

FINANCIAL REPORT

Nine months ended

31 March 2013



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Financial Report

Nine months ended 31 March 2013

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Forecast \$'000
Operating					
Revenue	119,195	121,352	2,157	128,076	130,174
Expenditure	(97,889)	(95,985)	1,904	(130,585)	(133,366)
	21,306	25,367	4,061	(2,509)	(3,192)
Capital & other					
Developer and other contributions	1,500	3,903	2,403	2,000	4,190
Revenue	1,252	1,600	348	8,385	10,092
Gain (loss) on disposal of assets	355	18	(337)	269	280
Net surplus (deficit)	24,413	30,888	6,475	8,145	11,370

Note: An underlying surplus of \$0.5 million is forecast for the year ending 30 June 2013.

For the nine months ended 31 March 2013 Council has recorded an operating surplus before capital revenue and other items of \$25.4 million, which is \$4.1 million ahead of the year to date budget. The main items contributing to this favourable variance are statutory fees and fines, interest revenue, employee benefits and material and services, partly offset by unfavourable variances in user fees and bad and doubtful debts. After capital and other items, the operating surplus is \$30.9 million, which is \$6.5 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	24,172	16,154	8,018	40,502	41,669	37,755

For the nine months ended 31 March 2013 Council has expended \$16.2 million on the capital works program, which is \$8.0 million behind the year to date budget. The variance is due mainly to delays with building works, open space projects, roads works 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	43,178	36,751	(6,427)	36,738	42,893
Net current assets	47,061	47,070	9	19,405	26,154
Net assets and total equity	965,553	1,151,761	186,208	949,287	1,132,241

The Financial Position as at 31 March 2013 shows a cash balance of \$36.8 million which is \$6.4 million behind budget. The variance is due to a number of factors, primarily the early repayment of the defined benefit unfunded superannuation call, increased development contributions, the delay in purchase of property, infrastructure and equipment, greater than anticipated interest income and the receipt of greater than anticipated government grants. The net current asset position is \$47.1 million which is in line with budget. The net asset position of \$1.15 billion is \$186.2 million greater than budget and is primarily due to asset revaluations at 30 June 2012 of \$195.0 million.

Financial Report

Nine months ended 31 March 2013

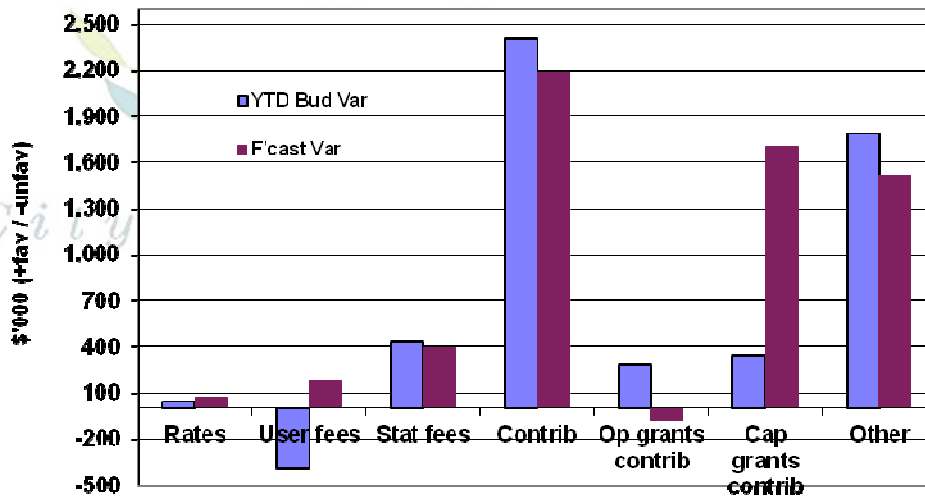
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Forecast \$'000	Forecast Var \$'000
Revenues						
Rates	94,132	94,178	46	94,724	94,799	75
User fees	8,783	8,391	(392)	11,741	11,924	183
Statutory fees and fines	4,132	4,562	430	5,202	5,594	392
Contributions	1,500	3,903	2,403	2,000	4,190	2,190
Operating grants & contrib's	9,842	10,125	283	13,034	12,963	(71)
Capital grants & contrib's	1,252	1,600	348	8,385	10,092	1,707
Other revenue	2,306	4,096	1,790	3,375	4,894	1,519
Total operating revenue	121,947	126,855	4,908	138,461	144,456	5,995

Revenue – YTD Budget & Forecast variances



Financial Report
Nine months ended 31 March 2013

Major Operating Revenue Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Rates		46	
<i>No individual significant items</i>			
User fees			392
Asset strategy	T		139
Home support service delivery	P		242
Reservoir Leisure Centre	P		170
Health & urban protection	T		90
Environmental operations	T		49
Street tree replacement	P	80	
Leisure contracts	P	53	
Family & community programs	T	51	
Infrastructure maintenance	T	55	
Arts & culture	P	43	
Statutory fees		430	
Engineering services	P	90	
Health & urban protection	T	69	
Traffic enforcement	P	373	
Election fines	T		90
Contributions		2,403	
Developer contribution scheme	P	328	
Open space contributions	P	2,075	
Operating grants and contributions		283	
Family and community programs	P	98	
Assessment and complex care	P	147	
Access for all abilities	P	128	
School crossing	T	70	
Neighbourhood renewal	T	69	
Home support service delivery	P	94	
Victorian grants commission	T/P		190
Healthy communities	P		44
Capital grants and contributions		348	
Darebin Creek shared path	P	136	
Reservoir child care redevelop.	P	300	
Blackspot funding – Victoria Rd	P	158	
Early years infrastructure	P	489	
Co-generation at NARC	T		60
Aged & disability system	T		100
Arterial roads strategy	T		100
Leisure minor works funding	T		60
Modernising neighbourhood houses	T		82
Roads to recovery	T		306
Other		1,790	
Interest on investments, rates & loans	P	799	
Workers compensation recoup	P	477	
Recycling / waste education project	P	50	
Learner driver support program	P	90	
Valuation services	T	41	
Discount on unfunded super contrib.	P	83	

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

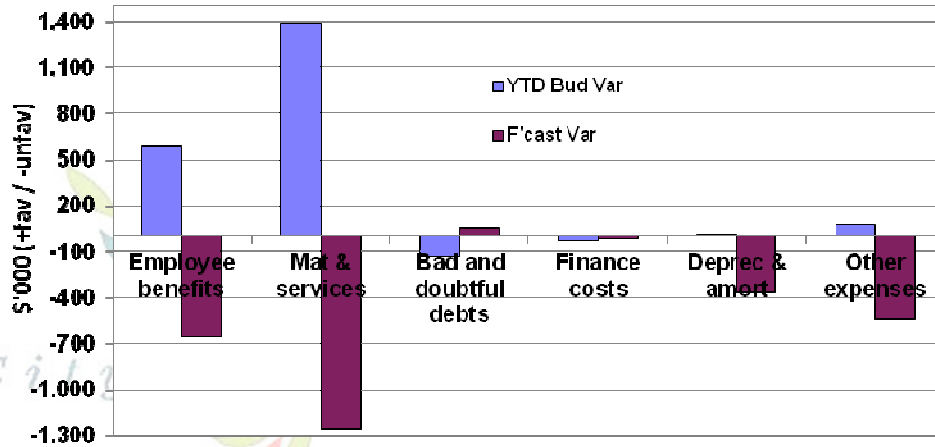
Financial Report

Nine months ended 31 March 2013

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Forecast \$'000	Forecast Var \$'000
Expenses						
Employee benefits	50,225	49,640	585	67,600	68,255	(655)
Materials and services	25,991	24,603	1,388	34,487	35,745	(1,258)
Bad and doubtful debts	481	609	(128)	643	587	56
Finance costs	89	115	(26)	118	132	(14)
Depreciation and amortisation	13,853	13,851	2	18,471	18,840	(369)
Other expenses	7,250	7,167	83	9,266	9,807	(541)
Total operating expenses	97,889	95,985	1,904	130,585	133,366	(2,781)

Expenses – YTD Budget & Forecast variances



Financial Report

Nine months ended 31 March 2013

Major Operating Expense Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Employee benefits		585	
Home support service delivery	P	613	
Operational projects and fleet	T	64	
Lancaster Gate Community Centre	P	97	
Environmental operations	T	70	
Parks and gardens	P	148	
Leisure services	T	62	
Reservoir Leisure Centre	T	54	
Asset strategy	T	66	
IT application systems	P	100	
Civic compliance	P	136	
Customer services	P	97	
Facilities maintenance	P	75	
IT management	P	68	
Children & community development	P	55	
Family and community programs	P		94
Public realm	T		51
Major projects and activity centres	P		258
Workers compensation insurance	P		602
DAEC theatre service	P		75
Communications & marketing	P		64
Materials and services		1,388	
Major maintenance	CF	254	
Open space management	P	138	
Environmental operations	T/P	531	
Lancaster Gate Community Centre	P	97	
Strategic planning	T/P,+a	192	
Asset strategy	T	72	
Environmental strategy	T	59	
Bushlands	T	60	
Capital works	T/P	79	
Human resources	T	55	
Occupational health and safety	T	53	
Arts & culture	T	100	
Home support service delivery	T/P	101	
Information services	P		231
Environment & natural resources	T		75
Libraries, learning & youth services	T		80
Open space - arboriculture	T		270
Bad & Doubtful debts			128
Civic compliance	T		134
Other		83	
MFB contribution	P	81	
Asset strategy	T	108	
Environment & natural resources	T	61	
Insurances various	T/P		403
Community wellbeing	P		123
City development	T		75

Note: Var T = Timing P = Permanent CF = Carried forward prior year, +Council resolution – (a) strategic planning requests
Fav – Favourable against budget, Unfav – Unfavourable against budget

Financial Report

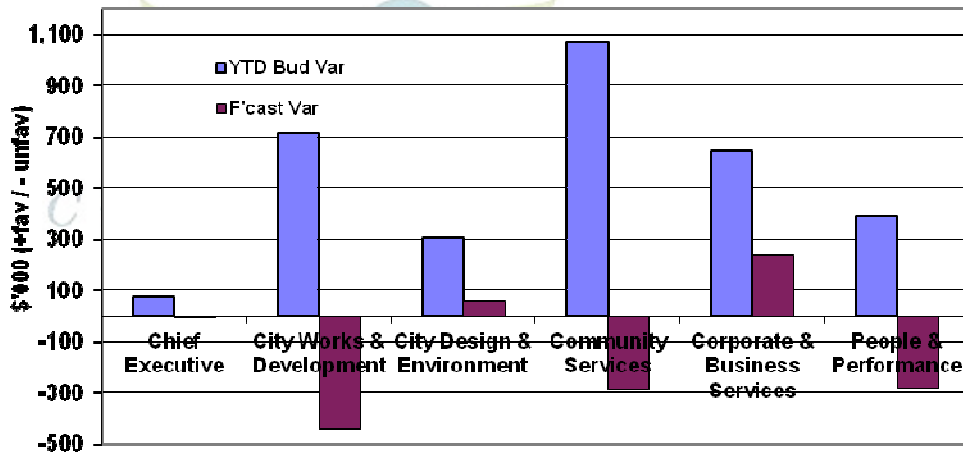
Nine months ended 31 March 2013

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	Forecast Net cost \$'000	Forecast Var Net cost \$'000
Department						
Chief Executive	602	526	76	819	822	(3)
City Works & Development	18,769	18,054	715	25,424	25,863	(439)
City Design & Environment	10,948	10,643	305	15,064	15,003	60
Community Services	10,511	9,437	1,074	14,667	14,950	(282)
Corporate & Business Services	8,886	8,238	648	11,728	11,488	240
People & Performance	6,287	5,897	390	8,258	8,539	(280)
	56,003	52,795	3,208	75,961	76,665	(704)
Other non-attributable ¹	(80,416)	(83,683)	3,267	(84,106)	(88,035)	3,929
Net (surplus) deficit	(24,413)	(30,888)	6,475	(8,145)	(11,370)	3,225

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

Department net cost YTD Budget & Forecast variances



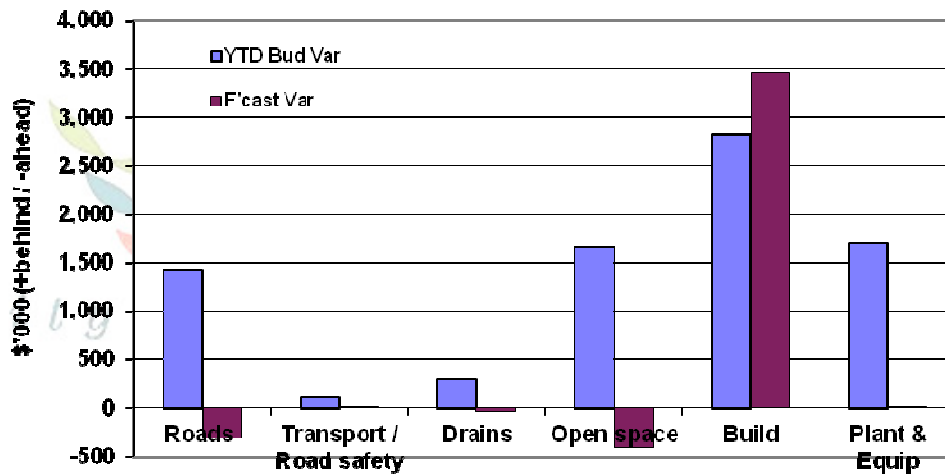
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Nine months ended 31 March 2013

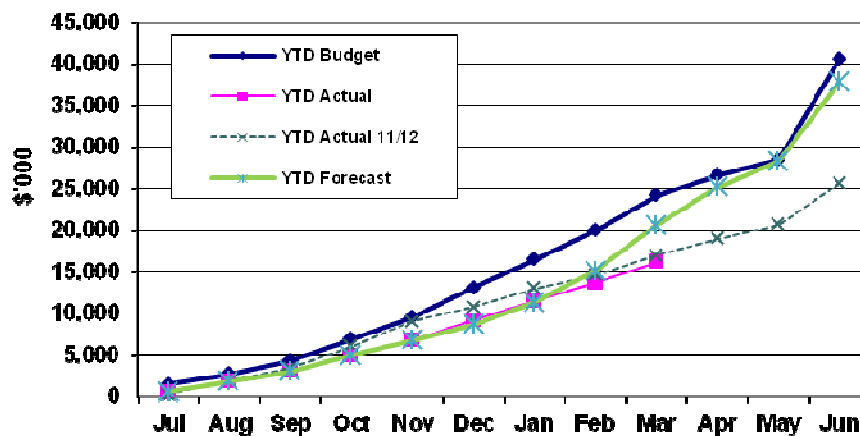
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000	F'cast \$'000	F'cast Var \$'000
Capital works class							
Roads	5,212	3,779	1,433	6,044	6,222	6,358	(314)
Transport / Road safety	782	674	108	1,274	1,275	1,260	14
Drains	553	263	290	589	649	619	(30)
Open space	4,858	3,198	1,660	6,156	6,469	6,563	(407)
Buildings	7,526	4,702	2,824	20,162	20,794	16,698	3,464
Plant & equipment	5,241	3,538	1,703	6,277	6,260	6,257	20
Total capital works	24,172	16,154	8,018	40,502	41,669	37,755	2,747
Represented by:							
Capital expenditure	20,145	12,380	7,765	35,686	36,880	32,720	2,966
Major maintenance	4,027	3,774	253	4,816	4,789	5,035	(219)
Total capital works	24,172	16,154	8,018	40,502	41,669	37,755	2,747

Capital works – YTD Budget & Forecast variances by asset class



Capital works YTD expenditure cumulative



Financial Report

Nine months ended 31 March 2013

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Roads			1,433
Local roads	P		870
Shared path – Darebin / Merri Creek trail	T		357
Improving cycling facilities	T		95
Roads to Recovery program	T		306
Darebin Creek shared path	P	147	
Footpath repair program	T/P	111	
Urgent works – Cunningham St	T	140	
Transport / Road safety			108
Roundabout renewals	T		111
Street calming treatment	T		100
Travel safe programs	T	71	
Drains			290
Drainage pipe relining	T		124
Beenak St drainage improvements	T		98
Open space			1,660
Northcote Golf Course fence	T		149
Leisure minor works funding	T		76
Batman Park playspace	T		99
Street tree planting	T		88
Pocket parks improvements	T		208
Streetscape improvements	T		65
Strip shopping streetscapes	T		218
Playground upgrades	P		262
Northcote Town Hall	T		112
Arterial roads strategy	T		100
Sir Doug Nicholls oval	CF/P	233	
Buildings			2,824
Modernising neighbourhood houses	T		164
Cogeneration at NARC	T		905
Oakhill Community Centre	T		333
Donath Reserve west pavilion	T		510
Donath Reserve central park pavilion	P		101
Reservoir Library redevelopment	P		369
Building painting program	T		96
Depot lighting & sealing	T		102
Preston central precinct	T		81
Northcote Town Hall works	T		65
Disability access	T		112
Urgent building maintenance	T	121	
Solaris building works	P	251	
Reservoir Child Care redevelopment	T	131	
JE Moore Park pavilion	T	132	
Plant and Equipment			1,703
Aged & disability system replacement	T		151
Plant replacement program	T		1,122
Licence plate recognition	T		145
Library product purchases	T		108
Mobile garbage bin replacement	P	71	
IT server upgrades	T	79	
IT pc & network replacement	T	108	

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

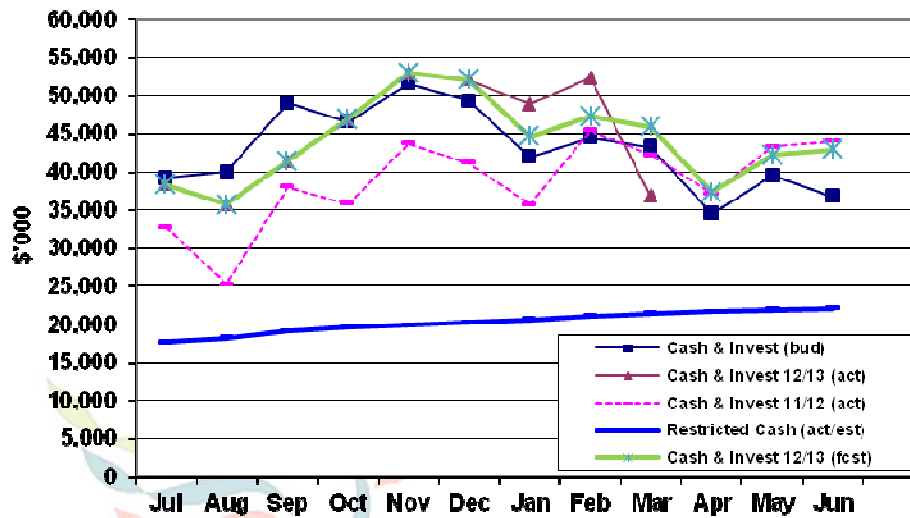
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Nine months ended 31 March 2013

2.3 Financial position

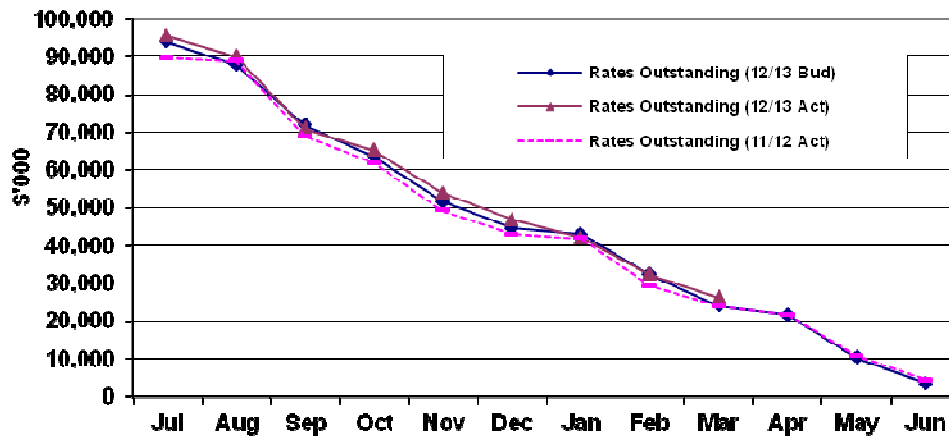
	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Forecast \$'000
Cash and investments	43,178	36,751	(6,427)	36,738	42,893
Net current assets	47,061	47,070	9	19,405	26,154
Net assets and total equity	965,553	1,151,761	186,208	949,287	1,132,241

Actual & Budget cash & investments balance by month



Note: Council paid the Defined Benefits unfunded superannuation liability (\$13.7M) in March. This amount is not included in the above forecast cash position and will be reflected in the 3rd Quarter forecast position provided in the April financial report.

Actual & Budget rates outstanding balances by month



Financial Report

Nine months ended 31 March 2013

Major Balance Sheet YTD variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Current assets		268	
Receivables	P	6,358	
Other financial assets	P	337	
Cash and investments	CF, P		6,427
Current liabilities			259
Employee provisions	P		1,229
Trade creditors & other payables	T	751	
Interest bearing loans and borrowings	T	219	
Non current assets		184,628	
Property, Infra. plant & equipment	P	184,878	
Trade & other receivables	T	111	
Intangible assets	P		312
Investment property	P		49
Non current liabilities		1,571	
Employee provisions	P	1,230	
Interest bearing loans and borrowings	T	592	
Trade creditors & other payables	P		251
Equity		186,208	
Asset revaluation reserve	P	195,026	
Accumulated surplus	P		7,739
Other reserves	P		1,079

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



APPENDIX A

Income Statement
Balance Sheet
Cash Flow Statement
Statement of Capital Works



Financial Report
Nine months ended 31 March 2013

DAREBIN CITY COUNCIL

Income Statement

For the 9 months ended 31 March, 2013

	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast Actual
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities					
Rates	94,132	94,178	46	94,724	94,799
User fees	8,783	8,391	(392)	11,741	11,924
Statutory fees and fines	4,132	4,562	430	5,202	5,594
Contributions	1,500	3,903	2,403	2,000	4,190
Operating grants and contributions	9,842	10,125	283	13,034	12,963
Capital grants and contributions	1,252	1,600	348	8,385	10,092
Other	2,306	4,096	1,790	3,375	4,894
Total revenues	121,947	126,855	4,908	138,461	144,456
Expenses from ordinary activities					
Employee benefits	50,225	49,640	585	67,600	68,255
Materials and services	25,991	24,603	1,388	34,487	35,745
Bad and doubtful debts	481	609	(128)	643	587
Finance costs	89	115	(26)	118	132
Depreciation and amortisation	13,853	13,851	2	18,471	18,840
Other	7,250	7,167	83	9,266	9,807
Total expenses	97,889	95,985	1,904	130,585	133,366
Net gain (loss) on disposal of property infrastructure, plant and equipment	355	18	(337)	269	280
Surplus for the year	24,413	30,888	6,475	8,145	11,370

Financial Report

Nine months ended 31 March 2013

DAREBIN CITY COUNCIL

Balance Sheet

As at 31 March, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Forecast Actual \$'000
Current assets					
Cash and cash equivalents	43,178	36,751	(6,427)	36,738	42,893
Trade and other receivables	26,269	32,627	6,358	8,774	8,824
Other financial assets	163	500	337	73	1,079
Total current assets	69,610	69,878	268	45,585	52,796
Non-current assets					
Trade and other receivables	122	233	111	104	104
Property, infrastructure, plant & equipment	917,256	1,102,134	184,878	928,042	1,117,412
Investment property	3,664	3,615	(49)	3,664	3,615
Intangible assets	500	188	(312)	500	154
Other financial assets	206	206	0	206	206
Total non-current assets	921,748	1,106,376	184,628	932,516	1,121,490
Total assets	991,358	1,176,254	184,896	978,101	1,174,286
Current liabilities					
Trade and other payables	8,612	7,861	751	11,970	11,970
Interest bearing loans and borrowings	637	418	219	320	320
Provisions	13,300	14,529	(1,229)	13,890	14,352
Total current liabilities	22,549	22,808	(259)	26,180	26,642
Non-current liabilities					
Trade and other payables	0	251	(251)	0	14,000
Interest bearing loans and borrowings	922	330	592	300	299
Provisions	2,334	1,104	1,230	2,334	1,104
Total non-current liabilities	3,256	1,685	1,571	2,634	15,403
Total liabilities	25,805	24,493	1,312	28,814	42,045
Net assets	965,553	1,151,761	186,208	949,287	1,132,241
Equity					
Accumulated surplus	506,017	498,278	(7,739)	489,750	476,798
Asset revaluation reserve	451,900	646,926	195,026	451,900	646,926
Other reserves	7,636	6,557	(1,079)	7,637	8,517
Total equity	965,553	1,151,761	186,208	949,287	1,132,241

Financial Report

Nine months ended 31 March 2013

DAREBIN CITY COUNCIL

Cash Flow Statement

For the 9 months ended 31 March, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Forecast Actual \$'000
	Inflows (Outflows)	Inflows (Outflows)		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Receipts from customers (incl GST)	90,829	91,159	330	116,262	121,392
Payments to suppliers and employees (incl GST)	(87,873)	(99,807)	(11,934)	(118,319)	(121,648)
	2,956	(8,648)	(11,604)	(2,057)	(256)
Interest	931	1,884	953	1,291	2,199
Government receipts	11,141	12,371	1,230	21,419	23,701
Net GST refund / payment	4,499	3,077	(1,422)	6,575	6,575
Net cash provided by operating activities	19,527	8,684	(10,843)	27,228	32,219
Cash flows from investing activities					
Proceeds from sale of property, plant & equipment	825	575	(250)	896	941
loans and advances	41	41	0	55	54
Payment for property, infrastr, plant & equipment	(22,426)	(15,444)	6,982	(35,686)	(32,716)
Net cash used in investing activities	(21,560)	(14,828)	6,732	(34,735)	(31,721)
Cash flows from financing activities					
Finance costs	(92)	(127)	(35)	(118)	(132)
Trust funds and deposits	0	366	366	0	(0)
Repayment of interest bearing loans and borrowings	(493)	(1,305)	(812)	(1,433)	(1,434)
Net cash used in financing activities	(585)	(1,066)	(481)	(1,551)	(1,566)
Net increase / (decrease) in cash & cash equivalents					
	(2,618)	(7,210)	(4,592)	(9,058)	(1,068)
Cash & cash equivalents at the beginning of the year	45,796	43,961	(1,835)	45,796	43,961
Cash & cash equivalents at the end of the year	43,178	36,751	(6,427)	36,738	42,893

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	24,413	30,888	6,475	8,145	11,370
Items not involving cash or non operating in nature					
Depreciation and amortisation	13,853	13,851	(2)	18,471	18,840
Interest expense	89	115	26	118	132
Bad & doubtful debts	481	609	128	643	587
Net gain on sale of assets	(355)	(18)	337	(269)	(280)
	38,481	45,445	6,964	27,108	30,649
Change in operating assets and liabilities					
Decrease / (Increase) in rate debtors	(20,727)	(22,003)	(1,276)	(100)	0
Decrease / (Increase) in other operating assets	4,809	(62)	(4,871)	(54)	1,430
(Decrease) / Increase in Trade creditors	(2,831)	(2,301)	530	322	970
(Decrease) / Increase in other operating liabilities	(205)	(12,395)	(12,190)	(48)	(831)
	(18,954)	(36,761)	(17,807)	120	1,570
Net cash provided by operating activities	19,527	8,684	(10,843)	27,228	32,219

Financial Report
Nine months ended 31 March 2013

DAREBIN CITY COUNCIL

Statement of Capital Works

For the 9 months ended 31 March, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000	Forecast Actual \$'000
Roads	5,212	3,779	1,433	6,044	6,222	6,358
Transport / Road safety	782	674	108	1,274	1,275	1,260
Drains	553	263	290	589	649	619
Open space	4,858	3,198	1,660	6,156	6,469	6,563
Buildings	7,526	4,702	2,824	20,162	20,794	16,698
Plant & equipment	5,241	3,538	1,703	6,277	6,260	6,257
Total capital works	24,172	16,154	8,018	40,502	41,669	37,755

Represented by:

Capital expenditure	20,145	12,380	7,765	35,686	36,880	32,720
Major maintenance	4,027	3,774	254	4,816	4,789	5,035
Total capital works	24,172	16,154	8,018	40,502	41,669	37,755

