

# FINANCIAL REPORT

Eight months ended

28 February 2010



## Contents

1. EXECUTIVE SUMMARY 3
2. FINANCIAL ANALYSIS
  - 2.1 Operating Performance 4
  - 2.2 Capital Performance 9
  - 2.3 Financial Position 11

### APPENDIX A

Income Statement  
Balance Sheet  
Cash Flow Statement  
Statement of Capital Works



# Financial Report

## Eight months ended 28 February 2010

### 1 EXECUTIVE SUMMARY

#### 1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
<b>Operating</b>					
Revenue	99,043	101,369	2,326	<b>110,538</b>	114,815
Expenditure	(75,551)	(73,366)	2,185	<b>(113,250)</b>	(114,985)
	23,492	28,003	4,511	<b>(2,712)</b>	(170)
<b>Capital</b>					
Revenue	509	1,987	1,478	<b>5,137</b>	5,005
Gain (loss) on disposal of assets	121	47	(74)	<b>768</b>	479
<b>Net surplus (deficit)</b>	<b>24,122</b>	<b>30,037</b>	<b>5,915</b>	<b>3,193</b>	<b>5,314</b>

The Operating Performance for the eight months ended 28 February 2010 is an operating surplus before capital revenue and other items of \$28.0 million, which is \$4.5 million ahead of budget. After capital and other items, the operating surplus is \$30.0 million, which is \$5.9 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.

#### 1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Total capital works	17,497	9,645	7,852	<b>35,478</b>	32,428

The Capital Performance for the eight months ended 28 February 2010 shows that a total of \$9.6 million has been expended on the capital works program, which is \$7.9 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.

#### 1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and cash equivalents	27,188	35,162	7,974	<b>17,190</b>	22,286
Net current assets	33,624	46,756	13,132	<b>2,053</b>	7,585
Net assets and total equity	820,714	940,524	119,810	<b>799,787</b>	915,798

The Financial Position as at 28 February 2010 shows a cash balance of \$35.2 million which is \$8.0 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 \$46.8 million which is \$13.1 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 \$940.5 million, which is \$119.8 million ahead of budget.

# Financial Report

## Eight months ended 28 February 2010

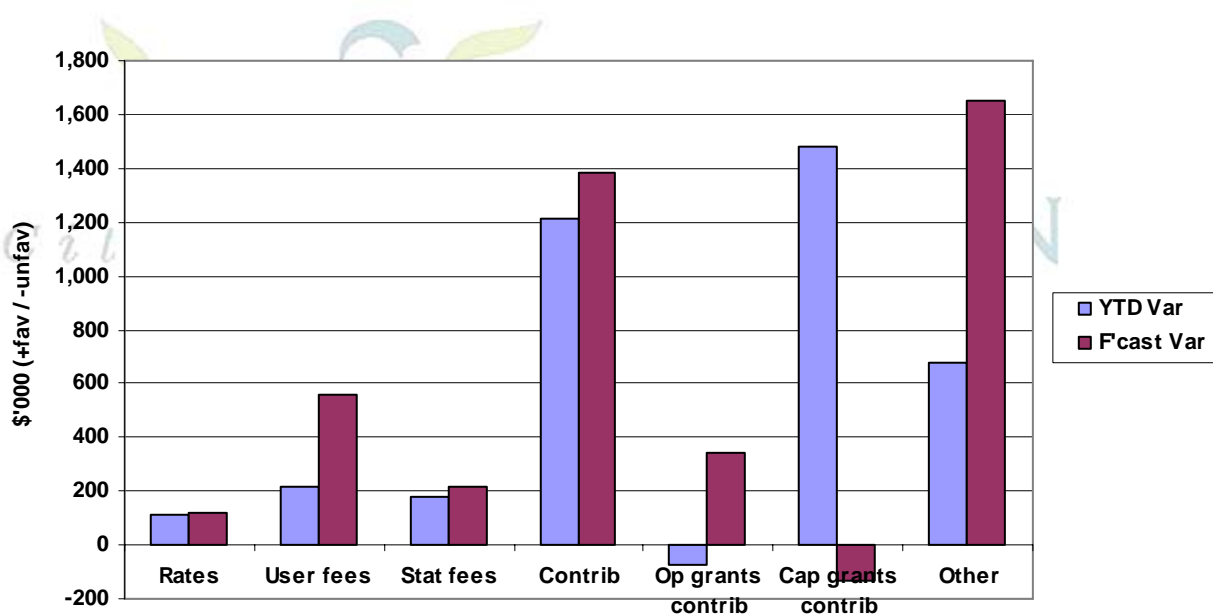
## 2. FINANCIAL ANALYSIS

### 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
<b>Revenues</b>						
Rates	77,145	77,254	109	<b>78,067</b>	78,189	122
User fees	7,368	7,585	217	<b>9,775</b>	10,336	561
Statutory fees and fines	2,499	2,679	180	<b>4,012</b>	4,227	215
Contributions	1,000	2,213	1,213	<b>1,500</b>	2,884	1,384
Operating grants & contrib's	9,533	9,461	(72)	<b>13,731</b>	14,075	344
Capital grants & contrib's	509	1,987	1,478	<b>5,137</b>	5,005	(132)
Other revenue	1,498	2,177	679	<b>3,453</b>	5,104	1,651
<b>Total operating revenue</b>	<b>99,552</b>	<b>103,356</b>	<b>3,804</b>	<b>115,675</b>	<b>119,820</b>	<b>4,145</b>

#### Revenue YTD & Forecast variances



# Financial Report

## Eight months ended 28 February 2010

### Major Operating Revenue Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
<b>Rates</b>		<b>109</b>	
Supplementary rates	P	114	
<b>User fees</b>		<b>217</b>	
Street tree replacement	P	126	
Preston Cemetery – staff costs recoup	P	105	
RLC – fitness	P	68	
RLC – swimming school	T	30	
Valuation services	P	39	
Northcote Aquatic & Recreation Centre	T	38	
Food services	T		72
Home support	P		61
DAEC hospitality	P		40
<b>Statutory fees and fines</b>		<b>180</b>	
Council administration – election	P	66	
Town planning	P	49	
<b>Contributions</b>		<b>1,213</b>	
Open space	P	772	
DCP	P	441	
<b>Operating grants and contributions</b>			<b>72</b>
Inclusion Support Program	T		283
Streets ahead	T		53
Local area access pedestrians	T		43
School crossing supervisor	T	82	
Access for all abilities	P	62	
Early years & education planning	P	50	
Family day care	P	43	
Family services	P	42	
<b>Capital grants and contributions</b>		<b>1,478</b>	
Lancaster Gate Community Centre	T	980	
Roads to recovery	P	400	
East Reservoir Neighbourhood House	P	107	
Arts in public places	P	90	
Bus shelter tactile paving	P	51	
Preston connect project	P	48	
Bundoora Park all abilities playground	T		100
Bridges – Tyler St replacement	T		40
<b>Other revenue</b>		<b>679</b>	
Interest income	P	440	
Road infrastructure	P	83	
Aboriginal TSI relations	P	70	
Bushlands – admin	P	52	
Northcote Aquatic & Recreation Centre	T		130

Note: Var T = Timing P = Permanent

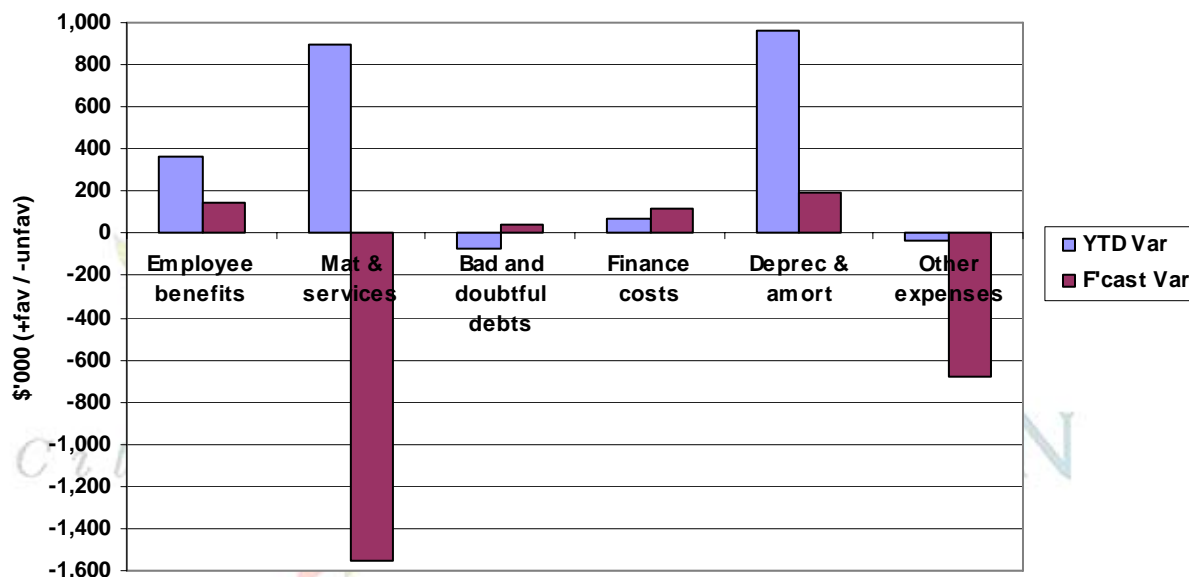
# Financial Report

## Eight months ended 28 February 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
<b>Expenses</b>						
Employee benefits	38,565	38,202	363	<b>57,506</b>	57,359	147
Materials and services	18,683	17,784	899	<b>30,243</b>	31,791	(1,548)
Bad and doubtful debts	428	501	(73)	<b>688</b>	648	40
Finance costs	238	169	69	<b>357</b>	243	114
Depreciation and amortisation	11,513	10,550	963	<b>17,269</b>	17,077	192
Other expenses	6,124	6,160	(36)	<b>7,187</b>	7,867	(680)
<b>Total operating expenses</b>	<b>75,551</b>	<b>73,366</b>	<b>2,185</b>	<b>113,250</b>	<b>114,985</b>	<b>(1,735)</b>

### Expenses YTD & Forecast variances



# Financial Report

## Eight months ended 28 February 2010

### Major Operating Expense Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
<b>Employee benefits</b>			<b>363</b>
Home support services	P		403
Transport management & planning	P		124
Urban development	T		97
Environmental strategy	P		93
Customer services	P		82
Building services	T		54
CAMS	T	201	
Aboriginal TSI relations	T	91	
Extended care	P	87	
Reservoir Leisure Centre	P	50	
Residential garbage	P	49	
<b>Materials and services</b>			<b>899</b>
Major maintenance (from capital program)	T		535
Open space - arboriculture	P		229
Northcote Aquatic & Recreation Centre	T		130
Open space management	T		95
Street lighting	T		64
Asset strategy	T		62
Library – management & operations	T		53
Climate change action	T		50
Darebin resource recovery centre	P	129	
Facilities maintenance	P	104	
Director Infrastructure	P	63	
Customer service centres	P	52	
Drainage	T	45	
<b>Depreciation and amortisation</b>			<b>963</b>
Roads	P		793
Other assets	T		393
Plant & equipment	T		247
Furniture & fittings	T		98
Buildings	P	521	
Intangibles	P	67	

Note: Var T = Timing P = Permanent

# Financial Report

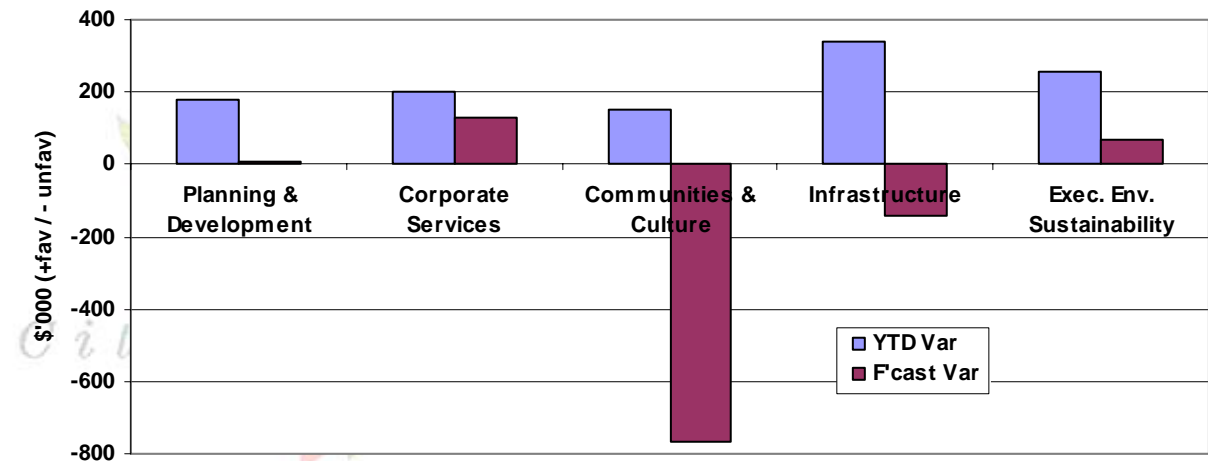
## Eight months ended 28 February 2010

### 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
<b>Department</b>						
Planning & Development	3,261	3,082	179	<b>4,873</b>	4,866	7
Corporate Services	8,692	8,489	203	<b>12,860</b>	12,728	132
Communities & Culture	11,117	10,965	152	<b>16,739</b>	17,505	(766)
Infrastructure	15,926	15,586	340	<b>23,924</b>	24,063	(139)
Exec. Environ. Sustainability	1,579	1,323	256	<b>2,393</b>	2,327	66
	40,575	39,445	1,130	<b>60,789</b>	61,489	(700)
Other non-attributable <sup>1</sup>	(64,697)	(69,482)	4,785	<b>(63,982)</b>	(66,803)	2,821
<b>Net (surplus) deficit</b>	<b>(24,122)</b>	<b>(30,037)</b>	<b>5,915</b>	<b>(3,193)</b>	<b>(5,314)</b>	<b>2,121</b>

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





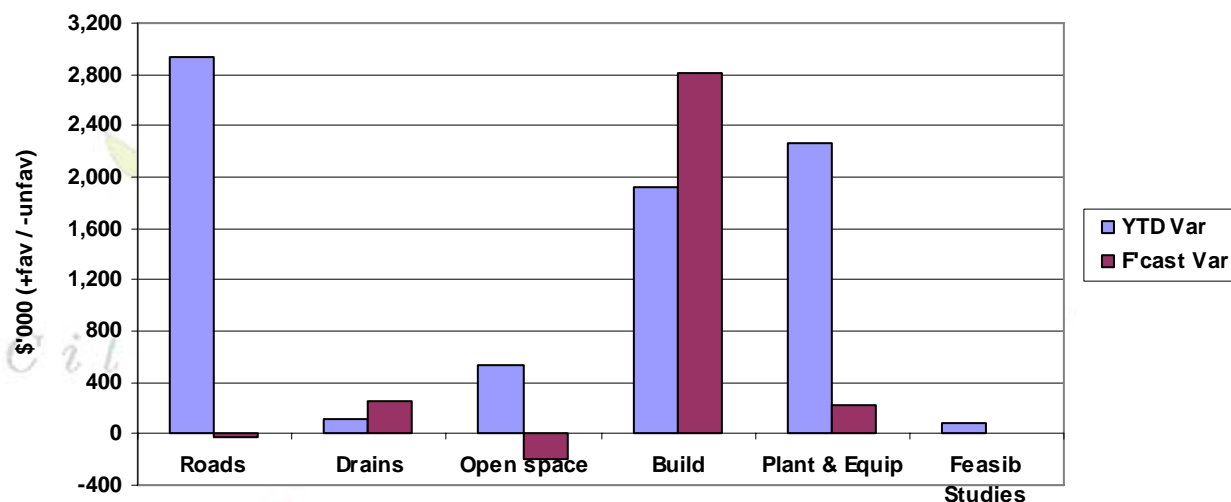
# Financial Report

## Eight months ended 28 February 2010

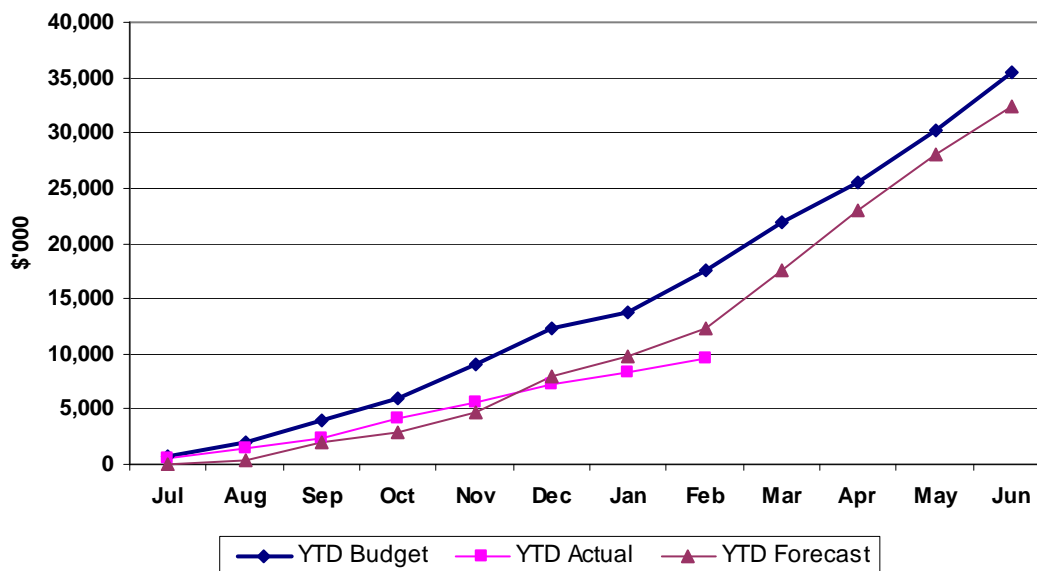
### 2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000	Forecast Var \$'000
<b>Capital works class</b>						
Roads	5,843	2,913	2,930	8,607	8,633	(26)
Drains	185	74	111	1,201	951	250
Open space	2,083	1,546	537	4,527	4,727	(200)
Buildings	4,262	2,332	1,930	13,474	10,663	2,811
Plant & equipment	4,929	2,664	2,265	7,167	6,950	217
Feasibility studies	195	116	79	502	504	(2)
<b>Total capital works</b>	<b>17,497</b>	<b>9,645</b>	<b>7,852</b>	<b>35,478</b>	<b>32,428</b>	<b>3,050</b>
<b>Represented by:</b>						
Capital expenditure	15,427	8,109	7,318	31,792	28,769	3,023
Major maintenance	2,070	1,536	534	3,686	3,659	27
<b>Total capital works</b>	<b>17,497</b>	<b>9,645</b>	<b>7,852</b>	<b>35,478</b>	<b>32,428</b>	<b>3,050</b>

Capital works YTD & Forecast variances by asset class



Capital works YTD & Forecast expenditure cumulative



# Financial Report

## Eight months ended 28 February 2010

### Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
<b>Roads</b>			<b>2,930</b>
Local roads	T		2,167
Merri Creek shared path pipe bridge	P		236
Roads to recovery	P		179
Pedestrian friendly intersections	T		125
Traffic devices/LATM	T		108
Transport Planning	T		64
Bridges & culverts	T		63
Public Transport	T		57
(UBR) Bus shelter tactile paving	P	37	
<b>Open space</b>			<b>537</b>
Merri Creek trail safety review	T		120
Playing surfaces – Capital	T		93
Northcote Golf Course drought proof	T		79
TW Andrews Reserve master plan	T		60
Preston library surrounds improvement	T		61
Parks renewal projects	P		56
Arts in public places	T		43
Edwardes Park lake master plan	P	78	
<b>Buildings</b>			<b>1,930</b>
Lancaster Gate Community Centre	P		1,132
Clyde St. Comm. Centre – hall refub.	P		256
NARC masterplan implem & asset maint	P		159
Preston City oval redevelopment	P		141
Northcote Police Station media arts bus	T		99
East Reservoir early years hub	T		75
Redevelop Clifton Street childcare	P		63
Water sensitive Darebin depot	T		60
Disability access at facilities – various	T		56
Electrical switchboard & sub-circuit	T		44
RLC plant & facility improvements	T		43
DISC infrastructure & greens upgrade	P	141	
Merri Community Child Care redevelop	P	91	
Preston City Hall floor re-blocking	T	90	
Kindergarten action plan	P	44	
<b>Plant &amp; equipment</b>			<b>2,265</b>
Plant replacement program	T		889
CAMS – customer & asset mgt system	T		858
IT PCS & network upgrades – various	P		105
Energy efficiency works – various	T		84
Darebin library PC replacement	T		80
IT server hardware upgrades – various	P		75
IT core system upgrades – various	P		62
Darebin libraries – product purchases	T		57
Early years centralized database	T		50
Mobile garbage bin replacement	T	50	

Note: Var T = Timing P = Permanent

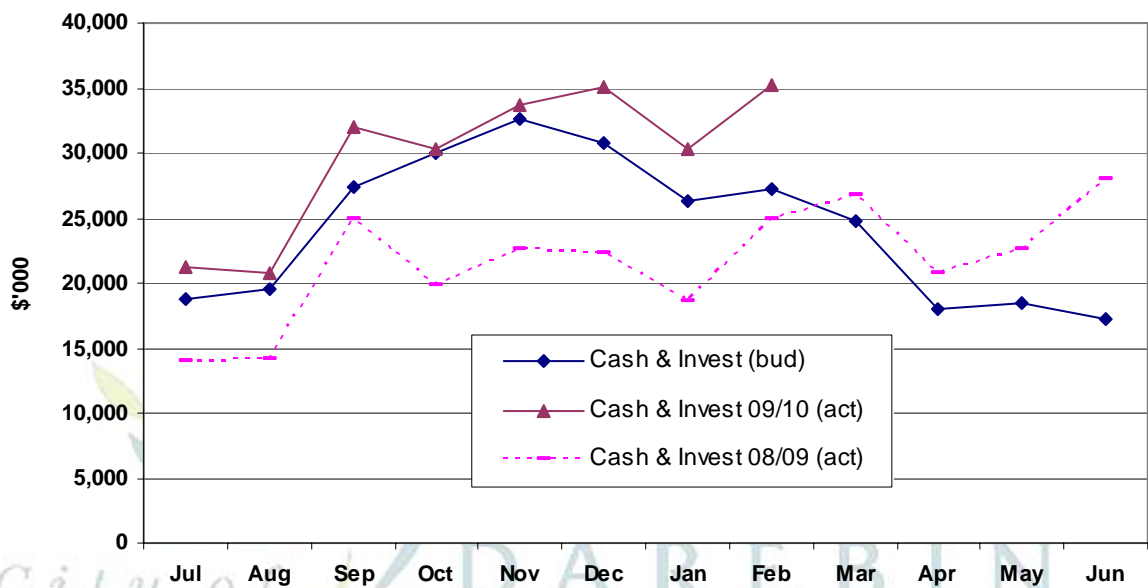
# Financial Report

## Eight months ended 28 February 2010

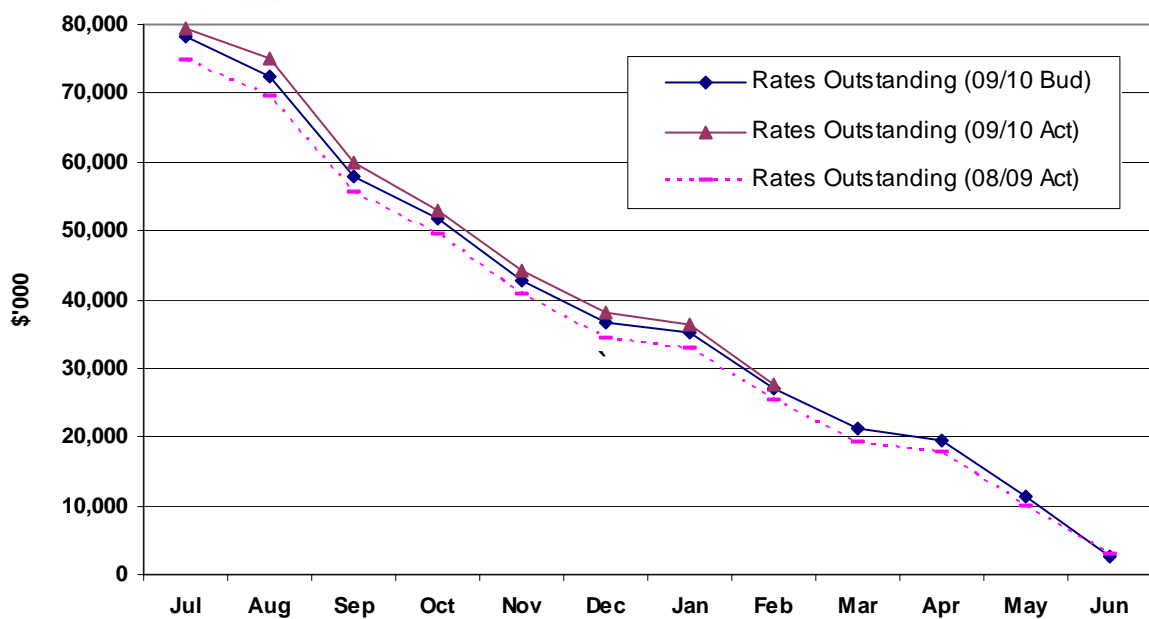
### 2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and investments	27,188	35,162	7,974	<b>17,190</b>	22,286
Net current assets	33,624	46,756	13,132	<b>2,053</b>	7,585
Net assets and total equity	820,714	940,524	119,810	<b>799,787</b>	915,798

**Actual & Budget cash & investments balance by month**



**Actual & Budget rates outstanding balances by month**



Financial Report  
Eight months ended 28 February 2010

**Major Balance Sheet YTD variances**

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000
<b>Current assets</b>		<b>9,607</b>	
Cash and investments	P	7,974	
Receivables	P	1,651	
<b>Current liabilities</b>			<b>3,525</b>
Trade creditors	P		3,129
Interest bearing loans and borrowings	P		125
Employee provisions	P		271
<b>Non current assets</b>		<b>104,988</b>	
Property, Infra. plant & equipment	P	104,494	
Investment property	P	365	
Intangible assets	P	95	
<b>Non current liabilities</b>			<b>1,690</b>
Interest bearing loans and borrowings	P		2,133
Employee provisions	P	443	
<b>Equity</b>		<b>119,810</b>	
Accumulated surplus	P	14,653	
Asset revaluation reserve	P	104,868	
Other reserves	P	289	

Note: Var T = Timing P = Permanent



## APPENDIX A

Income Statement  
Balance Sheet  
Cash Flow Statement  
Statement of Capital Works



Financial Report  
Eight months ended 28 February 2010

---

**DAREBIN CITY COUNCIL**

**Income Statement**

For the 8 months ended 28 February, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Varianc e \$'000	Annual Budget \$'000	Forecast \$'000
<b>Revenues from ordinary activities</b>					
Rates	77,145	77,254	109	<b>78,067</b>	78,189
User fees	7,368	7,585	217	<b>9,775</b>	10,336
Statutory fees and fines	2,499	2,679	180	<b>4,012</b>	4,227
Contributions	1,000	2,213	1,213	<b>1,500</b>	2,884
Operating grants and contributions	9,533	9,461	(72)	<b>13,731</b>	14,075
Capital grants and contributions	509	1,987	1,478	<b>5,137</b>	5,005
Other	1,498	2,177	679	<b>3,453</b>	5,104
Total revenues	99,552	103,356	3,804	<b>115,675</b>	119,820
<b>Expenses from ordinary activities</b>					
Employee benefits	38,565	38,202	363	<b>57,506</b>	57,359
Materials and services	18,683	17,784	899	<b>30,243</b>	31,791
Bad and doubtful debts	428	501	(73)	<b>688</b>	648
Finance costs	238	169	69	<b>357</b>	243
Depreciation and amortisation	11,513	10,550	963	<b>17,269</b>	17,077
Other	6,124	6,160	(36)	<b>7,187</b>	7,867
Total expenses	75,551	73,366	2,185	<b>113,250</b>	114,985
Net gain (loss) on disposal of property infrastructure, plant and equipment	121	47	(74)	<b>768</b>	479
<b>Surplus (deficit) for the year</b>	<b>24,122</b>	<b>30,037</b>	<b>5,915</b>	<b>3,193</b>	<b>5,314</b>

# Financial Report

## Eight months ended 28 February 2010

### DAREBIN CITY COUNCIL

#### Balance Sheet

As at 28 February, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Varianc e \$'000	Annual Budget \$'000	Forecas t \$'000
<b>Current assets</b>					
Cash and cash equivalents	27,188	35,162	7,974	<b>17,190</b>	22,286
Trade and other receivables	30,106	31,757	1,651	<b>7,998</b>	8,823
Other financial assets	71	53	(18)	<b>71</b>	44
<b>Total current assets</b>	<b>57,365</b>	<b>66,972</b>	<b>9,607</b>	<b>25,259</b>	<b>31,153</b>
<b>Non-current assets</b>					
Trade and other receivables	422	456	34	<b>397</b>	390
Property, infrastructure, plant & equipment	789,781	894,275	104,494	<b>800,170</b>	908,316
Investment property	3,027	3,392	365	<b>3,027</b>	3,392
Intangible assets	598	693	95	<b>598</b>	972
Other financial assets	206	206	0	<b>206</b>	206
<b>Total non-current assets</b>	<b>794,034</b>	<b>899,022</b>	<b>104,988</b>	<b>804,398</b>	<b>913,276</b>
<b>Total assets</b>	<b>851,399</b>	<b>965,994</b>	<b>114,595</b>	<b>829,657</b>	<b>944,429</b>
<b>Current liabilities</b>					
Trade and other payables	10,880	7,751	3,129	<b>10,119</b>	10,820
Interest bearing loans and borrowings	732	607	125	<b>795</b>	622
Provisions	12,129	11,858	271	<b>12,292</b>	12,126
<b>Total current liabilities</b>	<b>23,741</b>	<b>20,216</b>	<b>3,525</b>	<b>23,206</b>	<b>23,568</b>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	5,013	2,880	2,133	<b>4,733</b>	2,689
Provisions	1,931	2,374	(443)	<b>1,931</b>	2,374
<b>Total non-current liabilities</b>	<b>6,944</b>	<b>5,254</b>	<b>1,690</b>	<b>6,664</b>	<b>5,063</b>
<b>Total liabilities</b>	<b>30,685</b>	<b>25,470</b>	<b>5,215</b>	<b>29,870</b>	<b>28,631</b>
<b>Net assets</b>	<b>820,714</b>	<b>940,524</b>	<b>119,810</b>	<b>799,787</b>	<b>915,798</b>
<b>Equity</b>					
Accumulated surplus	470,179	484,832	14,653	<b>449,602</b>	459,073
Asset revaluation reserve	347,032	451,900	104,868	<b>347,032</b>	451,900
Other reserves	3,503	3,792	289	<b>3,153</b>	4,825
<b>Total equity</b>	<b>820,714</b>	<b>940,524</b>	<b>119,810</b>	<b>799,787</b>	<b>915,798</b>

Financial Report  
Eight months ended 28 February 2010

DAREBIN CITY COUNCIL

**Cash Flow Statement**

For the 8 months ended 28 February, 2010

	YTD Budget \$'000 Inflows (Outflows)	YTD Actual \$'000 Inflows (Outflows)	YTD Varianc e \$'000	Annual Budget \$'000 Inflows (Outflows)	Forecast \$'000 Inflows (Outflows)
<b>Cash flows from operating activities</b>					
Receipts from customers (incl GST)	68,193	68,269	76	<b>99,052</b>	99,248
Payments to suppliers and employees (incl GST)	(67,201)	(63,669)	3,532	<b>(101,915)</b>	(101,382)
Interest	992	4,600	3,608	<b>(2,863)</b>	(2,135)
Government receipts	544	1,059	515	<b>865</b>	1,428
Net GST refund / payment	12,957	11,134	(1,823)	<b>18,868</b>	20,075
Net cash provided by operating activities	2,238	2,684	446	<b>3,817</b>	4,857
	16,731	19,477	2,746	<b>20,687</b>	24,225
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant & equipment	1,073	541	(532)	<b>1,609</b>	1,494
Repayment of loans and advances	56	20	(36)	<b>76</b>	75
Payment for property, infrastr, plant & equipment	(17,643)	(12,156)	5,487	<b>(31,793)</b>	(30,613)
Net cash used in investing activities	(16,514)	(11,595)	4,919	<b>(30,108)</b>	(29,044)
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	2,300	0	(2,300)	<b>2,300</b>	0
Finance costs	(214)	(161)	53	<b>(357)</b>	(272)
Trust funds and deposits	0	(112)	(112)	<b>0</b>	0
Repayment of interest bearing loans and borrowings	(472)	(431)	41	<b>(689)</b>	(607)
Net cash used in financing activities	1,614	(704)	(2,318)	<b>1,254</b>	(879)
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	1,831	7,178	5,347	<b>(8,167)</b>	(5,698)
Cash & cash equivalents at the beginning of the year	25,357	27,984	2,627	<b>25,357</b>	27,984
<b>Cash &amp; cash equivalents at the end of the year</b>	27,188	35,162	7,974	<b>17,190</b>	22,286



Financial Report  
Eight months ended 28 February 2010

---

**DAREBIN CITY COUNCIL**

**Statement of Capital Works**

For the 8 months ended 28 February, 2010

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Forecast \$'000
Roads	5,843	2,913	2,930	<b>8,607</b>	8,633
Drains	185	74	111	<b>1,201</b>	951
Open space	2,083	1,546	537	<b>4,527</b>	4,727
Buildings	4,262	2,332	1,930	<b>13,474</b>	10,663
Plant & equipment	4,929	2,664	2,265	<b>7,167</b>	6,950
Feasibility studies	195	116	79	<b>502</b>	504
<b>Total capital works</b>	<b>17,497</b>	<b>9,645</b>	<b>7,852</b>	<b>35,478</b>	<b>32,428</b>
<b>Represented by:</b>					
Capital expenditure	15,427	8,109	7,318	<b>31,792</b>	28,769
Major maintenance	2,070	1,536	534	<b>3,686</b>	3,659
<b>Total capital works</b>	<b>17,497</b>	<b>9,645</b>	<b>7,852</b>	<b>35,478</b>	<b>32,428</b>



