



2016/2017
Finance Report

9 months ended
31 March 2017



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Melton City Council

Monthly Finance Report for the 9 months period ended March 2017.

Executive Summary

Operating Results

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

The underlying surplus for the March YTD period was \$39.9m. This compared with the profiled budgeted result of \$30.0m resulted in a favourable variance of \$9.9m.

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

Comparison of 3rd quarter year-end forecast with approved budget is shown on page 4 with the detail variance commentary on page 4.1

3rd Quarter Year-End Forecast-Summary		\$(Millions)
Operating		
Forecast favourable variance in Operating Results before transfers		\$27.839
Capital		
Total Capital expenditure – 3 rd Qtr Forecast		\$51.076
Less :Transfer to Reserve		\$7.790
Capital expenditure completed by 30 June		\$39.336
Capital expenditure Carry forward from Capex to 2017/18		\$3.950
3 rd Qtr Forecasted Grants		\$9.348
Less: Budgeted Grants		\$2.021
Unbudgeted Grants to be carry forward to 2017/18		\$7.327
Total Capital Carry Forward to 2017/18		\$11.727

Capital Expenditure

The total capital expenditure budget for 2016/17 is \$75.1m. This consists of \$50.7m of Council capital budget (which includes a carry forwards component of \$15.5m from 2015/16) plus DCP in kind capital works of \$24.4m.

The actual capital expenditure of Council Capex, at the end of 3rd quarter was \$17.2m or 34% of the Council capital budget.

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 \$98.5m. This balance includes \$94.1m of general and restricted investments representing carry forward expenditure, land sales & other funds set aside for future use, employee entitlements, and developer contributions received for future capital works. The amount of cash in hand at end of month of \$4.4m represents the working capital to meet day-to-day expenses as they fall due.

Debtors

Receivables outstanding totalled \$43.9m (net of doubtful debts provisions) of which \$28.2m relates to rates debtors including instalments not due. Rate revenue received in the YTD period amounted to \$76.6m. Sundry debtors (including land sales) amounted to \$15.7m.

Monthly Management Report 2016/2017						
Operating Statement by Income / Expenditure line items						
for the 9 Months ended 31 March 2017						
2015/2016 YTD Actuals (000's)	Income/Expenditure Type		YTD Actuals (000's)	YTD Approved Budget** (000's)	Variance to YTD Approved Budget (000's)	Full Year Approved Budget** (000's)
	Income					
92,303	Rates & Charges	1	98,684	98,003	681	99,025
13,531	Operating Grants	2	19,169	18,326	844	24,293
6,897	User Fees & Charges	3	7,244	6,537	707	9,105
643	Contributions and Reimbursements	4	783	710	73	882
1,181	Interest On Investments	5	1,693	982	711	1,260
2,497	Other Revenue	6	2,688	2,699	(11)	3,655
117,052	Total Income		130,262	127,257	3,005	138,220
	Expenditure					
33,503	Employee Costs	7	34,878	35,758	880	49,547
21,916	Contract Materials	8	22,092	23,996	1,904	35,736
8,690	Program Expenses	9	9,349	10,106	757	14,020
928	Borrowing Cost	10	814	814	(0)	1,322
2,430	Utilities	11	3,186	3,406	220	5,064
2,916	Maintenance	12	2,761	3,472	712	4,857
17,543	Depreciation	13	18,885	18,885	0	25,517
1,360	Other Expenses	14	1,599	1,996	397	3,072
89,287	Total Expenditure		93,564	98,434	4,870	139,134
	Non Operating Income & Expenditure					
1,718	Proceeds from Sale of Assets	15	4,009	1,882	2,127	6,736
(256)	Cost of Assets Sold	16	(727)	(700)	(27)	(3,942)
1,462	Total Gain/(Loss) on Disposals of Assets		3,282	1,182	2,100	2,794
29,226	Underlying Operating Results Surplus/(Deficit)		39,979	30,005	9,975	1,879
	Other Cash & Non Cash Contributions					
14,914	Developer Cash Contributions	17	10,729	10,707	23	11,007
27,355	Developer Contributions - Non Monetary Assets	18	9,080	8,947	132	39,062
10,036	Capital Grants	19	1,071	380	691	2,621
52,306	Total Capital Grants & Cash & Non Cash Contr		20,880	20,034	846	52,689
81,532	Total Surplus/Deficit for the Year Before Trfs.		60,859	50,039	10,820	54,569
	Reserve Transfers					
4,587	Transfers From Reserves	20	950	(6,829)	7,778	15,743
(19,875)	Transfer to Reserve	21	(18,765)	(18,453)	(311)	(20,186)
(15,288)	Total Net Transfers - Income/(Exp)		(17,815)	(25,282)	7,467	(4,442)
66,244	Total Surplus/(Deficit) Net of Transfers		43,044	24,757	18,287	50,126

* 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

Monthly Management Report 2016/2017				
Operating Statement - Significant Variance Comments				
9 Months Ended 30 March 2017				
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2016/17 Approved Budget (000's)
Income				
Rates & Charges	1 99,684	99,003	681	99,025
				<p>Favourable variance is attributable to:</p> <ul style="list-style-type: none"> ** Higher than planned supplementary rates due to higher number of properties released and built in the ytd period as a result of higher level of growth than predicted in the budget.
				<p>Favourable variance is the net impact of:</p> <ul style="list-style-type: none"> Unbudgeted grants received to date of \$942m which includes:- ** Changes in Community Care Funding reclassification due to HACC reform (\$563k) ** Risk and Performance - New Metro Region Emergency Management (\$118k) ** Other miscellaneous grants in total (\$367k) for programs such as One Million Trees (\$68k), Family Carers(\$73k), Planning -PSP Approval Streamlining Project (\$50k) and Others(\$70k). <p>Increase in the level of funding than budgeted amounted to \$528k</p> <ul style="list-style-type: none"> **Families and Children programs of \$250k. This is in areas such as Maternal Child Health (\$226k), Occasional care and others (\$24k). **Community Care Funding Than budgeted \$276k for Centre Based Respite Services <p>The favourable variance above is offset by timing variations in grant receipts of \$624k in the following areas:</p> <ul style="list-style-type: none"> Community Care- Ageing well and Diversity and CHSP Programs for Respite Care and Social Support (\$413k) Community Planning - Indigenous Program(\$81k), The Club Community Program(\$71k), Healthy promotions (\$59k)
Operating Grants	2 19,169	18,326	844	24,293
				<p>Favourable variance is attributable to the following:</p> <ul style="list-style-type: none"> ** Higher than predicted Subdivision Plan checking Fee(\$205k) and other fees in Planning Services (\$57k) due to the State Government's increase in planning fees ** Higher fees income from Regulatory Services in parking and school crossing- more proactive patrols (\$241k) ** Higher fee income in Transfer Station and others in operations - Higher level of patronage (\$58k) ** Higher fees from subdivision plan checking and public lighting (\$47k) ** Higher charges for Revenue collection, Cemetery operations and other (\$98k)
User Fees & Charges	3 7,244	6,537	707	9,105
Contributions & Reimbursements	4 783	710	73	882
Interest On Investments	5 1,693	982	711	1,260
Other Revenue	6 2,688	2,699	(11)	3,655
Total Income	130,262	127,257	3,005	138,220
Expenditure				
				<p>Despite the lower interest rate climate, the year-to-date results is higher than budget by \$711k. This is due to significant amount of funds available for investment mainly due to lower level of capital expenditure to-date, higher levels of developer contributions and unbudgeted capital grants received to-date.</p>

Monthly Management Report 2016/2017 Operating Statement - Significant Variance Comments 9 Months Ended 30 March 2017					
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2016/17 Approved Budget (000's)	Significant Variance Comments- YTD actual compared to profiled YTD approved budget
Employee Costs	7 34,878	35,758	880	49,547	Favourable variance in employee cost is the net effect of \$1.5m favourable in salaries and wages and \$617k unfavourable in payroll oncost. This is largely attributable to vacant positions unfilled and other budgeted positions not engaged as planned. 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 (\$390k), Capital Projects (\$162k), Finance (\$339k), Planning (\$161k), Recreation and Youth (\$219k) and others variances spread among other business units (\$228k). Unfavourable variance of \$617k in oncost expenditure is due to unfavourable timing variations in long service leave, annual leave loading, maternity leave backfilling partly offset by favourable timing variation in superannuation (lesplan) expenses for the year-to-date period.
Contract Materials	8 22,092	23,996	1,904	35,736	Favourable variance is due to: ** Favourable variance in Operations of \$2.6m is largely timing related and are mainly in Road Services Contract (\$1.27m), Parks and Open Space (\$624k), Waste Management (\$566k), Environmental and Tree Services (\$148k). ** Favourable variance in Melton Waves contract based on post tender agreed pricing (\$203k). Favourable variance is offset by higher than budgeted expenditure in the following areas *- Information Services on projects that were unbudgeted such as Managed Network Projects, Enrol User Management Support, Business Analysis Management, IT Portfolio Management and others (\$809k). *- \$785k in contractor expenditure in capital works and other areas (\$53k)
Program Expenses	9 9,349	10,106	757	14,020	Favourable variance is due to the following, some of which are timing related:- ** FBT and other taxes in Finance (\$118k), Professional Advisory (\$91k), printing, stationery (\$97k), training expenses (\$68k) IT Portfolio Management (265k), Families and Children on emergency relief(\$29k) and other variances across a number of business units (\$89k)
Borrowing Cost	10 814	814	(0)	1,322	
Utilities	11 3,186	3,406	220	5,064	Favourable variance is mainly timing related in server hosting and network communications in Information Services (\$30k), Parks and Reserve water and other utility charges under operations (\$60k), Public Lighting (\$132k) and delayed utility bills from Melton waves (\$106k). Overall favourable variance is partly offset by unfavourable variance in server hosting, fixed phones(\$47k) and others (\$31k).
Maintenance	12 2,761	3,472	712	4,857	** Favourable variance is mainly timing related and is due to actual expenditure lower than target for the ytd period: *- Electrical Maintenance OMR and other (\$206k), Building maintenance mainly in Council Facilities responsive and programmed maintenance is lower than planned (\$228k) Road Maintenance in annual resurfacing program, unsealed road resurfacing and signal maintenance (\$344k). *- Favourable variance offset by higher than budgeted expenditure in photocopy maintenance youth facilities maintenance and playground upgrade (\$66k)
Depreciation	13 18,885	18,885	0	25,517	Favourable variance is attributable to lower than budgeted expenditure in *- Scouts Adventure Activity Centre (\$788k) *- Green Wedge Management Plan (\$30k) *- The Botanic Garden Improvements (\$19k), Youth engagement and Leadership programs (\$18k) *- Non Capital acquisitions in community Planning area for Healthy Promotion Project(\$41k), Community Activation program(\$32k), Road safety administration (\$24k), Sons of the west program \$'13k) and other (\$32k)
Other Expenses	14 1,599	1,996	397	3,072	
Total Expenditure	93,564	98,434	4,870	139,134	

Monthly Management Report 2016/2017				
Operating Statement - Significant Variance Comments				
9 Months Ended 30 March 2017				
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2016/17 Approved Budget (000's)
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	15 4,009	1,882	2,127	6,736
Cost of Assets Sold	16 (727)	(700)	(27)	(3,942)
Total Gain/(Loss) on Disposals of Assets	3,282	1,182	2,100	2,794
Underlying Operating Results Surplus/(Deficit)	39,979	30,005	9,975	1,879
Other Cash & Non Cash Contributions				
Developer Cash Contributions	17 10,729	10,707	23	11,007
Developer Contributions - Non Monetary Assets	18 9,080	8,947	132	39,062
Capital Grants & Contributions	19 1,071	380	691	2,621
Total Capital Grants & Cash & Non Cash Contributions	20,880	20,034	846	52,689
Total Surplus/(Deficit) for the Year Before Trfs.	60,859	50,039	10,820	54,569

Significant Variance Comments - YTD actual compared to profiled YTD approved budget

** Favourable variance is mainly attributable to higher Altherstone land sales (to-date compared to budget. Altherstone sales are projected to improve significantly in this financial year based on projected sale of 300 lots for the year.

This reflects contributed assets from Auburn Estate Development as per Public Open space (\$132k)

The year-to-date variance of \$691k is a due to receipt of unbudgeted grants and timing variations in other grants as at the end of March.
 **Receipt of unbudgeted grants for Burnside Scouts Activity Centre (\$500k)
 **Mt Cottrill Road Widening instalment received earlier than planned (\$681k)
 Overall favourable variance offset by:
 **Timing of Black spot funding (\$170k)
 **Timing variation in Annual Resurfacing and Periodic Reseals instalment expected in March but not been received (\$300k)
 ** Streetscapes grant instalment received was lower than planned (\$20k)

3rd Quarter Year-End Forecast				
Forecast Operating Statement by Income / Exp				
Income/Expenditure Type		Full Year Approved Budget** (000's)	3rd Quarter Forecast (000's)	3rd Qtr Forecast Variance (000's)
Income				
Rates & Charges	1	99,025	99,525	500
Operating Grants	2	24,293	24,984	691
User Fees & Charges	3	9,105	9,935	830
Contributions & Reimbursements	4	882	958	77
Interest On Investments	5	1,260	2,060	800
Other Revenue	6	3,655	3,735	80
Total Income		138,220	141,198	2,978
Expenditure				
Employee Costs	7	49,547	49,917	(370)
Contract Materials	8	35,736	37,169	(1,433)
Program Expenses	9	14,020	15,066	(1,046)
Borrowing Cost	10	1,322	1,322	(0)
Utilities	11	5,064	5,309	(245)
Maintenance	12	4,857	4,980	(123)
Depreciation	13	25,517	25,362	155
Other Expenses	14	3,072	2,945	127
Total Expenditure		139,134	142,070	(2,936)
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	15	6,736	12,386	5,650
Cost of Assets Sold	16	(3,942)	(7,660)	(3,718)
Total Gain/(Loss) on Disposals of Assets		2,794	4,726	1,932
Underlying Operating Results Surplus/(Deficit)		1,879	3,854	1,974
Other Cash & Non Cash Contributions				
Developer Cash Contributions	17	11,007	19,295	8,289
Developer Contributions - Non Monetary Assets	18	39,062	49,911	10,849
Capital Grants & Contributions	19	2,621	9,348	6,727
Total Capital Grants & Cash & Non Cash Contribution		52,689	78,554	25,865
Total Surplus/Deficit for the Year Before Trfs.		54,569	82,408	27,839
Council Capital Budget		50,665	51,077	412
Capital DCP-In-Kind		24,407	23,094	1,313

Monthly Management Report 2016/2017				
Significant Variance Comments				
Approved Budget vs. 3rd Quarter Forecast				
Income/Expenditure Type	2016/17 Approved Budget (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	99,025	99,525	** Favourable variance is attributable to projected increase in supplementary rates due to higher rate of growth than budgeted for the year. Favourable variance of \$691k is attributable to unbudgeted government grants already received and receivable by the end of year and higher than budgeted income mainly in Community Care and Families and Children. These includes: ** Net change in Community Care funding due to HACC reform resulting in reallocation of funding under new categories such as CHSP Specialist Services and Ageing Well and Diversity (\$366k) ** Increase in funding for Families and Children mainly in Maternal Child Health, Occasional Care, Pre School and others (\$485k) Favourable variance partly offset by: ** Increase in funding in Community Planning for Healthy Promotions Project, The Club Community Program, Active Transport and other (\$160k)
Operating Grants	2	24,293	24,984	691
User Fees & Charges	3	9,105	9,935	830
Contributions & Reimbursements	4	882	958	77
Interest On Investments	5	1,260	2,060	800
Other Revenue	6	3,655	3,735	80
Total Income		138,220	141,198	2,978
Expenditure				

Income/Expenditure Type	2016/17 Approved Budget	2016/17 3rd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
Employee Costs	49,547	49,917	(370)	Unfavourable variance in employee cost is the net impact of offset of unfavourable variances and savings in different areas. These are mainly: ** Unfavourable variance in salaries and wages of \$370k is largely attributable to a number of new positions approved as part of the organisation restructure in a number of Business Units such as Legal Administration (\$62k), Risk and Performance(\$269k), Community Care(\$49k) and Compliance(\$117k) ** This is partly offset by savings of \$577k due to projected reduction in salaries in City Design and Strategy (\$287k), Capital projects(\$191k) and minor favourable variances in others.
Contract Materials	35,736	37,169	(1,433)	Unfavourable variance in contracts and materials is due to: ***Higher than budgeted expenditure contract labour and contract expenses of \$1.433m in the following areas. Information Services (\$1,040m) is due to Business Analysis Management (\$376k), Managed Network Projects (\$160k), End User Management Support (\$152k), Cloud Infrastructure Project (\$55k) ECM Upgrade (\$60k) and others (\$237k). ** Increase in contract labour expenditure in Capital Works operating projects such as Capex administration and Road Rehabilitation programs (\$215k) for contractor back filling for unfilled positions ** Increase in contract expenditure in Operations in Roads and Property services (\$153k) ** Increase in contracts labour and contractor costs in Compliance department in Litter-Public Place Management and Health Services (\$134k) ** Increase in contract labour expenses in Events Management and others (\$187k) Overall unfavourable variance is offset by savings in **Melton Waves Management agreement based on post tender agreed pricing(\$296k)
Program Expenses	14,020	15,066	(1,046)	Unfavourable variance is mainly attributable to projected increase in expenses the following areas across number of business units based on current expenditure trends. **Ongoing Support and Project Implementation costs in Information Services for annual Authority/Civica upgrade(\$318k), Annual computer replacement project (\$129k)and Review of the IT service desk and Training (\$150k) **Legal fees relating rates matters (\$120k) ** Recruitment Advertising Costs in People and Culture (\$106k) **Increase in insurance premium (\$81k) **Planning scheme revision and Amendments for PSP's (\$70k) ** Professional Advisory Services (\$98k)
Borrowing Cost	1,322	1,322	(0)	
Utilities	5,064	5,309	(245)	Unfavourable variance is attributable to projected increase in costs based on current trends for Server Hosting and Fixed Phones.
Maintenance	4,857	4,980	(123)	Unfavourable variances relates to expected increase in Photocopier Maintenance (\$25k), Melton Equestrian Park Kitchen maintenance work (\$30k), Animal Pound (\$55k) and General repair work in Youth Facility
Depreciation	25,517	25,362	155	Favourable variance relates to timing of completion of capital projects

Income/Expenditure Type	2016/17 Approved Budget	2016/17 3rd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
Other Expenses	3,072	2,945	127	Unfavourable variations in attributable to the following: **Reduction in staff contribution for private use of Council vehicles due to revised FBT computation based on post tax rather than pre-tax as done previously (\$260k). This is offset by reduction in FBT expenditure under program expenses. The unfavourable variance is offset by ** Projected reduction in advance Income expenditure at year end (\$115k) ** Projected reduction in fuel & oil expenditure on Council fleet operations (\$28k)
Total Expenditure	139,134	142,070	(2,936)	
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	6,736	12,386	5,650	Favourable variance due to 3rd quarter Atherstone land sales forecast is based on latest projection by Lend lease based on sale of 300 lots by the end of the year.
Cost of Assets Sold	(3,942)	(7,660)	(3,718)	**Cost of assets sold has been projected in line with increase in land sales projections in the 3rd Quarter forecast of 300 lots by end of the year.
Total Gain/(Loss) on Disposals of Assets	2,794	4,726	1,932	
Underlying Operating Results Surplus/(Deficit)	1,879	3,854	1,974	
Other Cash & Non Cash Contributions				On current trends cash contributions from Developer Contributions Plans (DCP), Precinct Structure Plan(PSP) and Community Infrastructure Levy (CIL) are projected exceed budget by \$1.7m. This is mainly attributable to: ** Projected increase in contributions from Diggers Rest (\$2.2m), Melton North (\$278k), Toolern (\$2.6m) and Taylors Hill West (\$2.8m) **The increase includes the redemption of \$1.1m of bank guarantee from Waterford Estate which will be used to complete outstanding works in the area
Developer Cash Contributions	11,007	19,295	8,289	** Based on the level of growth and development projected for the year, the non cash contributions are also likely to increase **Public open space contribution recognised in March of \$136K for Passive Open Space under the Taylors Hill West PSP is included in the 3rd qtr forecast.
Developer Contributions - Non Monetary Assets	39,062	49,911	10,849	

Income/Expenditure Type	2016/17 Approved Budget	2016/17 3rd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
				<p>Favourable variance is due to: Unbudgeted Capital Grants already received and receivable by the end of year of \$6.73m. This will be partly spent in this financial year and the unspent portion will be carried forwarded to 2017/18 to complete the capital works program. These include: Growing Suburbs Funding of \$4.385m consisting of: ** Scouts Activity Centre Burnside (\$500k) ** Burnside Heights Children and Community Centre (\$1.0m) ** Caroline Springs Sub Regional Community Centre (\$2.5m) ** Melton Botanic Garden Walking Trail (\$191k) ** Passive Reserves Development (\$194k)</p> <p>Other unbudgeted grants of \$2.942m for: **Water Sensitive Urban Design works (\$230k) for Living Rivers program. **Boundary and Sinclair Road Black Spot funding (\$616k). **Streetscapes Improvements (\$1,663m) with the round 3 announcement of National Stronger Regions Fund in Oct 2016 **Mt Cottrell Road Widening (\$433k) with the decision that Roads to Recovery will fully fund the project.</p> <p>This favourable variance is partly offset by the budgeted grant of \$600K for annual resurfacing which will not be available for future works.</p>
Capital Grants & Contributions	19	9,348	6,727	
Total Capital Grants & Cash & Non Cash Contributions	52,689	78,554	25,865	
Total Surplus/(Deficit) for the Year Before Trfs.	54,569	82,408	27,839	

LAST YEAR ACTUALS	BALANCE SHEET	Actuals		THIS YEAR
		Current Year	Last Year	BUDGET
AS AT END Mar-16 \$(000's)		AS AT END Mar-17 \$(000's)	AS AT END Jun-16 \$(000's)	FULL YEAR 2016/2017 \$(000's)
	CURRENT ASSETS			
6,507	CASH ASSETS IN HAND & AT BANK	4,387	6,698	53,508
24,017	INVESTMENT - GENERAL	48,200	26,969	0
35,682	INVESTMENT - RESTRICTED & OTHERS	45,885	43,889	0
89	INVENTORIES & OTHER FINANCIAL ASSETS*	11	11	(5,697)
32,400	DEBTORS- RATES & OTHER	43,946	15,055	11,136
543	ASSETS CLASSIFIED AS HELD FOR SALE	1,108	1,108	450
0	PREPAYMENTS/OTHER ASSETS	0	2,148	2,000
99,238	TOTAL CURRENT ASSETS	143,537	95,878	61,397
	NON CURRENT ASSETS			
1,351,376	INFRA, PROPERTY PLANT & EQUIPMENT	1,703,173	1,722,055	1,508,644
118	INVENTORIES	47	47	143
6,000	INVESTMENT PROPERTY	6,617	6,617	7,500
1,390	OTHER FINANCIAL ASSETS	1,349	1,349	1,425
4,665	INTANGIBLES	4,338	4,338	4,011
22,129	WORK-IN-PROGRESS	18,254	0	0
1,385,678	TOTAL NON CURRENT ASSETS	1,733,778	1,734,406	1,521,723
1,484,916	TOTAL ASSETS	1,877,315	1,830,284	1,583,120
	CURRENT LIABILITIES			
4,462	PAYABLES	3,613	13,697	12,213
7,012	EMPLOYEE BENEFITS	8,783	8,736	7,574
7,262	INTEREST BEARING LIABILITIES	6,915	6,915	3,373
295	OTHER LIABILITIES	196	2,092	2,008
19,031	TOTAL CURRENT LIABILITIES	19,507	31,440	25,168
	NON CURRENT LIABILITIES			
2,976	EMPLOYEE BENEFITS	1,364	1,491	2,227
18,645	INTEREST BEARING LIABILITIES	19,389	22,153	18,790
4,350	OTHER LIABILITIES	4,893	3,896	3,800
25,971	TOTAL NON CURRENT LIABILITIES	25,646	27,540	24,817
45,002	TOTAL LIABILITIES	45,153	58,980	49,985
1,439,914	NET ASSETS	1,832,162	1,771,305	1,533,136
	EQUITY			
881,701	ACCUMULATED SURPLUS	973,294	866,153	971,642
59,355	OPERATING SURPLUS FOR THE PERIOD	43,044	107,141	67,297
	RESERVES			
453,194	REVALUATION RESERVES	752,116	752,126	455,395
45,664	OTHER RESERVES	63,708	45,885	38,802
1,439,914	TOTAL EQUITY	1,832,162	1,771,305	1,533,136

*Financial Assets include the estimates for rolling debt/credit balances from precinct structure plans in-kind works which at the end of 2016/17 is expected to be 5.7m owing to developers

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 31 March 2017 was \$98.5m, which represents an increase of \$20.9m 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	\$37,926	
Less Net Inflow/(Outflow) from Investing activities	(\$14,245)	
Less Net Inflow/(Outflow) from financing activities	(\$2,764)	
Net Increase/(decrease) in cash held		\$20,917
Cash and Investments on hand at 31st March 2017		\$98,472

Receivables:

Total receivables outstanding as at 31st March 2017 amounted to \$43.9m, which included rate debtors of \$28.2m. The total outstanding receivables comprised: -

Receivables	31 st March 2017 (000's)	30 th June 2017 (000's)
Rate Debtors	\$28,214	\$6,154
Parking Infringements (net of provision for doubtful debts)	\$515	\$328
Sundry & other debtors net of provision for doubtful debts	\$15,217	\$8,573
Total Receivables	\$43,946	\$15,055

The increase in Sundry debtor figure as at end of March 2017 reflects a \$12.5m of PSP Developer Contributions .

Non Current Assets:

Infrastructure, Plant & Equipment

The value of Council's property, plant & equipment has decreased by \$18.8m. 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 \$4.3m 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 (\$648k) and the Springside Children's and Childcare facility (\$1.37m) built on DOE land and Kororoit Creek Learning Centre (\$2.32m). The balance represents Council's balance net of amortisations.

Current & Non Current Liabilities:

Payables

Creditors have decreased by \$10.1 m from the June 2017 balance of \$13.7m to \$3.6m 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 \$8.8m, with the non-current at \$1.4m.

Interest Bearing Liabilities:

Total loan liability as at 31 March 2017 is \$26.3m. Principal repayment to date amounted to \$2.7m.

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 1:7.4. The after removing the impact of rate debtors is 1:5.9

Last Year 2015-16	CASH FLOW STATEMENT	Actuals	This Year
YTD Actual Mar-16 \$(000'S)		2016/2017 As at End Mar-17 \$(000's)	Budget 2016/2017 Annual Budget \$(000's)
	Cash Flow from Operating Activities		
	<u>RECEIPTS</u>		
71,030	Rate & Charges	76,624	97,675
6,211	Statutory Fees & Fines	6,857	12,280
19,700	Government Grants	27,574	25,653
14,914	Contributions	10,729	11,007
1,019	Interest Received	1,693	1,710
5,727	Other Revenue (incl Trust Receipts)	4,720	2,601
	<u>PAYMENTS</u>		
(42,566)	Payments to Suppliers	(54,452)	(63,256)
(928)	Borrowing Costs	(814)	(1,322)
(33,427)	Payments to Employees	(35,005)	(49,268)
41,680	NET CASH FROM OPERATING ACTIVITIES	37,926	37,081
	CASH FLOW FROM INVESTING ACTIVITIES		
(22,129)	Payments for Acquisition of Non-Current Assets	(18,254)	(50,665)
1,717	Proceeds from Sale of Non-Current Assets	4,009	6,736
(20,412)	NET CASH FROM INVESTING ACTIVITIES	(14,245)	(43,929)
	CASH FLOW FROM FINANCING ACTIVITIES		
(2,831)	Repayment of Loans	(2,764)	(6,905)
0	Proceeds from Borrowings	0	0
(2,831)	NET CASH FROM FINANCING ACTIVITIES	(2,764)	(6,905)
18,437	NET INCREASE/(DECREASE) IN CASH HELD	20,917	(13,753)
	<u>CASH POSITION</u>		
47,768	Cash Balance at Beginning- as at 1st July	77,555	67,261
66,205	Cash Balance at End of Period	98,472	53,508

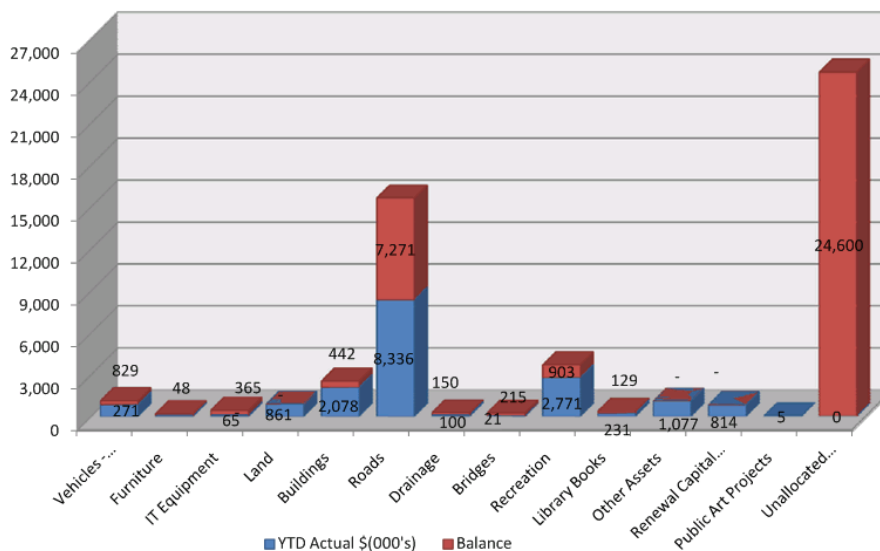
CAPITAL EXPENDITURE BY CATEGORY

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2016/2017 FINANCIAL YEAR

CAPITAL EXPENDITURE	YTD Actual \$(000's)	YTD Budget \$(000's)	YTD Variance \$(000's)	Total Budget \$(000's)
Vehicles - Capital Cost	829	670	(159)	1,100
Furniture	48	61	13	185
IT Equipment	65	160	95	430
Land	861	337	(524)	450
Buildings	2,078	1,879	(199)	2,520
Roads	8,336	10,925	2,589	15,607
Drainage	100	137	38	250
Bridges	21	181	160	237
Recreation	2,771	2,532	(239)	3,674
Library Books	231	262	31	360
Other Assets	1,077	725	(352)	1,020
Renewal Capital Expenditure	814	25	(789)	232
Public Art Projects	5	0	(5)	0
Unallocated Component of Council Capex	0	0	0	24,600
Total capital expenditure Excl Capital DCP In Kind	17,236	17,895	659	50,665
Capital DCP in Kind	1,018	13,606	12,588	24,407
Total Capital expenditure	18,254	31,501	13,247	75,072

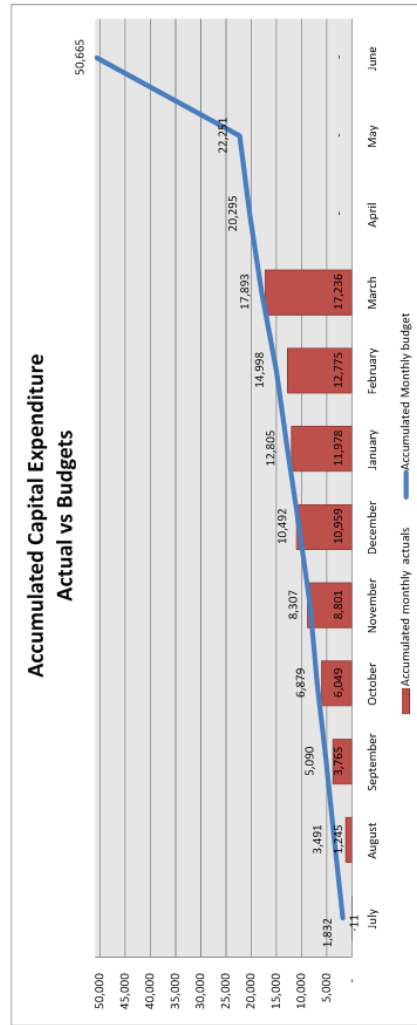
**CAPITAL EXPENDITURE BY CATEGORY
(YTD Actual Vs Unspent Capital Works)**



MONTHLY ANALYSIS OF CAPITAL EXPENDITURE
2016/2017 FINANCIAL YEAR

CAPITAL EXPENDITURE		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
		\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)
Total	\$(000's)												
Vehicles - Capital Cost	830	7	25	37	251	113	63	6	290				
Furniture	48	3	8	0	13	7	6	2	4	5			
IT Equipment	64	2	0	(2)	3	19	2	25	0	15			
Land	860	0	0	0	0	4	7	0	849				
Buildings	2,077	7	268	307	273	465	214	288	117	138			
Roads	8,336	(54)	387	920	1,383	1,322	1,351	294	348	2,385			
Drainage	102	0	6	4	12	46	13	0	10	11			
Bridges	20	0	2	1	4	0	3	1	5	4			
Recreation	2,772	(32)	465	713	323	507	251	237	125	183			
Library Books	230	22	12	35	37	33	22	18	26	25			
Other Assets	1,076	3	57	454	88	20	37	43	52	322			
Renewal Capital Expenditure	816	0	44	63	111	82	137	41	104	234			
Public Art Projects	5	0	0	0	0	0	5	0	0	0			
Committed Capital	0	0	0	0	0	0	0	0	0	0			
Total Capital Expenditure Excl Capital DCP in Kind	17,236	(11)	1,256	2,520	2,284	2,752	2,158	1,019	797	4,461	0	0	0
Capital DCP in Kind	1,018	0	0	588	0	0	125	0	305	0			
TOTAL CAPITAL EXPENDITURE	18,254	(11)	1,256	3,108	2,284	2,752	2,283	1,019	1,102	4,461	0	0	0

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

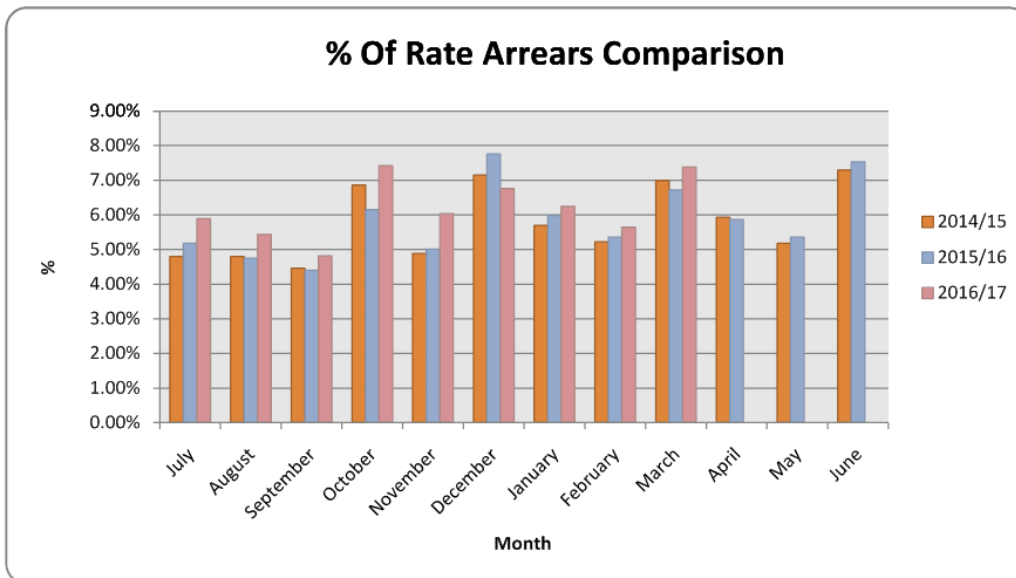


Analysis of Overdue Instalment Rate Debtors - March 2017

(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>	4,192	1,707,081
<i>\$1000 to \$1999</i>	1,007	1,410,743
<i>\$2000 to \$4999</i>	626	1,949,303
<i>\$5000 to \$10,000</i>	170	1,152,942
<i>Greater Than 10,000</i>	71	1,304,933
Total	6,066	7,525,002

**There are 1,315 properties in credit . Total credit amounts to \$670,908



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

SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 31 March 2017	NO OF PROPERTIES	RATE DEBTS OUTSTANDING \$000'S
Summons issued	241	834
Judgements issued	29	123
Summons for Oral Examination	219	1,502
Legal Arrangements	75	258
Other action - Demand Letters etc	4,579	3,895
Total Debt Recovery Action In Progress	5,143	6,612
Arrangements in place - Non Legal	791	618
Properties with no recovery/arrangements in place	132	295
TOTAL	6,066	7,525

Number of Financial Hardship applications received in March is 9

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	-	-			
Rates raised in 2016-2017	99,312	-			
Interest raised to date	129	164	160		
Rebates & Adjustment	(3,836)	290	415		
Supplementary rates raised	993	726	399		
Total to be collected	96,598	97,778	98,752		
Amount Collected during the period	21,126	52,268	76,624		
Balance to be collected	75,472	45,510	22,128		

