



2016/2017
Finance Report

Year ended
30 June 2017



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Melton City Council

Monthly Finance Report for the year ended June 2017.

Executive Summary

Significant Financial Issues

Currently there are no significant issues to report. Audit committee should note that there currently is an ATO audit underway relating to land sales gst. Council has provided for estimated gst payable in its financial statements.

Operating Results

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

The underlying surplus for the June YTD period was \$22.4m. This compared with the total budgeted result of \$1.9m resulted in a favourable variance of \$20.5m.

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

Year-end Forecast

The 3rd quarter forecast with forecast variance analysis to approved budget was reported in the March quarterly report.

3rd Quarter Year-End Forecast-Summary		\$(Millions)
Operating		
Forecast favourable variance in Operating Results before transfers & Asset revaluation increment		<u>\$41.509</u>
Capital		
2016/17 Approved Capital Budget including 2015/2016 carry-forward works		\$50.665
Less :Transfer to Reserve		<u>(\$7.790)</u>
Adjusted Capital Budget for 2016/2017		\$42.875
Less : Capital expenditure as at 30 June 2017 **		<u>(\$31.512)</u>
Unspent Capital Budget to be carried forward to 2017/18		\$11.363
Add :Unbudgeted Grants Received(Unspent) to be carried forward to 2017/18		<u>\$6.347</u>
Total available for Carry forward		\$17.710
Less :Carry Forwards already included in the 2017/18 Budget		<u>(\$11.278)</u>
Further funds available for carry forward		\$6.432

	Further funds requested to be Carried Forward to 2017/18	\$4.544
	Funds not required to be Carried Forward	\$1.888

**Actual capital expenditure of \$30.51m recognised in the annual accounts excludes \$1.54 write off to maintenance and other year-end adjustments

Capital Expenditure

The actual capital expenditure at the end of June was \$31.5m or 73.5% of the adjusted capital budget (see summary on Page 1)

A project level analysis of YTD capital expenditure by capital works business unit is provided in page 13.

Cash on hand and Investments

Council's total cash position at month end is \$100.3m. This balance includes \$94.1m of general and restricted investments representing carry forward expenditure, employee entitlements, and developer contributions received for future capital works. The amount of cash in hand at end of month of \$6.2m represents the working capital to meet day-to-day expenses as they fall due.

Debtors

Receivables outstanding totalled \$29.5m (net of doubtful debts provisions) of which \$6.1m relates to rates debtors including instalments not due. Rate revenue received in the YTD period amounted to \$99.3m. Sundry Debtors as at 30June includes \$17.3 of rolling credit debtors

Monthly Management Report 2016/2017 Operating Statement by Income / Expenditure line items for the 12 Months ended 30 June 2017							
2015/2016 YTD Actuals (000's)	Income/Expenditure Type		YTD Actuals (000's)	Full Year Approved Budget** (000's)	Variance to YTD Approved Budget (000's)	3rd Quarter Forecast (000's)	Variance to 3rd Qtr Forecast (000's)
92,672	Rates & Charges	1	99,903	99,025	877	99,525	377
18,200	Operating Grants	2	31,915	24,293	7,622	24,984	6,931
9,726	User Fees & Charges	3	10,472	9,105	1,367	9,935	537
889	Contributions and Reimbursements	4	1,085	882	204	958	127
1,674	Interest On Investments	5	2,296	1,260	1,036	2,060	236
14,639	Recognition of previously unrecognised assets		0	0	0	0	0
4,695	Other Revenue	6	3,889	3,655	234	3,735	154
142,495	Total Income		149,560	138,220	11,340	141,198	8,362
44,687	Employee Costs	7	47,883	49,547	1,664	49,917	2,034
33,364	Contract Materials	8	36,295	35,736	(559)	37,169	874
13,956	Program Expenses	9	13,090	14,020	929	15,066	1,976
1,422	Borrowing Cost	10	1,297	1,322	24	1,322	25
3,690	Utilities	11	5,012	5,064	52	5,309	297
3,962	Maintenance	12	6,070	4,857	(1,213)	4,980	(1,090)
25,103	Depreciation	13	28,168	25,517	(2,651)	25,362	(2,806)
3,667	Other Expenses	14	3,383	3,072	(311)	2,945	(438)
129,851	Total Expenditure		141,199	139,134	(2,066)	142,070	870
	Non Operating Income & Expenditure						
7,738	Proceeds from Sale of Assets	15	29,491	6,736	22,755	12,386	17,105
(5,625)	Cost of Assets Sold	16	(15,459)	(3,942)	(11,517)	(7,660)	(7,799)
2,113	Total Gain/(Loss) on Disposals of Assets		14,032	2,794	11,238	4,726	9,306
14,756	Underlying Operating Results Surplus/(Deficit)		22,392	1,879	20,513	3,854	16,798
	Other Cash & Non Cash Contributions						
19,078	Developer Cash Contributions	17	13,555	11,007	2,548	19,295	(5,740)
59,834	Developer Contributions - Non Monetary Assets	18	80,743	39,062	41,681	49,911	30,832
13,390	Capital Grants	19	8,968	2,621	6,347	9,348	(380)
92,302	Total Capital Grants & Cash & Non Cash Contr		103,266	52,689	50,577	78,554	24,712
107,058	Total Surplus/Deficit for the Year Before Trfs.		125,657	54,569	71,089	82,408	41,509
	Other Comprehensive Income						
298,931	Net Asset Revaluation Increment		59,408	0	59,408	0	0
41	Loss taken to Equity		0	0	0	0	0
406,030	Total Comprehensive result		185,065	54,569	130,497	82,408	41,509
	Reserve Transfers						
15,496	Transfers From Reserves		13,547	15,743	(2,196)	15,006	(1,459)
(31,047)	Transfer to Reserve		(39,124)	(20,186)	(18,938)	(32,136)	(6,988)
(15,550)	Total Net Transfers - Income/(Exp)		(25,576)	(4,442)	(21,134)	(17,130)	(8,446)
91,508	Total Surplus/(Deficit) Net of Transfers		159,489	50,126	109,363	65,278	33,063

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

(** Full year approved budget differs from the adopted budget due to the inclusion of advance Income carry forwards)

Reconciliation with 2016/17 Annual Accounts	Actuals ('000)
Income as per Annual Accounts	266,859
<i>Less</i>	
Developer Cash Contributions	(13,555)
Developer Contributions	(80,743)
Capital Grants	(8,968)
Total Gain Loss on Disposal of Assets	(13,858)
Fair Value Adjustment	(174)
Income as per Management Monthly Report	149,561
Expenditure as per Annual accounts	141,202
<i>Add</i>	
Rounding Adjustment	(3)
Expenditure as per Management Monthly Report	141,199
Surplus	8,362
<i>Add</i>	
Total Gain Loss on Disposal of Assets	13,858
Fair Value Adjustment	174
Underlying Operating Surplus as per Management Monthly Report	22,392
<i>Add</i>	
Developer Cash Contributions	13,555
Developer Contributions	80,743
Capital Grants	8,968
Surplus /Deficit as per Statutory Accounts and Management Monthly Report	125,657

Monthly Management Report 2016/2017 Operating Statement - Significant Variance Comments 12 Months Ended 30 June 2017			
Income/Expenditure Type	YTD Actual (000's)	2016/17 Approved Budget (000's)	Variance - Fav/(Unfav) (000's)
Significant Variance Comments- YTD actual compared to profiled YTD approved budget			
Income			
Rates & Charges	1 99,903	99,025	877
<p>The increase is mainly attributable to **Higher than budgeted supplementary rates for the year of \$931k, due to number of new properties becoming rateable was higher than predicted. ** The overall variance is partly offset by \$54k of higher than budgeted Environmental Rebate allowed.</p>			
Operating Grants	2 31,915	24,293	7,622
<p>The favourable variance relates to the following: ** In June 2017 the Commonwealth Government brought forward the payment of half the estimated aggregate 2017-2018 Financial Assistance Grants allocation to Victorian councils which amounted to \$6.9m for Melton. ** Other favourable variance includes unbudgeted grants received for Operations (\$386k), Family and Children (\$502k) and Community Planning (\$324k). **Overall Favourable variance was partly offset by lower than budgeted grants received in Healthy Promotions Projects, Indigenous Programs, The Club Community Benefit and others (\$490k).</p>			
User Fees & Charges	3 10,472	9,105	1,367
<p>The favourable variance is attributable to the following: ** Higher than budgeted income in registration and other fees and charges in Compliance (\$565k) ** higher transfer station gate takings due to higher levels of patronage (\$68k) ** higher than planned activity on non standard public lighting due to higher growth than planned (\$90k) ** Net increase in fees & charges for subdivision plan checking fees partly offset by lower than budgeted fees for Construction Supervision (\$193k) ** Higher than budgeted fees and charges for planning information and permit fees (\$280k). ** Other: Higher than budgeted charges in Finance (debt collection), Community Care and others (\$151k).</p>			
Contributions & Reimbursements	4 1,085	882	204
<p>Actual contributions includes number of non budgeted items due to a number of estates bringing forward developments as well as higher than budgeted Developer Contribution Plan indexation rate.</p>			
Interest On Investments	5 2,296	1,260	1,036
<p>Interest on investments and rates exceeded budget by \$1.0m due to larger than anticipated cash holdings as a result of significant under expenditure in approved capital budget and unbudgeted grants received during the year.</p>			
Other Revenue	6 3,889	3,655	234
<p>Favourable variance is attributable to **Higher than budgeted rental income in terms of property hire and lease agreements (\$190k) and higher than budgeted Industrial Land Development (\$106k) and others offsetting. **Overall favourable variance offset by unfavourable variance in Melton Indoor Recreation Centre and Others (\$62k).</p>			
Total Income	149,560	138,220	11,340
Expenditure			
Employee Costs	7 47,883	49,547	1,664
<p>Favourable variance in employee cost is the net effect of \$1,665m favourable in salaries and wages and \$9.5k unfavourable in payroll oncost Favourable variance in salaries and wages is largely attributable to new positions approved in the 2016/17 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: City Design Strategy and Environment (\$392k), Capital Projects (\$162k), Community Care(\$115k), Families and Children(\$205k), Community Planning (\$189k), Recreation and Youth (\$252k), Planning Services (\$172k) and others (\$177k).</p>			

Monthly Management Report 2016/2017 Operating Statement - Significant Variance Comments 12 Months Ended 30 June 2017			
Income/Expenditure Type	YTD Actual (000's)	2016/17 Approved Budget (000's)	Variance - Fav/(Unfav) (000's)
			Significant Variance Comments- YTD actual compared to profiled YTD approved budget
Contract Materials	8 36,295	35,736	(559)
			Unfavourable variance is mainly attributable to : ** unbudgeted expenditure on information services projects approved during the year for IT portfolio Management, Business Analysis and others (1.51m). This is partly offset by favourable variance in the following: ** Lower than Budgeted Contract expenditure in Waste Collection (\$185k), Recyclables Collection (\$129k), Melton waves (\$300k), Street and footpath sweeping (\$80k), Sealed Roads and car parks and others (\$82k)
Program Expenses	9 13,090	14,020	929
Borrowing Cost	10 1,297	1,322	24
Utilities	11 5,012	5,064	52
			Favourable variance is due to the following: **FBT and other taxes in Finance (\$266k), Professional Advisory (\$264k), Council Elections (\$221k) printing (\$111k), Objections (\$116k) training expenses (\$79k). Favourable variance is partly offset by legal fees and other (\$148k).
Maintenance	12 6,070	4,857	(1,213)
Depreciation	13 28,168	25,517	(2,651)
			The favourable variance is attributable to lower than budgeted expenditure in Electricity and Gas partly offset by higher than planned expenditure in server hosting, Mobile and fixed phone charges.
			The variance is mainly attributable to: ** \$1.54 Capital expenditure expenses as Maintenance cost due to application of capitalisation policy and threshold levels. ** Unfavourable variance is partly offset by under expenditure compared to budget in electrical and road maintenance during the year (\$327k).
Other Expenses	14 3,383	3,072	(311)
Total Expenditure	141,199	139,134	(2,065)
Non Operating Income & Expenditure			
Proceeds from Sale of Assets	15 29,491	6,736	22,755
			** Altherstone Land Sales were significantly higher than the budget for the year of \$6.7 million. Majority of the income is attributed to accrued land sales booked in June 2017.
Cost of Assets Sold	16 (15,459)	(3,942)	(11,517)
Total Gain/(Loss) on Disposals of Assets	14,032	2,794	11,238
Underlying Operating Results Surplus/(Deficit)	22,392	1,879	20,513
Other Cash & Non Cash Contributions			
Developer Cash Contributions	17 13,555	11,007	2,548
			Favourable variance is attributable to higher development activity during the year. Developer cash contributions received are transferred to reserve for future capital works.
Developer Contributions - Non Monetary Assets	18 80,743	39,062	41,681
			Non monetary assets were also significantly higher due to higher than planned level of development activity in the municipality during the year.

Monthly Management Report 2016/2017 Operating Statement - Significant Variance Comments 12 Months Ended 30 June 2017			
Income/Expenditure Type	YTD Actual (000's)	2016/17 Approved Budget (000's)	Variance - Fav/(Unfav) (000's)
			Significant Variance Comments- YTD actual compared to profiled YTD approved budget
			Favourable variance is due to unbudgeted capital grants received to-date. These include ** Caroline Springs Sub Regional Tennis Centre-Design (\$2.5m) ** Streetscape Improvements (\$1.66m) ** Burnside Heights Children's Community Centre (\$1.0m) ** Waterford Park & Wetland Landscape (\$368m) ** Scouts Activity Centre - Burnside (\$500k) ** Toolern Hub 6 Bridge Road Reserve (\$195k) ** Black spot funding Centenary and Yuille Street (\$108k) ** Sport Facilities and Ground Lighting Maintenance (\$101k) ** Passive Reserve Development Program (\$198k) ** Melton Botanic Garden Walking Trail (\$191k) ** Mt Cottrell Road Widening (\$73k) ** Blackspot Funding Boundary and Sinclair Road and other (\$50k) Overall favourable variance is partly offset by unfavourable variance due to non receipt of Annual Resurfacing and Periodic Reseals of \$600k budgeted this year which was received in advance in 2015/16.
Capital Grants & Contributions	19	8,968	2,621
Total Capital Grants & Cash & Non Cash Contributions		103,266	52,689
Total Surplus/(Deficit) for the Year Before Trf...		125,657	54,569
			71,089

Monthly Management Report 2016/2017 Significant Variance Comments Approved Budget vs. 3rd Quarter Forecast				
Income/Expenditure Type	YTD Actuals (000's)	2016/17 3rd Quarter Forecast (000's)	Variance - Fav/(Unfav) (000's)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
Income				
Rates & Charges	1 99,903	99,525	377	Favourable variance is attributable to : ***Higher than forecast supplementary rates (\$256k) **Actual rates and Charges were higher than forecast due to higher growth in assessments (\$184k) **Favourable variance partly offset by higher EER Rebates allowed than forecast (63k) Favourable variance is attributable to: ** In June 2017 the Commonwealth Government brought forward the payment of half the estimated aggregate 2017-2018 Financial Assistance Grants allocation to Victorian councils which was not included in the forecast (\$6.9m). The following unbudgeted grants received were also not predicted in the 3rd quarter forecast. ** City Design and Environment in Rockbank Major Town Centre Urban Design and others (\$117k) ** Operations - 1 Million Trees, Ryan Creek Killamey Lakes and others (\$94k) Overall Favourable variance was partly offset by lower than forecast grant receipts from the following: ** Net Reduction in Community Care Grants funding compared to forecast (\$186k)
Operating Grants	2 31,915	24,984	6,931	Favourable variance due to: **Compliance - In animal registration, information requests and parking fines due to proactive patrols (\$211k). **Planning - Higher Planning permit fees than forecast (\$112k) **Family day care - Forecast increase in levy due to higher utilisation than budgeted (\$30k). **Operations - In Transfer Station gate fees, tree planting and other fees (\$164k) and **Engineering - Higher Subdivision Construction supervision fees, Property Information requests and others (\$196k) Favourable variance was partly offset by lower than projected fees and charges in the following: ** Community Care Services (\$160k) ** Recreation and Youth Services (\$16k)
User Fees & Charges	3 10,472	9,935	537	
Contributions & Reimbursements	4 1,085	958	127	Favourable variance is due to **Income from sale of valuation data was higher than forecast (\$127k)
Interest On Investments	5 2,296	2,060	236	Favourable variance is attributable to additional funds available for investment due to significant amount of unbudgeted grants received and lower than projected capital expenditure for the year.
Other Revenue	6 3,889	3,735	154	Favourable variance due to: ** Increase property hire income - projected increase in utilisation of new facilities available (\$47k) ** Higher than forecast contributions from Recyclable Processing and charge back contributions from contract cleaning services and others (\$107k).
Total Income	149,560	141,198	8,362	
Expenditure				

Income/Expenditure Type		YTD Actuals	2016/17 3rd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
Employee Costs	7	47,883	49,917	2,034	Favourable variance in employee cost is attributable to: **Vacant positions unfilled and other budgeted positions not engaged as planned. The under expenditure is somewhat higher than the \$1.35m projected in the May monthly report. Significant favourable variance were in the following areas: **Community Care and Inclusion (\$614k), City Design & Strategy (\$96k), Families & Children (\$193k), Corporate wide costs (\$451k), Planning (\$88k), Recreation and Youth (\$125k), Operations (\$121k), Libraries (\$108k) Engineering (\$95k) Risk and Performance (\$63k), and others (\$80k). There were no significant variance in Payroll cost expenditure compared to forecast in net terms.
Contract Materials	8	36,295	37,169	874	Favourable Variance is the net effects of: ** Lower than projected expenditure in operations contracts in Road Services, Waste Management and Open Space (\$884k) ** Lower than projected expenditure on Library contracts (\$131k) ** Others Finance - Valuation (\$98k) and ** Community Planning (\$37k) Favourable Variance is partly offset by ** Higher than planned expenditure in Information Services (\$372k)
Program Expenses	9	13,090	15,066	1,976	Favourable variance is due to the following, some of which are timing related:- **FBT and other taxes in Finance (\$144k), Professional Advisory (\$479k), Council Elections (\$221k) IT projects implementation costs (\$439k), printing (\$71k), Objections (\$116k) training expenses (\$79k), Corporate subscriptions(\$50k), other program expenses across a number of programs (\$377k)
Borrowing Cost	10	1,297	1,322	25	Favourable variance is due to : ** Lower than projected expenditure of \$507k in Electricity (\$298k), Gas (\$168k) and Fixed phones (\$41k) ** Partly offset by higher than projected expenditure in Server Hosting (\$137k), Mobile Phone (\$33k) and others (\$41k).
Utilities	11	5,012	5,309	297	Unfavourable Variance is due to projected increases in: ** Capital expenditure expensed as maintenance cost due to application of capitalisation policy and threshold levels. This was not projected in the 3rd quarter forecast (\$1.54m) ** Higher than projected expenditure in Playground and Council Facilities Maintenance (\$197k) Overall unfavourable variance partly offset by ** Lower than projected expenditure in public lighting (\$341k) ** Lower than Projected Expenditure in Road Infrastructure Maintenance (178k) ** Lower than projected expenditure in unsealed roads resheeting and other (\$132k).
Maintenance	12	6,070	4,980	(1,090)	
Depreciation	13	28,168	25,362	(2,806)	Unfavourable variance is attributable to the significant amounts of non current assets capitalised in 2016/17. These include contributed assets and capital expenditure capitalised.

Income/Expenditure Type	YTD Actuals	2016/17 3rd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
Other Expenses	3,383	2,945	(438)	Unfavourable variance is due to: **Unfavourable variance due to Asset Impairment written off during the year (\$691k) ** Partly offset by lower than forecast expenditure on Council contributions and donations (\$251k).
Total Expenditure	141,199	142,070	870	
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	29,491	12,386	17,105	The modest increase in land sales on a monthly basis during the year did not provide any indication of the huge surge in demand experienced in the last quarter of the year. Consequently the majority of the income is attributed to accrued sales booked in April, May and June 2017.
Cost of Assets Sold	(15,459)	(7,660)	(7,799)	
Total Gain/(Loss) on Disposals of Assets	14,032	4,726	9,306	**Actual cost of sales were also higher, consistent with the significant increase in land sales during the year
Underlying Operating Results Surplus/(Deficit)	22,392	3,854	16,798	
Other Cash & Non Cash Contributions				
Developer Cash Contributions	13,555	19,295	(5,740)	**Developer cash contribution was lower than 3rd quarter projections by \$5.46m mainly in PSP (Precinct Structure Plan). Based on the level of development at the end of 3rd quarter the forecast seemed reasonable which with the benefit of hindsight seems overly optimistic. The Community Infrastructure Levy, open space contributions and non psp contribution varied from forecast only by \$284k.
Developer Contributions - Non Monetary Assets	80,743	49,911	30,832	The non monetary contributions for exceeded the projection by a substantial margin, mainly due to the significant level of housing development in the municipality during the year.
				Unfavourable variance is the net effect of number of grants received that were not forecast offset by others that was forecast and was not received.
				Grants received not forecast include: ** Waterford Park and Wetland Landscape Works (367k) ** Toolerb Hub6 - Bridge Road Reserve (\$195k) ** Sports Facility and Ground Light Maintenance (\$101k) **Blackspot Funding Centenary and Yulle Street (\$108k)
Capital Grants & Contributions	8,968	9,348	(380)	Favourable variance is partly offset by grants forecast and not received
Total Capital Grants & Cash & Non Cash Contributions	103,266	79,554	24,712	**WSUD Water Sensitive Urban Design (\$230k) ** Mt Cottrell Road Widening (\$360k) **Blackspot Funding Boundary and Sinclair Road (\$566K)
Total Surplus/(Deficit) for the Year Before Trfs.	125,658	82,408	41,509	

BALANCE SHEET	Actuals		THIS YEAR
	Current Year	Last Year	BUDGET
	AS AT END Jun-17 \$(000's)	AS AT END Jun-16 \$(000's)	FULL YEAR 2016/2017 \$(000's)
CURRENT ASSETS			
CASH ASSETS IN HAND & AT BANK	6,193	6,698	6,008
INVESTMENT - GENERAL	51,277	26,968	15,500
INVESTMENT - RESTRICTED & OTHERS	42,825	43,889	32,000
INVENTORIES & OTHER FINANCIAL ASSETS*	12	11	(5,697)
DEBTORS-RATES & OTHER	29,505	15,055	11,136
ASSETS CLASSIFIED AS HELD FOR SALE	223	1,108	450
PREPAYMENTS/OTHER ASSETS	17,773	2,148	2,000
TOTAL CURRENT ASSETS	147,808	95,877	61,397
NON CURRENT ASSETS			
INFRA, PROPERTY PLANT & EQUIPMENT	1,878,199	1,753,527	1,508,644
INVENTORIES	37	47	143
INVESTMENT PROPERTY	6,791	6,617	7,500
OTHER FINANCIAL ASSETS	370	1,349	1,425
INTANGIBLES	4,012	4,338	4,011
WORK-IN-PROGRESS		0	0
TOTAL NON CURRENT ASSETS	1,889,409	1,765,878	1,521,723
TOTAL ASSETS	2,037,217	1,861,755	1,583,120
CURRENT LIABILITIES			
PAYABLES	9,435	13,697	12,213
EMPLOYEE BENEFITS	9,506	8,736	7,574
INTEREST BEARING LIABILITIES	3,380	6,915	3,373
OTHER LIABILITIES	2,947	2,092	2,008
TOTAL CURRENT LIABILITIES	25,269	31,439	25,168
NON CURRENT LIABILITIES			
EMPLOYEE BENEFITS	1,713	1,491	2,227
INTEREST BEARING LIABILITIES	18,773	22,153	18,790
OTHER LIABILITIES	3,911	3,896	3,800
TOTAL NON CURRENT LIABILITIES	24,397	27,540	24,817
TOTAL LIABILITIES	49,665	58,979	49,985
NET ASSETS	1,987,552	1,802,777	1,533,136
EQUITY			
ACCUMULATED SURPLUS	1,004,766	866,155	971,642
OPERATING SURPLUS FOR THE PERIOD	100,081	138,612	67,297
RESERVES			
REVALUATION RESERVES	811,532	752,127	455,395
OTHER RESERVES	71,173	45,884	38,802
TOTAL EQUITY	1,987,552	1,802,777	1,533,136

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 June 2017 was \$100.3m, which represents an increase of \$22.7m from the \$77.6m 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 1st July 2017		\$77,555
Plus: Net Inflow/(Outflow) from operating activities	\$55,284	
Less Net Inflow/(Outflow) from Investing activities	(\$25,629)	
Less Net Inflow/(Outflow) from financing activities	(\$6,915)	
Net Increase/(decrease) in cash held		\$22,740
Cash and Investments on hand at 30 June 2017		\$100,295

Receivables:

Total receivables outstanding as at 30 June 2017 amounted to \$29.5m, which included rate debtors of \$6.1m. The total outstanding receivables comprised: -

Receivables	30 June 2017 (000's)	30 June 2016 (000's)
Rate Debtors	\$6,082	\$6,154
Parking Infringements (net of provision for doubtful debts)	\$442	\$328
Sundry & other debtors net of provision for doubtful debts**	\$22,981	\$8,573
Total Receivables	\$29,505	\$15,055

**Sundry Debtors as at 30 June includes \$17.3 of rolling credit debtors

Non-Current Assets:

Infrastructure, Plant & Equipment

The value of Council's property, plant & equipment has increased by \$125m from 1.75bn to 1.88bn. This is attributable to additions during the year, contributed assets, valuation increments and found assets.

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 (\$2.17m). The balance represents Council's balance net of amortisations.

Current & Non Current Liabilities:

Payables

Creditors have decreased by \$4.3m from the June 2017 balance of \$13.7m to \$9.4m 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.

Interest Bearing Liabilities:

Total loan liability as at 30 June 2017 is \$22.2m. Principal repayment to date amounted to \$6.9m.

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 1:5.8. The after removing the impact of rate debtors is 1:5.6

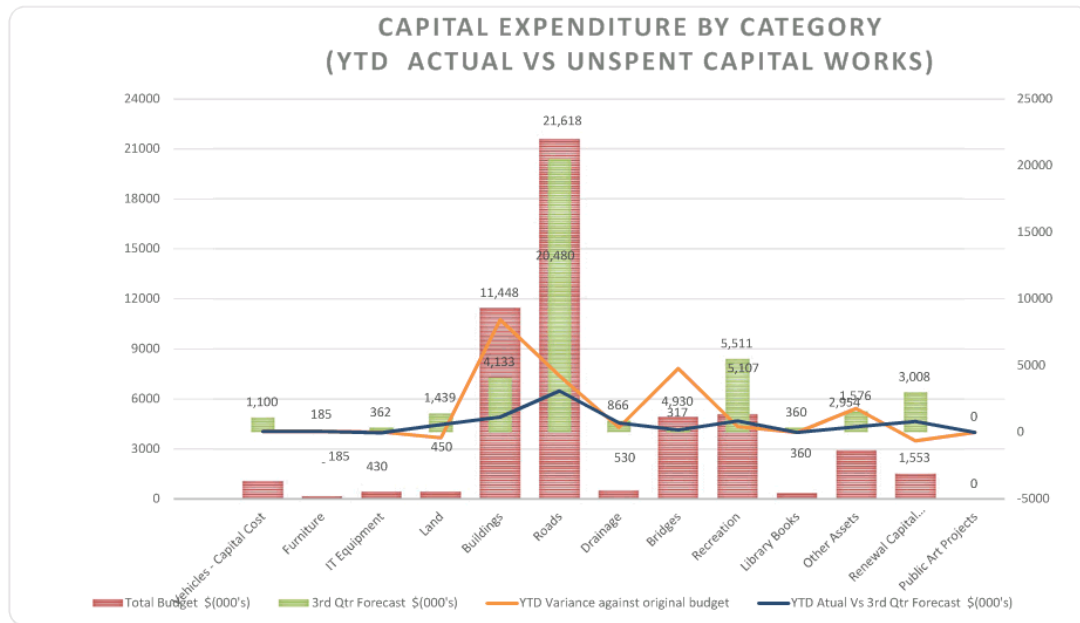
Last Year 2015-16	CASH FLOW STATEMENT	Actuals	This Year
YTD Actual Jun-16 \$(000'S)		2016/2017 As at End Jun-17 \$(000's)	Budget 2016/2017 Annual Budget \$(000's)
	Cash Flow from Operating Activities		
	<u>RECEIPTS</u>		
92,007	Rate & Charges	99,340	97,675
11,464	Statutory Fees & Fines	7,255	12,280
31,515	Government Grants	41,613	25,653
15,530	Contributions	13,554	11,007
1,548	Interest Received	2,224	1,710
4,980	Other Revenue (incl Trust Receipts)	3,461	2,601
	<u>PAYMENTS</u>		
(62,059)	Payments to Suppliers	(67,403)	(63,256)
(1,422)	Borrowing Costs	(1,297)	(1,322)
(42,694)	Payments to Employees	(43,463)	(49,268)
50,869	NET CASH FROM OPERATING ACTIVITIES	55,284	37,081
	CASH FLOW FROM INVESTING ACTIVITIES		
(27,022)	Payments for Acquisition of Non-Current Assets	(31,639)	(50,665)
5,352	Proceeds from Sale of Non-Current Assets	6,010	6,736
(21,670)	NET CASH FROM INVESTING ACTIVITIES	(25,629)	(43,929)
	CASH FLOW FROM FINANCING ACTIVITIES		
(7,262)	Repayment of Loans	(6,915)	(6,905)
7,850	Proceeds from Borrowings	0	0
588	NET CASH FROM FINANCING ACTIVITIES	(6,915)	(6,905)
29,787	NET INCREASE/(DECREASE) IN CASH HELD	22,740	(13,753)
	<u>CASH POSITION</u>		
47,768	Cash Balance at Beginning- as at 1st July	77,555	67,261
77,555	Cash Balance at End of Period	100,295	53,508

CAPITAL EXPENDITURE BY CATEGORY

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2016/2017 FINANCIAL YEAR

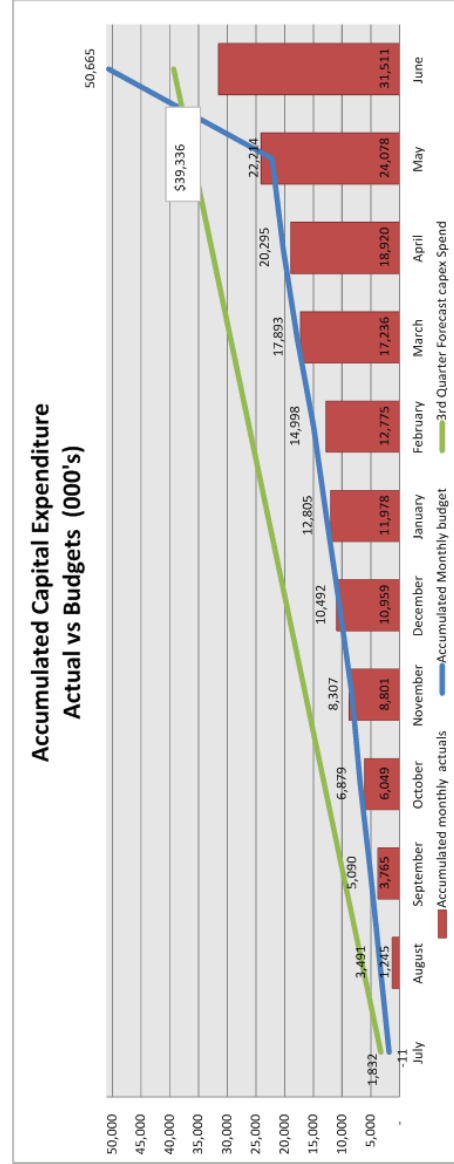
CAPITAL EXPENDITURE	YTD Actual \$(000's)	Total Budget \$(000's)	YTD Variance \$(000's)	3rd Qtr Forecast \$(000's)	Variance to 3rd Qtr Forecast \$(000's)
Vehicles - Capital Cost	1,044	1,100	56	1,100	56
Furniture	113	185	72	185	72
IT Equipment	398	430	32	362	(36)
Land	862	450	(412)	1,439	577
Buildings	2,989	11,448	8,459	4,133	1,144
Roads	17,379	21,618	4,239	20,480	3,102
Drainage	170	530	360	866	696
Bridges	149	4,930	4,780	317	167
Recreation	4,669	5,107	438	5,511	842
Library Books	369	360	(9)	360	(9)
Other Assets	1,171	2,954	1,784	1,576	405
Renewal Capital Expenditure	2,193	1,553	(641)	3,008	815
Public Art Projects	5	0	(5)	0	(5)
Total Capital Expenditure	31,511	50,665	19,153	39,336	7,824



MONTHLY ANALYSIS OF CAPITAL EXPENDITURE
2016/2017 FINANCIAL YEAR

CAPITAL EXPENDITURE		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Total \$(000's)		38	7	25	37	251	113	63	6	290	39	78	97
Vehicles - Capital Cost		38	7	25	37	251	113	63	6	290	39	78	97
Furniture		113	3	8	13	7	6	2	4	5	12	3	50
IT Equipment		398	2	0	3	19	2	25	0	15	1	236	97
Land		862	0	0	0	0	4	7	0	849	0	2	0
Buildings		2,989	7	268	273	465	214	288	117	138	252	224	436
Roads		17,379	(54)	387	1,363	1,322	1,351	294	348	2,385	962	3,772	4,309
Drainage		170	0	6	4	12	46	13	10	11	8	1	59
Bridges		149	0	2	1	4	0	3	5	4	0	(20)	149
Recreation		4,669	(32)	713	323	507	251	237	125	183	235	409	1,253
Library Books		369	22	12	35	33	22	18	26	25	27	52	60
Other Assets		1,171	3	57	454	88	20	37	52	322	7	14	74
Renewal Capital Expenditure		2,193	0	44	63	111	82	41	104	234	141	387	849
Public Art Projects		5	0	0	0	0	5	0	0	0	0	0	0
Total Capital Expenditure		31,511	(11)	1,256	2,520	2,732	2,158	1,019	797	4,461	1,684	5,158	7,433

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

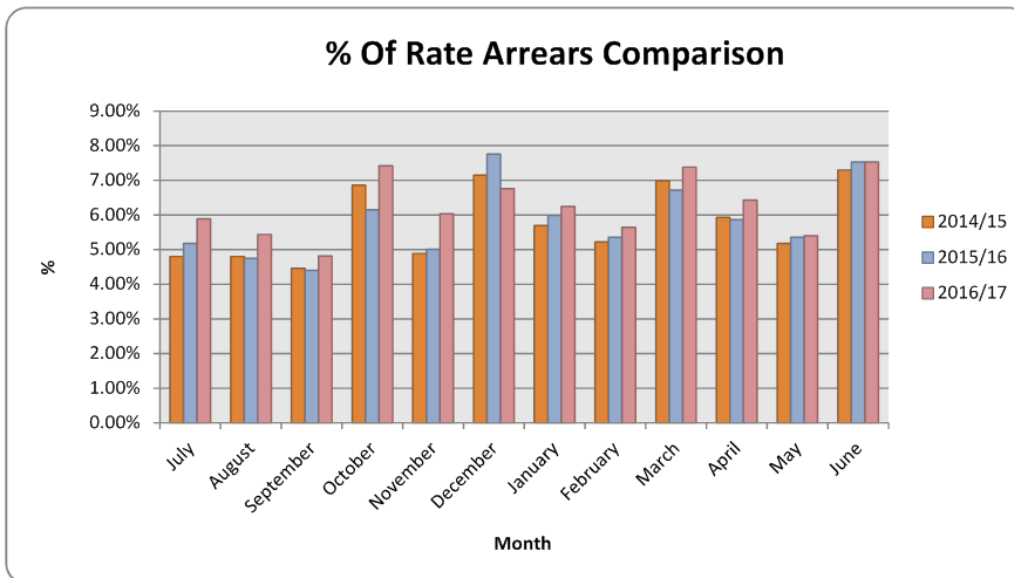


Analysis of Overdue Instalment Rate Debtors - June 2017

(Excluding Fire Service Levy)

Overdue Rate Debtors	No of Properties	Debts Outstanding (\$)
<i>Owings</i>		
Less Than \$1000	4,623	1,839,323
\$1000 to \$1999	859	1,213,126
\$2000 to \$4999	703	2,164,669
\$5000 to \$10,000	184	1,254,737
Greater Than 10,000	72	1,387,682
Total	6,441	7,859,537

**There are 4,274 properties in credit . Total credit amounts to \$1,777,725



Summary of Overdue Rate Debt Arrears & Recovery Actions - June 2017

SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 30 June 2017	NO OF PROPERTIES	RATE DEBTS OUTSTANDING \$000'S
Summons issued	284	922
Judgements issued	36	164
Summons for Oral Examination	236	1,570
Legal Arrangements	41	169
Other action - Demand Letters etc	3,863	3,385
Total Debt Recovery Action In Progress	4,460	6,210
Arrangements in place - Non Legal	897	690
Properties with no recovery/arrangements in place	1,084	960
TOTAL	6,441	7,860

Number of Financial Hardship applications received in June is 10

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 2016	6,154	-			
Rates raised in 2016-2017	99,312	-			
Interest raised to date	129	164	160	91	90
Rebates & Adjustment	(3,836)	290	415	451	(254)
Supplementary rates raised	993	726	399	146	(8)
Total to be collected	102,752	103,932	104,906	105,594	105,422
Amount Collected during the period	21,126	52,268	76,624	95,094	99,340
Balance to be collected	81,626	51,664	28,282	4,346	6,082

