



**2017/2018**  
**Finance Report**

**3 Months ended**  
**30 September 2017**



## **Finance Report Index**

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## Melton City Council

### Monthly Finance Report for the 3 months period ended September 2017.

#### Executive Summary

#### Operating Results

This report compares the September 2017 YTD results with the profiled YTD approved budget for the same period.

The underlying surplus for the September YTD period was \$86.5m. This compared with the profiled budgeted result of \$87.1m resulted in an unfavourable variance of \$579k

Detailed analysis of operating revenue and expenditure variances by line items, are outlined on page 3.1 of this report.

#### Year-end Forecast

1st quarter review of operating and capital expenditure as at the end of September 2017 has been finalised. As part of this process managers have provided an estimate of the year-end forecast of savings and over-runs expected as at 30th June 2018. This is summarized in the table below.

Comparison of 1st quarter year-end forecast with approved budget is shown on page 4 with the detail variance commentary in page 4.1

| First Quarter Year-End Forecast-Summary   |  | \$(Millions)   |
|---|--|----------------|
| <b>Operating</b>  |  |                |
| Forecast favourable variance in Operating Results before transfers                              |  | <u>\$15.7</u>  |
| <b>Capital</b>  |  |                |
| Forecast variance in Council Capital Expenditure  |  | <u>\$2.1</u>   |
| Forecast unfavourable variance in Capital Developer Contribution Plan (DCP) In-Kind Expenditure |  | <u>(\$6.2)</u> |

#### Capital Expenditure

The Council Capital expenditure budget for 2017/18 is a total of \$56.75m. This consists of \$52.2m Council capital budget, which includes a carry forwards component of \$11.28m from 2016/17. In addition a further \$4.55m of uncompleted works was carried forward to 2017/18 after the completion of 2016/17 Annual Accounts. This brings the total capital expenditure funds available in 2017/18 to \$56.75m.

Total developer contribution in-kind works budget for 2017/18 is \$19.7m. These works when completed by landholders will offset their Developer Contribution liability to Council. Where the value of completed works handed over to Council varies from the DCP obligations, this will create rolling credit or debit transactions which will be carried forward to be set off against future obligations or completion of the development settlement by Council from Developer Contribution Reserve Funds, on completion of the development.

The actual capital expenditure at the end of first quarter was \$2.9m or 5.1% of the Council Capex Budget of \$56.75m.

A project level analysis of YTD capital expenditure by Capital Works by Business Unit is provided on page 13.

### Cash on hand and Investments

Council's total cash position at month end is \$113.8m. This balance includes \$100.3m of general and restricted investments representing carry forward expenditure, employee entitlements, and developer contributions received for future capital works. The amount of cash on hand at end of month of \$13.5m. This cash balance includes the Fire Services Levy of \$3.5m which will be paid to State Revenue Office by the end of October 2017.

### Debtors

Receivables outstanding totalled \$117m (net of doubtful debts provisions) of which \$84.3m relates to rates debtors including instalments not due. Rate revenue received in the YTD period amounted to \$25.0m. Infringement Debtors amounted to \$3.4 and other sundry debtors (including accrued land sales) was \$28.9m.

| <b>Monthly Management Report 2017/2018</b>                    |   |    |                        |                                     |   |  |
|---|---|----|------------------------|-------------------------------------|---|--|
| <b>Operating Statement by Income / Expenditure line items</b> |   |    |                        |                                     |   |  |
| <b>for the 3 Months ended 30 September 2017</b>               |   |    |                        |                                     |   |  |
| 2016/2017<br>YTD Actuals<br>(000's)                           | Income/Expenditure Type                                     |    | YTD Actuals<br>(000's) | YTD Approved<br>Budget**<br>(000's) | Variance to<br>YTD<br>Approved<br>Budget<br>(000's) | Full Year<br>Approved<br>Budget**<br>(000's) |
|   | <b>Income</b>   |    |                        |                                     |   |  |
| 96,559  | Rates & Charges   | 1  | 103,205                | 102,910                             | 295   | 104,277                                      |
| 7,311   | Operating Grants  | 2  | 6,328                  | 12,814                              | (6,485)   | 25,910                                       |
| 2,080   | User Fees & Charges   | 3  | 3,597                  | 2,361                               | 1,236   | 10,644                                       |
| 278   | Contributions and Reimbursements                            | 4  | 327                    | 55                                  | 272   | 232  |
| 509   | Interest On Investments                                     | 5  | 685                    | 456                                 | 229   | 1,990  |
| 824   | Other Revenue   | 6  | 929                    | 942                                 | (13)  | 3,717  |
| 107,561   | <b>Total Income</b>   |    | 115,072                | 119,537                             | (4,465)   | 146,769                                      |
|   | <b>Expenditure</b>  |    |                        |                                     |   |  |
| 11,702  | Employee Costs  | 7  | 12,936                 | 14,045                              | 1,110   | 53,417                                       |
| 4,507   | Contract Materials  | 8  | 5,876                  | 7,680                               | 1,805   | 36,870                                       |
| 3,772   | Program Expenses  | 9  | 3,644                  | 4,292                               | 648   | 14,509                                       |
| 137   | Borrowing Cost  | 10 | 124                    | 125                                 | 1   | 961  |
| 628   | Utilities   | 11 | 1,153                  | 1,384                               | 232   | 5,602  |
| 741   | Maintenance   | 12 | 891                    | 1,020                               | 128   | 5,051  |
| 6,295   | Depreciation  | 13 | 7,270                  | 7,270                               | 0   | 29,417                                       |
| 457   | Other Expenses  | 14 | 517                    | 551                                 | 34  | 2,383  |
| 28,239  | <b>Total Expenditure</b>                                    |    | 32,409                 | 36,366                              | 3,957   | 148,210                                      |
|   | <b>Non Operating Income &amp; Expenditure</b>               |    |                        |                                     |   |  |
| 175   | Proceeds from Sale of Assets                                | 15 | 7,662                  | 7,733                               | (71)  | 12,826                                       |
| (455)   | Cost of Assets Sold   | 16 | (3,830)                | (3,830)                             | (0)   | (7,226)                                      |
| (280)   | <b>Total Gain/(Loss) on Disposals of Assets</b>             |    | 3,832                  | 3,903                               | (71)  | 5,600  |
| 79,042  | <b>Underlying Operating Results Surplus/(Deficit)</b>       |    | 86,495                 | 87,074                              | (579)   | 4,159  |
|   | <b>Other Cash &amp; Non Cash Contributions</b>              |    |                        |                                     |   |  |
| 5,973   | Developer Cash Contributions                                | 17 | 7,094                  | 4,894                               | 2,200   | 8,357  |
| 586   | Developer Contributions - Non Monetary Assets               | 18 | 630                    | 6,494                               | (5,864)   | 72,953                                       |
| (171)   | Capital Grants  | 19 | 446                    | 575                                 | (129)   | 5,465  |
| 6,388   | <b>Total Capital Grants &amp; Cash &amp; Non Cash Contr</b> |    | 8,170                  | 11,964                              | (3,794)   | 86,775                                       |
| 85,430  | <b>Total Surplus/Deficit for the Year Before Trfs.</b>      |    | 94,664                 | 99,037                              | (4,373)   | 90,934                                       |
|   | <b>Reserve Transfers</b>                                    |    |                        |                                     |   |  |
| 0   | Transfers From Reserves                                     | 20 | 5,611                  | (4,011)                             | 9,622   | 2,072  |
| (5,973)   | Transfer to Reserve   | 21 | (3,395)                | (6,614)                             | 3,219   | (27,844)                                     |
| (5,973)   | <b>Total Net Transfers - Income/(Exp)</b>                   |    | 2,216                  | (10,625)                            | 12,841  | (25,772)                                     |
| 79,457  | <b>Total Surplus/(Deficit) Net of Transfers</b>             |    | 96,880                 | 88,412                              | 8,468   | 65,162                                       |

\* Negative values in the YTD variance column indicates an unfavourable Variance.

| Monthly Management Report 2017/18<br>Operating Statement - Significant Variance Comments<br>3 Months Ended 30 September 2017 |                    |                    |                                |                                 |   |  |
|--|--------------------|--------------------|--------------------------------|---------------------------------|---|--|
| Income/Expenditure Type  | YTD Actual (000's) | YTD Budget (000's) | Variance - Fav/(Unfav) (000's) | 2017/18 Approved Budget (000's) | Significant Variance Comments- YTD actual compared to profiled YTD approved budget  |  |
| <b>Income</b>  |                    |                    |                                |                                 |   |  |
| Rates & Charges  | 1 103,205          | 102,910            | 295                            | 104,277                         | Favourable variance is attributable to:<br>** Higher than planned supplementary rates due to higher number of properties being released due to higher level of growth than predicted in the budget.   |  |
| Operating Grants   | 2 6,328            | 12,814             | (6,485)                        | 25,910                          | Unfavourable variance is the net impact of:<br>** Unfavourable variance of \$6.485m is due to 50% of 2017/18 allocation received in advance in the last financial year in June 2017.<br>This is partly offset by:<br>** Unbudgeted grants of \$369k across a number of business units these include Native Vegetation, Community Infrastructure Planning, Rights@Home program, Crime Prevention, Street Art and other timing variation in receipts such as Emergency Management.  |  |
| User Fees & Charges  | 3 3,597            | 2,361              | 1,236                          | 10,644                          | Favourable variance is attributable to the following:<br>** Higher fees income from Regulatory Services in parking and school crossing, due to more proactive patrols around schools, nature strip parking and building compliance (\$472k)<br>** Higher fee income in Transfer Station and others in operations due to level of patronage (\$71k), and penalties for failing to vote (\$98k)<br>** Higher than budgeted permit, sub division and non standard street lighting fees due to elevated levels of development than predicted in the budget (\$371k).<br>** Higher planning application fees than budgeted, this will be reviewed over the next quarter to determine if the increase is timing related or a trend that will lead to favourable variance at year end (\$169k)<br>** Higher information requests fee, debt recovery charges and others (\$115k).                       |  |
| Contributions & Reimbursements   | 4 327              | 55                 | 272                            | 232                             | Favourable variance is due to reimbursement for works carried out for Western Water on the Abey road bridge construction which was unbudgeted in 2017/18 (\$215k) and other timing related variations (\$57k).  |  |
| Interest On Investments  | 5 685              | 456                | 229                            | 1,990                           | Favourable variance due to higher level of funds available for investment from significant carry over funds from last financial year and lower level of capital expenditure to-date.  |  |
| Other Revenue  | 6 929              | 942                | (13)                           | 3,717                           |   |  |
| <b>Total Income</b>  | <b>115,072</b>     | <b>119,537</b>     | <b>(4,465)</b>                 | <b>146,769</b>                  |   |  |
| <b>Expenditure</b>   |                    |                    |                                |                                 |   |  |
| Employee Costs   | 7 12,936           | 14,045             | 1,110                          | 53,417                          | Favourable variance in employee cost is the net effect of \$432k favourable in salaries and wages and \$678k favourable in payroll oncost.<br>Favourable variance of \$432k in salaries and wages is largely attributable to new positions approved in the 2017/18 budgets which are not filled or filled later than planned. The variance is spread among a number of business units with significant variances reported in the following:<br>Families and Children (\$178k), Community Care (\$119k), Engineering Services (\$102k) and other business units (\$33k).<br>Favourable variance of \$678k in oncost expenditure is due to the following:<br>** Favourable variation in WorkCover premium (\$362k) - Premium varies year by year based on past claims history.<br>** Favourable timing variations in long service leave, annual leave loading, superannuation and others (\$316k) |  |

| Monthly Management Report 2017/18<br>Operating Statement - Significant Variance Comments<br>3 Months Ended 30 September 2017 |                    |                    |                                |                                 |  |
|--|--------------------|--------------------|--------------------------------|---------------------------------|--|
| Income/Expenditure Type  | YTD Actual (000's) | YTD Budget (000's) | Variance - Fav/(Unfav) (000's) | 2017/18 Approved Budget (000's) | Significant Variance Comments- YTD actual compared to profiled YTD approved budget   |
| Contract Materials   | 8 5,876            | 7,680              | 1,805                          | 36,870                          | Favourable variance is due to:<br>** Favourable timing variance in Operations of \$2,445m due to City Wide and other contract payments behind schedule due to contractors being slow in meeting requirements for approval of invoices for the quarter.<br>Favourable variance is partly offset by:<br>Higher than budgeted expenditure on contract agency labour costs for Information Services projects such as Business Transformation Project, Cloud Infrastructure Project, Councillor Information Portal and others (\$463k). This was approved after the budget was finalised as projects expenses. This expenditure is partially offset program expenditure favourable variance.<br>** Higher than budgeted contract agency staff expenditure in other business units partly offsetting favourable variance in employee costs for delayed appointment of unfilled vacancies (\$177k). |
| Program Expenses   | 9 3,644            | 4,292              | 648                            | 14,509                          | Favourable variance is due to the following, some of which are timing related:-<br>** Legal expenses are below budget for the quarter and this is a timing variance (\$182k).<br>** Expenditure in IT implementation costs for projects which have been expended on contract labour in contract & materials (\$248k)<br>** Other timing variances include Professional Advisory (\$35k), Training expenses (\$55k) and other across a number of business units (130k)  |
| Borrowing Cost   | 10 124             | 125                | 1                              | 961                             |  |
| Utilities  | 11 1,153           | 1,384              | 232                            | 5,602                           | Favourable variance is partly timing related and is due to the following:<br>** Delay in receiving invoices for server hosting and data communication services (\$126k)<br>** Lower than budgeted expenditure in water and gas (\$110k)<br>** Lower than budgeted mobile and fixed phone charges (\$24k)<br>Favourable variance partly offset by:<br>** higher than budgeted timing variance in electricity expenses (\$28k)   |
| Maintenance  | 12 891             | 1,020              | 128                            | 5,051                           | *** Favourable variance is mainly timing related and is due to the following:<br>** Lower than budgeted Line Marking and Urban Rehabilitation works which are limited by weather and unexpected activity on the road network (\$72k)<br>** Favourable variance in electrical maintenance in street lighting (\$50k). Public lighting review in the next quarter will extend to maintenance expenses.   |
| Depreciation   | 13 7,270           | 7,270              | 0                              | 29,417                          |  |
| Other Expenses   | 14 517             | 551                | 34                             | 2,383                           |  |
| <b>Total Expenditure</b>   | <b>32,409</b>      | <b>36,366</b>      | <b>3,957</b>                   | <b>148,210</b>                  | <b>(\$154k) and others (\$46k)</b>   |
| Non-Operating Income & Expenditure   |                    |                    |                                |                                 |  |
| Proceeds from Sale of Assets   | 15 7,662           | 7,733              | (71)                           | 12,826                          | ** Athlone stone land sales at \$7.66m is marginally lower than the quarterly budget, sales recognised in this quarter is more than 60% of the annual budget. On current trends it is very likely that land sales will deliver a significant favourable variance by year end compared to original budget.  |
| Cost of Assets Sold  | 16 (3,830)         | (3,830)            | (0)                            | (7,226)                         |  |
| <b>Total Gain/(Loss) on Disposal of Assets</b>   | <b>3,832</b>       | <b>3,903</b>       | <b>(71)</b>                    | <b>5,600</b>                    |  |
| Underlying Operating Results Surplus/(Deficit)   | 86,495             | 87,074             | (579)                          | 4,159                           |  |

| Monthly Management Report 2017/18<br>Operating Statement - Significant Variance Comments<br>3 Months Ended 30 September 2017 |                    |                    |                                |                                 |  |  |
|--|--------------------|--------------------|--------------------------------|---------------------------------|--|--|
| Income/Expenditure Type  | YTD Actual (000's) | YTD Budget (000's) | Variance - Fav/(Unfav) (000's) | 2017/18 Approved Budget (000's) | Significant Variance Comments- YTD actual compared to profiled YTD approved budget   |  |
| Other Cash & Non Cash Contributions  |                    |                    |                                |                                 |  |  |
| Developer Cash Contributions   | 17                 | 4,894              | 2,200                          | 8,357                           | ** Favourable variance of \$2.2m is due to number of receipts that were not budgeted for in this financial year. These include Thom Hill Park, St Genevieve, Caroline Springs, Belle Gardens and others. The year-end forecast have been adjusted to include these receipts.   |  |
| Developer Contributions - Non Monetary Assets  | 18                 | 6,494              | (5,864)                        | 72,953                          | Unfavourable variance is attributable to \$6.24m of Developer Infrastructure Levy (DIL) obligation, which has been received as Works in Kind (WIK) payment for (A) version - Bridge Rd (BD02). This works in kind income was not budgeted for in 2017/18.<br>** The favourable variance is partly offset by \$376k works in kind income received in the last financial year. |  |
| Capital Grants & Contributions   | 19                 | 446                | (129)                          | 5,465                           | Unfavourable variance is attributable to the following<br>** Timing variation in Streetscape improvement grants receipts of \$20k based on milestones being achieved.<br>** Timing variance in Black spot funding grant of \$109k not received as yet.   |  |
| Total Capital Grants & Cash & Non Cash Contributions   | 8,170              | 11,964             | (3,794)                        | 86,775                          |  |  |
| Total Surplus/(Deficit) for the Year Before Trfs.  | 94,664             | 99,037             | (4,373)                        | 90,934                          |  |  |



| <b>1st Quarter Year-End Forecast</b>                               |    |  |                                 |   |
|--|----|--|---------------------------------|---|
| <b>Forecast Operating Statement by Income / Exp</b>                |    |  |                                 |   |
| Income/Expenditure Type  |    | Full Year<br>Approved<br>Budget**<br>(000's) | 1st Quarter Forecast<br>(000's) | 1st Qtr Forecast<br>Variance<br>(000's) |
| <b>Income</b>  |    |  |                                 |   |
| Rates & Charges  | 1  | 104,277                                      | 105,077                         | 800                                     |
| Operating Grants   | 2  | 25,910                                       | 19,941                          | (5,969)                                 |
| User Fees & Charges  | 3  | 10,644                                       | 11,671                          | 1,028                                   |
| Contributions & Reimbursements                                     | 4  | 232  | 424                             | 192                                     |
| Interest On Investments  | 5  | 1,990  | 2,990                           | 1,000                                   |
| Other Revenue  | 6  | 3,717  | 3,815                           | 98                                      |
| <b>Total Income</b>  |    | <b>146,769</b>                               | <b>143,918</b>                  | <b>(2,851)</b>                          |
| <b>Expenditure</b>   |    |  |                                 |   |
| Employee Costs   | 7  | 53,417                                       | 53,417                          | 0                                       |
| Contract Materials   | 8  | 36,870                                       | 37,130                          | (260)                                   |
| Program Expenses   | 9  | 14,509                                       | 15,418                          | (908)                                   |
| Borrowing Cost   | 10 | 961  | 961                             | (0)                                     |
| Utilities  | 11 | 5,602  | 5,616                           | (14)                                    |
| Maintenance  | 12 | 5,051  | 5,109                           | (58)                                    |
| Depreciation   | 13 | 29,417                                       | 29,417                          | 0                                       |
| Other Expenses   | 14 | 2,383  | 2,647                           | (264)                                   |
| <b>Total Expenditure</b>   |    | <b>148,210</b>                               | <b>149,715</b>                  | <b>(1,505)</b>                          |
| <b>Non Operating Income &amp; Expenditure</b>                      |    |  |                                 |   |
| Proceeds from Sale of Assets                                       | 15 | 12,826                                       | 28,326                          | 15,501                                  |
| Cost of Assets Sold  | 16 | (7,226)                                      | (13,621)                        | (6,395)                                 |
| <b>Total Gain/(Loss) on Disposals of Assets</b>                    |    | <b>5,600</b>                                 | <b>14,706</b>                   | <b>9,106</b>                            |
| <b>Underlying Operating Results Surplus/(Deficit)</b>              |    | <b>4,159</b>                                 | <b>8,909</b>                    | <b>4,750</b>                            |
| <b>Other Cash &amp; Non Cash Contributions</b>                     |    |  |                                 |   |
| Developer Cash Contributions                                       | 17 | 8,357  | 14,949                          | 6,592                                   |
| Developer Contributions - Non Monetary Assets                      | 18 | 72,953                                       | 77,282                          | 4,329                                   |
| Capital Grants & Contributions                                     | 19 | 5,465  | 5,465                           | 0                                       |
| <b>Total Capital Grants &amp; Cash &amp; Non Cash Contribution</b> |    | <b>86,775</b>                                | <b>97,696</b>                   | <b>10,921</b>                           |
| <b>Total Surplus/Deficit for the Year Before Trfs.</b>             |    | <b>90,934</b>                                | <b>106,605</b>                  | <b>15,671</b>                           |
| <b>Council Capital Budget</b>                                      |    | <b>52,173</b>                                | <b>54,327</b>                   | <b>2,154</b>                            |
| <b>Capital DCP-In-Kind</b>   |    | <b>19,751</b>                                | <b>25,992</b>                   | <b>(6,241)</b>                          |

| Monthly Management Report 2017/2018<br>Significant Variance Comments<br>Approved Budget vs. 1st Quarter Forecast |                                 |                                      |                                |   |
|--|---------------------------------|--------------------------------------|--------------------------------|---|
| Income/Expenditure Type  | 2017/18 Approved Budget (000's) | 2017/18 1st Quarter Forecast (000's) | Variance - Fav/(Unfav) (000's) | Approved Budget to 1st Quarter Year-end Forecast Variance Explanations  |
| <b>Income</b>  |                                 |                                      |                                |   |
| Rates & Charges  | 104,277                         | 105,077                              | 800                            | ** Favourable variance is attributable to projected increase in supplementary rates due to higher number of properties expected to be released as a result of higher level of growth than predicted in the budget   |
| Operating Grants   | 25,910                          | 19,941                               | (5,969)                        | Unfavourable variance of is the net effect of the following:<br>** Unfavourable variance in grants commission funding of \$6.097m this year. This is due to 50% of 2017/18 Grants Commission General and Local Roads funding of \$6,914 received in advance in June 2016, partly offset by the \$817k of increased allocation approved for the year compared to budget.<br>** Reduction in grants income due to change in the funding model for programs such as School Crossing, Reconnect, Emergency management, Sons of the west and others (\$225k).<br>Unfavourable variance partly offset by:<br>** Unbudgeted Grants expected to be received by year end for Arts Project, Native Vegetation, Crime Prevention and others (\$353k) |
| User Fees & Charges  | 10,544                          | 11,671                               | 1,028                          | Favourable variance is attributable to the following:<br>** Increased fee revenue from Compliance department from regulatory and parking fines due to more proactive patrols (\$443k).<br>** Higher than budgeted fee income from Non Standard Public Lighting (\$50k)<br>** Projected increase in permit fee income in Planning Services (\$200k).<br>** Additional fee income from non budgeted activities Toolern Project Coordination (\$190k) and Landscaping Design and Construction fee from City Design (\$145k)  |
| Contributions & Reimbursements   | 232                             | 424                                  | 192                            | This increase is attributable to reimbursement of works carried out for the Western Water on Abney road bridge  |
| Interest On Investments  | 1,990                           | 2,990                                | 1,000                          | Interest income is expected to exceed budget due to projected higher level of funds available for investment from significant carry over funds from last financial year and lower level of capital expenditure.   |
| Other Revenue  | 3,717                           | 3,815                                | 98                             |   |
| <b>Total Income</b>  | <b>146,769</b>                  | <b>143,918</b>                       | <b>(2,851)</b>                 |   |
| <b>Expenditure</b>   |                                 |                                      |                                |   |

| Income/Expenditure Type                               | 2017/18 Approved Budget | 2017/18 1st Quarter Forecast | Variance - Fav/(Unfav) | Approved Budget to 1st Quarter Year-end Forecast Variance Explanations   |
|---|-------------------------|------------------------------|------------------------|--|
| Employee Costs  | 7                       | 53,417                       | 0                      | Unfavourable variance in contracts and materials is due to:<br>** Other increases include the recognition of that will be offset by advance income carry forwards from 2016/17 (\$106k) for development of history of Melton project and others (\$25k)<br>** Increase in contract and materials expenses required for Growing Suburbs fund applications in Capital Works (\$50k) and in Community Care in Home Support (\$40k) and others (\$39k).  |
| Contract Materials                                    | 8                       | 36,870                       | (260)                  | Unfavourable variance is attributable to projected increase in expenses the following areas across number of business units based on projections.<br>** Increase in professional advisory services in City Design and Strategy. (\$527k). This expenditure will be offset by \$506k carry forward of unspent grant income and expenditure from 2016/17<br>** Increase in insurance premiums, legal fees, professional advisory services in Legal and Governance (\$133k)<br>** Increase in community leadership and expenditure on Vic Health programs which is offset by unbudgeted expenses (\$48k)<br>** Minor asset purchases in Operations (\$69k)<br>** Other professional advisory services and other discretionary cost across the organisation (\$131k) |
| Program Expenses                                      | 9                       | 14,509                       | (908)                  |  |
| Borrowing Cost  | 10                      | 961                          | (0)                    |  |
| Utilities   | 11                      | 5,602                        | (14)                   |  |
| Maintenance   | 12                      | 5,051                        | (68)                   | Unfavourable variance is due to:<br>Office alterations works (\$15k), alterations at pound to improve staff security (\$30k), Cost increase in road services, guard rail repairs (\$13k)   |
| Depreciation  | 13                      | 29,417                       | 0                      |  |
| Other Expenses  | 14                      | 2,383                        | (264)                  | Unfavourable variations is largely attributable to:<br>**The recognition of expenditure in this financial year for the unspent grant income received in 2016/2017. The actual expenditure will be offset by a transfer from carry forward reserve at year-end.   |
| <b>Total Expenditure</b>                              |                         | <b>148,210</b>               | <b>(1,565)</b>         |  |
| <b>Non Operating Income &amp; Expenditure</b>         |                         |                              |                        |  |
| Proceeds from Sale of Assets                          | 15                      | 12,826                       | 15,501                 | **Favourable variance is based on Atherstone sales projection of 520 lots for the end of the year  |
| Cost of Assets Sold                                   | 16                      | (7,226)                      | (6,395)                | **Cost of assets sold has been projected in line with increase in land sales projections of 520 lots by the end of the year.   |
| <b>Total Gain/(Loss) on Disposals of Assets</b>       |                         | <b>5,600</b>                 | <b>9,106</b>           |  |
| <b>Underlying Operating Results Surplus/(Deficit)</b> |                         | <b>4,159</b>                 | <b>4,750</b>           |  |

| Income/Expenditure Type   | 2017/18 Approved Budget | 2017/18 1st Quarter Forecast | Variance - Fav/(Unfav) | Approved Budget to 1st Quarter Year-end Forecast Variance Explanations  |
|---|-------------------------|------------------------------|------------------------|---|
| <b>Other Cash &amp; Non Cash Contributions</b>                      |                         |                              |                        |   |
| Developer Cash Contributions  | 17 8,357                | 14,949                       | 6,592                  | On current trends cash contributions from Developer Contributions Plans (DCP), Precinct Structure Plan(PSP) and Community Infrastructure Levy (CIL) are projected exceed budget by \$6.6m. This is mainly attributable to the significant level of growth in development activity in the municipality |
| Developer Contributions - Non Monetary Assets                       | 18 72,953               | 77,282                       | 4,329                  |   |
| Capital Grants & Contributions                                      | 19 5,465                | 5,465                        | 0                      |   |
| <b>Total Capital Grants &amp; Cash &amp; Non Cash Contributions</b> | <b>86,775</b>           | <b>97,696</b>                | <b>10,921</b>          |   |
| <b>Total Surplus/(Deficit) for the Year Before Trfs.</b>            | <b>90,934</b>           | <b>106,605</b>               | <b>15,671</b>          |   |

\*\* Based on the level of growth and development projected for the year, the non cash contributions are also likely to increase by \$4.3m by year end.

| LAST YEAR<br>ACTUALS             | BALANCE SHEET                                       | Actuals                          |                                  | THIS YEAR                           |
|----------------------------------|---|----------------------------------|----------------------------------|-------------------------------------|
|                                  |   | Current Year                     | Last Year                        | BUDGET                              |
| AS AT END<br>Sep-16<br>\$(000's) |   | AS AT END<br>Sep-17<br>\$(000's) | AS AT END<br>Jun-17<br>\$(000's) | FULL YEAR<br>2017/2018<br>\$(000's) |
|                                  | <b>CURRENT ASSETS</b>                               |                                  |                                  |                                     |
| 5,139                            | CASH ASSETS IN HAND & AT BANK                       | 13,481                           | 6,193                            | 86,912                              |
| 35,006                           | INVESTMENT - GENERAL                                | 57,901                           | 51,277                           | 0                                   |
| 43,636                           | INVESTMENT - RESTRICTED & OTHERS                    | 42,422                           | 42,825                           | 0                                   |
| 11                               | INVENTORIES & OTHER FINANCIAL ASSETS*               | 12                               | 12                               | 2,215                               |
| 88,292                           | DEBTORS-RATES & OTHER                               | 117,026                          | 29,505                           | 7,346                               |
| 1,108                            | ASSETS CLASSIFIED AS HELD FOR SALE                  | 223                              | 223                              | 3,000                               |
| 0                                | PREPAYMENTS/OTHER ASSETS                            | 131                              | 17,773                           | 0                                   |
| 173,192                          | <b>TOTAL CURRENT ASSETS</b>                         | 231,196                          | 147,808                          | 99,473                              |
|                                  | <b>NON CURRENT ASSETS</b>                           |                                  |                                  |                                     |
| 1,715,765                        | INFRA, PROPERTY PLANT & EQUIPMENT                   | 1,870,901                        | 1,878,199                        | 1,884,373                           |
| 47                               | INVENTORIES   | 37                               | 37                               | 57                                  |
| 6,617                            | INVESTMENT PROPERTY                                 | 6,791                            | 6,791                            | 7,500                               |
| 1,349                            | OTHER FINANCIAL ASSETS                              | 370                              | 370                              | 1,425                               |
| 4,338                            | INTANGIBLES   | 4,012                            | 4,012                            | 3,684                               |
| 4,353                            | WORK-IN-PROGRESS (incl Capital DCP - in kind works) | 9,152                            | 0                                | 0                                   |
| 1,732,469                        | <b>TOTAL NON CURRENT ASSETS</b>                     | 1,891,263                        | 1,889,409                        | 1,897,039                           |
| 1,905,661                        | <b>TOTAL ASSETS</b>                                 | 2,122,459                        | 2,037,217                        | 1,996,512                           |
|                                  | <b>CURRENT LIABILITIES</b>                          |                                  |                                  |                                     |
| 3,994                            | PAYABLES  | 170                              | 9,435                            | 14,400                              |
| 8,736                            | EMPLOYEE BENEFITS                                   | 9,507                            | 10,372                           | 9,400                               |
| 6,915                            | INTEREST BEARING LIABILITIES                        | 3,380                            | 3,380                            | 2,826                               |
| 189                              | OTHER LIABILITIES                                   | 125                              | 2,081                            | 2,259                               |
| 19,834                           | <b>TOTAL CURRENT LIABILITIES</b>                    | 13,182                           | 25,268                           | 28,885                              |
|                                  | <b>NON CURRENT LIABILITIES</b>                      |                                  |                                  |                                     |
| 1,491                            | EMPLOYEE BENEFITS                                   | 1,727                            | 1,713                            | 2,227                               |
| 21,674                           | INTEREST BEARING LIABILITIES                        | 18,271                           | 18,773                           | 15,947                              |
| 5,844                            | OTHER LIABILITIES                                   | 7,080                            | 3,911                            | 3,465                               |
| 29,009                           | <b>TOTAL NON CURRENT LIABILITIES</b>                | 27,078                           | 24,397                           | 21,639                              |
| 48,843                           | <b>TOTAL LIABILITIES</b>                            | 40,260                           | 49,665                           | 50,524                              |
| 1,856,818                        | <b>NET ASSETS</b>                                   | 2,082,199                        | 1,987,553                        | 1,945,989                           |
|                                  | <b>EQUITY</b>                                       |                                  |                                  |                                     |
| 973,294                          | ACCUMULATED SURPLUS                                 | 1,104,830                        | 1,004,766                        | 1,044,150                           |
| 79,542                           | OPERATING SURPLUS FOR THE PERIOD                    | 96,880                           | 100,081                          | 90,934                              |
|                                  | <b>RESERVES</b>                                     |                                  |                                  |                                     |
| 752,116                          | REVALUATION RESERVES                                | 811,524                          | 811,532                          | 752,124                             |
| 51,866                           | OTHER RESERVES                                      | 68,965                           | 71,174                           | 58,780                              |
| 1,856,818                        | <b>TOTAL EQUITY</b>                                 | 2,082,199                        | 1,987,553                        | 1,945,989                           |

**Balance Sheet - Comments****General:**

The following comments relate to the balance sheet and the cash flow statement on page 5 and 8 respectively.

**Current Assets:****Cash & Investments**

Council's cash position (including Investments), as at 30 September 2017 was \$113.8m, which represents an increase of \$13.5m from the \$100.3m opening cash position as at 1 July 2017. Details of inflow and outflow of funds are detailed in the Cash Flow Statement on page 8.

|  | \$'000's  | \$'000's         |
|--|-----------|------------------|
| Cash at 1 <sup>st</sup> July 2017                          |           | \$100,295        |
| Plus: Net Inflow/(Outflow) from operating activities       | \$15,473  |                  |
| Less Net Inflow/(Outflow) from Investing activities        | (\$1,462) |                  |
| Less Net Inflow/(Outflow) from financing activities        | (\$502)   |                  |
| Net Increase/(decrease) in cash held                       |           | \$13,509         |
| <b>Cash and Investments on hand at 30th September 2017</b> |           | <b>\$113,804</b> |

**Receivables:**

Total receivables outstanding as at 30th September 2017 amounted to \$117.0m, which included rate debtors of \$84.3m. The total outstanding receivables comprised: -

| Receivables   | 30th<br>September<br>2017<br>(000's) | 30 <sup>th</sup><br>September<br>2016<br>(000's) |
|---|--------------------------------------|--|
| Rate Debtors  | \$84,259                             | \$81,519   |
| Infringements & Local Laws Debtors  | \$3,393                              | \$2,437  |
| Sundry & other debtors net of provision for doubtful debts (includes land sales accrual in 2016/17) | \$29,348                             | \$4,336  |
| <b>Total Receivables</b>  | <b>\$117,000</b>                     | <b>\$29,505</b>                                  |

### Non-Current Assets:

#### Infrastructure, Plant & Equipment

The value of Council's property, plant & equipment has decreased by \$7.3m. This decrease is the depreciation charge for the YTD period. Work-in progress shown in the balance sheet includes the total capital expenditure spent in the year-to-date period.

#### Intangible Asset

The intangible assets of \$4.0m represent non-exclusive licence granted to Melton City Council by Department of Education and the Caroline Springs College for the use of CS College Creekside Campus (\$545k) and the Springside Children's and Childcare facility (\$1.3m) built on DOE land and Kororoit Creek Learning Centre of \$2.1m. The balance represents Council's contributions net of amortisations.

### Current & Non-Current Liabilities:

#### Payables

Creditors have decreased by \$9.2m from the June 2017 balance of \$9.4m to \$170k at balance date. The outstanding payables amount varies from month to month depending upon the status of the accounts payable cycle.

#### Employee Benefits

Employee benefits represent current and non-current components of annual and long service leave liabilities at balance date. Current component of the liability being the amounts to be settled within the 12 months after the reporting period estimated at \$9.5m, with the non-current at \$1.7m. Any transfers to and from employee benefit will occur at year end.

#### Interest Bearing Liabilities:

Total loan liability as at 30 September 2017 is \$21.7m. Principal repayment for the first quarter amounted to \$502k.

#### Working Capital and Liquidity:

The working capital ratio is used to assess Council's ability to meet current commitments and is derived by dividing current assets by current liabilities. The working capital ratio for the YTD period is 1:17.5. The after removing the impact of rate debtors is 1:11.1

| Last Year<br>2016-17              | CASH FLOW STATEMENT                            | Actuals                                       | This Year   |
|-----------------------------------|--|---|---|
| YTD Actual<br>Sep-16<br>\$(000'S) |  | 2016/2017<br>As at End<br>Sep-17<br>\$(000's) | Budget<br>2017/2018<br>Annual Budget<br>\$(000's) |
|                                   | Cash Flow from Operating Activities            |   |   |
|                                   | <u>RECEIPTS</u>                                |   |   |
| 21,126                            | Rate & Charges                                 | 25,028  | 104,177   |
| 5,951                             | Statutory Fees & Fines                         | 1,252   | 13,454  |
| 7,081                             | Government Grants                              | 7,366   | 30,115  |
| 3,498                             | Contributions                                  | 17,642  | 8,357   |
| 509                               | Interest Received                              | 685   | 1,830   |
| 652                               | Other Revenue (incl Trust Receipts)            | 3,169   | 2,563   |
|                                   | <u>PAYMENTS</u>                                |   |   |
| (17,496)                          | Payments to Suppliers                          | (25,758)                                      | (65,265)  |
| (137)                             | Borrowing Costs                                | (124)   | (961)   |
| (11,186)                          | Payments to Employees                          | (13,787)                                      | (53,043)  |
| 9,998                             | <b>NET CASH FROM OPERATING ACTIVITIES</b>      | <b>15,473</b>                                 | <b>41,228</b>                                     |
|                                   | CASH FLOW FROM INVESTING ACTIVITIES            |   |   |
| (3,767)                           | Payments for Acquisition of Non-Current Assets | (9,124)                                       | (52,173)  |
| 474                               | Proceeds from Sale of Non-Current Assets       | 7,662   | 12,826  |
| (3,293)                           | <b>NET CASH FROM INVESTING ACTIVITIES</b>      | <b>(1,462)</b>                                | <b>(39,347)</b>                                   |
|                                   | CASH FLOW FROM FINANCING ACTIVITIES            |   |   |
| (479)                             | Repayment of Loans                             | (502)   | (3,380)   |
| 0                                 | Proceeds from Borrowings                       | 0   | 0   |
| (479)                             | <b>NET CASH FROM FINANCING ACTIVITIES</b>      | <b>(502)</b>                                  | <b>(3,380)</b>                                    |
| 6,226                             | <b>NET INCREASE/(DECREASE) IN CASH HELD</b>    | <b>13,509</b>                                 | <b>(1,499)</b>                                    |
|                                   | <u>CASH POSITION</u>                           |   |   |
| 77,555                            | Cash Balance at Beginning- as at 1st July      | 100,295                                       | 88,412  |
| 83,781                            | Cash Balance at End of Period                  | 113,804                                       | 86,912  |

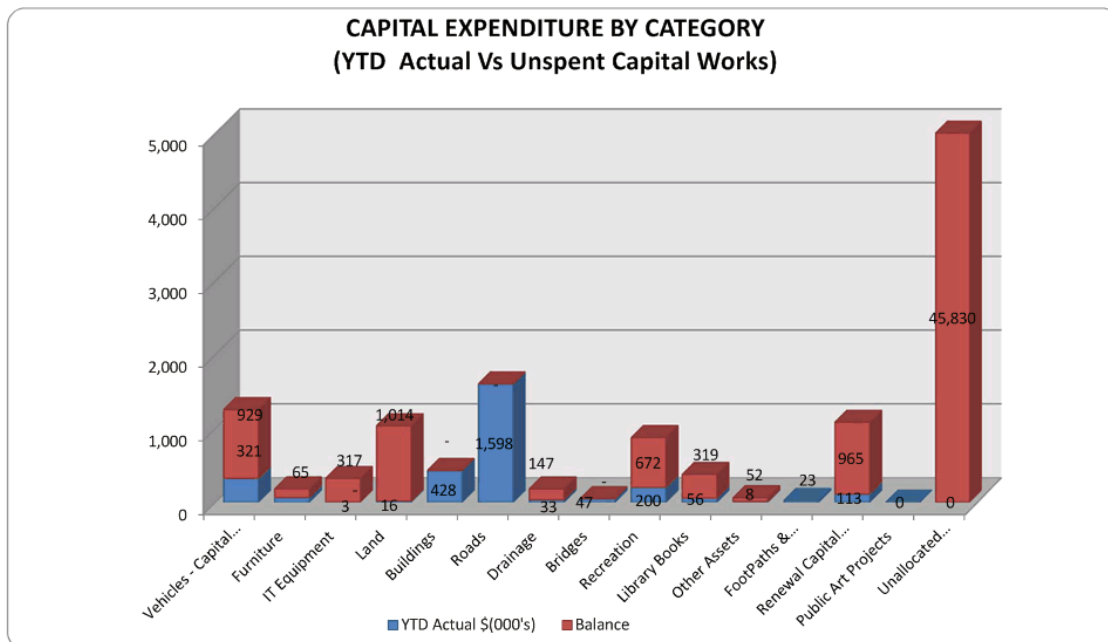


**CAPITAL EXPENDITURE BY CATEGORY**

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2017/2018 FINANCIAL YEAR

| CAPITAL EXPENDITURE                                       | YTD Actual<br>\$(000's) | YTD Budget<br>\$(000's) | YTD Variance<br>\$(000's) | Total Budget<br>\$(000's) |
|---|-------------------------|-------------------------|---------------------------|---------------------------|
| Vehicles - Capital Cost                                   | 321                     | 320                     | (1)                       | 1,250                     |
| Furniture   | 65                      | 50                      | (15)                      | 181                       |
| IT Equipment  | 3                       | 0                       | (3)                       | 320                       |
| Land  | 16                      | 0                       | (16)                      | 1,030                     |
| Buildings   | 428                     | 27                      | (401)                     | 244                       |
| Roads   | 1,598                   | 62                      | (1,536)                   | 728                       |
| Drainage  | 33                      | 25                      | (8)                       | 180                       |
| Bridges   | 47                      | 0                       | (47)                      | 0                         |
| Recreation  | 200                     | 21                      | (179)                     | 872                       |
| Library Books   | 56                      | 70                      | 14                        | 375                       |
| Other Assets  | 8                       | 15                      | 7                         | 60                        |
| FootPaths & Cycleways                                     | 23                      | 0                       | (23)                      | 0                         |
| Renewal Capital Expenditure                               | 113                     | 62                      | (51)                      | 1,078                     |
| Public Art Projects                                       | 0                       | 0                       | 0                         | 25                        |
| Unallocated Component of Council Capex                    | 0                       | 0                       | 0                         | 45,830                    |
| <b>Total capital expenditure Excl Capital DCP In Kind</b> | <b>2,911</b>            | <b>652</b>              | <b>(2,259)</b>            | <b>52,173</b>             |
| <b>Capital DCP in Kind</b>                                | <b>6,241</b>            | <b>351</b>              | <b>(5,890)</b>            | <b>19,751</b>             |
| <b>Total Capital expenditure</b>                          | <b>9,152</b>            | <b>1,003</b>            | <b>(8,149)</b>            | <b>71,924</b>             |



**MONTHLY ANALYSIS OF CAPITAL EXPENDITURE**  
 2017/2018 FINANCIAL YEAR

| CAPITAL EXPENDITURE                                       | Total<br>\$(000's) | JUL<br>\$(000's) | AUG<br>\$(000's) | SEP<br>\$(000's) | OCT<br>\$(000's) | NOV<br>\$(000's) | DEC<br>\$(000's) | JAN<br>\$(000's) | FEB<br>\$(000's) | MAR<br>\$(000's) | APR<br>\$(000's) | MAY<br>\$(000's) | JUN<br>\$(000's) |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Vehicles - Capital Cost                                   | 321                | 134              | 93               | 94               |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Furniture   | 66                 | 0                | 56               | 10               |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| IT Equipment  | 2                  | 1                | 1                | 0                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Land  | 16                 | 16               | 0                | 0                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Buildings   | 427                | 37               | 195              | 195              |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Roads   | 1,599              | (31)             | 633              | 997              |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Drainage  | 32                 | (11)             | 1                | 42               |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Bridges   | 47                 | 0                | 0                | 47               |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Recreation  | 200                | (182)            | 257              | 125              |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Library Books   | 57                 | 16               | 11               | 30               |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Other Assets  | 8                  | (11)             | 16               | 3                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| FootPaths & Cycleways                                     | 23                 | 5                | 18               | 0                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Renewal Capital Expenditure                               | 113                | 26               | 42               | 45               |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Public Art Projects                                       | 0                  | 0                | 0                | 0                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Committed Capital   | 0                  | 0                | 0                | 0                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total Capital Expenditure Excl Capital DCP In Kind</b> | <b>2,911</b>       | <b>0</b>         | <b>1,323</b>     | <b>1,588</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Capital DCP in Kind</b>                                | <b>6,241</b>       | <b>0</b>         | <b>0</b>         | <b>6,241</b>     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>TOTAL CAPITAL EXPENDITURE</b>                          | <b>9,152</b>       | <b>0</b>         | <b>1,323</b>     | <b>7,829</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |

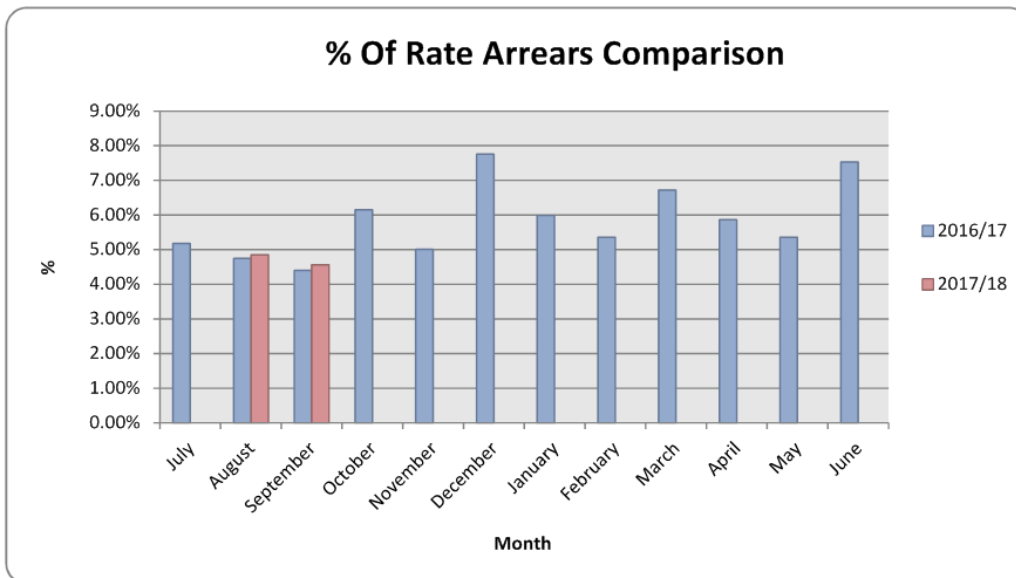
\* Public Art Expenditure on Projects are charged to the respective projects. Any additional expenditure will be transferred out of reserves at year end.

**Analysis of Overdue Instalment Rate Debtors - September 2017**

(Excluding Fire Service Levy)

| <i>Overdue Rate Debtors</i> | <i>No of Properties</i> | <i>Debts Outstanding (\$)</i> |
|-----------------------------|-------------------------|-------------------------------|
| <i>Owings</i>               |                         |                               |
| <i>Less Than \$1000</i>     | 1,489                   | 528,251                       |
| <i>\$1000 to \$1999</i>     | 443                     | 631,313                       |
| <i>\$2000 to \$4999</i>     | 505                     | 1,569,010                     |
| <i>\$5000 to \$10,000</i>   | 165                     | 1,113,758                     |
| <i>Greater Than 10,000</i>  | 58                      | 1,095,499                     |
| <b>Total</b>                | <b>2,660</b>            | <b>4,937,831</b>              |

\*\*There are 294 properties in credit . Total credit amounts to \$381,543



*Summary of Overdue Rate Debt Arrears & Recovery Actions - September 2017*

| SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 30 September 2017 | NO OF PROPERTIES | RATE DEBTS OUTSTANDING \$000'S |
|---|------------------|--------------------------------|
| Summons issued  | 172              | 524                            |
| Judgements issued   | 41               | 153                            |
| Summons for Oral Examination  | 266              | 1,618                          |
| Legal Arrangements  | 29               | 130                            |
| Other action - Demand Letters etc                                       | 682              | 1,508                          |
| <b>Total Debt Recovery Action In Progress</b>                           | <b>1,190</b>     | <b>3,933</b>                   |
| <b>Arrangements in place - Non Legal</b>                                | <b>215</b>       | <b>177</b>                     |
| <b>Properties with no recovery/arrangements in place</b>                | <b>1,255</b>     | <b>827</b>                     |
| <b>TOTAL</b>  | <b>2,660</b>     | <b>4,937</b>                   |

Number of Financial Hardship applications received in September is 8

*Rate Balances & Collection Details*

| Rate Collection Details                   | Jul-Sep        | Oct-Dec  | Jan-March | Apr-May  | June     |
|---|----------------|----------|-----------|----------|----------|
|   | (\$'000)       | (\$'000) | (\$'000)  | (\$'000) | (\$'000) |
| Outstanding Balance as at 1 July 2017     | 6,082          | -        |           |          |          |
| Rates raised in 2017-2018                 | 105,746        | -        |           |          |          |
| Interest raised to date                   | 187            |          |           |          |          |
| Rebates & Adjustment                      | (5,622)        |          |           |          |          |
| Supplementary rates raised                | 2,894          |          |           |          |          |
| <b>Total to be collected</b>              | <b>109,287</b> |          |           |          |          |
| <b>Amount Collected during the period</b> | <b>25,028</b>  |          |           |          |          |
| <b>Balance to be collected</b>            | <b>84,259</b>  |          |           |          |          |

84259

