

FINANCIAL REPORT

Four months ended

31 October 2014



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Financial Report

4 months ended 31 October 2014

1 EXECUTIVE SUMMARY

1.1 Operating performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000
Operating				
Revenue	117,245	117,992	747	145,986
Expenditure	(48,580)	(46,611)	1,969	(146,498)
	68,665	71,381	2,716	(512)
Capital & other				
Developer and other contributions	1,167	1,166	(1)	3,500
Revenue	486	708	222	3,848
Gain (loss) on disposal of assets	(30)	26	56	(48)
Net surplus (deficit)	70,288	73,281	2,993	6,788

For the 4 months ended 31 October 2014 Council has recorded an operating surplus before capital revenue and other items of \$71.4 million, which is \$2.7 million ahead of the year to date budget. After capital and other items, the operating surplus is \$73.3 million, which is \$3.0 million ahead of budget. The main items contributing to this favourable variance are rates, employee costs and maintenance expenditure.

1.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Total capital works	8,719	8,211	508	40,337	41,242

For the 4 months ended 31 October 2014 Council has expended \$8.2 million on the capital works program, which is \$0.5 million behind the year to date budget. The variance is due mainly to delays with open space projects. As at 31 October 2014 a further \$9.2 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	31,375	42,331	10,956	28,882
Net current assets	90,745	94,493	3,748	14,851
Net assets and total equity	1,247,656	1,249,039	1,383	1,184,155

The Financial Position as at 31 October 2014 shows a cash and investment balance of \$42.3 million which is \$11.0 million ahead of budget. The variance is due mainly to timing differences in receipts from customers and payments to suppliers and employees, delays in payment for capital works and a higher opening cash and investment position compared with budget. The cash and investment balance of \$42.3 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 \$19.9 million at the end of October. The net current asset position is \$94.5 million which is \$3.7 million more than budget. The net asset position of \$1.25 billion is \$1.4 million more than budget.

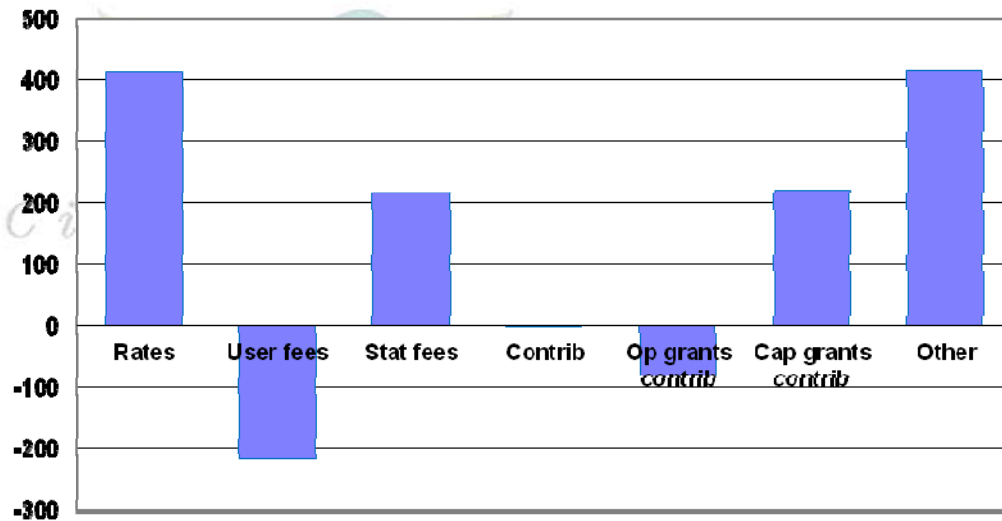
2. FINANCIAL ANALYSIS

2.1 Operating performance

2.1.1 Operating revenue

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Revenues				
Rates	104,657	105,069	412	106,616
User fees	4,051	3,835	(216)	12,258
Statutory fees and fines	1,702	1,918	216	6,104
Contributions	1,167	1,166	(1)	3,500
Operating grants & contrib's	5,448	5,368	(80)	15,764
Capital grants & contrib's	486	708	222	4,456
Other revenue	1,387	1,802	415	4,636
Total operating revenue	118,898	119,866	968	153,334

Revenue YTD variances



Financial Report
4 months ended 31 October 2014

Major Operating Revenue Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Rates		412	
Supplementary rates	T	432	
User fees			216
Reservoir Leisure Centre	T		107
Home support service delivery	T		66
Leisure contracts	T		51
Civic compliance	T		89
Children & community development	T		60
Valuations	T	91	
Statutory fees		216	
Building services	T	50	
Traffic enforcement	T	128	
Operating grants and contributions			80
Family & community programs	T		41
Civic compliance	T		79
Environmental strategy	T	60	
Capital grants and contributions		222	
Barling Reserve pavilion	P	88	
Resource efficient projects	P	288	
Tennis court replacement	T	54	
Energy efficient streetlights	T		152
Other		415	
Carbon tax refund	P	213	

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

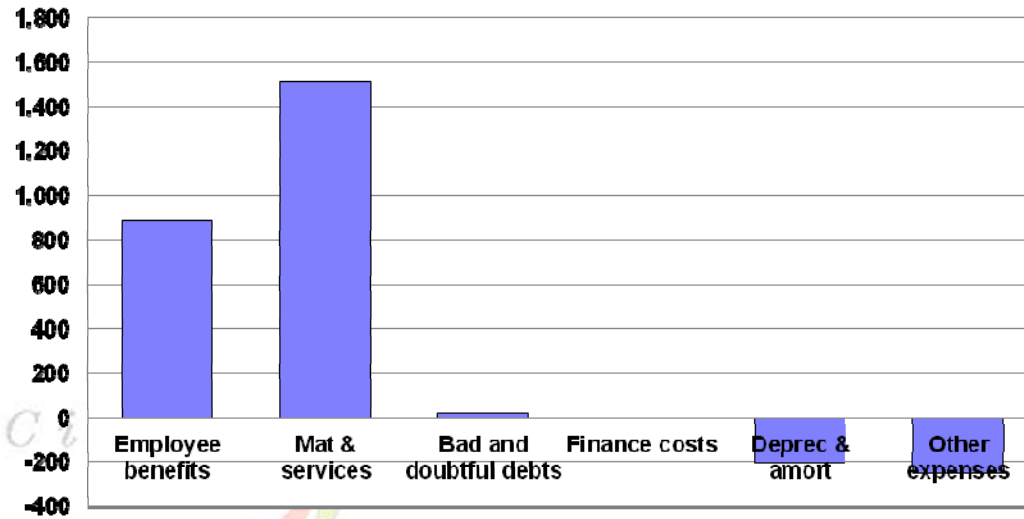
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4 months ended 31 October 2014

2.1.2 Operating expenses

Expense type	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Expenses				
Employee costs	24,665	23,774	891	74,931
Materials and services	13,020	11,508	1,512	42,065
Bad and doubtful debts	238	216	22	714
Finance costs	6	6	0	16
Depreciation and amortisation	6,562	6,769	(207)	20,711
Other expenses	4,089	4,338	(249)	8,061
Total operating expenses	48,580	46,611	1,969	146,498

Expenses YTD variances



Financial Report
4 months ended 31 October 2014

Major Operating Expense Variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Employee costs		891	
Assessment & complex care	T	80	
Children & community development	T	147	
Children, family & community management	T	123	
Civic compliance	T	148	
Customer service	T	69	
Home support service delivery	T	73	
Environmental operation	T	84	
Darebin libraries	T	139	
Park & vegetation	T	62	
Equity & diversity	T		69
Materials and services		1,512	
Arboriculture	T	70	
IT Desktop support	T	59	
Creative culture programs	T	59	
Economic development & employment	T	68	
Environmental operations	T	162	
IT application systems	T	79	
Major maintenance	CF,T	885	
Infrastructure maintenance	T	52	
Utilities	T	62	
Arts & culture	T		63
Transport	T		78
Depreciation and amortisation			207
Buildings	P		122
Other			249
Corporate governance	T		51
Creative culture programs	T		58
Human resources	T		55

Note: Var T = Timing P = Permanent CF = Carried forward prior year,
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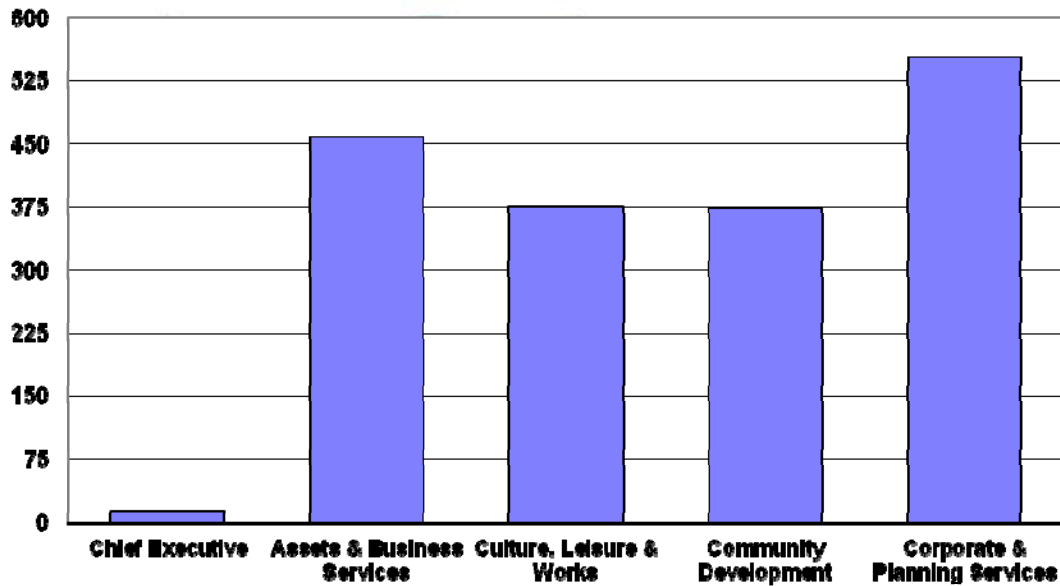
4 months ended 31 October 2014

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				
Office of the Chief Executive	1,361	1,347	14	3,988
Assets & Business Services	4,598	4,140	458	13,278
Culture, Leisure & Works	9,479	9,104	375	32,995
Community Development	6,415	6,041	374	21,389
Corporate & Planning Services	5,958	5,404	554	16,253
	27,811	26,036	1,775	87,903
Other non-attributable ¹	(98,099)	(99,317)	1,218	(94,691)
Net (surplus) deficit	(70,288)	(73,281)	2,993	(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



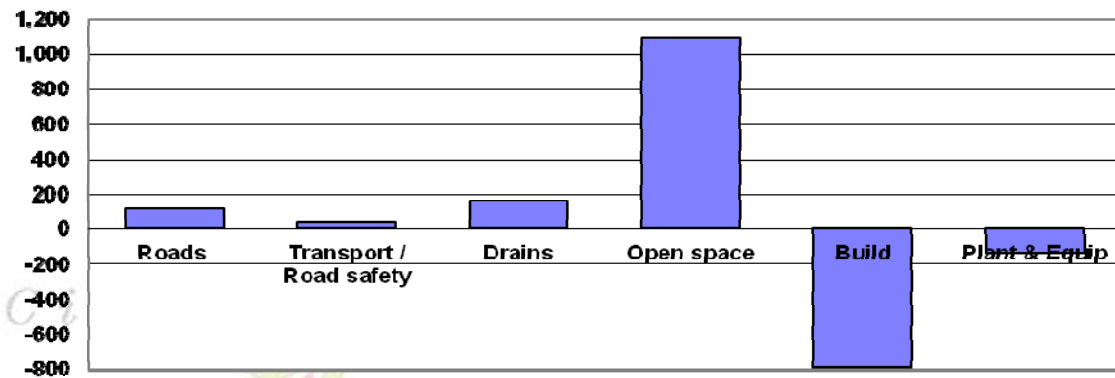
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4 months ended 31 October 2014

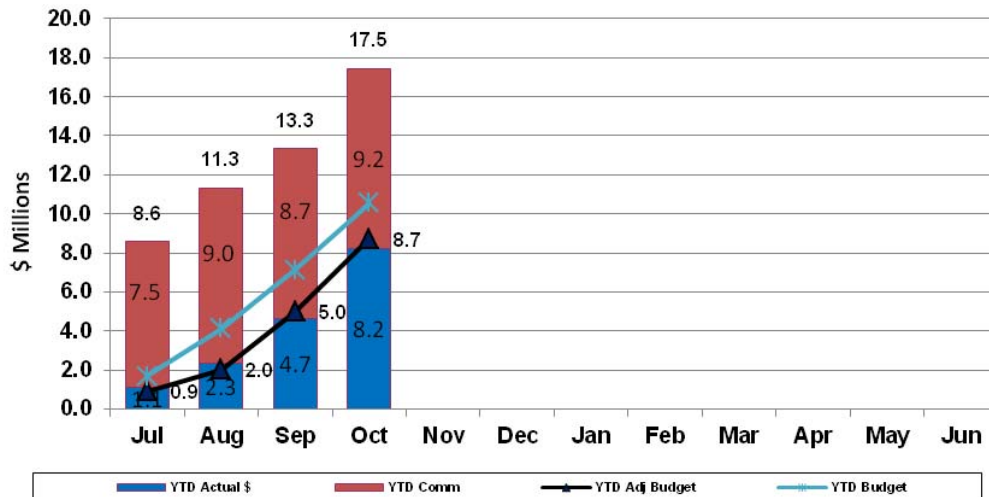
2.2 Capital performance

	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000	Adjusted Budget \$'000
Capital works class					
Roads	1,120	998	122	7,205	7,272
Transport / Road safety					
	754	714	40	1,715	3,076
Drains	293	124	169	783	928
Open space	2,133	1,033	1,100	8,282	8,551
Buildings	2,862	3,654	(792)	14,626	14,450
Plant & equipment	1,557	1,688	(131)	7,726	6,965
Total capital works	8,719	8,211	508	40,337	41,242
Represented by:					
Capital expenditure	6,622	6,999	(376)	33,313	34,379
Major maintenance	2,097	1,212	884	7,024	6,863
Total capital works	8,719	8,211	508	40,337	41,242

Capital works YTD variances by asset class



Capital works YTD & Committed expenditure cumulative



Financial Report
4 months ended 31 October 2014

Major Capital Works Variances

	Var	YTD Ahead of Budget \$'000	YTD Behind Budget \$'000
Roads			122
Improving cycling facilities	T		102
Bridges & culvert maint	T		50
Shared path – parks renewal	T		76
Road resurface program	T	60	
Footpath renewal program	T	138	
Transport / road safety			40
Walking initiatives	T		59
Traffic device repair	T		50
Traffic signal maintenance	T	101	
Drains			169
Water sensitive urban design	T,E		148
Open space			1,100
Bundoora Park masterplan	T		85
Community forest	T		59
Edgars Crk wetlands	T		61
Exercise equipment in parks	T		75
Greening garden beds	T,IF		75
Green streets implementation	T		130
Outdoor multi-purpose court	T,IF		75
Reservoir streetscape masterplan	T		76
Sport reserve safety nets	T		55
Street tree planting	T		244
Tennis court replacement	T		50
Playground upgrades	T	58	
Strip shopping streetscape	T	123	
Buildings		792	
Reservoir Learning & Community Centre	E,CF,P	535	
Resource efficient projects	E,CF,P	579	
Keon Park community hub	E,CF,P		50
NARC asset masterplan	T		98
Ruthven Reserve building	T		44
Plant & Equipment		131	
Plant replacement program	CF,T	350	
IT server / hardware upgrades	T		43

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

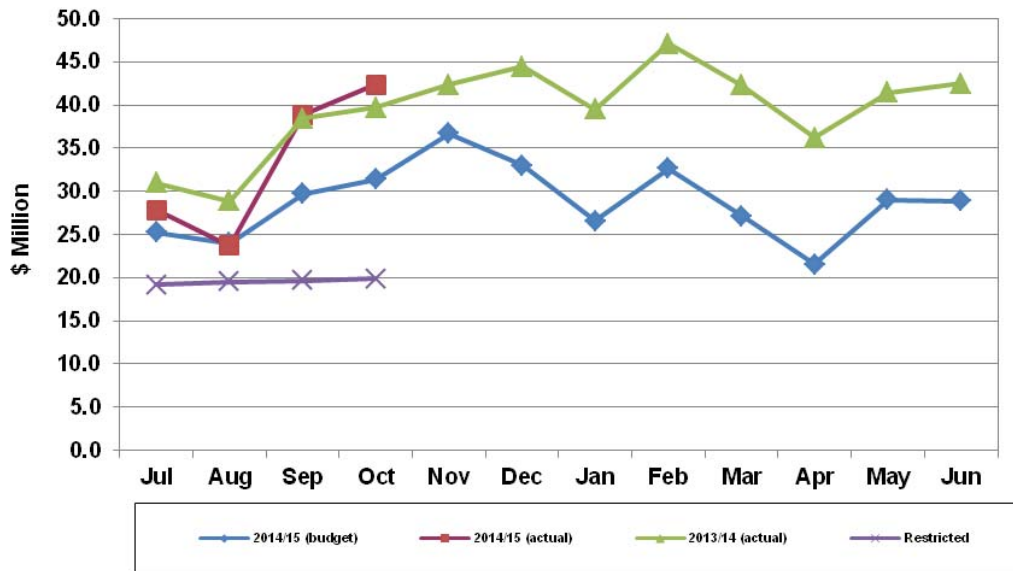
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4 months ended 31 October 2014

2.3 Financial position

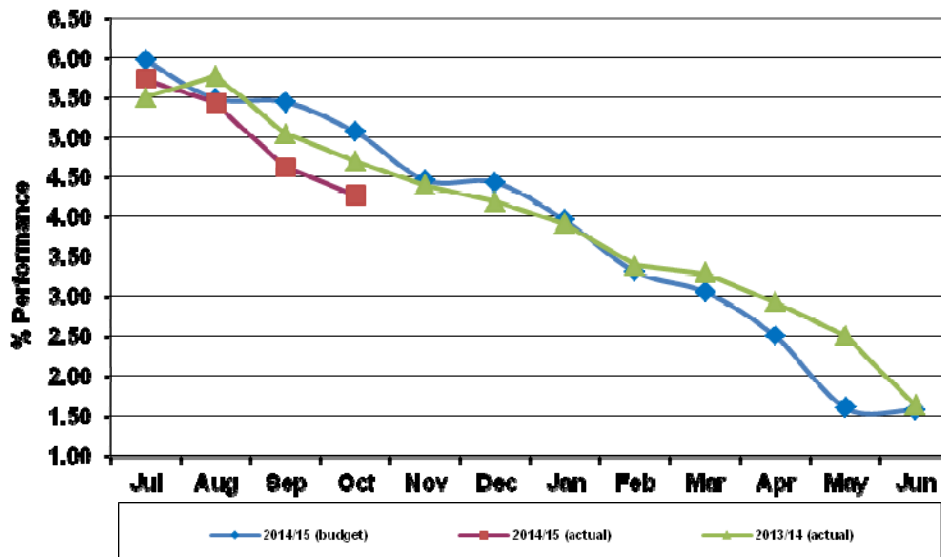
	YTD Budget \$'000	YTD Actual \$'000	YTD Bud Var \$'000	Adopted Budget \$'000
Cash and investments	31,375	42,331	10,956	28,882
Net current assets	90,745	94,493	3,748	14,851
Net assets and total equity	1,247,656	1,249,039	1,383	1,184,155

Actual & Budget cash & investments balance by month



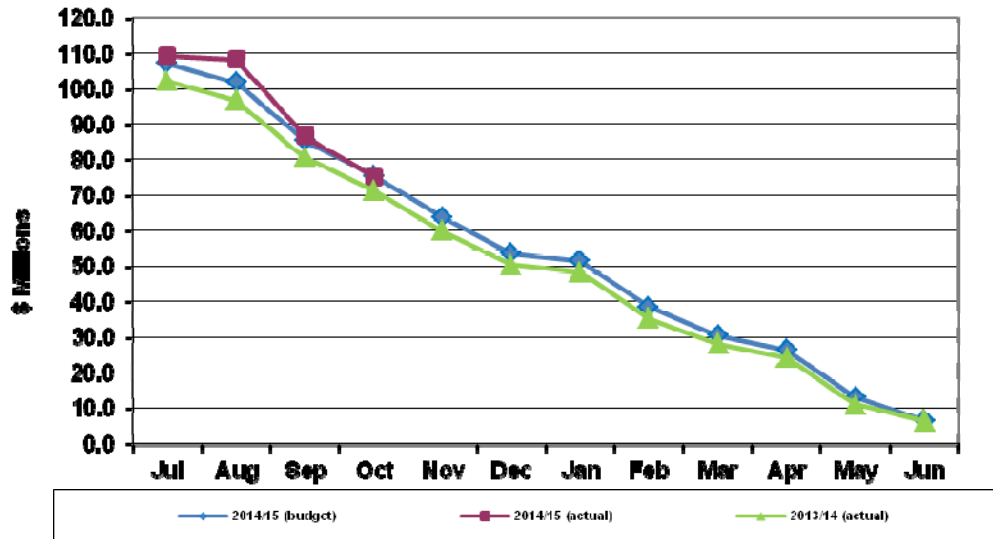
Note: Cash and investments include term deposits with a maturity date exceeding 90 days which are classified as other financial assets in the Balance Sheet (\$4.46M).

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



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4 months ended 31 October 2014

Actual & Budget rates outstanding balances by month



Major Balance Sheet YTD variances

	Var	YTD Fav Budget \$'000	YTD Unfav Budget \$'000
Current assets		10,494	
Cash and investments	CF,P *	10,956	
Rate receivables	T	554	
Other receivables	T		2,693
Other assets	T	1,677	
Current liabilities			6,746
Trade creditors	T		5,080
Other payables	T	1,342	
Trust funds and deposits	T		903
Employee provisions	P		2,103
Non-current assets			1,996
Property, Infra. plant & equipment	P		1,429
Intangible assets	P		755
Investment property	P	158	
Non-current liabilities			369
Employee provisions	P		366
Equity		1,383	
Accumulated surplus	P	15,762	
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
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APPENDIX A

Income Statement
Balance Sheet
Cash Flow Statement
Statement of Capital Works



Financial Report
4 months ended 31 October 2014

DAREBIN CITY COUNCIL

Income Statement

For the 4 months ended 31 October, 2014

	YTD Budget	YTD Actual	YTD Variance	Annual Budget
	\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities				
Rates	104,657	105,069	412	106,616
User fees	4,051	3,835	(216)	12,258
Statutory fees and fines	1,702	1,918	216	6,104
Contributions	1,167	1,166	(1)	3,500
Operating grants and contributions	5,448	5,368	(80)	15,764
Capital grants and contributions	486	708	222	4,456
Other	1,387	1,802	415	4,636
Total revenues	118,898	119,866	968	153,334
Expenses from ordinary activities				
Employee costs	24,665	23,774	891	74,931
Materials and services	13,020	11,508	1,512	42,065
Bad and doubtful debts	238	216	22	714
Finance costs	6	6	0	16
Depreciation and amortisation	6,562	6,769	(207)	20,711
Other	4,089	4,338	(249)	8,061
Total expenses	48,580	46,611	1,969	146,498
Net gain (loss) on disposal of property infrastructure, plant and equipment	(30)	26	56	(48)
Surplus for the year	70,288	73,281	2,993	6,788
Less				
Capital contributions	(486)	(739)	(253)	(3,848)
DCP/POS Contributions	(1,167)	(1,166)	1	(3,500)
Grants received in prior year	0	464	464	0
Maintenance cfwd from prev. years	0	0	0	701
Underlying Surplus/ (deficit)	68,635	71,840	3,205	141

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4 months ended 31 October 2014

DAREBIN CITY COUNCIL

Balance Sheet

As at 31 October 2014

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000
Current assets				
Cash and cash equivalents	26,497	37,869	11,372	18,004
Trade and other receivables	80,935	78,796	(2,139)	14,981
Financial assets	4,878	4,462	(416)	10,878
Other assets	570	2,247	1,677	862
Total current assets	112,880	123,374	10,494	44,725
Non-current assets				
Trade and other receivables	139	139	0	114
Property, infrastructure, plant & equipment	1,152,912	1,151,483	(1,429)	1,164,547
Investment property	3,625	3,783	158	3,625
Intangible assets	1,161	406	(755)	1,853
Other financial assets	206	236	30	206
Total non-current assets	1,158,043	1,156,047	(1,996)	1,170,345
Total assets	1,270,923	1,279,421	8,498	1,215,070
Current liabilities				
Trade and other payables	4,008	7,746	(3,738)	11,154
Trust funds and deposits	3,007	3,910	(903)	3,170
Interest bearing loans and borrowings	128	130	(2)	128
Provisions	14,992	17,095	(2,103)	15,423
Total current liabilities	22,135	28,881	(6,746)	29,875
Non-current liabilities				
Interest bearing loans and borrowings	136	139	(3)	44
Provisions	996	1,362	(366)	996
Total non-current liabilities	1,132	1,501	(369)	1,040
Total liabilities	23,267	30,382	(7,115)	30,915
Net assets	1,247,656	1,249,039	1,383	1,184,155
Equity				
Accumulated surplus	548,098	563,860	15,762	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	1,247,656	1,249,039	1,383	1,184,155

Financial Report
4 months ended 31 October 2014

DAREBIN CITY COUNCIL

Cash Flow Statement

For the 4 months ended 31 October, 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)	44,991	45,637	646	131,844
Payments to suppliers and employees (incl GST)	(45,738)	(41,857)	3,881	(134,025)
	(747)	3,781	4,527	(2,181)
Interest	518	622	104	1,746
Government receipts	7,515	5,818	(1,697)	20,219
Net GST refund / payment	2,859	2,332	(526)	7,431
Net cash provided by operating activities	10,145	12,553	2,408	27,215
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	227	253	26	675
Payment for property, infrastr, plant & equipment	(14,481)	(13,064)	1,417	(33,312)
Trust funds and deposits	0	148	148	0
Repayment of loans and advances	15	16	1	63
Proceeds from sale of other financial assets	1,119	(47)	(1,166)	(2)
Net cash used in investing activities	(13,120)	(12,694)	426	(32,576)
Cash flows from financing activities				
Finance costs	(5)	(3)	2	(16)
Repayment of interest bearing loans and borrowings	(31)	(31)	0	(128)
Net cash used in financing activities	(36)	(34)	2	(144)
Net increase / (decrease) in cash & cash equivalents				
	(3,011)	(175)	2,836	(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	31,375	42,331	10,956	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	70,288	73,281	2,993	6,788
Items not involving cash or non operating in nature				
Depreciation and amortisation	6,562	6,769	207	20,711
Interest expense	6	6	0	16
Bad & doubtful debts	238	216	(22)	714
Net (gain) / loss on sale of assets	30	(26)	(56)	48
	77,124	80,246	3,122	28,277
Change in operating assets and liabilities				
Decrease / (Increase) in rate debtors	(68,613)	(69,082)	(469)	(644)
Decrease / (Increase) in other operating assets	1,772	115	(1,657)	(1,272)
(Decrease) / Increase in Trade creditors	(425)	(429)	(4)	420
(Decrease) / Increase in other operating liabilities	287	1,820	1,533	3
(Decrease) / Increase in provisions	0	(117)	(117)	431
	(66,979)	(67,693)	(714)	(1,062)
Net cash provided by operating activities	10,145	12,553	2,408	27,215

Financial Report
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DAREBIN CITY COUNCIL

Statement of Capital Works

For the 4 months ended 31 October, 2014

	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Annual Budget \$'000	Adjusted Budget \$'000	YTD Commit \$'000
Roads	1,120	998	122	7,205	7,272	449
Transport / Road safety	754	714	40	1,715	3,076	493
Drains	293	124	169	783	928	48
Open space	2,133	1,033	1,100	8,282	8,551	1,435
Buildings	2,862	3,654	(792)	14,626	14,450	5,862
Plant & equipment	1,557	1,688	(131)	7,726	6,965	952
Total capital works	8,719	8,211	508	40,337	41,242	9,239

Represented by:

Capital expenditure	6,622	6,999	(376)	33,313	34,379	8,077
Major maintenance	2,097	1,212	884	7,024	6,863	1,162
Total capital works	8,719	8,211	508	40,337	41,242	9,239

