

FINANCIAL REPORT

Two months ended

31 August 2012



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Financial Report

Two months ended 31 August 2012

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Operating				
Revenue	98,108	98,372	264	128,076
Expenditure	(22,176)	(20,957)	1,219	(130,585)
	75,932	77,415	1,483	(2,509)
Capital & other				
Developer and other contributions	333	938	605	2,000
Revenue	250	471	221	8,385
Gain (loss) on disposal of assets	55	(20)	(75)	269
Net surplus (deficit)	76,570	78,804	2,234	8,145

The Operating Performance for the two months ended 31 August 2012 is an operating surplus before capital revenue and other items of \$77.4 million, which is \$1.5 million ahead of budget. The main items contributing to this favorable variance are interest, other revenue, employee benefits and material and services, partly offset by unfavorable variances in operating grants and contributions and other expenses. After capital and other items, the operating surplus is \$78.8 million, which is \$2.2 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	2,155	1,831	324	40,502	41,669

The Capital Performance for the two months ended 31 August 2012 shows that a total of \$1.8 million has been expended on the capital works program, which is \$0.3 million behind the budget. The variance is due mainly to delays with works on roads and open space projects.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and cash equivalents	39,943	35,702	(4,241)	36,738
Net current assets	106,782	109,480	2,698	19,405
Net assets and total equity	1,017,861	1,199,675	181,814	949,287

The Financial Position as at 31 August 2012 shows a cash balance of \$35.7 million which is \$4.2 million behind budget. The variance is due mainly to the lower opening cash position compared with budget and timing differences in receipts from customers and payments to suppliers and employees. The net current asset position is \$109.5 million which is \$2.7 million more than budget. The variance is due mainly to the higher trade and other receivables, lower trade and other payables and lower cash position compared with budget. The net asset position is \$1.2 billion, which is \$181.8 million ahead of budget and reflects the impact of asset revaluations at 30 June 2012 of \$195.0 million.

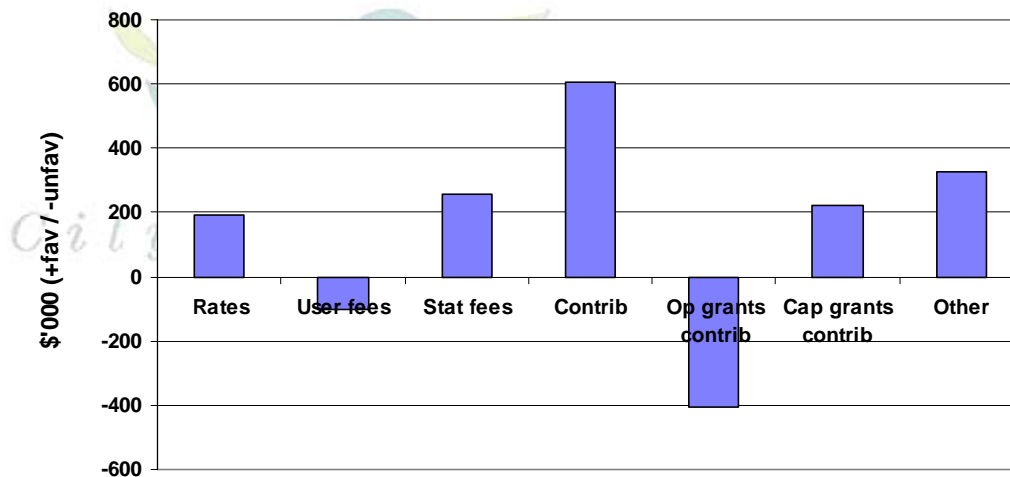
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Revenues				
Rates	92,172	92,362	190	94,724
User fees	1,842	1,738	(104)	11,741
Statutory fees and fines	695	951	256	5,202
Contributions	333	938	605	2,000
Operating grants & contrib's	2,970	2,564	(406)	13,034
Capital grants & contrib's	250	471	221	8,385
Other revenue	429	757	328	3,375
Total operating revenue	98,691	99,781	1,090	138,461

Revenue YTD variances



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Two months ended 31 August 2012

Major Operating Revenue Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Rates		190	
General / supplementary rates	T	53	
Rebates and other adjustments	T	84	
User fees			104
Home support service delivery	T		51
Valuation services	T		47
Darebin Arts and Entertainment Centre	T	30	
Statutory fees		256	
Traffic enforcement	T	222	
Contributions		605	
Open space contributions	T	622	
Operating grants and contributions			406
Victorian grants commission	T		611
Healthy communities	T		95
School crossing	T	163	
Capital grants and contributions		221	
Reservoir child care redevelopment	P	300	
Donath Reserve pavilion	T	150	
Arterial roads strategy	T		100
Leisure minor works funding	T		60
Aged & disability systems replacement	T		50
Other		328	
Interest on investments, rates & loans	T	141	
Recycling / waste education project	P	45	
Learner driver support program	P	45	
Workers compensation recoup	P	85	

Note: Var T = Timing P = Permanent CF = Carried forward prior year

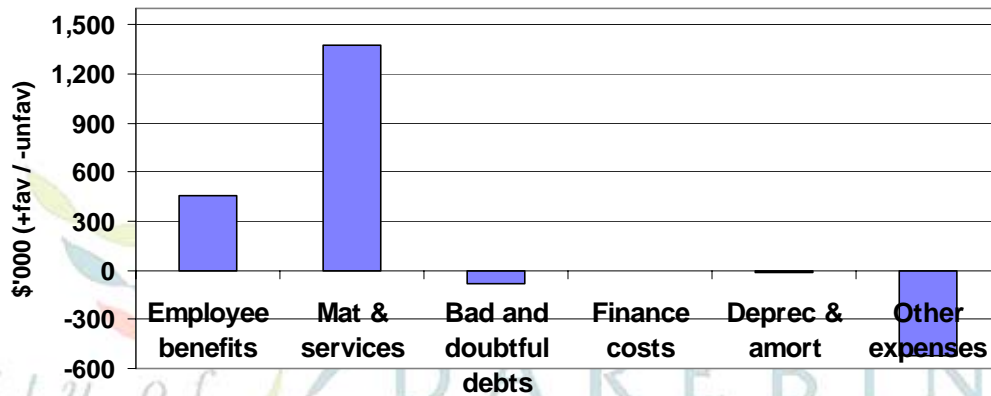
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Two months ended 31 August 2012

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Expenses				
Employee benefits	10,575	10,119	456	67,600
Materials and services	6,055	4,676	1,379	34,487
Bad and doubtful debts	107	188	(81)	643
Finance costs	20	23	(3)	118
Depreciation and amortisation	3,078	3,088	(10)	18,471
Other expenses	2,341	2,863	(522)	9,266
Total operating expenses	22,176	20,957	1,219	130,585

Expenses YTD variances



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Two months ended 31 August 2012

Major Operating Expense Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Employee benefits			456
Home support service delivery	T		236
Environmental operations	T		113
Parks and gardens	T		103
Operational projects and fleet	T		114
Workers compensation insurance	P	96	
Materials and services			1,379
Major maintenance	CF		360
Council administration - elections	T		200
Operational projects and fleet	T		435
Healthy communities	T		54
Environmental operations	T		193
Darebin libraries	T	72	
It applications systems	T	89	
Other		522	
Insurances various	T	917	
Operational projects and fleet	T		45
Darebin parklands	T		158

Note: Var T = Timing P = Permanent CF = Carried forward prior year



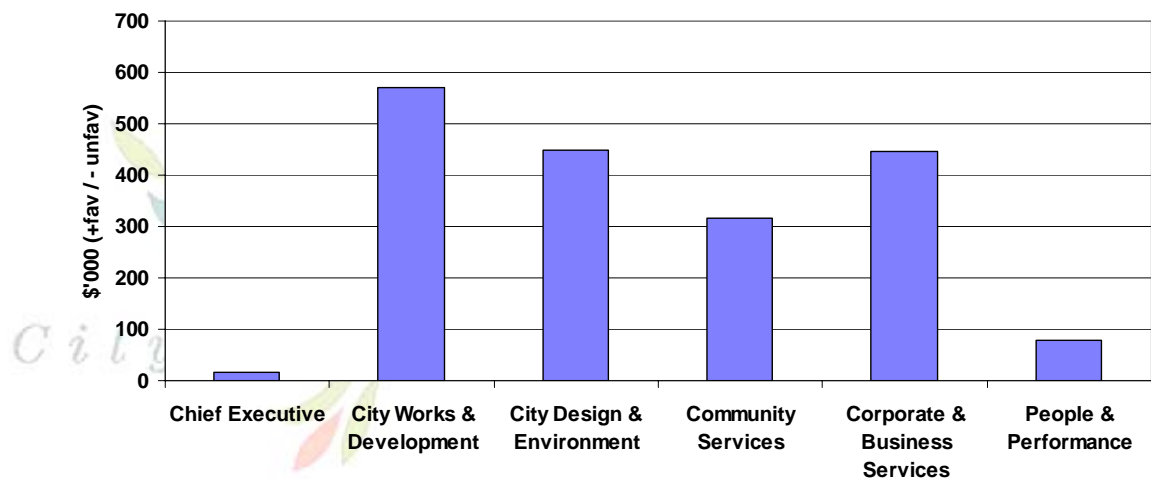
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Two months ended 31 August 2012

	YTD Budget Net cost \$'000	YTD Actual Net cost \$'000	YTD Var Net cost \$'000	Adopted Budget Net cost \$'000
Department				
Chief Executive	121	104	17	819
City Works & Development	2,984	2,413	571	25,424
City Design & Environment	2,464	2,016	448	15,064
Community Services	1,382	1,065	317	14,667
Corporate & Business Services	2,490	2,044	446	11,861
People & Performance	1,743	1,666	77	8,126
	11,184	9,308	1,876	75,961
Other non-attributable ¹	(87,754)	(88,112)	358	(84,106)
Net (surplus) deficit	(76,570)	(78,804)	2,234	(8,145)

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

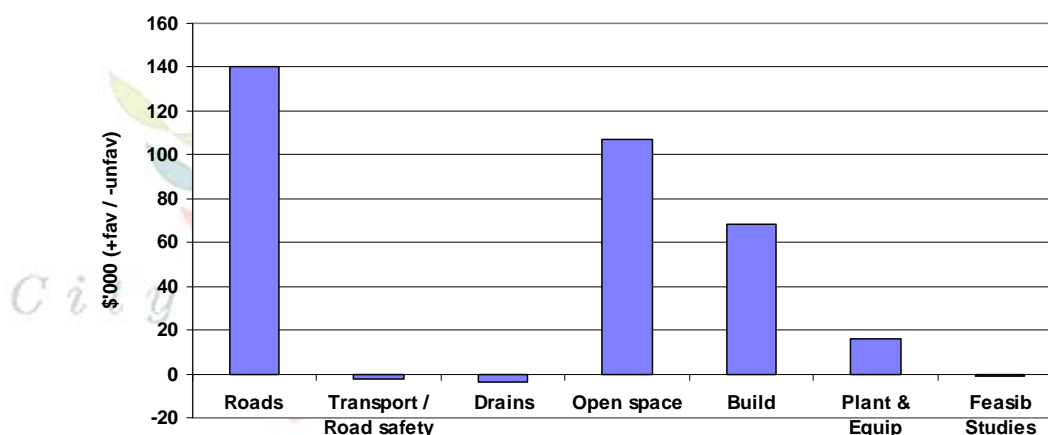
Department net cost YTD variances



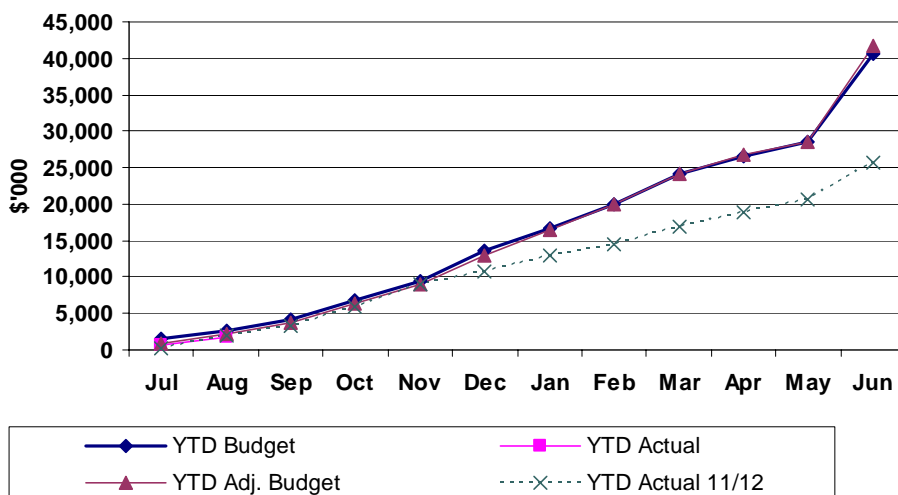
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Capital works class					
Roads	685	545	140	6,044	6,222
Transport / Road safety	37	39	(2)	1,274	1,275
Drains	0	4	(4)	589	649
Open space	432	325	107	6,156	6,469
Buildings	473	405	68	20,162	20,794
Plant & equipment	528	512	16	6,277	6,260
Feasibility studies	0	1	(1)	0	0
Total capital works	2,155	1,831	324	40,502	41,669
Represented by:					
Capital expenditure	1,395	1,431	(36)	35,686	36,880
Major maintenance	760	400	360	4,816	4,789
Total capital works	2,155	1,831	324	40,502	41,669

Capital works YTD variances by asset class



Capital works YTD expenditure cumulative



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Two months ended 31 August 2012

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Roads			140
Local roads	T		35
Heritage Crt - footpath	T		65
Footpath replacement program	T		31
Open space			107
Leamington St – open space	T		150
Leisure minor works funding	T		60
Street tree planting	T		72
Sir Doug Nicholls oval	CF	175	
Buildings			68
Modernising neighbourhood houses	T		37
Hayes Park pavillion	T		50
Reservoir Depot redevelopment	T		50
Reservoir library redevelopment	CF	78	

Note: Var T = Timing P = Permanent CF = Carried forward prior year



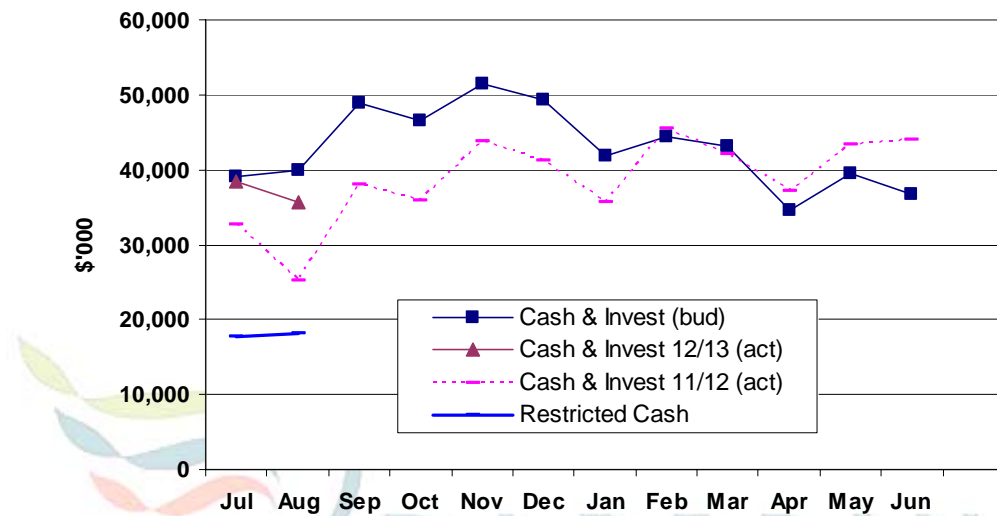
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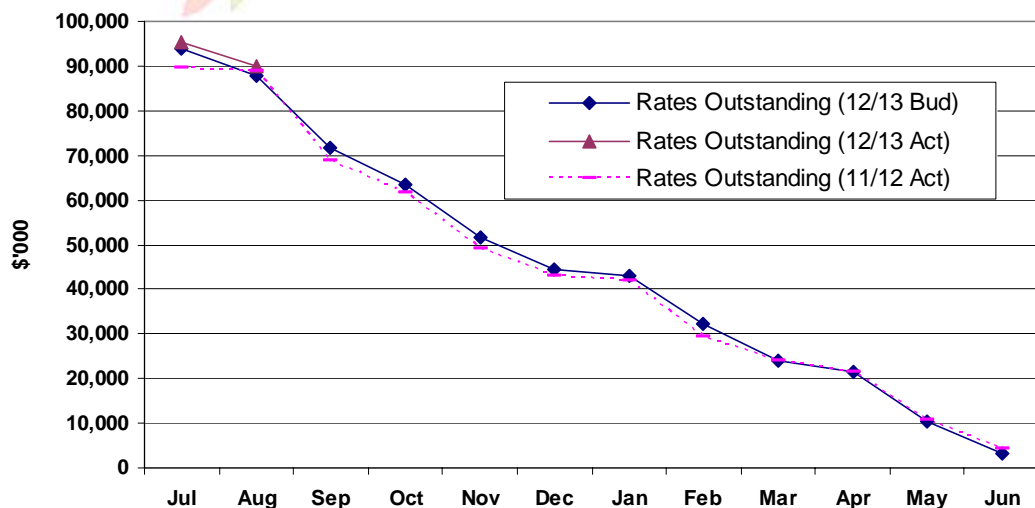
2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	39,943	35,702	(4,241)	36,738
Net current assets	106,782	109,480	2,698	19,405
Net assets and total equity	1,017,861	1,199,675	181,814	949,287

Actual & Budget cash & investments balance by month



Actual & Budget rates outstanding balances by month



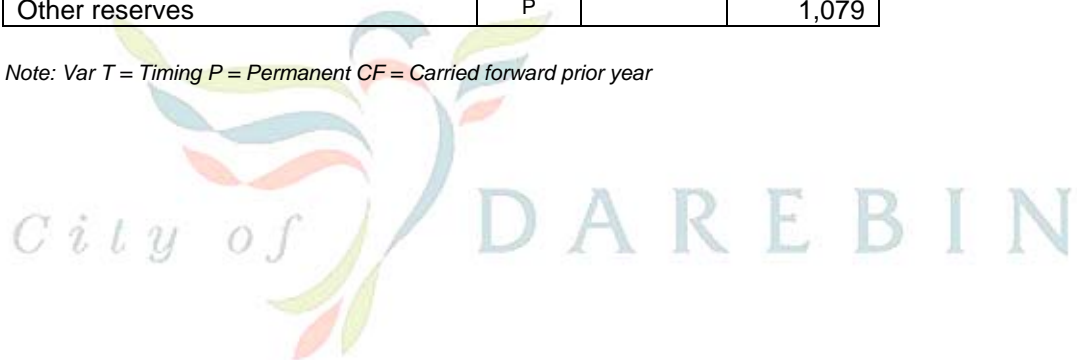
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Major Balance Sheet YTD variances

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000
Current assets			738
Cash and investments	CF, P		4,241
Receivables	T	3,071	
Other financial assets	T	432	
Current liabilities			3,436
Trade creditors & other payables	P		4,522
Employee provisions	P	1,066	
Non current assets		191,871	
Property, Infra. plant & equipment	P	192,047	
Intangible assets	P		254
Trade & other receivables	T	127	
Investment property	P		49
Non current liabilities		12,755	
Trade creditors & other payables	P	14,000	
Employee provisions	P		1,230
Equity		181,814	
Accumulated surplus	P		12,133
Asset revaluation reserve	P	195,026	
Other reserves	P		1,079

Note: Var T = Timing P = Permanent CF = Carried forward prior year



APPENDIX A

Income Statement
Balance Sheet
Cash Flow Statement
Statement of Capital Works



Financial Report
Two months ended 31 August 2012

DAREBIN CITY COUNCIL
Income Statement

For the 2 months ended 31 August, 2012

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Revenues from ordinary activities				
Rates	92,172	92,362	190	94,724
User fees	1,842	1,738	(104)	11,741
Statutory fees and fines	695	951	256	5,202
Contributions	333	938	605	2,000
Operating grants and contributions	2,970	2,564	(406)	13,034
Capital grants and contributions	250	471	221	8,385
Other	429	757	328	3,375
Total revenues	<u>98,691</u>	<u>99,781</u>	<u>1,090</u>	<u>138,461</u>
Expenses from ordinary activities				
Employee benefits	10,575	10,119	456	67,600
Materials and services	6,055	4,676	1,379	34,487
Bad and doubtful debts	107	188	(81)	643
Finance costs	20	23	(3)	118
Depreciation and amortisation	3,078	3,088	(10)	18,471
Other	2,341	2,863	(522)	9,266
Total expenses	<u>22,176</u>	<u>20,957</u>	<u>1,219</u>	<u>130,585</u>
Net gain (loss) on disposal of property infrastructure, plant and equipment	55	(20)	(75)	269
Surplus for the year	<u><u>76,570</u></u>	<u><u>78,804</u></u>	<u><u>2,234</u></u>	<u><u>8,145</u></u>

Financial Report
Two months ended 31 August 2012

DAREBIN CITY COUNCIL
Balance Sheet

As at 31 August, 2012

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Current assets				
Cash and cash equivalents	39,943	35,702	(4,241)	36,738
Trade and other receivables	90,539	93,610	3,071	8,774
Other financial assets	886	1,318	432	73
Total current assets	<u>131,368</u>	<u>130,630</u>	<u>(738)</u>	<u>45,585</u>
Non-current assets				
Trade and other receivables	150	277	127	104
Property, infrastructure, plant & equipment	910,169	1,102,216	192,047	928,042
Investment property	3,664	3,615	(49)	3,664
Intangible assets	500	246	(254)	500
Other financial assets	206	206	0	206
Total non-current assets	<u>914,689</u>	<u>1,106,560</u>	<u>191,871</u>	<u>932,516</u>
Total assets	<u>1,046,057</u>	<u>1,237,190</u>	<u>191,133</u>	<u>978,101</u>
Current liabilities				
Trade and other payables	10,649	6,127	4,522	11,970
Interest bearing loans and borrowings	637	657	(20)	320
Provisions	13,300	14,366	(1,066)	13,890
Total current liabilities	<u>24,586</u>	<u>21,150</u>	<u>3,436</u>	<u>26,180</u>
Non-current liabilities				
Trade and other payables	0	14,000	(14,000)	0
Interest bearing loans and borrowings	1,276	1,261	15	300
Provisions	2,334	1,104	1,230	2,334
Total non-current liabilities	<u>3,610</u>	<u>16,365</u>	<u>(12,755)</u>	<u>2,634</u>
Total liabilities	<u>28,196</u>	<u>37,515</u>	<u>(9,319)</u>	<u>28,814</u>
Net assets	<u>1,017,861</u>	<u>1,199,675</u>	<u>181,814</u>	<u>949,287</u>
Equity				
Accumulated surplus	558,325	546,192	(12,133)	489,750
Asset revaluation reserve	451,900	646,926	195,026	451,900
Other reserves	7,636	6,557	(1,079)	7,637
Total equity	<u>1,017,861</u>	<u>1,199,675</u>	<u>181,814</u>	<u>949,287</u>

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Two months ended 31 August 2012

DAREBIN CITY COUNCIL

Cash Flow Statement

For the 2 months ended 31 August, 2012

	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)	13,469	11,691	(1,778)	116,262
Payments to suppliers and employees (incl GST)	(19,649)	(20,549)	(900)	(118,319)
	(6,180)	(8,858)	(2,678)	(2,057)
Interest	172	327	155	1,291
Government receipts	3,334	3,634	300	21,419
Net GST refund / payment	1,007	1,029	22	6,575
Net cash provided by operating activities	(1,667)	(3,868)	(2,201)	27,228
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	160	206	46	896
loans and advances	13	0	(13)	55
Payment for property, infrastr, plant & equipment	(4,198)	(4,571)	(373)	(35,686)
Net cash used in investing activities	(4,025)	(4,365)	(340)	(34,735)
Cash flows from financing activities				
Finance costs	(22)	(26)	(4)	(118)
Trust funds and deposits	0	134	134	0
Repayment of interest bearing loans and borrowings	(139)	(135)	4	(1,433)
Net cash used in financing activities	(161)	(27)	134	(1,551)
Net increase / (decrease) in cash & cash equivalents				
	(5,853)	(8,260)	(2,407)	(9,058)
Cash & cash equivalents at the beginning of the year	45,796	43,961	(1,835)	45,796
Cash & cash equivalents at the end of the year	39,943	35,701	(4,242)	36,738

Reconciliation of cash flows from operating activities to surplus

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Surplus for the year	76,570	78,804	2,234	8,145
Items not involving cash				
Depreciation and amortisation	3,078	3,088	10	18,471
Interest expense	20	23	3	118
Bad & doubtful debts	107	188	81	643
Net gain on sale of assets	(55)	20	75	(269)
	79,720	82,123	2,403	27,108
Change in operating assets and liabilities				
Decrease / (Increase) in rate debtors	(84,589)	(85,795)	(1,206)	(100)
Decrease / (Increase) in other operating assets	4,201	2,150	(2,051)	(54)
(Decrease) / Increase in Trade creditors	(918)	(2,845)	(1,927)	322
(Decrease) / Increase in other operating liabilities	(81)	499	580	(48)
	(81,387)	(85,991)	(4,604)	120
Net cash provided by operating activities	(1,667)	(3,868)	(2,201)	27,228

Financial Report
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DAREBIN CITY COUNCIL
Statement of Capital Works

For the 2 months ended 31 August, 2012

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000
Roads	685	545	140	6,044	6,222
Transport / Road safety	37	39	(2)	1,274	1,275
Drains	0	4	(4)	589	649
Open space	432	325	107	6,156	6,469
Buildings	473	405	68	20,162	20,794
Plant & equipment	528	512	16	6,277	6,260
Feasibility studies	0	1	(1)	0	0
Total capital works	2,155	1,831	324	40,502	41,669
Represented by:					
Capital expenditure	1,395	1,431	(36)	35,686	36,880
Major maintenance	760	400	360	4,816	4,789
Total capital works	2,155	1,831	324	40,502	41,669

