

FINANCIAL REPORT

**Six months ended
31 December 2010**

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Cash Flow Statement
Statement of Capital Works



Financial Report

Six months ended 31 December 2010

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Operating					
Revenue	99,745	101,316	1,571	117,594	120,369
Expenditure	(61,326)	(58,133)	3,193	(120,078)	(118,611)
	38,419	43,183	4,764	(2,484)	1,758
Capital					
Revenue	1,088	562	(526)	2,631	3,044
Gain (loss) on disposal of assets	142	129	(13)	148	490
Net surplus (deficit)	39,649	43,874	4,225	295	5,292

The Operating Performance for the six months ended 31 December 2010 is an operating surplus before capital revenue and other items of \$43.2 million, which is \$4.8 million ahead of budget. The main items contributing to this favorable variance are rates, contributions, operating grants and contributions, other revenue, employee benefits, material and services and depreciation offset by unfavorable variances in capital grants and contributions. After capital and other items, the operating surplus is \$43.9 million, which is \$4.2 million ahead of budget. The forecast Operating Performance for the year ending 30 June 2011 is an operating surplus of \$5.3 million, which is \$5.0 million more than budget.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000	Forecast \$'000
Total capital works	16,989	9,334	7,655	37,317	38,632	36,177

The Capital Performance for the six months ended 31 December 2010 shows that a total of \$9.3 million has been expended on the capital works program, which is \$7.7 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 forecast total to be expended on capital works for the year ending 30 June 2011 is \$36.2 million, which is \$1.1 million less than budget. A total of \$1.7 million is forecast to be carried forward into the 2011/12 year for capital works expected to be incomplete as at 30 June 2011.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and cash equivalents	31,623	42,333	10,710	20,227	30,187
Net current assets	52,867	66,168	13,301	5,232	13,411
Net assets and total equity	958,104	964,612	6,508	918,749	926,029

The Financial Position as at 31 December 2010 shows a cash balance of \$42.3 million which is \$10.7 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 \$66.2 million which is \$13.3 million more than budget. The variance is due mainly to the higher cash position and lower trade and other payables compared with budget. The net asset position is \$964.6 million, which is \$6.5 million ahead of budget. The forecast Financial Position as at 30 June 2011 shows a cash position of \$30.2 million and net current assets of \$13.4 million.

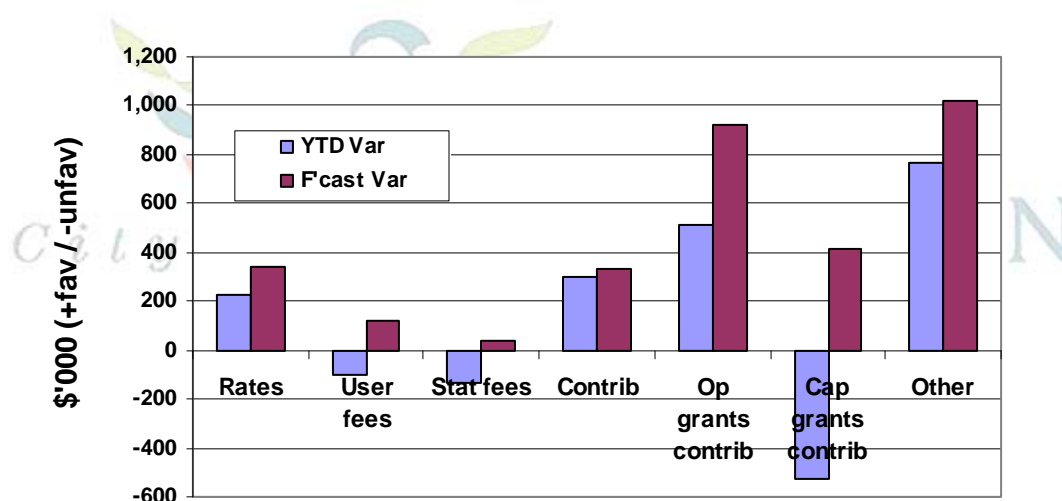
2. FINANCIAL ANALYSIS

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	82,865	83,091	226	83,918	84,260	342
User fees	5,406	5,303	(103)	10,270	10,393	123
Statutory fees and fines	2,330	2,194	(136)	4,747	4,783	36
Contributions	1,000	1,304	304	2,000	2,336	336
Operating grants & contrib's	6,860	7,373	513	13,731	14,650	919
Capital grants & contrib's	1,088	562	(526)	2,631	3,044	413
Other revenue	1,284	2,051	767	2,928	3,947	1,019
Total operating revenue	100,833	101,878	1,045	120,225	123,413	3,188

Revenue YTD & Forecast variances



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Six months ended 31 December 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		226		342	
Supplementary rates	P	443		250	
Rebates & discounts	T		293		
User fees			103	123	
Reservoir Leisure Centre	P		65		47
Bundoora Park golf course	T		54		
Right of ways	T		54		
Food services	P		41		36
Street tree replacement	P	43		55	
Northcote Aquatic & Recreation Centre	P	44		44	
Darebin Arts & Entertainment Centre	P			46	
Statutory fees and fines			136		
Traffic enforcement	T		283		
Environmental health	T	68			
Statutory planning	P	49		35	
Contributions		304		336	
Open space contributions	P	328		443	
DCP contributions	P				107
Operating grants and contributions		513		919	
Victorian grants commission	P	199		399	
Intercultural centre	P	73		73	
HACC support services	P	101		128	
Family services	T	104			
School crossing supervision	P	162		37	
Early childhood development	P			133	
Talking my language	P			60	
Darebin sport for all	T		58		
Early years	T		50		
Access for all abilities	T		65		
Family day care	T		54		
Streets ahead	P		40		80
Capital grants and contributions			526	413	
Intercultural centre	P		86		172
Cothchin Reserve Nth sewer	T		80		
Batman Park community hall & kinder	T		100		
DISC roof repair	P		50		150
Cramer St powerline relocation	T		200		
Arts in public places	T		45		
Roads to recovery - various	T		274		
Tram 86 corridor	P				150
Preston connect	P				204
Bundoora Park all abilities playground	P	126		126	
Traffic management & road safety	P	86		96	
Reservoir Library redevelopment	T	127			
Preston City Oval redevelopment	P			866	
Other revenue		767		1,019	
Edwards Lake – circling the lake	P	100		100	
Sustainable homes	P			89	
Interest on investment	P	540		600	

Note: Var T = Timing P = Permanent

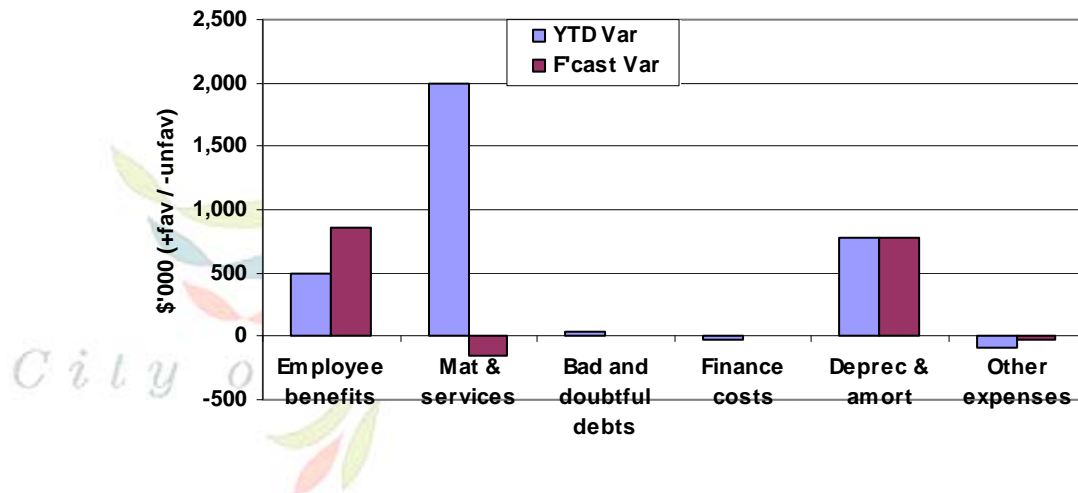
Financial Report

Six months ended 31 December 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	31,250	30,757	493	60,891	60,034	857
Materials and services	15,507	13,510	1,997	32,002	32,162	(160)
Bad and doubtful debts	403	365	38	807	794	13
Finance costs	105	127	(22)	203	203	0
Depreciation and amortisation	8,697	7,917	780	17,395	16,616	779
Other expenses	5,364	5,457	(93)	8,780	8,802	(22)
Total operating expenses	61,326	58,133	3,193	120,078	118,611	1,467

Expenses YTD & Forecast variances



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Six months ended 31 December 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			493		857
Capital works	P		49		53
Building services	P		71		59
Assessment & complex care	P		476		201
Transport management & planning	P		155		300
Business support	P		58		49
Customer service	P		45		74
Staff vacancy & other	T	84			
Risk management	P	48		204	
Open space planning	P				106
Environmental health	P				61
Parks and gardens	P			100	
Materials and services			1,997	160	
Major maintenance	P		844		569
Facility maintenance	T		118		
Asset strategy	P		78		78
IT – desktop support	T		49		
IT – application systems	T		45		
IT - infrastructure	P		48		42
Roads infrastructure management	T		65		
Leisure services	P		82	47	
Open space management	P		126		134
Parks and gardens	P		147		60
Aged & disability services	T		87		
Meals & transport services	P		132		63
Human resources	P	156		133	
Family support services	P	47		67	
Community access health & planning	P	50		68	
Transport management & planning	P			210	
Environmental health	P				58
Strategic planning	P			75	
Resource recovery	P			117	
Environmental operations	P			215	
Environment & natural resources	P			76	
Environmental strategy	P			64	
Leisure services	P			47	
City works operations	P				99
Depreciation and amortisation			780		779
Other assets	P		277		277
Plant & equipment	P		305		305
Building	P		194		194
Other		93			
MFB contribution	T	389			
Environmental operations	P	65		49	
Leisure services	T		112		
Facility maintenance	T		51		
Statutory planning	P			59	
Family support services	P			93	
Best start	P			47	

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

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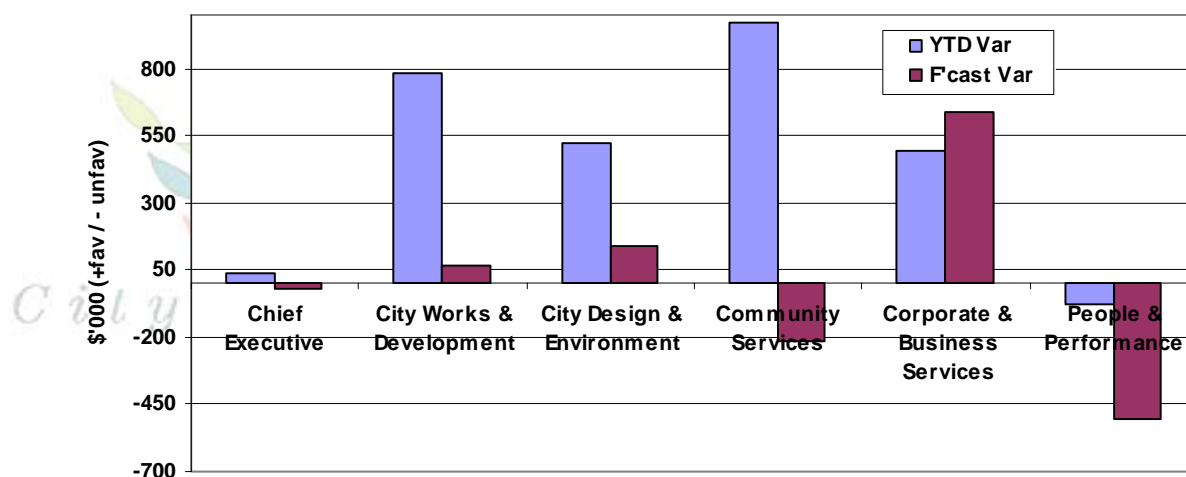
Six months ended 31 December 2010

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 \$'000	Forecast Var Net cost \$'000
Department						
Chief Executive	402	363	39	722	740	(18)
City Works & Development	10,002	9,222	780	19,240	19,175	65
City Design & Environment	6,682	6,159	523	13,062	12,922	140
Community Services	7,120	6,147	973	13,534	13,747	(213)
Corporate & Business Services	5,239	4,745	494	10,381	9,743	638
People & Performance	3,483	3,559	(76)	6,246	6,749	(503)
	32,928	30,195	2,733	63,185	63,076	109
Other non-attributable ¹	(72,577)	(74,069)	1,492	(63,480)	(68,368)	4,888
Net (surplus) deficit	(39,649)	(43,874)	4,225	(295)	(5,292)	4,997

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



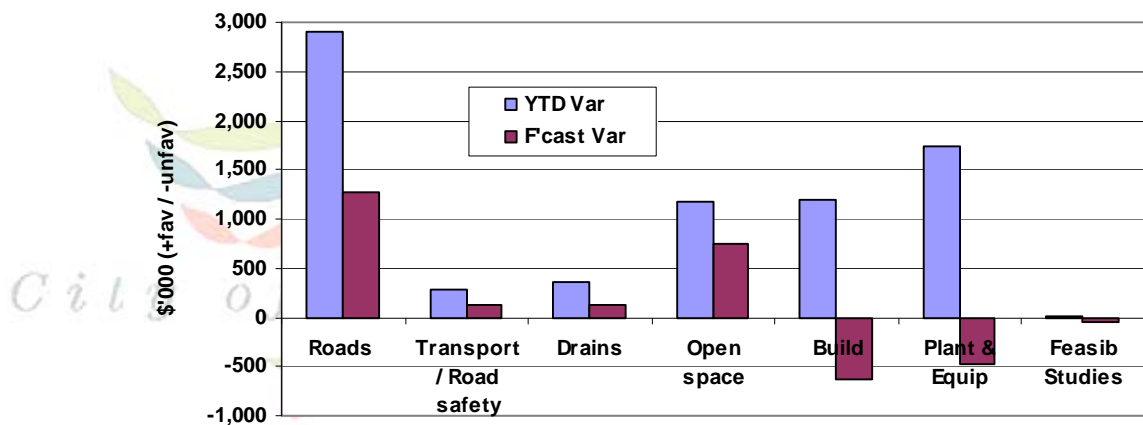
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Six months ended 31 December 2010

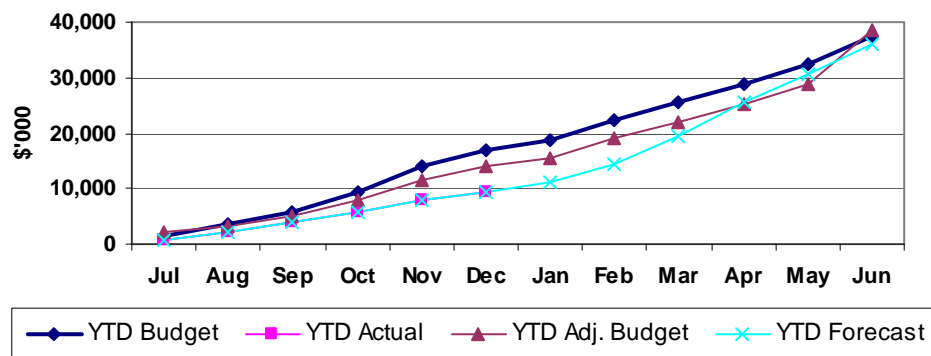
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000	Forecast \$'000
Capital works class						
Roads	3,784	887	2,897	7,567	7,191	6,291
Transport / Road safety	467	185	282	1,789	1,591	1,655
Drains	419	65	354	873	867	756
Open space	2,549	1,371	1,178	7,459	7,810	6,705
Buildings	4,806	3,615	1,191	10,770	12,025	11,402
Plant & equipment	4,770	3,027	1,743	8,317	8,485	8,784
Feasibility studies	194	184	10	542	663	584
Total capital works	16,989	9,334	7,655	37,317	38,632	36,177
Represented by:						
Capital expenditure	15,084	8,273	6,811	32,188	33,304	31,563
Major maintenance	1,905	1,061	844	5,129	5,328	4,614
Total capital works	16,989	9,334	7,655	37,317	38,632	36,177

Capital works YTD & Forecast variances by asset class



Capital works YTD & Forecast expenditure cumulative



Financial Report

Six months ended 31 December 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			2,897		1,276
Local roads	P		2,502		1,104
Right of way - various	T		83		
Carpark – Reservoir Leisure Centre	T		170		
Footpath maintenance	P				129
Transport / Road safety			282		134
Preston connect	P		95		204
Integrated transportation planning	T		130		
Traffic management / road safety	P			78	
Drains			354		117
Water quality works	T		124		
Flood mapping	P		75		70
Water sensitive Darebin depot	T		116		
Open space			1,178		754
John Cain Reserve masterplan	T		75		
DR Atkinson Reserve lighting	T		65		
Arts in public places	P		89		75
Northcote Golf Course droughtproofing	T		115		
Busy parks improvement program	T		90		
Playground upgrades	T		81		
East Reservoir neighbourhood renewal	T		59		
Parks renewal projects	T		68		
Darebin Ck shared path	T		147		
Cramer St powerline relocation	T		150		
Tram 86 corridor	P				1,060
Bundoora Park all abilities playground	P	101		122	
Northcote streetscape	P			181	
Street tree planting	P			55	
Buildings			1,191	633	
Lancaster Gate Community Centre	P		611	499	
Intercultural centre project	P		81		84
Clyde St Community Centre hall	T		67		
Clifton Street childcare redevelopment	P		128	66	
NARC water supply replacement	T		70		
Sweeper tipping deck & yard fencing	T		92		
Building painting program	T		77		
Building floor coverings	T		72		
JE Moore windows & shutters	T		115		
Preston City Oval redevelopment	P	185		739	
Portable kindergarten building – JS Grey	P	274			126
East Reservoir early years	P			68	
Management of contaminated sites	P			78	
DISC roof repair	P				230
RCC customer service area	P				115
Plant & equipment			1,743	467	
IT server, pc & network upgrades	T		125		
IT web strategy & e-services	T		90		
Plant replacement program	P		933	664	
CAMS – customer & asset mgt system	P		192		201
Mobile garbage bin replacement	T		68		
Preston library RFDI	T		82		

Note: Var T = Timing P = Permanent

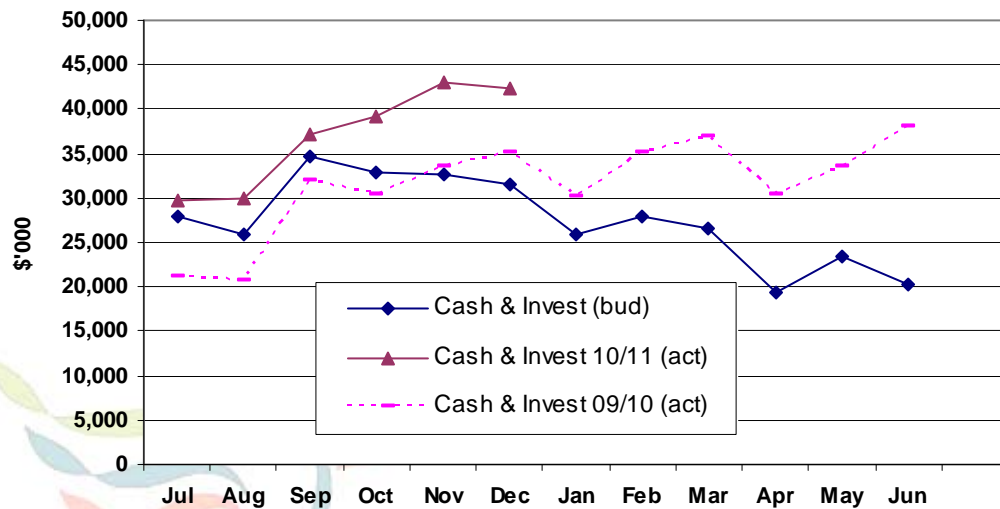
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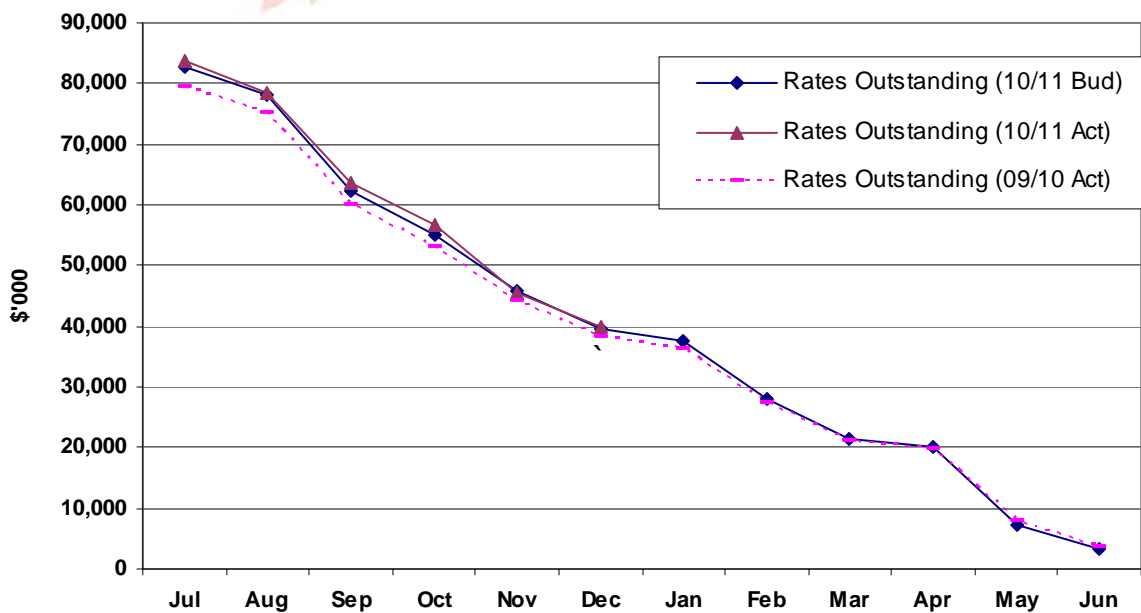
2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and investments	31,623	42,333	10,710	20,227	30,187
Net current assets	52,867	66,168	13,301	5,232	13,411
Net assets and total equity	958,104	964,612	6,508	918,749	926,029

Actual & Budget cash & investments balance by month



Actual & Budget rates outstanding balances by month



Financial Report
Six months ended 31 December 2010

Major Balance Sheet YTD & Forecast variances

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000	F'cast Increase \$'000	F'cast Decrease \$'000
Current assets		8,689		8,429	
Cash and investments	P	10,710		9,960	
Receivables	P		1,808		1,703
Other financial assets	P		213	172	
Current liabilities			4,612	250	
Trade creditors & other payables	P		4,794	156	
Employee provisions	P	175		94	
Non current assets			6,894		962
Property, Infra. plant & equipment	T		6,537		308
Investment property	P	67		67	
Intangible assets	P		426		632
Non current liabilities			101		63
Employee provisions	P		63		63
Equity		6,508		7,280	
Accumulated surplus	P	6,215		6,692	
Other reserves	P	293		588	

Note: Var T = Timing P = Permanent



APPENDIX A

Income Statement
Balance Sheet
Cash Flow Statement
Statement of Capital Works



Financial Report

Six months ended 31 December 2010

DAREBIN CITY COUNCIL

Income Statement

For the 6 months ended 31 December, 2010

	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast Actual
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities					
Rates	82,865	83,091	226	83,918	84,260
User fees	5,406	5,303	(103)	10,270	10,393
Statutory fees and fines	2,330	2,194	(136)	4,747	4,783
Contributions	1,000	1,304	304	2,000	2,336
Operating grants and contributions	6,860	7,373	513	13,731	14,650
Capital grants and contributions	1,088	562	(526)	2,631	3,044
Other	1,284	2,051	767	2,928	3,947
Total revenues	<u>100,833</u>	<u>101,878</u>	<u>1,045</u>	<u>120,225</u>	<u>123,413</u>
Expenses from ordinary activities					
Employee benefits	31,250	30,757	493	60,891	60,034
Materials and services	15,507	13,510	1,997	32,002	32,162
Bad and doubtful debts	403	365	38	807	794
Finance costs	105	127	(22)	203	203
Depreciation and amortisation	8,697	7,917	780	17,395	16,616
Other	5,364	5,457	(93)	8,780	8,802
Total expenses	<u>61,326</u>	<u>58,133</u>	<u>3,193</u>	<u>120,078</u>	<u>118,611</u>
Net gain (loss) on disposal of property infrastructure, plant and equipment	142	129	(13)	148	490
Surplus for the year	<u>39,649</u>	<u>43,874</u>	<u>4,225</u>	<u>295</u>	<u>5,292</u>



Financial Report
Six months ended 31 December 2010

DAREBIN CITY COUNCIL

Balance Sheet

As at 31 December, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Forecast Actual \$'000
Current assets					
Cash and cash equivalents	31,623	42,333	10,710	20,227	30,187
Trade and other receivables	44,794	42,986	(1,808)	8,520	6,817
Other financial assets	846	633	(213)	846	1,018
Total current assets	77,263	85,952	8,689	29,593	38,022
Non-current assets					
Trade and other receivables	355	357	2	308	219
Property, infrastructure, plant & equipment	905,066	898,529	(6,537)	913,081	912,773
Investment property	3,392	3,459	67	3,392	3,459
Intangible assets	972	546	(426)	972	340
Other financial assets	206	206	0	206	206
Total non-current assets	909,991	903,097	(6,894)	917,959	916,997
Total assets	987,254	989,049	1,795	947,552	955,019
Current liabilities					
Trade and other payables	11,648	6,854	4,794	11,123	11,279
Interest bearing loans and borrowings	622	629	(7)	622	622
Provisions	12,126	12,301	(175)	12,616	12,710
Total current liabilities	24,396	19,784	4,612	24,361	24,611
Non-current liabilities					
Interest bearing loans and borrowings	2,380	2,342	38	2,068	2,068
Provisions	2,374	2,311	63	2,374	2,311
Total non-current liabilities	4,754	4,653	101	4,442	4,379
Total liabilities	29,150	24,437	4,713	28,803	28,990
Net assets	958,104	964,612	6,508	918,749	926,029
Equity					
Accumulated surplus	501,379	507,594	6,215	462,713	469,405
Asset revaluation reserve	451,900	451,900	0	451,900	451,900
Other reserves	4,825	5,118	293	4,136	4,724
Total equity	958,104	964,612	6,508	918,749	926,029

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DAREBIN CITY COUNCIL

Cash Flow Statement

For the 6 months ended 31 December, 2010

	YTD Budget \$'000 Inflows (Outflows)	YTD Actual \$'000 Inflows (Outflows)	YTD Variance \$'000	Annual Budget \$'000 Inflows (Outflows)	Forecast Actual \$'000 Inflows (Outflows)
Cash flows from operating activities					
Receipts from customers (incl GST)	58,329	58,118	(211)	105,064	107,127
Payments to suppliers and employees (incl GST)	(54,559)	(53,355)	1,204	(109,036)	(108,515)
	3,770	4,763	993	(3,972)	(1,388)
Interest	638	188	(450)	1,275	1,436
Government receipts	7,935	8,337	402	16,361	18,226
Net GST refund / payment	2,446	2,447	1	4,723	4,723
Net cash provided by operating activities	14,789	15,735	946	18,387	22,997
Cash flows from investing activities					
Proceeds from sale of property, plant & equipment	534	246	(288)	932	1,502
loans and advances	40	(90)	(130)	81	(67)
Payment for property, infrastr, plant & equipment	(17,161)	(11,512)	5,649	(32,188)	(31,562)
Net cash used in investing activities	(16,587)	(11,356)	5,231	(31,175)	(30,127)
Cash flows from financing activities					
Finance costs	(109)	(109)	0	(202)	(203)
Trust funds and deposits	0	262	262	0	0
Repayment of interest bearing loans and borrowings	(309)	(340)	(31)	(622)	(621)
Net cash used in financing activities	(418)	(187)	231	(824)	(824)
Net increase / (decrease) in cash & cash equivalents	(2,216)	4,192	6,408	(13,612)	(7,954)
Cash & cash equivalents at the beginning of the year	33,839	38,141	4,302	33,839	38,141
Cash & cash equivalents at the end of the year	31,623	42,333	10,710	20,227	30,187

Financial Report
Six months ended 31 December 2010

DAREBIN CITY COUNCIL

Statement of Capital Works

For the 6 months ended 31 December, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000	Forecast Actual \$'000
Roads	3,784	887	2,897	7,567	7,191	6,291
Transport / Road safety	467	185	282	1,789	1,591	1,655
Drains	419	65	354	873	867	756
Open space	2,549	1,371	1,178	7,459	7,810	6,705
Buildings	4,806	3,615	1,191	10,770	12,025	11,402
Plant & equipment	4,770	3,027	1,743	8,317	8,485	8,784
Feasibility studies	194	184	10	542	663	584
Total capital works	16,989	9,334	7,655	37,317	38,632	36,177
Represented by:						
Capital expenditure	15,084	8,273	6,811	32,134	33,304	31,563
Major maintenance	1,905	1,061	844	5,183	5,328	4,614
Total capital works	16,989	9,334	7,655	37,317	38,632	36,177

