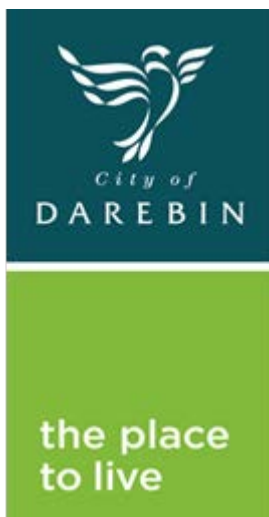


FINANCIAL REPORT

Three months ended
30 September 2015



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1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Operating				
Revenue	120,909	122,991	2,082	159,494
Expenditure	(39,848)	(37,648)	2,200	(152,616)
Surplus (deficit)	81,061	85,343	4,282	6,878
Capital & other				
Revenue / grants	(500)	(136)	364	(989)
Developer contributions	(1,375)	(1,541)	(166)	(5,500)
Adjusted underlying surplus	79,186	83,666	4,480	389

For the 3 months ended 30 September 2015 Council has recorded an operating surplus before capital revenue and other items of \$85.34 million, which is \$4.28 million ahead of the year to date budget. After capital and other items, the adjusted underlying surplus is \$83.67 million, which is \$4.48 million ahead of budget. The main items contributing to this favourable variance are rates, employee costs, and depreciation and amortisation.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Property	1,408	1,587	(179)	6,835	8,191
Plant & equipment	1,351	1,218	133	5,290	6,369
Infrastructure	3,353	3417	(64)	22,575	25252
Total capital works	6,112	6,222	(110)	34,700	39,812

For the 3 months ended 30 September 2015, Council has expended \$6.22 million on the capital works program, which is \$0.1 million ahead of the year to date budget. The variance is due mainly to works in advance on building projects, purchases of fixtures, fittings and equipment, roads and parks, open space and streetscapes.

As at 30 September 2015 a further \$5.13 million has been committed by way of issued purchase orders. Commitments are not reflected in the reported capital expenditure and indicate that many projects are well advanced.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	35,512	49,599	14,087	39,155
Net current assets	102,825	110,396	7,571	22,672
Net assets and total equity	1,266,300	1,264,224	(2,076)	1,287,880

The Financial Position as at 30 September 2015 shows a cash and investment balance of \$49.6 million which is \$14.09 million ahead of budget. The variance is due mainly to timing differences in payments to suppliers and employees, delays in payment for capital works and a higher opening cash and investment position compared with budget.

Financial Report

3 months ended 30 September 2015

The cash and investment balance of \$49.6 million was sufficient to meet restricted cash and intended allocation obligations of \$27.4 million at the end of September. Restricted cash is the amount of cash holdings Council requires to meet external restrictions such as trust funds, statutory reserves and cash for intended allocations such as cash held to fund future capital works.

The net current asset position is \$110.4 million which is \$7.57 million more than budget. The net asset position of \$1.26 billion is \$2.08 million less than budget.

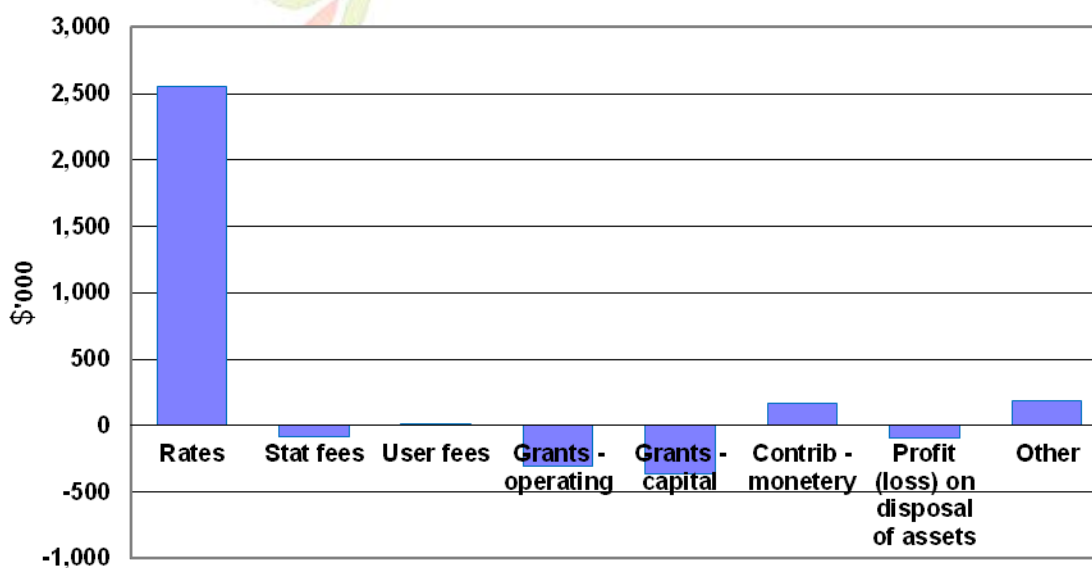
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating income

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Income				
Rates and charges	109,187	111,745	2,558	113,858
Statutory fees and fines	1,515	1,429	(86)	6,607
User fees	2,968	2,984	16	11,852
Grants - operating	4,486	4,184	(302)	15,632
Grants - capital	500	136	(364)	1,862
Contributions - monetary	1,375	1,541	166	5,500
Net gain (loss) on disposal of assets	103	8	(95)	(259)
Other income	775	964	189	4,442
Total income	120,909	122,991	2,082	159,494

Income YTD variances



Financial Report

3 months ended 30 September 2015

Major Operating Income Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Rates and charges		2,558	
Green waste service charge	T	1,632	
Supplementary rates	P	580	
Rebates & other adjustments	T	347	
Statutory fees & fines			86
Civic compliance	T		141
Grants - operating			302
Victorian Grants Commission	* P,CF		620
Civic compliance	T	216	
Grants - capital			364
Bundoora Park – infrastructure contrib.	T		50
Safe crossing – Merri Pde	T		230
Sports field lighting	T		81
SRV community facility funding	T		80
Contributions - monetary		166	
Public open space	P	666	
Developer contribution scheme	P		500
Net gain / (loss) on sale of pip&e			95
Proceeds on sale of plant	T		81
Other		189	
Workcover salary recoup	P	83	
Recycling waste education program	P	100	

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

Fav – Favourable against budget, Unfav – Unfavourable against budget

* VGC – Council received 50% of the 2015/16 allocation (\$2.48M) in previous year.

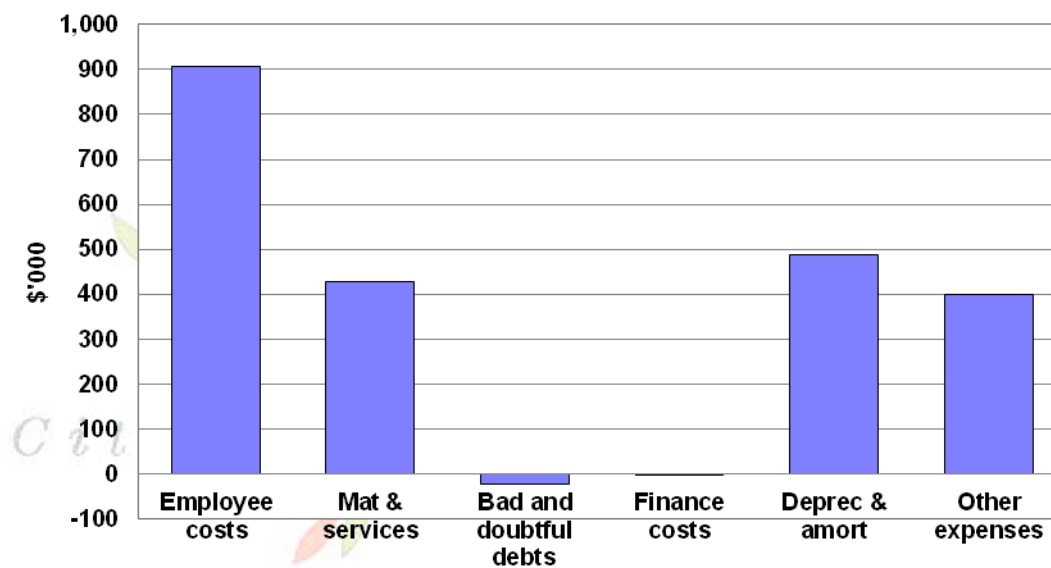
Financial Report

3 months ended 30 September 2015

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Expenses				
Employee costs	19,633	18,725	908	78,530
Materials and services	10,735	10,308	427	42,692
Bad and doubtful debts	199	221	(22)	802
Depreciation and amortisation	5,561	5,074	487	22,243
Finance costs	2	3	(1)	23
Other expenses	3,718	3,317	401	8,326
Total expenses	39,848	37,648	2,200	152,616

Expenses YTD variances



Financial Report

3 months ended 30 September 2015

Major Operating Expense Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Employee costs		908	
Arboriculture	T	39	
Children & community development	P	41	
Civic compliance	P	69	
Communications & marketing	T	41	
Community facilities	P	56	
Community participation & development	P	51	
Customer service	P	79	
Environmental operation	T	37	
Park & vegetation	P	73	
Procurement & contracting	P	40	
Statutory planning	P	49	
Transport	P	73	
Darebin Arts & Entertainment Centre	T		31
Family & community programs	T		53
Materials and services		427	
Arts & culture	T	45	
Community facilities	T	62	
Environmental operations	T	166	
Facilities maintenance	T	133	
Utilities	T	97	
Darebin Libraries	T	117	
Human resources	T	43	
Major maintenance	CF,P	175	
Major parks & vegetation	T	47	
Access & support	T		48
Arboriculture	T		72
Communications & marketing	T		56
Darebin Arts & Entertainment Centre	T		78
IT infrastructure	T		121
Transport	T		108
Depreciation and amortisation		487	
Property	T	249	
Infrastructure	P	47	
Intangible assets	P	231	
Plant and equipment	T		40
Other		401	
Bushlands	T	169	
Insurance	T	152	
Community wellbeing	T	59	
Operations, projects and fleet	T		130
Special rates and charges	T		47

Note: Var T = Timing P = Permanent CF = Carried forward prior year,
Fav – Favourable against budget, Unfav – Unfavourable against budget

Financial Report

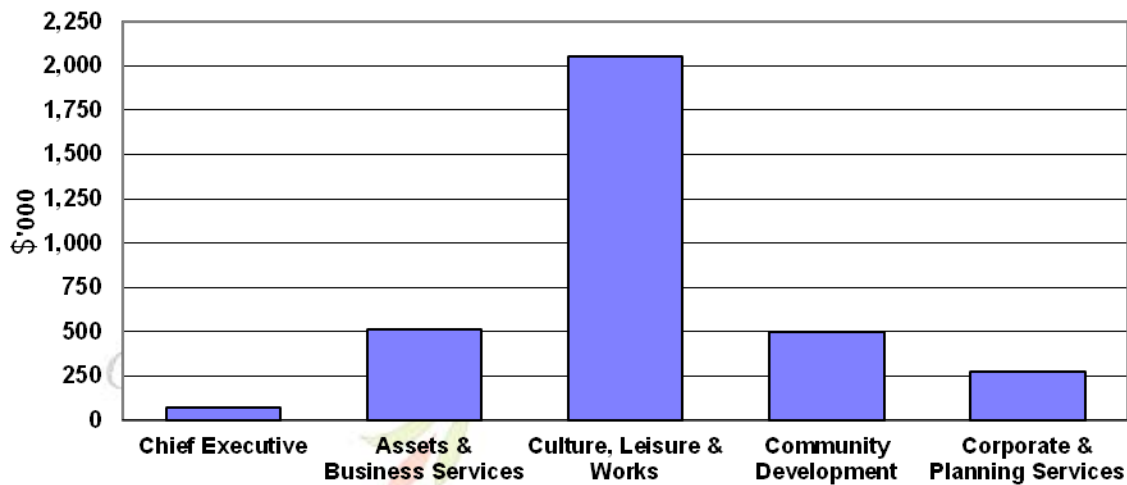
3 months ended 30 September 2015

2.1.3 Department analysis

	YTD Budget Net cost \$'000	YTD Actual Net cost \$'000	YTD Bud Var Net cost \$'000	Adopted Budget Net cost \$'000
Department				
Chief Executive	1,210	1,139	71	4,328
Assets & Business Services	4,039	3,528	510	15,758
Culture, Leisure & Works	8,635	6,582	2,054	33,218
Community Development	5,495	4,995	500	23,134
Corporate Services	4,163	3,888	274	14,361
	23,542	20,132	3,409	90,799
Other non-attributable ¹	(104,603)	(105,475)	873	(97,679)
Net (surplus) deficit	(81,061)	(85,343)	4,282	(6,880)

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

Department net cost YTD variances



Financial Report

3 months ended 30 September 2015

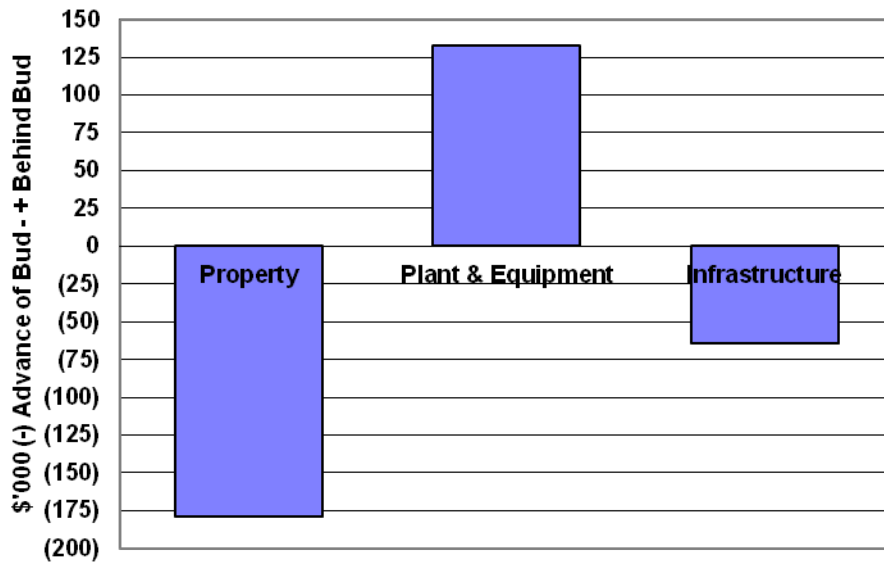
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Property					
Land Improvements	0	2	(2)	135	135
Buildings	1,408	1,585	(177)	6,700	8,056
Total Property	1,408	1,587	(179)	6,835	8,191
Plant & Equip.					
Plant, machinery & eq.	665	462	203	2,708	3,070
Fixtures, fit & furn.	15	211	(196)	130	332
Computers & telecom.	333	220	113	1,720	2,235
Library books	338	325	13	732	732
Total Plant & Equip.	1,351	1,218	133	5,290	6,369
Infrastructure					
Roads	580	690	(110)	5,009	6,420
Transport / road safety	1,764	1,306	457	4,277	3,811
Bridges	32	9	23	454	454
Footpaths & cycleways	212	502	(290)	2,252	2,396
Drains	68	99	(31)	1,144	1,381
Recreation, leis facil.	98	12	85	569	623
Parks, open space & str.	505	788	(282)	8,743	10,040
Off street car parks	10	11	(1)	42	42
Other infrastructure	85	0	85	85	85
Total Infrastructure	3,353	3,417	(64)	22,575	25,252
Total capital works	6,112	6,222	(110)	34,700	39,812
Represented by:					
Asset renewal	1,930	2,073	(143)	13,855	16,148
New assets	615	661	(46)	4,417	5,149
Asset expansion / upgrade	1,291	1,386	(95)	9,267	10,801
Capital expenditure	3,836	4,120	(285)	27,539	32,097
Major maintenance	2,276	2,102	175	7,161	7,715
Total capital works	6,112	6,222	(110)	34,700	39,812

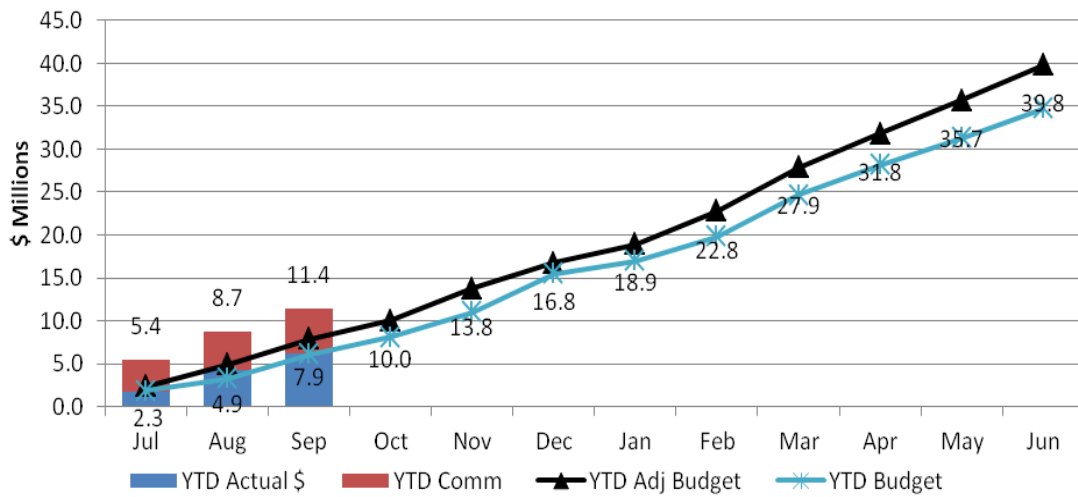
Financial Report

3 months ended 30 September 2015

Capital works YTD variances by asset class



Capital works YTD & Committed expenditure cumulative



Financial Report

3 months ended 30 September 2015

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Property		179	
Buildings		177	
Public convenience works	P,CF	155	
Reservoir Learning & Community Centre	E,CF,P	164	
WR Ruthven community pavilion	P,CF	271	
CH Sullivan memorial park pavilion	P,CF		189
Re-locatable kinder building	E,CF		105
Plant & Equipment			133
Plant, machinery & equipment			203
Plant replacement	T,E		162
RLC pool & plant equipment	T		38
Mobile garbage bin replacement	T	29	
Fixtures, fittings & furniture		196	
Reservoir Learning & Community Centre - furniture	P,CF	197	
Computers & telecomm's			113
Website enhancements	T		49
Wifi / broadband project	T		70
Aged & disability system	P,CF	94	
Infrastructure		64	
Roads		110	
Slope remediation	P,CF	303	
Special charge – Young St	P,CF,E	46	
Road rehab – McGregor St	T		50
Roads resurfacing program	T		61
Traffic signal upgrades	T		40
Transport / road safety			457
Energy efficient streetlights	P,CF,E		46
Travel safe program	T		112
Safe crossing – Merri Pde	T		230
Footpath & cycleways		290	
Footpath renewal	T	176	
Shared path - Normanby Ave	T	90	
Recreation, leisure & comm fac.			85
Budoora Park golf course infra.	T		50
Parks, open space & streetscape		282	
Big parks - masterplan	P,CF	54	
Cheddar Rd median	P,CF	58	
Irrigation upgrades	T	62	
Playground upgrades	P,CF	141	
Warm season turf	T		38
Other infrastructure			85
Depot lighting & sealing works	T		85

Note: Var T = Timing P = Permanent CF = Carried forward prior/next year E = Externally funded
IF = Infrastructure Funded project

Note – * Energy efficient street lighting was approved by Council on 3 February 2014

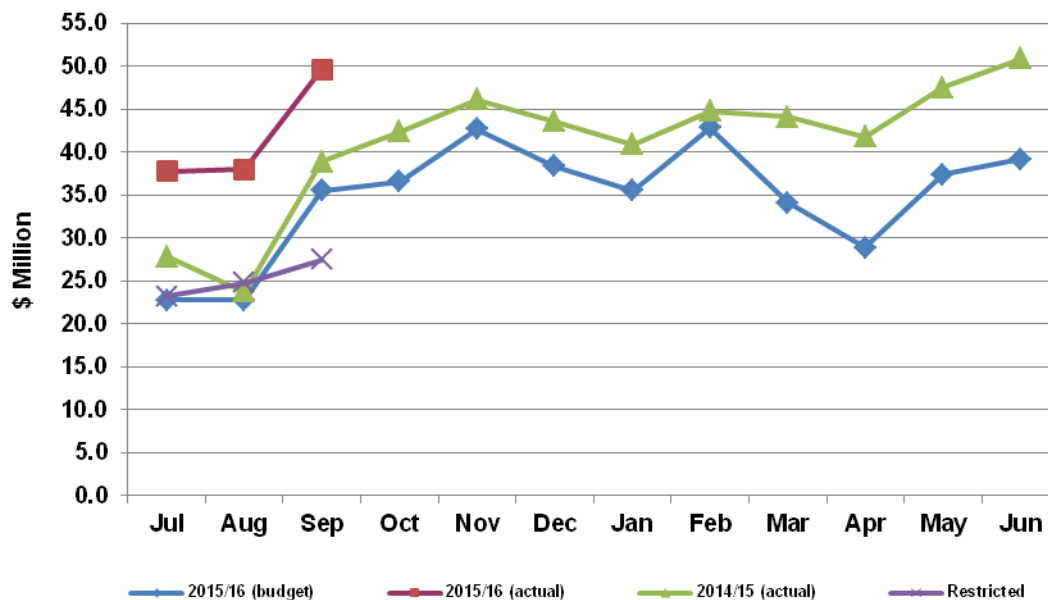
Financial Report

3 months ended 30 September 2015

2.3 Financial position

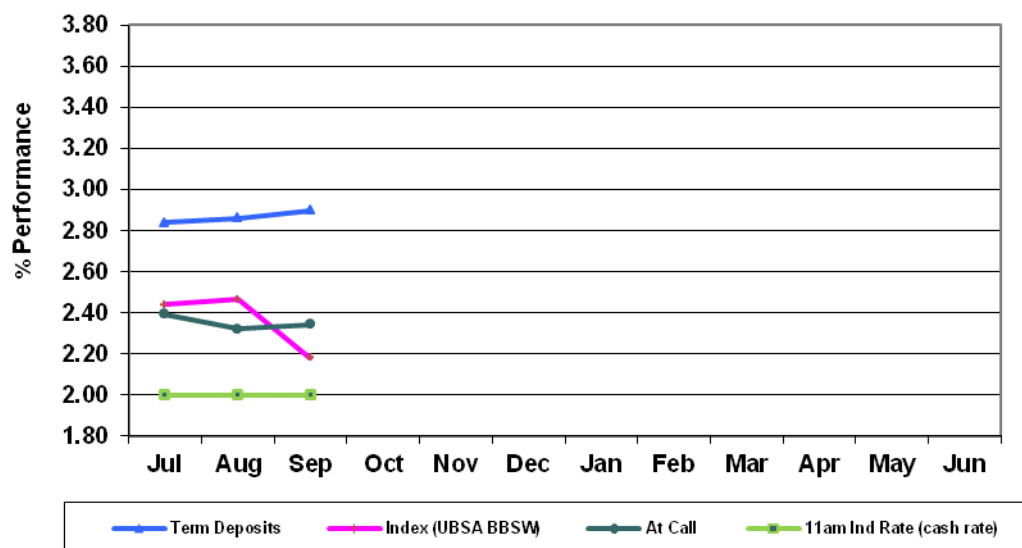
	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Cash and investments	35,512	49,599	14,087	39,155
Net current assets	102,825	110,396	7,571	22,672
Net assets and total equity	1,266,300	1,264,224	(2,076)	1,287,880

Actual & Budget cash & investments balance by month

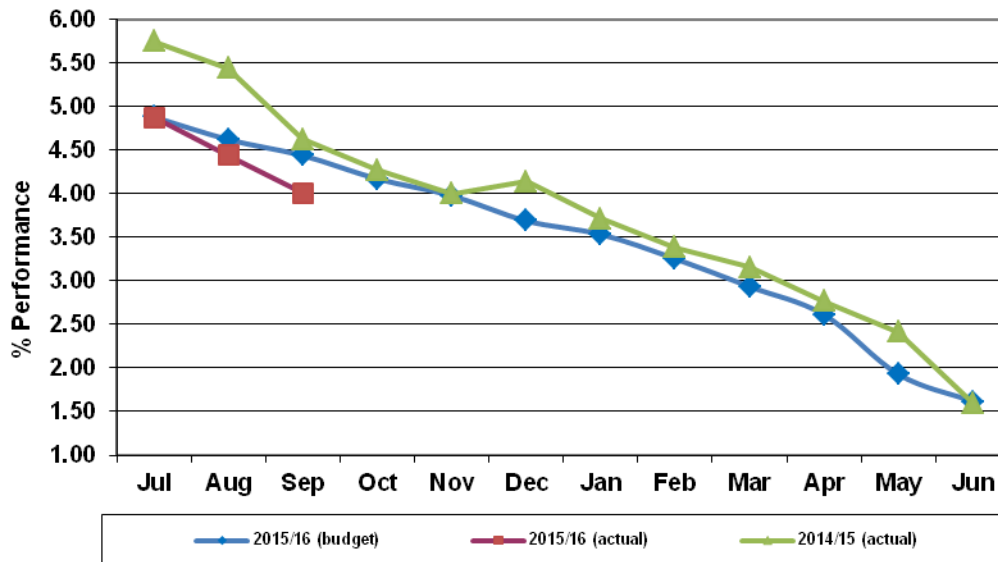


Note: Cash and investments include term deposits with a maturity date exceeding 90 days which are classified as other financial assets in the Balance Sheet (\$18.3M).

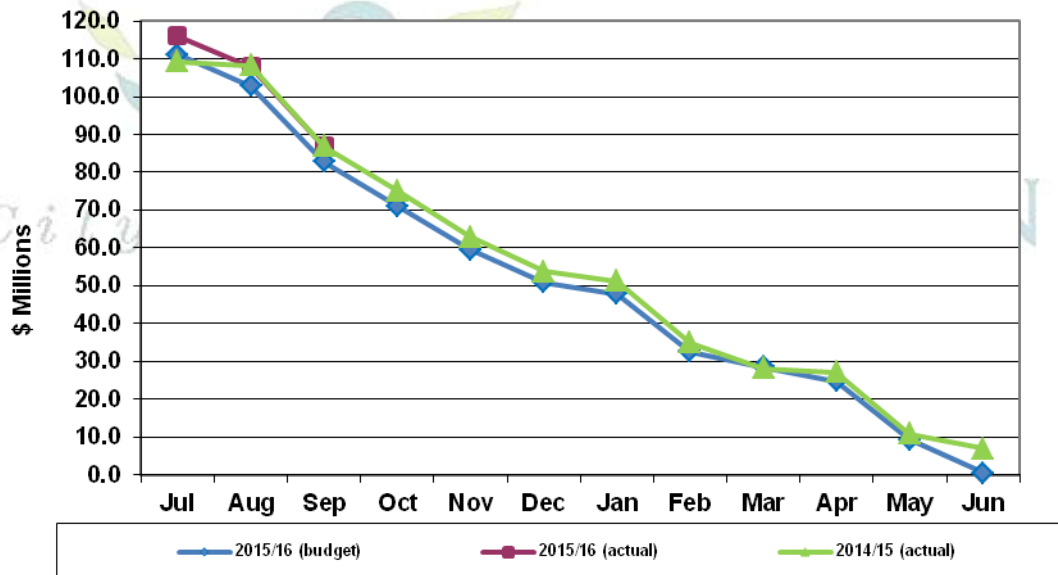
Cash & Investment Weighted Average Interest Rate v Benchmark



**Actual & Budget working capital ratio by month
(Current assets / Current liabilities)**



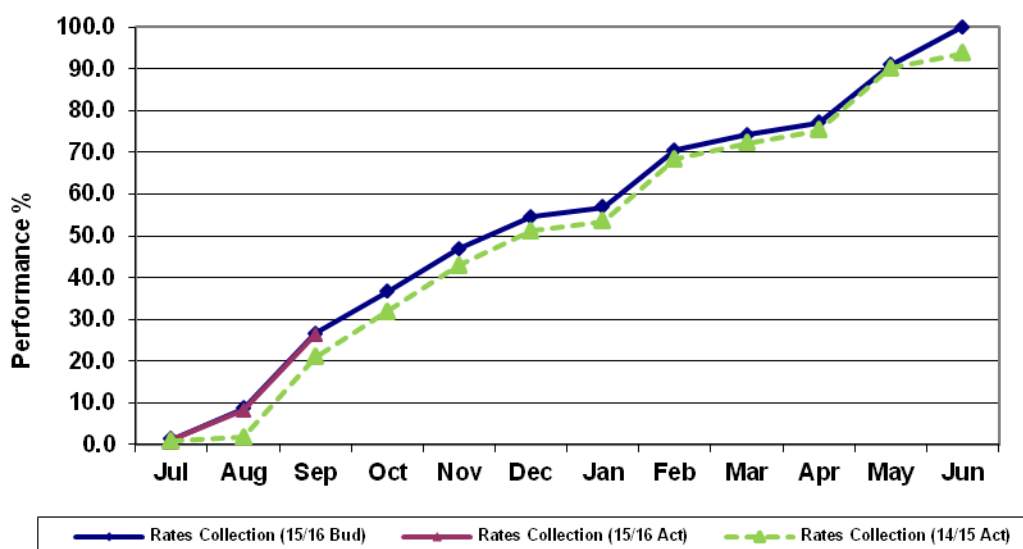
Actual & Budget rates outstanding balances by month



Financial Report

3 months ended 30 September 2015

Actual & Budget % of rates received by month



Major Balance Sheet YTD variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Current assets		15,227	
Cash and investments	CF,P *	14,087	
Rate receivables	T	3,172	
Other receivables	T		1,842
Other assets	T		197
Current liabilities			7,656
Trade creditors	T		4,107
Other payables	P	30	
Trust funds and deposits	P		4,064
Employee provisions	P	487	
Non-current assets			9,603
Property, Infra. plant & equipment	P		8,201
Intangible assets	P		427
Investment property	P		975
Non-current liabilities			44
Employee provisions	P		44
Equity			2,076
Accumulated surplus	P	1,465	
Asset revaluation reserve	P		2,396
Other reserves	P		1,145

*Note: Cash and investments include term deposits with a maturity date exceeding 90 days which are classified as other financial assets in the Balance Sheet (\$2.0M).

Note: Var T = Timing P = Permanent CF = Carried forward prior year
Fav – Favourable against budget, Unfav – Unfavourable against budget

APPENDIX A

Comprehensive Income Statement
Balance Sheet
Statement of Cash Flows
Statement of Capital Works



Financial Report
3 months ended 30 September 2015

DAREBIN CITY COUNCIL
Comprehensive Income Statement

For the 3 months ended 30 September, 2015

	YTD Budget	YTD Actual	YTD Variance	Annual Budget
	\$'000	\$'000	\$'000	\$'000
Income				
Rates and charges	109,187	111,745	2,558	113,858
Statutory fees and fines	1,515	1,429	(86)	6,607
User fees	2,968	2,984	16	11,852
Grants - operating	4,486	4,184	(302)	15,632
Grants - capital	500	136	(364)	1,862
Contributions - monetary	1,375	1,541	166	5,500
Net gain (loss) on disposal of property, infrastructure, plant and equipment	103	8	(95)	(259)
Other income	775	964	189	4,442
Total income	120,909	122,991	2,082	159,494
Expenses				
Employee costs	19,633	18,725	908	78,530
Materials and services	10,735	10,308	427	42,692
Bad and doubtful debts	199	221	(22)	802
Depreciation and amortisation	5,561	5,074	487	22,243
Borrowing costs	2	3	(1)	23
Other expenses	3,718	3,317	401	8,326
Total expenses	39,848	37,648	2,200	152,616
Surplus for the year	81,061	85,343	4,282	6,878
Less				
Grants - capital (non-recurrent)	(500)	(136)	364	(989)
Contributions - monetary	(1,375)	(1,541)	(166)	(5,500)
Adjusted underlying surplus/ (deficit)	79,186	83,666	4,480	389

Financial Report
3 months ended 30 September 2015

DAREBIN CITY COUNCIL

Balance Sheet

As at 30 September 2015

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Current assets				
Cash and cash equivalents	31,409	31,277	(132)	24,325
Trade and other receivables	94,064	95,394	1,330	17,541
Other financial assets	4,103	18,322	14,219	14,830
Inventories	87	94	7	87
Other assets	2,232	2,035	(197)	1,395
Total current assets	131,895	147,122	15,227	58,178
Non-current assets				
Trade and other receivables	114	114	0	114
Property, infrastructure, plant & equipment	1,159,599	1,151,398	(8,201)	1,261,652
Investment property	3,782	2,807	(975)	3,782
Intangible assets	1,106	679	(427)	1,574
Other financial assets	236	236	0	236
Total non-current assets	1,164,837	1,155,234	(9,603)	1,267,358
Total assets	1,296,732	1,302,356	5,624	1,325,536
Current liabilities				
Trade and other payables	7,282	11,359	(4,077)	12,449
Trust funds and deposits	3,649	7,713	(4,064)	4,299
Interest bearing loans and borrowings	137	139	(2)	192
Provisions	18,002	17,515	487	18,566
Total current liabilities	29,070	36,726	(7,656)	35,506
Non-current liabilities				
Trade and other payables	0	0	0	0
Interest bearing loans and borrowings	0	0	0	788
Provisions	1,362	1,406	(44)	1,362
Total non-current liabilities	1,362	1,406	(44)	2,150
Total liabilities	30,432	38,132	(7,700)	37,656
Net assets	1,266,300	1,264,224	(2,076)	1,287,880
Equity				
Accumulated surplus	579,323	580,788	1,465	502,416
Asset revaluation reserve	675,793	673,397	(2,396)	771,555
Other reserves	11,184	10,039	(1,145)	13,909
Total equity	1,266,300	1,264,224	(2,076)	1,287,880

N

Financial Report
3 months ended 30 September 2015

DAREBIN CITY COUNCIL
Statement of Cash Flow

For the 3 months ended 30 September, 2015

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
	Inflows (Outflows)	Inflows (Outflows)		Inflows (Outflows)
Cash flows from operating activities				
User fees & charges (inclusive of GST)	1,515	1,608	93	12,282
Other income	429	821	392	1,460
Employee costs	(22,544)	(19,199)	3,345	(77,966)
Materials and services (inclusive of GST)	(16,844)	(17,076)	(231)	(59,401)
Net FSPL refund / payment	3,673	2,633	(1,040)	0
	5,365	5,716	350	19,224
Interest	305	271	(33)	1,631
Trust funds and deposits	0	188	188	0
Net GST refund / payment	2,206	1,611	(595)	6,865
Net cash provided by operating activities	7,876	7,786	(90)	27,720
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	103	32	(71)	482
Payment for property, infrastr, plant & equipment	(10,112)	(9,109)	1,002	(26,499)
Repayment of loans and advances	16	17	1	41
Proceeds from sale of other financial assets	0	0	0	(2)
Net cash used in investing activities	(9,993)	(9,060)	932	(25,978)
Cash flows from financing activities				
Finance costs	(5)	(3)	2	(21)
Repayment of interest bearing loans and borrowings	(33)	(33)	0	(192)
Net cash used in financing activities	(38)	(36)	2	(214)
Net increase / (decrease) in cash & cash equivalents	(2,155)	(1,310)	845	1,529
Cash & cash equivalents at the beginning of the year	37,667	50,909	13,242	39,155
Cash & cash equivalents at the end of the year	35,512	49,599	14,087	40,684

Note: Cash and cash equivalents at the beginning of the year includes term deposits with a maturity date exceeding 90 days which are classified as other financial assets in the Balance Sheet (\$4.1M).

DAREBIN CITY COUNCIL

Statement of Cash Flow

For the 3 months ended 30 September, 2015

Reconciliation of cash flows from operating activities to surplus

	YTD Budget	YTD Actual	YTD Variance	Annual Budget
	\$'000	\$'000	\$'000	\$'000
Surplus for the year	81,061	85,343	4,282	6,878
Items not involving cash or non operating in nature				
Depreciation and amortisation	5,561	5,074	(487)	22,243
Interest expense	2	3	1	23
Bad & doubtful debts	199	221	22	802
Net (gain) / loss on sale of assets	(103)	(8)	95	259
	<u>86,720</u>	<u>90,633</u>	<u>3,913</u>	30,205
Change in operating assets and liabilities				
Decrease / (Increase) in rate debtors	(80,663)	(83,378)	(2,716)	(1,076)
Decrease / (Increase) in other operating assets	853	(683)	(1,536)	(2,136)
(Decrease) / Increase in Trade creditors	1,377	(1,746)	(3,123)	244
(Decrease) / Increase in other operating liabilities	(447)	2,832	3,278	(81)
(Decrease) / Increase in provisions	0	129	129	564
	<u>(78,880)</u>	<u>(82,847)</u>	<u>(3,967)</u>	(2,485)
Net cash provided by operating activities	<u>7,840</u>	<u>7,786</u>	<u>(54)</u>	27,720



Financial Report
3 months ended 30 September 2015

DAREBIN CITY COUNCIL

Statement of Capital Works

For the 3 months ended 30 September, 2015

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000	YTD Adj Budget \$'000
Property						
Land Improvements	0	2	(2)	135	135	0
Buildings	1,408	1,585	(177)	6,700	8,056	1,649
Total property	1,408	1,587	(179)	6,835	8,191	1,649
Plant & equipment						
Plant, machinery & equipment	665	462	203	2,708	3,070	477
Fixtures, fittings & furniture	15	211	(196)	130	332	161
Computers & telecommunications	333	220	113	1,720	2,235	408
Library books	338	325	13	732	732	338
Total plant & equipment	1,351	1,218	133	5,290	6,369	1,384
Infrastructure						
Roads	580	690	(110)	5,009	6,420	1,607
Transport & road safety	1,764	1,306	457	4,277	3,811	1,684
Bridges	32	9	23	454	454	32
Footpaths & cycleways	212	502	(290)	2,252	2,396	356
Drains	68	99	(31)	1,144	1,381	88
Recreation, leisure & community facilities	98	12	85	569	623	146
Parks, open space & streetscapes	505	788	(282)	8,743	10,040	854
Off street car parks	10	11	(1)	42	42	0
Other infrastructure	85	0	85	85	85	85
Total infrastructure	3,353	3,417	(64)	22,575	25,252	4,852
Total capital works	6,112	6,222	(110)	34,700	39,812	7,885
Represented by:						
Asset renewal	1,930	2,073	(143)	13,855	16,148	2,574
New assets	615	661	(46)	4,417	5,149	822
Asset expansion / upgrade	1,291	1,386	(95)	9,267	10,801	1,722
Capital expenditure	3,836	4,120	(285)	27,539	32,097	5,117
Major maintenance	2,276	2,102	175	7,161	7,715	2,767
Total capital works	6,112	6,222	(110)	34,700	39,812	7,885