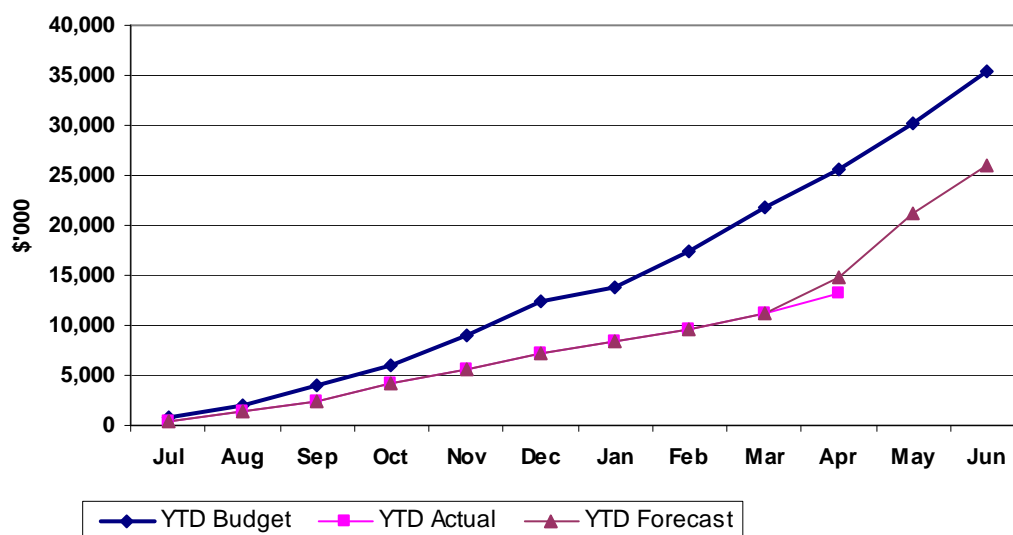
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000	Forecast Var \$'000
Capital works class						
Roads	7,914	4,401	3,513	8,607	8,080	527
Drains	844	94	750	1,201	312	889
Open space	3,094	2,166	928	4,527	4,343	184
Buildings	7,480	3,010	4,470	13,474	7,133	6,341
Plant & equipment	5,883	3,348	2,535	7,167	5,756	1,411
Feasibility studies	292	132	160	502	367	135
Total capital works	25,507	13,151	12,356	35,478	25,991	9,487
Represented by:						
Capital expenditure	22,780	11,164	11,616	31,792	22,647	9,145
Major maintenance	2,727	1,987	740	3,686	3,344	342
Total capital works	25,507	13,151	12,356	35,478	25,991	9,487

Capital works YTD & Forecast variances by asset class



Capital works YTD & Forecast expenditure cumulative



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Ten months ended 30 April 2010

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000	F'cast Ahead of Budget \$'000	F'cast Behind Budget \$'000
Roads			3,513		527
Local roads	P		2,078		590
Bridge & Culverts	T		331		
Merri Creek shared path pipe bridge	P		238	53	
Pedestrian friendly intersections	P		234		139
Roads to recovery	P		179		43
Footpaths	P		157	253	
Transport Planning	P		113		113
Public Transport	T		56		
Preston Connect Project	P			218	
Drains			750		889
Improvement works - renewal drainage	T		450		434
Fairfield Views drainage upgrade	P		142		304
Drains – flood mapping	T		50		98
Open space			928		184
Bundoora Park all abilities playground	P		222		179
Playing surfaces – capital	P		134		128
Preston library surrounds improvement	T		132		
Merri Creek Trail Safety Review	T		120		
Northcote Golf Course drought proof	P		102		115
Playground upgrades	P		68		66
TW Andrews Reserve master plan	T		62		
Busy Parks improvement program	P		44		68
Bundoora Park bicycle path	P			211	
Street tree planting – various	P			121	
Edwardes Park lake master plan	P	68		85	
Northcote wayfinding program	P			46	
Buildings			4,470		6,341
Lancaster Gate Community Centre	P		2,902		2,700
Precinct development and works	P		500		2,300
Clyde St Community Centre - hall refurb	P		256		186
Redevelop Clifton Street childcare	P		160		100
Preston City oval redevelopment	P		158		1,460
Northcote Police Station media arts bus	T		128		
Water sensitive Darebin depot	P		120		70
NARC masterplan implem & asset maint	P		114		113
East Reservoir early years hub	T		108		
NARC pool water supply line replace.	T		85		
Kindergarten Action Plan	P	188		250	
DISC infrastructure & greens upgrade	P	136		58	
Merri Community Child Care redevelop	P	91		91	
Urgent building maintenance works	P	70		90	
Plant & equipment			2,535		1,411
Plant replacement program	P		1,142		774
CAMS – customer & asset mgt system	P		835		244
IT server hardware upgrades	P		148		190
IT PCs & network upgrades – various	P		126		190
Darebin libraries – product purchases	T		118		
Preston library radio frequency IDE	T		70		
IT core system upgrades – various	P		60		85

Note: Var T = Timing P = Permanent

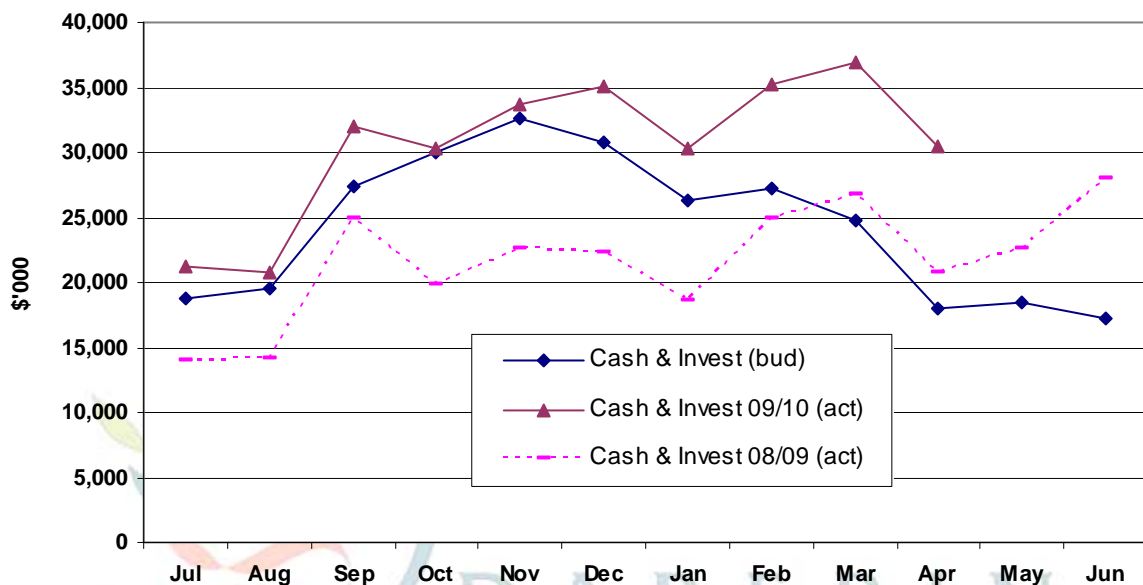
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Ten months ended 30 April 2010

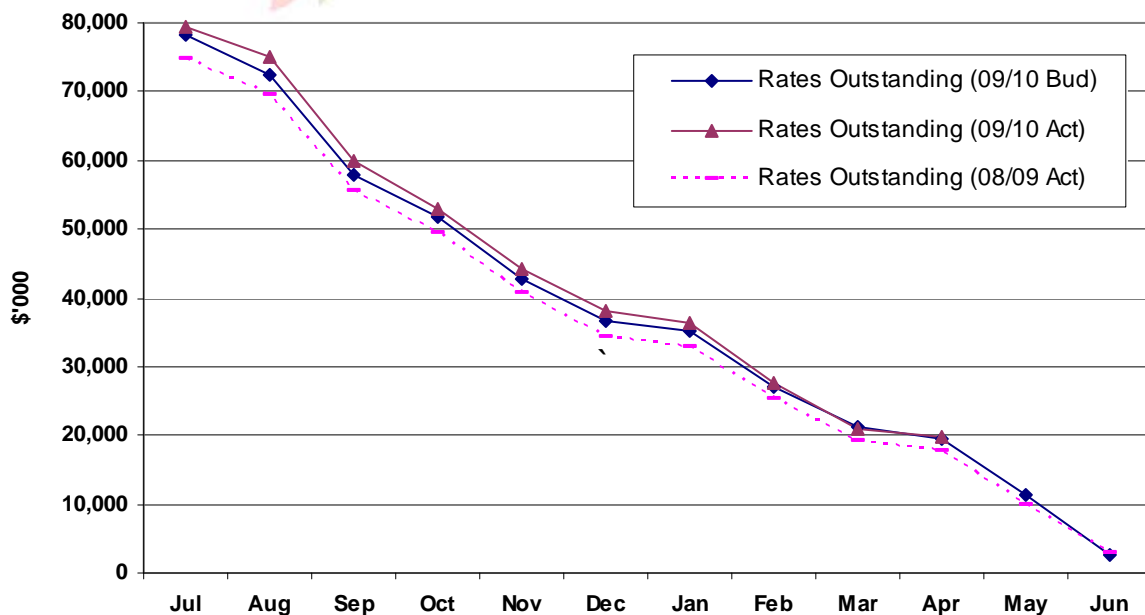
2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and investments	18,031	30,442	12,411	17,190	29,056
Net current assets	17,015	34,287	17,272	2,053	14,699
Net assets and total equity	808,496	928,320	119,824	799,787	916,786

Actual & Budget cash & investments balance by month



Actual & Budget rates outstanding balances by month



Financial Report
Ten months ended 30 April 2010

Major Balance Sheet YTD variances

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000	F'cast Budget Increase \$'000	F'cast Budget Decrease \$'000
Current assets		12,892		13,007	
Cash and investments	P	12,411		11,866	
Receivables	P	499		1,168	
Current liabilities			4,380	362	
Trade creditors	P		3,937	701	
Interest bearing loans and borrowings	P		157		173
Employee provisions	P		286		166
Non current assets		100,934		102,753	
Property, Infra. plant & equipment	P	100,533		102,016	
Investment property	P	365		365	
Intangible assets	P	25		374	
Non current liabilities			1,618		1,601
Interest bearing loans and borrowings	P		2,061		2,044
Employee provisions	P	443		443	
Equity		119,824		116,999	
Accumulated surplus	P	14,670		10,460	
Asset revaluation reserve	P	104,867		104,867	
Other reserves	P	287		1,672	

Note: Var T = Timing P = Permanent



APPENDIX A

Income Statement
Balance Sheet
Cash Flow Statement
Statement of Capital Works



Financial Report
Ten months ended 30 April 2010

DAREBIN CITY COUNCIL

Income Statement

For the 10 months ended 30 April, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Varianc e \$'000	Annual Budget \$'000	Forecast \$'000
Revenues from ordinary activities					
Rates	77,775	78,152	377	78,350	78,720
User fees	8,954	9,253	299	10,605	10,968
Statutory fees and fines	3,490	3,661	171	4,012	4,203
Contributions	1,250	2,675	1,425	1,500	2,884
Operating grants and contributions	11,328	11,493	165	13,731	14,107
Capital grants and contributions	1,230	1,240	10	5,137	4,517
Other	1,994	3,107	1,113	2,674	4,696
Total revenues	106,021	109,581	3,560	116,009	120,095
Expenses from ordinary activities					
Employee benefits	48,375	47,984	391	57,951	57,542
Materials and services	23,287	22,404	883	29,113	29,733
Bad and doubtful debts	534	602	(68)	688	648
Finance costs	297	209	88	357	243
Depreciation and amortisation	14,391	13,216	1,175	17,269	17,077
Other	7,594	7,606	(12)	7,872	8,917
Total expenses	94,478	92,021	2,457	113,250	114,160
Net gain (loss) on disposal of property infrastructure, plant and equipment	361	274	(87)	434	367
Surplus (deficit) for the year	11,904	17,834	5,930	3,193	6,302

Financial Report
Ten months ended 30 April 2010

DAREBIN CITY COUNCIL

Balance Sheet

As at 30 April, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Varianc e \$'000	Annual Budget \$'000	Forecas t \$'000
Current assets					
Cash and cash equivalents	18,031	30,442	12,411	17,190	29,056
Trade and other receivables	22,770	23,269	499	7,998	9,166
Other financial assets	71	53	(18)	71	44
Total current assets	<u>40,872</u>	<u>53,764</u>	<u>12,892</u>	<u>25,259</u>	<u>38,266</u>
Non-current assets					
Trade and other receivables	402	413	11	397	395
Property, infrastructure, plant & equipment	794,067	894,600	100,533	800,170	902,186
Investment property	3,027	3,392	365	3,027	3,392
Intangible assets	598	623	25	598	972
Other financial assets	206	206	0	206	206
Total non-current assets	<u>798,300</u>	<u>899,234</u>	<u>100,934</u>	<u>804,398</u>	<u>907,151</u>
Total assets	<u>839,172</u>	<u>952,998</u>	<u>113,826</u>	<u>829,657</u>	<u>945,417</u>
Current liabilities					
Trade and other payables	10,883	6,946	3,937	10,119	10,820
Interest bearing loans and borrowings	764	607	157	795	622
Provisions	12,210	11,924	286	12,292	12,126
Total current liabilities	<u>23,857</u>	<u>19,477</u>	<u>4,380</u>	<u>23,206</u>	<u>23,568</u>
Non-current liabilities					
Interest bearing loans and borrowings	4,888	2,827	2,061	4,733	2,689
Provisions	1,931	2,374	(443)	1,931	2,374
Total non-current liabilities	<u>6,819</u>	<u>5,201</u>	<u>1,618</u>	<u>6,664</u>	<u>5,063</u>
Total liabilities	<u>30,676</u>	<u>24,678</u>	<u>5,998</u>	<u>29,870</u>	<u>28,631</u>
Net assets	<u>808,496</u>	<u>928,320</u>	<u>119,824</u>	<u>799,787</u>	<u>916,786</u>
Equity					
Accumulated surplus	457,961	472,631	14,670	449,602	460,062
Asset revaluation reserve	347,032	451,899	104,867	347,032	451,899
Other reserves	3,503	3,790	287	3,153	4,825
Total equity	<u>808,496</u>	<u>928,320</u>	<u>119,824</u>	<u>799,787</u>	<u>916,786</u>

Financial Report
Ten months ended 30 April 2010

DAREBIN CITY COUNCIL

Cash Flow Statement

For the 10 months ended 30 April, 2010

	YTD Budget \$'000 Inflows (Outflows)	YTD Actual \$'000 Inflows (Outflows)	YTD Varianc e \$'000	Annual Budget \$'000 Inflows (Outflows)	Forecast \$'000 Inflows (Outflows)
Cash flows from operating activities					
Receipts from customers (incl GST)	79,651	81,498	1,847	99,052	99,321
Payments to suppliers and employees (incl GST)	(84,349)	(80,854)	3,495	(101,915)	(100,557)
	(4,698)	644	5,342	(2,863)	(1,236)
Interest	716	1,465	749	865	1,742
Government receipts	15,609	12,419	(3,190)	18,868	19,619
Net GST refund / payment	3,131	2,973	(158)	3,817	4,857
Net cash provided by operating activities	14,758	17,501	2,743	20,687	24,982
Cash flows from investing activities					
Proceeds from sale of property, plant & equipment	1,341	904	(437)	1,609	1,389
Repayment of loans and advances	76	63	(13)	76	70
Payment for property, infrastr, plant & equipment	(24,949)	(15,213)	9,736	(31,793)	(24,490)
Net cash used in investing activities	(23,532)	(14,246)	9,286	(30,108)	(23,031)
Cash flows from financing activities					
Proceeds from borrowings	2,300	0	(2,300)	2,300	0
Finance costs	(287)	(201)	86	(357)	(272)
Trust funds and deposits	0	(112)	(112)	0	0
Repayment of interest bearing loans and borrowings	(565)	(484)	81	(689)	(607)
Net cash used in financing activities	1,448	(797)	(2,245)	1,254	(879)
Net increase / (decrease) in cash & cash equivalents	(7,326)	2,458	9,784	(8,167)	1,072
Cash & cash equivalents at the beginning of the year	25,357	27,984	2,627	25,357	27,984
Cash & cash equivalents at the end of the year	18,031	30,442	12,411	17,190	29,056

DAREBIN CITY COUNCIL

Statement of Capital Works

For the 10 months ended 30 April, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Forecast \$'000
Roads	7,914	4,401	3,513	8,607	8,080
Drains	844	94	750	1,201	312
Open space	3,094	2,166	928	4,527	4,343
Buildings	7,480	3,010	4,470	13,474	7,133
Plant & equipment	5,883	3,348	2,535	7,167	5,756
Feasibility studies	292	132	160	502	367
Total capital works	25,507	13,151	12,356	35,478	25,991
Represented by:					
Capital expenditure	22,780	11,164	11,616	31,792	22,647
Major maintenance	2,727	1,987	740	3,686	3,344
Total capital works	25,507	13,151	12,356	35,478	25,991

