

FINANCIAL REPORT

Five months ended

30 November 2010



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Financial Report

Five months ended 30 November 2010

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Operating				
Revenue	96,477	98,044	1,567	117,594
Expenditure	(51,426)	(48,465)	2,961	(120,078)
	45,051	49,579	4,528	(2,484)
Capital				
Revenue	463	549	86	2,631
Gain (loss) on disposal of assets	145	146	1	148
Net surplus (deficit)	45,659	50,274	4,614	295

The Operating Performance for the five months ended 30 November 2010 is an operating surplus before capital revenue and other items of \$49.6 million, which is \$4.5 million ahead of budget. The main items contributing to this favorable variance are statutory fees and fines, contributions, operating grants and contributions, other revenue, employee benefits, material and services, depreciation and other expenses. After capital and other items, the operating surplus is \$50.3 million, which is \$4.6 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	14,074	7,973	6,102	37,317	38,632

The Capital Performance for the five months ended 30 November 2010 shows that a total of \$8.0 million has been expended on the capital works program, which is \$6.1 million behind the budget. The variance is due mainly to timing differences on the roads, building and open space 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	32,691	43,038	10,347	20,227
Net current assets	63,731	72,268	8,537	5,232
Net assets and total equity	963,557	971,012	7,455	918,749

The Financial Position as at 30 November 2010 shows a cash balance of \$43.0 million which is \$10.3 million ahead of budget. The variance is due mainly to the higher opening cash position compared with budget and timing differences in payments to suppliers and employees, purchase of property, infrastructure, plant & equipment and government receipts. The net current asset position is \$72.3 million which is \$8.5 million more than budget. The variance is due mainly to the higher cash position and lower trade and other receivables compared with budget. The net asset position is \$971.0 million, which is \$7.5 million ahead of budget.

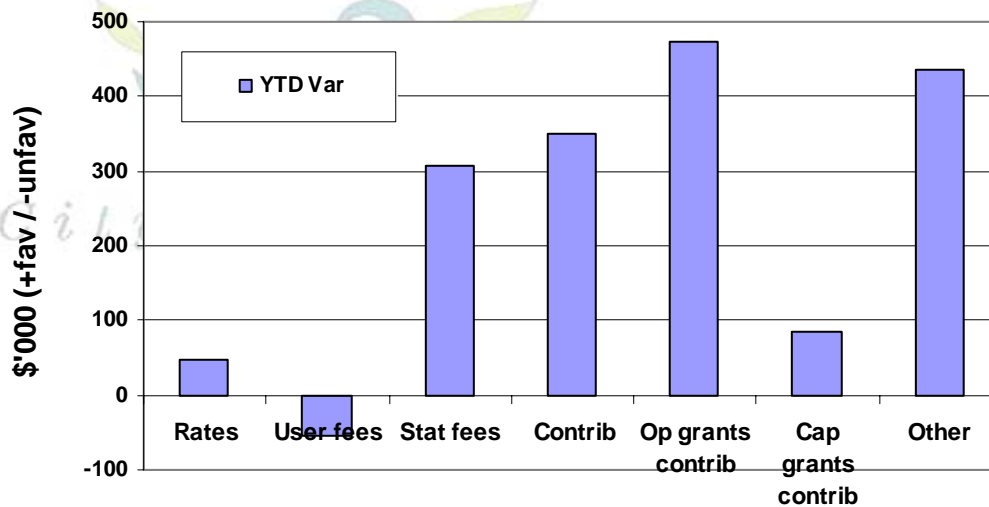
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Revenues				
Rates	82,303	82,350	47	83,918
User fees	4,531	4,476	(55)	10,270
Statutory fees and fines	1,623	1,929	306	4,747
Contributions	928	1,279	351	2,000
Operating grants & contrib's	6,117	6,589	472	13,731
Capital grants & contrib's	463	549	86	2,631
Other revenue	975	1,421	446	2,928
Total operating revenue	96,940	98,593	1,653	120,225

Revenue YTD variances



Financial Report

Five months ended 30 November 2010

Major Operating Revenue Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
User fees			55
Reservoir Leisure Centre	T		54
Right of ways	T		92
Street tree replacement	T	41	
Northcote Aquatic & Recreation Centre	P	44	
Statutory fees and fines		306	
Environmental health	T	450	
Statutory planning	T	50	
Traffic enforcement	T		232
Contributions		351	
Open space contributions	T	182	
Edwards Lake – circling the lake	T	100	
Operating grants and contributions		472	
Victorian grants commission	P	199	
Intercultural centre	P	73	
HACC support services	T	97	
Family services	T	94	
School crossing supervision	T	162	
Darebin sport for all	T		58
Early years	T		50
Access for all abilities	T		54
Capital grants and contributions		86	
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	
Reservoir Library redevelopment	P	127	
Arts in public places	T		45
Roads to recovery - various	T		267
Other revenue		446	
Interest on investment	P	395	

Note: Var T = Timing P = Permanent

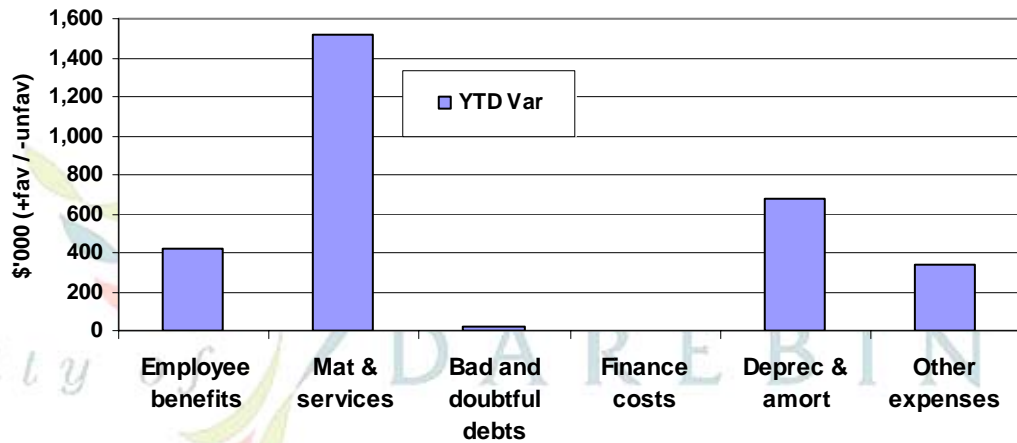
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Five months ended 30 November 2010

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Expenses				
Employee benefits	26,197	25,775	422	60,891
Materials and services	12,720	11,197	1,523	32,002
Bad and doubtful debts	337	320	17	807
Finance costs	88	90	(2)	203
Depreciation and amortisation	7,248	6,576	672	17,395
Other expenses	4,836	4,507	329	8,780
Total operating expenses	51,426	48,465	2,961	120,078

Expenses YTD variances



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Five months ended 30 November 2010

Major Operating Expense Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Employee benefits			422
Home support service delivery	T		606
Transport management & planning	T		126
Business support	T		52
Building services	T		56
Staff vacancy & other	T	146	
Assessment & complex care	T	186	
Materials and services			1,523
Major maintenance	T		685
Facility maintenance	T		61
Asset strategy	T		57
IT – application systems	T		65
IT - infrastructure	T		51
Roads infrastructure management	T		63
Open space management	T		119
Darebin parks	T		159
Human resources	T	85	
Depreciation and amortisation			672
Other assets	T		232
Plant & equipment	T		285
Building	T		165
Other			329
Communication & marketing	T		60
Leisure services	T		83
Insurance – public liability	T		35
Community grants program	T		93
Human resources	T	49	

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

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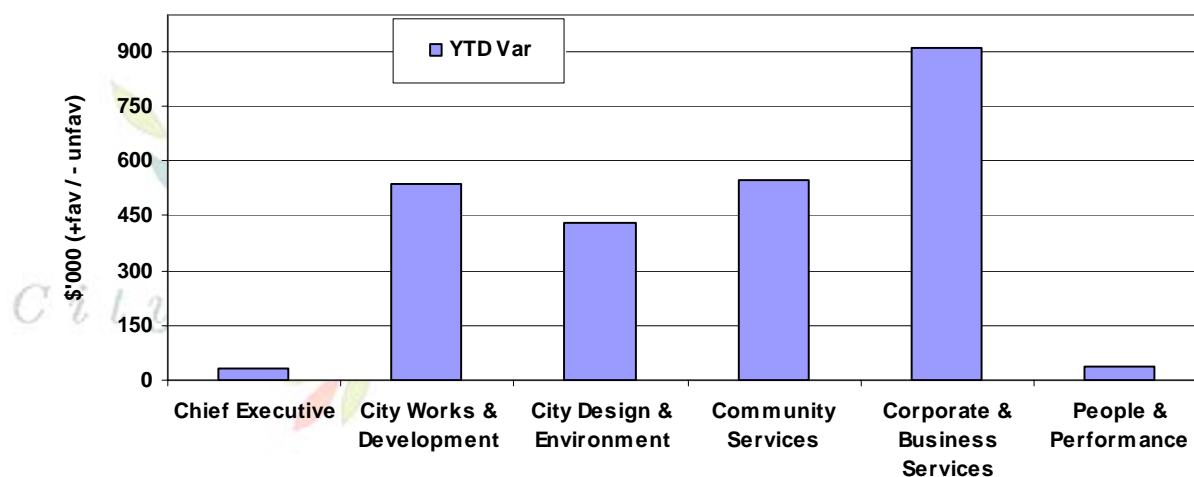
Five months ended 30 November 2010

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
Department				
Chief Executive	345	311	34	722
City Works & Development	8,016	7,479	537	19,240
City Design & Environment	5,655	5,224	431	13,062
Community Services	5,803	5,253	550	13,534
Corporate & Business Services	4,654	3,745	909	10,381
People & Performance	3,025	2,986	39	6,246
	27,498	24,998	2,500	63,185
Other non-attributable ¹	(73,157)	(75,272)	2,115	(63,480)
Net (surplus) deficit	(45,659)	(50,274)	4,615	(295)

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

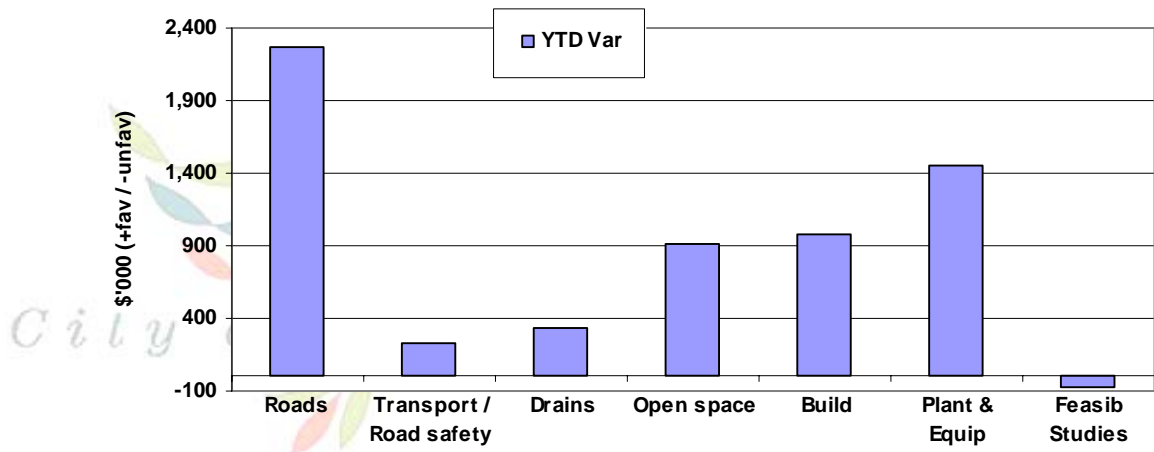
Department net cost YTD variances



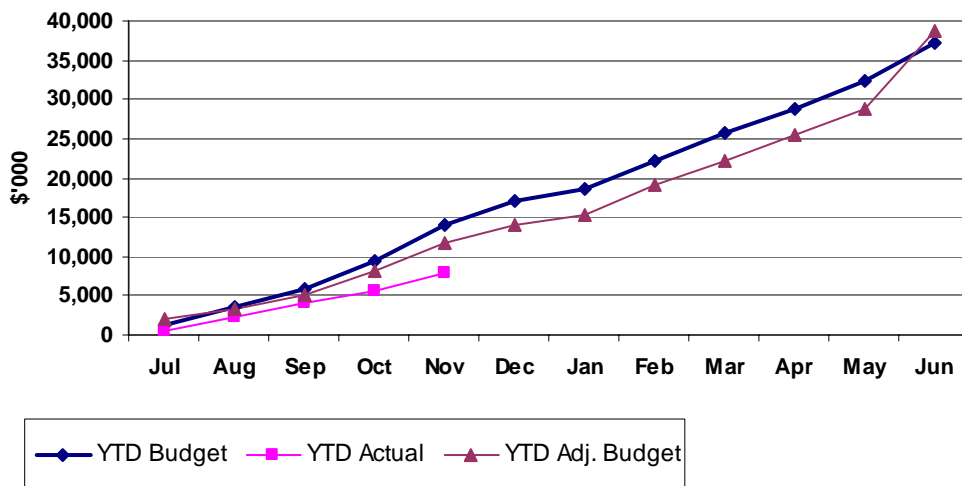
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Capital works class					
Roads	2,980	706	2,274	7,567	7,191
Transport / Road safety	388	161	227	1,789	1,591
Drains	359	26	333	873	867
Open space	2,045	1,131	914	7,459	7,810
Buildings	4,241	3,262	979	10,770	12,025
Plant & equipment	3,934	2,484	1,450	8,317	8,485
Feasibility studies	127	203	(76)	542	663
Total capital works	14,074	7,973	6,101	37,317	38,632
Represented by:					
Capital expenditure	12,547	7,131	5,416	32,188	33,304
Major maintenance	1,527	842	685	5,129	5,328
Total capital works	14,074	7,973	6,101	37,317	38,632

Capital works YTD variances by asset class



Capital works YTD expenditure cumulative



Financial Report

Five months ended 30 November 2010

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Roads			2,274
Local roads	T		1,874
Right of way - Aberdeen	T		30
Right of way - Wakanui	T		30
Footpath – Station St	T		44
Footpath – Whalley St	T		32
Footpath – replacement program	T		60
Carpark – Reservoir Leisure Centre	T		120
Transport / Road safety			227
Preston connect	T		45
Integrated transportation planning	T		123
Drains			333
Water quality works	T		84
Flood mapping	T		65
Water sensitive Darebin depot	T		116
Open space			914
John Cain Reserve masterplan	T		70
DR Atkinson Reserve lighting	T		60
Arts in public places	T		87
Northcote Golf Course droughtproofing	T		115
Busy parks improvement program	T		80
Playground upgrades	T		71
Parks renewal projects	T		63
Darebin Ck shared path	T		127
Cramer St powerline relocation	T		100
Bundoora Park all abilities playground	T	101	
Buildings			979
Lancaster Gate Community Centre	T		358
Intercultural centre project	T		61
Clyde St Community Centre hall	T		67
Clifton Street childcare redevelopment	T		217
NARC water supply replacement	T		83
Sweeper tipping deck & yard fencing	T		92
Building painting program	T		68
Building floor coverings	T		62
JE Moore windows & shutters	T		105
Preston City Oval redevelopment	T	229	
Portable kindergarten building – JS Grey	P	157	
Plant & equipment			1,450
Early years centralized database	T		50
IT server, pc & network upgrades	T		148
IT web strategy & e-services	T		90
Plant replacement program	T		795
CAMS – customer & asset mgt system	T		166
Feasibility studies		76	
Business planning Preston civic precinct	T	107	

Note: Var T = Timing P = Permanent

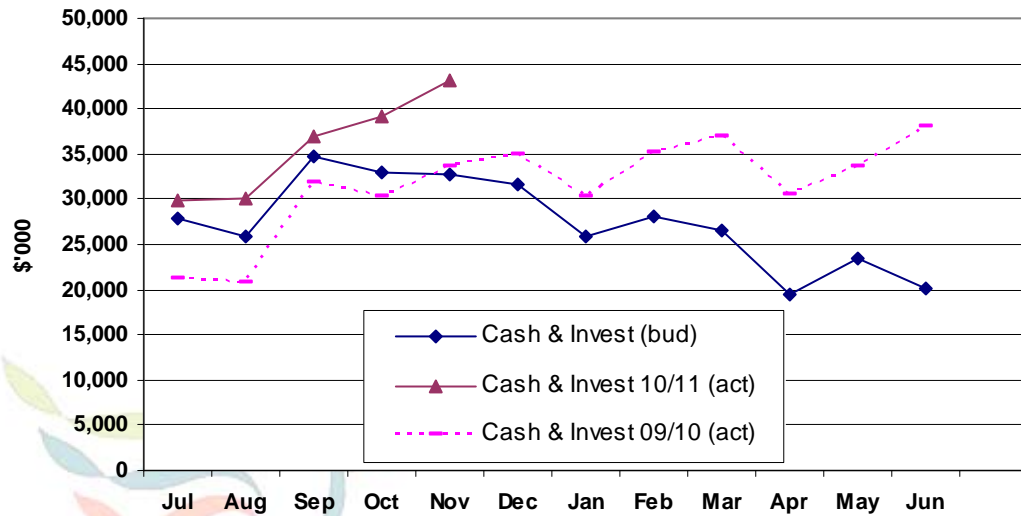
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Five months ended 30 November 2010

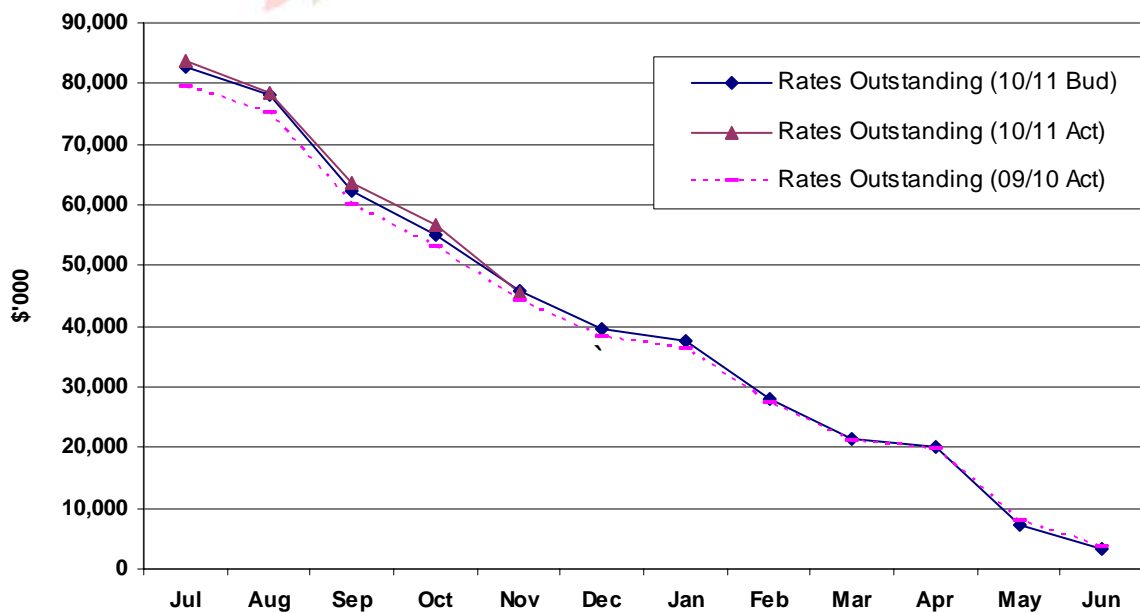
2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	32,691	43,038	10,347	20,227
Net current assets	63,731	72,268	8,537	5,232
Net assets and total equity	963,557	971,012	7,455	918,749

Actual & Budget cash & investments balance by month



Actual & Budget rates outstanding balances by month



Financial Report
Five months ended 30 November 2010

Major Balance Sheet YTD variances

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000
Current assets		8,345	
Cash and investments	P	10,347	
Receivables	T		1,910
Current liabilities			192
Trade creditors	T		324
Employee provisions	P	126	
Non current assets			1,151
Property, Infra. plant & equipment	P		846
Investment property	P	67	
Intangible assets	P		387
Non current liabilities			69
Employee provisions	P		63
Equity		7,455	
Accumulated surplus	P	7,162	
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
Five months ended 30 November 2010

DAREBIN CITY COUNCIL

Income Statement

For the 5 months ended 30 November, 2010

	YTD Budget	YTD Actual	YTD Variance	Annual Budget
	\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities				
Rates	82,303	82,350	47	83,918
User fees	4,531	4,476	(55)	10,270
Statutory fees and fines	1,623	1,929	306	4,747
Contributions	928	1,279	351	2,000
Operating grants and contributions	6,117	6,589	472	13,731
Capital grants and contributions	463	549	86	2,631
Other	975	1,421	446	2,928
Total revenues	<u>96,940</u>	<u>98,593</u>	<u>1,653</u>	<u>120,225</u>
Expenses from ordinary activities				
Employee benefits	26,197	25,775	422	60,891
Materials and services	12,720	11,197	1,523	32,002
Bad and doubtful debts	337	320	17	807
Finance costs	88	90	(2)	203
Depreciation and amortisation	7,248	6,576	672	17,395
Other	4,836	4,507	329	8,780
Total expenses	<u>51,426</u>	<u>48,465</u>	<u>2,961</u>	<u>120,078</u>
Net gain (loss) on disposal of property infrastructure, plant and equipment	145	146	1	148
Surplus for the year	<u>45,659</u>	<u>50,274</u>	<u>4,615</u>	<u>295</u>

Financial Report
Five months ended 30 November 2010

DAREBIN CITY COUNCIL

Balance Sheet

As at 30 November, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Current assets				
Cash and cash equivalents	32,691	43,038	10,347	20,227
Trade and other receivables	51,011	49,101	(1,910)	8,520
Other financial assets	846	754	(92)	846
Total current assets	84,548	92,893	8,345	29,593
Non-current assets				
Trade and other receivables	355	370	15	308
Property, infrastructure, plant & equipment	899,680	898,834	(846)	913,081
Investment property	3,392	3,459	67	3,392
Intangible assets	972	585	(387)	972
Other financial assets	206	206	0	206
Total non-current assets	904,605	903,454	(1,151)	917,959
Total assets	989,153	996,347	7,194	947,552
Current liabilities				
Trade and other payables	8,069	7,745	324	11,123
Interest bearing loans and borrowings	622	628	(6)	622
Provisions	12,126	12,252	(126)	12,616
Total current liabilities	20,817	20,625	192	24,361
Non-current liabilities				
Interest bearing loans and borrowings	2,405	2,399	6	2,068
Provisions	2,374	2,311	63	2,374
Total non-current liabilities	4,779	4,710	69	4,442
Total liabilities	25,596	25,335	261	28,803
Net assets	963,557	971,012	7,455	918,749
Equity				
Accumulated surplus	506,832	513,994	7,162	462,713
Asset revaluation reserve	451,900	451,900	0	451,900
Other reserves	4,825	5,118	293	4,136
Total equity	963,557	971,012	7,455	918,749

Financial Report
Five months ended 30 November 2010

DAREBIN CITY COUNCIL

Cash Flow Statement

For the 5 months ended 30 November, 2010

	YTD Budget \$'000 Inflows (Outflows)	YTD Actual \$'000 Inflows (Outflows)	YTD Variance \$'000	Annual Budget \$'000 Inflows (Outflows)
Cash flows from operating activities				
Receipts from customers (incl GST)	49,979	49,687	(292)	105,064
Payments to suppliers and employees (incl GST)	(45,717)	(44,003)	1,714	(109,036)
	4,262	5,684	1,422	(3,972)
Interest	534	219	(315)	1,275
Government receipts	6,419	7,365	946	16,361
Net GST refund / payment	2,118	2,036	(82)	4,723
Net cash provided by operating activities	13,333	15,304	1,971	18,387
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	471	187	(284)	932
loans and advances	40	(102)	(142)	81
Payment for property, infrastr, plant & equipment	(14,611)	(10,341)	4,270	(32,188)
Net cash used in investing activities	(14,100)	(10,256)	3,844	(31,175)
Cash flows from financing activities				
Finance costs	(97)	(97)	0	(202)
Trust funds and deposits	0	230	230	0
Repayment of interest bearing loans and borrowings	(284)	(284)	0	(622)
Net cash used in financing activities	(381)	(151)	230	(824)
Net increase / (decrease) in cash & cash equivalents	(1,148)	4,897	6,045	(13,612)
Cash & cash equivalents at the beginning of the year	33,839	38,141	4,302	33,839
Cash & cash equivalents at the end of the year	32,691	43,038	10,347	20,227

Financial Report
Five months ended 30 November 2010

DAREBIN CITY COUNCIL
Statement of Capital Works

For the 5 months ended 30 November, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000
Roads	2,980	706	2,274	7,567	7,191
Transport / Road safety	388	161	227	1,789	1,591
Drains	359	26	333	873	867
Open space	2,045	1,131	914	7,459	7,810
Buildings	4,241	3,262	979	10,770	12,025
Plant & equipment	3,934	2,484	1,450	8,317	8,485
Feasibility studies	127	203	(76)	542	663
Total capital works	14,074	7,973	6,101	37,317	38,632
Represented by:					
Capital expenditure	12,547	7,131	5,416	32,158	33,304
Major maintenance	1,527	842	685	5,159	5,328
Total capital works	14,074	7,973	6,101	37,317	38,632

