

FINANCIAL REPORT

Six months ended

31 December 2009



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Financial Report

Six months ended 31 December 2009

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Operating					
Revenue	93,243	95,782	2,539	110,538	114,815
Expenditure	(57,376)	(56,053)	1,323	(113,250)	(114,985)
	35,867	39,729	3,862	(2,712)	(170)
Capital					
Revenue	414	1,765	1,351	5,137	5,005
Gain (loss) on disposal of assets	214	216	2	768	479
Net surplus (deficit)	36,495	41,710	5,215	3,193	5,314

The Operating Performance for the six months ended 31 December 2009 is an operating surplus before capital revenue and other items of \$39.7 million, which is \$3.9 million ahead of budget. The main items contributing to this favorable variance are contributions, capital grants, other revenue, employee benefits, materials and services and depreciation expenses. After capital and other items, the operating surplus is \$41.7 million, which is \$5.2 million ahead of budget. The forecast Operating Performance for the year ending 30 June 2010 is an operating surplus of \$5.3 million, which is \$2.1 million more than budget.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Total capital works	12,304	7,151	5,153	35,478	32,428

The Capital Performance for the six months ended 31 December 2009 shows that a total of \$7.2 million has been expended on the capital works program, which is \$5.2 million behind the budget. The variance is due mainly to timing differences on the roads, open space and building works projects, and the purchase of plant and equipment. The forecast total to be expended on capital works for the year ending 30 June 2010 is \$32.4 million, which is \$3.1 million less than budget. A total of \$2.7 million is forecast to be carried forward into the 2010/11 year for capital works expected to be incomplete as at 30 June 2010.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and cash equivalents	30,698	35,064	4,366	17,190	22,286
Net current assets	47,670	57,887	10,217	2,053	7,585
Net assets and total equity	833,087	952,197	119,110	799,787	915,798

The Financial Position as at 31 December 2009 shows a cash balance of \$35.1 million which is \$4.4 million ahead of budget. The variance is due mainly to the timing differences in payments to suppliers and employees, government receipts and payment for property, infrastructure, plant & equipment, the receipt of proceeds from borrowings of \$2.3 million not undertaken and the higher opening cash position compared with budget. The net current asset position is \$57.9 million which is \$10.2 million more than budget. The variance is due mainly to the higher cash and trade receivables positions and lower trade and other payables position compared with budget. The net asset position is \$952.2 million, which is \$119.1 million ahead of budget. The forecast Financial Position as at 30 June 2010 shows a cash position of \$22.3 million and net current assets of \$7.6 million.

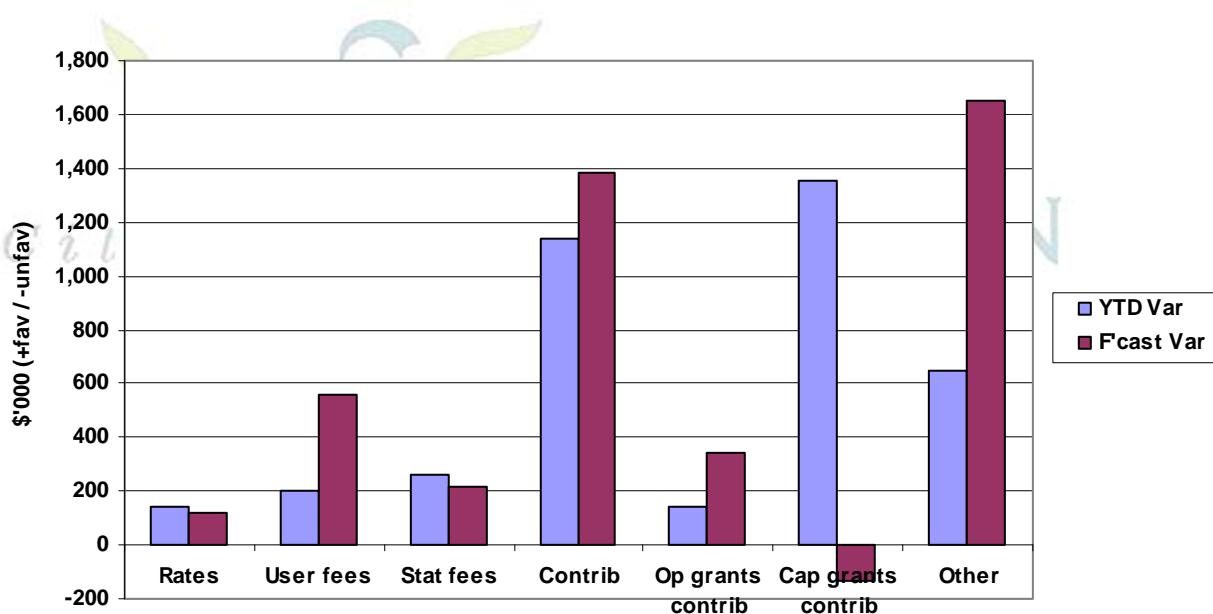
2. FINANCIAL ANALYSIS

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	76,837	76,980	143	78,067	78,189	122
User fees	5,296	5,499	203	9,775	10,336	561
Statutory fees and fines	1,979	2,239	260	4,012	4,227	215
Contributions	750	1,888	1,138	1,500	2,884	1,384
Operating grants & contrib's	6,847	6,992	145	13,731	14,075	344
Capital grants & contrib's	414	1,765	1,351	5,137	5,005	(132)
Other revenue	1,534	2,184	650	3,453	5,104	1,651
Total operating revenue	93,657	97,547	3,890	115,675	119,820	4,145

Revenue YTD & Forecast variances



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Six months ended 31 December 2009

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		143		122	
Supplementary rates	P	154		150	
Pensioner rate rebate	P				35
User fees		203		561	
Tree replacement	P	67		137	
Road reinstatements	T	49			
RLC – fitness	P	46		47	
RLC – swimming school	T	45			
Valuation services	T	43			
Home support	P		50		62
DAEC hospitality	P				43
Statutory fees and fines		260		215	
Town planning	P	73		73	
Council administration – election	P	66		66	
Traffic enforcement	T	46			
Building	P	40		38	
Contributions		1,138		1,384	
Open space	P	821		1,000	
DCP	P	317		384	
Operating grants and contributions		145		344	
Extended care	P	83		48	
School crossing supervisor	T	82			
Early years & education planning	P	50		50	
Family day care	P	38		63	
Sustainable home	T		58		
Local area access pedestrians	T		43		
Family support services	P			52	
Multicultural affairs	P			88	
Best start	P				44
Capital grants and contributions		1,351			132
Lancaster Gate Community Centre	T	980			500
Roads to recovery	P	290			60
East Reservoir Neighbourhood House	P	112		130	
Tram 86 corridor	P	67		77	
Preston connect project	P	47		159	
Bundoora Park all abilities playground	T		100		
DISC infrastructure & greens upgrade	T		50		
Pedestrian friendly intersections	T		40		
Bundoora Park bicycle path	P			97	
Contracts & systems management	P				80
Other revenue		650		1,651	
Interest income	T	203		488	
Donated assets – Lancaster Gate CC	P			700	
Aboriginal TSI relations	P	53		54	
Property management	T			144	
Bushlands – admin	T			75	

Note: Var T = Timing P = Permanent

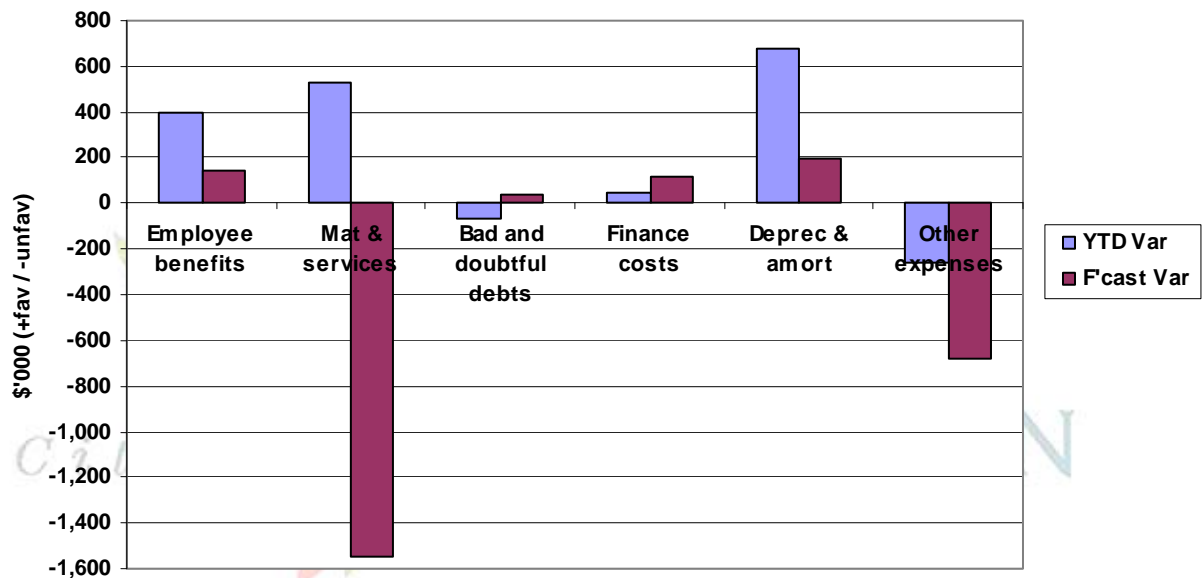
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Six months ended 31 December 2009

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	29,345	28,945	400	57,506	57,359	147
Materials and services	14,602	14,076	526	30,243	31,791	(1,548)
Bad and doubtful debts	322	393	(71)	688	648	40
Finance costs	178	132	46	357	243	114
Depreciation and amortisation	8,634	7,956	678	17,269	17,077	192
Other expenses	4,295	4,551	(256)	7,187	7,867	(680)
Total operating expenses	57,376	56,053	1,323	113,250	114,985	(1,735)

Expenses YTD & Forecast variances



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Six months ended 31 December 2009

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			400		147
Home support services	P		287		317
Urban development	T		100		
Transport management & planning	P		82		145
Customer services	P		71		50
Environmental strategy	P		71		126
Fleet services	P		70		94
CAMS	T	130			
Aboriginal TSI relations	T	79			
Extended care	P	69		72	
Reservoir Leisure Centre	P	58		63	
Collection services	P			111	
Northern interfaith project PVAW	P			99	
Darebin parks	P			94	
Family services	P			93	
Open space planning	P				52
Materials and services			526	1,548	
Open space management	T		134		
Open space - arboriculture	P		167		51
Major maintenance (from capital program)	T		244		
Collection services	P		154		57
Aged & disability services	T		105		
Asset management	T		67		
Darebin Arts & Entertainment Centre	T		44		
Transportation planning	P	93		156	
Home support services	P	90		150	
Darebin resource recovery centre	P	83		203	
Family day care	P	74		77	
Drainage	T	47			
Facilities maintenance	P	39		121	
Fleet services	P			95	
Neighbourhood renewal	P			95	
Customer service	P			93	
Community access health & safety	P			89	
Aboriginal TSI relations	P			70	
Climate change action	P			68	
Open space planning	P			54	
Early years & education planning	P			50	
Depreciation and amortisation			678		192
Roads	P		570		1,079
Other assets	T		369		
Plant & equipment	T		172		
Buildings	P	391		782	
Intangibles	P	52		95	
Other		256		680	
Traffic enforcement	T	76			
Best start	P			97	
Property management & right of ways	P			63	
Regional kitchen contribution	P			63	
Northern interfaith project PVAW	P			130	

Note: Var T = Timing P = Permanent

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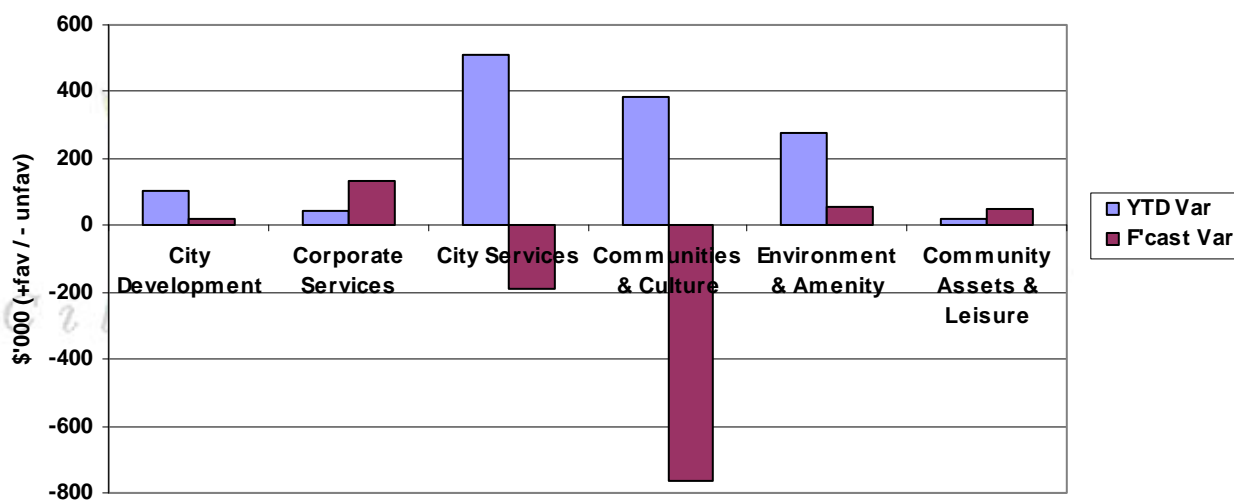
Six months ended 31 December 2009

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 Net cost \$'000	Forecast Var Net cost \$'000
Department						
City Development	1,828	1,726	102	3,636	3,617	19
Corporate Services	6,586	6,544	42	12,860	12,729	131
City Services	7,823	7,314	509	16,469	16,659	(190)
Communities & Culture	8,852	8,469	383	16,747	17,513	(766)
Environment & Amenity	1,772	1,494	278	3,631	3,575	56
Community Assets & Leisure	4,022	4,002	20	7,446	7,396	50
	30,883	29,549	1,334	60,789	61,489	(700)
Other non-attributable ¹	(67,378)	(71,259)	3,881	(63,982)	(66,803)	2,821
Net (surplus) deficit	(36,495)	(41,710)	5,215	(3,193)	(5,314)	2,121

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



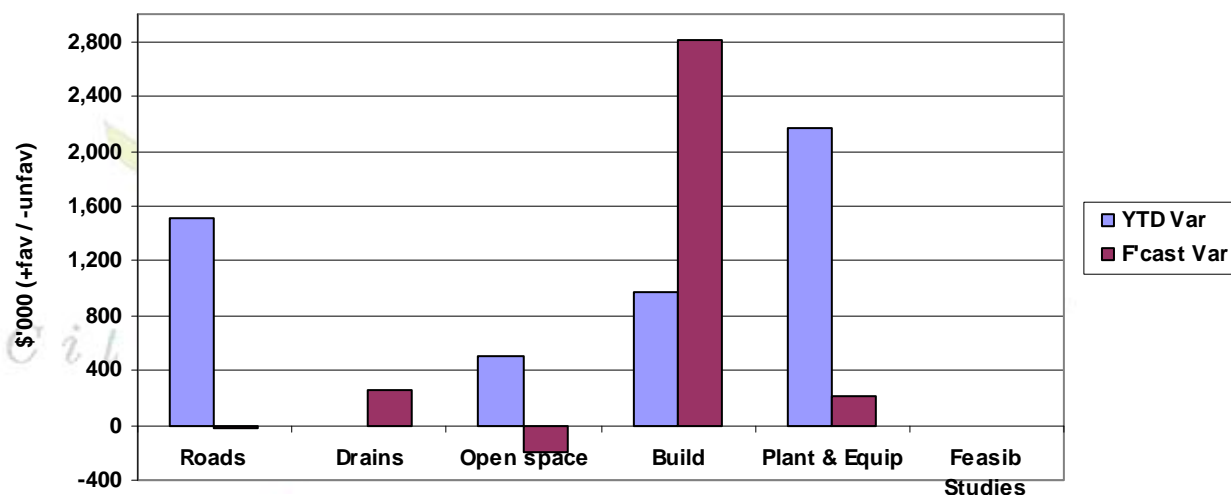
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Six months ended 31 December 2009

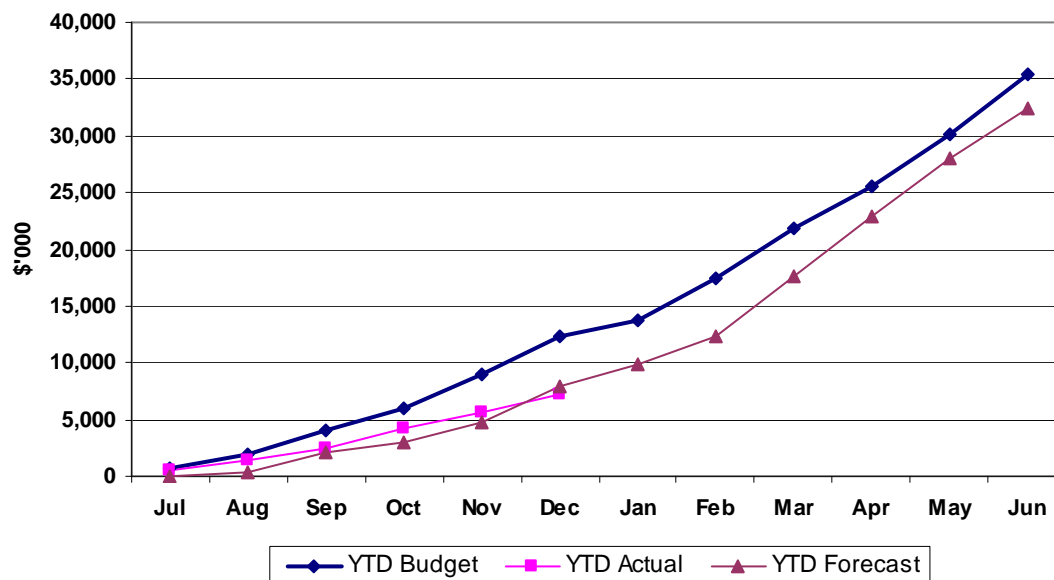
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000	Forecast Var \$'000
Capital works class						
Roads	3,786	2,279	1,507	8,607	8,633	(26)
Drains	75	75	(0)	1,201	951	250
Open space	1,734	1,227	507	4,527	4,727	(200)
Buildings	2,711	1,734	977	13,474	10,663	2,811
Plant & equipment	3,885	1,719	2,166	7,167	6,950	217
Feasibility studies	113	117	(4)	502	504	(2)
Total capital works	12,304	7,151	5,153	35,478	32,428	3,050
Represented by:						
Capital expenditure	10,898	5,988	4,910	31,792	28,769	3,023
Major maintenance	1,406	1,163	243	3,686	3,659	27
Total capital works	12,304	7,151	5,153	35,478	32,428	3,050

Capital works YTD & Forecast variances by asset class



Capital works YTD & Forecast expenditure cumulative



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Six months ended 31 December 2009

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			1,507	26	
Local roads	T		1,108		
Merri Creek shared path pipe bridge	P		184	76	
Traffic devices/LATM	T		134		
Pedestrian friendly intersections	T		125		
Roads to recovery	P		59		71
Integrated Transport Plan – Maint	P		43		108
Right of ways	T	91			
Footpath repairs program	T	57			
Preston connect project	P			218	
Tram 86 corridor	P			77	
Drains					250
Fairfield Views drainage upgrade	P				204
Open space			507	200	
Merri Creek trail safety review	T		120		
TW Andrews Reserve master plan	T		112		
Northcote Golf Course drought proof	T		62		
John Cain memorial park master plan	T		36		
Bundoora Park bicycle path	P			211	
Street tree planting – various	P			110	
Edwardes Park lake master plan	P			85	
Parks renewal projects	P			57	
Arts in public places	P			54	
Training lightd / sportsfield lighting	P				90
Preston City Oval sports improvements	P				50
Playground upgrades	P				66
Buildings			977		2,811
Lancaster Gate Community Centre	P		452		1,000
Clyde St. Comm. Centre – hall refub.	P		209		49
Preston City oval redevelopment	P		150		547
NARC masterplan implem & asset maint	P		124		113
East Reservoir early years hub	T		75		
Northcote Police Station media arts bus	T		59		
RLC plant & facility improvements	T		43		
DISC infrastructure & greens upgrade	P		40	58	
DISC bowls relocation	P	100			40
Merri Community Child Care redevelop	P	91		91	
Urgent building maintenance works	T	40			
Precinct & other develop.t opportunities	P				2,300
Management of contaminated sites	P			40	
Redevelop Clifton Street childcare	P			500	
Kindergarten action plan	P			250	
Sweeping tipping deck & yard fencing	P			54	
Plant & equipment			2,166		217
CAMS – customer & asset mgt system	T		788		
Plant replacement program	T		757		
Microsoft license upgrade	P		190	42	
IT PCS & network upgrades – various	P		90		60
IT server hardware upgrades – various	P		80		220
IT core system upgrades – various	P		68		85
Early years centralized database	T		50		

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Note: Var T = Timing P = Permanent



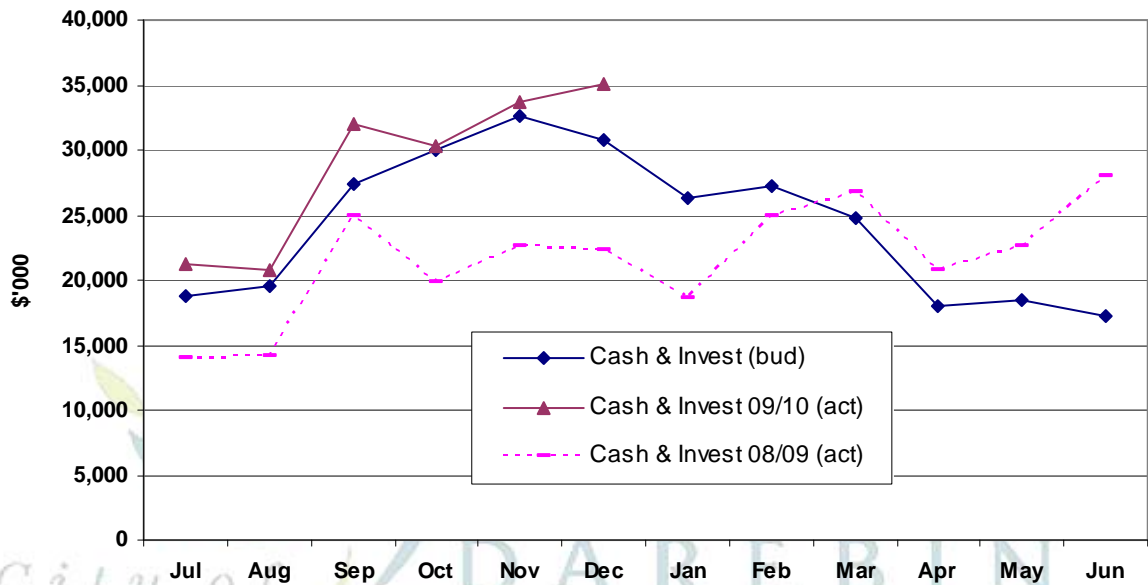
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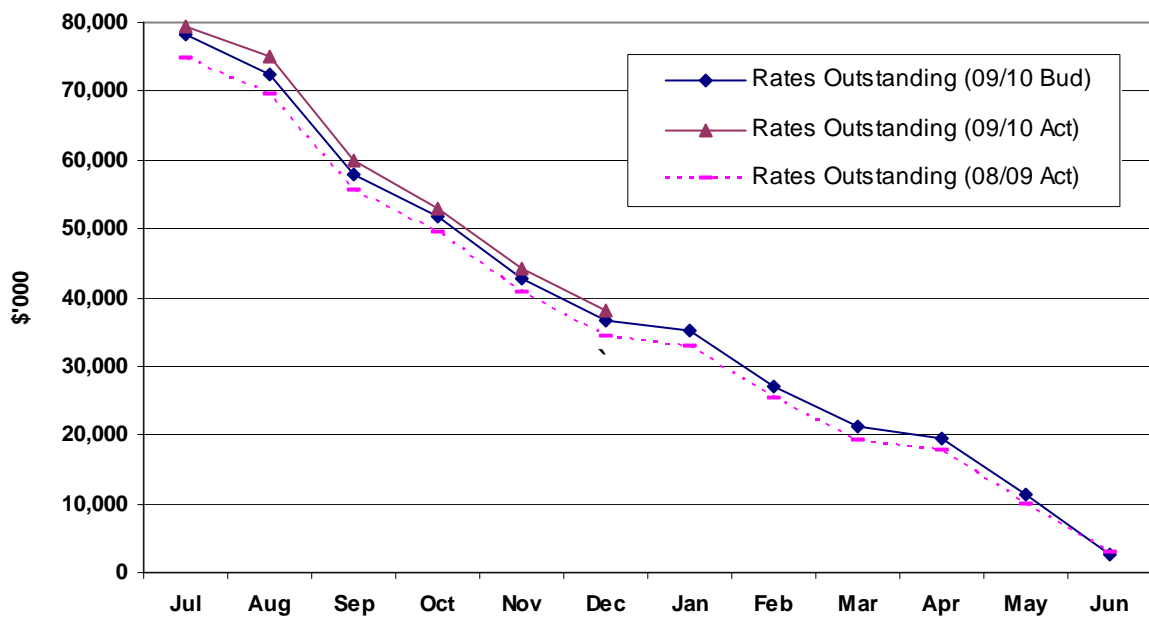
2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and investments	30,698	35,064	4,366	17,190	22,286
Net current assets	47,670	57,887	10,217	2,053	7,585
Net assets and total equity	833,087	952,197	119,110	799,787	915,798

Actual & Budget cash & investments balance by month



Actual & Budget rates outstanding balances by month



Financial Report
Six months ended 31 December 2009

Major Balance Sheet YTD variances

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000	F'cast Increase \$'000	F'cast Decrease \$'000
Current assets		6,572		5,894	
Cash and investments	P	4,366		5,096	
Receivables	P	2,233		825	
Current liabilities			3,645	362	
Trade creditors	P		3,249	701	
Interest bearing loans and borrowings	P		94		173
Employee provisions	P		302		166
Non current assets		107,130		108,878	
Property, Infra. plant & equipment	P	106,587		108,146	
Investment property	P	365		365	
Intangible assets	P	163		374	
Non current liabilities			1,763		1,601
Interest bearing loans and borrowings	P		2,206		2,044
Employee provisions	P	443		443	
Equity		119,110		116,011	
Accumulated surplus	P	13,953		9,471	
Asset revaluation reserve	P	104,868		104,868	
Other reserves	P	289		1,672	

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 2009

DAREBIN CITY COUNCIL

Income Statement

For the 6 months ended 31 December, 2009

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Forecast \$'000
Revenues from ordinary activities					
Rates	76,837	76,980	143	78,067	78,189
User fees	5,296	5,499	203	9,775	10,336
Statutory fees and fines	1,979	2,239	260	4,012	4,227
Contributions	750	1,888	1,138	1,500	2,884
Operating grants and contributions	6,847	6,992	145	13,731	14,075
Capital grants and contributions	414	1,765	1,351	5,137	5,005
Other	1,534	2,184	650	3,453	5,104
Total revenues	<u>93,657</u>	<u>97,547</u>	<u>3,890</u>	115,675	119,820
Expenses from ordinary activities					
Employee benefits	29,345	28,945	400	57,506	57,359
Materials and services	14,602	14,076	526	30,243	31,791
Bad and doubtful debts	322	393	(71)	688	648
Finance costs	178	132	46	357	243
Depreciation and amortisation	8,634	7,956	678	17,269	17,077
Other	4,295	4,551	(256)	7,867	7,867
Total expenses	<u>57,376</u>	<u>56,053</u>	<u>1,323</u>	113,250	114,985
Net gain (loss) on disposal of property infrastructure, plant and equipment	214	216	2	768	479
Surplus (deficit) for the year	<u>36,495</u>	<u>41,710</u>	<u>5,215</u>	3,193	5,314

Financial Report

Six months ended 31 December 2009

DAREBIN CITY COUNCIL

Balance Sheet

As at 31 December, 2009

	YTD Budget \$'000	YTD Actual \$'000	YTD Varianc e \$'000	Annual Budget \$'000	Forecas t \$'000
Current assets					
Cash and cash equivalents	30,698	35,064	4,366	17,190	22,286
Trade and other receivables	39,533	41,766	2,233	7,998	8,823
Other financial assets	71	44	(27)	71	44
Total current assets	70,302	76,874	6,572	25,259	31,153
Non-current assets					
Trade and other receivables	441	456	15	397	390
Property, infrastructure, plant & equipment	788,291	894,878	106,587	800,170	908,316
Investment property	3,027	3,392	365	3,027	3,392
Intangible assets	598	761	163	598	972
Other financial assets	206	206	0	206	206
Total non-current assets	792,563	899,693	107,130	804,398	913,276
Total assets	862,865	976,567	113,702	829,657	944,429
Current liabilities					
Trade and other payables	9,884	6,635	3,249	10,119	10,820
Interest bearing loans and borrowings	701	607	94	795	622
Provisions	12,047	11,745	302	12,292	12,126
Total current liabilities	22,632	18,987	3,645	23,206	23,568
Non-current liabilities					
Interest bearing loans and borrowings	5,215	3,009	2,206	4,733	2,689
Provisions	1,931	2,374	(443)	1,931	2,374
Total non-current liabilities	7,146	5,383	1,763	6,664	5,063
Total liabilities	29,778	24,370	5,408	29,870	28,631
Net assets	833,087	952,197	119,110	799,787	915,798
Equity					
Accumulated surplus	482,552	496,505	13,953	449,602	459,073
Asset revaluation reserve	347,032	451,900	104,868	347,032	451,900
Other reserves	3,503	3,792	289	3,153	4,825
Total equity	833,087	952,197	119,110	799,787	915,798

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DAREBIN CITY COUNCIL

Cash Flow Statement

For the 6 months ended 31 December, 2009

	YTD Budget \$'000 Inflows (Outflows)	YTD Actual \$'000 Inflows (Outflows)	YTD Varianc e \$'000	Annual Budget \$'000 Inflows (Outflows)	Forecast \$'000 Inflows (Outflows)
Cash flows from operating activities					
Receipts from customers (incl GST)	55,312	55,209	(103)	99,052	99,248
Payments to suppliers and employees (incl GST)	(51,053)	(49,306)	1,747	(101,915)	(101,383)
	4,259	5,903	1,644	(2,863)	(2,135)
Interest	437	715	278	865	1,428
Government receipts	9,416	8,443	(973)	18,868	20,075
Net GST refund / payment	1,653	2,060	407	3,817	4,857
Net cash provided by operating activities	15,765	17,121	1,356	20,687	24,225
Cash flows from investing activities					
Proceeds from sale of property, plant & equipment	805	512	(293)	1,609	1,494
Repayment of loans and advances	37	20	(17)	76	75
Payment for property, infrastr, plant & equipment	(13,135)	(10,035)	3,100	(31,793)	(30,613)
Net cash used in investing activities	(12,293)	(9,503)	2,790	(30,108)	(29,044)
Cash flows from financing activities					
Proceeds from borrowings	2,300	0	(2,300)	2,300	0
Finance costs	(129)	(124)	5	(357)	(272)
Trust funds and deposits	0	(112)	(112)	0	0
Repayment of interest bearing loans and borrowings	(302)	(302)	(0)	(689)	(607)
Net cash used in financing activities	1,869	(538)	(2,407)	1,254	(879)
Net increase / (decrease) in cash & cash equivalents	5,341	7,080	1,739	(8,167)	(5,698)
Cash & cash equivalents at the beginning of the year	25,357	27,984	2,627	25,357	27,984
Cash & cash equivalents at the end of the year	30,698	35,064	4,366	17,190	22,286

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Six months ended 31 December 2009

DAREBIN CITY COUNCIL

Statement of Capital Works

For the 6 months ended 31 December, 2009

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Forecast \$'000
Roads	3,786	2,279	1,507	8,607	8,633
Drains	75	75	(0)	1,201	951
Open space	1,734	1,227	507	4,527	4,727
Buildings	2,711	1,734	977	13,474	10,663
Plant & equipment	3,885	1,719	2,166	7,167	6,950
Feasibility studies	113	117	(4)	502	504
Total capital works	12,304	7,151	5,153	35,478	32,428
Represented by:					
Capital expenditure	10,898	5,988	4,910	31,792	28,769
Major maintenance	1,406	1,163	243	3,686	3,659
Total capital works	12,304	7,151	5,153	35,478	32,428



