

# **FINANCIAL REPORT**

**Three months ended**

**30 September 2013**



## **Contents**

<b>1. EXECUTIVE SUMMARY</b>	<b>3</b>
<b>2. FINANCIAL ANALYSIS</b>	
2.1 Operating Performance	4
2.2 Capital Performance	9
2.3 Financial Position	11
<b>APPENDIX A</b>	
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

## Three months ended 30 September 2013

### 1 EXECUTIVE SUMMARY

#### 1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
<b>Operating</b>				
Revenue	107,613	108,061	448	<b>137,503</b>
Expenditure	(35,919)	(33,665)	2,254	<b>(140,241)</b>
	71,694	74,396	2,702	<b>(2,738)</b>
<b>Capital &amp; other</b>				
Developer and other contributions	500	1,467	967	<b>2,000</b>
Revenue	3,653	594	(3,059)	<b>8,636</b>
Gain (loss) on disposal of assets	(99)	(3)	96	<b>302</b>
<b>Net surplus (deficit)</b>	<b>75,748</b>	<b>76,454</b>	<b>706</b>	<b>8,200</b>

For the three months ended 30 September 2013 Council has recorded an operating surplus before capital revenue and other items of \$74.4 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, material and services, bad and doubtful debts and other expenditure, partly offset by unfavourable variances in user fees and depreciation and amortisation charges. After capital and other items, the operating surplus is \$76.5 million, which is \$0.7 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	5,891	3,368	2,523	<b>38,730</b>	40,960

For the three months ended 30 September 2013 Council has expended \$3.4 million on the capital works program, which is \$2.5 million behind the year to date budget. The variance is due mainly to delays with building works, open space projects and the purchase of plant and equipment.

#### 1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	34,014	38,462	4,448	25,878
Net current assets	88,478	100,953	12,475	10,636
Net assets and total equity	1,205,425	1,209,797	4,372	1,137,875

The Financial Position as at 30 September 2013 shows a cash and investment balance of \$38.5 million which is \$4.4 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 and delays in receipt of government grants. The net current asset position is \$101.0 million which is \$12.5 million more than budget. The net asset position of \$1.21 billion is \$4.4 million greater than budget.

**Financial Report**  
**Three months ended 30 September 2013**

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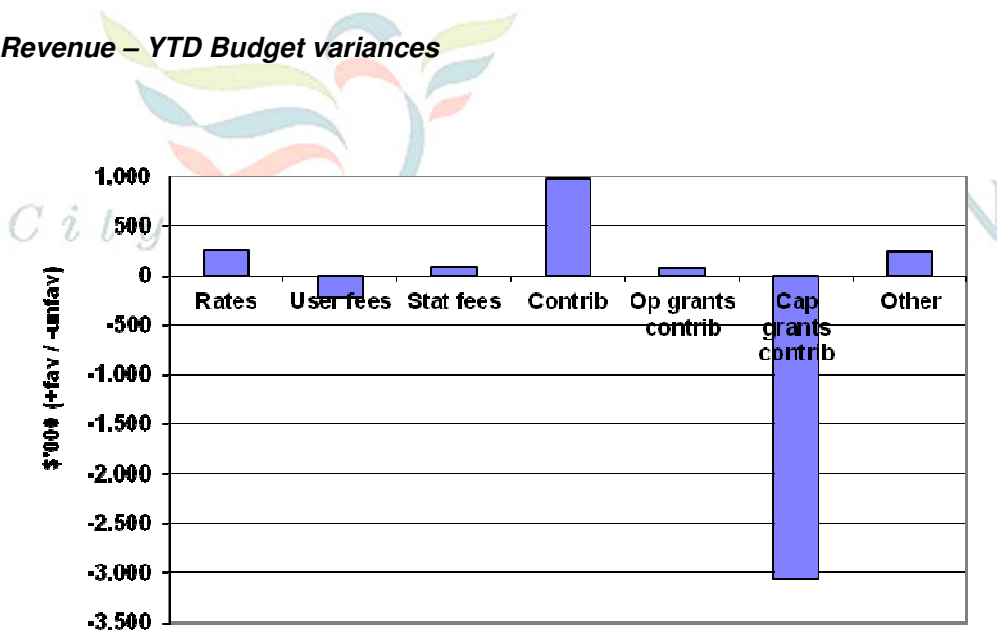
**2. FINANCIAL ANALYSIS**

**2.1 Operating performance**

**2.1.1 Operating revenue**

	<b>YTD Budget \$'000</b>	<b>YTD Actual \$'000</b>	<b>YTD Bud Var \$'000</b>	<b>Adopted Budget \$'000</b>
<b>Revenues</b>				
Rates	98,651	98,905	254	<b>100,749</b>
User fees	2,807	2,594	(213)	<b>12,621</b>
Statutory fees and fines	1,275	1,362	87	<b>5,852</b>
Contributions	500	1,467	967	<b>2,000</b>
Operating grants & contrib's	4,213	4,291	78	<b>13,022</b>
Capital grants & contrib's	3,653	594	(3,059)	<b>8,636</b>
Other revenue	667	909	242	<b>5,259</b>
<b>Total operating revenue</b>	<b>111,766</b>	<b>110,122</b>	<b>(1,644)</b>	<b>148,139</b>

**Revenue – YTD Budget variances**



# Financial Report

## Three months ended 30 September 2013

### Major Operating Revenue Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
<b>Rates</b>		<b>254</b>	
Supplementary rates	T	288	
<b>User fees</b>			<b>213</b>
Reservoir Leisure Centre	T		98
Home support service delivery	T		45
Leisure contracts	T		45
Asset strategy	T	46	
Health & urban protection	T	41	
<b>Statutory fees</b>		<b>87</b>	
Election fines	P	81	
Statutory planning	T		47
<b>Contributions</b>		<b>967</b>	
Open space contributions		871	
Developer contribution scheme		96	
<b>Operating grants and contributions</b>		<b>78</b>	
Anti-racism project	P	40	
School crossing supervision	T	47	
Sustainable homes	P	107	
Access for all abilities	T		123
<b>Capital grants and contributions</b>			<b>3,059</b>
John Cain flood mitigation	T		365
Preston City Oval gateway	T		250
Reservoir laneway revitalisation	T		250
Preston City Oval kitchen refurb	T		60
Reservoir Library	T		2,174
Co-generation at NARC & RLC	T		369
Energy efficient street lights	P	463	
<b>Other</b>		<b>242</b>	
Workers compensation recoup	P	92	
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

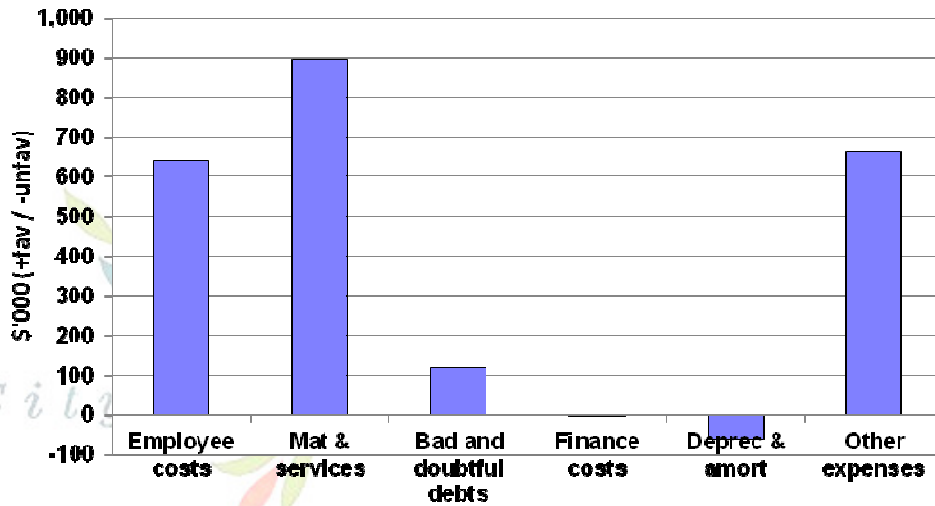
# Financial Report

## Three months ended 30 September 2013

### 2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
<b>Expenses</b>				
Employee costs	18,540	17,900	640	72,608
Materials and services	8,525	7,629	896	38,405
Bad and doubtful debts	203	86	117	815
Finance costs	9	10	(1)	29
Depreciation and amortisation	4,710	4,772	(62)	19,503
Other expenses	3,932	3,268	664	8,881
<b>Total operating expenses</b>	<b>35,919</b>	<b>33,665</b>	<b>2,254</b>	<b>140,241</b>

### Expenses – YTD Budget variances



# Financial Report

## Three months ended 30 September 2013

### Major Operating Expense Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
<b>Employee costs</b>		<b>640</b>	
Civic compliance	T	64	
Home support service delivery	T	160	
Darebin libraries	T	61	
IT application systems	T	67	
Environmental operation	T	78	
Environmental strategy	T	53	
Health & urban protection	T	40	
Leisure services	T	40	
Parks & vegetation	T	46	
Northcote Town Hall	T		53
Workers compensation insurance	T		122
<b>Materials and services</b>		<b>896</b>	
Open space - arboriculture	T	95	
Community wellbeing	T	63	
Home support service delivery	T	56	
Utilities	T	132	
Major maintenance	T	479	
Operational projects and fleet	T	367	
Facilities maintenance	T		58
IT application systems	T		128
Environmental operation	T		378
<b>Bad &amp; Doubtful debts</b>		<b>117</b>	
Civic compliance	T	112	
<b>Depreciation and amortisation</b>			<b>62</b>
Intangibles	P		172
Infrastructure assets	P		42
Buildings	T	156	
<b>Other</b>		<b>664</b>	
Environmental strategy	T	40	
Management committee contributions	T	323	
Fire services levy	P	89	
Rating strategy review	P	386	
Assessment alliance project	P		53
Insurances various	P		228
Legal advocacy	T		44
National constitution campaign	P		45

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

# Financial Report

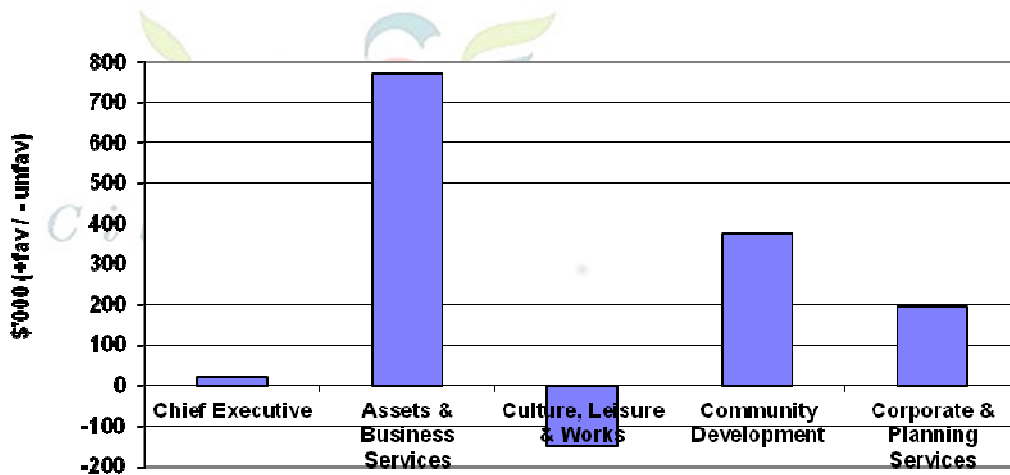
## Three months ended 30 September 2013

### 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
<b>Department</b>				
Chief Executive	220	197	23	841
Assets & Business Services	3,308	2,535	773	11,825
Culture, Leisure & Works	6,083	6,230	(147)	28,292
Community Development	5,296	4,920	376	21,351
Corporate & Planning Services	4,654	4,458	196	16,706
	19,561	18,340	1,221	79,015
Other non-attributable <sup>1</sup>	(95,309)	(94,794)	(515)	(87,215)
<b>Net (surplus) deficit</b>	<b>(75,748)</b>	<b>(76,454)</b>	<b>706</b>	<b>(8,200)</b>

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





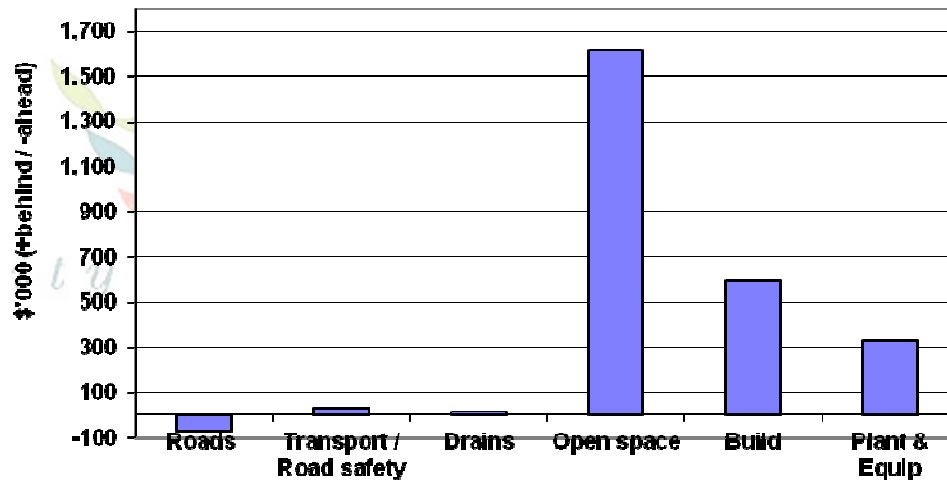
# Financial Report

## Three months ended 30 September 2013

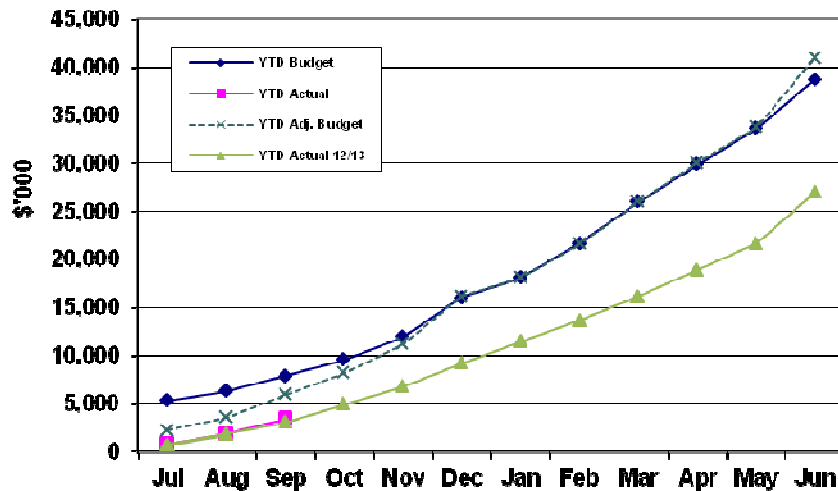
### 2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
<b>Capital works class</b>					
Roads	574	642	(68)	6,410	6,468
Transport / Road safety	125	93	32	920	920
Drains	78	60	18	644	687
Open space	2,206	590	1,616	8,483	9,309
Buildings	1,739	1,143	596	15,838	16,683
Plant & equipment	1,169	840	329	6,435	6,893
<b>Total capital works</b>	<b>5,891</b>	<b>3,368</b>	<b>2,523</b>	<b>38,730</b>	<b>40,960</b>
<b>Represented by:</b>					
Capital expenditure	5,043	2,999	2,044	32,653	34,818
Major maintenance	848	369	479	6,077	6,142
<b>Total capital works</b>	<b>5,891</b>	<b>3,368</b>	<b>2,523</b>	<b>38,730</b>	<b>40,960</b>

Capital works – YTD Budget variances by asset class



Capital works YTD expenditure cumulative



**Financial Report**  
**Three months ended 30 September 2013**

**Major Capital Works Variances**

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
<b>Roads</b>		<b>68</b>	
Footpath renewal program	T	205	
Roads resurfacing program	T	57	
Major road patching program	T	55	
Reservoir laneway revitalisation	E,T		251
<b>Open space</b>			<b>1,616</b>
Preston City Oval gateway	E,T		250
Darebin community forest strategy	T		50
Parks renewal project	T		45
Edwardes Lake Park playspace	CF,T		48
John Cain flood mitigation	E,T		690
Playground upgrades	T		55
Greenstreet tree planting	T		400
Pocket parks	T	60	
<b>Buildings</b>			<b>596</b>
Barling Reserve pavilion	E,CF,T		98
Cogeneration at RLC	E,T		339
Donath Reserve west pavilion	E,CF,T		168
Oakhill Community Centre	E,CF,T		252
Preston City Oval kitchen	T		56
Keon Park community hub	E,CF,T	142	
Cogeneration at NARC	E,CF,T	222	
<b>Plant &amp; Equipment</b>			<b>329</b>
Plant replacement program	T		116
Library product purchases	T		40

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

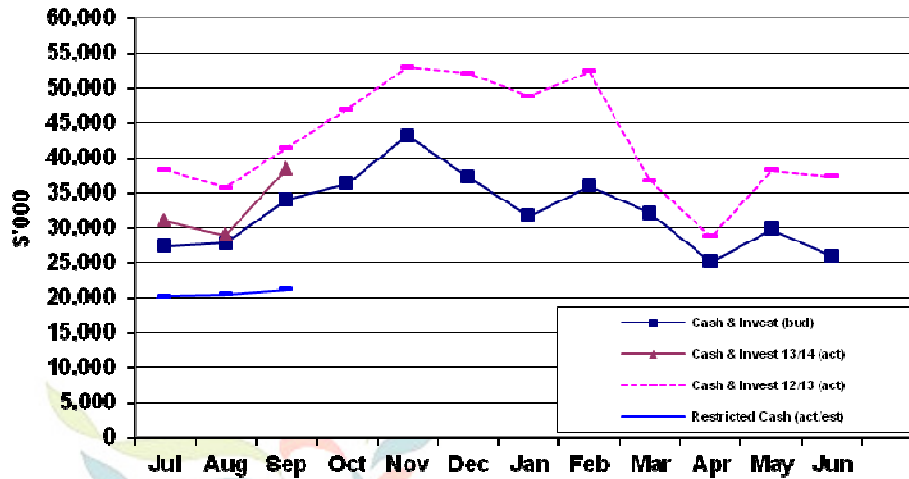
# Financial Report

## Three months ended 30 September 2013

### 2.3 Financial position

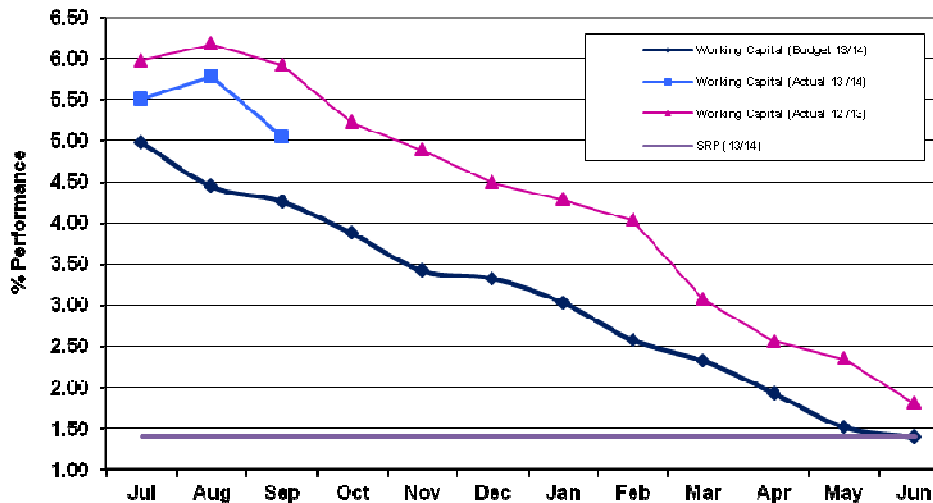
	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Cash and investments	34,014	38,462	4,448	25,878
Net current assets	88,478	100,953	12,475	10,636
Net assets and total equity	1,205,425	1,209,797	4,372	1,137,875

#### 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 (\$13.4M).

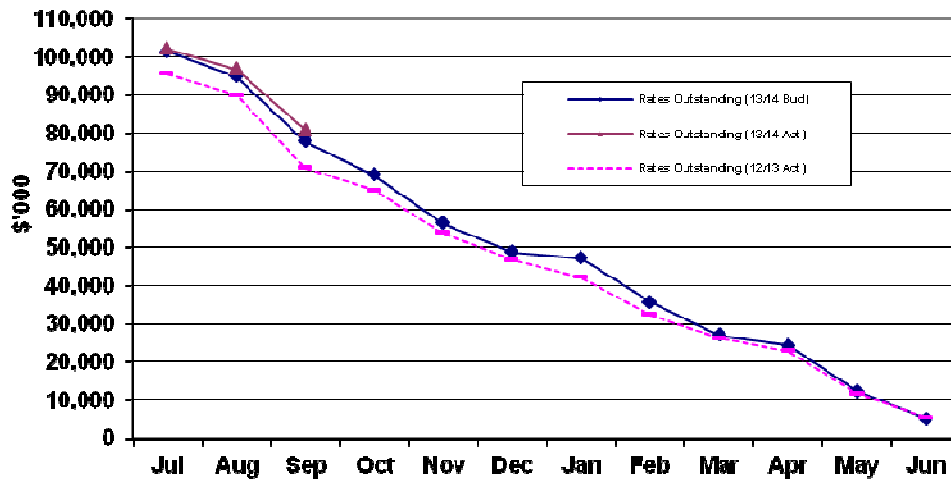
#### Actual & Budget working capital ratio by month (Current assets / Current liabilities)



# Financial Report

## Three months ended 30 September 2013

### Actual & Budget rates outstanding balances by month



### Major Balance Sheet YTD variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
<b>Current assets</b>		<b>10,222</b>	
Rate receivables	T	3,489	
Other receivables	T	2,107	
Cash and investments	CF,P	4,448	
Other assets	T	178	
<b>Current liabilities</b>		<b>2,253</b>	
Trade creditors	T	5,099	
Other payables	T		1,906
Trust funds and deposits	T		683
Employee provisions	P		255
<b>Non-current assets</b>			<b>8,207</b>
Property, Infra. plant & equipment	P		9,133
Intangible assets	P	891	
<b>Non-current liabilities</b>		<b>104</b>	
Employee provisions	P	108	
<b>Equity</b>		<b>4,372</b>	
Accumulated surplus	P	4,239	
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 (\$13.4M).

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**  
**Three months ended 30 September 2013**

**DAREBIN CITY COUNCIL**

**Income Statement**

For the 3 months ended 30 September, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
<b>Revenues from ordinary activities</b>				
Rates	98,651	98,905	254	<b>100,749</b>
User fees	2,807	2,594	(213)	<b>12,621</b>
Statutory fees and fines	1,275	1,362	87	<b>5,852</b>
Contributions	500	1,467	967	<b>2,000</b>
Operating grants and contributions	4,213	4,291	78	<b>13,022</b>
Capital grants and contributions	3,653	594	(3,059)	<b>8,636</b>
Other	667	909	242	<b>5,259</b>
Total revenues	<u>111,766</u>	<u>110,122</u>	<u>(1,644)</u>	<b><u>148,139</u></b>
<b>Expenses from ordinary activities</b>				
Employee costs	18,540	17,900	640	<b>72,608</b>
Materials and services	8,525	7,629	896	<b>38,405</b>
Bad and doubtful debts	203	86	117	<b>815</b>
Finance costs	9	10	(1)	<b>29</b>
Depreciation and amortisation	4,710	4,772	(62)	<b>19,503</b>
Other	3,932	3,268	664	<b>8,881</b>
Total expenses	<u>35,919</u>	<u>33,665</u>	<u>2,254</u>	<b><u>140,241</u></b>
Net gain (loss) on disposal of property infrastructure, plant and equipment	<u>(99)</u>	<u>(3)</u>	<u>96</u>	<b><u>302</u></b>
<b>Surplus for the year</b>	<u><u>75,748</u></u>	<u><u>76,454</u></u>	<u><u>706</u></u>	<b><u><u>8,200</u></u></b>

**Financial Report**  
**Three months ended 30 September 2013**

**DAREBIN CITY COUNCIL**

**Balance Sheet**

As at 30 September, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
<b>Current assets</b>				
Cash and cash equivalents	34,014	25,062	(8,952)	<b>25,878</b>
Trade and other receivables	81,149	86,745	5,596	<b>10,107</b>
Financial assets	0	13,400	13,400	<b>0</b>
Other assets	451	629	178	<b>1,360</b>
<b>Total current assets</b>	<b>115,614</b>	<b>125,836</b>	<b>10,222</b>	<b>37,345</b>
<b>Non-current assets</b>				
Trade and other receivables	208	203	(5)	<b>159</b>
Property, infrastructure, plant & equipment	1,114,132	1,104,999	(9,133)	<b>1,124,381</b>
Investment property	3,615	3,625	10	<b>3,615</b>
Intangible assets	154	1,045	891	<b>154</b>
Other financial assets	206	236	30	<b>206</b>
<b>Total non-current assets</b>	<b>1,118,315</b>	<b>1,110,108</b>	<b>(8,207)</b>	<b>1,128,515</b>
<b>Total assets</b>	<b>1,233,929</b>	<b>1,235,944</b>	<b>2,015</b>	<b>1,165,860</b>
<b>Current liabilities</b>				
Trade and other payables	9,922	6,729	3,193	<b>8,884</b>
Trust funds and deposits	2,642	3,325	(683)	<b>2,755</b>
Interest bearing loans and borrowings	220	222	(2)	<b>128</b>
Provisions	14,352	14,607	(255)	<b>14,942</b>
<b>Total current liabilities</b>	<b>27,136</b>	<b>24,883</b>	<b>2,253</b>	<b>26,709</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	264	268	(4)	<b>172</b>
Provisions	1,104	996	108	<b>1,104</b>
<b>Total non-current liabilities</b>	<b>1,368</b>	<b>1,264</b>	<b>104</b>	<b>1,276</b>
<b>Total liabilities</b>	<b>28,504</b>	<b>26,147</b>	<b>2,357</b>	<b>27,985</b>
<b>Net assets</b>	<b>1,205,425</b>	<b>1,209,797</b>	<b>4,372</b>	<b>1,137,875</b>
<b>Equity</b>				
Accumulated surplus	549,517	553,756	4,239	<b>482,783</b>
Asset revaluation reserve	646,926	646,926	0	<b>646,926</b>
Other reserves	8,982	9,115	133	<b>8,166</b>
<b>Total equity</b>	<b>1,205,425</b>	<b>1,209,797</b>	<b>4,372</b>	<b>1,137,875</b>

# Financial Report

## Three months ended 30 September 2013

### DAREBIN CITY COUNCIL

#### Cash Flow Statement

For the 3 months ended 30 September, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
	Inflows (Outflows)	Inflows (Outflows)		Inflows (Outflows)
<b>Cash flows from operating activities</b>				
Receipts from customers (incl GST)	32,997	29,541	(3,456)	125,012
Payments to suppliers and employees (incl GST)	(33,281)	(31,357)	1,924	(126,934)
	(284)	(1,816)	(1,532)	(1,922)
Interest	290	399	109	1,461
Government receipts	9,774	5,585	(4,189)	21,658
Net GST refund / payment	1,750	1,603	(147)	7,004
Net cash provided by operating activities	11,530	5,771	(5,759)	28,201
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant & equipment	77	183	106	1,008
Payment for property, infrastr, plant & equipment	(7,079)	(7,446)	(367)	(32,653)
Trust funds and deposits	0	155	155	0
Repayment of loans and advances	14	14	0	59
Proceeds from sale of other financial assets	0	2,555	2,555	0
Net cash used in investing activities	(6,988)	(4,539)	2,449	(31,586)
<b>Cash flows from financing activities</b>				
Finance costs	(10)	(11)	(1)	(28)
Repayment of interest bearing loans and borrowings	(129)	(128)	1	(320)
Net cash used in financing activities	(139)	(139)	(0)	(348)
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	4,403	1,093	(3,310)	(3,733)
Cash & cash equivalents at the beginning of the year	29,611	37,369	7,758	29,611
<b>Cash &amp; cash equivalents at the end of the year</b>	34,014	38,462	4,448	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	75,748	76,454	706	8,200
Items not involving cash or non operating in nature				
Depreciation and amortisation	4,710	4,772	62	19,503
Interest expense	9	10	1	29
Bad & doubtful debts	203	86	(117)	815
Net (gain) / loss on sale of assets	99	3	(96)	(302)
	80,769	81,325	556	28,245
Change in operating assets and liabilities				
Decrease / (Increase) in rate debtors	(72,831)	(78,031)	(5,200)	(100)
Decrease / (Increase) in other operating assets	2,222	4,273	2,052	(866)
(Decrease) / Increase in Trade creditors	1,370	(1,927)	(3,297)	332
(Decrease) / Increase in other operating liabilities	0	131	131	590
	(69,239)	(75,554)	(6,315)	(44)
Net cash provided by operating activities	11,530	5,771	(5,759)	28,201



**Financial Report**  
**Three months ended 30 September 2013**

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**DAREBIN CITY COUNCIL**

**Statement of Capital Works**

For the 3 months ended 30 September, 2013

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	<b>Annual Budget \$'000</b>	Adjusted Budget \$'000
Roads	574	642	(68)	<b>6,410</b>	6,468
Transport / Road safety	125	93	32	<b>920</b>	920
Drains	78	60	18	<b>644</b>	687
Open space	2,206	590	1,616	<b>8,483</b>	9,309
Buildings	1,739	1,143	596	<b>15,838</b>	16,683
Plant & equipment	1,169	840	329	<b>6,435</b>	6,893
<b>Total capital works</b>	<b>5,891</b>	<b>3,368</b>	<b>2,523</b>	<b>38,730</b>	<b>40,960</b>

**Represented by:**

Capital expenditure	5,043	2,999	2,044	<b>32,653</b>	34,818
Major maintenance	848	369	479	<b>6,077</b>	6,142
<b>Total capital works</b>	<b>5,891</b>	<b>3,368</b>	<b>2,523</b>	<b>38,730</b>	<b>40,960</b>

