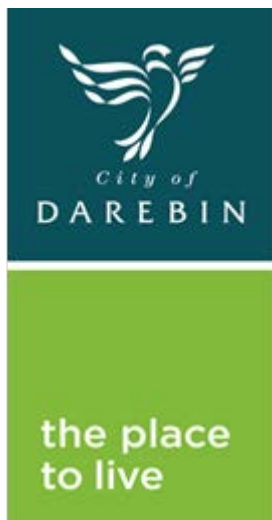


FINANCIAL REPORT

Two months ended

31 August 2014



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1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Operating				
Revenue	111,144	111,772	628	145,986
Expenditure	(24,197)	(22,835)	1,362	(146,498)
	86,947	88,937	1,990	(512)
Capital & other				
Developer and other contributions	583	719	136	3,500
Revenue	287	290	3	3,848
Gain (loss) on disposal of assets	(121)	21	142	(48)
Net surplus (deficit)	87,696	89,967	2,271	6,788

For the 2 months ended 31 August 2014 Council has recorded an operating surplus before capital revenue and other items of \$88.9 million, which is \$2.0 million ahead of the year to date budget. After capital and other items, the operating surplus is \$90.0 million, which is \$2.3 million ahead of budget. The main items contributing to this favourable variance are rates, development contributions, employee costs and maintenance expenditure partly offset by unfavourable variances in depreciation and amortisation.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Total capital works	4,129	2,345	1,784	40,337	41,421

For the 2 months ended 31 August 2014 Council has expended \$2.3 million on the capital works program, which is \$1.8 million behind the year to date budget. The variance is due mainly to delays with road, building works, open space projects and the purchase of plant and equipment. As at 31 August 2014 a further \$9.0 million has been committed by way of issued purchase orders. Commitments are not reflected in the reported capital expenditure and indicate that many projects are well advanced.

1.3 Financial position

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Cash and investments	23,990	23,698	(292)	28,882
Net current assets	108,059	112,660	4,601	14,851
Net assets and total equity	1,265,142	1,265,726	584	1,184,155

The Financial Position as at 31 August 2014 shows a cash and investment balance of \$23.7 million which is \$0.3 million behind budget. The variance is due mainly to timing differences in receipts from customers. The cash and investment balance of \$23.7 million was sufficient to meet restricted cash obligations. Restricted cash, the cash Council requires to meet employee entitlements, pay bond deposits and cash held to fund future capital works was \$21.2 million at the end of August. The net current asset position is \$112.7 million which is \$4.6 million more than budget. The net asset position of \$1.27 billion is \$0.6 million greater than budget.

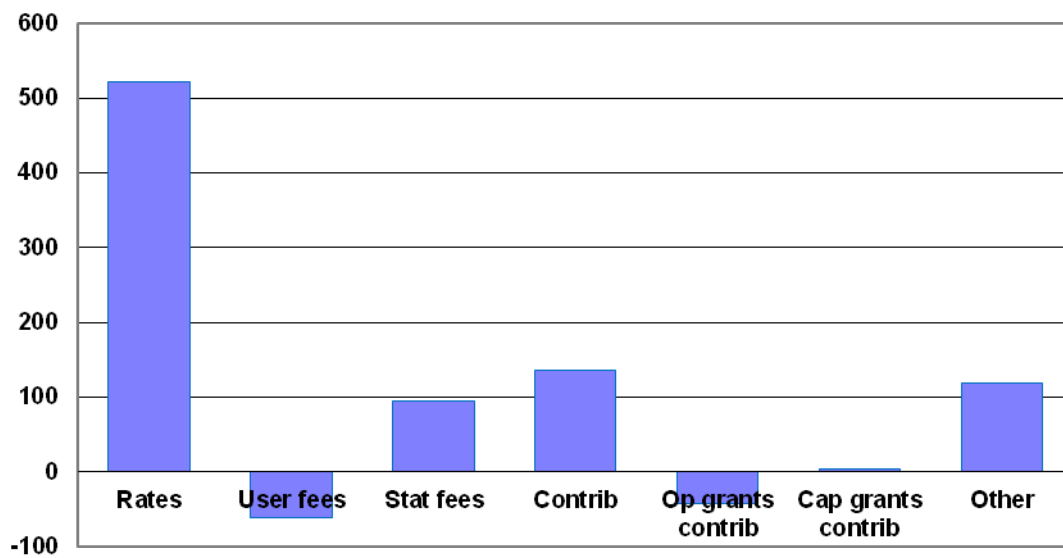
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Revenues				
Rates	104,049	104,570	521	106,616
User fees	1,923	1,861	(62)	12,258
Statutory fees and fines	853	947	94	6,104
Contributions	583	719	136	3,500
Operating grants & contrib's	3,783	3,740	(43)	15,764
Capital grants & contrib's	286	290	4	4,456
Other revenue	536	654	118	4,636
Total operating revenue	112,013	112,781	768	153,334

Revenue YTD variances



Major Operating Revenue Variances

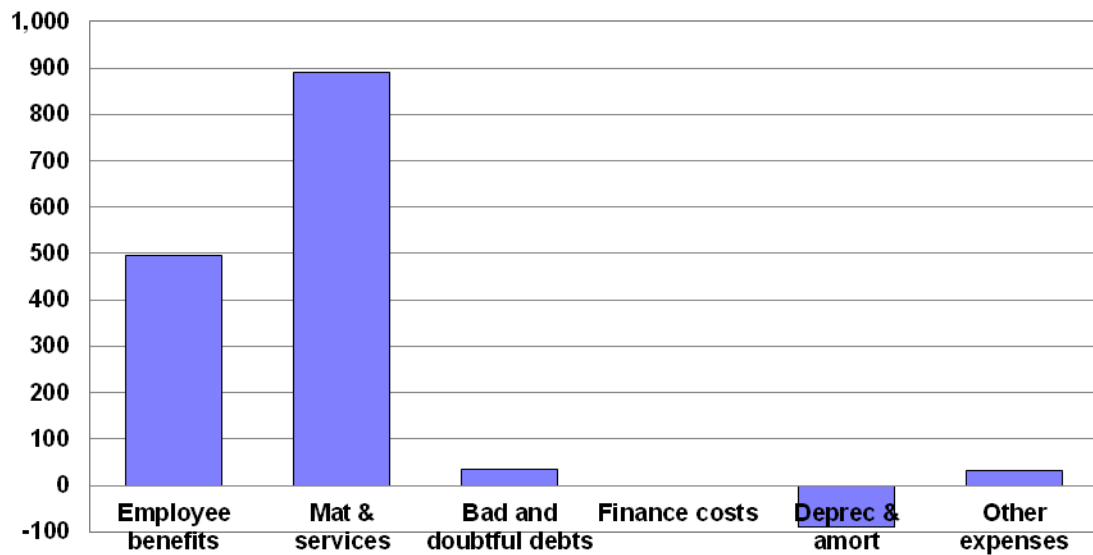
	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Rates		521	
Supplementary rates	T	312	
General rates	P	91	
User fees			62
Civic compliance	T		48
Reservoir Leisure Centre	T		75
Home support service delivery	T		45
Asset strategy	T	51	
Valuations	T	69	
Statutory fees		94	
Traffic enforcement	T	71	
Contributions		136	
Open space contributions	T	143	
Operating grants and contributions			43
Assessment & complex care	T		52
Environmental strategy	T	60	
Other		118	
No individual significant item	T	73	

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

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Expenses				
Employee costs	11,362	10,867	495	74,931
Materials and services	6,288	5,398	890	42,065
Bad and doubtful debts	118	83	35	714
Finance costs	3	3	0	16
Depreciation and amortisation	3,307	3,398	(91)	20,711
Other expenses	3,119	3,086	33	8,061
Total operating expenses	24,197	22,835	1,362	146,498

Expenses YTD variances



Major Operating Expense Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Employee costs		495	
Children & community development	T	75	
Civic compliance	T	74	
Home support service delivery	T	69	
Environmental operation	T	40	
Darebin libraries	T	57	
Materials and services		890	
Arboriculture	T	73	
Environmental operations	T	64	
Darebin libraries	T	61	
IT application systems	T	72	
Major maintenance	CF,T	474	
Environmental operations	T	64	
IT infrastructure	T		40
Youth services	T		56
Depreciation and amortisation			91
Buildings	P		54

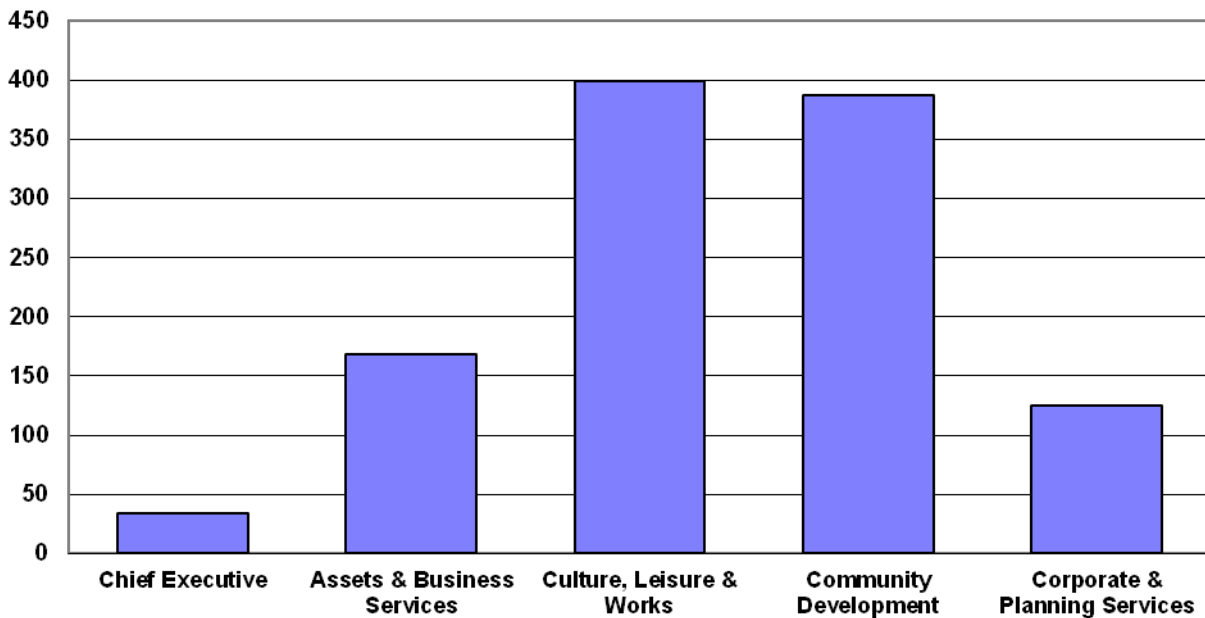
Note: Var T = Timing P = Permanent CF = Carried forward prior year,
Fav – Favourable against budget, Unfav – Unfavourable against budget

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	124	90	34	860
Assets & Business Services	2,021	1,853	168	13,278
Culture, Leisure & Works	4,045	3,646	399	32,995
Community Development	3,012	2,625	387	22,113
Corporate & Planning Services	3,180	3,055	125	18,657
	12,382	11,269	1,113	87,903
Other non-attributable ¹	(100,158)	(101,236)	1,078	(94,691)
Net (surplus) deficit	(87,776)	(89,967)	2,191	(6,788)

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

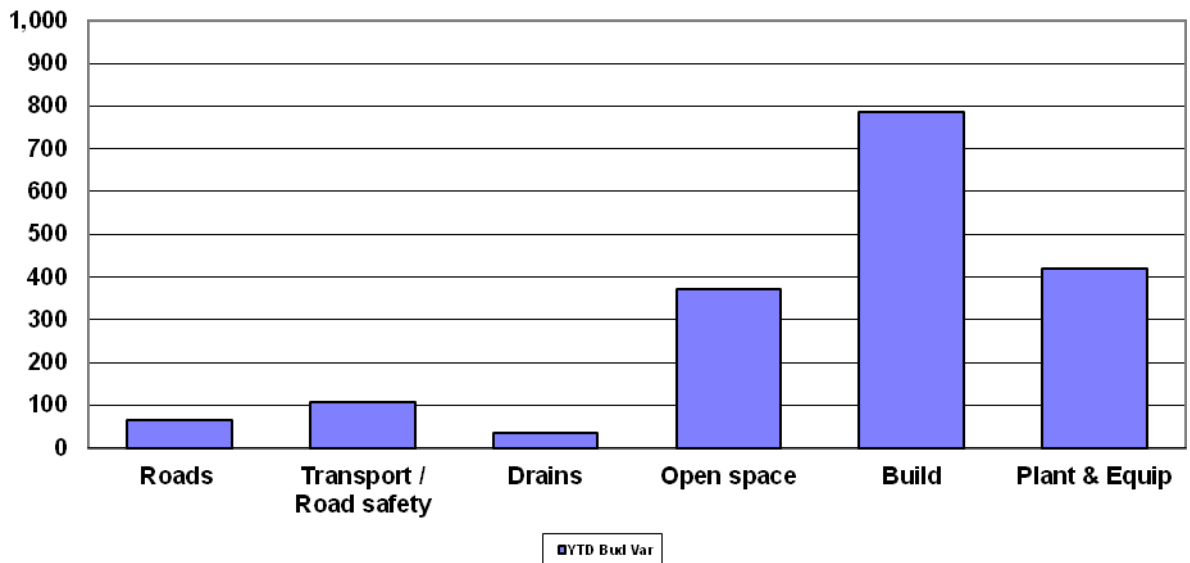
Department net cost YTD variances



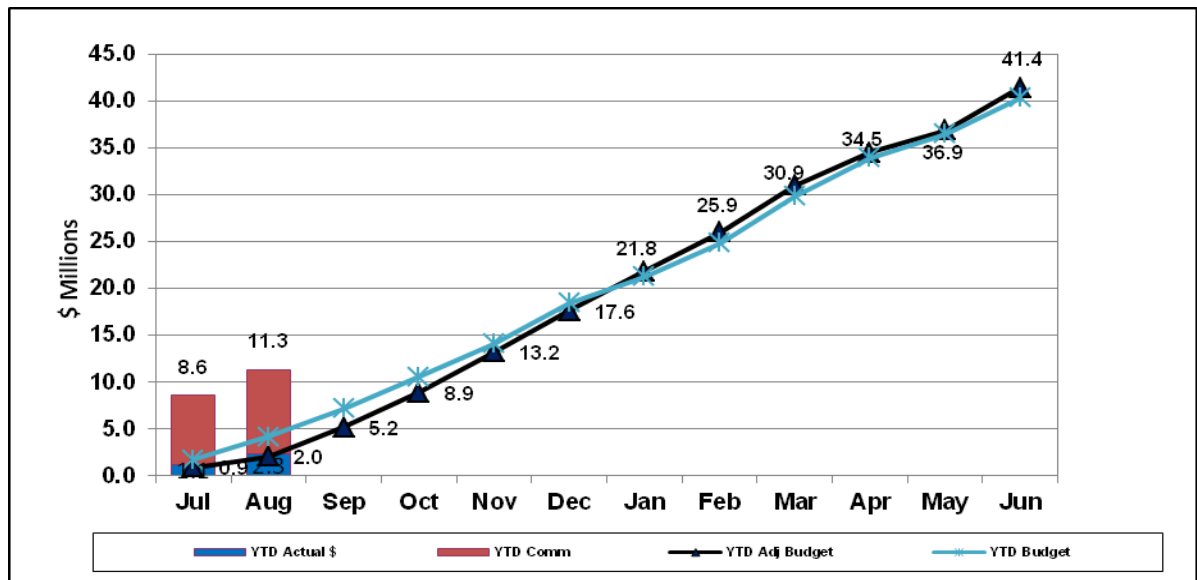
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Capital works class					
Roads	393	328	65	7,205	7,272
Transport / Road safety	295	188	107	1,715	3,076
Drains	61	26	35	783	928
Open space	637	266	371	8,282	8,731
Buildings	1,852	1,067	785	14,626	14,450
Plant & equipment	891	470	421	7,726	6,965
Total capital works	4,129	2,345	1,784	40,337	41,422
Represented by:					
Capital expenditure	3,321	2,010	1,311	33,313	34,408
Major maintenance	808	335	473	7,024	7,014
Total capital works	4,129	2,345	1,784	40,337	41,422

Capital works YTD variances by asset class



Capital works YTD & Committed expenditure cumulative



Major Capital Works Variances

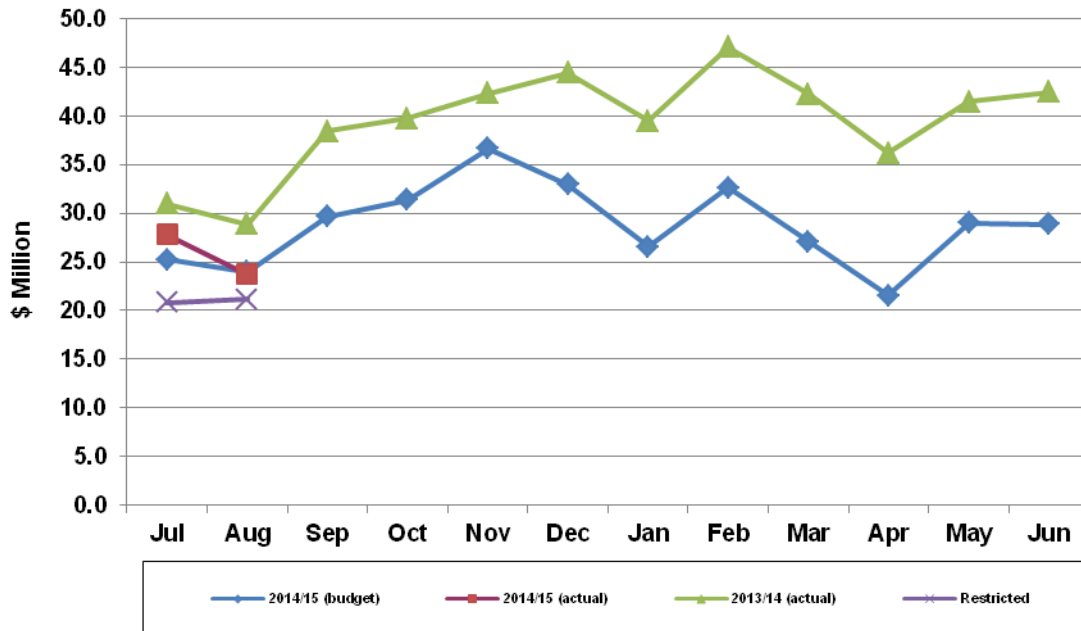
	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Roads			65
Reservoir laneway revitalisation	T,CF		50
Shared path – parks renewal	T		47
Footpath renewal program	T	70	
Transport / road safety			107
Energy efficient streetlights	T,E*		129
Open space			371
Greening garden beds	T		47
Street tree planting	T		189
Buildings			785
Cogeneration at RLC	E,P		74
Keon Park community hub	E,CF,P		245
Reservoir Learning & Community Centre	E,CF,P		516
Resource efficient projects	E,CF,P	105	
Plant & Equipment			421
Plant replacement program	CF,T		209
Bushland management vehicle	T		53
Darebin libraries product purchases	T		82
IT pc & network upgrades	T		59
Mobile garbage bin replacement	T	52	

Note: Var T = Timing P = Permanent CF = Carried forward prior year E = Externally funded
 Note – * Energy efficient street lighting was approved by Council on 3 February 2014

2.3 Financial position

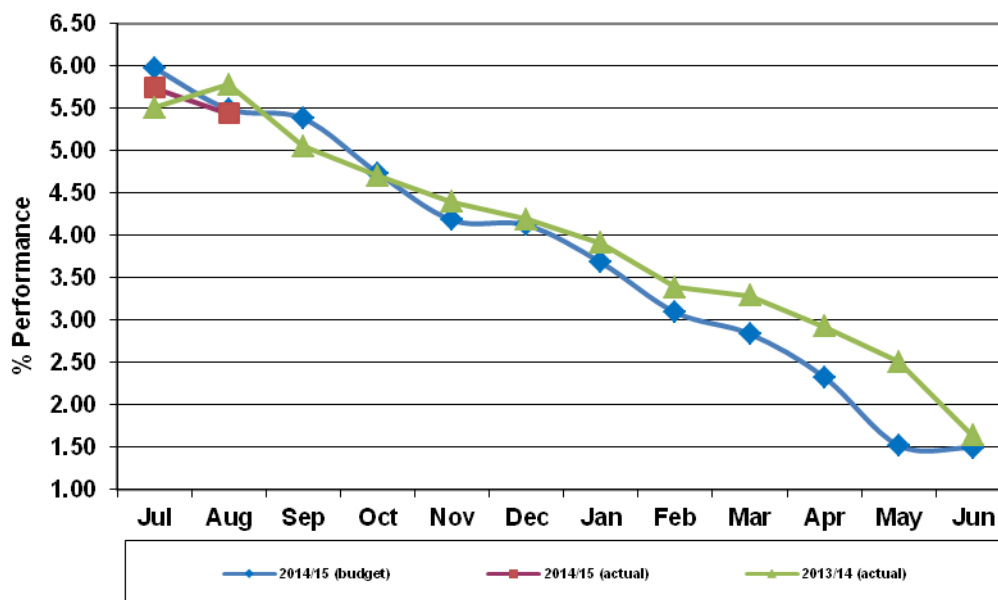
	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Cash and investments	23,990	23,698	(292)	28,882
Net current assets	108,059	112,660	4,601	14,851
Net assets and total equity	1,265,142	1,265,726	584	1,184,155

Actual & Budget cash & investments balance by month

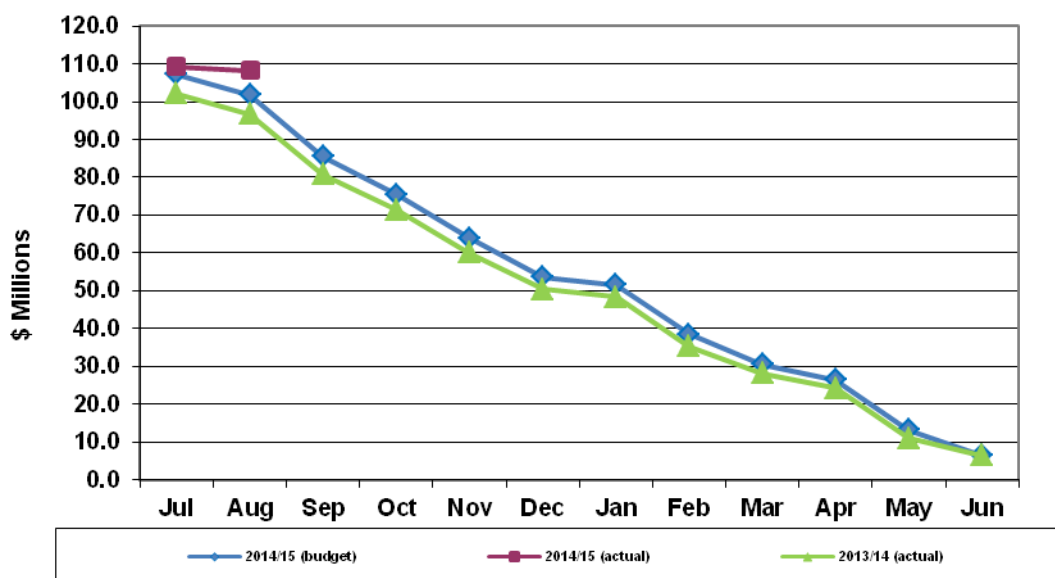


Note: Cash and investments include term deposits with a maturity date exceeding 90 days which are classified as other financial assets in the Balance Sheet (\$4.46M).

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



Actual & Budget rates outstanding balances by month



Major Balance Sheet YTD variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Current assets		6,043	
Cash and investments	CF,P *		292
Rate receivables	T	7,405	
Other receivables	T		2,611
Other assets	T	1,541	
Current liabilities			1,442
Trade creditors	T	106	
Other payables	T	1,417	
Trust funds and deposits	T		762
Employee provisions	P		2,203
Non-current assets			3,651
Property, Infra. plant & equipment	P		3,026
Intangible assets	P		828
Investment property	P	158	
Non-current liabilities			366
Employee provisions	P		366
Equity		584	
Accumulated surplus	P	14,963	
Asset revaluation reserve	P		12,078
Other reserves	P		2,301

*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 (\$4.46M).

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

DAREBIN CITY COUNCIL

Income Statement

For the 2 months ended 31 August, 2014

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Revenues from ordinary activities				
Rates	104,049	104,570	521	106,616
User fees	1,923	1,861	(62)	12,258
Statutory fees and fines	853	947	94	6,104
Contributions	583	719	136	3,500
Operating grants and contributions	3,783	3,740	(43)	15,764
Capital grants and contributions	286	290	4	4,456
Other	536	654	118	4,636
Total revenues	<u>112,013</u>	<u>112,781</u>	<u>768</u>	<u>153,334</u>
Expenses from ordinary activities				
Employee costs	11,362	10,867	495	74,931
Materials and services	6,288	5,398	890	42,065
Bad and doubtful debts	118	83	35	714
Finance costs	3	3	0	16
Depreciation and amortisation	3,307	3,398	(91)	20,711
Other	3,119	3,086	33	8,061
Total expenses	<u>24,197</u>	<u>22,835</u>	<u>1,362</u>	<u>146,498</u>
Net gain (loss) on disposal of property infrastructure, plant and equipment	<u>(40)</u>	<u>21</u>	<u>61</u>	<u>(48)</u>
Surplus for the year	<u><u>87,776</u></u>	<u><u>89,967</u></u>	<u><u>2,191</u></u>	<u><u>6,788</u></u>
Less				
Capital contributions	(286)	(329)	(43)	(3,848)
DCP/POS Contributions	(583)	(719)	(136)	(3,500)
Grants received in prior year	0	464	464	0
Maintenance cfwd from prev. years	0	0	0	701
Underlying Surplus/ (deficit)	<u><u>86,907</u></u>	<u><u>89,383</u></u>	<u><u>2,476</u></u>	<u><u>141</u></u>

DAREBIN CITY COUNCIL

Balance Sheet

As at 31 August, 2014

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Current assets				
Cash and cash equivalents	13,112	19,235	6,123	18,004
Trade and other receivables	107,054	111,848	4,794	14,981
Financial assets	10,878	4,463	(6,415)	10,878
Other assets	953	2,494	1,541	862
Total current assets	<u>131,997</u>	<u>138,040</u>	<u>6,043</u>	<u>44,725</u>
Non-current assets				
Trade and other receivables	139	154	15	114
Property, infrastructure, plant & equipment	1,152,988	1,149,962	(3,026)	1,164,547
Investment property	3,625	3,783	158	3,625
Intangible assets	1,293	465	(828)	1,853
Other financial assets	206	236	30	206
Total non-current assets	<u>1,158,251</u>	<u>1,154,600</u>	<u>(3,651)</u>	<u>1,170,345</u>
Total assets	<u>1,290,248</u>	<u>1,292,640</u>	<u>2,392</u>	<u>1,215,070</u>
Current liabilities				
Trade and other payables	5,729	4,206	1,523	11,153
Trust funds and deposits	3,089	3,851	(762)	3,170
Interest bearing loans and borrowings	128	128	0	128
Provisions	14,992	17,195	(2,203)	15,423
Total current liabilities	<u>23,938</u>	<u>25,380</u>	<u>(1,442)</u>	<u>29,874</u>
Non-current liabilities				
Interest bearing loans and borrowings	172	172	0	44
Provisions	996	1,362	(366)	996
Total non-current liabilities	<u>1,168</u>	<u>1,534</u>	<u>(366)</u>	<u>1,040</u>
Total liabilities	<u>25,106</u>	<u>26,914</u>	<u>(1,808)</u>	<u>30,914</u>
Net assets	<u>1,265,142</u>	<u>1,265,726</u>	<u>584</u>	<u>1,184,156</u>
Equity				
Accumulated surplus	565,584	580,547	14,963	484,400
Asset revaluation reserve	687,870	675,792	(12,078)	687,871
Other reserves	11,688	9,387	(2,301)	11,884
Total equity	<u>1,265,142</u>	<u>1,265,726</u>	<u>584</u>	<u>1,184,155</u>

DAREBIN CITY COUNCIL

Cash Flow Statement

For the 2 months ended 31 August, 2014

	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)	14,458	7,151	(7,307)	131,844
Payments to suppliers and employees (incl GST)	(22,594)	(23,976)	(1,382)	(134,025)
	(8,136)	(16,825)	(8,689)	(2,181)
Interest	190	256	66	1,746
Government receipts	4,069	4,123	54	20,219
Net GST refund / payment	1,750	1,756	6	7,431
Net cash provided by operating activities	(2,127)	(10,690)	(8,563)	27,215
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	81	91	10	675
Payment for property, infrastr, plant & equipment	(9,621)	(8,072)	1,549	(33,312)
Trust funds and deposits	0	89	89	0
Repayment of loans and advances	15	0	(15)	63
Proceeds from sale of other financial assets	1,256	(225)	(1,481)	(2)
Net cash used in investing activities	(8,269)	(8,117)	152	(32,576)
Cash flows from financing activities				
Finance costs	0	0	0	(16)
Repayment of interest bearing loans and borrowings	0	0	0	(128)
Net cash used in financing activities	0	0	0	(144)
Net increase / (decrease) in cash & cash equivalents	(10,396)	(18,808)	(8,412)	(5,505)
Cash & cash equivalents at the beginning of the year	34,386	42,506	8,120	34,386
Cash & cash equivalents at the end of the year	23,990	23,698	(292)	28,881

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 (\$14.8M).

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	87,776	89,967	2,191	6,788
Items not involving cash or non operating in nature				
Depreciation and amortisation	3,307	3,398	91	20,711
Interest expense	3	3	0	16
Bad & doubtful debts	118	83	(35)	714
Net (gain) / loss on sale of assets	40	(21)	(61)	48
	91,244	93,430	2,186	28,277
Change in operating assets and liabilities				
Decrease / (Increase) in rate debtors	(94,755)	(101,575)	(6,820)	(644)
Decrease / (Increase) in other operating assets	1,412	(584)	(1,996)	(1,272)
(Decrease) / Increase in Trade creditors	1,228	(2,288)	(3,516)	420
(Decrease) / Increase in other operating liabilities	(1,256)	343	1,599	3
(Decrease) / Increase in provisions	0	(17)	(17)	431
	(93,371)	(104,120)	(10,749)	(1,062)
Net cash provided by operating activities	(2,127)	(10,690)	(8,563)	27,215

DAREBIN CITY COUNCIL

Statement of Capital Works

For the 2 months ended 31 August, 2014

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000
Roads	393	328	65	7,205	7,272
Transport / Road safety	295	188	107	1,715	3,076
Drains	61	26	35	783	928
Open space	637	266	371	8,282	8,731
Buildings	1,852	1,067	785	14,626	14,450
Plant & equipment	891	470	421	7,726	6,965
Total capital works	4,129	2,345	1,784	40,337	41,422
Represented by:					
Capital expenditure	3,321	2,010	1,311	33,313	34,408
Major maintenance	808	335	473	7,024	7,014
Total capital works	4,129	2,345	1,784	40,337	41,422