

Melton City Council

# 2018/2019 Finance Report

1<sup>st</sup> Quarter Ended 30 September 2018

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## Melton City Council

### Monthly Finance Report for the 3 months period ended September 2018.

#### Executive Summary

#### Operating Results

This report compares the September 2018 YTD results with the profiled YTD approved budget for the same period.

The underlying surplus for the September YTD period was \$87.9m. This compared with the profiled budgeted result of \$84.4m resulted in a favourable variance of \$3.5m

Detailed analysis of operating revenue and expenditure variances by line items, are outlined on page 4-6 of this report.

#### Year-end Forecast

1<sup>st</sup> quarter review of operating and capital expenditure as at the end of September 2018 has been finalised. As part of this process business unit managers have provided an estimate of the year-end forecast of savings and over-runs expected as at 30th June 2019. This is summarized in the table below.

Comparison of 1<sup>st</sup> quarter year-end forecast with approved budget is shown on page 7 with the detail variance commentary in page 8-10

First Quarter Year-End Forecast-Summary		\$(Millions)
<b>Operating</b>		
Forecast favourable variance in operating results before transfers		<b>\$13.6</b>
<b>Capital</b>		
Forecast variance in council capital expenditure		<b>\$11.2</b>
Forecast unfavourable variance in capital developer contribution plan (DCP) in -kind expenditure		<b>0</b>

#### Capital Expenditure

The Council Capital expenditure budget for 2018/19 is a total of \$91.95m. This consists of \$77.82m Council capital budget, which includes a carry forwards component of \$11.8m from 2017/18. In addition a further \$14.14m of uncompleted works was carried forward to 2018/19 after the completion of 2017/18 Annual Accounts. This brings the total capital expenditure funds available in 2018/19 to \$91.95m.

Total developer contribution in-kind works budget for 2018/19 is \$34.18m. These works when completed by landholders will offset their developer contribution liability to Council. Where the

value of completed works handed over to Council varies from the DCP obligations, this will create rolling credit or debit transactions which will be carried forward to be set off against future obligations or for settlement to/by Council from the developer contribution reserve funds, on completion of the development

The actual capital expenditure completed at the end of first quarter was \$11.85m or 12.88% of the total Council cap-ex budget of \$91.95m.

A project level analysis of YTD capital expenditure by capital works by business unit is provided on page 17.

### Cash on hand and Investments

Council's total cash position at month end is \$134.6m. This balance includes \$121.9m of general and restricted investments representing carry forward expenditure, employee entitlements, and developer contributions received for future capital works. The amount of cash on hand at end of month of \$12.6m. This cash balance includes the fire services levy of \$3.1m which will be paid to State Revenue Office by the end of October 2018.

### Debtors

Receivables outstanding totalled \$162.9m (net of doubtful debts provisions) of which \$93.4m relates to rates debtors including instalments not due. Rate revenue received in the YTD period amounted to \$23.2m. Infringement Debtors amounted to \$4.16 and other sundry debtors (including accrued land sales, PSP works in kind debtors) was \$65.3m.

<b>Monthly Management Report 2018/2019</b> <b>Operating Statement by Income / Expenditure line items</b> <b>for the 3 Months ended 30 September 2018</b>						
2017/2018 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)
103,180	Rates & Charges	1	110,614	110,311	303	114,439
6,328	Operating Grants	2	6,557	6,106	451	19,962
2,602	User Fees & Charges	3	2,669	2,226	443	9,687
1,562	Statutory Fees	4	1,877	1,394	483	5,186
691	Interest On Investments	5	926	795	131	3,342
762	Other Revenue	6	227	214	12	1,510
115,124	<b>Total Income</b>		<b>122,870</b>	<b>121,047</b>	<b>1,824</b>	<b>154,125</b>
12,936	Employee Costs	7	12,708	14,278	1,570	58,166
5,876	Contract Materials	8	7,284	7,292	8	42,288
3,768	Program Expenses	9	4,533	4,599	66	17,832
124	Borrowing Cost	10	180	196	16	785
1,153	Utilities	11	1,663	1,619	(44)	6,230
891	Maintenance	12	1,178	1,336	158	7,264
7,270	Depreciation	13	8,536	8,536	0	34,484
517	Other Expenses	14	628	676	48	2,684
32,533	<b>Total Expenditure</b>		<b>36,709</b>	<b>38,532</b>	<b>1,823</b>	<b>169,732</b>
	<b>Non Operating Income &amp; Expenditure</b>					
7,662	Proceeds from Sale of Assets	15	3,923	4,105	(182)	32,459
(3,830)	Cost of Assets Sold	16	(2,180)	(2,170)	(10)	(15,756)
3,832	<b>Total Gain/(Loss) on Disposals of Assets</b>		<b>1,743</b>	<b>1,936</b>	<b>(193)</b>	<b>16,702</b>
86,423	<b>Underlying Operating Results Surplus/(Deficit)</b>		<b>87,904</b>	<b>84,451</b>	<b>3,453</b>	<b>1,096</b>
	<b>Other Cash &amp; Non Cash Contributions</b>					
7,094	Developer Cash Contributions	17	4,219	3,794	424	26,900
630	Developer Contributions - Non Monetary Assets	18	91	91	0	47,088
446	Capital Grants	19	745	930	(184)	9,849
8,170	<b>Total Capital Grants &amp; Cash &amp; Non Cash Contr</b>		<b>5,055</b>	<b>4,815</b>	<b>240</b>	<b>83,836</b>
94,593	<b>Total Surplus/Deficit for the Year Before Trfs.</b>		<b>92,959</b>	<b>89,265</b>	<b>3,694</b>	<b>84,932</b>
	<b>Reserve Transfers</b>					
5,611	Transfers From Reserves	20	0	0	0	56,337
(3,395)	Transfer to Reserve	21	(4,218)	(4,818)	600	(42,637)
2,216	<b>Total Net Transfers - Income/(Exp)</b>		<b>(4,218)</b>	<b>(4,818)</b>	<b>600</b>	<b>13,701</b>
96,808	<b>Total Surplus/(Deficit) Net of Transfers</b>		<b>88,740</b>	<b>84,447</b>	<b>4,293</b>	<b>98,632</b>

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

1st Qtr Management Report - September 2018

Monthly Management Report 2018/19 Operating Statement - Significant Variance Comments 1st Qtr Ended 30 September 2018				
Income/Expenditure Type	YTD Actual (000's)	2018/19 Approved Budget (000's)	Variance - Fav/(Unfav)	2018/19 Approved Budget
<b>Income</b>				
<b>Rates &amp; Charges</b>	1 110,614	110,311	303	114,439
<b>Operating Grants</b>	2 6,557	6,106	451	19,962
<b>User Fees &amp; Charges</b>	3 2,669	2,226	443	9,687
<b>Statutory Fees</b>	4 1,877	1,394	483	5,186
<b>Interest On Investments</b>	5 926	795	131	3,342
<b>Other Revenue</b>	6 227	214	12	1,510
<b>Total Income</b>	122,870	121,047	1,824	154,125

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

Favourable variance is attributable to:  
 \*\* Higher than planned supplementary rates due to higher number of properties being released as a result of elevated level of growth than predicted in the budget. Supplementary rates to-date has exceeded budget by \$320k  
 This favourable variance is partly offset by unfavourable variance as a result of:  
 \*\* Higher than budgeted pensioner rebates allowed and  
 \*\* Higher than budgeted EER rebate allowed in the ytd period .

Favourable variance is attributable to the following:  
 Unbudgeted grants of \$322k received in the ytd period and these include:-  
 \*\* Sporting facilities and ground light maintenance (\$90k), Engineering plan auditing tools (\$65k), Greater Melton Chamber of Commerce (\$40k), Access and Support for Specialist Services (\$35k) and others (\$92k).  
 Higher than budgeted grants of \$129k received for :-  
 \*\* Community care and inclusion mainly in CSHP services (\$74k).  
 \*\* Libraries for library administration(\$32k).  
 \*\* Recreation and youth in reconnect, mentoring programs and other (\$23k)

Favourable variance is attributable to the higher than budgeted income for the ytd period in the following areas:  
 \*\* Construction supervision fees in Engineering Services due to increase in level of activity(\$140k).  
 \*\* Transfer Station fees in Operations due to increase in patronage(\$165k)  
 \*\* Planning permit fees in Planning Services due to an increase in application numbers and increase in fee schedule (\$35k).  
 \*\* Property Hire income mainly due to higher level utilisation in Caroline Springs Indoor Stadium, Melton Indoor Recreation Centre, Melton Country Club and others (\$129).  
 \*\* Favourable variance partly offset by timing variations fees and charges income in other areas (\$26k).

Favourable variance is attributable to the following:  
 \*\* Subdivision plan checking fees are higher than ytd budget by \$300k due to significantly high level of development. Increase in income is also reflected in the year-end forecast.  
 \*\* Property information requests (\$61k) and parking infringement fines (\$122k) are higher due to timing variations.

Favourable variance is due to higher level of funds available for investment from significant levels of capital grants, developer contributions and carry over funds from last financial year and also lower level of capital expenditure to-date.

Monthly Management Report 2018/19 Operating Statement - Significant Variance Comments 1st Qtr Ended 30 September 2018				2018/19 Approved Budget		Significant Variance Comments- YTD actual compared to profiled YTD approved budget
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance Fav/(Unfav) (000's)	2018/19 Approved Budget (000's)		
<b>Expenditure</b>						
						This favourable variance in employee cost is the net effect of \$1,472m favourable in salaries and wages and \$98k favourable in payroll oncost.
						The favourable variance of \$1,472m in salaries and wages is largely attributable to new positions budgeted in the 2018/19 budgets which have not been filled or filled later than planned. The variance is spread among a number of business units with significant variances reported in the following: ** Information Services (\$343k) ** Recreation and Youth (\$184k) ** Families and Children (\$161k) ** Community Care (\$65k) ** Recreation and Youth (\$156k) ** City Design (\$100k) ** Other business units (\$463k). Part of the above favourable variances are offset by unfavourable variances of \$270k in contract labour expenses which are part of contracts expenditure explained below. Significant unfavourable variances in this category includes Community Care (\$94k), Information Services (\$66k), Capital Projects (\$60k), Operations (\$27k), Others (\$21k). The favourable variance of \$98k in oncost expenditure is mainly due to the timing variations in long service leave, annual leave loading, maternity and other expenses.
Employee Costs	7	12,708	1,570	58,166		Favourable variance is the net impact of the following: **Timing related favourable variances in Operations of \$362k due to invoices for the quarter not processed by end of September and these include Open Space(\$175k), Property Services (\$135k), Tree Services and other (\$52k). Favourable variance is partly offset by: ** Higher than budgeted expenditure for the quarter in contract agency labour cost of \$270k. These overruns are offset against favourable variances against employee costs as mentioned earlier. **Timing variances in Engagement and Advocacy in business excellence awards and others (\$84k)
Contract Materials	8	7,284	7,292	8	42,288	Favourable variance is due to lower than budgeted expenditure for the quarter in the following areas:- ** IT Implementation costs for projects relating to business transformation which are below ytd budget(\$63k). ** City Design in strategic planning and environmental services (\$82k). ** Favourable variance partly offset by higher than budgeted expenditure for legal expenses and other (\$79k)
Program Expenses	9	4,533	4,599	66	17,832	
Borrowing Cost	10	180	196	16	785	
Utilities	11	1,663	1,619	(44)	6,230	Unfavourable variance is due to: ** Higher than budgeted electricity expenditure for the quarter of \$149k. Based on current trends the year end forecast is also projected to increase by \$500k Unfavourable variance is partly offset by favourable timing variance due to invoices not received in time to process September payments in Network communication (\$33k) and Gas (\$72k).
Maintenance	12	1,178	1,336	158	7,264	Favourable variance is again explained by timing variances at the end of the quarter in electrical maintenance (\$53k), road maintenance (\$37k), building maintenance and other (\$66k).
Depreciation	13	8,536	8,536	0	34,484	

1st Qtr Management Report - September 2018

Monthly Management Report 2018/19 Operating Statement - Significant Variance Comments 1st Qtr Ended 30 September 2018					
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2018/19 Approved Budget (000's)	Significant Variance Comments- YTD actual compared to profiled YTD approved budget
Other Expenses	14 628	676	48	2,684	
<b>Total Expenditure</b>	<b>36,709</b>	<b>38,532</b>	<b>1,823</b>	<b>169,732</b>	
Non Operating Income & Expenditure					
Proceeds from Sale of Assets	15 3,923	4,105	(182)	32,459	Atherstone land sales is below target for the quarter. Significant level of sales are booked in the last 2 quarters of the year.
Cost of Assets Sold	16 (2,180)	(2,170)	(10)	(15,756)	
<b>Total Gain/(Loss) on Disposals of Assets</b>	<b>1,743</b>	<b>1,936</b>	<b>(193)</b>	<b>16,702</b>	
Underlying Operating Results					
Surplus/(Deficit)	87,904	84,451	3,453	1,096	
Other Cash & Non Cash Contributions					Developer contribution are higher than the target for the quarter. Based on these trends the year end forecast is set to exceed approved budget by around \$8.7m by the end of the year.
Developer Cash Contributions	17 4,219	3,794	424	26,900	
Developer Contributions - Non Monetary Assets	18 91	91	0	47,088	
Capital Grants & Contributions	19 745	930	(184)	9,849	Unfavourable variance is attributable to lower than budgeted receipts for the following which are timing related ** Light Up Lake Caroline (\$170k) **Road Rehabilitation Program (\$15k)
Total Capital Grants & Cash & Non Cash Contributions	5,055	4,815	240	83,836	
Total Surplus/(Deficit) for the Year Before Trfs.	92,959	89,265	3,694	84,932	



<b>1st Quarter Year-End Forecast</b>				
<b>Forecast Operating Statement by Income / Exp</b>				
Income/Expenditure Type		Full Year Approved Budget** (000's)	1st Quarter Forecast (000's)	1st Qtr Forecast Variance (000's)
<b>Income</b>				
Rates & Charges	1	114,439	114,439	0
Operating Grants	2	19,962	29,149	9,188
User Fees & Charges	3	9,687	10,900	1,213
Statutory Fees	4	5,186	5,332	147
Interest On Investments	5	3,342	3,342	0
Other Revenue	6	1,510	1,020	(490)
<b>Total Income</b>		<b>154,125</b>	<b>164,183</b>	<b>10,057</b>
<b>Expenditure</b>				
Employee Costs	7	58,166	59,107	(941)
Contract Materials	8	42,288	42,272	16
Program Expenses	9	17,832	18,518	(686)
Borrowing Cost	10	785	785	0
Utilities	11	6,230	6,737	(507)
Maintenance	12	7,264	7,367	(103)
Depreciation	13	34,484	34,484	0
Other Expenses	14	2,684	3,465	(781)
<b>Total Expenditure</b>		<b>169,732</b>	<b>172,734</b>	<b>(3,002)</b>
<b>Non Operating Income &amp; Expenditure</b>				
Proceeds from Sale of Assets	15	32,459	28,182	(4,276)
Cost of Assets Sold	16	(15,756)	(13,656)	2,101
<b>Total Gain/(Loss) on Disposals of Assets</b>		<b>16,702</b>	<b>14,527</b>	<b>(2,176)</b>
<b>Underlying Operating Results Surplus/(Deficit)</b>		<b>1,096</b>	<b>5,975</b>	<b>4,880</b>
<b>Other Cash &amp; Non Cash Contributions</b>				
Developer Cash Contributions	17	26,900	35,650	8,750
Developer Contributions - Non Monetary Assets	18	47,088	47,088	0
Capital Grants	19	9,849	9,849	0
<b>Total Capital Grants &amp; Cash &amp; Non Cash Contribution</b>		<b>83,836</b>	<b>92,586</b>	<b>8,750</b>
<b>Total Surplus/Deficit for the Year Before Trfs.</b>		<b>84,932</b>	<b>98,561</b>	<b>13,629</b>
<b>Council Capital Budget</b>		<b>91,951</b>	<b>80,777</b>	<b>11,174</b>
<b>Capital DCP-In-Kind</b>		<b>34,178</b>	<b>34,178</b>	<b>0</b>

Monthly Management Report 2018/2019  
 Significant Variance Comments  
 Approved Budget vs. 1st Quarter Forecast

Income/Expenditure Type	2018/19 Approved Budget (000's)	2018/19 1st Quarter Forecast (000's)	Variance - Fav/(Unfav) (000's)	Approved Budget to 1st Quarter Year-end Forecast Variance Explanations
<b>Income</b>				
Rates & Charges	114,439	114,439	0	Favourable variance of \$9.19m due to the following: ** Projected increase of \$8.1m from Victorian Grants Commission on the assumption that 50% of 2019/20 allocation will be received in advance in June 2019. The estimate is based on an increment of 3.5% on the 2018/19 allocation for population growth and other increases. ** Community care grants are projected to increase by \$375k and this relates mainly to CHSP and access to support specialist services. ** Families and children services grants are projected to be higher by \$467k mainly in maternal child health EV, Right @Home program, family support services and others. ** Libraries Grant by \$82k for arts projects and Caroline Springs library hub ** Other minor increases of \$159k include Engagement and Advocacy- hot house project, engineering plans auditing tools and others.
Operating Grants	19,962	29,149	9,188	Chart of accounts is being realigned to identify statutory fees and charges as a separate income category which was previously combined under fees and charges and other revenue. This realignment has resulted in some variations in these groups. Favourable variance is attributable to the following: ** Projected lease income of \$240k. This offsets \$160k budgeted under sundry income now reallocated. ** Transfer station and asset protection fee income increased based on current trends (\$141k). ** Increase in subdivision fee income due to projected level of development activity (\$300k). ** Property hire income reallocated as fees and charges based on chart realignment (\$261k), offsets same amount budgeted under other categories. ** Other fee increases of \$271k which includes planning information (\$50k), animal registration (\$35k), community care home support (\$79k), community planning property hire income and others (\$107k).
User Fees & Charges	9,687	10,900	1,213	Favourable variance is attributable to the following: ** Projected increase in subdivision plan checking fee income of \$300k due to increase in the level of development. Favourable variance is offset by projected reduction in fees income due to reallocation from Statutory fees as general fees and other (\$153k)
Statutory Fees	5,186	5,332	147	
Interest On Investments	3,342	3,342	0	
Other Revenue	1,510	1,020	(490)	Unfavourable variance is attributed mainly to ** Items budgeted as other revenue reclassified as statutory and general fees and charges (\$574k) ** Unfavourable variance is partly offset by increase in other revenue of \$84k in kiosk income, Insurance recovery and other.

Approved Budget to 1st Quarter Year-end Forecast Variance Explanations				
Income/Expenditure Type	2018/19 Approved Budget	2018/19 1st Quarter Forecast	Variance - Fav/(Unfav)	
<b>Total Income</b>	<b>154,125</b>	<b>164,183</b>	<b>10,057</b>	
<b>Expenditure</b>				
				The unfavourable variance in employee cost is the net effect of \$914k unfavourable in salaries and wages and \$27k unfavourable in payroll oncost. Unfavourable variance is salaries and wages of \$914k is attributable to following business units. ** Community Care in Home support and Community participation (\$346k) Information Technology - Business Transformation (\$105k), Planning Services (\$151k), City Design (\$100k), Families and Children in Maternal Child Health (\$212k). Some of these increase are offset by increase in external grants received.
<b>Employee Costs</b>	<b>7 58,166</b>	<b>59,107</b>	<b>(941)</b>	**Employee oncosts are expected higher by \$27k due to projected increase in WorkCover recoverable expenses. Projected favourable variance is the net impact of the following ** Projected reduction in green waste disposal expenditure of \$537k.
<b>Contract Materials</b>	<b>8 42,288</b>	<b>42,272</b>	<b>16</b>	The favourable variance is partly offset by ** Projected increase in contract agency labour cost of \$346k. This is mainly in Engagement and Advocacy, Information Services, Community Care and Families and Children. ***Projected increase in contract expenditure in Engagement and Advocacy, Libraries, City Design and other (\$175k).
<b>Program Expenses</b>	<b>9 17,832</b>	<b>18,518</b>	<b>(686)</b>	Unfavourable variance is attributable to projected increase in expenses in the following areas across number of business units. ** Projected Increase in professional advisory services across a number of business units of \$315k with significant increases reported in City Design and Strategy (\$221k), Engineering Services (\$65k), Families and Children (\$29k). ** Increase in legal fees in significant legal matters involving land acquisitions and other (\$85k) ** Other increase in publicity and promotion in Engagement and Advocacy (\$63k) ** Financial relief expenses in Families and Children (\$118k) ** Other Misc. increases spread across a number of business units (\$105k).
<b>Borrowing Cost</b>	<b>10 785</b>	<b>785</b>	<b>0</b>	
<b>Utilities</b>	<b>11 6,230</b>	<b>6,737</b>	<b>(507)</b>	Unfavourable variance in utilities is mainly attributable to projected increase in electricity expenditure of \$500k.
<b>Maintenance</b>	<b>12 7,264</b>	<b>7,367</b>	<b>(103)</b>	Unfavourable variance is attributable projected increase in general repairs (\$63k) and road maintenance (\$20k)
<b>Depreciation</b>	<b>13 34,484</b>	<b>34,484</b>	<b>0</b>	
<b>Other Expenses</b>	<b>14 2,684</b>	<b>3,465</b>	<b>(781)</b>	Unfavourable variations is largely attributable to: ** The recognition of expenditure in this financial year for the service delivery of unspent grant income received in 2017/18 and was treated as income in that year. The actual expenditure will be offset by a transfer from carry forward reserve at year-end. (\$781k).
<b>Total Expenditure</b>	<b>169,732</b>	<b>172,734</b>	<b>(3,002)</b>	
<b>Non Operating Income &amp; Expenditure</b>				

Income/Expenditure Type	2018/19 Approved Budget	2018/19 1st Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 1st Quarter Year-end Forecast Variance Explanations
15 Proceeds from Sale of Assets	32,459	28,182	(4,276)	** Revised sales forecast from 600 to 520 units reflecting revised market condition projections as at the end of the first quarter
16 Cost of Assets Sold	(15,756)	(13,656)	2,101	** Revised cost of sales to reflect revised land sales projections at the end of the first quarter
Total Gain/(Loss) on Disposals of Assets	16,702	14,527	(2,176)	
Underlying Operating Results Surplus/(Deficit)	1,096	5,975	4,880	
Other Cash & Non Cash Contributions				
17 Developer Cash Contributions	26,900	35,650	8,750	Developer cash contribution are higher than the target for the quarter. Based on these trends the year end forecast is set to exceed approved budget by around \$8.75m by the end of the year.
18 Developer Contributions - Non Monetary Assets	47,088	47,088	0	
19 Capital Grants & Contributions	9,849	9,849	0	
Total Capital Grants & Cash & Non Cash Contributions	83,836	92,586	8,750	
Total Surplus/(Deficit) for the Year Before Trfs.	84,932	98,561	13,629	

ACTUALS	BALANCE SHEET	ACTUALS		BUDGET
		This Year	Last Year	This Year
Last Year		This Year	Last Year	This Year
As at end Sep-17 \$(000's)		As at end Sep-18 \$(000's)	As at end Jun-18 \$(000's)	Full Year 2018/2019 \$(000's)
	<b>CURRENT ASSETS</b>			
13,481	CASH ASSETS IN HAND & AT BANK	12,632	7	131,029
57,901	INVESTMENT - GENERAL	49,931	29,946	0
42,422	INVESTMENT - RESTRICTED & OTHERS	72,000	102,951	0
12	INVENTORIES	14	14	25
117,026	DEBTORS-RATES & OTHER	162,955	33,829	68,097
223	ASSETS CLASSIFIED AS HELD FOR SALE	1,707	1,281	275
131	OTHER ASSETS	0	57,767	16,000
231,196	<b>TOTAL CURRENT ASSETS</b>	299,239	225,795	215,426
	<b>NON CURRENT ASSETS</b>			
1,870,901	INFRA, PROPERTY PLANT & EQUIPMENT	1,959,808	1,970,046	2,062,184
37	INVENTORIES	178	178	45
6,791	INVESTMENT PROPERTY	7,077	7,077	7,500
370	OTHER FINANCIAL ASSETS	368	368	1,425
4,012	INTANGIBLES	3,684	3,684	3,358
9,152	WORK-IN-PROGRESS (incl Capital DCP - in kind works)	11,850	0	0
1,891,263	<b>TOTAL NON CURRENT ASSETS</b>	1,982,965	1,981,353	2,074,512
2,122,459	<b>TOTAL ASSETS</b>	2,282,204	2,207,148	2,289,938
	<b>CURRENT LIABILITIES</b>			
170	PAYABLES	2,418	20,557	11,100
9,507	EMPLOYEE BENEFIT PROVISIONS	10,026	10,026	11,189
3,380	INTEREST BEARING LIABILITIES	2,826	2,826	2,967
125	OTHER LIABILITIES	103	2,208	2,238
13,182	<b>TOTAL CURRENT LIABILITIES</b>	15,373	35,617	27,494
	<b>NON CURRENT LIABILITIES</b>			
1,727	EMPLOYEE BENEFITS PROVISIONS	1,778	1,758	2,227
18,271	INTEREST BEARING LIABILITIES	15,424	15,947	12,980
7,080	OTHER LIABILITIES	7,351	4,252	3,465
27,078	<b>TOTAL NON CURRENT LIABILITIES</b>	24,553	21,957	18,672
40,260	<b>TOTAL LIABILITIES</b>	39,926	57,574	46,166
2,082,199	<b>NET ASSETS</b>	2,242,278	2,149,575	2,243,773
	<b>EQUITY</b>			
1,104,830	ACCUMULATED SURPLUS	1,260,812	1,092,718	1,135,004
96,880	OPERATING SURPLUS FOR THE PERIOD	88,740	168,547	98,632
	<b>RESERVES</b>			
811,524	REVALUATION RESERVES	805,200	805,008	875,032
68,965	OTHER RESERVES	87,526	83,301	135,104
2,082,199	<b>TOTAL EQUITY</b>	2,242,278	2,149,575	2,243,773

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

The following comments relate to the balance sheet and the cash flow statement on page 12 and 15 respectively.

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

Council's cash position (including Investments), as at 30 September 2018 was \$134.6m, which represents an increase of \$1.7m from the \$132.9m opening cash position as at 1 July 2018. Details of inflow and outflow of funds are detailed in the Cash Flow Statement on page 14.

	\$'000's	\$'000's
Cash at 1 <sup>st</sup> July 2018		\$132,904
Plus: Net Inflow/(Outflow) from operating activities	\$11,297	
Less Net Inflow/(Outflow) from Investing activities	(\$10,110)	
Less Net Inflow/(Outflow) from financing activities	\$472	
Net Increase/(decrease) in cash held		\$1,659
<b>Cash and Investments on hand at 30th September 2018</b>		<b>\$134,563</b>

**Receivables:**

Total receivables outstanding as at 30th September 2018 amounted to \$162.9m, which included rate debtors of \$93.3m. The total outstanding receivables comprised: -

Receivables	30th September 2018 (000's)	30 <sup>th</sup> September 2017 (000's)
Rate Debtors	\$93,438	\$84,259
Infringements & Local Laws Debtors	\$4,159	\$3,393
Sundry & other debtors net of provision for doubtful debts	\$65,358	\$29,348
<b>Total Receivables</b>	<b>\$162,955</b>	<b>\$117,000</b>

### Non-Current Assets:

#### Infrastructure, Plant & Equipment

The value of Council's property, plant & equipment has decreased by \$10.2m. This decrease is the depreciation charge for the YTD period plus land value adjustments within the 3months. 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 \$3.7m 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 (\$437k) and the Springside Children's and Childcare facility (\$1.2m) built on DOE land and Kororoit Creek Learning Centre of \$2.047m. The balance represents Council's contributions net of amortisations.

### Current & Non-Current Liabilities:

#### Payables

Creditors have decreased by \$18.1m from the June 2018 balance of \$20.6m to \$2.4m 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 \$10.0m, with the non-current at \$1.8m. Any transfers to and from employee benefit will occur at year end.

#### Interest Bearing Liabilities:

Total loan liability as at 30 September 2018 is \$18.2m. Principal repayment for the first quarter amounted to \$522k.

#### 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 1:19.5. The after removing the impact of rate debtors is 1:13.4

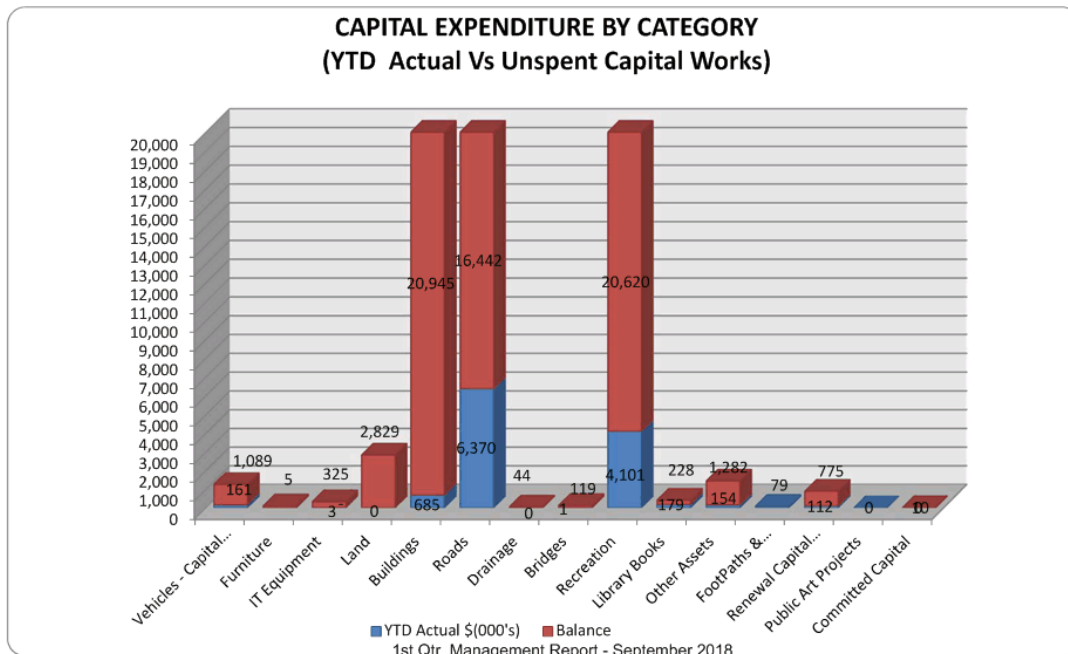
Last Year 2017/2018	CASH FLOW STATEMENT	Actuals	This Year
YTD Actual Sep-17 \$(000'S)		2018/2019 As at End Sep-18 \$(000's)	Budget 2018/2019 Annual Budget \$(000's)
	Cash Flow from Operating Activities		
	<u>RECEIPTS</u>		
25,028	Rate & Charges	23,185	114,339
1,252	Statutory Fees & Fines & Others	4,180	14,777
25,008	Government Grants & Contributions(Includes 2017/18 Accruals Paid)	26,274	56,711
685	Interest Received	926	3,102
3,169	Other Revenue	1,568	2,085
	<u>PAYMENTS</u>		
(25,882)	Contractor Payments and Other Material Costs	(32,148)	(77,971)
(13,787)	Employee Costs	(12,688)	(57,724)
15,473	<b>NET CASH FROM OPERATING ACTIVITIES</b>	11,297	55,320
	CASH FLOW FROM INVESTING ACTIVITIES		
(9,124)	Payments for Acquisition of Non-Current Assets	(11,853)	(77,815)
7,662	Proceeds from Sale of Non-Current Assets	1,743	26,804
	PSP Rolling Credit Payment	0	(1,511)
(1,462)	<b>NET CASH FROM INVESTING ACTIVITIES</b>	(10,110)	(52,522)
	CASH FLOW FROM FINANCING ACTIVITIES		
(502)	Repayment of Loans	(522)	(2,826)
0	Movement of Trust accounts	994	0
(502)	<b>NET CASH FROM FINANCING ACTIVITIES</b>	472	(2,826)
13,509	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	1,659	(28)
	<u>CASH POSITION</u>		
100,295	Cash Balance at Beginning- as at 1st July	132,904	131,060
113,804	Cash Balance at End of Period	134,563	131,031



**CAPITAL EXPENDITURE BY CATEGORY**

2018/2019 FINANCIAL YEAR

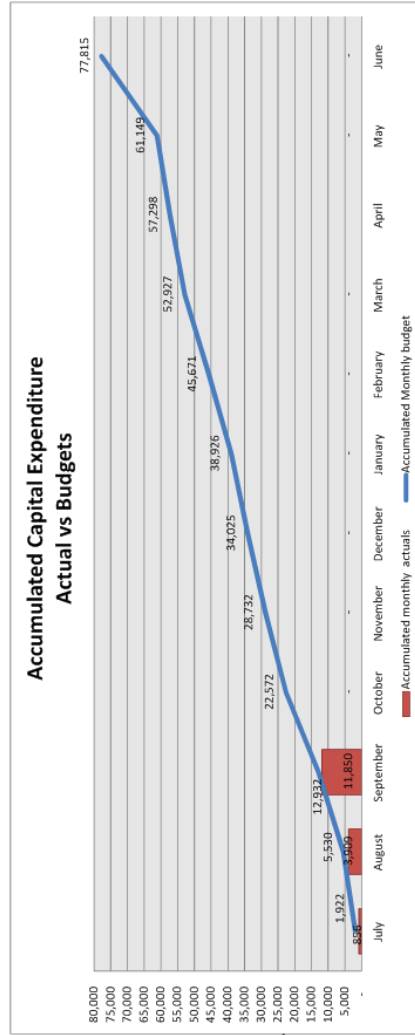
CAPITAL EXPENDITURE	YTD Actual	YTD Budget	YTD Variance	Total Budget
	\$(000's)	\$(000's)	\$(000's)	\$(000's)
Vehicles - Capital Cost	161	160	(1)	1,250
Furniture	5	6	1	100
IT Equipment	3	15	12	328
Land	0	233	233	2,829
Buildings	685	2,604	1,919	21,630
Roads	6,370	5,505	(866)	22,812
Drainage	0	44	44	44
Bridges	1	30	29	120
Recreation	4,101	3,664	(437)	24,721
Library Books	179	174	(5)	407
Other Assets	154	306	153	1,436
FootPaths & Cycleways	79	65	(14)	1,150
Renewal Capital Expenditure	112	124	12	887
Public Art Projects	0	0	0	90
Committed Capital	0	2	2	10
<b>Total capital expenditure Excl Capital DCP In Kind</b>	<b>11,850</b>	<b>12,931</b>	<b>1,081</b>	<b>77,815</b>
<b>Capital DCP in Kind</b>	<b>0</b>	<b>0</b>	<b>(3)</b>	<b>34,178</b>
<b>Total Capital expenditure</b>	<b>11,850</b>	<b>12,931</b>	<b>1,078</b>	<b>111,993</b>



**MONTHLY ANALYSIS OF CAPITAL EXPENDITURE**  
2018/2019 FINANCIAL YEAR

CAPITAL EXPENDITURE	Total \$(000's)	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)
Vehicles - Capital Cost	161	38	61	62									
Furniture	5	0	3	2									
IT Equipment	2	0	0	2									
Land	0	0	0	0									
Buildings	685	208	242	235									
Roads	6,354	377	2,298	3,679									
Drainage	0	0	0	0									
Bridges	1	0	1	0									
Recreation	4,101	72	101	3,928									
Library Books	179	134	28	17									
Other Assets	154	0	138	16									
Footpaths & Cycleways	79	2	77	0									
Renewal Capital Expenditure	129	25	104	0									
Public Art Expenditure	0	0	0	0									
<b>Total Capital Expenditure Excl Capital DCP In Kind</b>	<b>11,850</b>	<b>856</b>	<b>3,053</b>	<b>7,941</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Capital DCP In Kind	0	0	0	0									
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>11,850</b>	<b>856</b>	<b>3,053</b>	<b>7,941</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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



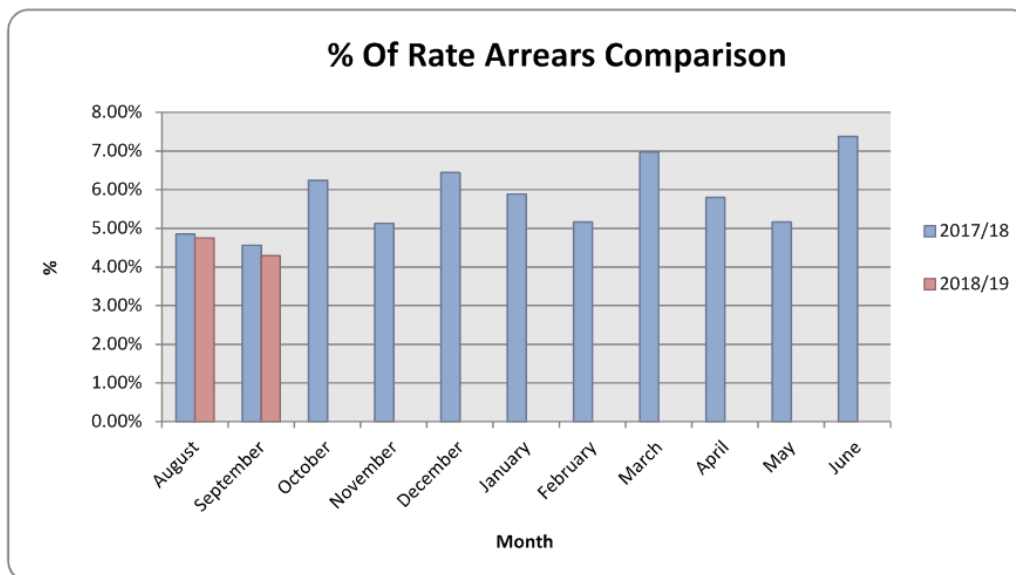
1st Qtr Management Report - September 2018

**Analysis of Overdue Instalment Rate Debtors - September 2018**

(Excluding Fire Service Levy)

Overdue Rate Debtors	No of Properties	Debts Outstanding (\$)
<i>Owings</i>		
<i>Less Than \$1000</i>	1,290	522,652
<i>\$1000 to \$1999</i>	350	499,630
<i>\$2000 to \$4999</i>	506	1,639,002
<i>\$5000 to \$10,000</i>	173	1,171,326
<i>Greater Than 10,000</i>	66	1,170,572
<b>Total</b>	<b>2,385</b>	<b>5,003,182</b>

\*\*There are 355 properties in credit . Total credit amounts to \$414,603



**Summary of Overdue Rate Debt Arrears & Recovery Actions - September 2018**

SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 30 September 2018	NO OF PROPERTIES	RATE DEBTS OUTSTANDING \$000'S
Summons issued	141	475
Judgements issued	44	180
Summons for Oral Examination	296	1,705
Legal Arrangements	7	65
Other action - Demand Letters etc	660	1,244
<b>Total Debt Recovery Action In Progress</b>	<b>1,148</b>	<b>3,669</b>
Arrangements in place - Non Legal	424	427
Properties with no recovery/arrangements in place	813	907
<b>TOTAL</b>	<b>2,385</b>	<b>5,003</b>

Number of Financial Hardship applications received in September is 10

**Rate Balances & Collection Details**

Rate Collection Details	Jul-Sep	Oct	Nov-Dec	Jan-March	Apr-June
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Outstanding Balance as at 1 July 2017	6,009	-			
Rates raised in 2017-2018	112,535	-			
Interest raised to date	104				
Rebates, adjustment and unallocated Pmts	(4,263)				
Supplementary rates raised	2,238				
<b>Total to be collected</b>	<b>116,623</b>				
<b>Amount Collected during the period</b>	<b>23,185</b>				
<b>Balance to be collected</b>	<b>93,438</b>				



Capital Projects Report for the Month of September 2018

Project	YTD Actuals	YTD Budgets	YTD Variance	Council Adopted Budget	Post Budget Capital Carry Forwards	Council Adopted Budget Incl. Post Budget Carry Forward	1st QTR Forecast	Estimated Carry Forward from 1st Qtr Forecast	Percent of Forecast Spent
<b>Total Capital Expenditure</b>	<b>11,850,263</b>	<b>12,931,262</b>	<b>1,080,999</b>	<b>77,814,828</b>	<b>14,136,026</b>	<b>91,950,854</b>	<b>80,776,694</b>	<b>3,000,000</b>	
01605 - Plant Purchases/Replacement	160,615	160,000	-615	1,250,000	0	1,250,000	1,250,000	3,000,000	
02033 - Annual Computer Replacement Project	0	15,000	15,000	328,070	39,137	367,207	367,207	0	
02305 - Library Collection	178,889	173,500	-5,389	385,000	0	385,000	385,000	0	
03110 - Shared/Bicycle Paths Construction Program	204,737	19,992	-184,745	80,000	500,000	580,000	580,000	0	
03140 - Footpaths Maintenance/Replacement	81,556	65,000	-16,556	1,150,000	500,000	1,650,000	1,650,000	0	
03170 - Annual Resurfacing Periodic Reseals	18,771	0	18,771	0	963,350	963,350	963,350	0	
03196 - Westwood Drive Bridge	2,379,979	2,447,441	67,462	4,591,149	0	4,591,149	4,591,149	0	
03515 - Melton Recycling Centre- Upgrade	87,675	65,695	-21,980	1,063,095	0	1,063,095	1,063,095	0	
03721 - Traffic Management Devices Program	0	0	0	320,000	0	320,000	320,000	0	
03732 - Major Traffic Management Upgrade Program	0	0	0	330,000	0	330,000	330,000	0	
03733 - Land Acquisition-Bridge Road	0	0	0	0	450,000	450,000	450,000	0	
03904 - PSP Council Funded Porton Wk/Land	8,365	321,402	312,402	1,286,125	0	1,286,125	1,286,125	0	
06017 - Irrigation System Renewal Program	0	52,500	44,135	210,000	0	210,000	210,000	0	
06834 - Melton Pistol Club	643	0	-643	200,000	0	200,000	200,000	0	
07035 - Recreation Facilities - Female Change Room Upgrade	57,854	60,000	2,146	900,000	490,000	1,390,000	1,390,000	0	
08475 - Plumpton Aquatic & Leisure Centre	0	0	0	3,000,000	0	3,000,000	3,000,000	0	
08693 - Kunjuring Community Pavilion Extension	0	2,137	2,137	2,306,392	0	2,306,392	2,306,392	0	
08710 - Cricket Net Refurbishment Program	3,150	3,150	0	120,000	100,000	220,000	220,000	0	
08719 - Caroline Springs Sub Regional Tennis Centre-Design	1,659,464	1,636,053	-23,411	2,565,701	0	2,565,701	2,565,701	0	
08727 - Tennis Court Upgrade	2,330,746	1,682,987	-647,759	208,000	200,000	408,000	408,000	0	
08756 - Road Rehabilitation Program	0	0	0	2,111,980	0	2,111,980	2,111,980	0	
08763 - Taylors Hill West PSP-2 Senior Football / Cricket	1,753,946	1,589,712	-164,234	8,000,000	75,000	8,075,000	8,075,000	0	
08770 - CapEx Program - Building Component Renewals	1,320	174,930	173,610	700,000	350,000	1,050,000	1,050,000	0	
08775 - Fraser Rise - Multi-purpose Community Centre	70,954	0	-70,954	4,000,000	661,695	4,661,695	4,661,695	0	
08788 - Melton Civic Centre Redevelopment - Year 2	81,960	1,549,380	1,467,420	6,200,000	0	6,200,000	106,340	0	
08836 - Burnside Comm Centre-Stage 2 Incl Seniors Venue	353,405	99,432	-253,973	397,896	0	397,896	397,896	0	
08857 - Waterford Park & Wetland Landscape Works	111,545	163,854	52,309	655,679	0	655,679	655,679	0	
08870 - Scouts Activity Centre - Burnside	0	0	0	237,595	249,453	487,018	487,018	0	
08871 - Hume Drive Duplication (Stage 1)	1,042,080	866,693	-175,387	1,496,692	0	1,496,692	1,496,692	0	
08872 - Macpherson Park Redevelopment	66,614	70,000	3,386	6,280,000	2,000,000	8,280,000	8,280,000	0	
08885 - Almtree Community Hub	76,488	644,742	568,254	2,580,000	1,000,000	3,580,000	3,580,000	0	
08892 - Eynesbury Sporting Facility	0	0	0	500,000	0	500,000	500,000	0	
08897 - Light Up Lake Caroline	0	112,455	112,455	450,000	175,000	625,000	625,000	0	
08901 - Melton Central Community Centre (Whitehouse)	13,383	12,714	-669	2,685,000	2,000,000	4,685,000	4,685,000	0	
08903 - Hamath Watts Park Upgrade	10,457	10,457	0	797,773	660,000	1,457,773	1,457,773	0	
08904 - Alleby Road Reserve Upgrade	225,971	285,078	59,107	285,078	26,383	311,461	311,461	0	
08905 - Bill Cahill Reserve Upgrade	8,768	0	-8,768	270,156	297,548	567,704	567,704	0	
08909 - Arnolds Creek Playspace	2,029	0	-2,029	285,078	259,558	544,636	544,636	0	
13006 - Diggers Rest Land	0	0	0	448,825	0	448,825	448,825	0	
13007 - Toolem Farris Road Widening	0	0	0	550,000	0	550,000	550,000	0	
13009 - City Vista Sporting Ovals Courts & Pavilion	0	0	0	2,758,750	0	2,758,750	2,758,750	0	
13012 - Toilet facility at Tenterfield Park, Burnside Heig	0	0	0	200,000	0	200,000	200,000	0	
13015 - Pedestrian Level Crossing Upgrades	0	0	0	3,151,000	0	3,151,000	3,151,000	0	
13018 - Toolem Bus Interchange Land	0	0	0	1,450,000	0	1,450,000	1,450,000	0	

13023 - Tarletons Road	0	24,000	24,000	550,000	0	550,000	550,000
13030 - City Vista Court	233,811	250,000	16,189	284,126	0	284,126	284,126
13033 - Ferris Rd Hollingsworth Dr Signalised Intersection	-129,180	0	129,180	400,000	0	400,000	400,000
13048 - Caroline Springs Lake Public Toilet	0	0	0	200,000	0	200,000	200,000
13055 - Eynesbury Station Primary School - Design Cost	0	62,475	62,475	250,000	0	250,000	250,000
	<b>751,085</b>	<b>278,505</b>	<b>-473,180</b>	<b>2,262,827</b>	<b>1,409,500</b>	<b>3,672,327</b>	<b>3,591,827</b>
	<b>0</b>						<b>0</b>
<b>Summary of Carry Forwards</b>							
	<b>Estimated Carry Forward from 1st Qtr Forecast</b>						
08475 - Plumpton Aquatic & Leisure Centre	3,000,000						
<b>Total</b>	<b>3,000,000</b>						
<b>Explanation</b>							
The budget is for the purchase of land for the Plumpton Aquatic and Leisure Centre. The land will not be available for purchase in the current financial year. The full budget will be carried forward.							
<b>Summary of Major Variances Budget to 1st Quarter Forecast</b>							
	<b>Estimated Carry Forward from 1st Qtr Forecast</b>	<b>YTD Actuals</b>	<b>YTD Budgets</b>	<b>YTD Variance</b>			
08475 - Plumpton Aquatic & Leisure Centre	3,000,000						
08788 - Mellon Civic Centre Redevelopment - Year 2	6,093,660						
13007 - Toolern Ferris Road Widening	550,000						
13018 - Toolern Bus Interchange Land	1,450,000						
<b>Total</b>	<b>11,093,660</b>						
<b>Summary of Major YTD Variances</b>							
03904 - PSP Council Funded Ponion WIK/Land	0	2,330,746	321,402	-667,759	321,402		
08737 - Streetscape Improvements			1,662,987				
08788 - Mellon Civic Centre Redevelopment - Year 2	81,960		1,549,380	1,467,421			
08836 - Burnside Comm Centre-Stage 2 Incl Seniors Venue	353,405		99,432	-253,973			
08885 - Aintree Community Hub	76,488		644,742	568,254			
<b>Total</b>	<b>2,842,000</b>	<b>4,277,943</b>	<b>4,277,943</b>	<b>1,436,343</b>			
<b>Explanation</b>							
The budget is for the purchase of land for the Plumpton Aquatic and Leisure Centre. The land will not be available for purchase in the current financial year. Council has resolved to not proceed with the project and explore options for a new civic centre in the Toolern Metropolitan Activity Centre. Unspent budget will be set aside for a civic accommodation future fund in accordance with the Council resolution. The land was purchased in 2017/18 financial year. The land was purchased in 2017/18 financial year. Land purchase is dependent on land developer and has not yet occurred. Project profiling has not been completed. The project is proceeding in accordance with schedule. Council has resolved to not proceed with the project and explore options for a new civic centre in the Toolern Metropolitan Activity Centre. Unspent budget will not be transferred from civic accommodation reserve. The project has been completed ahead of schedule. Project profiling has not been completed. The project is proceeding in accordance with schedule.							