

FINANCIAL REPORT

Two months ended

31 August 2011



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Two months ended 31 August 2011

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Operating				
Revenue	94,192	93,805	(387)	125,314
Expenditure	(20,462)	(19,168)	1,294	(123,714)
	73,730	74,637	907	1,600
Capital				
Revenue	271	124	(147)	4,996
Gain (loss) on disposal of assets	29	43	14	134
Net surplus (deficit)	74,030	74,804	772	6,730

The Operating Performance for the two months ended 31 August 2011 is an operating surplus before capital revenue and other items of \$74.6 million, which is \$0.9 million ahead of budget. The main items contributing to this favorable variance are contributions, employee benefits, material and services, depreciation and other expenses partly offset by unfavorable variances in rates, statutory fees and fines and capital grants and contributions. After capital and other items, the operating surplus is \$74.8 million, which is \$0.8 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	4,821	1,868	2,953	34,702	36,006

The Capital Performance for the two months ended 31 August 2011 shows that a total of \$1.9 million has been expended on the capital works program, which is \$3.0 million behind the budget. The variance is due mainly to timing differences on road, building and open space works projects and purchase of plant and equipment. Many of the road projects carried over from 2011 have now been completed, final claims from contractors are yet to be received and are not included in the YTD results above.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and cash equivalents	20,891	25,252	4,361	25,361
Net current assets	85,940	97,524	15,124	8,468
Net assets and total equity	998,600	1,002,526	3,926	931,186

The Financial Position as at 31 August 2011 shows a cash balance of \$25.3 million which is \$4.4 million ahead of budget. The variance is due mainly to the higher opening cash position compared with budget and timing differences in receipts from customers, payments to suppliers and employees and purchase of property, infrastructure, plant and equipment. The net current asset position is \$97.5 million which is \$15.1 million more than budget. The variance is due mainly to the higher cash position, higher trade and other receivables and higher trade and other payables compared with budget. The net asset position is \$1.0 billion, which is \$3.9 million ahead of budget.

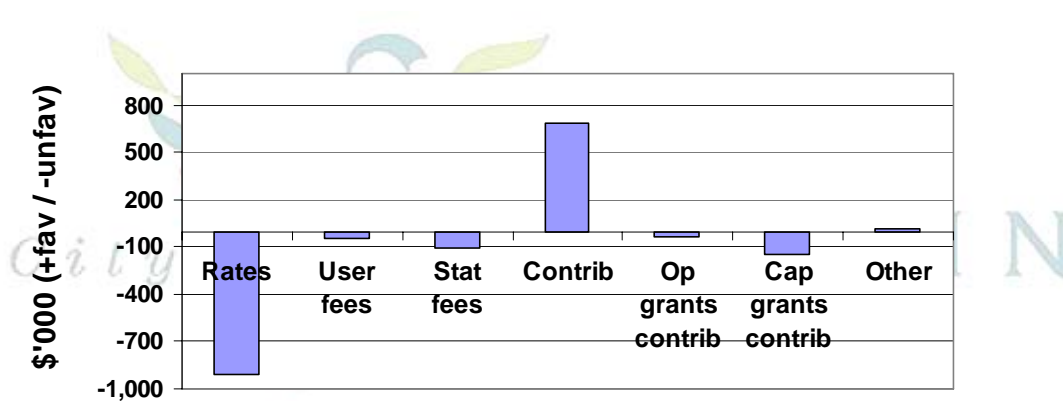
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Revenues				
Rates	88,017	87,113	(904)	89,300
User fees	1,776	1,733	(43)	11,238
Statutory fees and fines	731	626	(105)	4,864
Contributions	333	1,018	685	2,000
Operating grants & contrib's	2,667	2,634	(33)	14,592
Capital grants & contrib's	271	124	(147)	4,996
Other revenue	668	681	13	3,320
Total operating revenue	94,463	93,929	(534)	130,310

Revenue YTD variances



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Two months ended 31 August 2011

Major Operating Revenue Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Rates			904
Supplementary rates	T		318
DHS pensioner rebate	T		2,320
General rates	P	207	
Other rebates and discounts	T	160	
Green waste	T	1,313	
Statutory fees and fines			105
Traffic enforcement	T		46
Animal control	T		71
Contributions		685	
Open space contributions	T	642	
DCP contributions	T	43	
Capital grants and contributions			147
Sir Douglas Nicholls Reserve	T		150

Note: Var T = Timing P = Permanent



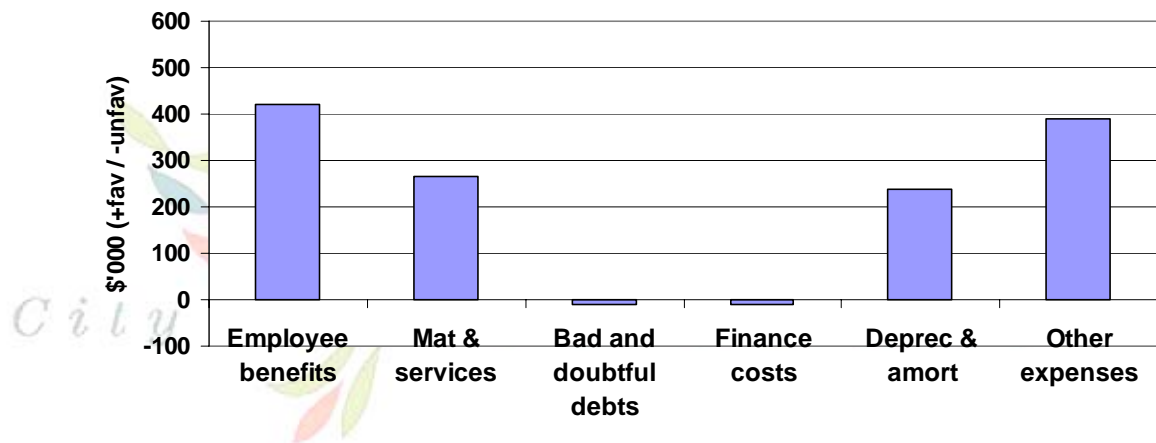
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Two months ended 31 August 2011

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Expenses				
Employee benefits	9,824	9,403	421	63,426
Materials and services	4,915	4,649	266	32,393
Bad and doubtful debts	112	121	(9)	681
Finance costs	25	37	(12)	161
Depreciation and amortisation	2,950	2,713	237	17,701
Other expenses	2,636	2,245	391	9,352
Total operating expenses	20,462	19,168	1,294	123,714

Expenses YTD variances



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Two months ended 31 August 2011

Major Operating Expense Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Employee benefits			421
Asset strategy	T		61
Operational projects and fleet	T		79
Human resources	T		88
Home support service delivery	T		57
Transport management & planning	T		45
Compliance and amenity	T		44
Libraries	T		40
Major projects and activity centres	T	51	
Materials and services			266
Communications and marketing	T		67
Operational projects and fleet	T		59
Environmental services	T		57
Strategic planning	T		45
Lancaster Gate Community Centre	T		42
Human resources	T		40
Application systems	T	103	
Depreciation and amortisation			237
Other assets	T		204
Building	T		74
Intangibles	T	44	
Other			391
Rate revenue	T		435
Public realm	T		216
Operational projects and fleet	T		84
Public liability insurance	T	428	
Council business	T	68	

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

2.1.3 Department analysis

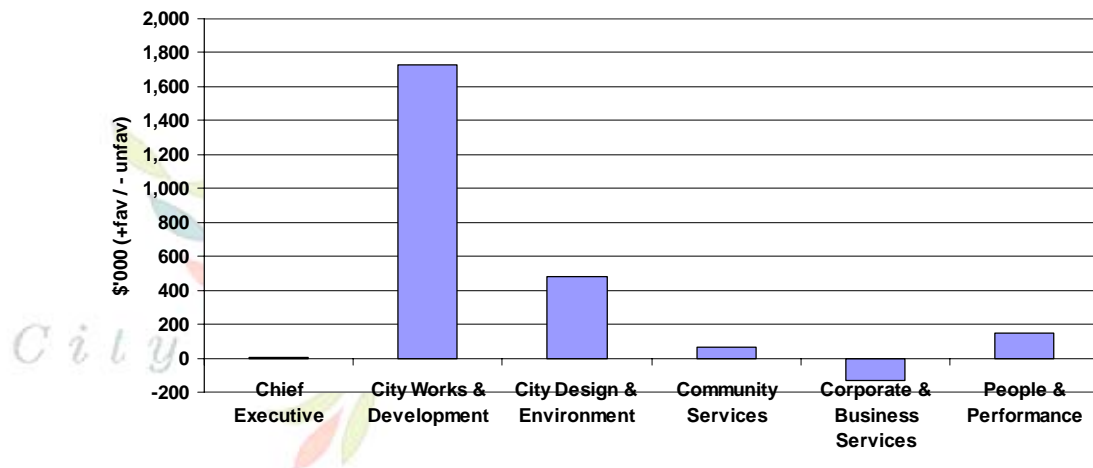
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	YTD Budget Net cost \$'000	YTD Actual Net cost \$'000	YTD Var Net cost \$'000	Adopted Budget Net cost \$'000
Department				
Chief Executive	119	115	3	785
City Works & Development	4,082	2,354	1,728	24,900
City Design & Environment	2,125	1,645	480	13,229
Community Services	1,903	1,835	68	13,669
Corporate & Business Services	2,016	2,147	(131)	11,226
People & Performance	1,749	1,599	150	7,741
	11,994	9,695	2,298	71,550
Other non-attributable ¹	(86,024)	(84,499)	(1,524)	(78,280)
Net (surplus) deficit	(74,030)	(74,804)	774	(6,730)

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

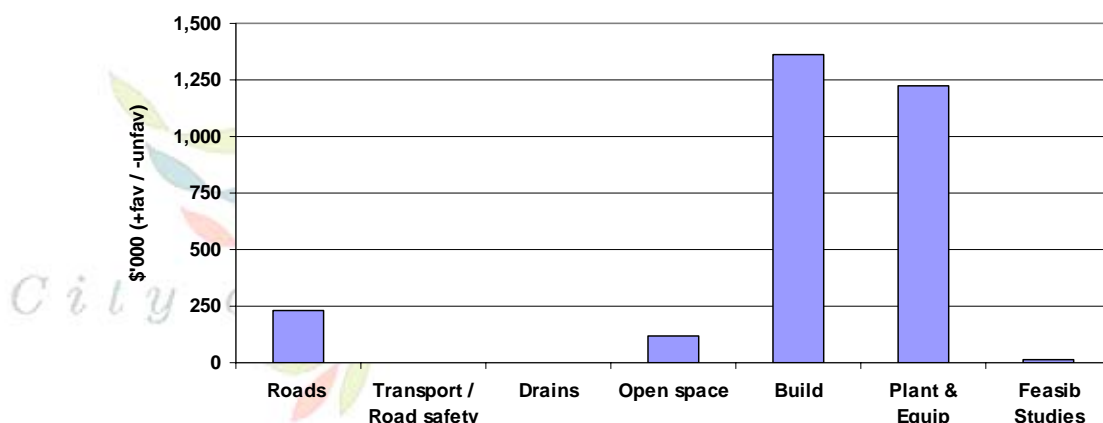
Department net cost YTD variances



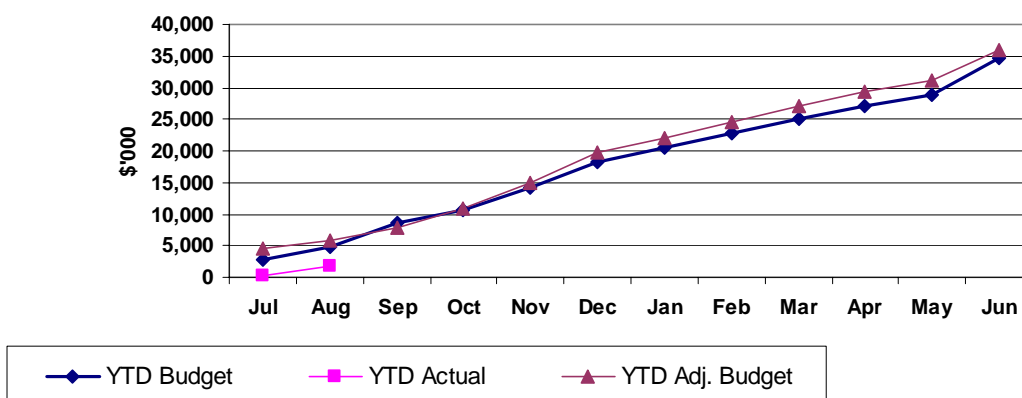
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Capital works class					
Roads	1,153	920	233	7,290	8,878
Transport / Road safety	85	87	(2)	1,003	1,060
Drains	0	3	(3)	725	725
Open space	426	305	121	7,738	7,066
Buildings	1,604	240	1,364	11,231	11,375
Plant & equipment	1,514	290	1,224	6,681	6,863
Feasibility studies	39	23	16	34	39
Total capital works	4,821	1,868	2,953	34,702	36,006
Represented by:					
Capital expenditure	4,467	1,572	2,895	30,597	31,802
Major maintenance	354	296	58	4,105	4,204
Total capital works	4,821	1,868	2,953	34,702	36,006

Capital works YTD variances by asset class



Capital works YTD expenditure cumulative



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Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Roads			233
Footpath replacement program	T		211
Shared path – Darebin / Merri Creek	T		246
Local roads	T	258	
Open space			121
Tram route 86 corridor	T		257
Northcote Golf Course fairway realignment	T		50
Busy parks improvement program	T	101	
Street tree planting	T	66	
Buildings			1,364
Lancaster Gate Community Centre	T		923
Reservoir library redevelopment	T		416
Preston City Oval redevelopment	T	43	
Plant & equipment			1,224
Mobile solutions – data collection	T		143
IT web strategy & e-services	T		120
Plant replacement program	T		512
CAMS – customer & asset mgt system	T		315
IT Core system upgrade	T		120
Mobile garbage bin replacement	T	36	

Note: Var T = Timing P = Permanent



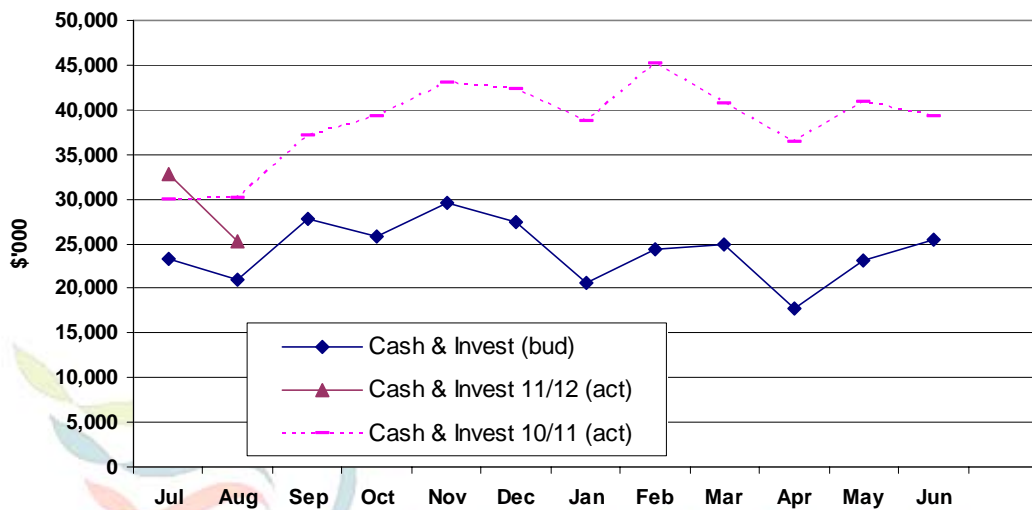
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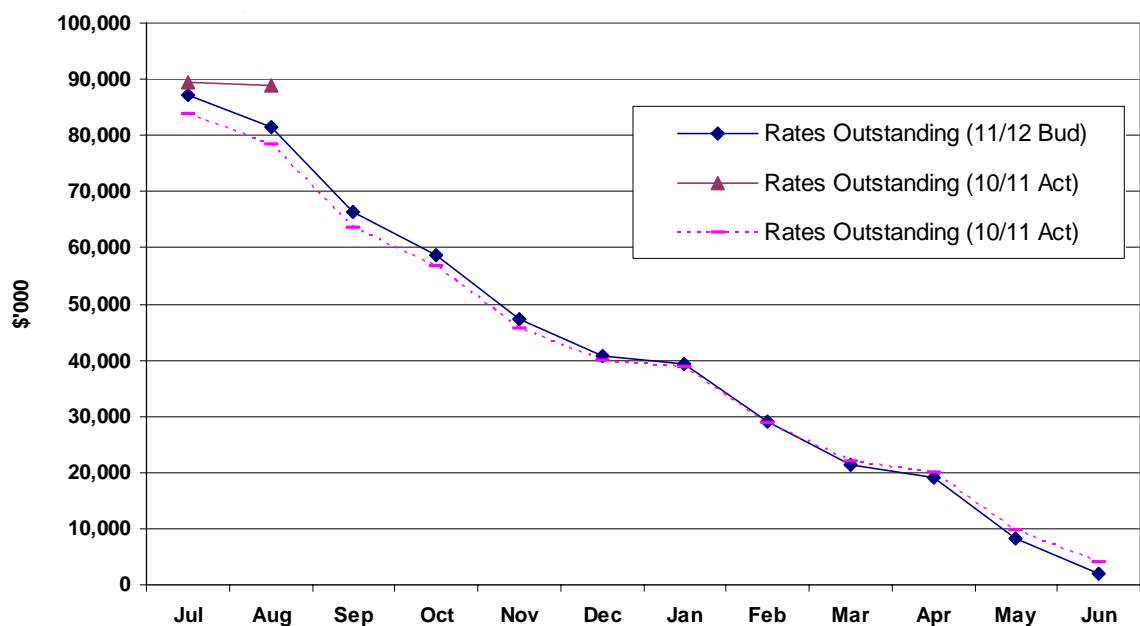
2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	20,891	25,252	4,361	25,361
Net current assets	85,940	97,524	15,124	8,468
Net assets and total equity	998,600	1,002,526	3,926	931,186

Actual & Budget cash & investments balance by month



Actual & Budget rates outstanding balances by month



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Major Balance Sheet YTD variances

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000
Current assets		13,354	
Cash and investments	P	4,361	
Receivables	T	9,313	
Other financial assets	T		320
Current liabilities		1,770	
Trade creditors & other payables	T	2,350	
Employee provisions	P	597	
Non current assets			7,653
Property, Infra. plant & equipment	P		7,663
Intangible assets	P		321
Trade & other receivables	P	126	
Investment property	P	205	
Non current liabilities		5	
No individual significant item			
Equity		3,926	
Accumulated surplus	P	2,192	
Other reserves	P	1,734	

Note: Var T = Timing P = Permanent



APPENDIX A

Income Statement
Balance Sheet
Cash Flow Statement
Statement of Capital Works



Financial Report
Two months ended 31 August 2011

DAREBIN CITY COUNCIL
Income Statement

For the 2 months ended 31 August, 2011

	YTD Budget	YTD Actual	YTD Variance	Annual Budget
	\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities				
Rates	88,017	87,113	(904)	89,300
User fees	1,776	1,733	(43)	11,238
Statutory fees and fines	731	626	(105)	4,864
Contributions	333	1,018	685	2,000
Operating grants and contributions	2,667	2,634	(33)	14,592
Capital grants and contributions	271	124	(147)	4,996
Other	668	681	13	3,320
Total revenues	<u>94,463</u>	<u>93,929</u>	<u>(534)</u>	<u>130,310</u>
Expenses from ordinary activities				
Employee benefits	9,824	9,403	421	63,426
Materials and services	4,915	4,649	266	32,393
Bad and doubtful debts	112	121	(9)	681
Finance costs	25	37	(12)	161
Depreciation and amortisation	2,950	2,713	237	17,701
Other	2,636	2,245	391	9,352
Total expenses	<u>20,462</u>	<u>19,168</u>	<u>1,294</u>	<u>123,714</u>
Net gain (loss) on disposal of property infrastructure, plant and equipment	29	43	14	134
Surplus for the year	<u><u>74,030</u></u>	<u><u>74,804</u></u>	<u><u>774</u></u>	<u><u>6,730</u></u>

Financial Report
Two months ended 31 August 2011

DAREBIN CITY COUNCIL
Balance Sheet

As at 31 August, 2011

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Current assets				
Cash and cash equivalents	20,891	25,252	4,361	25,361
Trade and other receivables	83,136	92,449	9,313	7,443
Other financial assets	1,336	1,016	(320)	1,250
Total current assets	105,363	118,717	13,354	34,054
Non-current assets				
Trade and other receivables	206	332	126	163
Property, infrastructure, plant & equipment	912,259	904,596	(7,663)	921,839
Investment property	3,459	3,664	205	3,459
Intangible assets	777	456	(321)	777
Other financial assets	206	206	0	206
Total non-current assets	916,907	909,254	(7,653)	926,444
Total assets	1,022,270	1,027,971	5,701	960,498
Current liabilities				
Trade and other payables	6,091	8,441	(2,350)	11,649
Interest bearing loans and borrowings	622	639	(17)	637
Provisions	12,710	12,113	597	13,300
Total current liabilities	19,423	21,193	(1,770)	25,586
Non-current liabilities				
Interest bearing loans and borrowings	1,936	1,918	18	1,415
Provisions	2,311	2,334	(23)	2,311
Total non-current liabilities	4,247	4,252	(5)	3,726
Total liabilities	23,670	25,445	(1,775)	29,312
Net assets	998,600	1,002,526	3,926	931,186
Equity				
Accumulated surplus	543,049	545,241	2,192	476,676
Asset revaluation reserve	451,900	451,900	0	451,900
Other reserves	3,651	5,385	1,734	2,610
Total equity	998,600	1,002,526	3,926	931,186

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DAREBIN CITY COUNCIL
Cash Flow Statement

For the 2 months ended 31 August, 2011

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
	Inflows (Outflows)	Inflows (Outflows)		Inflows (Outflows)
Cash flows from operating activities				
Receipts from customers (incl GST)	12,848	6,207	(6,641)	109,927
Payments to suppliers and employees (incl GST)	(19,345)	(17,879)	1,466	(111,471)
	<u>(6,497)</u>	<u>(11,672)</u>	<u>(5,175)</u>	<u>(1,544)</u>
Interest	414	334	(80)	1,249
Government receipts	2,937	3,023	86	19,588
Net GST refund / payment	1,371	1,231	(141)	5,920
Net cash provided by operating activities	<u>(1,775)</u>	<u>(7,084)</u>	<u>(5,311)</u>	<u>25,213</u>
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	134	81	(53)	764
loans and advances	12	(0)	(12)	51
Payment for property, infrastr, plant & equipment	(8,041)	(7,683)	358	(30,597)
Net cash used in investing activities	<u>(7,895)</u>	<u>(7,602)</u>	<u>293</u>	<u>(29,782)</u>
Cash flows from financing activities				
Finance costs	(35)	(35)	(0)	(161)
Trust funds and deposits	0	86	86	0
Repayment of interest bearing loans and borrowings	(132)	(133)	(1)	(637)
Net cash used in financing activities	<u>(167)</u>	<u>(82)</u>	<u>85</u>	<u>(798)</u>
Net increase / (decrease) in cash & cash equivalents				
	(9,837)	(14,768)	(4,931)	(5,367)
Cash & cash equivalents at the beginning of the year	30,728	40,020	9,292	30,728
Cash & cash equivalents at the end of the year	<u>20,891</u>	<u>25,252</u>	<u>4,361</u>	<u>25,361</u>

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DAREBIN CITY COUNCIL
Statement of Capital Works

For the 2 months ended 31 August, 2011

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000
Roads	1,153	920	233	7,290	8,878
Transport / Road safety	85	87	(2)	1,003	1,060
Drains	0	3	(3)	725	725
Open space	426	305	121	7,738	7,066
Buildings	1,604	240	1,364	11,231	11,375
Plant & equipment	1,514	290	1,224	6,681	6,863
Feasibility studies	39	23	16	34	39
Total capital works	4,821	1,868	2,953	34,702	36,006
Represented by:					
Capital expenditure	4,467	1,572	2,895	30,597	31,802
Major maintenance	354	296	58	4,105	4,204
Total capital works	4,821	1,868	2,953	34,702	36,006

