



2017/2018
Finance Report

Year ended
30 June 2018



Finance Report Index

	<i>Page</i>
<i>Executive Summary</i>	1
<i>Operating Statement by Income/Expenditure</i>	2
<i>Reconciliation between Annual Accounts and Year end Management Report</i>	3
<i>Operating Statement - Comments</i>	4
<i>Operating Statement by Income/Expenditure - 3rd Qtr - Comments</i>	7
<i>Balance Sheet</i>	10
<i>Balance Sheet - Comments</i>	11
<i>Cash Flow Statement</i>	13
Analysis of Capital Expenditure	
<i>Analysis of Capital Expenditure Groups</i>	14
<i>Monthly Analysis of Capital Expenditure Groups</i>	15
Other	
<i>Analysis of Overdue Instalment Rate Debtors</i>	16
<i>Summary of Overdue Rate Debt Arrears & Recovery</i>	17
Capital	
<i>Capital Expenditure Analysis - with comments (Capital works Committee)</i>	18

Melton City Council

Monthly Finance Report for the year ended June 2018.

Executive Summary

Financial Risk

There were unauthorised transactions on a number of corporate credit cards due to a bot. Those cards have now been cancelled. CBA are aware of the issue. Unauthorised transactions have been reimbursed.

Operating Results

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

The underlying surplus for the June YTD period was \$26.7m. This compared with the total budgeted result of \$4.2m resulted in a favourable variance of \$22.5m.

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

Year-end Forecast

The 3rd quarter forecast with forecast variance comments reported on pages 7-9 .

Capital Expenditure

The actual capital expenditure at the end of June was \$39.7m or 76.1% of the capital budget. Capital expenditure summary and a project level analysis of YTD capital expenditure by capital works business unit is provided on page 18.

Cash on hand and Investments

Council's total cash position at month end is \$142.9m. This includes \$102.9m of general and restricted investments representing carry forward expenditure, employee entitlements, developer contributions received for future capital works and other restricted reserves.

Debtors

Receivables outstanding totalled \$33.8m (net of doubtful debts provisions) of which \$6.1m relates to rates debtors. Rate revenue received in the YTD period amounted to \$106.2m.

Monthly Management Report 2017/2018 Operating Statement by Income / Expenditure line items for the 12 Months ended 30 June 2018							
2016/2017 YTD Actuals (000's)	Income/Expenditure Type		YTD Actuals (000's)	Full Year Approved Budget** (000's)	Variance to YTD Approved Budget (000's)	3rd Qtr Forecast (000's)	Variance to 3rd Qtr Forecast (000's)
	Income						
99,903	Rates & Charges	1	106,155	104,277	1,878	106,164	(9)
31,915	Operating Grants	2	28,548	25,910	2,638	20,693	7,855
10,472	User Fees & Charges	3	15,018	10,644	4,374	13,654	1,364
1,085	Recoveries and Reimbursements	4	2,088	232	1,856	1,258	830
2,296	Interest On Investments	5	3,518	1,990	1,528	4,040	(522)
3,889	Other Revenue	6	4,760	3,717	1,043	4,032	728
149,560	Total Income		160,087	146,769	13,317	149,842	10,245
	Expenditure						
47,883	Employee Costs	7	51,272	53,417	2,145	52,937	1,665
36,295	Contract Materials	8	41,716	36,870	(4,846)	41,709	(6)
13,090	Program Expenses	9	14,402	14,509	107	14,629	227
1,297	Borrowing Cost	10	939	961	22	961	22
5,012	Utilities	11	6,005	5,602	(403)	5,940	(65)
6,070	Maintenance	12	8,166	5,051	(3,115)	7,499	(667)
28,168	Depreciation	13	31,383	29,417	(1,966)	30,277	(1,106)
3,383	Other Expenses	14	2,991	2,383	(608)	2,732	(259)
141,198	Total Expenditure		156,873	148,210	(8,663)	156,684	(189)
	Non Operating Income & Expenditure						
29,491	Proceeds from Sale of Assets	15	39,918	12,826	27,093	29,817	10,101
(15,459)	Cost of Assets Sold	16	(16,447)	(7,226)	(9,222)	(14,903)	(1,544)
14,032	Total Gain/(Loss) on Disposals of Assets		23,471	5,600	17,871	14,914	8,557
22,393	Underlying Operating Results Surplus/(Deficit)		26,684	4,159	22,525	8,071	18,613
	Other Cash & Non Cash Contributions						
13,555	Developer Cash Contributions	17	15,010	8,357	6,653	22,165	(7,155)
80,743	Developer Contributions - Non Monetary Assets	18	112,634	72,953	39,681	71,012	41,622
8,968	Capital Grants	19	14,219	5,465	8,754	12,455	1,764
103,266	Total Capital Grants & Cash & Non Cash Contr		141,863	86,775	55,088	105,631	36,232
125,660	Total Surplus/Deficit for the Year Before Trfs.		168,548	90,934	77,613	113,702	54,845
	Other Comprehensive Income						
59,408	Net Asset Revaluation Increment	20	0	0	0	0	0
185,068	Total Comprehensive result						
	Reserve Transfers						
13,547	Transfers From Reserves	21	25,583	2,072	23,512	22,987	2,596
(39,124)	Transfer to Reserve	22	(37,711)	(27,844)	(9,868)	(45,896)	8,185
(25,576)	Total Net Transfers - Income/(Exp)		(12,128)	(25,772)	13,644	(22,909)	10,781
159,491	Total Surplus/(Deficit) Net of Transfers		156,420	65,162	91,257	90,793	65,626

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

Year End Management Report - June 2018

Reconciliation with 207/18 Annual accounts	Actual ('000)
Income as per Annual accounts	325,420
<i>Less</i>	
Developer cash contributions	(15,010)
Developer contributions(Non-Monetary)	(112,634)
Capital grants	(14,219)
Proceeds from sale of assets	(39,918)
Cost of assets sold	16,447
Income as per Management Monthly Report	160,086
Expenditure as per Annual Accounts	156,873
Expenditure as per Management Monthly Report	156,873
<i>Add</i>	
Total gain/(loss) on disposal of assets	23,471
Underlying Operating Surplus as per Management Monthly Report	26,683
<i>Add</i>	
Developer cash contributions	15,010
Developer contributions(Non-Monetary)	112,634
Capital grants	14,219
Surplus/Deficit as per Statutory Accounts and Management Monthly Report	168,547

Monthly Management Report 2017/18 Operating Statement - Significant Variance Comments Year Ended 30 June 2018			
Income/Expenditure Type	YTD Actual (000's)	Full Year Approved Budget (000's)	Variance - Fav/(Unfav) (000's)
Income			
Rates & Charges	1 106,155	104,277	1,878
			<p>Favourable variance is attributable to:</p> <ul style="list-style-type: none"> ** 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 \$1.93m The favourable variance is partly offset by unfavourable variances due to: <ul style="list-style-type: none"> ** Higher than budgeted pensioner rebates allowed compared to budget.
Operating Grants	2 28,548	25,910	2,638
			<p>Unfavourable variance is the net impact of:</p> <ul style="list-style-type: none"> ** Favourable variance in grants commission funding of \$1.6m at year end. Although 50% of 2017/18 allocation was received in advance and was accounted for in the last financial year, this was more than compensated by 50% of 2018/19 allocation received in June 2018, resulting in an overall favourable variance. ** Total unbudgeted grants received during the year amounted to \$675k. Significant receipts include Crime Prevention (\$132k), right@home program (\$232k), caring for country and native vegetation (\$61k), arts project (\$77k), active transport (\$65k), and others. ** Higher than budgeted grants received amounted to \$562k and these include family support (\$146k), maternal child health (\$144k), supported playgroups (\$179k) and other various programs in community care (\$126k) Overall favourable variance is partly offset by lower than budgeted grants for school crossing and others (\$199k).
User Fees & Charges	3 15,018	10,644	4,374
			<p>Favourable variance is attributable to the following:</p> <ul style="list-style-type: none"> ** Higher fees income from regulatory services in parking and school crossing due to more proactive patrols around schools, nature strip parking, animal registration and building compliance (\$1.34m). * Higher than budgeted income for asset protection permits, sub division construction supervision, plan checking, non standard street lighting fees due to significant increase in land development than predicted in the budget (\$1.390m). ** Favourable variance in legal and governance due to election fines (\$185k). ** Higher than budgeted income in transfer station and others in operations (\$423k) ** Unbudgeted landscape supervision fee in city design, (\$192k). ** Higher planning permit fees than budgeted (\$701k). This increase in permit fees is primarily due to an increase in application numbers and the state government significantly increasing fees. ** Other minor favourable variances across number of business units (\$143k).
Contributions & Reimbursements	4 2,088	232	1,856
			<p>Favourable variance is due to:</p> <ul style="list-style-type: none"> ** Unbudgeted contributions received for city vista ovals and courts (\$500k). ** Reimbursement for works carried out for Western Water on the Avey road bridge construction which was unbudgeted in 2017/18 (\$215k). ** Receipt from insurers in relation to claims raised by Council to repair assets and other related variations (\$271k). ** Unbudgeted contribution received for Hume Drive duplication (\$758k). ** Other higher than budgeted contribution for urban rehabilitation unscheduled works, sale of valuation data and other (\$112k).
Interest On Investments	5 3,518	1,990	1,528
			<p>Interest on investments exceeded budget by \$1.53m due to larger than anticipated cash holdings as a result of under expenditure in capital budget and significant unbudgeted grants received during the year.</p>
Other Revenue	6 4,760	3,717	1,043
			<p>The increase mainly relates to:</p> <ul style="list-style-type: none"> ** The property hire income from Recreation and Youth, Community Planning and others due to the additional venue bookings compared to the budget (\$369k). ** Favourable variance due to higher than budgeted recyclable processing income and other (\$233k) and others (\$142k).
Total Income	160,087	146,769	13,317
Expenditure			

Monthly Management Report 2017/18 Operating Statement - Significant Variance Comments Year Ended 30 June 2018			
Income/Expenditure Type	YTD Actual (000's)	Full Year Approved Budget (000's)	Variance - Fav/(Unfav) (000's)
			<p>This favourable variance in employee cost is the net effect of \$1.187m favourable in salaries and wages and \$956k favourable in payroll oncost.</p> <p>The favourable variance of \$1.187k or 2.22% to-date in salaries and wages is largely attributable to new positions approved in the 2017/18 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:</p> <ul style="list-style-type: none"> ** Families and Children (\$478k). ** Community Care (\$514k). ** Engineering Services (\$316k) ** Recreation and Youth (\$169k). ** Risk and Performance (\$139k). ** Other business units (\$247k). <p>The overall favourable variance of \$1.863m is partly offset by higher than budgeted salaries particularly in City Design (\$163k), Capital Projects (\$170k), Information Technology (\$163k) Community Planning (\$65k) and others (\$115k).</p> <p>The favourable variance of \$956k in oncost expenditure is mainly due lower than budgeted expenditure in long service leave (\$411k), WorkCover Premium (\$259k) annual leave loading (\$62k), maternity leave backfilling (\$89k) and superannuation expenses and other (\$137k).</p>
Employee Costs	7 51,272	53,417	2,145
			<p>Unfavourable variance of \$4.84m is attributable to the following:</p> <ul style="list-style-type: none"> ** Higher than budgeted expenditure on contract agency labour costs of \$3.62m which is mainly in Information Services for projects such as business transformation, cloud infrastructure, councilor information portal, annual computer replacement program and others (\$3.1m). Increased expenditure on contract labour in capital projects for additional staff to manage the Growing Suburbs Fund projects (\$308k), operations (\$154k) for higher level of activity and others (\$58k). Most of these outlays are within limits approved in the 3rd quarter forecast with the exception of Operations, where the over expenditure is offset by favourable variance in other areas within the business unit such as waste disposal and collection as shown below. ** Higher than budgeted contracts expenditure of \$1.72m mainly in waste management due to increased waste volumes resulting in increased disposal costs (\$1.2m), increased road services costs due unexpected gravel resheeting resulting from growth and developer activity (\$613k), emergency management (\$134k), partly offset by favourable variance in property services (\$142k) and parks and open space and other (\$85k). <p>Overall unfavourable variance is partly offset by:</p> <ul style="list-style-type: none"> ** Savings from contracted services in green waste disposal and other in Operations (\$494k).
Contract Materials	8 41,716	36,870	(4,846)
			<p>Favourable variance is due to the following:-</p> <ul style="list-style-type: none"> ** Expenditure in information services implementation costs for projects relating to business transformation which have been expended under contract labour in contract & materials (\$733k). ** Favourable variance families and children in early childhood and early years partnership program expenses (\$203k). ** Favourable variance in community care in community participation and home support program expenses (\$44k) ** Other favourable variances include annual licence fees(\$89k), training (\$128k) <p>The overall Favourable variance is partly offset by:</p> <ul style="list-style-type: none"> Higher than budgeted provision for bad debts for non recoverable infringement debts (\$361k) Higher than budgeted legal fees (\$349k) Higher than budget Professional advisory expenses mainly in Strategic Planning, Planning & Development and People and Culture (\$228k) and others (\$144k).
Program Expenses	9 14,402	14,509	107
Borrowing Cost	10 939	961	22
Utilities	11 6,005	5,602	(403)
			<p>Unfavourable variance is attributable to timing variance in water charges for parks and reserves (\$181k) and electricity charges for property services (\$85k), server hosting and other (\$137k) due increase charges levied by suppliers and growth.</p> <ul style="list-style-type: none"> ** Unfavourable variance due to capital expenditure transferred to operating from the opening work-in progress, due to legacy asset issues \$3.35m This was partly offset by favourable variance in maintenance expenditure compared to budget of \$235k, which is made up of the following: ** Lower electrical maintenance than budgeted in public lighting (\$335k), Programmed and responsive maintenance (\$155k), photocopy maintenance, traffic signal, line marking and other (\$96k), partly offset by higher than budgeted expenditure in minor capital expenditure(\$110k), annual resealing (\$104k), urban rehabilitation and other (\$137k)
Maintenance	12 8,166	5,051	(3,115)
Depreciation	13 31,383	29,417	(1,966)
			<p>Variance is attributable to substantial increase in assets base as a result significant volume of developer contributed assets received.</p>

Year End Management Report - June 2018

Monthly Management Report 2017/18 Operating Statement - Significant Variance Comments Year Ended 30 June 2018				
Income/Expenditure Type	YTD Actual (000's)	Full Year Approved Budget (000's)	Variance - Fav/(Unfav) (000's)	Significant Variance Comments- YTD actual compared to approved budget
Other Expenses	14 2,991	2,383	(608)	Unfavourable variance is attributable to ** Expenditure against grants received in advance in the last financial year which was not carried forward to this financial year (\$206K) ** Contribution for Scouts Adventure Activity Centre which was budgeted as a capital item but expensed due to capitalisation criteria (\$250k) overall variance offset by ** Minor favourable variances across number of business units (\$146k)
Total Expenditure	156,873	148,210	(8,663)	
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	15 39,918	12,826	27,093	The variance is largely attributed to significant increase in land sales compared to budget. Value of sales was also higher than anticipated.
Cost of Assets Sold	16 (16,447)	(7,226)	(9,222)	The unfavourable variance is due to higher cost of sales which was proportionately higher due to higher number of lots sold than budgeted.
Total Gain/(Loss) on Disposal of Assets	23,471	5,600	17,871	
Underlying Operating Results				
Surplus/(Deficit)	26,684	4,159	22,525	
Other Cash & Non Cash Contributions				
Developer Cash Contributions	17 15,010	8,357	6,653	Favourable variance in developer cash contributions is mainly due to a number of unbudgeted estate developments being brought forward during the year as well as a higher than budgeted relaxation rate. These include: ** Unbudgeted DIL (Developer Infrastructure Levy) from a number of developments such as - Thornhill Park (Stage 5 to 8), Woodlea , Exford Waters (Stage 1A & 1B) and others.
Developer Contributions - Non Monetary Assets	18 112,534	72,953	39,581	Non monetary assets received during the year includes contributed assets relating to in-kind works in Precinct Structure Plan projects. The favourable variance is due to significant increases in development activity during the year that was far greater than anticipated in the budget.
Capital Grants & Contributions	19 14,219	5,465	8,754	Favourable variance is attributable to ** \$8,754m of unbudgeted growing suburb and other funds received to-date and these include: Melton Central Community Centre -Whitehouse - (\$2.0m) Mansheerson Park Redevelopment (\$2.0m) Aintree Community Hub (\$1.0m) Fraser Rise - Multi-purpose Community Centre (\$1.0m) Streetscapes Improvements (\$927k) Hannan Waits Park Upgrade (\$600k) Allendy Road Reserve Upgrade (\$300k) Bill Cahill Reserve Upgrade (\$300k) Arnolds Creek Play space (\$300k) Other (\$327k)
Total Capital Grants & Cash & Non Cash Contributions	141,863	86,775	55,088	
Total Surplus/(Deficit) for the Year Before Trfs.	168,548	90,934	77,613	

Monthly Management Report 2017/2018
Significant Variance Comments
End of year actual vs. 3rd Quarter Forecast

Income/Expenditure Type	YTD Actuals (000's)	2017/18 3rd Quarter Forecast (000's)	Variance - Fav/(Unfav) (000's)	End of year actuals to 3rd Quarter Year-end Forecast Variance Explanations
Income				
Rates & Charges	1 106,155	106,164	(9)	Favourable variance of \$7.85m is the net effect of the following: ** Favourable variance of \$7.7m in grants commission funding due to advance receipt of 50% of 2018/19 grants in June 2018 not being factored into the 3rd quarter forecast. ** Grants received for community planning and recreation and youth were marginally higher than predicted in the 3rd quarter forecast by \$155k
Operating Grants	2 28,548	20,693	7,855	Favourable variance is attributable to the following: ** Increased fee revenue from Compliance department from parking fines, regulatory and building services partly offset by reduction in animal registration fees, due to more proactive patrols (\$259k). ** Increased fee income from Transfer Station, tree planting and other in Operations (\$382k). ** Increase in subdivision plan checking fees, non standard public lighting fees and subdivision construct supervision fees due to significant increase in land development (\$430k) ** Increase in fee income from Home Care and other services in Community Care and others (\$123k).
User Fees & Charges	3 15,018	13,654	1,364	This favourable variance is attributable to the following: ** Contribution received for Hume road duplication was not included in the forecast (\$758k). ** Higher than forecast income for sale of valuation date (\$72k).
Contributions & Reimbursements	4 2,088	1,258	830	Interest income forecast at \$4.0m, while based on trends observed at the end of 3rd quarter, turned out to be somewhat optimistic, mainly due to significant increase in capital expenditure in the last 2 months of the year.
Interest On Investments	5 3,518	4,040	(522)	Favourable variance is attributed mainly to: ** Higher than forecast property rental income in Community Planning and Recreation and Youth and others (\$110k) ** Higher than forecast recyclable processing income (\$233k).
Other Revenue	6 4,760	4,032	728	** Higher than forecast rental income (\$237k) and others
Total Income	160,087	149,842	10,245	
Expenditure				
Employee Costs	7 51,272	52,937	1,665	Overall variance is the net effect of favourable variance in salaries and wages (\$1.54m) and in employee oncosts (\$125k). Favourable variance in salaries of \$1.54m is mainly attributable to delays and difficulties in filling budgeted positions, resulting in positions being filled later than planned. This is evident across a number of business units as detailed below: ** Community Care (\$333k), Compliance (\$179k), Families and Children (\$133k), Planning (\$165k), Recreation & Youth (\$161k), Operations (\$156k), Risk and Performance (\$121k) Engineering (\$95k), and others (\$195k).
Contract Materials	8 41,716	41,709	(6)	** Favourable variance in employee oncosts is attributable to lower than forecast expenditure in WorkCover premium, long service leave and maternity leave backfilling (\$125k). Variance is not significant

Income/Expenditure Type	YTD Actuals	2017/18 3rd Quarter Forecast	Variance - Fav/(Unfav)	End of year actuals to 3rd Quarter Year-end Forecast Variance Explanations
Program Expenses	14,402	14,629	227	Favourable variance is attributable to: **Net reduction in information services implementation costs of \$336k. These savings partly offsets IT Business Transformation and other expenditure incurred under employee costs and contracts and materials. ***Lower than forecast expenditure in childcare benefit expenditure (\$68k), Minor consumables (\$88k) and other (\$98k) the overall favourable variance is partly offset by: ** Higher than forecast provision for bad debts (\$361k)
Borrowing Cost	939	961	22	Variance is not significant
Utilities	6,005	5,940	(65)	Unfavourable variance in utilities is mainly attributable to: **Higher than forecast electricity expenditure - \$240k partly offset by lower than projected expenditure on Gas (\$175k)
Maintenance	8,166	7,499	(667)	Favourable variance due to lower than forecast expenditure on the following : Building Maintenance - programmed maintenance in Council facilities (\$156k), Office accommodation improvements (\$57k), General Maintenance- Lower than forecast expenditure on photocopy maintenance, fencing, fire prevention etc. (\$92k) Electrical Maintenance- Lower than forecast expenditure on public lighting (\$126k) Road Maintenance - Higher than forecast expenditure on annual resealing and urban rehabilitation works (\$148k) and other (\$68k).
Depreciation	31,383	30,277	(1,106)	Depreciation on building and road assets were higher than forecast partly offset by lower than forecast depreciation on recreation assets, Council vehicle fleet and equipment. The unfavourable variance relates to: ** Unforecasted donations to community groups (eg. Scouts Adventure Activity Group (\$25k)). ***Higher than anticipated bin requests for new residents and repairs to existing bins (\$107k) ** Purchase of tablets to provide remote access to officers in compliance area (\$37k)
Other Expenses	2,991	2,732	(259)	This unfavourable variance is partly offset by: ** Savings from the strategic planning area in integrated water cycle management plan and Rockbank major town centre urban design framework (\$120k).
Total Expenditure	156,873	156,684	(189)	
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	39,918	29,817	10,101	Significant increase in Altherstone land sales achieved during the year exceeded even the optimistic 3rd quarter forecast by as much as \$10.0m. Variance is due to volume and value of sales.
Cost of Assets Sold	(16,447)	(14,903)	(1,544)	Cost of assets sold exceeded the 3rd quarter forecast due to higher sales.
Total Gain/(Loss) on Disposals of Assets	23,471	14,914	8,557	
Underlying Operating Results Surplus/(Deficit)	8,071	8,071	0	

Income/Expenditure Type	YTD Actuals	2017/18 3rd Quarter Forecast	Variance - Fav/(Unfav)	End of year actuals to 3rd Quarter Year-end Forecast Variance Explanations
Other Cash & Non Cash Contributions				
Developer Cash Contributions	17 15,010	22,165	(7,155)	Unfavourable due to actual income marginally falling short of 3rd quarter forecast which took into account unbudgeted estate developments being brought forward during the year as and indexation rate. These include: ** DIL (Developer Infrastructure Levy) from a number of developments such as - Thornhill Park (Stage 5 to 8), Woodlea , Exford Waters (Stage 1A & 1B) and others.
Developer Contributions - Non Monetary Assets	18 112,634	71,012	41,622	Non monetary assets received during the year includes contributed assets relating to in-kind works in Precinct Structure Plan projects which were significantly higher than forecast. These are notoriously difficult to predict with any level of accuracy as they are related to the overall level of development work completed in the municipality. Higher than forecast funding were received for the following projects ** Macpherson Park developments(\$1.0m) ** Streetscapes Improvements (\$927k) ** Melton Central Community Centre (\$1.0m) Overall favourable variance partly offset by Lower than forecast grants from the following: ** Fraser Rise (\$1.0m) ** Black spot funding and other (\$164k).
Capital Grants & Contributions	19 14,219	12,455	1,764	
Total Capital Grants & Cash & Non Cash Contributions	141,863	105,631	36,232	
Total Surplus/(Deficit) for the Year Before Trfs.	168,548	113,702	54,845	

BALANCE SHEET	ACTUALS		BUDGET
	This Year	Last Year	This Year
	As at end Jun-18 \$(000's)	As at end Jun-17 \$(000's)	Full Year 2017/2018 \$(000's)
CURRENT ASSETS			
CASH ASSETS IN HAND & AT BANK	29,954	6,193	86,912
INVESTMENT - GENERAL	50,926	51,277	0
INVESTMENT - RESTRICTED & OTHERS	52,024	42,825	0
INVENTORIES & OTHER FINANCIAL ASSETS	10,014	12	2,215
DEBTORS- RATES & OTHER	33,829	29,505	7,346
ASSETS CLASSIFIED AS HELD FOR SALE	1,281	223	3,000
PREPAYMENTS/OTHER ASSETS	47,767	17,773	0
TOTAL CURRENT ASSETS	225,795	147,808	99,473
NON CURRENT ASSETS			
INFRA, PROPERTY PLANT & EQUIPMENT	1,970,045	1,871,675	1,884,373
INVENTORIES	178	37	57
INVESTMENT PROPERTY	7,077	6,791	7,500
OTHER FINANCIAL ASSETS	368	370	1,425
INTANGIBLES	3,684	4,012	3,684
TOTAL NON CURRENT ASSETS	1,981,352	1,882,885	1,897,039
TOTAL ASSETS	2,207,147	2,030,693	1,996,512
CURRENT LIABILITIES			
PAYABLES	20,557	9,435	14,400
EMPLOYEE BENEFITS	10,026	10,372	9,400
INTEREST BEARING LIABILITIES	2,826	3,380	2,826
OTHER LIABILITIES	2,208	2,081	2,259
TOTAL CURRENT LIABILITIES	35,617	25,268	28,885
NON CURRENT LIABILITIES			
EMPLOYEE BENEFITS	1,758	1,713	2,227
INTEREST BEARING LIABILITIES	15,947	18,773	15,947
OTHER LIABILITIES	4,252	3,911	3,465
TOTAL NON CURRENT LIABILITIES	21,957	24,397	21,639
TOTAL LIABILITIES	57,574	49,665	50,524
NET ASSETS	2,149,574	1,981,029	1,945,989
EQUITY			
ACCUMULATED SURPLUS	1,104,846	1,004,766	1,044,150
OPERATING SURPLUS FOR THE PERIOD	156,420	100,081	90,934
RESERVES			
REVALUATION RESERVES	811,524	811,532	752,124
OTHER RESERVES	76,785	64,650	58,780
TOTAL EQUITY	2,149,575	1,981,029	1,945,989

Balance Sheet - Comments

General:

The following comments relate to the balance sheet and the cash flow statements in pages 10 and 13.

Current Assets:

Cash & Investments

Council's cash position (including Investments) as at 30 June 2018 was \$142.9m, which represents an increase of \$42.6m from the \$100.3m opening cash position as at 1 July 2017. Details of inflow and outflow of funds are detailed in the Cash Flow Statement on page 13.

	\$'000's	\$'000's
Cash at 1st July 2017		\$100,295
Plus: Net Inflow/(Outflow) from operating activities	\$73,230	
Less: Net Inflow/(Outflow) from Investing activities	(\$27,241)	
Less: Net Inflow/(Outflow) from financing activities	(\$3,380)	
Net Increase/(decrease) in cash held		\$42,609
Cash and Investments on hand at 30 June 2018		\$142,904

Receivables:

Total receivables outstanding as at 30 June 2018 amounted to \$33.8m, which included rate debtors of \$6.0m. The total outstanding receivables comprised: -

Receivables	30 June 2018 (000's)	30 June 2017 (000's)
Rate Debtors	\$6,009	\$6,082
Parking Infringements (net of provision for doubtful debts)	\$553	\$442
Sundry & other debtors net of provision for doubtful debts**	\$27,267	\$22,981
Total Receivables	\$33,829	\$29,505

Non-Current Assets:

Infrastructure, Plant & Equipment

The value of Council's property, plant & equipment has increased by \$98m from 1.88bn to 1.97bn. This is attributable to additions during the year, contributed assets and valuation increments.

Intangible Asset

The intangible assets of \$3.6m 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 (\$1.232m) built on DOE land and Kororoit Creek Learning Centre (\$2.015m). The balance represents Council's balance net of amortisations.

Current & Non Current Liabilities:

Payables

Creditors have increased by \$11.1m from the June 2017 balance of \$9.4m to \$20.6m 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 \$10.0m, with the non-current at \$1.8m.

Interest Bearing Liabilities:

Total loan liability as at 30 June 2018 is \$18.8m. Principal repayment to date amounted to \$3.4m.

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 1:6.3. The after removing the impact of rate debtors is 1:6.1

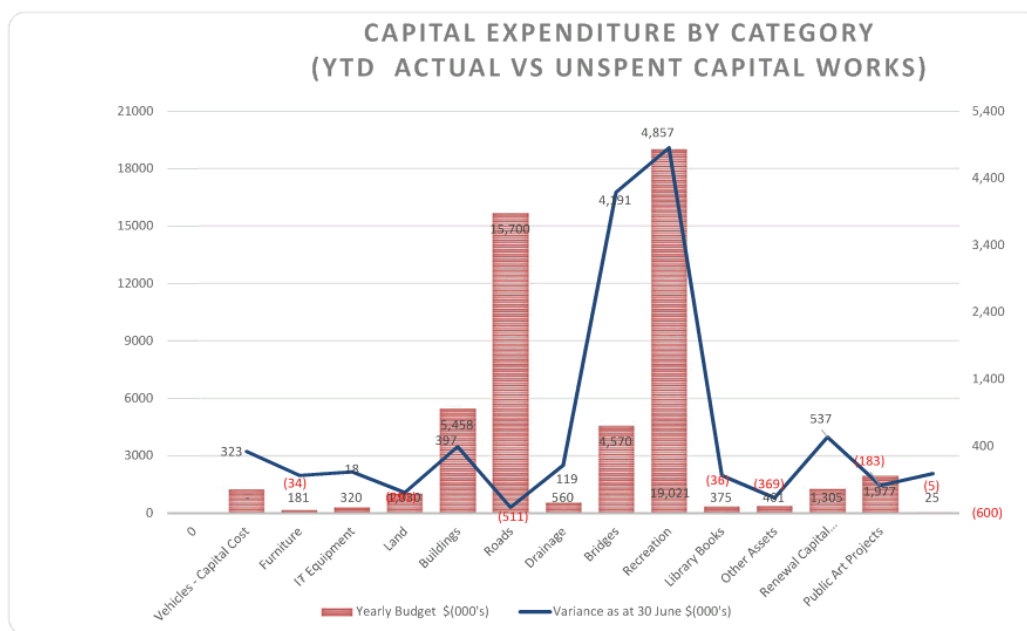
Last Year 2016/2017	CASH FLOW STATEMENT	Actuals	This Year
YTD Actual Jun-17 \$(000'S)		2017/2018 As at End Jun-18 \$(000's)	Budget 2017/2018 Annual Budget \$(000's)
	Cash Flow from Operating Activities		
	<u>RECEIPTS</u>		
99,340	Rate & Charges	106,228	104,177
7,255	Statutory Fees & Fines & Others	13,009	13,454
55,167	Government Grants & Contributions	56,619	38,472
2,224	Interest Received	2,707	1,830
11,857	Other Revenue (incl Trust Receipts)	15,900	2,563
	<u>PAYMENTS</u>		
(75,798)	Payments to Suppliers	(71,177)	(65,265)
(1,297)	Borrowing Costs	(939)	(961)
(43,463)	Payments to Employees	(49,116)	(53,043)
55,285	NET CASH FROM OPERATING ACTIVITIES	73,230	41,228
	CASH FLOW FROM INVESTING ACTIVITIES		
(31,639)	Payments for Acquisition of Non-Current Assets	(36,362)	(52,173)
6,010	Proceeds from Sale of Non-Current Assets	9,121	0
(25,629)	NET CASH FROM INVESTING ACTIVITIES	(27,241)	(52,173)
	CASH FLOW FROM FINANCING ACTIVITIES		
(6,915)	Repayment of Loans	(3,380)	(3,380)
0	Proceeds from Borrowings	0	0
(6,915)	NET CASH FROM FINANCING ACTIVITIES	(3,380)	(3,380)
22,741	NET INCREASE/(DECREASE) IN CASH HELD	42,609	(14,325)
	<u>CASH POSITION</u>		
77,555	Cash Balance at Beginning- as at 1st July	100,295	88,412
100,295	Cash Balance at End of Period	142,904	74,086

CAPITAL EXPENDITURE BY CATEGORY

Page 14

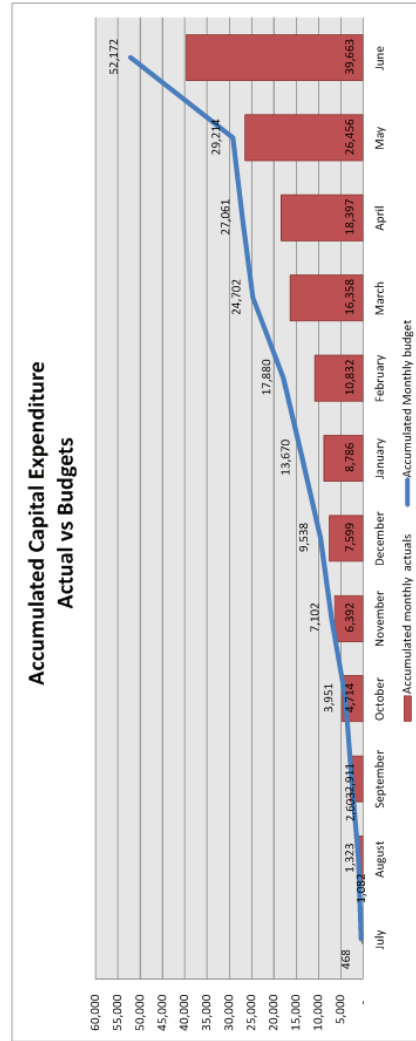
2017/2018 FINANCIAL YEAR

CAPITAL EXPENDITURE	Actual as at	Yearly Budget	Variance as at
	30 June		30 June
	\$(000's)	\$(000's)	\$(000's)
Vehicles - Capital Cost	927	1,250	323
Furniture	215	181	(34)
IT Equipment	302	320	18
Land	1,321	1,030	(291)
Buildings	5,061	5,458	397
Roads	16,211	15,700	(511)
Drainage	441	560	119
Bridges	379	4,570	4,191
Recreation	10,563	19,021	4,857
Library Books	411	375	(36)
Other Assets	874	401	(369)
FootPaths & Cycleways	768	1,305	537
Renewal Capital Expenditure	2,160	1,977	(183)
Public Art Projects	30	25	(5)
Total capital expenditure Excl Capital DCP In Kind	39,663	52,173	9,012
Capital DCP in Kind	27,271	19,751	(7,520)
Total Capital expenditure	66,934	71,924	1,492



MONTHLY ANALYSIS OF CAPITAL EXPENDITURE
2017/2018 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	927	134	93	94	4	50	2	38	62	100	63	120	167
Furniture	215	0	56	10	60	6	9	8	2	8	18	7	31
IT Equipment	302	1	1	0	0	0	1	0	0	296	0	3	0
Land	1,321	16	0	0	0	0	0	0	0	0	0	1,305	0
Buildings	5,061	37	195	114	130	24	43	235	506	330	330	699	2,553
Roads	16,211	(31)	633	997	1,028	859	499	281	627	1,791	691	2,776	6,060
Drainage	441	(11)	1	42	127	16	24	166	38	28	0	0	10
Bridges	379	0	0	47	0	0	6	0	12	9	0	58	247
Recreation	10,563	(182)	257	125	142	99	449	472	800	2,315	744	2,507	2,835
Library Books	411	16	11	30	32	27	28	24	35	183	0	0	25
Other Assets	874	(11)	16	3	121	272	28	12	8	32	9	0	384
Footpaths & Cycleways	768	5	18	0	67	53	0	54	0	57	0	123	391
Renewal Capital Expenditure	2,160	26	42	45	108	161	137	143	173	258	127	461	479
Public Art Expenditure	30	0	0	0	0	5	0	0	0	0	0	0	25
Total Capital Expenditure Excl Capital DCP in Kind	39,663	0	1,323	1,588	1,803	1,678	1,207	1,187	2,046	5,526	2,039	8,059	13,207
Capital DCP in Kind	27,271	0	0	6,241	0	1,030	13,918	0	0	2,150	0	1,750	2,182
TOTAL CAPITAL EXPENDITURE	66,934	0	1,323	7,829	1,803	2,708	15,125	1,187	2,046	7,676	2,039	9,809	15,389



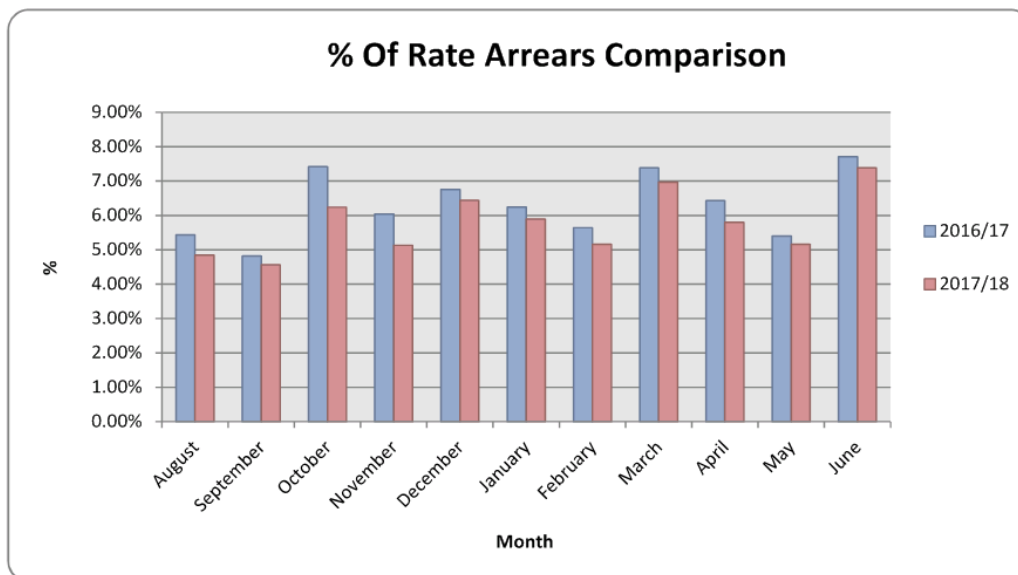
Year End Management Report - June 2018

Analysis of Overdue Instalment Rate Debtors - June 2018

(Excluding Fire Service Levy)

Overdue Rate Debtors	No of Properties	Debts Outstanding (\$)
<i>Owings</i>		
Less Than \$1000	4,740	2,003,582
\$1000 to \$1999	695	951,488
\$2000 to \$4999	651	2,101,614
\$5000 to \$10,000	206	1,385,769
Greater Than 10,000	82	1,539,850
Total	6,374	7,982,303

**There are 4340 properties in credit . Total credit amounts to \$1,973,303



Summary of Overdue Rate Debt Arrears & Recovery Actions - June 2018

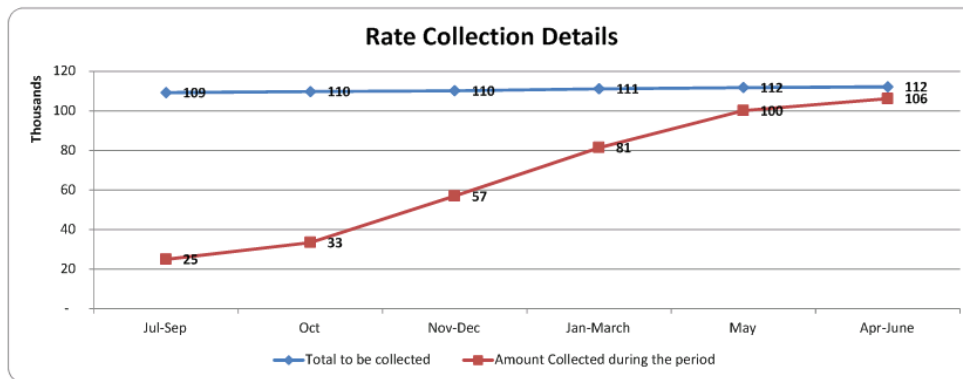
SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 30 June 2018	NO OF PROPERTIES	RATE DEBTS OUTSTANDING \$000'S
Summons issued	189	708
Judgements issued	70	317
Summons for Oral Examination	253	1,727
Legal Arrangements	13	93
Other action - Demand Letters etc	4,203	4,661
Total Debt Recovery Action In Progress	4,728	7,506
Arrangements in place - Non Legal	737	351
Properties with no recovery/arrangements in place	909	125
TOTAL	6,374	7,982

** Number of Financial Hardship applications received in June 2018 is 11

**There are 4340 properties in credit. Total credit amounts to \$1,973,303

Rate Balances & Collection Details

Rate Collection Details	Jul-Sep	Oct	Nov-Dec	Jan-March	May	Apr-June
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Outstanding Balance as at 1 July 2017	6,082	-				
Rates raised in 2017-2018	105,746	-				
Interest raised to date	82	111	68	69	179	121
Rebates, adjustment and unallocated Pmts	(5,491)	204	(71)	299	432	347
Supplementary rates raised	2,865	208	393	632	37	(77)
Total to be collected	109,284	109,807	110,197	111,197	111,845	112,236
Amount Collected during the period	25,028	33,469	56,966	81,439	100,137	106,227
Balance to be collected	84,256	76,338	53,231	29,758	11,708	6,009



Master Account	Total Capital Funds Available 2017/18		Total Capital Funds Expended or Carried Forward 2017/18		YTD Actuals Plus Total Carry Forwards 2017/18	YTD Actuals Plus Total Carry Forwards 2017/18	Variance Comment
	Post Adopted Budget 2017/18	Post Budget Capital Grants Forwards 2017/18	Estimated Carry Forwarded in 2017/18 Budget	Post Budget Carry Forwarded in 2017/18 Budget			
Totals	52,172,534	4,544,229	56,716,763	5,383,000	65,599,427	65,599,427	
01605 - Plant Purchases/Replacement	1,250,000	0	1,250,000	0	0	0	Plant purchase schedule completed under budget
02033 - Annual Computer Replacement Project	320,000	0	320,000	39,137	320,000	320,000	Project delayed to ensure desktop and mobile technology suite future accommodation requirements.
02305 - Library Collection	375,000	0	375,000	0	385,926	385,926	Variance not significant
03010 - Minor Traffic Control Works	600,000	15,000	615,000	150,000	576,178	576,178	Project completed under budget
03080 - Major Traffic Control Works	500,000	65,000	565,000	0	222,840	222,840	Unbudgeted works required to improve traffic conditions around the new Fraser Rise
03082 - Enterprise Circuit Streetscape	0	0	0	0	290,880	290,880	Project completed under budget
03110 - Shared/Bicycle Paths Construction Program	800,000	216,821	1,016,821	500,000	804,641	804,641	Project delayed whilst Aboriginal CHMP approval process completed
03124 - New Footpaths Construction Program	250,000	86,645	336,645	0	311,764	311,764	Project delayed whilst Aboriginal CHMP approval process completed
03140 - Footpaths Maintenance/Replacement	1,085,000	483,147	1,568,147	500,000	1,487,134	1,487,134	Project delayed whilst Aboriginal CHMP approval process completed
03162 - Footpath Extensions	220,000	0	220,000	180,000	213,759	213,759	Project delayed whilst Aboriginal CHMP approval process completed
03170 - Annual Resurfacing/Periodic Reseals	2,739,948	0	2,739,948	413,350	3,071,481	3,071,481	Project delayed due to unsatisfactory weather conditions
03186 - Westwood Drive Bridge	4,100,000	0	4,100,000	60,000	4,257,659	4,257,659	Project spans multiple financial years. Project budget allocated incorrectly across
03197 - Bridgeworks - Pedestrian	250,000	70,000	320,000	0	286,460	286,460	Project completed under budget
03250 - Keth & Channel Rehabilitation	100,000	0	100,000	0	261,293	261,293	Additional scope required to complete project
03262 - WSU/D/Water Sensitive Urban Design Program	380,000	0	380,000	100,000	336,444	336,444	Project delayed whilst Aboriginal CHMP approval process completed
03515 - Melton Recycling Centre - Upgrade	0	0	0	80,000	90,010	90,010	Expenditure on unbudgeted grant funds received
03904 - PSP Council Funded Portion WIK/Land	500,000	0	500,000	0	1,305,000	1,305,000	Expenditure on unbudgeted grant funds received. This expenditure is fully offset by developer contributions.
03948 - Acquisition of Property - Palmerston Street Melton	400,000	0	400,000	0	0	0	Land purchase did not proceed.
04533 - Alamy Road - Toolern Creek to Ferris Road	0	750,000	750,000	0	1,061,202	1,061,202	Project overspend fully offset by developer contributions.
04538 - Blackspot Funding-Boundary and Sinclair Road	616,063	0	616,063	616,063	80,450	80,450	Project completed under budget.
06017 - Irrigation System Renewal Program	210,000	0	210,000	0	213,318	213,318	Variance not significant
07035 - Recreation Facilities - Female Change Room Upgrade	600,000	0	600,000	400,000	568,701	568,701	Project delayed whilst scope was finalised and value management completed to ensure that project outcomes can be delivered within budget.
07115 - Tree Planting	650,000	0	650,000	672,627	672,627	672,627	Variance not significant
08392 - Melton Bowings Greens Restoration	250,000	23,868	273,868	8,000	249,549	249,549	Carry forward required to completed amenity works approved by Council
08707 - Burnside Heights Children's Community Centre	2,000,000	0	2,000,000	0	161,549	161,549	Expenditure charged to incorrect master account 08836. Budget of \$2,000,000 against
08713 - Neibal Court Upgrade	250,000	101,415	351,415	19,000	234,811	234,811	Project delayed due to contractor availability.
08719 - Caroline Springs Sub Regional Tennis Centre-Design	4,500,000	0	4,500,000	0	4,828,712	4,828,712	Project spans multiple financial years. Project overspend often by budget of \$650,000
08727 - Tennis Court Upgrade	208,000	58,853	266,853	200,000	253,766	253,766	Project delayed due to contractor availability.
08737 - Streetscape Improvements	5,334,800	0	5,334,800	3,805,156	7,806,920	7,806,920	Unbudgeted Growing Suburbs Fund income carried forward
08763 - Taylors Hill West PSP-2 Senior Football / Cricket	10,522,075	229,191	10,751,266	75,000	11,021,251	11,021,251	Project delayed due to protracted negotiations with Georgia Cross Soccer Club.
08770 - CarEx Program - Building Component Renewals	1,114,000	121,000	1,235,000	350,000	1,103,938	1,103,938	Project delayed due to contractor financial issues.
08775 - Fraser Rise - Multi-purpose Community Centre	500,000	0	500,000	0	661,695	1,498,769	Unbudgeted Growing Suburbs Fund income carried forward
08782 - Bridge Road	200,000	0	200,000	0	0	0	Project didn't proceed
08788 - Melton Civic Centre Redevelopment - Year 2	0	0	0	652,701	652,701	652,701	Accommodation project costs fully offset by reserve transfer.
08790 - Passive Reserve Development Program	969,000	55,000	1,024,000	100,000	415,882	415,882	Project delayed due to contractor availability.
08812 - Mt Cottrill Road Widening (Stage 2)	432,748	0	432,748	0	141,276	141,276	Project completed under budget.
08818 - Mount Cottrill Recreation Reserve - Rehabilitation	450,000	0	450,000	0	586,173	586,173	Project overspend resulting from latent conditions.
08831 - Bridge Rehabilitation Program	220,000	0	220,000	0	92,884	92,884	Program completed under budget.
08835 - Creekbank PI Flood Protection Work	198,463	0	198,463	0	201,937	201,937	Variance not significant
08836 - Burnside Comm Centre Stage 2 Incl Seniors Venue	6,000	99,815	105,815	0	1,703,129	1,703,129	Expenditure charged to incorrect master account 08836. Budget of \$2,000,000 against
08857 - Wellerford Park & Wellerford Landscape Works	0	347,126	347,126	0	430,611	430,611	Variance not significant
08858 - Melton Botanic Garden Walking Trail	340,900	0	340,900	0	380,098	380,098	Variance not significant
08859 - Passive Reserves - Lighting Program	200,000	0	200,000	150,000	152,070	152,070	Project delayed due to contractor availability.
08870 - Scouts Activity Centre - Burnside	500,000	0	500,000	249,453	2,888,105	2,888,105	Project being delivered by Scouts Victoria. Delays outside Councils control.
08871 - Hume Drive Duplication (Stage 1)	3,545,000	0	3,545,000	630,000	2,869,650	2,869,650	Project spans multiple financial years. Project budget allocated incorrectly across
08872 - Maszherson Park Redevelopment	1,000,000	0	1,000,000	380,000	2,000,000	2,000,000	Unbudgeted Growing Suburbs Fund income carried forward
08874 - Melton North Neighbourhood House	50,000	0	50,000	125,250	352,928	352,928	Unbudgeted Street Facilities Fund income carried forward
08885 - Amies Community Hub	0	0	0	1,000,000	1,000,000	1,000,000	Unbudgeted Growing Suburbs Fund income carried forward
08887 - Light Up Lake Caroline	0	0	0	175,000	175,000	175,000	Unbudgeted Growing Suburbs Fund income carried forward
08901 - Melton Central Community Centre (Whitehouses)	0	0	0	2,000,000	2,229,036	2,229,036	Unbudgeted Growing Suburbs Fund income carried forward
08903 - Hannah Wants Park Upgrade	0	0	0	600,000	600,000	600,000	Unbudgeted Growing Suburbs Fund income carried forward
08904 - Alleenah Road Reserve Upgrade	0	0	0	300,000	273,617	273,617	Unbudgeted Growing Suburbs Fund income carried forward
08905 - Bill Cahill Reserve Upgrade	0	0	0	300,000	2,452	2,452	Unbudgeted Growing Suburbs Fund income carried forward
08909 - Arnolds Creek Playspace	0	0	0	300,000	40,442	40,442	Unbudgeted Growing Suburbs Fund income carried forward
13009 - City Visit Sporting Ovals Courts & Pavilion	200,000	0	200,000	0	0	0	Carry forward required to master account 08793. (Same project)
13016 - Caroline Springs Leisure Centre & Tennis Complex	500,000	0	500,000	0	0	0	Project expenditure charged to master account 08719 (same project)
Combined Projects with Funds Available Less Than \$200,000	2,894,000	1,622,885	4,616,885	0	2,907,095	4,616,885	
				1,177,500	0	4,094,555	