

FINANCIAL REPORT

Eleven months ended

31 May 2012



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Cash Flow Statement
Reconciliation of cash flows from operating activities to surplus
Statement of Capital Works



Financial Report

Eleven months ended 31 May 2012

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Operating					
Revenue	120,503	122,154	1,651	123,314	125,786
Expenditure	(113,302)	(108,200)	5,102	(123,714)	(125,134)
	7,201	13,954	6,753	(400)	652
Capital & other					
Developer and other contributions	1,833	3,992	2,159	2,000	3,953
Revenue	1,958	1,809	(149)	4,996	5,958
Gain (loss) on disposal of assets	454	54	(400)	134	418
Net surplus (deficit)	11,446	19,809	8,363	6,730	10,981

The Operating Performance for the eleven months ended 31 May 2012 is an operating surplus before capital revenue and other items of \$14.0 million, which is \$6.8 million ahead of budget. The main items contributing to this favorable variance are interest, employee benefits, material and services, depreciation and other expenses. After capital and other items, the operating surplus is \$19.8 million, which is \$8.4 million ahead of budget.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000	Forecast \$'000
Total capital works	30,168	20,689	9,479	34,702	36,006	28,302

The Capital Performance for the eleven months ended 31 May 2012 shows that a total of \$20.7 million has been expended on the capital works program, which is \$9.5 million behind the budget. Including commitments of \$4.7 million capital works expenditure was \$4.8 million behind the budget. The variance is due mainly to timing differences on building and 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	23,187	43,295	20,108	25,361	43,352
Net current assets	15,806	38,423	22,617	8,468	26,461
Net assets and total equity	935,600	947,528	11,928	931,186	938,697

The Financial Position as at 31 May 2012 shows a cash balance of \$43.3 million which is \$20.1 million ahead of budget. The variance is due mainly to the higher opening cash position compared with budget and timing differences in receipts from customers, payments to suppliers and employees, interest, and purchase of property, infrastructure, plant and equipment. The net current asset position is \$38.4 million which is \$22.6 million more than budget. The variance is due mainly to the higher cash position and higher receivables compared with budget. The net asset position is \$947.5 million, which is \$11.9 million ahead of budget.

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Eleven months ended 31 May 2012

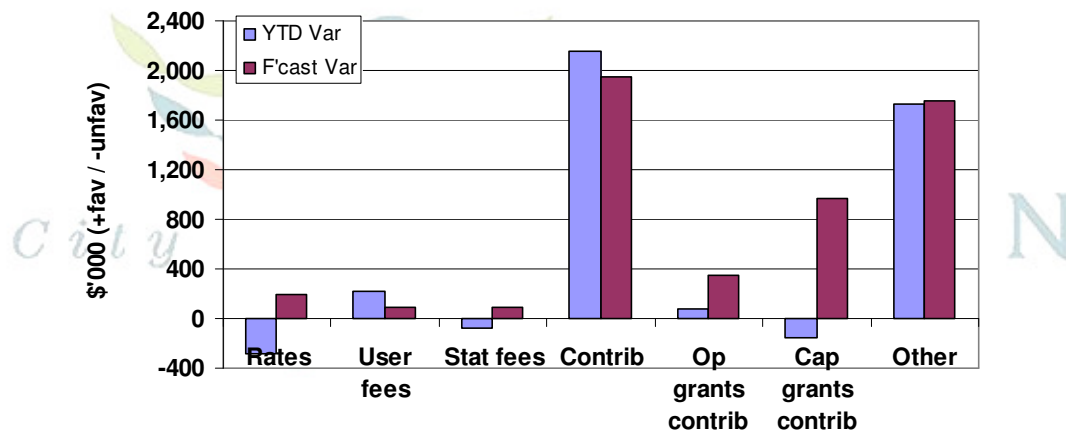
2. FINANCIAL ANALYSIS

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	89,172	88,890	(282)	89,300	89,489	189
User fees	10,330	10,543	213	11,238	11,331	93
Statutory fees and fines	4,499	4,420	(79)	4,864	4,951	87
Contributions	1,833	3,992	2,159	2,000	3,953	1,953
Operating grants & contrib's	13,795	13,868	73	14,592	14,940	348
Capital grants & contrib's	1,958	1,809	(149)	4,996	5,958	962
Other revenue	2,707	4,433	1,726	3,320	5,075	1,755
Total operating revenue	124,294	127,955	3,661	130,310	135,697	5,387

Revenue YTD & Forecast variances



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Eleven months ended 31 May 2012

Major Operating Revenue Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Rates			282
DHS pensioner rebate	T		594
General / supplementary rates	P	118	
Green waste	P	167	
User fees		213	
NARC profit share	P	117	
DISC license agreements	P	95	
Early childhood	P	80	
Maternal and child health	P	84	
Infrastructure maintenance & support	P	108	
Environmental operations	T	52	
Home support service delivery	P		192
Darebin Arts and Entertainment Centre	P		118
Children's services	P		119
Contributions		2,159	
Open space contributions	P	1,989	
DCP contributions	P	170	
Capital grants and contributions			149
Donath Reserve east pavillion	T		300
Roads to recovery - various	T		285
Darebin Creek shared path	T		175
Leisure minor works funding	T		60
Sir Douglas Nicholls Reserve	T		60
Cotchin Reserve north sewer project	T		160
Preston City Oval gateway	T		100
Lancaster Gate Community Centre	P	340	
East Reservoir Neighbourhood house	P	307	
Bundoora Park riding for the disabled	P	64	
Cramer St powerlines undergrounding	P	150	
Other		1,726	
Interest on investments, rates & loans	P	1,040	
DAEC theatre services	P	64	
Infrastructure maintenance & support	P	141	
Workers compensation recoup	P	508	
Paid parental leave scheme recoup	P	57	

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

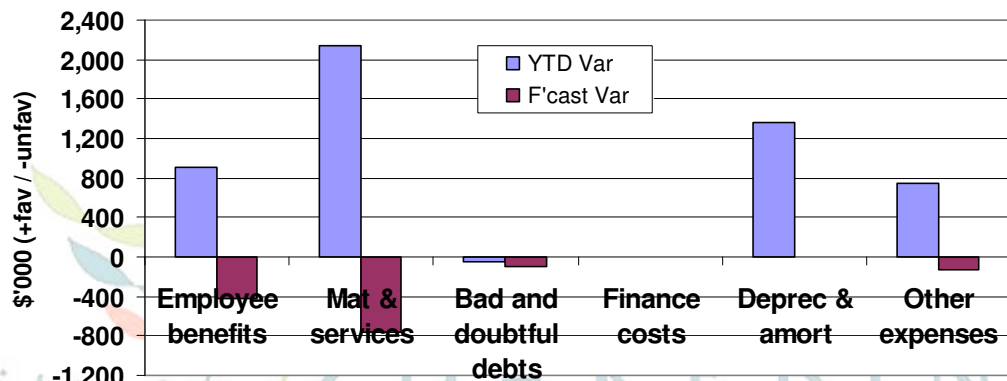
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Eleven months ended 31 May 2012

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	58,037	57,125	912	63,426	63,844	(418)
Materials and services	29,577	27,439	2,138	32,393	33,162	(769)
Bad and doubtful debts	617	667	(50)	681	782	(101)
Finance costs	149	150	(1)	161	161	0
Depreciation and amortisation	16,226	14,869	1,357	17,701	17,701	0
Other expenses	8,696	7,950	746	9,352	9,484	(132)
Total operating expenses	113,302	108,200	5,102	123,714	125,134	(1,420)

Expenses YTD & Forecast variances



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Eleven months ended 31 May 2012

Major Operating Expense Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Employee benefits			912
Asset strategy	P		232
Human resources	P		264
Home support service delivery	P		324
Transport management & planning	P		143
Compliance and amenity	P		196
Environmental health	P		118
Libraries	P		160
Children's services	P		143
Parks and gardens	P		113
Operational projects and fleet	T		108
Major projects and activity centres	P	145	
Communications & marketing	P	232	
Equity & diversity	P	83	
Maternal and child health	P	165	
Statutory planning	P	89	
Workers compensation insurance	P	643	
Assessment and complex care	P	90	
Turf management	P	63	
Community wellbeing	P	75	
Infrastructure maintenance & support	P	118	
Materials and services			2,138
Major maintenance	CF		848
Communications and marketing	P		258
Operational projects and fleet	T		246
Strategic planning	P		96
Children's services	P		237
Lancaster Gate Community Centre	P		206
Facilities maintenance	P		123
Home support service delivery	T		111
Customer service	T		67
Environmental operations	P	152	
Bundoora Park heritage village	P	60	
Environmental health	P	84	
Infrastructure maintenance & support	P	292	
Transport management & planning	P	72	
Compliance and amenity	P	139	
Environmental strategy	P	61	
Depreciation and amortisation			1,357
Other assets	T/P		1,136
Building	T/P		455
Land improvements	T/P		85
Intangibles	T/P	238	
Other			746
Asset strategy	T		192
Strategic planning	T		95
Environmental strategy	T		80
Children's services	T		171
Insurances various	P	121	

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

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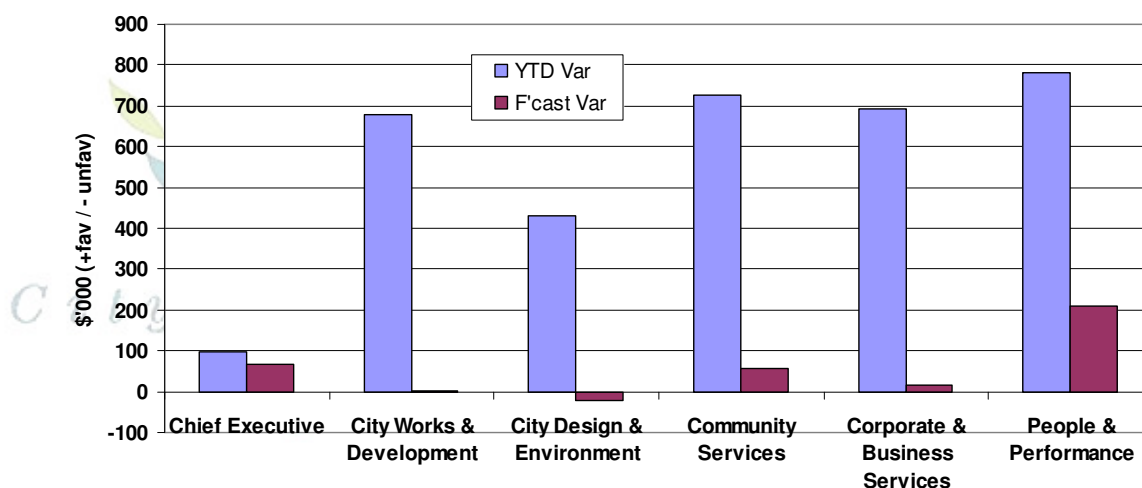
Eleven months ended 31 May 2012

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						
Chief Executive	718	619	99	785	718	67
City Works & Development	22,558	21,880	678	24,750	24,749	1
City Design & Environment	12,192	11,760	432	13,379	13,401	(22)
Community Services	12,421	11,696	725	13,669	13,612	57
Corporate & Business Services	10,404	9,713	691	11,226	11,210	16
People & Performance	7,163	6,383	780	7,741	7,532	209
	65,456	62,051	3,405	71,550	71,222	328
Other non-attributable ¹	(76,902)	(81,860)	4,958	(78,280)	(82,203)	3,923
Net (surplus) deficit	(11,446)	(19,809)	8,363	(6,730)	(10,981)	4,251

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



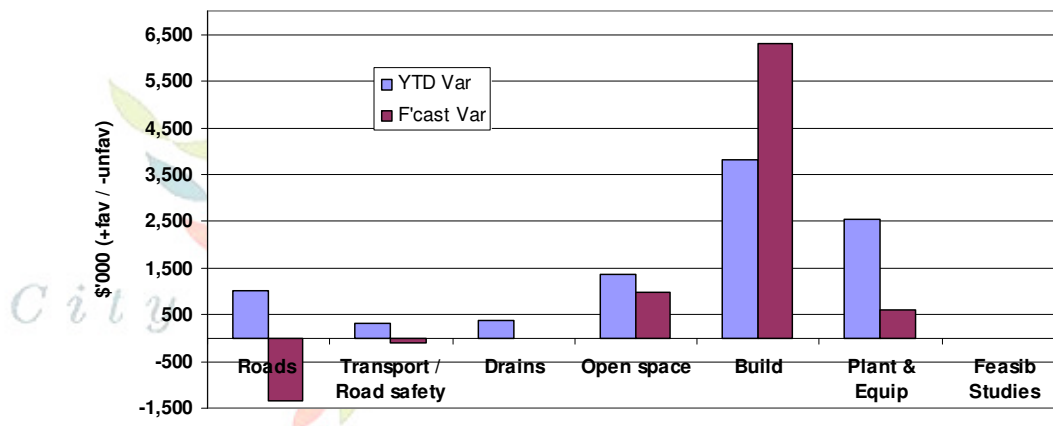
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Eleven months ended 31 May 2012

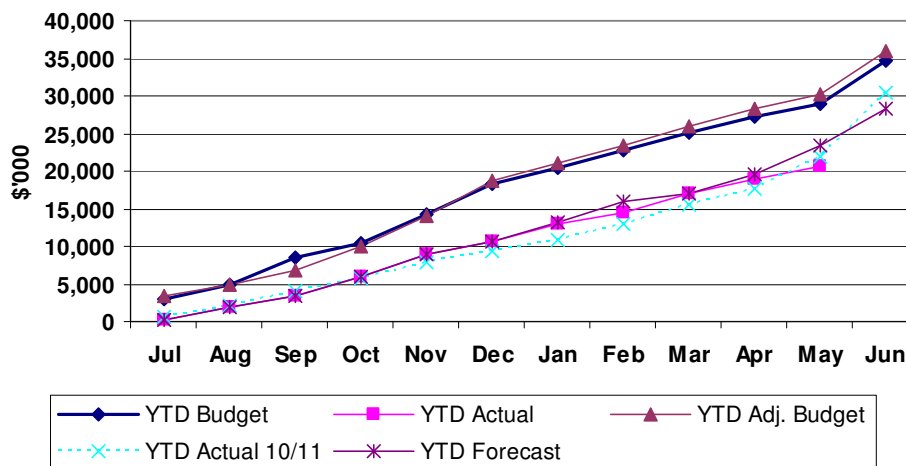
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000	Forecast \$'000
Capital works class						
Roads	8,649	7,621	1,028	7,290	8,878	8,633
Transport / Road safety	949	628	321	1,003	1,060	1,105
Drains	555	167	388	725	725	725
Open space	6,574	5,211	1,363	7,738	7,066	6,762
Buildings	6,690	2,873	3,817	11,231	11,375	4,946
Plant & equipment	6,712	4,155	2,557	6,681	6,863	6,092
Feasibility studies	39	34	5	34	39	39
Total capital works	30,168	20,689	9,479	34,702	36,006	28,302
Represented by:						
Capital expenditure	26,364	17,733	8,631	30,597	31,802	24,133
Major maintenance	3,804	2,956	848	4,105	4,204	4,169
Total capital works	30,168	20,689	9,479	34,702	36,006	28,302

Capital works YTD & Forecast variances by asset class



Capital works YTD expenditure cumulative



Financial Report

Eleven months ended 31 May 2012

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Roads			1,028
Roads to Recovery	CF		674
Local roads	CF		107
Council facility car parks	T		50
Shared path – Gronn / Holt	T		349
Shared path – Darebin / Merri Creek	T	80	
Footpath replacement program	T	118	
Transport / road safety			321
Route 86 development facilities	CF		46
Traffic management road safety	T		130
Drains			388
Fairfield Views drainage upgrade	T		139
Drainage renewal – St Georges Rd	T		92
Drainage flood mapping	T		100
Open space			1,363
Playground upgrades	T		144
Sir Doug Nicholls oval	T		319
Leisure minor works funding	T		86
Preston connect – stage 3	T		101
Preston City Oval gateway	T		141
Shopping strip streetscapes	T		291
Sportsfield lighting	T		308
Storm damage repairs	P	80	
Street tree planting	P	230	
Cramer St powerlines undergrounding	P	120	
Buildings			3,817
Lancaster Gate Community Centre	CF		428
Reservoir library redevelopment	P		1,471
J E Moore pavillion	P		262
Donath Reserve west pavillion	P		475
Building painting program	T		129
Mayer Park pavillion	P		186
Donath Reserve central pavillion	P		184
East Reservoir Neighbourhood house	P		53
Major building rectification	P		76
Depot lighting and sealing works	T		88
NARC cogeneration	P		292
Disability access	T		77
Bundoora Park riding for the disabled	P	97	
Preston City Oval redevelopment	P	201	
Plant & equipment			2,557
Mobile solutions – data collection	P		136
IT web strategy & e-services	P		108
Plant replacement program	T		1,520
CAMS – customer & asset mgt system	P		315
Library product purchases	T		155
Wifi broadband project	P		107
Telephone system upgrade	P		126
Content management system	P		50
Library IT strategy implementation	T		56
IT pc and network upgrade	T	68	
Mobile garbage bin replacement	P	102	

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

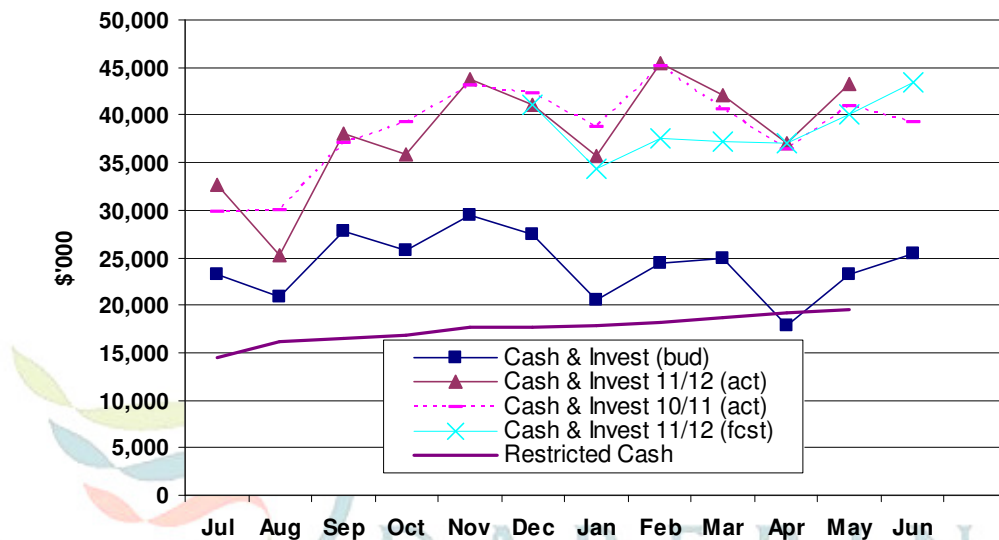
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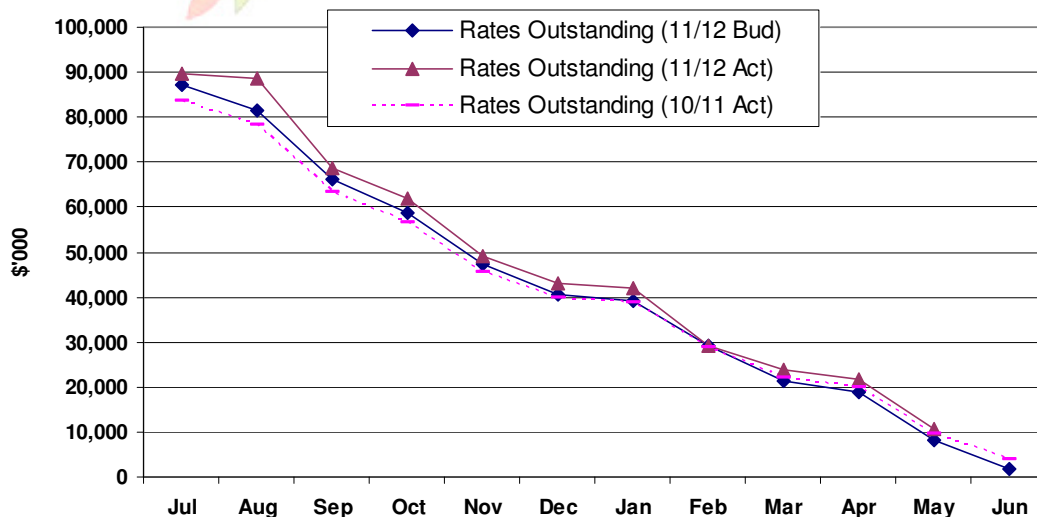
2.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and investments	23,187	43,295	20,108	25,361	43,352
Net current assets	15,806	38,423	22,617	8,468	26,461
Net assets and total equity	935,600	947,528	11,928	931,186	938,697

Actual & Budget cash & investments balance by month



Actual & Budget rates outstanding balances by month



Financial Report

Eleven months ended 31 May 2012

Major Balance Sheet YTD variances

	Var	YTD Budget Increase \$'000	YTD Budget Decrease \$'000
Current assets		24,095	
Cash and investments	CF, P	20,108	
Receivables	T	4,075	
Other financial assets	T		88
Current liabilities		1,478	
Trade creditors & other payables	P	1,624	
Employee provisions	P		176
Non current assets			10,697
Property, Infra. plant & equipment	P		10,497
Intangible assets	P		515
Trade & other receivables	T	110	
Investment property	P	205	
Non current liabilities			8
No individual significant item			
Equity		11,928	
Accumulated surplus	P	10,194	
Other reserves	P	1,734	

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

Eleven months ended 31 May 2012

DAREBIN CITY COUNCIL

Income Statement

For the 11 months ended 31 May, 2012

	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast Actual
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities					
Rates	89,172	88,890	(282)	89,300	89,489
User fees	10,330	10,543	213	11,238	11,331
Statutory fees and fines	4,499	4,420	(79)	4,864	4,951
Contributions	1,833	3,992	2,159	2,000	3,953
Operating grants and contributions	13,795	13,868	73	14,592	14,940
Capital grants and contributions	1,958	1,809	(149)	4,996	5,958
Other	2,707	4,433	1,726	3,320	5,075
Total revenues	124,294	127,955	3,661	130,310	135,697
Expenses from ordinary activities					
Employee benefits	58,037	57,125	912	63,426	63,844
Materials and services	29,577	27,439	2,138	32,393	33,162
Bad and doubtful debts	617	667	(50)	681	782
Finance costs	149	150	(1)	161	161
Depreciation and amortisation	16,226	14,869	1,357	17,701	17,701
Other	8,696	7,950	746	9,352	9,484
Total expenses	113,302	108,200	5,102	123,714	125,134
Net gain (loss) on disposal of property infrastructure, plant and equipment	454	54	(400)	134	418
Surplus for the year	11,446	19,809	8,363	6,730	10,981



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Eleven months ended 31 May 2012

DAREBIN CITY COUNCIL

Balance Sheet

As at 31 May, 2012

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Forecast Actual \$'000
Current assets					
Cash and cash equivalents	23,187	43,295	20,108	25,361	43,352
Trade and other receivables	10,961	15,036	4,075	7,443	7,445
Other financial assets	1,068	980	(88)	1,250	1,250
Total current assets	35,216	59,311	24,095	34,054	52,047
Non-current assets					
Trade and other receivables	167	277	110	163	163
Property, infrastructure, plant & equipment	918,954	908,457	(10,497)	921,839	911,452
Investment property	3,459	3,664	205	3,459	3,664
Intangible assets	777	262	(515)	777	500
Other financial assets	206	206	0	206	206
Total non-current assets	923,563	912,866	(10,697)	926,444	915,985
Total assets	958,779	972,177	13,398	960,498	968,032
Current liabilities					
Trade and other payables	6,078	7,702	(1,624)	11,649	11,649
Interest bearing loans and borrowings	622	652	(30)	637	637
Provisions	12,710	12,534	176	13,300	13,300
Total current liabilities	19,410	20,888	(1,478)	25,586	25,586
Non-current liabilities					
Interest bearing loans and borrowings	1,458	1,427	31	1,415	1,415
Provisions	2,311	2,334	(23)	2,311	2,334
Total non-current liabilities	3,769	3,761	8	3,726	3,749
Total liabilities	23,179	24,649	(1,470)	29,312	29,335
Net assets	935,600	947,528	11,928	931,186	938,697
Equity					
Accumulated surplus	480,049	490,243	10,194	476,676	480,500
Asset revaluation reserve	451,900	451,900	0	451,900	451,900
Other reserves	3,651	5,385	1,734	2,610	6,297
Total equity	935,600	947,528	11,928	931,186	938,697

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Eleven months ended 31 May 2012

DAREBIN CITY COUNCIL

Cash Flow Statement

For the 11 months ended 31 May, 2012

	YTD Budget \$'000 Inflows (Outflows)	YTD Actual \$'000 Inflows (Outflows)	YTD Variance \$'000	Annual Budget \$'000 Inflows (Outflows)	Forecast Actual \$'000 Inflows (Outflows)
Cash flows from operating activities					
Receipts from customers (incl GST)	102,123	104,442	2,319	109,927	114,370
Payments to suppliers and employees (incl GST)	(103,078)	(98,828)	4,250	(111,471)	(114,343)
	(955)	5,614	6,569	(1,544)	27
Interest	1,167	2,289	1,122	1,249	2,334
Government receipts	15,251	15,321	70	19,588	21,163
Net GST refund / payment	5,433	4,556	(877)	5,920	5,920
Net cash provided by operating activities	<u>20,896</u>	<u>27,780</u>	<u>6,884</u>	<u>25,213</u>	<u>29,444</u>
Cash flows from investing activities					
Proceeds from sale of property, plant & equipment	764	429	(335)	764	1,146
loans and advances	51	51	(0)	51	50
Payment for property, infrastr, plant & equipment	(28,485)	(24,422)	4,063	(30,597)	(26,509)
Net cash used in investing activities	<u>(27,670)</u>	<u>(23,942)</u>	<u>3,728</u>	<u>(29,782)</u>	<u>(25,313)</u>
Cash flows from financing activities					
Finance costs	(157)	(157)	(0)	(161)	(161)
Trust funds and deposits	0	204	204	0	0
Repayment of interest bearing loans and borrowings	(610)	(611)	(1)	(637)	(638)
Net cash used in financing activities	<u>(767)</u>	<u>(564)</u>	<u>203</u>	<u>(798)</u>	<u>(799)</u>
Net increase / (decrease) in cash & cash equivalents					
	(7,541)	3,274	10,815	(5,367)	3,332
Cash & cash equivalents at the beginning of the year	<u>30,728</u>	<u>40,020</u>	<u>9,292</u>	<u>30,728</u>	<u>40,020</u>
Cash & cash equivalents at the end of the year	<u>23,187</u>	<u>43,294</u>	<u>20,107</u>	<u>25,361</u>	<u>43,352</u>

Reconciliation of cash flows from operating activities to surplus

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Forecast Actual \$'000
Surplus for the year	11,446	19,809	8,363	6,730	10,981
Items not involving cash					
Depreciation and amortisation	16,226	14,869	(1,357)	17,701	17,701
Interest expense	149	150	1	161	161
Bad & doubtful debts	617	667	50	681	782
Net gain on sale of assets	(454)	(54)	400	(134)	(418)
	<u>27,984</u>	<u>35,441</u>	<u>7,457</u>	<u>25,139</u>	<u>29,207</u>
Change in operating assets and liabilities					
Decrease / (Increase) in rate debtors	(5,993)	(7,084)	(1,091)	(100)	280
Decrease / (Increase) in other operating assets	2,505	764	(1,740)	(54)	903
(Decrease) / Increase in Trade creditors	(3,371)	(355)	3,016	315	(828)
(Decrease) / Increase in other operating liabilities	(228)	(986)	(758)	(87)	(118)
	<u>(7,088)</u>	<u>(7,661)</u>	<u>(573)</u>	<u>74</u>	<u>237</u>
Net cash provided by operating activities	<u>20,896</u>	<u>27,780</u>	<u>6,884</u>	<u>25,213</u>	<u>29,444</u>

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DAREBIN CITY COUNCIL

Statement of Capital Works

For the 11 months ended 31 May, 2012

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000	Forecast Actual \$'000
Roads	8,649	7,621	1,028	7,290	8,878	8,633
Transport / Road safety	949	628	321	1,003	1,060	1,105
Drains	555	167	388	725	725	725
Open space	6,574	5,211	1,363	7,738	7,066	6,762
Buildings	6,690	2,873	3,817	11,231	11,375	4,946
Plant & equipment	6,712	4,155	2,557	6,681	6,863	6,092
Feasibility studies	39	34	5	34	39	39
Total capital works	30,168	20,689	9,479	34,702	36,006	28,302

Represented by:

Capital expenditure	26,364	17,733	8,631	30,447	31,802	24,133
Major maintenance	3,804	2,956	848	4,255	4,204	4,169
Total capital works	30,168	20,689	9,479	34,702	36,006	28,302

