

FINANCIAL REPORT

Three months ended
30 September 2017



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Financial Report

3 months ended 30 September 2017

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Operating				
Revenue	132,107	133,767	1,660	170,181
Expenditure	(40,513)	(37,789)	2,724	(157,381)
Surplus (deficit)	91,594	95,978	4,384	12,800
Capital & other				
Revenue / grants	(1,428)	0	1,428	(2,696)
Developer contributions	(1,248)	(1,882)	(634)	(5,000)
Adjusted underlying surplus	88,918	94,096	5,178	5,104

For the three months ended 30 September 2017, Council has recorded an operating surplus of \$95.98 million, which is \$4.39 million ahead of the year to date budget. After eliminating capital and other items, the adjusted underlying surplus is \$94.10 million, which is \$5.18 million ahead of budget.

The main items contributing to this favourable variance are rates and charges, monetary contributions and materials and services.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Property	1,396	662	734	7,670	10,311
Plant & equipment	1,756	1,374	382	9,458	10,123
Infrastructure	3,151	2,459	691	30,199	33,374
Total capital works	6,303	4,495	1,807	47,327	53,808

For the three months ended 30 September 2017, Council has expended \$4.50 million on the capital works program, which is \$1.81 million behind the year to date budget. The variance is due mainly to delays in buildings works, footpath and cycleways and plant, machinery and equipment.

As at 30 September 2017 a further \$6.79 million has been committed by way of issued purchase orders. Commitments are not reflected in the reported capital expenditure and may indicate that many projects are well progressed.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Audited 2017 \$'000
Cash and investments	53,743	73,007	19,264	50,571	74,881
Net current assets	132,928	153,518	20,590	30,541	56,370
Net assets and total equity	1,374,263	1,454,846	80,583	1,295,469	1,358,869

The Financial Position as at 30 September 2017 shows a cash and investment balance of \$73.01 million which is \$19.26 million ahead of budget. The variance is due mainly to timing differences in receipt of rates, user fees & charges, contributions, payments to employees and suppliers, delay in payments for capital works and a higher opening cash and investment position compared with budget.

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3 months ended 30 September 2017

The cash and investment balance of \$73.01 million was sufficient to meet restricted cash and intended allocation obligations of \$35.60 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 \$153.52 million which is \$20.59 million more than budget. The net asset position of \$1.46 billion is \$80.58 million more than budget.

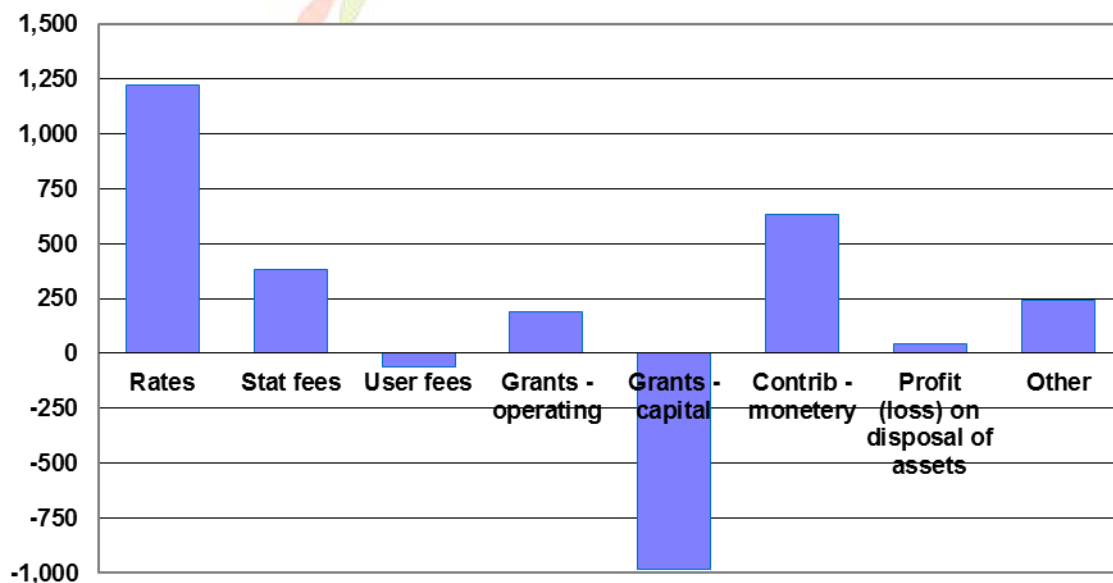
2. FINANCIAL ANALYSIS

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	119,597	120,819	1,222	123,775
Statutory fees and fines	1,768	2,151	383	8,348
User fees	2,888	2,824	(64)	11,852
Grants - operating	4,305	4,492	187	14,850
Grants - capital	1,483	499	(984)	3,163
Contributions - monetary	1,248	1,882	634	5,000
Net gain (loss) on disposal of assets	(29)	14	43	(13)
Other income	847	1,086	239	3,206
Total income	132,107	133,767	1,660	170,181

Income YTD variances



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3 months ended 30 September 2017

Major Operating Income Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Rates and charges		1,222	
General rates	P	359	
Rebates & other adjustments	T	166	
Supplementary rates	P	687	
Statutory fees & fines		383	
Civic compliance	T	267	
Governance (non-voting fines)	T	73	
User fees			64
Leisure contracts	T		50
Property management	T		67
Reservoir Leisure Centre	T		92
Civic compliance	T	75	
Valuation services	T	107	
Grants - operating		187	
Civic compliance	T	161	
Darebin speak	P	48	
Libraries	T	478	
Service delivery	T	69	
Victorian Grants Commission *	P		562
Grants - capital			984
Dundas St bridge replacement	T		365
Inner city netball program	T		1,000
Wood St pedestrian bridge	T		50
Roads to Recovery	T	443	
Contributions - monetary		634	
Public open space	P	634	
Net gain / (loss) on sale of PP&E		43	
WDV of assets sold	P	41	
Other		239	
Interest on investments, loans & rates	T	72	
Revenue services	T	77	
WorkCover salary recoup	P	89	
Arts precincts	T		76

Note: Var T = Timing P = Permanent CF = Carried forward prior year
 Fav – Favourable against budget, Unfav – Unfavourable against budget
 *Note: 50% of the 2017/18 VGC funding was paid in June 2017.

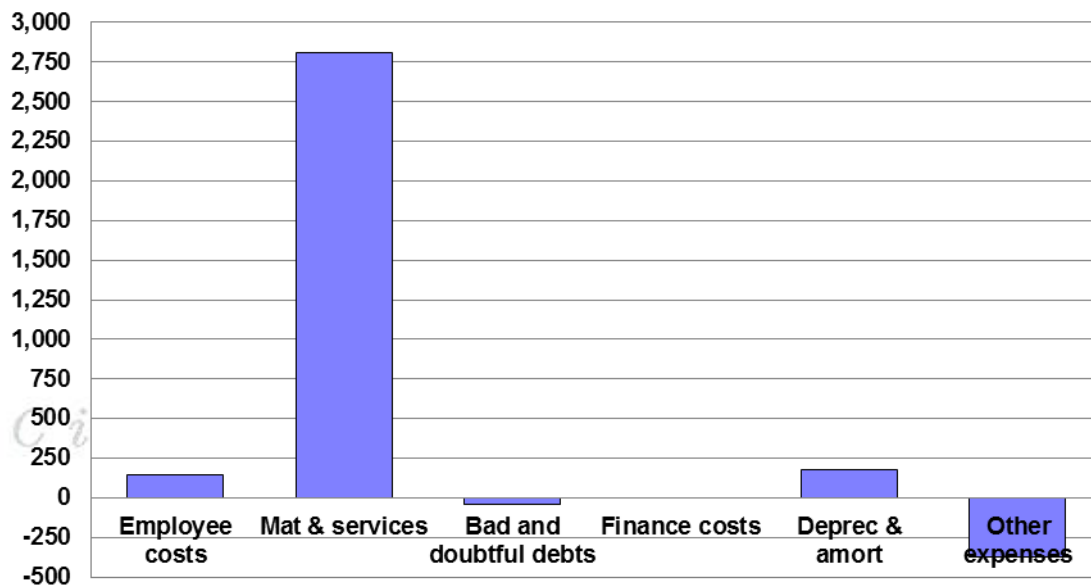
Financial Report

3 months ended 30 September 2017

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Expenses				
Employee costs	19,886	19,742	144	81,860
Materials and services	11,644	8,831	2,813	43,197
Bad and doubtful debts	219	258	(39)	876
Depreciation and amortisation	5,696	5,520	176	22,784
Other expenses	3,068	3,438	(370)	8,664
Total expenses	40,513	37,789	2,724	157,381

Expenses YTD variances



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3 months ended 30 September 2017

Major Operating Expense Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Employee costs		144	
Community development	T	70	
City futures & assets	T	112	
Civic compliance	T	66	
Environmental operations	T	96	
Operations & environment	T	108	
Service delivery	T	178	
Transition & assessment	T	69	
Corporate initiatives	T		452
Parental leave wages & salary	T		62
WorkCover wages & salary	T		71
Materials and services		2,813	
Business systems	T	441	
City design & strategic planning	T	249	
City futures & assets	T	86	
Client & information services	T	171	
Capital delivery/Engineering services	T	111	
Economic & business development	T	70	
Environmental operations	T	111	
Infrastructure planning	T	59	
Leisure contracts	T	328	
Leisure services	T	116	
Operation projects from capital works**	P,CF	237	
Parks infrastructure	T	59	
Public places	T	104	
Transport Strategy	T	1,016	
Youth services	T	112	
Advocacy & communication	T		63
Arboriculture planning	T		385
Facility management	T		115
Governance	P		103
Infrastructure maintenance & support	T		102
Reservoir Leisure Centre	T		172
Service delivery	T		69
Statutory planning	T		81
Depreciation and amortisation		176	
Plant & equipment	T	73	
Property	T	163	
Infrastructure	T		60
Other			370
Animal control*	P		172
Community grants	T		187
Planning & building services	P		234
Public places	T		175
Arts precincts	T	85	
Insurance	P	185	

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

*Note: Amortised Animal Welfare Facility contribution paid in 2016/17.

**Note: Includes expenditure from the 2017/18 capital works program not recognised as Property, Infrastructure, Plant and Equipment and intangible assets.

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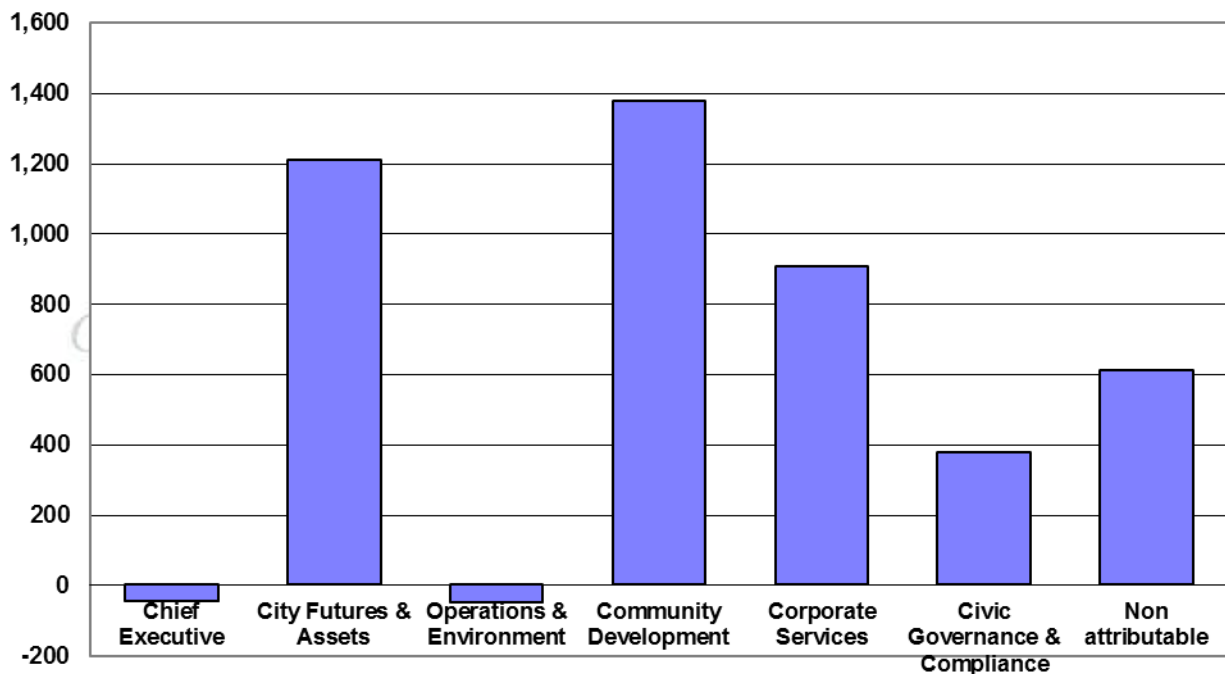
3 months ended 30 September 2017

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	206	254	(48)	868
City Futures & Assets	3,699	2,489	1,210	11,292
Operations & Environment	8,352	8,400	(48)	41,126
Community Development	6,603	5,226	1,377	28,015
Corporate Services	3,624	2,719	905	12,572
Civic Gov. & Compliance	1,428	1,051	377	4,855
	23,912	20,139	3,773	98,728
Other non-attributable ¹	(115,506)	(116,117)	611	(111,528)
Net (surplus) deficit	(91,594)	(95,978)	4,384	(12,800)

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

Department net cost YTD variances



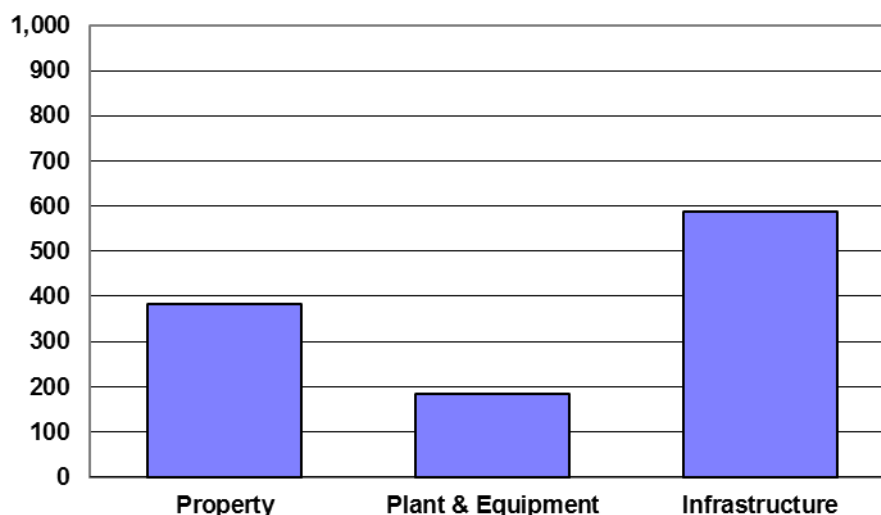
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3 months ended 30 September 2017

2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Capital Projects					
Property					
Land Improvements	111	174	(63)	508	692
Buildings	1,179	358	821	6,008	7,854
Building Improvements	106	130	(24)	1,154	1,765
Total Property	1,396	662	734	7,670	10,311
Plant & Equip.					
Plant, machinery & eq.	1,362	935	427	5,488	5,534
Fixtures, fit & furn.	15	0	15	147	200
Computers & telecom.	39	133	(94)	3,034	3,600
Library books	340	306	34	789	789
Total Plant & Equip.	1,756	1,374	382	9,458	10,123
Infrastructure					
Roads	162	47	115	6,999	7,577
Bridges	182	16	166	3,417	3,417
Footpaths & cycleways	806	496	310	3,690	3,820
Drainage	47	161	(114)	1,621	2,561
Recreation, leis facil.	95	18	77	386	414
Parks, open space & str.	1,669	1,667	2	12,837	14,070
Off street carparks	1	0	1	46	46
Other infrastructure	189	54	134	1,203	1,469
Total Infrastructure	3,151	2,459	692	30,199	33,374
Total capital works	6,303	4,495	1,808	47,327	53,808
Represented by:					
Asset renewal	3,698	2,638	1,060	27,766	31,568
New assets	1,330	948	382	9,985	11,352
Asset expansion	168	120	48	1,265	1,438
Asset upgrade	1,107	789	318	8,311	9,449
Total capital works	6,303	4,495	1,808	47,327	53,808

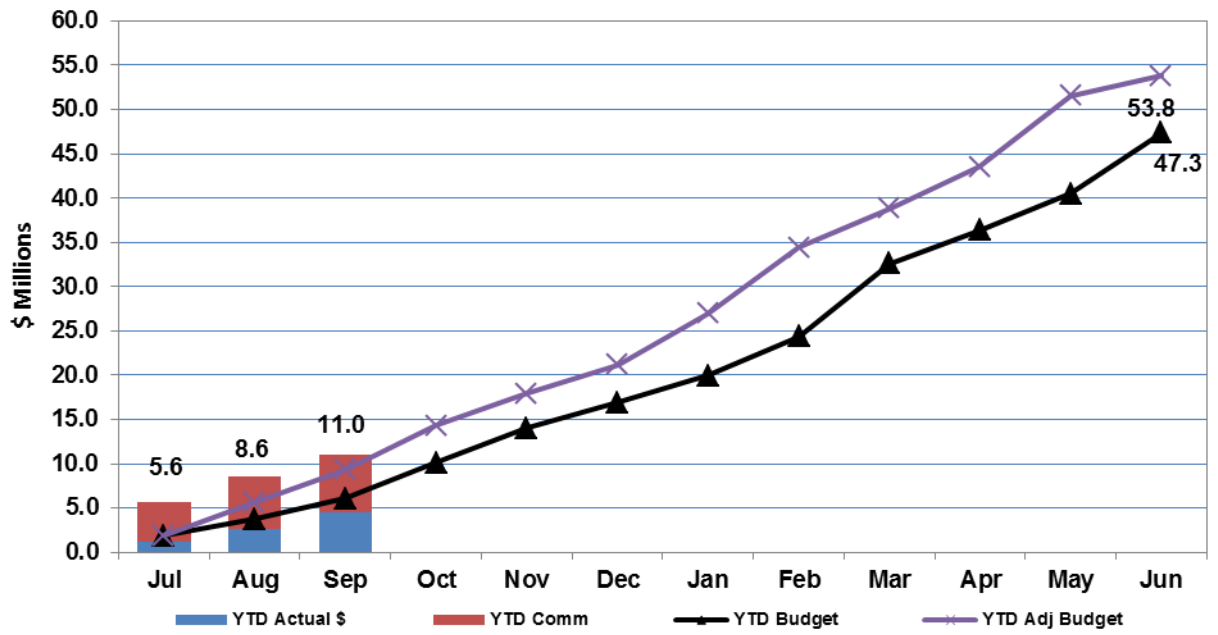
Capital works YTD variances by asset class



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3 months ended 30 September 2017

Capital works YTD & Committed expenditure cumulative



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3 months ended 30 September 2017

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Property			734
Land improvements		63	
Sports ground drainage	T	141	
Sports ground upgrades	T		74
Buildings			821
Multi-sports stadium	P,CF		300
NARC masterplan	P,CF		117
NARC redevelopment	P,CF		101
PRACE portables	P,CF		100
Relocatable buildings	P,CF		59
GH Mott pavilion	P,CF	91	
Building improvements		24	
Disability access	T,CF	114	
Environmental sustainable design	T		86
Plant & Equipment			382
Plant, machinery & equipment			427
Plant replacement	P,CF .E		279
RLC security & risk upgrade	T		50
Computer equipment		94	
IT infrastructure	T	131	
Library books			34
Infrastructure			692
Roads			115
Road rehab – Garden St	T		55
Bridges			166
Dundas St bridge replacement	T		174
Footpath & cycle ways			310
Footpath renewal program	T	57	
Shared path – parks renewal	T		372
Drainage		114	
Strategic water outcomes	T	52	
Recreation, leisure & comm fac.			77
No individual significant item	T		
Other infrastructure			134
Traffic management/road safety	T		133

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

IF = Infrastructure Funded project

Note – ** City wide beautification works (\$2.0M) have been split into 11 individual projects

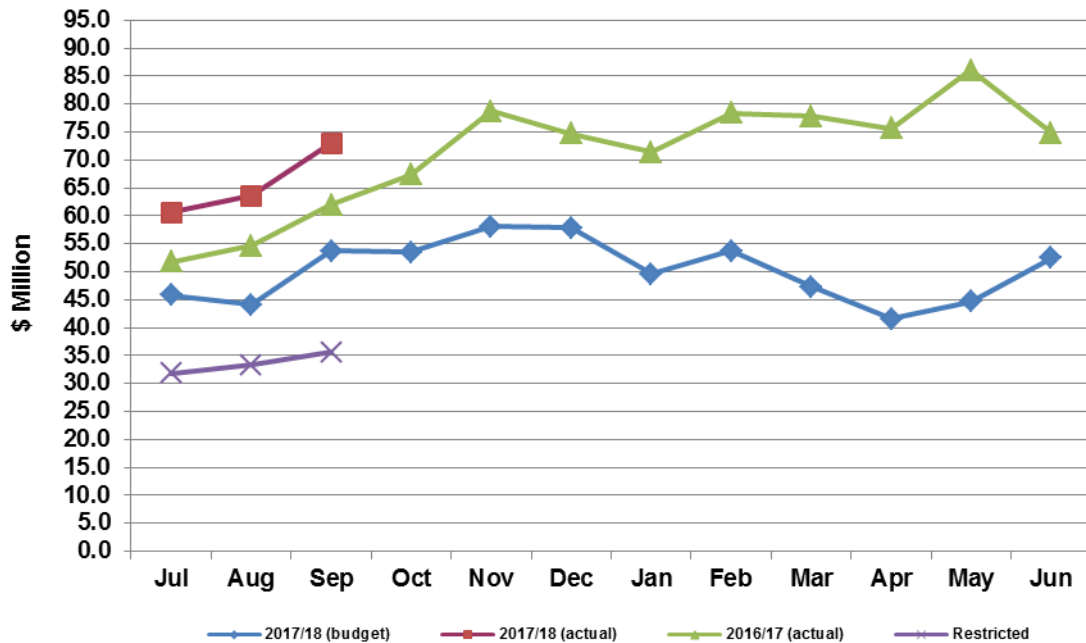
Financial Report

3 months ended 30 September 2017

2.3 Financial position

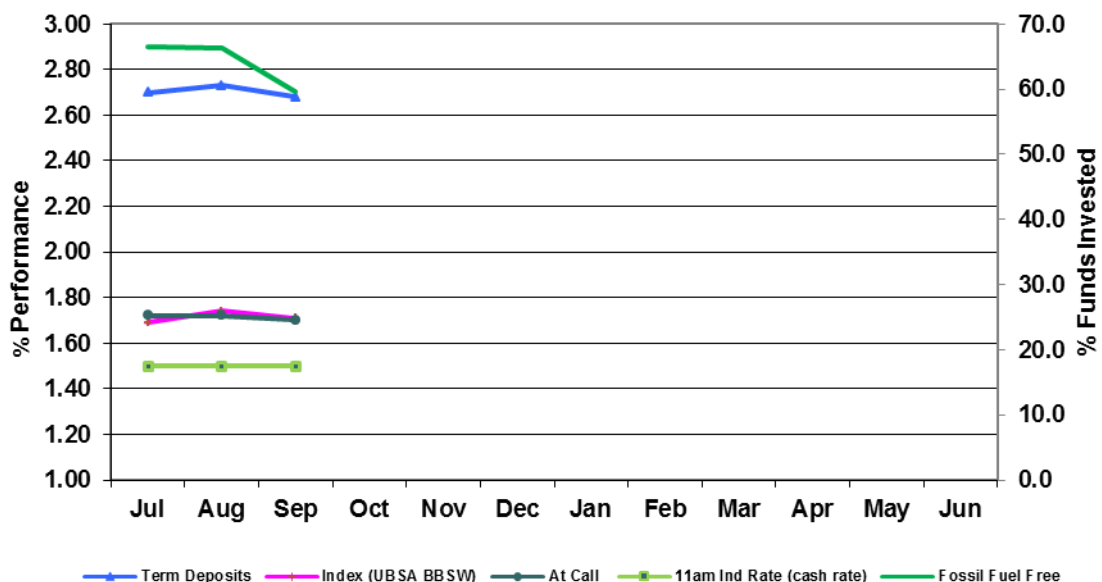
	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	53,743	73,007	19,264	50,571
Net current assets	132,928	153,518	20,590	30,541
Net assets and total equity	1,374,263	1,454,846	80,583	1,295,469

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 (\$22.23M).

Cash & Investment Weighted Average Interest Rate v Benchmark

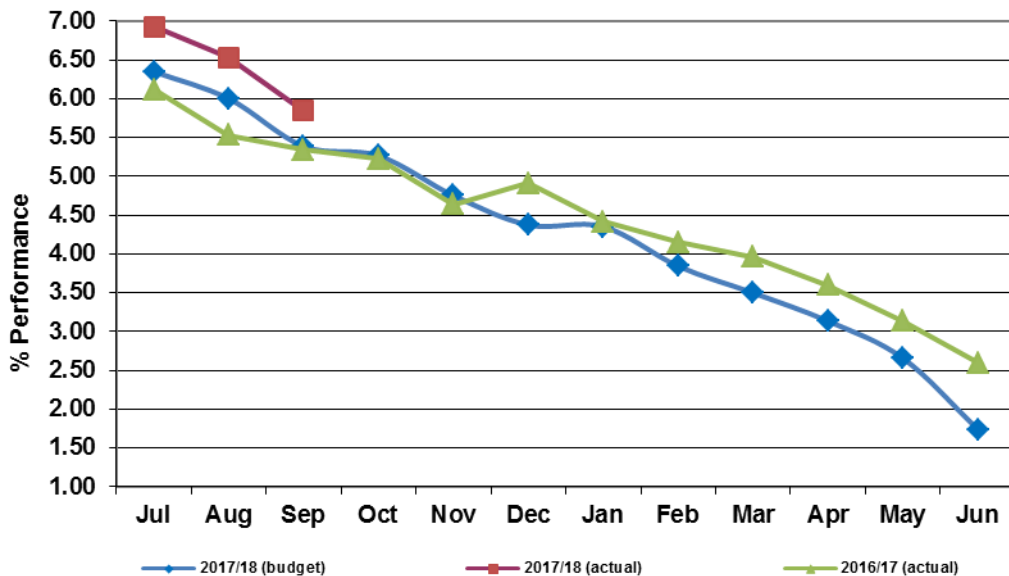


As at 30 September 2017, 60% of all invested funds were placed with financial institutions and ADIs which don't have a record of funding fossil fuels. (30 June, 64%).

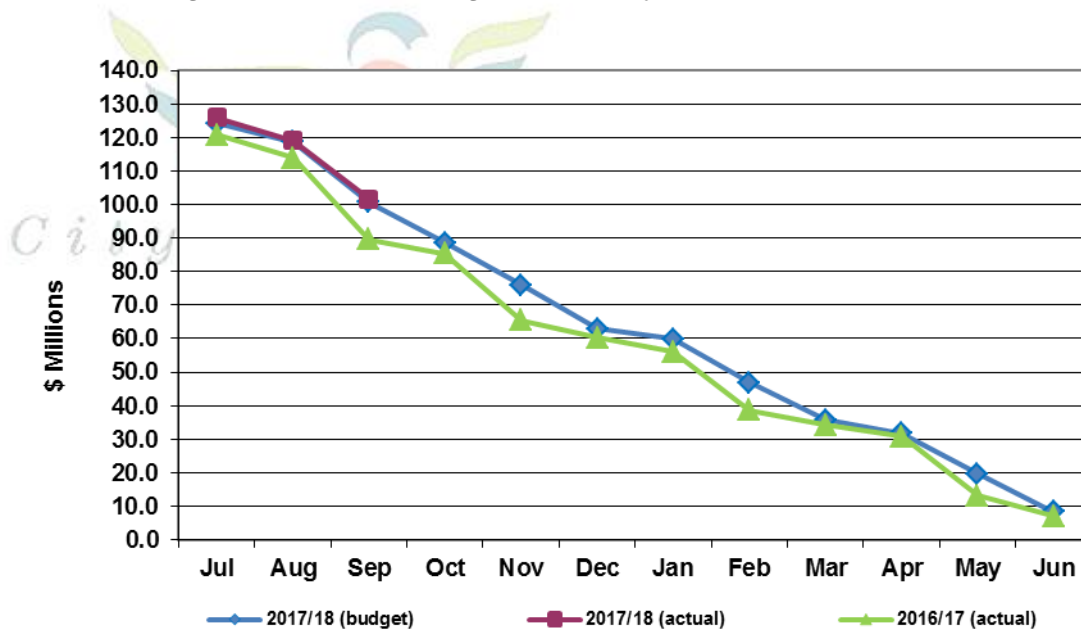
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3 months ended 30 September 2017

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



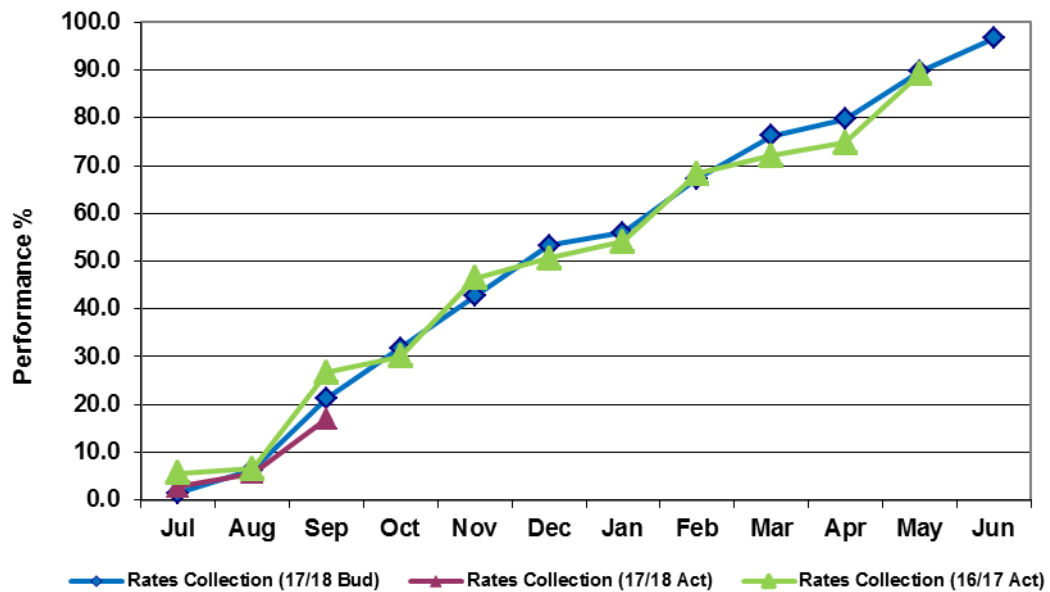
Actual & Budget rates outstanding balances by month



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3 months ended 30 September 2017

Actual & Budget % of rates received by month



Major Balance Sheet YTD variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Current assets		21,980	
Cash and investments	CF,P *	19,264	
Rate receivables	P	3,079	
Other receivables	T		1,214
Other assets	P	849	
Current liabilities			1,390
Trade creditors	P		446
Other payables	P	407	
Trust funds and deposits	P		2,744
Employee provisions	P	1,393	
Non-current assets		60,062	
Other receivables	T	71	
Property, Infra. plant & equipment	P	59,392	
Intangible assets	P	324	
Investment property	P	275	
Non-current liabilities			69
Employee provisions	P		69
Equity		80,583	
Accumulated surplus	P	10,509	
Asset revaluation reserve	P	69,541	
Other reserves	P	533	

*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 (\$29.67M).

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 2017

DAREBIN CITY COUNCIL

Comprehensive Income Statement

For the 3 months ended 30 September, 2017

	YTD Budget	YTD Actual	YTD Variance	Annual Budget
	\$'000	\$'000	\$'000	\$'000
Income				
Rates and charges	119,597	120,819	1,222	123,775
Statutory fees and fines	1,768	2,151	383	8,348
User fees	2,888	2,824	(64)	11,852
Grants - operating	4,305	4,492	187	14,850
Grants - capital	1,483	499	(984)	3,163
Contributions - monetary	1,248	1,882	634	5,000
Net gain (loss) on disposal of property, infrastructure, plant and equipment	(29)	14	43	(13)
Other income	847	1,086	239	3,206
Total income	132,107	133,767	1,660	170,181
Expenses				
Employee costs	19,886	19,742	144	81,860
Materials and services	11,644	8,831	2,813	43,197
Bad and doubtful debts	219	258	(39)	876
Depreciation and amortisation	5,696	5,520	176	22,784
Other expenses	3,068	3,438	(370)	8,664
Total expenses	40,513	37,789	2,724	157,381
Surplus for the year	91,594	95,978	4,384	12,800
Less				
Grants - capital (non-recurrent)	(1,428)	0	1,428	(2,696)
Contributions - monetary	(1,248)	(1,882)	(634)	(5,000)
Adjusted underlying surplus/ (deficit)	88,918	94,096	5,178	5,104

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3 months ended 30 September 2017

DAREBIN CITY COUNCIL

Balance Sheet

As at 30 September 2017

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Audited 2017 \$'000
Current assets					
Cash and cash equivalents	34,579	50,782	16,203	33,297	47,035
Trade and other receivables	106,880	108,745	1,865	15,311	13,140
Other financial assets	19,164	22,225	3,061	17,274	27,846
Inventories	65	67	2	65	67
Other assets	2,545	3,394	849	1,640	3,596
Total current assets	163,233	185,213	21,980	67,587	91,684
Non-current assets					
Trade and other receivables	114	185	71	114	185
Property, infrastructure, plant & equipment	1,239,471	1,298,863	59,392	1,263,356	1,299,929
Investment property	2,867	3,142	275	2,867	3,142
Intangible assets	352	676	324	80	781
Other financial assets	236	236	0	236	236
Total non-current assets	1,243,040	1,303,102	60,062	1,266,653	1,304,273
Total assets	1,406,273	1,488,315	82,042	1,334,240	1,395,957
Current liabilities					
Trade and other payables	5,520	5,559	(39)	11,748	11,662
Trust funds and deposits	5,038	7,782	(2,744)	5,151	5,034
Provisions	19,747	18,354	1,393	20,147	18,618
Total current liabilities	30,305	31,695	(1,390)	37,046	35,314
Non-current liabilities					
Provisions	1,705	1,774	(69)	1,725	1,774
Total non-current liabilities	1,705	1,774	(69)	1,725	1,774
Total liabilities	32,010	33,469	(1,459)	38,771	37,088
Net assets	1,374,263	1,454,846	80,583	1,295,469	1,358,869
Equity					
Accumulated surplus	619,578	630,087	10,509	536,484	534,108
Asset revaluation reserve	742,157	811,698	69,541	742,157	811,699
Other reserves	12,528	13,061	533	16,828	13,062
Total equity	1,374,263	1,454,846	80,583	1,295,469	1,358,869

Financial Report

3 months ended 30 September 2017

DAREBIN CITY COUNCIL

Statement of Cash Flow

For the 3 months ended 30 September, 2017

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
	Inflows (Outflows)	Inflows (Outflows)		Inflows (Outflows)
Cash flows from operating activities				
Rates	25,277	24,305	(972)	120,472
Statutory fees and fines	1,575	2,036	461	7,562
User fees & charges (inclusive of GST)	3,530	2,880	(650)	14,368
Government receipts	5,702	5,223	(479)	17,898
Contributions - Monetary	1,248	1,882	634	5,000
Other income	191	693	502	1,647
Employee costs	(22,479)	(20,939)	1,540	(81,860)
Materials and services (inclusive of GST)	(16,822)	(15,658)	1,163	(61,248)
Net FSPL refund / payment	2,842	2,551	(291)	0
	1,064	2,972	1,909	23,839
Interest	321	395	74	1,695
Trust funds and deposits	0	154	154	0
Net GST refund / payment	1,881	2,880	999	9,188
Net cash provided by operating activities	3,266	6,401	3,135	34,722
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	159	173	14	734
Payment for property, infrastr, plant & equipment	(10,032)	(8,449)	1,582	(47,327)
Repayment of loans and advances	0	0	0	0
Proceeds from sale of other financial assets	0	0	0	3,983
Net cash used in investing activities	(9,873)	(8,276)	1,596	(42,610)
Cash flows from financing activities				
Net cash used in financing activities	0	0	0	0
Net increase / (decrease) in cash & cash equivalents	(6,607)	(1,875)	4,732	(7,888)
Cash & cash equivalents at the beginning of the year	60,350	74,881	14,531	60,350
Cash & cash equivalents at the end of the period	53,743	73,006	19,263	52,462

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 (\$27.85M).

Financial Report
3 months ended 30 September 2017

DAREBIN CITY COUNCIL
Statement of Cash Flow

For the 3 months ended 30 September, 2017

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	91,594	95,978	4,384	12,800
Items not involving cash or non operating in nature				
Depreciation and amortisation	5,696	5,520	(176)	22,784
Interest expense	0	0	0	0
Bad & doubtful debts	219	258	39	876
Net (gain) / loss on sale of assets	29	(14)	(43)	13
	<u>97,538</u>	<u>101,742</u>	<u>4,204</u>	<u>36,473</u>
Change in operating assets and liabilities				
Decrease / (Increase) in rate debtors	(92,977)	(96,514)	(3,537)	(192)
Decrease / (Increase) in other operating assets	565	660	95	252
(Decrease) / Increase in Trade creditors	(5,489)	(1,719)	3,770	738
(Decrease) / Increase in other operating liabilities	3,629	2,314	(1,315)	(2,969)
(Decrease) / Increase in provisions	0	(82)	(82)	420
	<u>(94,272)</u>	<u>(95,341)</u>	<u>(1,069)</u>	<u>(1,751)</u>
Net cash provided by operating activities	<u>3,266</u>	<u>6,401</u>	<u>3,135</u>	<u>34,722</u>



Financial Report

3 months ended 30 September 2017

DAREBIN CITY COUNCIL

Statement of Capital Works

For the 3 months ended 30 September, 2017

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000	YTD Adj Budget \$'000
Capital works						
Property						
Land Improvements	111	174	(63)	508 ▲	692	111
Buildings	1,179	358	821	6,008 ▲	7,854	1,538
Building improvements	106	130	(24)	1,154 ▲	1,765	285
Total property	1,396	662	734	7,670	10,311	1,934
Plant & equipment						
Plant, machinery & equipment	1,362	935	427	5,488	5,534	1,009
Fixtures, fittings & furniture	15	0	15	147	200	0
Computers & telecommunications	39	133	(94)	3,034	3,600	126
Library books	340	306 ▲	34	789	789	340
Total plant & equipment	1,756	1,374	382	9,458	10,123	1,475
Infrastructure						
Roads	162	47	115	6,999	7,577	343
Bridges	182	16	166	3,417	3,417	182
Footpaths & cycleways	806	496	310	3,690	3,820	806
Drainage	47	161	(114)	1,621	2,561	113
Recreation, leisure & community facilities	95	18	77	386	414	93
Parks, open space & streetscapes	1,669	1,667	2	12,837	14,070	2,894
Off street car parks	1	0	1	46	46	1
Other infrastructure	189	54 ▲	134	1,203	1,469	189
Total infrastructure	3,151	2,459	692	30,199	33,374	4,621
Total capital works	6,303	4,495	1,808	47,327	53,808	8,030
Represented by:						
Asset renewal	3,698	2,638	1,060	27,766	31,568	4,711
New assets	1,330	948	382	9,985	11,352	1,694
Asset expansion	168	120	48	1,265	1,438	215
Asset upgrade	1,107	789	318	8,311	9,449	1,410
Total capital works	6,303	4,495	1,808	47,327	53,808	8,030