

FINANCIAL REPORT

Four months ended

31 October 2013



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	14
	Balance Sheet	15
	Cash Flow Statement	16
	Reconciliation of cash flows from operating activities to surplus	16
	Statement of Capital Works	17



Financial Report

Four months ended 31 October 2013

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Operating				
Revenue	110,315	110,639	324	137,503
Expenditure	(46,548)	(44,126)	2,422	(140,241)
	63,767	66,513	2,746	(2,738)
Capital & other				
Developer and other contributions	667	2,279	1,612	2,000
Revenue			(3,018)	
	3,653	635)	8,636
Gain (loss) on disposal of assets	(65)	(3)	62	302
Net surplus (deficit)	68,022	69,424	1,402	8,200

For the four months ended 31 October 2013 Council has recorded an operating surplus before capital revenue and other items of \$66.5 million, which is \$2.7 million ahead of the year to date budget. The main items contributing to this favourable variance are rates, other revenue, employee costs and material and services, partly offset by unfavourable variances in user fees and depreciation and amortisation charges. After capital and other items, the operating surplus is \$69.4 million, which is \$1.4 million ahead of budget.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Total capital works	8,182	6,329	1,853	38,730	40,960

For the four months ended 31 October 2013 Council has expended \$6.3 million on the capital works program, which is \$1.9 million behind the year to date budget. The variance is due mainly to delays with building works, and open space projects.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	36,319	39,739	3,420	25,878
Net current assets	81,110	92,839	11,729	10,636
Net assets and total equity	1,197,699	1,202,765	5,066	1,137,875

The Financial Position as at 31 October 2013 shows a cash and investment balance of \$39.8 million which is \$3.4 million ahead of budget. The variance is due mainly to the higher opening cash and investment position compared with budget and timing differences in receipts from customers and payments to suppliers and employees, delays in payment for capital works and delays in receipt of government grants. The net current asset position is \$92.8 million which is \$11.7 million more than budget. The net asset position of \$1.20 billion is \$5.1 million greater than budget.

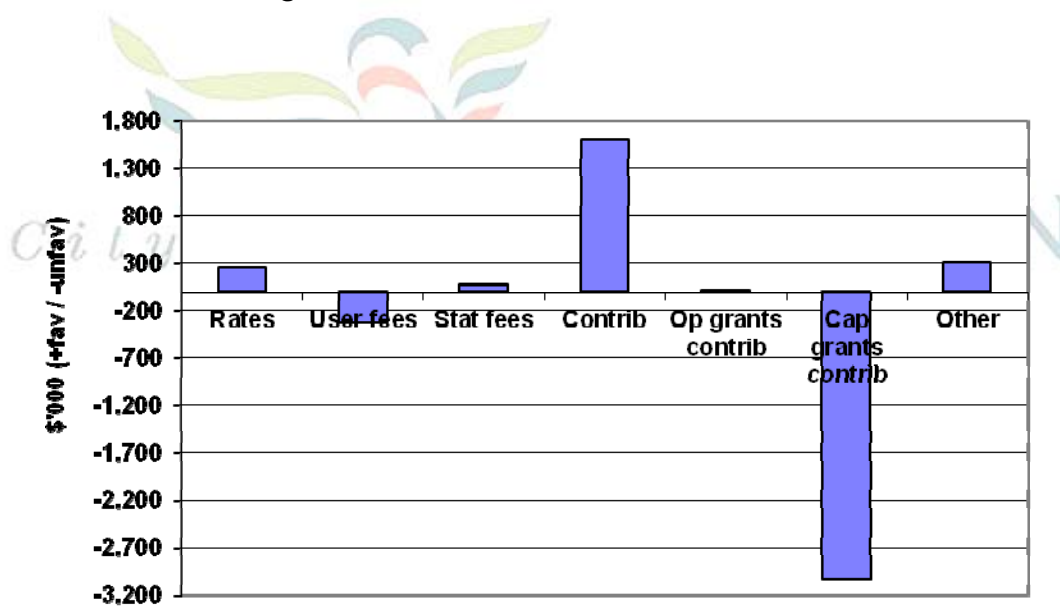
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Revenues				
Rates	98,676	98,928	252	100,749
User fees	3,932	3,610	(322)	12,621
Statutory fees and fines	1,700	1,782	82	5,852
Contributions	667	2,279	1,612	2,000
Operating grants & contrib's	5,053	5,058	5	13,022
Capital grants & contrib's	3,653	635	(3,018)	8,636
Other revenue	954	1,261	307	5,259
Total operating revenue	114,635	113,553	(1,082)	148,139

Revenue – YTD Budget variances



Financial Report
Four months ended 31 October 2013

Major Operating Revenue Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Rates		252	
Supplementary rates	T	296	
General rates	P		75
User fees			322
Darebin Arts & Entertainment Centre	T		80
Reservoir Leisure Centre	T		54
Home support service delivery	T		77
Leisure contracts	T		94
Building services	T	46	
Valuation services	T	45	
Statutory fees		82	
Election fines	P	81	
Statutory planning	T		61
Contributions		1,612	
Open space contributions	P	1,403	
Developer contribution scheme	P	209	
Capital grants and contributions			3,018
John Cain flood mitigation	T		365
Preston City Oval gateway	T		250
Reservoir laneway revitalisation	T		250
Reservoir Library	T		2,173
Co-generation at NARC & RLC	T		369
Energy efficient street lights	P	463	
Other		307	
Fire services levy recoup costs	P	112	

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

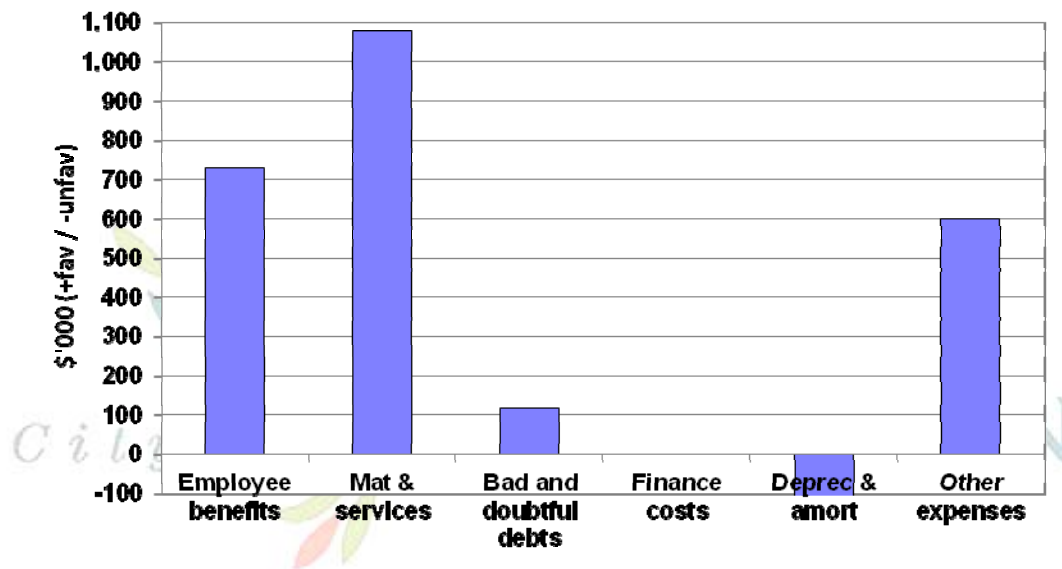
Financial Report

Four months ended 31 October 2013

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Expenses				
Employee costs	24,184	23,454	730	72,608
Materials and services	11,450	10,369	1,081	38,405
Bad and doubtful debts	271	153	118	815
Finance costs	12	12	0	29
Depreciation and amortisation	6,280	6,388	(108)	19,503
Other expenses	4,351	3,750	601	8,881
Total operating expenses	46,548	44,126	2,422	140,241

Expenses – YTD Budget variances



Financial Report

Four months ended 31 October 2013

Major Operating Expense Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Employee costs		730	
Civic compliance	T	72	
Home support service delivery	T	206	
Darebin libraries	T	73	
IT application systems	T	85	
Environmental operation	T	102	
Environmental strategy	T	63	
Health & urban protection	T	60	
Leisure services	T	62	
Operational projects and fleet	T	100	
Parks & vegetation	T	60	
Northcote Town Hall	T		61
Workers compensation insurance	T		179
Materials and services		1,081	
Open space - arboriculture	T	105	
Community wellbeing	T	54	
Health & urban protection	T	50	
Utilities	T	198	
Major maintenance	T	671	
Operational projects and fleet	T	519	
Parks & vegetation	T	71	
Facilities maintenance	T		96
IT application systems	T		43
Strategic planning	T		64
Environmental operation	T		488
Bad & Doubtful debts		118	
Civic compliance	T	106	
Depreciation and amortisation			108
Intangibles	P		230
Infrastructure assets	P		63
Buildings	T	205	
Other		601	
Environmental strategy	T	52	
Management committee contributions	T	325	
Fire services levy	P	88	
Rating strategy review	P	393	
Assessment alliance project	P		60
Equity & diversity	P		51
Insurances various	P		242
Legal advocacy	T		65

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

Financial Report

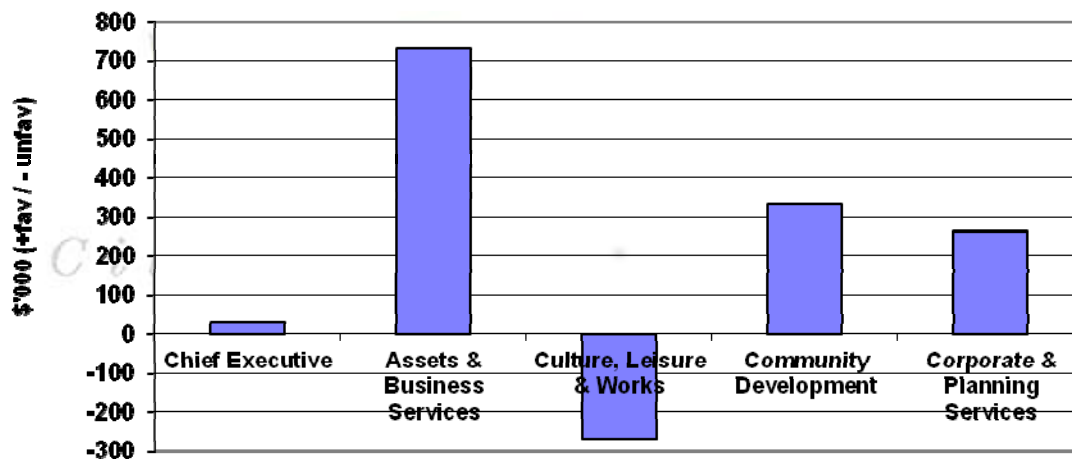
Four months ended 31 October 2013

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
Department				
Chief Executive	283	250	33	841
Assets & Business Services	4,274	3,539	735	11,825
Culture, Leisure & Works	8,384	8,649	(265)	28,292
Community Development	6,839	6,503	336	21,351
Corporate & Planning Services	5,939	5,674	265	16,706
	25,719	24,615	1,104	79,015
Other non-attributable ¹	(93,741)	(94,039)	298	(87,215)
Net (surplus) deficit	(68,022)	(69,424)	1,402	(8,200)

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

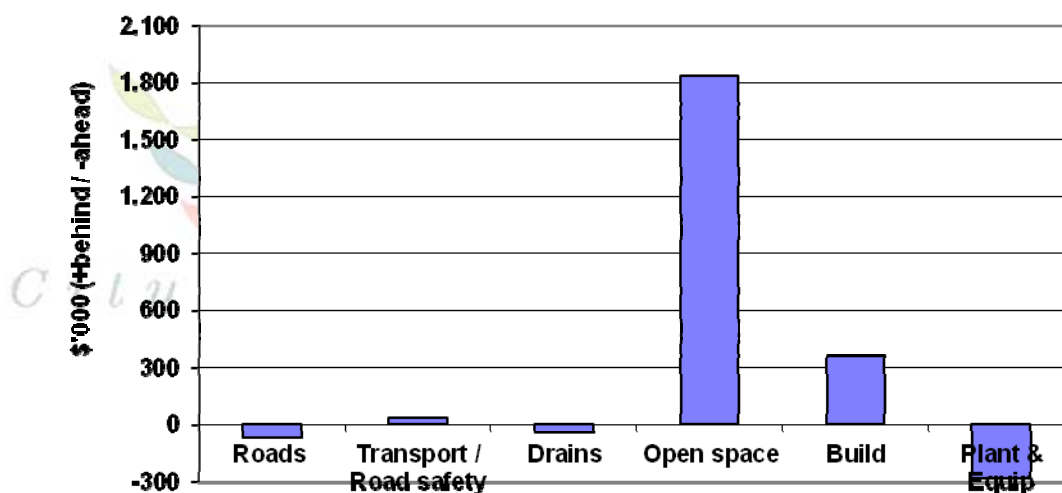
Department net cost YTD Budget variances



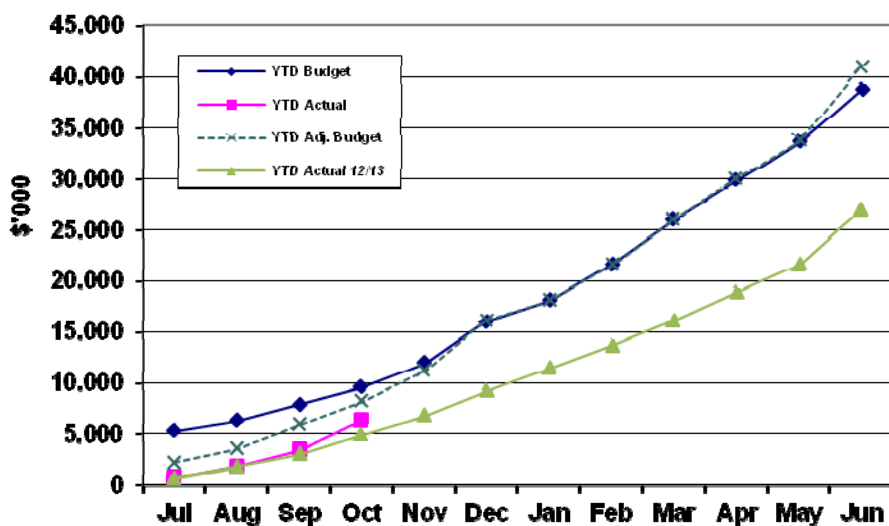
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Capital works class					
Roads	791	854	(63)	6,410	6,468
Transport / Road safety	157	123	34	920	920
Drains	88	124	(36)	644	687
Open space	2,851	1,019	1,832	8,483	9,309
Buildings	2,601	2,233	368	15,838	16,683
Plant & equipment	1,694	1,976	(282)	6,435	6,893
Total capital works	8,182	6,329	1,853	38,730	40,960
Represented by:					
Capital expenditure	6,903	5,721	1,182	32,653	34,818
Major maintenance	1,279	608	671	6,077	6,142
Total capital works	8,182	6,329	1,853	38,730	40,960

Capital works – YTD Budget variances by asset class



Capital works YTD expenditure cumulative



Financial Report

Four months ended 31 October 2013

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Roads		63	
Footpath renewal program	T	235	
Major road patching program	T	44	
Roads resurfacing program	T	57	
Reservoir laneway revitalisation	E,T		256
Open space			1,832
Darebin community forest strategy	T		80
Edwardes Lake Park playspace	CF,T		47
Greenstreet strategy review	T		119
Greenstreet tree planting	T		236
John Cain flood mitigation	E,T		690
Merri Park playspcae	T		130
Parks renewal project	T		93
Preston City Oval gateway	E,T		260
Sir Doug Nicholls Oval	CF,T		51
Warm season turf establishment	T		70
Pocket parks	T	63	
Safety fencing program	T	68	
Buildings			368
Barling Reserve pavilion	E,CF,T		80
Cogeneration at RLC	E,T		338
Donath Reserve west pavilion	E,CF,T		79
Oakhill Community Centre	E,CF,T		138
Preston City Oval kitchen	T		60
Cogeneration at NARC	E,CF,T	79	
Keon Park community hub	E,CF,T	239	
Lancaster Gate Community Centre	T	54	
Reservoir Library rdevelopment	E,CF,T	61	
Plant & Equipment		282	
Plant replacement program	T	423	

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

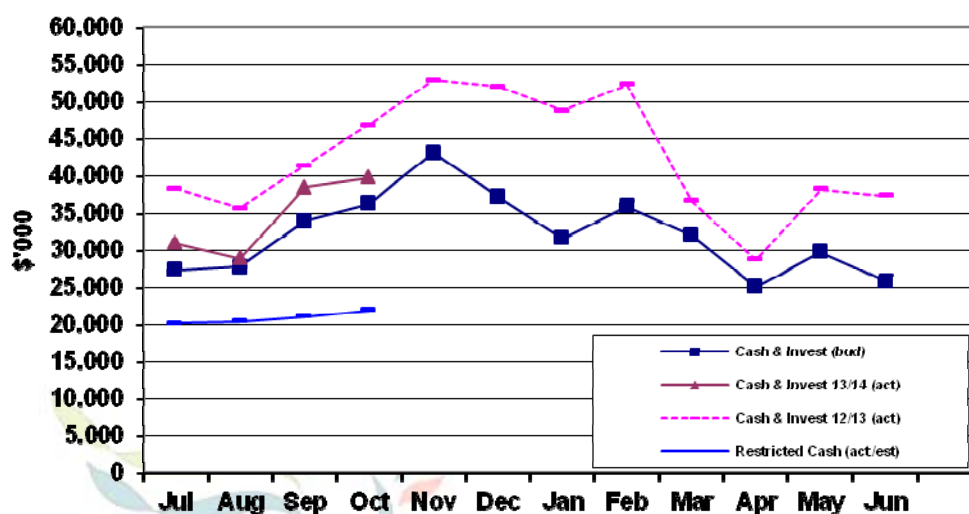
Financial Report

Four months ended 31 October 2013

2.3 Financial position

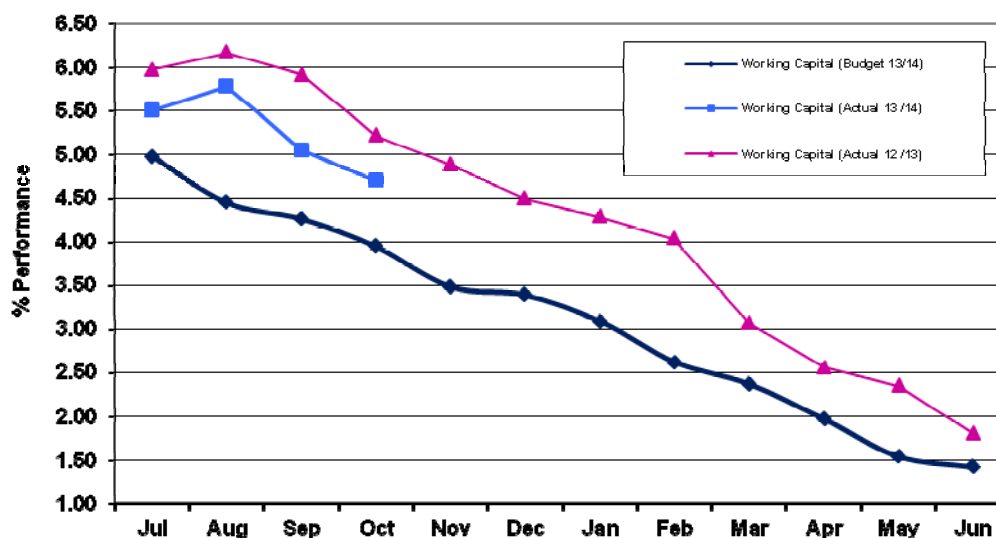
	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Cash and investments	36,319	39,739	3,420	25,878
Net current assets	81,110	92,839	11,729	10,636
Net assets and total equity	1,197,69	1,202,76		1,137,87
	9	5	5,066	5

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 (\$13.45M).

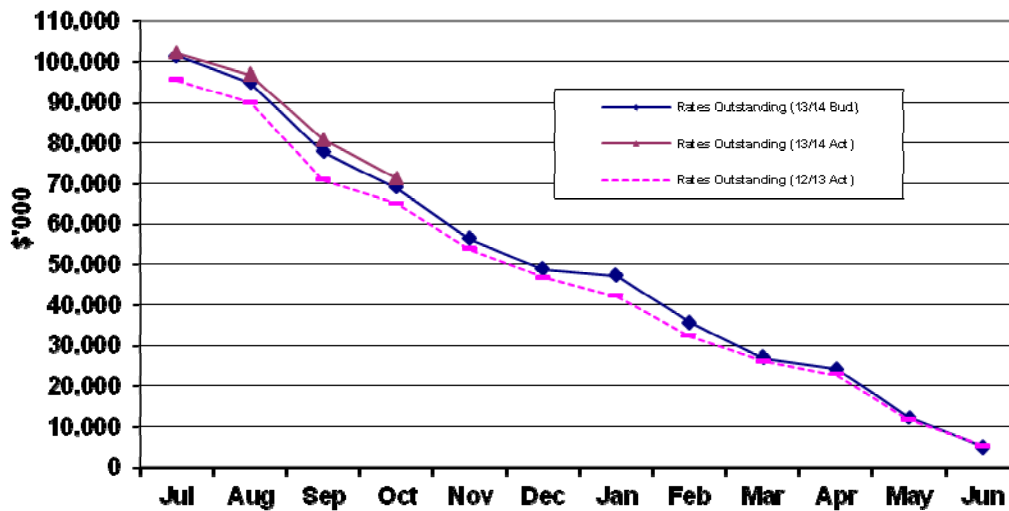
Actual & Budget working capital ratio by month (Current assets / Current liabilities)



Financial Report

Four months ended 31 October 2013

Actual & Budget rates outstanding balances by month



Major Balance Sheet YTD variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Current assets		9,251	
Rate receivables	T	3,894	
Other receivables	T	1,487	
Cash and investments	CF,P	3,420	
Other assets	T	450	
Current liabilities		2,478	
Trade creditors	T	2,614	
Other payables	T	938	
Trust funds and deposits	T		796
Employee provisions	P		276
Non-current assets			6,767
Property, Infra. plant & equipment	P		7,625
Intangible assets	P	824	
Non-current liabilities		104	
Employee provisions	P	108	
Equity		5,066	
Accumulated surplus	P	4,933	
Other reserves	P	133	

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 (\$13.45M).

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
Four months ended 31 October 2013

DAREBIN CITY COUNCIL

Income Statement

For the 4 months ended 31 October, 2013

	YTD Budget	YTD Actual	YTD Variance	Annual Budget
	\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities				
Rates	98,676	98,928	252	100,749
User fees	3,932	3,610	(322)	12,621
Statutory fees and fines	1,700	1,782	82	5,852
Contributions	667	2,279	1,612	2,000
Operating grants and contributions	5,053	5,058	5	13,022
Capital grants and contributions	3,653	635	(3,018)	8,636
Other	954	1,261	307	5,259
Total revenues	<u>114,635</u>	<u>113,553</u>	<u>(1,082)</u>	148,139
Expenses from ordinary activities				
Employee costs	24,184	23,454	730	72,608
Materials and services	11,450	10,369	1,081	38,405
Bad and doubtful debts	271	153	118	815
Finance costs	12	12	0	29
Depreciation and amortisation	6,280	6,388	(108)	19,503
Other	4,351	3,750	601	8,881
Total expenses	<u>46,548</u>	<u>44,126</u>	<u>2,422</u>	140,241
Net gain (loss) on disposal of property infrastructure, plant and equipment	<u>(65)</u>	<u>(3)</u>	<u>62</u>	302
Surplus for the year	<u>68,022</u>	<u>69,424</u>	<u>1,402</u>	8,200

Financial Report
Four months ended 31 October 2013

DAREBIN CITY COUNCIL

Balance Sheet

As at 31 October, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Current assets				
Cash and cash equivalents	36,319	26,289	(10,030)	25,878
Trade and other receivables	71,613	76,994	5,381	10,107
Financial assets	0	13,450	13,450	0
Other assets	713	1,163	450	1,360
Total current assets	108,645	117,896	9,251	37,345
Non-current assets				
Trade and other receivables	208	202	(6)	159
Property, infrastructure, plant & equipment	1,113,774	1,106,149	(7,625)	1,124,381
Investment property	3,615	3,625	10	3,615
Intangible assets	154	978	824	154
Other financial assets	206	236	30	206
Total non-current assets	1,117,957	1,111,190	(6,767)	1,128,515
Total assets	1,226,602	1,229,086	2,484	1,165,860
Current liabilities				
Trade and other payables	10,371	6,819	3,552	8,884
Trust funds and deposits	2,592	3,388	(796)	2,755
Interest bearing loans and borrowings	220	222	(2)	128
Provisions	14,352	14,628	(276)	14,942
Total current liabilities	27,535	25,057	2,478	26,709
Non-current liabilities				
Interest bearing loans and borrowings	264	268	(4)	172
Provisions	1,104	996	108	1,104
Total non-current liabilities	1,368	1,264	104	1,276
Total liabilities	28,903	26,321	2,582	27,985
Net assets	1,197,699	1,202,765	5,066	1,137,875
Equity				
Accumulated surplus	541,791	546,724	4,933	482,783
Asset revaluation reserve	646,926	646,926	0	646,926
Other reserves	8,982	9,115	133	8,166
Total equity	1,197,699	1,202,765	5,066	1,137,875

Financial Report

Four months ended 31 October 2013

DAREBIN CITY COUNCIL

Cash Flow Statement

For the 4 months ended 31 October, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
	Inflows (Outflows)	Inflows (Outflows)		Inflows (Outflows)
Cash flows from operating activities				
Receipts from customers (incl GST)	43,555	41,873	(1,683)	125,012
Payments to suppliers and employees (incl GST)	(42,937)	(39,837)	3,101	(126,934)
	618	2,036	1,417	(1,922)
Interest	462	580	118	1,461
Government receipts	10,806	5,955	(4,851)	21,658
Net GST refund / payment	2,135	2,307	172	7,004
Net cash provided by operating activities	14,021	10,878	(3,143)	28,201
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	170	205	35	1,008
Payment for property, infrastr, plant & equipment	(8,350)	(9,385)	(1,035)	(32,653)
Trust funds and deposits	0	218	218	0
Repayment of loans and advances	14	14	0	59
Proceeds from sale of other financial assets	992	578	(414)	0
Net cash used in investing activities	(7,174)	(8,370)	(1,196)	(31,586)
Cash flows from financing activities				
Finance costs	(10)	(10)	0	(28)
Repayment of interest bearing loans and borrowings	(129)	(128)	1	(320)
Net cash used in financing activities	(139)	(138)	1	(348)
Net increase / (decrease) in cash & cash equivalents	6,708	2,370	(4,338)	(3,733)
Cash & cash equivalents at the beginning of the year	29,611	37,369	7,758	29,611
Cash & cash equivalents at the end of the year	36,319	39,739	3,420	25,878

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 (\$10.9M).

Reconciliation of cash flows from operating activities to surplus

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Surplus for the year	68,022	69,424	1,402	8,200
Items not involving cash or non operating in nature				
Depreciation and amortisation	6,280	6,388	108	19,503
Interest expense	12	12	0	29
Bad & doubtful debts	271	153	(118)	815
Net (gain) / loss on sale of assets	65	3	(62)	(302)
	74,650	75,980	1,330	28,245
Change in operating assets and liabilities				
Decrease / (Increase) in rate debtors	(63,117)	(68,697)	(5,579)	(100)
Decrease / (Increase) in other operating assets	669	4,148	3,479	(866)
(Decrease) / Increase in Trade creditors	827	(1,107)	(1,934)	332
(Decrease) / Increase in other operating liabilities	992	553	(439)	590
	(60,629)	(65,102)	(4,473)	(44)
Net cash provided by operating activities	14,021	10,878	(3,143)	28,201

Financial Report
Four months ended 31 October 2013

DAREBIN CITY COUNCIL

Statement of Capital Works

For the 4 months ended 31 October, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000
Roads	791	854	(63)	6,410	6,468
Transport / Road safety	157	123	34	920	920
Drains	88	124	(36)	644	687
Open space	2,851	1,019	1,832	8,483	9,309
Buildings	2,601	2,233	368	15,838	16,683
Plant & equipment	1,694	1,976	(282)	6,435	6,893
Total capital works	8,182	6,329	1,853	38,730	40,960
Represented by:					
Capital expenditure	6,903	5,721	1,182	32,653	34,818
Major maintenance	1,279	608	671	6,077	6,142
Total capital works	8,182	6,329	1,853	38,730	40,960

