



2016/2017
Finance Report

6 months ended
31 December 2016



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Melton City Council

Monthly Finance Report for the 6 months period ended December 2016.

Executive Summary

Operating Results

This report compares the December 2016 YTD results with the profiled YTD approved budget for the same period.

The underlying surplus for the December YTD period was \$60.9m. This compared with the profiled budgeted result of \$55.1m resulted in a favourable variance of \$5.8m.

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

Year-end Forecast

2nd quarter review of operating and capital expenditure as at the end of December 2016 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 2nd quarter year-end forecast with approved budget is shown on page 4 with the detail variance commentary on page 4.1

2nd Quarter Year-End Forecast-Summary		\$(Millions)
Operating		
Forecast favourable variance in Operating Results before transfers		\$16.3
Capital		
Forecast unfavourable variance in Council Capital Expenditure (Including components spent by 30 June 2017 and carried forward to 2017/18)		(\$0.412)
Forecast unfavourable variance in Capital Developer Contribution Plan (DCP) In -Kind Expenditure		(\$4.5)

Capital Expenditure

The total capital expenditure budget for 2016/17 \$75.1m. This consists of \$50.6m 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 2nd quarter was \$10.9m or 21.6% 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 \$93.3m. This balance includes \$89.9m 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 \$3.4m represents the working capital to meet day-to-day expenses as they fall due.

Debtors

Receivables outstanding totalled \$62.7m (net of doubtful debts provisions) of which \$51.7m relates to rates debtors including instalments not due. Rate revenue received in the YTD period amounted to \$52.3m. Sundry debtors (including land sales) amounted to \$11.0m.

Monthly Management Report 2016/2017						
Operating Statement by Income / Expenditure line items						
for the 6 Months ended 31 December 2016						
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					
91,352	Rates & Charges	1	97,778	97,112	666	99,025
9,489	Operating Grants	2	13,434	12,863	572	24,293
4,854	User Fees & Charges	3	4,492	4,430	63	9,105
344	Contributions and Reimbursements	4	534	481	53	882
719	Interest On Investments	5	1,092	705	387	1,260
1,688	Other Revenue	6	1,794	1,771	24	3,655
108,446	Total Income		119,125	117,360	1,765	138,220
	Expenditure					
22,159	Employee Costs	7	22,579	23,483	905	49,547
13,752	Contract Materials	8	12,997	14,302	1,305	35,736
6,426	Program Expenses	9	6,272	7,179	907	14,020
656	Borrowing Cost	10	601	601	(0)	1,322
1,476	Utilities	11	1,489	1,829	340	5,064
1,926	Maintenance	12	1,833	1,851	18	4,857
11,695	Depreciation	13	12,590	12,590	0	25,517
887	Other Expenses	14	996	1,182	186	3,072
58,977	Total Expenditure		59,358	63,017	3,659	139,134
	Non Operating Income & Expenditure					
1,957	Proceeds from Sale of Assets	15	1,851	1,535	316	6,736
97	Cost of Assets Sold	16	(678)	(700)	22	(3,942)
2,054	Total Gain/(Loss) on Disposals of Assets		1,173	835	338	2,794
51,523	Underlying Operating Results Surplus/(Deficit)		60,941	55,179	5,762	1,879
	Other Cash & Non Cash Contributions					
8,041	Developer Cash Contributions	17	11,425	11,414	11	(523)
6,956	Developer Contributions - Non Monetary Assets	18	713	713	0	50,592
4,547	Capital Grants	19	(111)	380	(491)	2,621
19,544	Total Capital Grants & Cash & Non Cash Contr		12,028	12,507	(479)	52,689
71,067	Total Surplus/Deficit for the Year Before Trfs.		72,968	67,685	5,283	54,569
	Reserve Transfers					
4,510	Transfers From Reserves	20	0	(6,913)	6,913	15,743
(13,002)	Transfer to Reserve	21	(11,424)	(11,838)	414	(20,186)
(8,492)	Total Net Transfers - Income/(Exp)		(11,424)	(18,751)	7,327	(4,442)
62,575	Total Surplus/(Deficit) Net of Transfers		61,544	48,934	12,610	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 6 Months Ended 31 December 2016					
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
Income					
Rates & Charges	1 97,778	97,112	666	99,025	Favourable variance is attributable to: ** 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.
					Favourable variance is the net impact of: Unbudgeted grants received to date of \$655k which includes:- ** Changes in Community Care funding reclassification due to HACCC reform (\$470k) ** Risk and Performance - New Metro Region Emergency Management (\$118k) ** Other miscellaneous grants in total (\$67k) for programs such as Caring for Country Native Vegetation (\$10k), Planning -PSP Approval Streamlining Project (\$47k) and Others. Increase in the level of funding than budgeted in Families and Children programs of \$239k. This is in areas such as Maternal Child Health (\$217k), Occasional care and others (\$22k).
Operating Grants	2 13,434	12,863	572	24,293	The favourable variance is offset by timing variations in grant receipts of \$322k in the following areas: Community Care- Ageing well and Diversity and CHSP Programs (\$110k) Community Planning - Indigenous Program, The Club Community Program, Healthy promotions and others (\$212k)
User Fees & Charges	3 4,492	4,430	63	9,105	Favourable variance is attributable to the following: ** Higher than predicted permit and other fees in Planning Services (\$69k) due to the State Government's increase in planning fees ** Higher fees income from Regulatory Services in parking and school crossing(\$68k) ** Increased application fee income from Asset Protection(\$34k) The favourable variance is offset by the lower than anticipated income in registration fees for Food Act, Health Act and Animal registration & Adoption(\$108k)
Contributions & Reimbursements	4 534	481	53	882	Favourable variance is due to ** Higher than budgeted insurance receipts (\$21k) and recovery of legal charges and other (\$8k) ** Unbudgeted income for reimbursement of Industrial Land Development costs (\$24k)
Interest On Investments	5 1,092	705	387	1,260	Despite the lower interest rate climate, the year-to-date results is higher than budget by \$387k. This is due to significant amount of funds available for investment mainly from unspent capital budget and also unbudgeted capital grants received to-date.
Other Revenue	6 1,794	1,771	24	3,655	
Total Income	119,125	117,360	1,765	138,220	
Expenditure					

Monthly Management Report 2016/2017 Operating Statement - Significant Variance Comments 6 Months Ended 31 December 2016				
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2016/17 Approved Budget (000's)
Employee Costs	7 22,579	23,483	905	49,547
Contract Materials	8 12,997	14,302	1,305	35,736
Program Expenses	9 6,272	7,179	907	14,020
Borrowing Cost	10 601	601	(0)	1,322
Utilities	11 1,489	1,829	340	5,064
Maintenance	12 1,833	1,851	18	4,857
Depreciation	13 12,590	12,590	0	25,517
Other Expenses	14 996	1,182	186	3,072
Total Expenditure	59,358	63,017	3,659	139,134
Non-Operating Income & Expenditure				
Proceeds from Sale of Assets	15 1,851	1,535	316	6,736
Cost of Assets Sold	16 (676)	(700)	22	(3,942)
Total Gain/(Loss) on Disposals of Assets	1,175	835	338	2,794
Underlying Operating Results Surplus/(Deficit)	60,941	55,179	5,762	1,879

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

Favourable variance in employee cost is the net effect of \$998k favourable in salaries and wages and \$93k 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 (\$288k), Capital Projects (\$101k), Finance (\$207k), Planning (\$107k), Recreation and Youth (\$136k) and others variances spread among other business units (\$159k).

Unfavourable variance of \$93k in oncost expenditure is due to higher than budgeted expenditure in maternity leave backfilling, workcover expenses, and long service leave expenses year-to-date.

Favourable variance is due to:
 ** Favourable variance in Operations is largely timing related and are mainly in Contract Cleaning, Mowing of Lawns, Weed Control, Waste Collection, Hard Waste, Transfer Station and others (\$1,713m).
 ** Favourable variance in Melton Waves contract based on post tender agreed pricing (\$73k).

** Favourable variance is offset by higher than budgeted expenditure in Information Services on projects that were unbudgeted such as Managed Network Projects, End User Management Support, Business Analysis Management, IT Portfolio Management and others (\$483k). Information Services Contract expenditure is projected to increase by \$775k by the end of the year.

Favourable variance is due to the following, some of which are timing related:-
 ** Council election expenses in Legal and Governance (\$440k), FBV and other taxes in Finance (\$134k), Implementation and ongoing support expenses in Information Services (\$205k), printing, stationery, training expenses across number of business units (\$128k).

Favourable variance is mainly timing related in server hosting and network communications in Information Services (\$227k), electricity (\$66k) and gas (\$45k).

Favourable variations is attributable to the following:
 ** Timing variations in the donations and contributions payments of \$165k. This consists of Scouts Australia (\$126k) and Melton Plate event (\$39k).
 ** Timing variation in payments for Community Activation Program of \$21k.

** Favourable variance is mainly attributable to higher Atherstone land sales to-date compared to budget. Atherstone sales are projected to improve significantly in this financial year and the 2nd quarter forecast is based on projected sale of 300 lots for the year.

Monthly Management Report 2016/2017 Operating Statement - Significant Variance Comments 6 Months Ended 31 December 2016					
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
Other Cash & Non Cash Contributions					
Developer Cash Contributions	17	11,414	11	(523)	
Developer Contributions - Non Monetary Assets	18	713	0	50,592	
Capital Grants & Contributions	19	(111)	(491)	2,621	The year-to-date actual is negative and this consists of \$60k received for Streetscapes Improvement offset by \$170k of reduction in Black spot funding. The Black spot funding was originally invoiced at \$643k in 2016/17 which is offset against the \$475 received in 2017/18. Favourable variance is attributable to timing variations in the receipts of following capital grants and the \$170k shortfall. *-Annual Resurfacing and Periodic Reseals (\$300k) *-Streetscape Improvements and other (\$20k) *- Shortfall in Boundary and Sinclair Road Black Spot funding (\$170k).
Total Capital Grants & Cash & Non Cash Contributions	12,028	12,507	(479)	52,689	
Total Surplus/(Deficit) for the Year Before IFRS	72,968	67,685	5,283	54,569	

2nd Quarter Year-End Forecast				
Forecast Operating Statement by Income / Exp				
Income/Expenditure Type		Full Year Approved Budget** (000's)	2nd Quarter Forecast (000's)	2nd Qtr Forecast Variance (000's)
Income				
Rates & Charges	1	99,025	99,525	500
Operating Grants	2	24,293	25,336	1,044
User Fees & Charges	3	9,105	9,709	604
Contributions & Reimbursements	4	882	903	21
Interest On Investments	5	1,260	2,060	800
Other Revenue	6	3,655	3,677	22
Total Income		138,220	141,210	2,991
Expenditure				
Employee Costs	7	49,547	49,843	(296)
Contract Materials	8	35,736	36,802	(1,066)
Program Expenses	9	14,020	14,848	(829)
Borrowing Cost	10	1,322	1,322	(0)
Utilities	11	5,064	5,118	(54)
Maintenance	12	4,857	4,905	(49)
Depreciation	13	25,517	25,362	155
Other Expenses	14	3,072	3,190	(117)
Total Expenditure		139,134	141,389	(2,256)
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	15	6,736	12,236	5,500
Cost of Assets Sold	16	(3,942)	(7,660)	(3,718)
Total Gain/(Loss) on Disposals of Assets		2,794	4,576	1,782
Underlying Operating Results Surplus/(Deficit)		1,879	4,396	2,517
Other Cash & Non Cash Contributions				
Developer Cash Contributions	17	(523)	1,195	1,719
Developer Contributions - Non Monetary Assets	18	50,592	55,915	5,323
Capital Grants & Contributions	19	2,621	9,348	6,727
Total Capital Grants & Cash & Non Cash Contribution		52,689	66,459	13,769
Total Surplus/Deficit for the Year Before Trfs.		54,569	70,855	16,286
Council Capital Budget		50,665	51,077	412
Capital DCP-In-Kind		24,407	28,888	(4,481)

Monthly Management Report 2016/2017				
Significant Variance Comments				
Approved Budget vs. 2nd Quarter Forecast				
Income/Expenditure Type	2016/17 Approved Budget (000's)	2016/17 2nd Quarter Forecast (000's)	Variance - Fav/(Unfav) (000's)	Approved Budget to 2nd Quarter Year-end Forecast Variance Explanations
Income				
Rates & Charges	1 99,025	99,525	500	** Favourable variance is attributable to projected increase in supplementary rates due to higher rate of growth than budgeted for the year.
Operating Grants	2 24,293	25,336	1,044	Favourable variance 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 (\$342k) ** Increase in funding for Families and Children mainly in Maternal Child Health, Occasional Care, Pre School and others (\$516k) ** Planning Services- Psp Approval and Streaming Project (\$43k) ** New Metro Region Emergency Management (\$126K) and ** Additional grants for Library Services and Grants Commission funding (\$15k)
User Fees & Charges	3 9,105	9,709	604	Favourable variance is attributable to the following: ** Increased fee revenue from Compliance department from Parking Fines, Animal Registration and other Regulatory Services (\$191k). ** Higher than budgeted fee income from Subdivision Plan Checking, Design and Traffic Services due to projected higher level of growth than budgeted (\$198k) ** Projected increase in permit fee income in Planning Services (\$77k).
Contributions & Reimbursements	4 882	903	21	** Projected increase in fees revenue from Community Home Support in Community Care (\$138k)
Interest On Investments	5 1,260	2,060	800	Favourable variance is attributable to significant increase in the level of cash funds available for investment due to carry forwards from last year from unspent capital grants and lower capital expenditure.
Other Revenue	6 3,655	3,677	22	
Total Income	138,220	141,210	2,991	
Expenditure				

Income/Expenditure Type	2016/17 Approved Budget	2016/17 2nd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 2nd Quarter Year-end Forecast Variance Explanations
Employee Costs	49,547	49,843	(296)	Unfavourable variance in employee cost is due to following: ** Unfavourable variance in salaries and wages is largely attributable to a number of new positions approved as part of the organisation restructure in a number of Business Units such as Risk and Performance(\$321k), Community Care(\$299K), Compliance(\$132K) and others(\$116k). The net budget impact of the restructure is a projected increase in employee cost of \$296k after offsetting some savings due to projected reduction in salaries in City Design and Strategy (\$260k), Capital projects(\$191K) and Community Planning (\$118k).
Contract Materials	35,736	36,802	(1,066)	Unfavourable variance in contracts and materials is due to: ***Higher than budgeted expenditure contract labour and contract expenses of \$1.362m in the following areas Information Services (\$754k) is due to Business Analysis Management (\$243k), Managed Network Projects (\$123k), End User Management Support (\$119k), Cloud Infrastructure Project (76k) ECM Upgrade (\$40k) and others (\$153k). ** 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 (\$116k) **Increase in contracts labour and contractor costs in Compliance department in Litter-Public Place Management and Health Services (\$115k) which includes, increased litter enforcement on dumping of hazards waste(\$46k), services extension of the snake catcher(\$30k), payment to IT contractor for a business case for the appointment of a Health Manager(\$40K) **Increase in contract labour expenses in Assets Management (\$59k) ** Increase in contract labour expenses in Events Management and others (\$107k) Overall unfavourable variance is offset by savings in **Melton Waves Management agreement based on post tender agreed pricing(\$296k)
Program Expenses	14,020	14,848	(829)	Unfavourable variance is 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 and Cloud Infrastructure Project and Risk Management System Project (\$602k) ** Increase in legal expenses in finance and legal services (\$150k) ** Recruitment Advertising Costs in People and Culture (\$106k) **Community Education - (\$24k) ** Professional Advisory in City Design and others (\$120k) **Cost of Food - Community Care (\$33k) ** Minor Consumables (\$20k) ** Catering, Graphic Design, Freight and Transport (\$45k) The unfavourable variance is partly offset by savings in FBT taxes due to revised calculation of car benefit based on post tax basis adopted this year (\$270k)
Borrowing Cost	1,322	1,322	(0)	
Utilities	5,064	5,118	(54)	Unfavourable variance is attributable to projected increase in costs based on current trends for Server Hosting and Fixed Phones.

Income/Expenditure Type	2016/17 Approved Budget	2016/17 2nd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 2nd Quarter Year-end Forecast Variance Explanations
Maintenance	4,857	4,905	(49)	
Depreciation	25,517	25,362	155	Favourable variance relates to timing of completion of capital projects
				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)
Other Expenses	3,072	3,190	(117)	
Total Expenditure	139,134	141,389	(2,256)	
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	6,736	12,236	5,500	Favourable variance due to 2nd quarter Athertonstone 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 2nd Quarter forecast of 300 lots by end of the year.
Total Gain/(Loss) on Disposals of Assets	2,794	4,576	1,782	
Underlying Operating Results Surplus/(Deficit)	1,879	4,396	2,517	
Other Cash & Non Cash Contributions				
Developer Cash Contributions	(523)	1,195	1,719	** The net budgeted income is negative and this is due to contributions income of \$11,006m is offset by rolling credit offset of \$11,529m. 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 and Taylors Hill West, partly offset by reduction in contributions from Toolern and Melton North.
Developer Contributions - Non Monetary Assets	50,592	55,915	5,323	** Based on the level of growth and development projected for the year, the non cash contributions are also likely to increase by \$5.3m by year end.

Income/Expenditure Type	2016/17 Approved Budget	2016/17 2nd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 2nd Quarter Year-end Forecast Variance Explanations
				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) 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.
Capital Grants & Contributions	2,621	9,348	6,727	
Total Capital Grants & Cash & Non Cash Contributions	52,689	66,459	13,769	
Total Surplus/(Deficit) for the Year Before Trfs.	54,569	70,855	16,286	

LAST YEAR ACTUALS	BALANCE SHEET	Actuals		THIS YEAR
		Current Year	Last Year	BUDGET
AS AT END Dec-15 \$(000's)		AS AT END Dec-16 \$(000's)	AS AT END Jun-16 \$(000's)	FULL YEAR 2016/2017 \$(000's)
	CURRENT ASSETS			
5,686	CASH ASSETS IN HAND & AT BANK	3,479	6,698	53,508
6,985	INVESTMENT - GENERAL	39,110	26,969	0
43,430	INVESTMENT - RESTRICTED & OTHERS	50,760	43,889	0
89	INVENTORIES & OTHER FINANCIAL ASSETS*	11	11	(5,697)
76,905	DEBTORS- RATES & OTHER	62,754	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
133,638	TOTAL CURRENT ASSETS	157,222	95,878	61,397
	NON CURRENT ASSETS			
1,343,791	INFRA, PROPERTY PLANT & EQUIPMENT	1,709,468	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
4,608	WORK-IN-PROGRESS	11,673	0	0
1,360,572	TOTAL NON CURRENT ASSETS	1,733,492	1,734,406	1,521,723
1,494,210	TOTAL ASSETS	1,890,714	1,830,284	1,583,120
	CURRENT LIABILITIES			
7,982	PAYABLES	4,540	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
170	OTHER LIABILITIES	147	2,092	2,008
22,426	TOTAL CURRENT LIABILITIES	20,385	31,440	25,168
	NON CURRENT LIABILITIES			
2,922	EMPLOYEE BENEFITS	1,364	1,491	2,227
20,670	INTEREST BEARING LIABILITIES	19,880	22,153	18,790
3,879	OTHER LIABILITIES	4,814	3,896	3,800
27,471	TOTAL NON CURRENT LIABILITIES	26,058	27,540	24,817
49,897	TOTAL LIABILITIES	46,443	58,980	49,985
1,444,313	NET ASSETS	1,844,271	1,771,305	1,533,136
	EQUITY			
881,701	ACCUMULATED SURPLUS	973,294	866,153	971,642
62,575	OPERATING SURPLUS FOR THE PERIOD	61,544	107,141	67,297
	RESERVES			
448,382	REVALUATION RESERVES	752,116	752,126	455,395
35,889	OTHER RESERVES	57,317	45,885	38,802
1,428,547	TOTAL EQUITY	1,844,271	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 December 2016 was \$93.3m, which represents an increase of \$15.7m from the \$77.6m opening cash position as at 1 July 2016. 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 2016		\$77,555
Plus: Net Inflow/(Outflow) from operating activities	\$27,175	
Less Net Inflow/(Outflow) from Investing activities	(\$9,108)	
Less Net Inflow/(Outflow) from financing activities	(\$2,273)	
Net Increase/(decrease) in cash held		\$15,794
Cash and Investments on hand at 31st December 2016		\$93,349

Receivables:

Total receivables outstanding as at 31st December 2016 amounted to \$62.8m, which included rate debtors of \$51.7m. The total outstanding receivables comprised: -

Receivables	31 st December 2016 (000's)	30 th June 2016 (000's)
Rate Debtors	\$51,664	\$6,154
Parking Infringements (net of provision for doubtful debts)	\$442	\$328
Sundry & other debtors net of provision for doubtful debts	\$10,648	\$8,573
Total Receivables	\$62,754	\$15,055

Non Current Assets:

Infrastructure, Plant & Equipment

The value of Council's property, plant & equipment has decreased by \$12.6m. 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 \$9.2m from the June 2016 balance of \$13.7m to \$4.5m 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 December 2016 is \$26.7m. Principal repayment to date amounted to \$2.3m.

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 1:7.8. The after removing the impact of rate debtors is 1:5.2

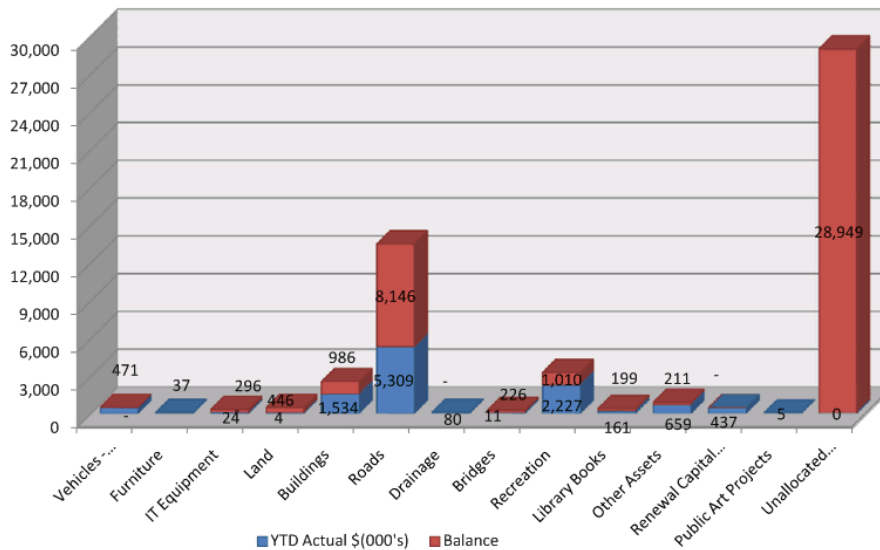
Last Year 2015-16	CASH FLOW STATEMENT	Actuals	This Year
YTD Actual Dec-15 \$(000'S)		2016/2017 As at End Dec-16 \$(000's)	Budget 2016/2017 Annual Budget \$(000's)
	Cash Flow from Operating Activities		
	<u>RECEIPTS</u>		
49,284	Rate & Charges	52,268	97,675
4,343	Statutory Fees & Fines	8,666	12,280
13,560	Government Grants	13,325	25,653
10,522	Contributions	11,425	11,007
582	Interest Received	1,092	1,710
2,359	Other Revenue (incl Trust Receipts)	893	2,601
	<u>PAYMENTS</u>		
(30,669)	Payments to Suppliers	(37,186)	(63,256)
(656)	Borrowing Costs	(601)	(1,322)
(22,074)	Payments to Employees	(22,706)	(49,268)
27,251	NET CASH FROM OPERATING ACTIVITIES	27,175	37,081
	CASH FLOW FROM INVESTING ACTIVITIES		
(14,348)	Payments for Acquisition of Non-Current Assets	(10,960)	(50,665)
1,822	Proceeds from Sale of Non-Current Assets	1,851	6,736
(12,526)	NET CASH FROM INVESTING ACTIVITIES	(9,109)	(43,929)
	CASH FLOW FROM FINANCING ACTIVITIES		
(2,271)	Repayment of Loans	(2,273)	(6,905)
0	Proceeds from Borrowings	0	0
(2,271)	NET CASH FROM FINANCING ACTIVITIES	(2,273)	(6,905)
12,454	NET INCREASE/(DECREASE) IN CASH HELD	15,794	(13,753)
	<u>CASH POSITION</u>		
47,768	Cash Balance at Beginning- as at 1st July	77,555	67,261
60,222	Cash Balance at End of Period	93,349	53,508

CAPITAL EXPENDITURE BY CATEGORY

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	471	0	(471)	0
Furniture	37	0	(37)	35
IT Equipment	24	0	(24)	320
Land	4	225	221	450
Buildings	1,534	1,277	(257)	2,520
Roads	5,309	4,449	(860)	13,455
Drainage	80	0	(80)	0
Bridges	11	14	3	237
Recreation	2,227	1,962	(266)	3,237
Library Books	161	162	1	360
Other Assets	659	385	(274)	870
Renewal Capital Expenditure	437	0	(437)	232
Public Art Projects	5	0	(5)	0
Unallocated Component of Council Capex	0	0	0	28,949
Total capital expenditure B/F Capital DCP In Kind	10,960	8,473	(2,486)	50,665
Capital DCP in Kind	713	713	(0)	24,407
Total Capital expenditure	11,673	9,186	(2,487)	75,072

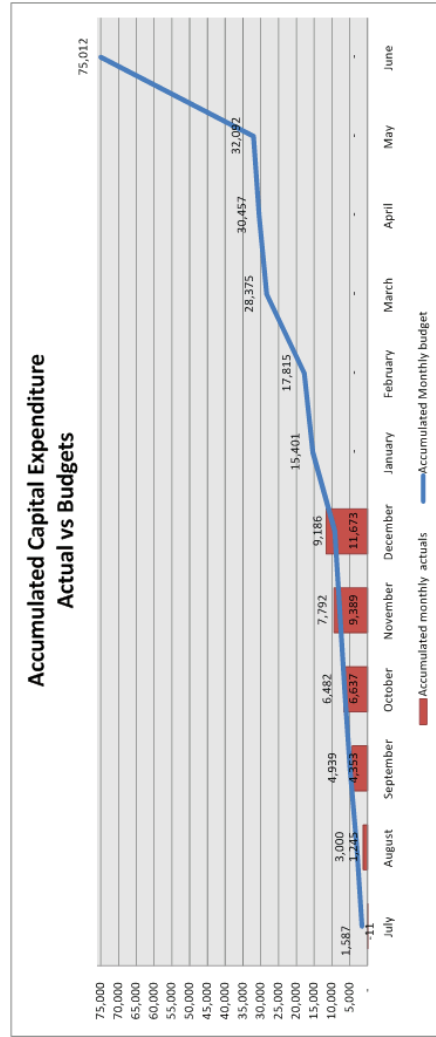
**CAPITAL EXPENDITURE BY CATEGORY
(YTD Actual Vs Unspent Capital Works)**



MONTHLY ANALYSIS OF CAPITAL EXPENDITURE
2016/2017 FINANCIAL YEAR

CAPITAL EXPENDITURE	Total \$(000's)	JUL \$(000's)	AUG \$(000's)	SEP \$(000's)	OCT \$(000's)	NOV \$(000's)	DEC \$(000's)	JAN \$(000's)	FEB \$(000's)	MAR \$(000's)	APR \$(000's)	MAY \$(000's)	JUN \$(000's)
Vehicles - Capital Cost	471	38	7	25	37	251	113						
Furniture	37	3	8	0	13	7	6						
IT Equipment	24	2	0	(2)	3	19	2						
Land	4	0	0	0	0	0	4						
Buildings	1,534	7	268	307	273	465	214						
Roads	5,309	(54)	387	920	1,383	1,322	1,351						
Drainage	81	0	6	4	12	46	13						
Bridges	10	0	0	1	4	0	3						
Recreation	2,227	(32)	465	713	323	507	251						
Library Books	161	22	12	35	37	33	22						
Other Assets	659	3	57	454	88	20	37						
Renewal Capital Expenditure	437	0	44	63	111	82	137						
Public Art Projects	5	0	0	0	0	0	5						
Committed Capital	0	0	0	0	0	0	0						
Capital DCP in Kind	713	0	0	588	0	0	125						
TOTAL CAPITAL EXPENDITURE	11,673	(11)	1,256	3,108	2,284	2,752	2,283	0	0	0	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.

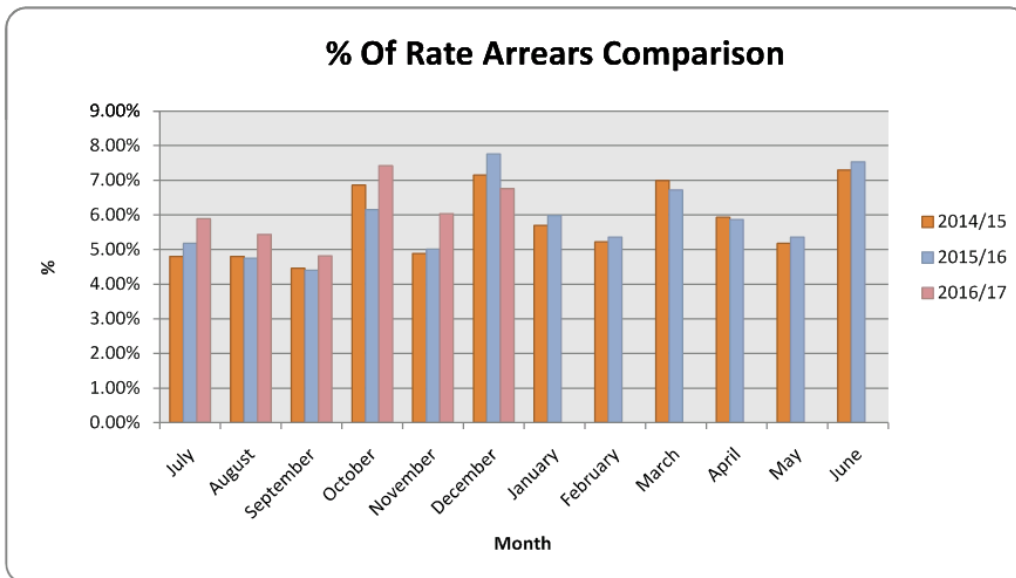


Analysis of Overdue Instalment Rate Debtors - December 2016

(Excluding Fire Service Levy)

Overdue Rate Debtors	No of Properties	Debts Outstanding (\$)
<i>Owings</i>		
Less Than \$1000	3,366	1,375,200
\$1000 to \$1999	1,007	1,403,345
\$2000 to \$4999	582	1,810,679
\$5000 to \$10,000	177	1,204,244
Greater Than 10,000	62	1,102,839
Total	5,194	6,896,307

**There are 595 properties in credit . Total credit amounts to \$344,909



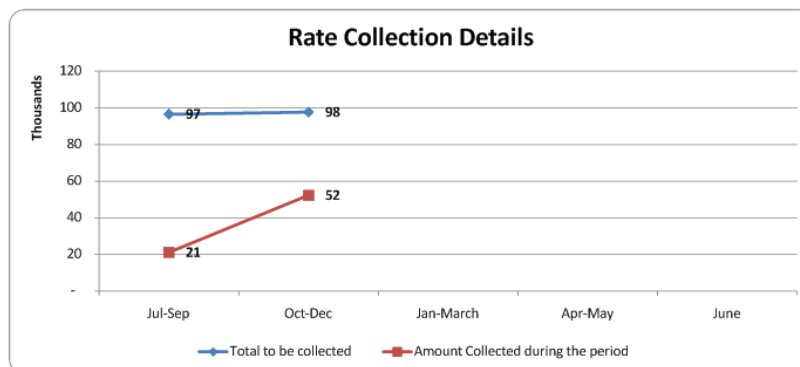
Summary of Overdue Rate Debt Arrears & Recovery Actions - December 2016

SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 31 December 2016	NO OF PROPERTIES	RATE DEBTS OUTSTANDING \$000'S
Summons issued	151	480
Judgements issued	38	142
Summons for Oral Examination	235	1,522
Legal Arrangements	126	348
Other action - Demand Letters etc	1,354	2,649
Total Debt Recovery Action In Progress	1,904	5,141
Arrangements in place - Non Legal	845	493
Properties with no recovery/arrangements in place	2,445	1,262
TOTAL	5,194	6,896

Number of Financial Hardship applications received in December is 12

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			
Rebates & Adjustment	(3,836)	290			
Supplementary rates raised	993	726			
Total to be collected	96,598	97,778			
Amount Collected during the period	21,126	52,268			
Balance to be collected	75,472	45,510			



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Project	YTD Actuals	YTD Budgets	YTD Variance	Control Budget 2016/17	Revised Budget 2016/17	2016/17 QTR Forecast	Funds Set Aside for Future Expenditure	Additional Forecasted Income to be Spent by 30 June 2017	Total CAPEX that will be spent by 30 June 2017	Total CAPEX that and additional that will be received that will be Carried Forward to 2017/18	2016/17 Percent of Forecast Spent	Planned Start Date	Planned Completion Date	Planned	Assess	Comments	
Total Capital Expenditure	10,965,734	9,016,235	-1,941,499	50,664,566	50,664,568	51,076,132	7,790,000	9,545,121	43,286,132	7,540,900							
01605 - Plant Purchases/Replacement	470,953	470,000	-953	1,100,000	1,100,000	1,100,000	0	0	1,100,000	0		01-Jul-16	30-Jun-17	●			
02033 - Annual Computer Replacement Project	0	0	0	320,000	320,000	320,000	0	0	320,000	0		01-Jul-16	30-Jun-17	●			
02035 - Library Collection	161,176	161,628	752	360,000	360,000	360,000	0	0	360,000	0		01-Jul-16	30-Jun-17	●			
03010 - Major Traffic Control Works	134,016	134,016	0	500,000	500,000	500,000	0	0	500,000	0		01-Jul-16	30-Jun-17	●			
03080 - Major Traffic Control Works	70,285	74,031	3,746	300,000	300,000	300,000	0	0	300,000	0		01-Jul-16	30-Jun-17	●			
03110 - Shared/Bicycle Paths Construction Program	12,662	0	-12,662	800,000	800,000	0	0	0	788,000	12,000		01-Jul-16	30-Jun-17	●			
03124 - New Footpaths Construction Program	341,069	0	341,069	1,460,000	1,460,000	0	0	0	1,460,000	0		01-Jul-16	30-Jun-17	●			
03140 - Footpaths Maintenance/Replacement	164,530	0	164,530	3,000,000	3,000,000	0	0	0	2,400,000	600,000		01-Jul-16	30-Jun-17	●			
03170 - Annual Refurbishing Periodic Reseals	0	0	0	2,400,000	2,400,000	2,400,000	0	0	2,400,000	0		01-Jul-16	30-Jun-17	●			
03196 - Backworks Construction-Westwood Dr Bridge	14,222	0	14,222	250,000	250,000	250,000	0	0	236,583	13,417		01-Jul-16	14-Apr-18	●			
03197 - Backworks - Pave/Restrain	52,655	74,970	22,315	150,000	150,000	360,000	230,000	230,000	300,000	0		01-Jul-16	30-Jun-17	●			
03252 - MSUD - Water Strainline Urban Design Program	4,348	224,910	220,562	450,000	450,000	450,000	0	0	450,000	0		01-Jul-16	30-Jun-17	●			
03733 - Lane Acquisition-Bridge Road	0	0	0	0	0	840,000	0	0	840,000	0		01-Jul-16	30-Jun-17	●			
03808 - PSP-Public Open Space Compensation	0	0	0	2,200,000	2,200,000	0	0	0	0	0		01-Jul-16	30-Jun-17	●			
04531 - Albany Road Bridge Construction	1,573,206	1,571,175	-2,031	5,500,000	4,837,182	4,837,182	0	0	4,837,182	616,063		01-Jul-16	30-Jun-17	●			
04538 - Boundary and Shinar Road Blackspoke Funding	257,279	0	257,279	0	0	0	0	0	616,063	0		01-Jul-16	30-Jun-17	●			
06017 - Irrigation System Renewal Program	1,441	0	-1,441	200,000	200,000	200,000	0	0	200,000	0		01-Jul-16	30-Jun-17	●			
07115 - Tree Planting	56,887	0	-56,887	500,000	500,000	500,000	0	0	500,000	0		01-Jul-16	30-Jun-17	●			
08392 - Melton Bowings Greens Restoration	0	0	0	200,000	200,000	200,000	0	0	200,000	0		01-Jul-16	30-Jun-17	●			
08705 - 5 McKenzie St. Re-development-Stage 1	1,035,039	1,174,530	139,491	2,350,000	2,350,000	1,800,000	0	0	1,800,000	550,000		01-Jul-16	20-Dec-19	●			
08716 - Sports Facilities & Ground Lighting Maintenance Pr	5,135	0	-5,135	150,000	150,000	0	0	0	400,000	0		01-Jul-16	30-Jun-17	●			
08719 - Canollia Springs Sub Regional Tennis Centres-Design	55,688	199,920	144,232	250,000	400,000	208,000	0	0	350,000	250,000		01-Jul-16	30-Jun-17	●			
08727 - Tennis Court Upgrade	140,797	140,797	0	208,000	208,000	208,000	0	0	208,000	0		01-Jul-16	30-Jun-17	●			
08737 - Streetscape Improvements	2,987,074	2,220,966	-766,078	4,443,765	4,443,765	5,000,000	0	1,749,800	5,000,000	0		01-Jul-16	30-Jun-17	●			
08759 - Melton Council Office Spaces Development	0	0	0	6,625,000	0	0	0	0	0	0		01-Jul-16	30-Jun-17	●			
08761 - Melton Civic Centre Redevelopment - Year 1 (Design)	0	0	0	1,720,000	0	0	0	0	0	0		01-Jul-16	30-Jun-17	●			
08763 - Taylors Hill West PSP-2 Senior Football / Cricket	77,857	206,166	128,309	1,727,925	825,000	1,727,925	0	0	1,727,925	1,350,000		01-Jul-16	30-Jun-17	●			
08770 - Buildings - Community Centre / Pavilion Annual Ren	342,153	0	-342,153	1,208,000	1,208,000	1,208,000	0	0	1,208,000	0		01-Jul-16	24-Nov-16	●			
08772 - Greys Road (West)	2,020	2,300	280	255,000	216,688	220,000	0	0	220,000	0		01-Jul-16	30-Jun-17	●			
08775 - Taylors Hill West - Multi-purpose Community Centre	0	0	0	0	0	200,000	0	0	200,000	0		01-Jul-16	30-Jun-17	●			
08776 - Taylors Hill West PSP-Pavilion Design	0	0	0	0	0	200,000	0	0	200,000	0		01-Jul-16	30-Jun-17	●			
08778 - Mirms Rd Construction	19,722	12,482	-7,240	1,829,614	25,000	1,500,000	0	0	1,500,000	329,614		01-Jul-16	17-May-17	●			
08782 - Bridge Road	0	0	0	560,000	560,000	560,000	0	0	560,000	0		01-Jul-16	30-Jun-17	●			
08790 - Passive Reserve Development Program	145,570	140,000	-5,570	695,000	140,000	951,000	0	194,000	951,000	100,000		01-Jul-16	31-Oct-19	●			
08794 - Melton Bowling Club - Club Room Extension	0	0	0	0	0	200,000	0	0	200,000	0		01-Jul-16	30-Jun-17	●			
08798 - Evans Creek Rehabilitation Project	279,909	0	-279,909	0	0	0	0	0	312,440	0		01-Jul-16	30-Jun-17	●			
08799 - Taylors Hill West PSP - Pavilion	0	0	0	200,000	0	200,000	0	0	200,000	0		01-Jul-16	15-May-17	●			
08812 - Mt Control Road Widening (Stage 2)	(145,091)	588,113	713,194	3,460,188	2,273,588	2,273,588	0	2,370,358	2,370,358	200,000		01-Jul-16	15-Dec-17	●			
08818 - Mount Control Recreation Reserve - Rehabilitation	86,788	167,737	79,949	200,000	200,000	200,000	0	0	200,000	0		01-Jul-16	30-Jun-17	●			
08833 - Rialta Landfill Site - Stakeholder Dv	304,072	300,000	-4,072	300,000	300,000	300,000	0	0	300,000	0		01-Jul-16	30-Jun-17	●			
08835 - Creebank PI Flood Protection Work	2,250	0	-2,250	900,000	0	0	0	0	0	0		01-Jul-16	30-Jun-17	●			
08848 - Atherton Play Space	1,569,346	900,000	-669,346	900,000	900,000	1,569,000	0	0	1,569,000	0		01-Jul-16	01-Oct-18	●			
08855 - Fraser Street Reserve Upgrade	73,985	84,915	10,930	0	570,150	582,574	0	0	582,574	0		01-Jul-16	30-Jun-17	●			
08870 - Scouts Activity Centre - Burnside	0	0	0	0	0	250,000	0	500,000	250,000	0		01-Jul-16	30-Jun-17	●			
08881 - Unallocated Recurrent Budget	0	0	0	0	20,856,732	0	0	0	0	0		01-Jul-16	30-Jun-17	●			
08882 - Unallocated Capital Carry Forwards	0	0	0	0	202,240	0	0	0	0	0		01-Jul-16	30-Jun-17	●			
08884 - Unallocated New Initiatives for Capital works	0	0	0	0	7,790,000	7,790,000	0	0	0	0		01-Jul-16	30-Jun-17	●			
08886 - Melton Council Office Dev. Transfer to Reserve	0	0	0	0	0	0	7,790,000	0	0	0		01-Jul-16	30-Jun-17	●			
Combined Projects With a Budget Below \$200,000	663,483	309,033	-354,450	3,067,106	1,000,500	3,756,007	0	1,199,900	3,756,007	1,290,900				●	Currently on schedule or complete		
														●	Up to 2 months behind schedule		
														●	More than 2 months behind schedule		

Reports by Exception (projects with significant variance or traffic light red/amber)

Project	Forecast Variance Comment
02033 - Annual Computer Replacement Project	Forecast expenditure increase due to budget being moved from capital works budget.
08110 - Sharncliffe/Byrds Plains Construction Program	Project will be delivered under budget. 2nd quarter forecast has been adjusted accordingly.
03198 - Bridgewoods Construction-Westwood Dr Bldg	Project delayed due to awaiting State Gov approvals. Project to be tendered in June '16 carry forward to 1718
03252 - WSLUD-Water Sensitive Urban Design Program	Original budget was \$150,000. Grant brings total project budget to 380k. Additional forecast expenditure of \$230,000 offset by income
	Public Open Space
	1. A reimbursement scheduled in March to Auburn Estate of \$703k for the land they were required to vest in Council for Passive Open Space under the Taylors Hill West PSP.
	The reimbursement/payout to be funded under 09900.7950.5979 Reserve Account Taylors Hill West POSL.
	The total land values for the POS will be reflected under account 03908.0650.0604 for Capitalisation:
	- Auburn Estate \$840k or 0.70ha
03908 - PSP-Public Open Space Compensation	1. A reimbursement scheduled in March to Auburn Estate of \$703k for the land they were required to vest in Council for Passive Open Space under the Taylors Hill West PSP.
	The reimbursement/payout to be funded under 09900.7950.5979 Reserve Account Taylors Hill West POSL.
	The total land values for the POS will be reflected under account 03908.0650.0604 for Capitalisation:
	- Auburn Estate \$840k or 0.70ha
	Project will be delivered under budget. 2nd quarter forecast has been adjusted accordingly.
04533 - Abay Road- Toolern Creek to Feris Road	Project was delayed in 2016/17. Project expenditure is fully offset by grant income.
04538 - Boundary and Shindler Road Backstop Funding	Project will be delivered under budget. 2nd quarter forecast has been adjusted accordingly.
08705 - 5 Wickham St. Redevelopment-Stage 1	\$230,000 carry forward not included from 2015/16
08716 - Sports Facilities & Ground Lighting Maintenance Pr	GSF grant received. Project will be delivered in 2017/18. Full amount of income to be carried forward.
08719 - Caroline Springs Sub Regional Tennis Centre-Design	Additional expenditure is offset by grant funding.
08727 - Streetscape Improvements	Project not proceeding. Funds to be transferred to reserve.
08759 - Melton Council Office Space Development	Project not proceeding. Funds to be transferred to reserve.
08761 - Melton Civic Centre Redevelopment - Year 1 (Design)	Project time frame has been amended for completion in 2017/18. \$1,350,000 carry forward required. (Carry Forward from Reserve Funds)
08763 - Taylors Hill West PSP-2 Senior Football / Cricket	Project will be delivered under budget. 2nd quarter forecast has been adjusted accordingly.
08772 - Greig Road (West)	Project brought forward due to potential funding opportunity
08775 - Taylors Hill West - Multi-purpose Community Centre	Project brought forward due to potential funding opportunity
08778 - Taylors Hill West PSP-Pavilion Design	Project will be delivered under budget. 2nd quarter forecast has been adjusted accordingly.
08776 - Mims Rd Construction	GSF grant received. Project will be delivered in 2017/18. \$100,000 income to be carried forward.
08790 - Passive Reserve Development Program	\$312,440 carry forward not included from 2015/16
08798 - Ryans Creek Rehabilitation Project	Carry forward from Reserve Funds
08799 - Taylors Hill West PSP - Pavilion	Project will be delivered under budget. 2nd quarter forecast has been adjusted accordingly.
08812 - Mt Cotwell Road Widening (Stage 2)	\$300,000 carry forward not included from 2015/16
08818 - Mount Cotwell Recreation Reserve - Rehabilitation	Approved by the PFSG group
08833 - Robab Landfill Site - Shulamaker Dr	\$900k expenditure moved to 8778
08834 - Mims Road Construction (Gibbome to Croton)	\$699,000 carry forward not included from 2015/16
08848 - Athelstone Play Space	Transferred to reserve for future use
08856 - Melton Council Office Dev- Transfer to Reserve	Expending 500k GSF and 250k (Council funds sitting in 4006.450.451 under GM Community Services)
08870 - Scouts Activity Centre - Burnside	