



2017/2018
Finance Report

6 Months ended
31 December 2017



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Melton City Council

Monthly Finance Report for the 6 months period ended December 2017.

Financial Risk

No new instances of financial fraud or risk is identified in the quarter ending 31 December 2017

Executive Summary

Operating Results

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

The underlying surplus for the December YTD period was \$69.3. This compared with the profiled budgeted result of \$66.2m resulted in a favourable variance of \$3.1m

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

Year-end Forecast

2nd quarter review of operating and capital expenditure as at the end of December 2017 has been finalised. As part of this process managers have provided an estimate of the year-end forecast of savings and over-runs expected as at 30th June 2018. This is summarized in the table below.

Comparison of 2nd quarter year-end forecast with approved budget is shown on page 7 with the detail variance commentary in page 8-10

Second Quarter Year-End Forecast-Summary		\$(Millions)
Operating		
Forecast favourable variance in Operating Results before transfers		<u>\$8.2</u>
Capital		
Forecast unfavourable variance in Council Capital Expenditure		<u>(\$5.9)</u>
Forecast unfavourable variance in Capital Developer Contribution Plan (DCP) In -Kind Expenditure		<u>(\$18.4)</u>

Capital Expenditure

The Council capital expenditure budget for 2017/18 is a total of \$56.72m. This consists of \$52.2m Council capital budget, which includes a carry forwards component of \$11.3m from 2016/17. In addition a further \$4.5m of uncompleted works was carried forward to 2017/18 after the completion

of 2016/17 annual accounts. This brings the total capital expenditure funds available in 2017/18 to \$56.72m.

Total developer contribution in-kind works budget for 2017/18 is \$19.7m. 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 (Developer Contribution Plan) obligations to Council, this will create rolling credit or debit transactions which will be carried forward to be set off against future DCP obligations or on completion of the development, settlement of outstanding amounts by Council from developer contribution reserve funds.

The actual capital expenditure at the end of December was \$7.6m or 13.4% of the Council capex budget of \$56.72m.

A project level analysis of YTD capital expenditure by capital works by business units is provided on page 20.

Cash on hand and Investments

Council's total cash position at month end is \$128.9m. This balance includes \$118.7 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 \$10.2m.

Debtors

Receivables outstanding totalled \$87.5m (net of doubtful debts provisions) of which \$53.2m relates to rates debtors including instalments not due. Rate revenue received in the YTD period amounted to \$56.97m. Infringement Debtors amounted to \$3.4m and other sundry debtors (including accrued land sales) was \$30.9m.

Monthly Management Report 2017/2018 Operating Statement by Income / Expenditure line items for the 6 Months ended 31 December 2017						
2016/2017 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					
97,746	Rates & Charges	1	104,115	103,196	919	104,277
13,434	Operating Grants	2	11,910	17,549	(5,639)	25,910
4,496	User Fees & Charges	3	7,216	5,889	1,327	10,644
534	Contributions and Reimbursements	4	542	143	398	232
1,092	Interest On Investments	5	1,586	953	633	1,990
1,794	Other Revenue	6	2,049	1,915	134	3,717
119,096	Total Income		127,418	129,645	(2,228)	146,769
	Expenditure					
22,579	Employee Costs	7	23,984	24,918	934	53,417
12,997	Contract Materials	8	18,052	15,959	(2,093)	36,870
6,272	Program Expenses	9	6,532	7,376	845	14,509
601	Borrowing Cost	10	427	365	(62)	961
1,489	Utilities	11	2,433	2,374	(59)	5,602
1,833	Maintenance	12	2,119	2,176	57	5,051
12,590	Depreciation	13	14,539	14,539	0	29,417
996	Other Expenses	14	1,052	1,066	14	2,383
59,358	Total Expenditure		69,138	68,774	(363)	148,210
	Non Operating Income & Expenditure					
1,851	Proceeds from Sale of Assets	15	20,355	12,522	7,833	12,826
(388)	Cost of Assets Sold	16	(9,371)	(7,225)	(2,146)	(7,226)
1,463	Total Gain/(Loss) on Disposals of Assets		10,984	5,297	5,687	5,600
61,202	Underlying Operating Results Surplus/(Deficit)		69,264	66,168	3,096	4,159
	Other Cash & Non Cash Contributions					
7,199	Developer Cash Contributions	17	12,937	6,211	6,726	8,357
4,939	Developer Contributions - Non Monetary Assets	18	5,974	12,192	(6,218)	72,953
(111)	Capital Grants	19	1,676	1,613	63	5,465
12,028	Total Capital Grants & Cash & Non Cash Contr		20,587	20,016	571	86,775
73,229	Total Surplus/Deficit for the Year Before Trfs.		89,850	86,184	3,667	90,934
	Reserve Transfers					
0	Transfers From Reserves	20	18,111	(7,449)	25,560	2,072
(11,424)	Transfer to Reserve	21	(15,833)	(16,408)	575	(27,844)
(11,424)	Total Net Transfers - Income/(Exp)		2,278	(23,856)	26,135	(25,772)
61,805	Total Surplus/(Deficit) Net of Transfers		92,129	62,327	29,801	65,162

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

Monthly Management Report 2017/18 Operating Statement - Significant Variance Comments 6 Months Ended 31 December 2017					
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2017/18 Approved Budget (000's)	Significant Variance Comments- YTD actual compared to profiled YTD approved budget
Income					
Rates & Charges	1 104,115	103,196	919	104,277	Favourable variance is attributable to: ** Higher than planned supplementary rates due to higher number of properties being released as a result of higher level of growth than predicted in the budget. This favourable variance is partly offset by unfavourable timing variance in: ** Higher than budgeted pensioner rebates allowed compared to YTD budget ** Lower than budgeted pensioner rebate income received to-date compared to YTD budget.
Operating Grants	2 11,910	17,549	(5,639)	25,910	Unfavourable variance is the net impact of: ** 50% of 2017/18 allocation of Grants Commission funding received in advance in the last financial year in June 2017 (\$6.914m). ** Lower than budgeted funding for school crossing (\$183k) ** Funding not received for the Indigenous Program during the expected period (\$39k). This unfavourable variance is partly offset by: 1 Unbudgeted grants for: ** Unanticipated roads to recovery funding, water sensitive urban design program, road safety and active transport programs, funding received for crime prevention, library administration and arts projects, \$384k across a number of business units. ** Funding received for new Metro Region emergency management project(\$131k). This will be transferred to the hosting council at a later stage. 2. Higher than budgeted grants for: ** Community Care and Inclusion(\$899) for community home support programs in home care, personal care, respite care and property maintenance, ** Families and Children for new Right@ home program (\$110k) and others ** Other/Emergency Management works (\$72k)
User Fees & Charges	3 7,216	5,889	1,327	10,644	Favourable variance is attributable to the following: ** 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 (\$537k) ** Higher fee income in transfer station and others in operations due to level of patronage (\$140k), and penalties for failing to vote (\$175k) ** Higher than budgeted income for asset protection permits (\$44k), sub division construction supervision, plan checking, non standard street lighting fees due to significant increase in land development than predicted in the budget (\$58k). ** Higher planning permit fees than budgeted (\$162k) This increase in permit fees is primarily due to an increase in application numbers and the State Government significantly increasing fees. ** Unbudgeted income from a new fee which was introduced for the checking of Landscape Plans and supervision of landscape works in new subdivisions under the Subdivisions Act 1988 which came to effect in August 2017 and was not envisaged when the 17/18 budget was developed (\$74k) ** Higher funeral services income from cemetery operations than budgeted(\$22k) and other minor variances (\$115k)
Contributions & Reimbursements	4 542	143	398	232	Favourable variance is due to: ** Reimbursement for works carried out for Western Water on the Abey road bridge construction which was unbudgeted in 2017/18 (\$215k) ** Receipt from insurers in relation to claims raised by Council to repair assets (\$147k) and other timing related variations
Interest On Investments	5 1,566	953	633	1,990	Favourable variance is due to: ** Higher level of funds available for investment from significant carry over funds from last financial year and lower level of capital expenditure to-date.

Monthly Management Report 2017/18 Operating Statement - Significant Variance Comments 6 Months Ended 31 December 2017				
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2017/18 Approved Budget (000's)
Other Revenue	6 2,049	1,915	134	3,717
Total Income	127,418	129,645	(2,227)	146,769
Expenditure				
Employee Costs	7 23,984	24,918	934	53,417
Contract Materials	8 18,052	15,959	(2,093)	36,870
Program Expenses	9 6,532	7,376	845	14,509
Borrowing Cost	10 427	365	(62)	961
Utilities	11 2,433	2,374	(59)	5,602

The increase mainly relates to:
 ** The permanent property hire income from Melton Indoor Recreation Centre and Caroline Springs Indoor sports stadium due to the additional tenant bookings compared to the budget.

This favourable variance in employee cost is the net effect of \$729k favourable in salaries and wages and \$205k favourable in payroll oncost.
 The favourable variance of \$729k or 2.8% 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:

- ** Families and Children (\$329k)
- ** Community Care (\$227k)
- ** Engineering Services (\$158k)
- ** Other business units (\$15k)

The favourable variance of \$205k in oncost expenditure is mainly due to the timing variations in long service leave, annual leave loading, maternity leave expenses

Unfavourable variance is due to:
 ** Higher than budgeted expenditure on contract agency labour costs for Information Services projects such as business transformation project, cloud infrastructure project, councillor information portal, annual computer replacement program and others (\$1,164m). This was approved after the budget was finalised as projects expenses.
 ** Increased expenditure on contract labour in the operations area for administration (\$259k), Transfer station operation (\$543k), Landfill management (\$105k) and waste collection and disposal services (\$197k), unsealed road sheeting(\$132k), name changes to suburbs(\$79k) and Capital projects (\$143k)

- Unfavourable variance is partly offset by:
- ** Favourable variance in design and traffic services, asset management and traffic and transport (\$122k)
 - ** Lower than budgeted contract expenditure in public place litter surveillance (\$40k)
 - ** Less than budgeted expenditure in weed control (\$61)
 - ** Timing variances and cancellations due to weather increments in festivals and events(\$54k)
 - ** Savings from Contracted services in property services(\$80k), parks and open space (\$40k), tree services (\$55k) and others

Favourable variance is due to the following, some of which are timing related:-
 ** Expenditure in IT implementation costs for projects relating to business transformation which have been expended under contract labour in contract & materials (\$411k)
 ** Savings in Community Care in community home support services (\$93k) due to timing variances, underspend on emergency relief (\$28k) and family day care services(\$48k)
 ** Other timing variances include Engineering services (\$56k), Compliance (\$53k), Youth Services (\$40k), savings in legal expenses relating to enforcement due to lower prosecutions (\$30k), savings from public liability and other miscellaneous insurance policies (\$33k) and other minor variances

Monthly Management Report 2017/18 Operating Statement - Significant Variance Comments 6 Months Ended 31 December 2017					
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2017/18 Approved Budget (000's)	Significant Variance Comments- YTD actual compared to profiled YTD approved budget
Maintenance	12 2,119	2,176	57	5,051	
Depreciation	13 14,539	14,539	0	29,417	
Other Expenses	14 1,052	1,066	14	2,383	
Total Expenditure	69,138	68,774	(363)	148,210	
Non Operating Income & Expenditure					
Proceeds from Sale of Assets	15 20,355	12,522	7,833	12,826	Altherstone land sales at \$20.3m is higher than the budget based on higher than anticipated land sales and allotment prices.
Cost of Assets Sold	16 (9,371)	(7,225)	(2,146)	(7,226)	The variance is due to higher expenditure relating to the increased sales of land in Altherstone
Total Gain/(Loss) on Disposals of Assets	10,984	5,297	5,687	5,600	
Underlying Operating Results Surplus/(Deficit)	69,264	66,168	3,096	4,159	
Other Cash & Non Cash Contributions					
Developer Cash Contributions	17 12,937	6,211	6,726	8,357	Favourable variance of \$6.7m is due to number of Developer Cash contributions receipts that were not budgeted for in this financial year. These include Woodlea, Thorn Hill Park, St Genevieve, Caroline Springs, Belle Gardens and others. The year-end forecast have been adjusted to include these receipts.
Developer Contributions - Non Monetary Assets	18 5,974	12,192	(6,218)	72,953	Unfavourable variance is attributable to less WIK received than anticipated. The 2nd qtr forecast has been adjusted to reflect this variance
Capital Grants & Contributions	19 1,676	1,613	63	5,465	
Total Capital Grants & Cash & Non Cash Contributions	20,587	20,016	571	86,775	
Total Surplus/(Deficit) for the Year Before IFRS	89,850	86,184	3,667	90,934	

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	104,277	105,563	1,286
Operating Grants	2	25,910	20,686	(5,224)
User Fees & Charges	3	10,644	13,031	2,388
Contributions & Reimbursements	4	232	878	646
Interest On Investments	5	1,990	3,190	1,200
Other Revenue	6	3,717	3,922	205
Total Income		146,769	147,270	501
Expenditure				
Employee Costs	7	53,417	53,423	(5)
Contract Materials	8	36,870	39,713	(2,843)
Program Expenses	9	14,509	15,248	(739)
Borrowing Cost	10	961	961	(0)
Utilities	11	5,602	5,696	(94)
Maintenance	12	5,051	7,070	(2,019)
Depreciation	13	29,417	29,417	0
Other Expenses	14	2,383	2,753	(370)
Total Expenditure		148,210	154,280	(6,070)
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	15	12,826	29,826	17,001
Cost of Assets Sold	16	(7,226)	(15,121)	(7,895)
Total Gain/(Loss) on Disposals of Assets		5,600	14,706	9,106
Underlying Operating Results Surplus/(Deficit)		4,159	7,695	3,536
Other Cash & Non Cash Contributions				
Developer Cash Contributions	17	8,357	18,327	9,969
Developer Contributions - Non Monetary Assets	18	72,953	62,000	(10,953)
Capital Grants & Contributions	19	5,465	11,140	5,675
Total Capital Grants & Cash & Non Cash Contribution		86,775	91,466	4,691
Total Surplus/Deficit for the Year Before Trfs.		90,934	99,162	8,227
Council Capital Budget		52,173	58,144	(5,971)
Capital DCP-In-Kind		19,751	38,106	(18,355)

Monthly Management Report 2017/2018
 Significant Variance Comments
 Approved Budget vs. 2nd Quarter Forecast

Income/Expenditure Type	2017/18 Approved Budget (000's)	2017/18 2nd Quarter Forecast (000's)	Variance - Fav/(Unfav) (000's)	Approved Budget to 2nd Quarter Year-end Forecast Variance Explanations
Income				
Rates & Charges	104,277	105,563	1,286	<p>** Favourable variance is attributable to projected increase in supplementary rates due to higher number of properties expected to be released as a result of higher level of growth than predicted in the budget</p> <p>Unfavourable variance of \$5.2m is the net effect of the following: ** Unfavourable variance in Grants Commission funding of \$6.097m this year. This is due to 50% of 2017/18 Grants Commission general and local roads funding of \$6.914 received in advance in June 2016, partly offset by the \$817k of increased allocation approved for the year compared to budget. ** Reduction in grants income due to change in the funding model for programs such as school crossing, reconnect, emergency management, sons of the west and others (\$214k).</p> <p>This unfavourable variance is partly offset by: ** Unbudgeted grants expected to be received by year end for arts project, native vegetation, crime prevention, right at home program under family services, arts project grants and others (\$617k) ** Increased funding received for Library administration, family violence consultations, maternal and child health services, supported playgroup and parenting initiative, family support services (\$470k) and others</p>
Operating Grants	25,910	20,686	(5,224)	<p>Favourable variance is attributable to the following: ** Increased fee revenue from Compliance department from building services, regulatory and parking fines due to more proactive patrols (\$768m) ** Increased revenue from Victorian Electoral commission for failure to vote(\$175k) *Increase in subdivision plan checking fee, Non standard public lighting fee and subdivision construct supervision fee due to significant increase in land development and (\$900k) ** Projected increase in permit fee income in Planning Services due to increased applications and increase in fees by the state government (\$450k). ** Additional fee income from non budgeted activities Toolern Project Coordination (\$190k)</p>
User Fees & Charges	10,644	13,031	2,388	<p>This increase is partly offset by minor reductions in fees in Melton and CS library (\$16k), occasional care programs due to lower utilisation(\$39k) and other minor variances</p>
Contributions & Reimbursements	232	878	646	<p>This increase is attributable to the following: ** Payment received from insurer in relation to claims raised by council to repair council assets(\$230k). **Reimbursement of works carried out for the Western Water on Abey road bridge(\$215k) ***Increase in valuation income in rates(\$200k)</p>

Income/Expenditure Type	2017/18 Approved Budget	2017/18 2nd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 2nd Quarter Year-end Forecast Variance Explanations
Interest On Investments	1,990	3,190	1,200	Interest income is expected to exceed budget due to projected higher level of funds available for investment from significant carry over funds from last financial year and lower level of capital expenditure.
Other Revenue	3,717	3,922	205	This variance is due to minor increases in program revenue in Caroline Springs and Melton library, Melton Business excellence awards, CHSP programs and Neighbourhood house programs
Total Income	146,769	147,270	501	
Expenditure				
Employee Costs	53,417	53,423	(6)	Unfavourable variance in contracts and materials is due to: ** Engagement of specialised contractor staff for guidance in increasing maturity in information security and other specific projects (eg. cloud migration, contract management, purchasing compliance, windows 10 pilot, environmental health mobility, waste management uplift and large planning file submissions and order management work) in the information services area(\$2.32m) ** Other increases include the recognition of that will be offset by advance income carry forwards from 2016/17 (\$106k) for development of history of Melton project and others (\$25k) ** Allowances for additional agency staff to manage Growing suburbs fund projects in the capital projects area(\$220k) ** Increase in Risk and Performance in the areas of emergency preparedness, health and wellbeing, hazard management and injury management(\$79.7k) ** Melton Waves settlement claim (\$82k) and others
Contract Materials	36,870	39,713	(2,843)	Unfavourable variance is attributable to projected increase in expenses the following areas across number of business units based on projections. ** Increase in professional advisory services in City Design and Strategy. (\$528k). This expenditure will be offset by \$332k carry forward of unspent grant income and expenditure from 2016/17 ** Increase in insurance premiums, legal fees and professional advisory services in significant legal matters involving landfill and Carbone(\$324k)
Program Expenses	14,509	15,248	(739)	This unfavourable variance is partly offset by the savings from: **Postage charges in rate notices due to electronic notices and rates being paid in full at settlement(\$75k) **Savings from risk register annual licence fee(\$21k) and other minor
Borrowing Cost	961	961	(0)	
Utilities	5,602	5,696	(94)	
Maintenance	5,051	7,070	(2,019)	The unfavourable variance mainly relates to the write-off of WIP sitting in capital works that is not capital in nature.
Depreciation	29,417	29,417	0	

Income/Expenditure Type	2017/18 Approved Budget	2017/18 2nd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 2nd Quarter Year-end Forecast Variance Explanations
Other Expenses	2,383	2,753	(370)	Unfavourable variations is largely attributable to: ** The recognition of expenditure in this financial year for the unspent grant income received in 2016/2017. The actual expenditure will be offset by a transfer from carry forward reserve at year-end.
Total Expenditure	148,210	154,280	(6,070)	
Non Operating Income & Expenditure				
Proceeds from Sale of Assets	12,826	29,826	17,001	** Favourable variance is based on Atherstone sales projection of 520 lots for the end of the year(\$15.5m) and settlement of 54 Pinnacle drive(\$1.5m)
Cost of Assets Sold	(7,226)	(15,121)	(7,895)	The unfavourable variance relates to ** The projected increase in land sales projections of 520 lots by the end of the year (\$6.4m). ** Asbestos removal contract in Atherstone (\$1.5m)
Total Gain/(Loss) on Disposals of Assets	5,600	14,706	9,106	
Underlying Operating Results Surplus/(Deficit)	4,159	7,695	3,536	
Other Cash & Non Cash Contributions				
Developer Cash Contributions	8,357	18,327	9,969	On current trends cash contributions from Developer Contributions Plans (DCP), Precinct Structure Plan(PSP) and Community Infrastructure Levy (CIL) are projected exceed budget by \$9.9m. This is mainly attributable to the significant level of growth in development activity in the municipality
Developer Contributions - Non Monetary Assets	72,953	62,000	(10,953)	The non cash contributions are likely to increase by \$13.7m which reflects the works in kind not budgeted in 2017-2018. It is also expected that the rolling credit balance are likely to increase by \$24.7m due to the an increase in works in kind delivered by Developers. The net effect is a decrease of \$10.9m at year end
Capital Grants & Contributions	5,465	11,140	5,675	This favourable variance relates to the announcement of the following growing suburbs funding to be received in this financial year: ** Fraser Street Reserve funding(\$1.0m) ** Fraser Rise multi purpose community centre (\$1.0m) ** Macpherson Park development(\$1.0m) ** Melton Central Community Centre(\$1.0m) ** Allenby Road Reserve upgrade(\$300k) ** Bill Cahill Reserve upgrade(\$300k) ** Arnolds Creek play space(\$300k) ** Hannah watts Park Upgrade(\$600k)
Total Capital Grants & Cash & Non Cash Contributions	86,775	91,466	4,691	This variance also includes the unbudgeted grants for Light up Lake Caroline(\$175k)
Total Surplus/(Deficit) for the Year Before Trfs.	90,934	99,162	8,227	

ACTUALS	BALANCE SHEET	ACTUALS		BUDGET
		This Year	Last Year	This Year
Last Year		As at end	As at end	Full Year
Dec-16		Dec-17	Jun-17	2017/2018
\$(000's)		\$(000's)	\$(000's)	\$(000's)
	CURRENT ASSETS			
3,479	CASH ASSETS IN HAND & AT BANK	10,217	6,193	86,912
39,110	INVESTMENT - GENERAL	75,367	51,277	0
50,760	INVESTMENT - RESTRICTED & OTHERS	43,367	42,825	0
11	INVENTORIES & OTHER FINANCIAL ASSETS*	12	12	2,215
62,754	DEBTORS-RATES & OTHER	87,478	29,505	7,346
1,108	ASSETS CLASSIFIED AS HELD FOR SALE	223	223	3,000
0	PREPAYMENTS/OTHER ASSETS	131	17,773	0
157,222	TOTAL CURRENT ASSETS	216,795	147,808	99,473
	NON CURRENT ASSETS			
1,709,468	INFRA, PROPERTY PLANT & EQUIPMENT	1,863,645	1,878,199	1,884,373
47	INVENTORIES	37	37	57
6,617	INVESTMENT PROPERTY	6,791	6,791	7,500
1,349	OTHER FINANCIAL ASSETS	370	370	1,425
4,338	INTANGIBLES	4,012	4,012	3,684
11,673	WORK-IN-PROGRESS (incl Capital DCP - in kind works)	28,788	0	0
1,733,492	TOTAL NON CURRENT ASSETS	1,903,643	1,889,409	1,897,039
1,890,714	TOTAL ASSETS	2,120,438	2,037,217	1,996,512
	CURRENT LIABILITIES			
4,540	PAYABLES	3,153	9,435	14,400
8,783	EMPLOYEE BENEFITS	9,507	10,372	9,400
6,915	INTEREST BEARING LIABILITIES	3,380	3,380	2,826
147	OTHER LIABILITIES	1,725	2,081	2,259
20,385	TOTAL CURRENT LIABILITIES	17,765	25,268	28,885
	NON CURRENT LIABILITIES			
1,364	EMPLOYEE BENEFITS	1,730	1,713	2,227
19,880	INTEREST BEARING LIABILITIES	17,107	18,773	15,947
4,814	OTHER LIABILITIES	6,451	3,911	3,465
26,058	TOTAL NON CURRENT LIABILITIES	25,288	24,397	21,639
46,443	TOTAL LIABILITIES	43,053	49,665	50,524
1,844,271	NET ASSETS	2,077,385	1,987,553	1,945,989
	EQUITY			
973,294	ACCUMULATED SURPLUS	1,104,830	1,004,766	1,044,150
61,544	OPERATING SURPLUS FOR THE PERIOD	92,129	100,081	90,934
	RESERVES			
752,116	REVALUATION RESERVES	811,524	811,532	752,124
57,317	OTHER RESERVES	68,902	71,174	58,780
1,844,271	TOTAL EQUITY	2,077,385	1,987,553	1,945,989

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 31 December 2017 was \$128.9m, which represents an increase of \$28.6m 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 8.

	\$'000's	\$'000's
Cash at 1 July 2017		\$100,295
Plus: Net Inflow/(Outflow) from operating activities	\$26,937	
Less Net Inflow/(Outflow) from Investing activities	\$3,385	
Less Net Inflow/(Outflow) from financing activities	(\$1,666)	
Net Increase/(decrease) in cash held		\$28,656
Cash and Investments on hand at 31 December 2017		\$128,951

Receivables:

Total receivables outstanding as at 31 December 2017 amounted to \$87.5m, which included rate debtors of \$53.2m. The total outstanding receivables comprised: -

Receivables	31 December 2017 (000's)	31 December 2016 (000's)
Rate Debtors	\$53,231	\$51,664
Infringements & Local Laws Debtors	\$3,409	\$442
Sundry & other debtors net of provision for doubtful debts (includes land sales accrual)	\$30,838	\$10,642
Total Receivables	\$87,478	\$84,142

Non-Current Assets:

Infrastructure, Plant & Equipment

The value of Council's property, plant & equipment has decreased by \$14.5m. 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 \$4.0m represent non-exclusive licence granted to Melton City Council by Department of Education and the Caroline Springs College for the use of CS College Creekside Campus (\$545k) and the Springside Children's and Childcare facility (\$1.3m) built on DOE land and Kororoit Creek Learning Centre (\$2.1m). The balance represents Council's contributions net of amortisations.

Current & Non-Current Liabilities:

Payables

Creditors have decreased by \$6.3m from the June 2017 balance of \$9.4m to \$3.1m at balance date. The outstanding payables amount varies from month to month depending upon the status of the accounts payable cycle.

Employee Benefits

Employee benefits represent current and non-current components of annual and long service leave liabilities at balance date. Current component of the liability being the amounts to be settled within the 12 months after the reporting period estimated at \$9.5m, with the non-current at \$1.7m. Any transfers to and from employee benefit will occur at year end.

Interest Bearing Liabilities:

Total loan liability as at 30 December 2017 is \$20.5m. Principal repayment for the 2nd quarter amounted to \$1.67m.

Working Capital and Liquidity:

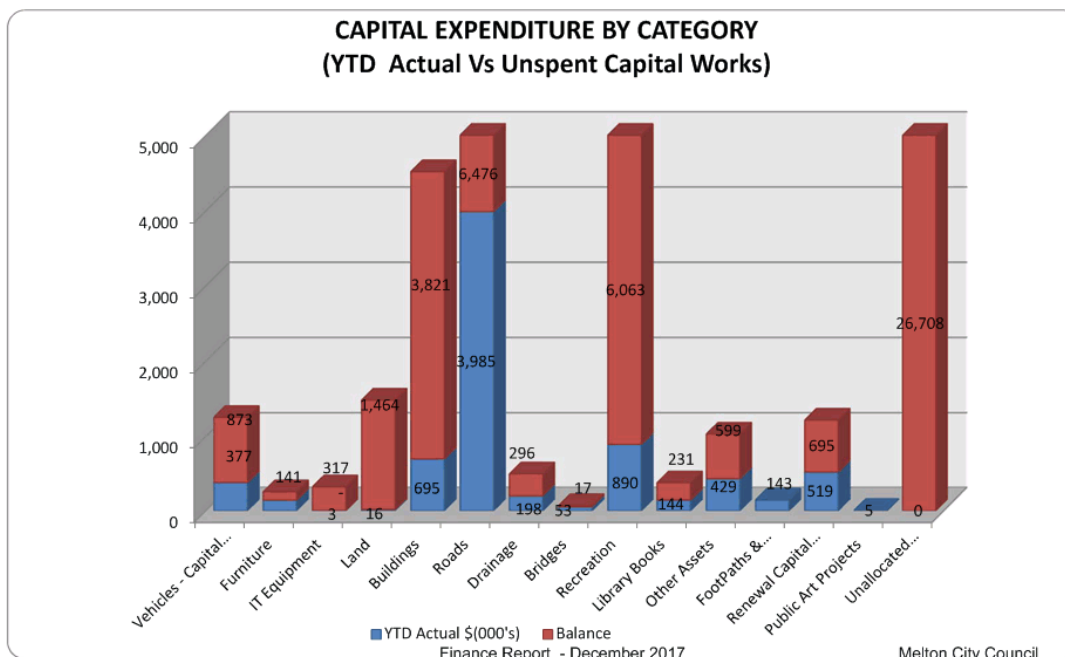
The working capital ratio is used to assess Council's ability to meet current commitments and is derived by dividing current assets by current liabilities. The working capital ratio for the YTD period is 1:12.2. The after removing the impact of rate debtors is 1:9.2

Last Year 2016/2017	CASH FLOW STATEMENT	Actuals	This Year
YTD Actual Dec-16 \$(000'S)		2017/2018 As at End Dec-17 \$(000's)	Budget 2017/2018 Annual Budget \$(000's)
	Cash Flow from Operating Activities		
	<u>RECEIPTS</u>		
52,268	Rate & Charges	56,966	104,177
16,666	Statutory Fees & Fines & Others	19,982	13,454
24,750	Government Grants & Contributions	26,259	38,472
1,092	Interest Received	1,586	1,830
2,893	Other Revenue (incl Trust Receipts)	4,775	2,563
	<u>PAYMENTS</u>		
(47,186)	Payments to Suppliers	(57,372)	(65,265)
(601)	Borrowing Costs	(427)	(961)
(22,706)	Payments to Employees	(24,832)	(53,043)
27,176	NET CASH FROM OPERATING ACTIVITIES	26,937	41,228
	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
(10,960)	Payments for Acquisition of Non-Current Assets	(7,599)	(52,173)
1,851	Proceeds from Sale of Non-Current Assets	10,984	12,826
(9,109)	NET CASH FROM INVESTING ACTIVITIES	3,385	(39,347)
	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
(2,273)	Repayment of Loans	(1,666)	(3,380)
0	Proceeds from Borrowings	0	0
(2,273)	NET CASH FROM FINANCING ACTIVITIES	(1,666)	(3,380)
15,794	NET INCREASE/(DECREASE) IN CASH HELD	28,656	(1,499)
	<u>CASH POSITION</u>		
77,555	Cash Balance at Beginning- as at 1st July	100,295	88,412
93,349	Cash Balance at End of Period	128,951	86,912

CAPITAL EXPENDITURE BY CATEGORY

2017/2018 FINANCIAL YEAR

CAPITAL EXPENDITURE	YTD Actual	YTD Budget	YTD Variance	Total Budget
	\$(000's)	\$(000's)	\$(000's)	\$(000's)
Vehicles - Capital Cost	377	500	123	1,250
Furniture	141	99	(43)	255
IT Equipment	3	160	157	320
Land	16	200	184	1,480
Buildings	695	1,293	599	4,516
Roads	3,985	2,906	(1,079)	10,461
Drainage	198	90	(108)	494
Bridges	53	0	(53)	70
Recreation	890	2,949	2,060	6,953
Library Books	144	198	53	375
Other Assets	429	291	(138)	1,027
FootPaths & Cycleways	143	161	18	1,568
Renewal Capital Expenditure	519	501	(18)	1,215
Public Art Projects	5	0	(5)	25
Unallocated Component of Council Capex	0	0	0	26,708
Total capital expenditure Excl Capital DCP In Kind	7,599	9,348	1,749	56,717
Capital DCP in Kind	21,189	3,126	(18,063)	19,751
Total Capital expenditure	28,788	12,474	(16,313)	76,468



MONTHLY ANALYSIS OF CAPITAL EXPENDITURE
2017/2018 FINANCIAL YEAR

CAPITAL EXPENDITURE	Total	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)	\$(000's)
Vehicles - Capital Cost	377	134	93	94	4	50	2						
Furniture	141	0	56	10	60	6	9						
IT Equipment	3	1	1	0	0	0	1						
Land	16	16	0	0	0	0	0						
Buildings	695	37	195	195	114	130	24						
Roads	3,985	(31)	633	997	1,028	859	499						
Drainage	199	(11)	1	42	127	16	24						
Bridges	53	0	0	47	0	0	6						
Recreation	890	(182)	257	125	142	99	449						
Library Books	144	16	11	30	32	27	28						
Other Assets	429	(11)	16	3	121	272	28						
Footpaths & Cycleways	143	5	18	0	67	53	0						
Renewal Capital Expenditure	519	26	42	45	108	161	137						
Public Art Expenditure	5	0	0	0	0	5	0						
Total Capital Expenditure Excl Capital DCP In Kind	7,599	0	1,323	1,588	1,803	1,678	1,207	0	0	0	0	0	0
Capital DCP in Kind	21,189	0	0	6,241	0	1,030	13,918						
TOTAL CAPITAL EXPENDITURE	28,788	0	1,323	7,829	1,803	2,708	15,125	0	0	0	0	0	0

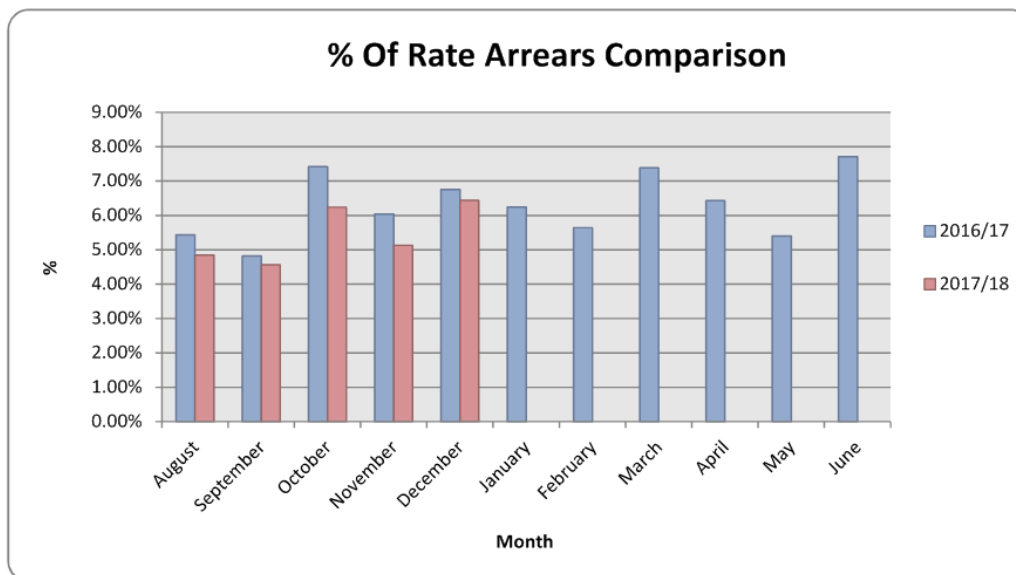
* Public Art Expenditure on Projects are charged to the respective projects. Any additional expenditure will be transferred out of reserves at year end.

Analysis of Overdue Instalment Rate Debtors - December 2017

(Excluding Fire Service Levy)

<i>Overdue Rate Debtors</i>	<i>No of Properties</i>	<i>Debts Outstanding (\$)</i>
<i>Owings</i>		
<i>Less Than \$1000</i>	4,455	1,174,283
<i>\$1000 to \$1999</i>	758	1,011,826
<i>\$2000 to \$4999</i>	638	2,051,935
<i>\$5000 to \$10,000</i>	194	1,324,097
<i>Greater Than 10,000</i>	75	1,398,580
Total	6,120	6,960,721

**There are 633 properties in credit . Total credit amounts to \$514,764



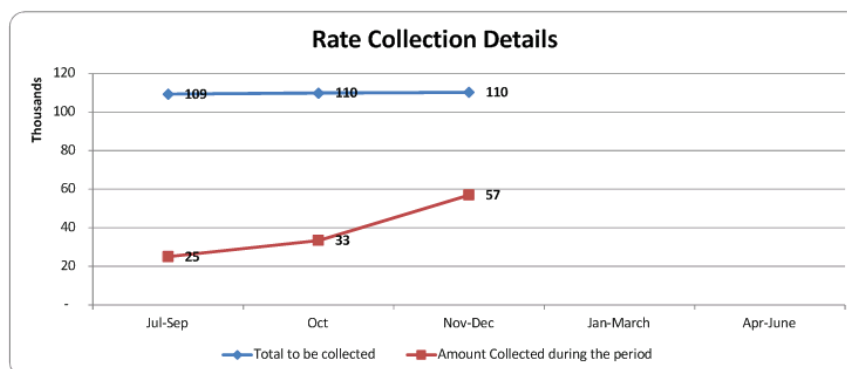
Summary of Overdue Rate Debt Arrears & Recovery Actions - December 2017

SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 31 December 2017	NO OF PROPERTIES	RATE DEBTS OUTSTANDING \$000'S
Summons issued	162	577
Judgements issued	38	174
Summons for Oral Examination	255	1,725
Legal Arrangements	21	113
Other action - Demand Letters etc	1,811	3,298
Total Debt Recovery Action In Progress	2,287	5,888
Arrangements in place - Non Legal	659	353
Properties with no recovery/arrangements in place	3,174	719
TOTAL	6,120	6,960

Number of Financial Hardship applications received in December is 6

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	6,082	-			
Rates raised in 2017-2018	105,746	-			
Interest raised to date	187	193	329		
Rebates, adjustment and unallocated Pmts	(5,622)	(2,720)	(3,522)		
Supplementary rates raised	2,894	3,050	3,580		
Total to be collected	109,287	109,810	110,197		
Amount Collected during the period	25,028	33,469	56,966		
Balance to be collected	84,259	76,341	53,231		



Capital Projects Report for the Month of December 2017

Master Account	2017/18 YTD Actuals	YTD Budget	Total Released Budget 2017/18	Council Adopted Budget 2017/18	Post Budget Carry Forward 2017/18	2017/18 QTR Forecast	2017/18 2 Forecast	Forecast Carry Forward to 2018/18	2017/18 Percent of Budget Spent	Progress	Issues	Comments	D F S
Totals	7,586,298	9,348,314	82,172,834	82,172,834	3,969,229	54,328,870	58,143,798	11,810,000					
01605 - Plant Purchases/Replacement	377,290	500,000	1,250,000	1,250,000	0	1,250,000	1,250,000						
02033 - Annual Computer Replacement Project	2,435	159,836	320,000	320,000	0	279,000	279,000						
02005 - Library Collection	144,110	197,900	375,000	375,000	0	375,000	375,000						
03010 - Minor Traffic Control Works	73,400	0	600,000	15,000	600,000	600,000	693,220						
03082 - Enterprise Circuit Streetscape	0	0	331,240	0	0	0	293,320						
03110 - Shared/Bicycle Paths Construction Program	127,558	0	800,000	218,821	800,000	762,377	159,000						
03124 - New Footpaths Construction Program	92,398	124,860	250,000	86,645	250,000	352,253							
03140 - Footpaths Maintenance/Replacement	143,416	181,000	1,085,000	483,147	1,085,000	1,085,000							
03162 - Footpath Extensions	0	0	220,000	0	220,000	220,000							
03170 - Annual Refurfacing Periodic Resalls	1,717	0	2,739,948	0	2,739,948	2,739,948							
03196 - Sidewalks Construction/Westwood Dr Bridge	0	0	4,100,000	0	4,100,000	0	5,088,766	3,938,715	60,000				
03250 - Kerb & Channel Rehabilitation	217,723	31,901	95,800	100,000	0	100,000	217,723						
03252 - VSD/Water Sensitive Urban Design Program	110,235	0	380,000	0	380,000	178,201	250,000						
03904 - PSP Council Funded Porton Wk/Land	0	0	500,000	400,000	0	500,000	500,000						
03948 - Acquisition of Property - Palmerston Street Melton	0	199,920	400,000	400,000	0	400,000	400,000						
04533 - Abey Road - Toklen Creek to Ferris Road	1,006,833	0	0	750,000	0	750,000	1,200,000						
06017 - Irrigation System Renewal Program	105,400	0	210,000	0	210,000	210,000							
07035 - Recreation Facilities - Female Change Room Upgrade	1,941	0	650,000	0	650,000	650,000							
07115 - Tree Planting	93,176	0	0	0	24,888	250,000	250,000	80,000					
08392 - Melton Bowling Greens Restoration	51	0	0	2,000,000	0	2,000,000	2,211,000						
08707 - Burdass Heights Children's Community Centre	0	0	0	250,000	101,415	250,000	250,000						
08713 - Natball Court Upgrade	3,470	0	0	4,500,000	0	4,500,000	7,005,000						
08719 - Chesham Springs Sub Regional Tennis Centre-Design	352,551	0	0	208,000	58,853	208,000	208,000						
08727 - Tennis Court Upgrade	23,828	0	0	0	0	0	0						
08727 - Streetscape Improvements	1,966,238	2,428,140	4,858,228	5,334,800	0	5,334,800	5,334,800	2,500,000					
08763 - Taylors Hill West PSP-2 Senior Football / Cricket	0	2,350,314	4,702,605	10,522,075	229,191	10,522,075	10,522,075	8,000,000					
08770 - CipeX Program - Building Component Renewals	548,802	550,000	1,114,000	121,000	1,114,000	1,114,000	1,114,000						
08775 - Frazer Rise - Multi-purpose Community Centre	1,100	0	0	500,000	0	500,000	500,000						
08782 - Bidgee Road	0	0	0	200,000	0	200,000	200,000						
08788 - Melton Civic Centre Redevelopment - Year 2	66,631	0	0	0	0	0	900,000						
08790 - Passive Reserve Development Program	244,913	0	0	900,000	55,000	900,000	604,000						
08818 - Mount Central Recreation Reserve - Rehabilitation	29,410	0	0	450,000	0	450,000	550,000						
08821 - Bridge Rehabilitation Program	0	0	0	220,000	0	220,000	220,000						
08835 - Chesham PI Flood Protection Work	12,676	0	0	198,463	0	198,463	198,463						
08857 - Waterford Park Wetland Landscape Works	35,622	0	0	347,126	0	347,126	780,000						
08858 - Melton Botanic Garden Walking Trail	380,098	250,999	445,458	340,900	0	402,190	400,000						
08859 - Passive Reserves - Lighting Program	0	100,000	200,000	200,000	0	200,000	200,000						
08870 - Scouts Activity Centre - Burrside	0	0	0	500,000	0	500,000	500,000						
08871 - Hume Drive Duplication (Stage 1)	0	0	0	3,545,000	0	3,545,000	3,627,730	650,000					
08872 - Macpherson Park Redevelopment	63,535	249,900	500,000	1,000,000	0	500,000	1,000,000	380,000					
08885 - Alamee Community Hub	0	0	0	0	0	0	275,000						
08901 - Melton Central Community Centre (Whitehouse)	3,959	0	0	350,000	0	350,000	360,000						
08904 - Mabury Road Reserve Upgrade	0	0	0	0	0	0	360,000						
08851 - Unallocated Recurrent Budget	0	0	26,708,244	0	0	0	0						
Combined Projects With a Budget Below \$200,000	1,367,183	2,033,754	8,887,059	5,548,811	1,282,700	3,976,000	4,457,626	10,000					

● 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)

02033 - Annual Computer Replacement Project	Decrease in forecast expenditure associated with allocation of funds to project labour costs
03010 - Minor Traffic Control Works	Increased forecast attributed to \$15,000 post budget carry forward from 2016/17 and \$78,220 overspend due to high prices caused by market conditions.
03082 - Enterprise Circuit Streetscape	Unbudgeted project required due to Fraser Rise Secondary College. Contract price lower than estimate. Excess released funds not required.
03110 - Shared/Bicycle Paths Construction Program	Carry forward of \$150,000 required for 2018/19 for Navan Park Project caused by delays in CHMP approval.
03124 - New Footpaths Construction Program	Increased forecast attributed to \$86,645 post budget carry forward from 16/17 and contract prices higher than expected resulting in overspend of \$15,608.
03196 - Backworks Construction/Westwood Dr Bridge	Project delayed as DELWP approvals were delayed. Construction commenced January 16th. \$60,000 carry forward required for 2018/19.
03250 - Kents & Charnal Rehabilitation	Additional funds required to complete works from last year due to higher prices caused by market conditions.
04533 - Aley Road/ Toolem Creek to Ferris Road	Expenditure fully offset by post budget carry forward of \$750,000. Income from DC reserve and fees from Western Water
06392 - Melton Bowls Greens Restoration	Carry forward of \$80,000 required to complete project in 2018/19
06707 - Burnside Heights Children's Community Centre	\$211,000 additional funds approved by Council as part of Contract award.
08719 - Caroline Springs Sub Regional Tennis Centre-Design	\$2M over expenditure approved by Council as part of Contract award. \$500k from ledger 8873 for roof repairs
08777 - Streetscape Improvements	Program spans multiple financial years. Project timelines have been adjusted to minimise impact on traders. \$2,500,000 carry forward required to complete program in 2018/19.
08763 - Taylors Hill West PSP-2 Senior Football / Cricket	Project has had significant delays due to protracted negotiations with George Cross Soccer Club. \$8,000,000 to be carry forward to 2018/19 to complete project.
08788 - Melton Civic Centre Redevelopment - Year 2	Melton Accommodation design fees. Will be offset by reserve transfer.
08790 - Passive Reserve Development Program	Forecast includes \$55,000 post budget carry forward. \$360,000 has been moved to ledger 08904.
08818 - Mount Cottrell Recreation Reserve - Rehabilitation	Additional funds required due to contract costs being higher than expected.
08835 - Chesbank Pt Flood Protection Work	Increased forecast attributed to \$200,000 post budget carry forward from 2016/17 and project cost higher than expected due to market conditions resulting in \$30,000 overspend.
08857 - Vallerford Park & Weiland Landscape Works	Expenditure offset by income from developer bank guarantees.
08871 - Home Drive Duplication (Stage 1)	Project will be completed under budget. Surplus funds not required.
08872 - Mischerson Park Redevelopment	Carry forward of \$630,000 required to complete project in 2018/19.
08885 - Aniree Community Hub	Carry forward of \$380,000 required to complete project in 2018/19.
08901 - Melton Central Community Centre (Whitehouse)	Recently announced Growing Suburbs Fund project. \$275,000 required for design fees.
08903 - Hamah Waits Park Upgrade	Recently announced Growing Suburbs Fund project. \$280,000 required for design fees.
08904 - Allentby Road Reserve Upgrade	Recently announced Growing Suburbs Fund project. \$100,000 required for design fees.
	Growing Suburbs Fund Project. Ledger 08790 has had a corresponding reduction in forecast of \$360,000