



**2017/2018**  
**Finance Report**

**9 Months ended**  
**31 March 2018**



## **Finance Report Index**

	<i>Page</i>
<i>Executive Summary</i>	1
<i>Operating Statement by Income/Expenditure</i>	3
<i>Operating Statement - Comments</i>	4
<i>Operating Statement by Income/Expenditure - 3rd Qtr</i>	7
<i>Operating Statement by Income/Expenditure - 3rd Qtr - Comments</i>	8
<i>Balance Sheet</i>	12
<i>Balance Sheet - Comments</i>	13
<i>Cash Flow Statement</i>	15
<b>Analysis of Capital Expenditure</b>	
<i>Analysis of Capital Expenditure Groups</i>	16
<i>Monthly Analysis of Capital Expenditure Groups</i>	17
<b>Other</b>	
<i>Analysis of Overdue Instalment Rate Debtors</i>	18
<i>Summary of Overdue Rate Debt Arrears &amp; Recovery</i>	19
<b>Capital</b>	
<i>Capital Expenditure Analysis - with comments (Capital works Committee)</i>	20

## Melton City Council

### Monthly Finance Report for the 9 months period ended March 2018.

#### Financial Risk

No new instances of financial fraud or risk is identified in the quarter ending 31 March 2018

#### Executive Summary

##### Operating Results

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

The underlying surplus for the March YTD period was \$44.5m. This compared with the profiled budgeted result of \$36.0m resulted in a favourable variance of \$8.5m

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

##### Year-end Forecast

3rd quarter review of operating and capital expenditure as at the end of March 2018 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 3rd quarter year-end forecast with approved budget is shown on page 7 with the detail variance commentary on pages 8-11

Second Quarter Year-End Forecast-Summary		\$(Millions)
<b>Operating</b>		
Forecast favourable variance in Operating Results before transfers		<u>\$22.8</u>
<b>Capital</b>		
Forecast unfavourable variance in Council Capital Expenditure		<u>(\$3.0)</u>
Forecast unfavourable variance in Capital Developer Contribution Plan (DCP) In -Kind Expenditure		<u>(\$22.4)</u>

##### Capital Expenditure

The Council capital expenditure budget for 2017/18 is a total of \$56.7m. 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 \$56.7m.

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 March was \$16.3m or 28.7% of the Council capex budget of \$56.7m.

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 \$133.7m. This balance includes \$131.3 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 \$2.4m.

### Debtors

Receivables outstanding totalled \$62.2 (net of doubtful debts provisions) of which \$29.8m relates to rates debtors including instalments not due. Rate revenue received in the YTD period amounted to \$81.4m. Infringement Debtors amounted to \$3.6m and other sundry debtors (including accrued land sales and other income accrued as at 31 March) was \$28.8m.

<b>Monthly Management Report 2017/2018</b>						
<b>Operating Statement by Income / Expenditure line items</b>						
<b>for the 9 Months ended 31 March 2018</b>						
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)
	<b>Income</b>					
98,695	Rates & Charges	1	105,115	103,534	1,582	104,277
19,169	Operating Grants	2	15,939	21,804	(5,865)	25,910
7,251	User Fees & Charges	3	10,612	8,006	2,606	10,644
760	Contributions and Reimbursements	4	1,071	175	897	232
1,693	Interest On Investments	5	2,506	1,450	1,056	1,990
2,688	Other Revenue	6	3,118	2,790	327	3,717
130,257	<b>Total Income</b>		138,361	137,758	603	146,769
	<b>Expenditure</b>					
34,878	Employee Costs	7	37,601	38,979	1,378	53,417
22,092	Contract Materials	8	28,325	26,121	(2,205)	36,870
9,812	Program Expenses	9	9,318	10,252	934	14,509
351	Borrowing Cost	10	617	621	4	961
3,186	Utilities	11	3,776	4,049	273	5,602
2,761	Maintenance	12	3,077	3,576	499	5,051
18,885	Depreciation	13	21,809	21,809	0	29,417
1,599	Other Expenses	14	1,736	1,690	(46)	2,383
93,564	<b>Total Expenditure</b>		106,258	107,096	838	148,210
	<b>Non Operating Income &amp; Expenditure</b>					
4,009	Proceeds from Sale of Assets	15	21,158	12,578	8,579	12,826
(727)	Cost of Assets Sold	16	(8,751)	(7,226)	(1,525)	(7,226)
3,282	<b>Total Gain/(Loss) on Disposals of Assets</b>		12,407	5,353	7,054	5,600
39,974	<b>Underlying Operating Results Surplus/(Deficit)</b>		44,510	36,015	8,495	4,159
	<b>Other Cash &amp; Non Cash Contributions</b>					
10,729	Developer Cash Contributions	17	17,149	8,357	8,792	8,357
9,080	Developer Contributions - Non Monetary Assets	18	10,084	33,704	(23,620)	72,953
1,071	Capital Grants	19	4,218	2,674	1,543	5,465
20,880	<b>Total Capital Grants &amp; Cash &amp; Non Cash Contr</b>		31,451	44,735	(13,285)	86,775
60,854	<b>Total Surplus/Deficit for the Year Before Trfs.</b>		75,961	80,750	(4,789)	90,934
	<b>Reserve Transfers</b>					
950	Transfers From Reserves	20	18,356	(417)	18,773	2,072
(18,765)	Transfer to Reserve	21	(22,250)	(24,524)	2,274	(27,844)
(17,815)	<b>Total Net Transfers - Income/(Exp)</b>		(3,895)	(24,941)	21,047	(25,772)
43,039	<b>Total Surplus/(Deficit) Net of Transfers</b>		72,067	55,809	16,257	65,162

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

Finance Report - March 2018



Monthly Management Report 2017/18 Operating Statement - Significant Variance Comments 9 Months Ended 31 March 2018				
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2017/18 Approved Budget (000's)
<b>Income</b>				
<b>Rates &amp; Charges</b>	1 105,115	103,534	1,582	104,277
<b>Operating Grants</b>	2 15,939	21,804	(5,865)	25,910
<b>User Fees &amp; Charges</b>	3 10,612	8,006	2,606	10,644
<b>Contributions &amp; Reimbursements</b>	4 1,071	175	897	232
<b>Interest On Investments</b>	5 2,506	1,450	1,056	1,990
<b>Other Revenue</b>	6 3,118	2,790	327	3,717
<b>Total Income</b>	<b>138,361</b>	<b>137,756</b>	<b>603</b>	<b>146,769</b>

**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.

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.

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).

The total unfavourable variance is partly offset by:  
**1. Unbudgeted grants for:**  
 \*\* Water sensitive urban design program, right@home program, road safety and active transport programs and other funding received for crime prevention, library administration and arts projects. In total \$329k year-to-date across a number of business units.

**2. Higher than budgeted grants for:**  
 \*\* Families and Children (\$356k), Emergency Management (\$72k), Libraries (\$53k), Community Care and others (\$37k).

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 (\$828k).  
 \* 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 (\$678k).

\*\* Favourable variance in Legal and Governance due to election fines (\$173k).  
 \*\* Higher than budgeted income in transfer station and others in operations.  
 \*\* Higher planning permit fees than budgeted (\$703k). This increase in permit fees is primarily due to an increase in application numbers and the State Government significantly increasing fees.

Favourable variance is due to:  
 \*\* Unbudgeted contributions received for City Visa Ovals and Courts (\$500k).  
 \*\* Reimbursement for works carried out for Western Water on the Abery road bridge construction which was unbudgeted in 2017/18 (\$215k).  
 \*\* Receipt from insurers in relation to claims raised by Council to repair assets (\$17k) and other timing related variations.

\*\* Unbudgeted income for Urban Rehabilitation unscheduled works and other related income (\$54k).

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.

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

Monthly Management Report 2017/18 Operating Statement - Significant Variance Comments 9 Months Ended 31 March 2018				
Income/Expenditure Type	YTD Actual (000's)	YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	2017/18 Approved Budget (000's)
<b>Expenditure</b>				
Employee Costs	7 37,601	38,979	1,378	53,417
				<p>This favourable variance in employee cost is the net effect of \$1.348m favourable in salaries and wages and \$30k favourable in payroll oncost.</p> <p>The favourable variance of \$1.348k or 3.5% 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"> <li>** Families and Children (\$452k).</li> <li>** Community Care (\$358k).</li> <li>** Engineering Services (\$258k).</li> <li>** Risk and Performance (\$109k).</li> <li>** Other business units (\$171k).</li> </ul> <p>The favourable variance of \$30k in oncost expenditure is mainly due to the timing variations in long service leave, annual leave loading, maternity leave expense.</p>
Contract Materials	8 28,325	26,121	(2,205)	36,870
				<p>Unfavourable variance is due to:</p> <ul style="list-style-type: none"> <li>** Higher than budgeted expenditure on contract agency labour costs for Information Services projects such as business transformation project, cloud infrastructure project, councilor information portal, annual computer replacement program and others (\$2.331m). This was approved after the budget was finalised as projects expenses.</li> <li>** Increased expenditure on contract labour in Capital Projects for additional staff to manage the Growing Suburbs Fund projects (\$178k) and others such as Compliance (\$28k) and Operations including Transfer Station (\$300k) due to higher level of activity than budget.</li> </ul> <p>Overall unfavourable variance is partly offset by:</p> <ul style="list-style-type: none"> <li>** Savings from contracted services in green waste disposal (\$475k).</li> <li>** Lower than budgeted contract expenditure in inspection services (\$99k).</li> <li>** Lower than budgeted expenditure in Asset Reinstatement and signage and other costs (\$58k).</li> </ul>
Program Expenses	9 9,318	10,252	934	14,509
Borrowing Cost	10 617	621	4	961
Utilities	11 3,776	4,049	273	5,602
Maintenance	12 3,077	3,576	499	5,051
Depreciation	13 21,809	21,809	0	29,417
Other Expenses	14 1,736	1,690	(46)	2,383
<b>Total Expenditure</b>	<b>106,268</b>	<b>107,096</b>	<b>838</b>	<b>148,210</b>
Non-Operating Income & Expenditure				
Proceeds from Sale of Assets	15 21,158	12,578	8,579	12,826

Favourable variance is due to the following:-

- \*\* Expenditure in IT implementation costs for projects relating to business transformation which have been expended under contract labour in contract & materials (\$635k).
- \*\* Savings family day care services (\$157k).
- \*\* Other favourable variances include postage (\$40k), taxes (\$30k), training (\$50k) and software purchases (\$32k).

Favourable variance is attributable to timing variance in water charges for Parks and Reserves (\$235k) and electricity charges for property services (\$38k).

Favourable variance is attributable to lower electrical maintenance than budgeted in public lighting. Year-end forecast also projects a savings by year end.

Athenstone land sales in the year-to-date period at \$21.1m is \$8.58m higher than the budget based on higher than anticipated land sales and allotment prices.

Finance Report - March 2018

Monthly Management Report 2017/18					
Operating Statement - Significant Variance Comments					
9 Months Ended 31 March 2018					
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
Cost of Assets Sold	16	(8,751)	(7,226)	(7,226)	The variance is due to higher cost of land sold in line with increased land sales than budgeted.
Total Gain/(Loss) on Disposals of Assets	12,407	5,353	7,054	5,600	
Underlying Operating Results					
Surplus/(Deficit)	44,510	36,015	8,495	4,159	
Other Cash & Non Cash Contributions					
					Favourable variance in Developer cash contributions is mainly attributable to unbudgeted DIL (Developer Infrastructure Levy) from the following developments in the year-to-date period: - Woodlea (Precinct 1) for \$3.6m - Thornhill Park (Stage 5 to 8) for 4.1m - others such as Exford Waters (Stage 1A & 1B) 795k, Willandra (Stage 7 to 13) \$787k, - St Genevieve (Stage 5)\$592k and Property 2 in Diggers Rest Stage 1 - \$106k. The overall favourable variance is offset by the following budgeted items which will not be received by year end. Bridgfield, Stage 1, Abbey Road, Stage 1 to 2, and Millstone, Stage 3 to 4 (\$1,188m).
Developer Cash Contributions	17	17,149	8,357	8,357	
Developer Contributions - Non Monetary Assets	18	10,084	33,704	72,953	This is a timing variance with the amount of non monetary assets recognised lower than anticipated.
			(23,620)		
					Favourable variance is attributable to unbudgeted growing suburb and other funds received to-date and these include: Melton North Neighbourhood Housing (\$235k) Light Up Lake Caroline (\$175k) Aintree Community Hub (\$1.0m) Allenby Road Reserve Upgrade (\$300k) Melton Recycling Centre Upgrade (\$80k) The favourable variance is partly offset by timing variation in Streetscapes Improvements Grants and others (\$245k).
Capital Grants & Contributions	19	4,218	2,674	5,465	
Total Capital Grants & Cash & Non Cash Contributions		31,451	44,735	86,775	
Total Surplus/(Deficit) for the Year Before Trfs.		75,961	80,750	90,934	
			(4,789)		



<b>3rd Quarter Year-End Forecast</b>				
<b>Forecast Operating Statement by Income / Exp</b>				
Income/Expenditure Type		Full Year Approved Budget (000's)	3rd Quarter Forecast (000's)	3rd Qtr Forecast Variance (000's)
<b>Income</b>				
Rates & Charges	1	104,277	106,164	1,887
Operating Grants	2	25,910	20,693	(5,217)
User Fees & Charges	3	10,644	13,654	3,011
Contributions & Reimbursements	4	232	1,258	1,026
Interest On Investments	5	1,990	4,040	2,050
Other Revenue	6	3,717	4,032	315
<b>Total Income</b>		<b>146,769</b>	<b>149,842</b>	<b>3,072</b>
<b>Expenditure</b>				
Employee Costs	7	53,417	52,937	480
Contract Materials	8	36,870	41,709	(4,840)
Program Expenses	9	14,509	14,629	(119)
Borrowing Cost	10	961	961	(0)
Utilities	11	5,602	5,940	(338)
Maintenance	12	5,051	7,499	(2,448)
Depreciation	13	29,417	30,277	(860)
Other Expenses	14	2,383	2,732	(349)
<b>Total Expenditure</b>		<b>148,210</b>	<b>156,684</b>	<b>(8,474)</b>
<b>Non Operating Income &amp; Expenditure</b>				
Proceeds from Sale of Assets	15	12,826	29,817	16,992
Cost of Assets Sold	16	(7,226)	(14,903)	(7,678)
<b>Total Gain/(Loss) on Disposals of Assets</b>		<b>5,600</b>	<b>14,914</b>	<b>9,314</b>
<b>Underlying Operating Results Surplus/(Deficit)</b>		<b>4,159</b>	<b>8,071</b>	<b>3,912</b>
<b>Other Cash &amp; Non Cash Contributions</b>				
Developer Cash Contributions	17	8,357	22,165	13,808
Developer Contributions - Non Monetary Assets	18	72,953	71,012	(1,941)
Capital Grants & Contributions	19	5,465	12,455	6,990
<b>Total Capital Grants &amp; Cash &amp; Non Cash Contribution</b>		<b>86,775</b>	<b>105,631</b>	<b>18,856</b>
<b>Total Surplus/Deficit for the Year Before Trfs.</b>		<b>90,934</b>	<b>113,702</b>	<b>22,768</b>
<b>Council Capital Budget</b>		<b>56,717</b>	<b>59,742</b>	<b>(3,025)</b>
<b>Capital DCP-In-Kind</b>		<b>19,751</b>	<b>42,132</b>	<b>(22,381)</b>

Monthly Management Report 2017/2018  
 Significant Variance Comments  
 Approved Budget vs. 3rd Quarter Forecast

Income/Expenditure Type	2017/18 Approved Budget (000's)	2017/18 3rd Quarter Forecast (000's)	Variance - Fav/(Unfav) (000's)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
<b>Income</b>				
<b>Rates &amp; Charges</b>	104,277	106,164	1,887	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.  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 2017, partly offset by the \$817k of increased allocation approved for the year compared to budget (\$6.097m). ** Reduction in grants income due to change in the funding model for programs such as school crossing, indigenous programs, family support, sons of the west and others (\$431k).
<b>Operating Grants</b>	25,910	20,693	(5,217)	This unfavourable variance is partly offset by: ** projected to increase in unbudgeted grants income at year-end to (\$617k).. ** Increased funding received for Library administration, family violence consultations, maternal and child health services, supported playgroup and parenting initiative, family support services and others (\$694k).
<b>User Fees &amp; Charges</b>	10,644	13,654	3,011	Favourable variance is attributable to the following: ** Increased fee revenue from Compliance department from animal registration, regulatory and parking fines due to more proactive patrols (\$1.0m). ** Increased revenue from Victorian Electoral commission for failure to vote(\$185k). ** Increase in subdivision plan checking fees, non standard public lighting fees and subdivision construct supervision fees due to significant increase in land development (\$913k). ** Projected increase in permit fee income in Planning Services due to increased applications and increase in fees by the state government (\$750k). ** Projected increase in Landscape Design and Supervision fees due to strong growth in residential developments (\$163k). ** Additional fee income from non budgeted activities Toolern Project Coordination (\$170k).  This increase is partly offset by minor reductions in fees in Meilton and CS library (\$16k),occasional care programs due to lower utilisation(\$39k) and other minor variances across number of business units (\$115k).
<b>Contributions &amp; Reimbursements</b>	232	1,258	1,026	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). **Unbudgeted contribution received for City Vista Sporting Ovals and Pavilion (\$500k). **Unbudgeted contributions for Urban Rehabilitation Unscheduled works and other (\$81k).
<b>Interest On Investments</b>	1,990	4,040	2,050	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, unbudgeted capital grants and lower level of capital expenditure than planned during the year.
<b>Other Revenue</b>	3,717	4,032	315	Favourable variance is attributed mainly to ** Projected increase in property rental income in Community Planning and Recreation and Youth and others (\$259k) and event sponsorship income (\$56k).

Income/Expenditure Type	2017/18 Approved Budget	2017/18 3rd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
<b>Total Income</b>	<b>146,769</b>	<b>149,842</b>	<b>3,072</b>	
<b>Expenditure</b>				
				Favourable variance is salaries and wages is mainly attributable to projected savings of \$858k by year end in the following business units, mainly due to delays and difficulties in filling budgeted positions, resulting in positions being filled later than planned. ** Community Care (\$181k), Families and Children (\$345k), Engineering (\$222k), Libraries and others (\$110k).  The overall favourable variance is partly offset by: ** Information Services - where Business Transformation salaries and wages are projected to increase by \$164k.  Other projected unfavourable variance in business units are: **Capital Projects (\$112k) for additional staff costs to manage capital projects associated with Growing Suburbs Fund, and increase in City Design and Planning due to the elevated levels of development (\$102k).  **Employee oncosts are expected to be within approved budget by year-end.
<b>Employee Costs</b>	<b>53,417</b>	<b>52,937</b>	<b>480</b>	
				Projected Unfavourable variance in contracts and materials is due to: ** Unbudgeted expenditure for significant improvements to information services systems on business transformation and other projects. Expenditure involves engagement of specialised contractor staff on cloud infrastructure project, councillor information portal, contract management, purchasing compliance, windows 10 pilot, environmental health mobility, waste management uplift and large planning file submissions and order management work. This expenditure was approved after the 2017/18 budget was finalised (\$3,028m) net. ** Projected over expenditure in Operations of \$935k with significant increases in contract expenditure in Green Processing (\$450k), waste disposal, roadside and transfer station (\$264k), land fill management and other (\$131k) and contract labour costs (\$90k) to cover backfill arrangement of staff. **Projected over expenditure in Capital Works for contract labour on additional agency staff to manage Growing Suburbs Fund projects in the capital projects area(\$337k). **Projected over expenditure in Compliance for disposal of hazardous waste, contract expenditure and contract labour (\$133k). ** Projected expenditure for asbestos removal which is an unbudgeted expenditure (\$242k). **Projected over expenditure in Risk and Performance in the areas of emergency preparedness, health and wellbeing, hazard management and injury management(\$96k). ** Other minor unfavourable variations across number of business units and program (\$68k).
<b>Contract Materials</b>	<b>36,870</b>	<b>41,709</b>	<b>(4,840)</b>	

Income/Expenditure Type	2017/18 Approved Budget	2017/18 3rd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
Program Expenses	9 14,509	14,629	(119)	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 \$332k with significant increases reported in City Design and Strategy (\$200k). Other increases include People and Culture (\$42k), Finance (\$30k) Community Planning and other(\$60k). ** Increase in minor consumable expenditure across number of business units of \$92k which includes operations (\$69k) and others (\$23k). ** Increase in legal fees in significant legal matters involving land acquisitions, landfill and Carbone (\$159k) ** Increase in ongoing support and other expenses (\$51k)  This unfavourable variance is partly offset by the savings from: **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. **Projected reduction in childcare benefit expenditure (\$179k), which partly offsets the reduction in Child Care rebate Income of \$95k.
Borrowing Cost	10 961	961	(0)	
Utilities	11 5,602	5,940	(338)	Unfavourable variance in utilities is mainly attributable to projected increase in: ** Server hosting charges - \$179k ** Network communications - \$53k ** Mobile phone Charges - \$77k **Electricity and other - \$29k
Maintenance	12 5,051	7,499	(2,448)	The unfavourable variance is the projected increase in the write off of operating expenditure items from capital expenditure as part of the applying the capitalisation policy and capital threshold levels.
Depreciation	13 29,417	30,277	(860)	Unfavourable variance due to growth in assets.
Other Expenses	14 2,383	2,732	(349)	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. (\$254k). ** Other variations include increase in Plant Operating costs (\$34k) and IT equipment purchases (\$61k).
<b>Total Expenditure</b>	<b>148,210</b>	<b>156,684</b>	<b>(8,474)</b>	
<b>Non Operating Income &amp; Expenditure</b>				
Proceeds from Sale of Assets	15 12,826	29,817	16,992	** 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) The unfavourable variance relates to ** The projected increase in land sales projections of 520 lots by the end of the year (\$6.2m). ** Asbestos removal in Atherstone (\$1.5m)
Cost of Assets Sold	16 (7,226)	(14,903)	(7,678)	
<b>Total Gain/(Loss) on Disposals of Assets</b>	<b>5,600</b>	<b>14,914</b>	<b>9,314</b>	
<b>Underlying Operating Results Surplus/(Deficit)</b>	<b>4,159</b>	<b>8,071</b>	<b>3,912</b>	

Income/Expenditure Type	2017/18 Approved Budget	2017/18 3rd Quarter Forecast	Variance - Fav/(Unfav)	Approved Budget to 3rd Quarter Year-end Forecast Variance Explanations
Other Cash & Non Cash Contributions				A major contributing factor for the revised DIL forecast is a direct result from year end indexation of DIL rate and from the following developments which were not budgeted: - Woodlea (Precinct 1) for \$3.7m settlement of the outstanding balance - Thornhill Park (Stage 5 to 8) for \$4.2m of DIL - Infinity (Stage 19 to 20) for \$1m of DIL - Exford Waters (Stage 1A & 1B) for \$795k of DIL - Willandra (Stage 7 to 13) for \$787k of DIL - St Genevieve (Stage 5) for \$592k of DIL - Property 2 in Diggers Rest (Stage 1) for \$106k of DIL - and others (\$2.628m).
Developer Cash Contributions	8,357	22,165	13,808	
Developer Contributions -Non Monetary Assets	72,953	71,012	(1,941)	Based on latest forecasts the non cash contributions are likely to reduce marginally by 1.9m by year-end. Non cash contributions of \$71.0m is indicative of the level of development currently underway. 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) ** Aintree Community Hub (\$1.0m) ** Mellon Central Community Centre (\$1.0m) ** Allenby Road Reserve upgrade(\$300k) ** Bill Cahill Reserve upgrade(\$300k) ** Arnolds Creek play space(\$300k) ** Mellon North Neighbourhood Housing (\$235k) ** Lightup Lake Caroline (\$175k) ** Hamah waits Park Upgrade(\$600k) ** Mellon Recycling Centre Upgrade (\$80k)
Capital Grants & Contributions	5,465	12,455	6,990	
Total Capital Grants & Cash & Non Cash Contributions	86,775	105,631	18,856	
Total Surplus/(Deficit) for the Year Before Trfs.	90,934	113,702	22,768	

ACTUALS	BALANCE SHEET	ACTUALS		BUDGET
		This Year	Last Year	This Year
Last Year		As at end	As at end	Full Year
As at end Mar-17 \$(000's)		Mar-18 \$(000's)	Jun-17 \$(000's)	2017/2018 \$(000's)
	<b>CURRENT ASSETS</b>			
4,387	CASH ASSETS IN HAND & AT BANK	2,387	6,193	86,912
48,200	INVESTMENT - GENERAL	79,921	51,277	0
45,885	INVESTMENT - RESTRICTED & OTHERS	51,367	42,825	0
11	INVENTORIES & OTHER FINANCIAL ASSETS*	12	12	2,215
43,946	DEBTORS-RATES & OTHER	62,214	29,505	7,346
1,108	ASSETS CLASSIFIED AS HELD FOR SALE	223	223	3,000
0	PREPAYMENTS/OTHER ASSETS	131	17,773	0
143,537	<b>TOTAL CURRENT ASSETS</b>	196,255	147,808	99,473
	<b>NON CURRENT ASSETS</b>			
1,703,173	INFRA, PROPERTY PLANT & EQUIPMENT	1,856,390	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	369	370	1,425
4,338	INTANGIBLES	4,012	4,012	3,684
18,254	WORK-IN-PROGRESS (incl Capital DCP - in kind works)	39,697	0	0
1,733,778	<b>TOTAL NON CURRENT ASSETS</b>	1,907,296	1,889,409	1,897,039
1,877,315	<b>TOTAL ASSETS</b>	2,103,551	2,037,217	1,996,512
	<b>CURRENT LIABILITIES</b>			
3,613	PAYABLES	2,601	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
196	OTHER LIABILITIES	28	2,081	2,259
19,507	<b>TOTAL CURRENT LIABILITIES</b>	15,516	25,268	28,885
	<b>NON CURRENT LIABILITIES</b>			
1,364	EMPLOYEE BENEFITS	1,732	1,713	2,227
19,389	INTEREST BEARING LIABILITIES	16,593	18,773	15,947
4,893	OTHER LIABILITIES	6,212	3,911	3,465
25,646	<b>TOTAL NON CURRENT LIABILITIES</b>	24,537	24,397	21,639
45,153	<b>TOTAL LIABILITIES</b>	40,053	49,665	50,524
1,832,162	<b>NET ASSETS</b>	2,063,498	1,987,553	1,945,989
	<b>EQUITY</b>			
973,294	ACCUMULATED SURPLUS	1,104,830	1,004,766	1,044,150
43,044	OPERATING SURPLUS FOR THE PERIOD	72,067	100,081	90,934
	<b>RESERVES</b>			
752,116	REVALUATION RESERVES	811,524	811,532	752,124
63,708	OTHER RESERVES	75,077	71,174	58,780
1,832,162	<b>TOTAL EQUITY</b>	2,063,498	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 13 and 16 respectively.

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

Council's cash position (including Investments), as at 31 March 2018 was \$133.7m, which represents an increase of \$33.4m 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 16.

	\$'000's	\$'000's
Cash at 1 July 2017		\$100,295
Plus: Net Inflow/(Outflow) from operating activities	\$39,511	
Less Net Inflow/(Outflow) from Investing activities	(\$3,951)	
Less Net Inflow/(Outflow) from financing activities	(\$2,180)	
Net Increase/(decrease) in cash held		\$33,380
<b>Cash and Investments on hand at 31 March 2018</b>		<b>\$133,675</b>

**Receivables:**

Total receivables outstanding as at 31 March 2018 amounted to \$62.2m, which included rate debtors of \$29.8m. The total outstanding receivables comprised: -

Receivables	31 March 2018 (000's)	31 March 2017 (000's)
Rate Debtors	\$29,758	\$28,214
Infringements & Local Laws Debtors	\$3,610	\$2,544
Sundry & other debtors net of provision for doubtful debts (includes land sales and other income accrual as at 31 March)	\$28,846	\$13,188
<b>Total Receivables</b>	<b>\$62,214</b>	<b>\$43,946</b>

### Non-Current Assets:

#### Infrastructure, Plant & Equipment

The value of Council's property, plant & equipment has decreased by \$21.8m. This decrease is the depreciation charge for the YTD period. Work-in progress shown in the balance sheet includes the total capital expenditure spent in the year-to-date period plus works-in-kind assets.

#### 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 \$6.8m from the June 2017 balance of \$9.4m to \$2.6m 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 \$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 31 March 2018 is \$19.97m. Principal repayment for the 3rd quarter amounted to \$2.2m.

#### Working Capital and Liquidity:

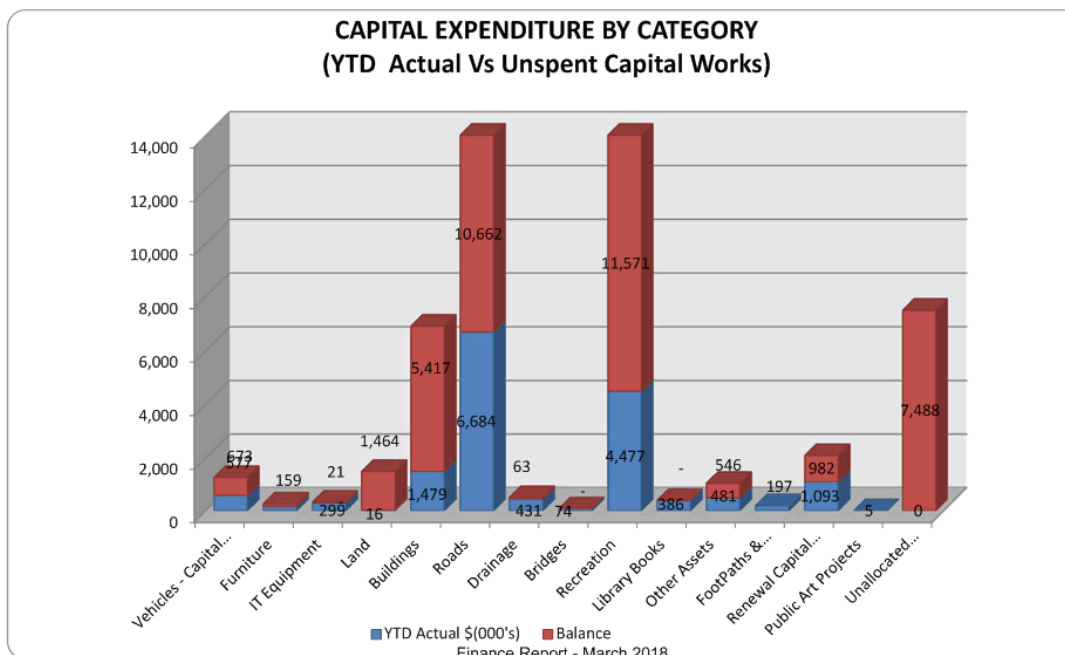
The working capital ratio is used to assess Council's ability to meet current commitments and is derived by dividing current assets by current liabilities. The working capital ratio for the YTD period is 1:12.6. The after removing the impact of rate debtors is 1:10.7

Last Year 2016/2017	CASH FLOW STATEMENT	Actuals	This Year
YTD Actual Mar-17 \$(000'S)		2017/2018 As at End Mar-18 \$(000's)	Budget 2017/2018 Annual Budget \$(000's)
	Cash Flow from Operating Activities		
	<u>RECEIPTS</u>		
76,624	Rate & Charges	81,439	104,177
6,857	Statutory Fees & Fines & Others	13,645	13,454
38,303	Government Grants & Contributions	35,035	38,472
1,693	Interest Received	2,506	1,830
4,720	Other Revenue (incl Trust Receipts)	4,727	2,563
	<u>PAYMENTS</u>		
(54,452)	Payments to Suppliers	(58,777)	(65,265)
(814)	Borrowing Costs	(617)	(961)
(35,005)	Payments to Employees	(38,447)	(53,043)
37,926	<b>NET CASH FROM OPERATING ACTIVITIES</b>	39,511	41,228
	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
(18,254)	Payments for Acquisition of Non-Current Assets	(16,358)	(52,173)
4,009	Proceeds from Sale of Non-Current Assets	12,407	12,826
(14,245)	<b>NET CASH FROM INVESTING ACTIVITIES</b>	(3,951)	(39,347)
	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
(2,764)	Repayment of Loans	(2,180)	(3,380)
0	Proceeds from Borrowings	0	0
(2,764)	<b>NET CASH FROM FINANCING ACTIVITIES</b>	(2,180)	(3,380)
20,917	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	33,380	(1,499)
	<u>CASH POSITION</u>		
77,555	Cash Balance at Beginning- as at 1st July	100,295	88,412
98,472	Cash Balance at End of Period	133,675	86,912

**CAPITAL EXPENDITURE BY CATEGORY**

2017/2018 FINANCIAL YEAR

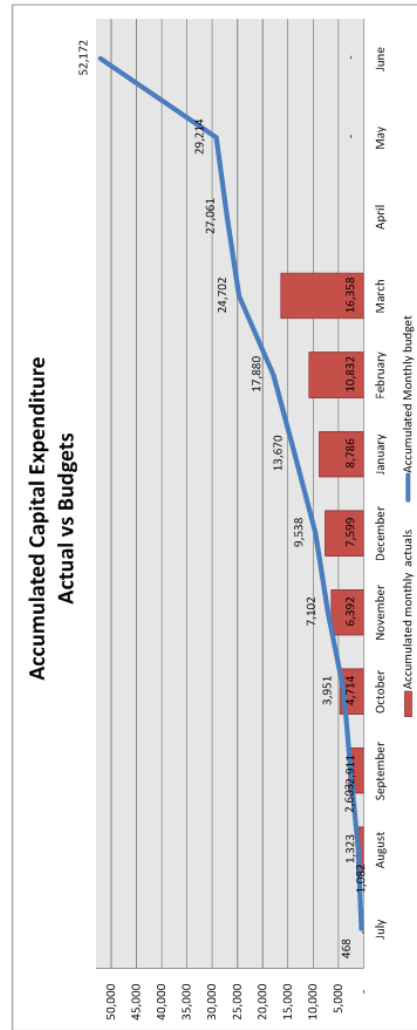
CAPITAL EXPENDITURE	YTD Actual	YTD Budget	YTD Variance	Total Budget
	\$(000's)	\$(000's)	\$(000's)	\$(000's)
Vehicles - Capital Cost	577	750	173	1,250
Furniture	159	130	(29)	255
IT Equipment	299	240	(59)	320
Land	16	800	783	1,480
Buildings	1,479	4,232	2,754	6,896
Roads	6,684	6,045	(640)	17,346
Drainage	431	135	(296)	494
Bridges	74	0	(74)	70
Recreation	4,477	9,870	5,393	16,048
Library Books	386	290	(97)	375
Other Assets	481	380	(101)	1,027
FootPaths & Cycleways	197	432	235	1,568
Renewal Capital Expenditure	1,093	1,399	306	2,075
Public Art Projects	5	0	(5)	25
Unallocated Component of Council Capex	0	0	0	7,488
<b>Total capital expenditure Excl Capital DCP In Kind</b>	<b>16,358</b>	<b>24,703</b>	<b>8,345</b>	<b>56,717</b>
<b>Capital DCP in Kind</b>	<b>23,339</b>	<b>17,501</b>	<b>(5,838)</b>	<b>19,751</b>
<b>Total Capital expenditure</b>	<b>39,697</b>	<b>42,204</b>	<b>2,507</b>	<b>76,468</b>



**MONTHLY ANALYSIS OF CAPITAL EXPENDITURE**  
2017/2018 FINANCIAL YEAR

CAPITAL EXPENDITURE	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN	
	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)	Total \$(000's)	\$(000's)
Vehicles - Capital Cost	577	134	93	94	4	50	2	38	62	100	2	8	2	8	2	8	2	8	2	8	2	8	2	8
Furniture	159	0	56	10	60	6	9	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
IT Equipment	299	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land	16	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	1,479	37	195	114	130	24	43	235	506	1,791	281	627	1,791	281	627	1,791	281	627	1,791	281	627	1,791	281	627
Roads	6,684	(31)	633	997	1,028	859	499	281	627	1,791	281	627	1,791	281	627	1,791	281	627	1,791	281	627	1,791	281	627
Drainage	431	(11)	1	42	127	16	24	166	38	28	24	166	38	28	24	166	38	28	24	166	38	28	24	166
Bridges	74	0	0	47	0	6	0	12	9	0	6	0	12	9	0	6	0	12	9	0	6	0	12	9
Recreation	4,477	(182)	257	125	142	99	449	472	800	2,315	472	800	2,315	472	800	2,315	472	800	2,315	472	800	2,315	472	800
Library Books	386	16	11	30	32	27	28	24	35	183	28	24	35	183	28	24	35	183	28	24	35	183	28	24
Other Assets	481	(11)	16	3	121	272	28	12	8	32	28	12	8	32	28	12	8	32	28	12	8	32	28	12
Footpaths & Cycleways	197	5	18	0	67	53	0	54	0	54	0	54	0	54	0	54	0	54	0	54	0	54	0	54
Renewal Capital Expenditure	1,093	26	42	45	108	161	137	143	173	258	137	143	173	258	137	143	173	258	137	143	173	258	137	143
Public Art Expenditure	5	0	0	0	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Capital Expenditure Excl Capital DCP in Kind</b>	<b>16,358</b>	<b>0</b>	<b>1,323</b>	<b>1,588</b>	<b>1,803</b>	<b>1,678</b>	<b>1,207</b>	<b>1,187</b>	<b>2,046</b>	<b>5,526</b>	<b>1,207</b>	<b>1,187</b>	<b>2,046</b>	<b>5,526</b>	<b>1,207</b>	<b>1,187</b>	<b>2,046</b>	<b>5,526</b>	<b>1,207</b>	<b>1,187</b>	<b>2,046</b>	<b>5,526</b>	<b>1,207</b>	<b>1,187</b>
Capital DCP in Kind	23,339	0	0	6,241	0	1,030	13,918	0	0	2,150	0	0	2,150	0	0	2,150	0	0	2,150	0	0	2,150	0	0
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>39,697</b>	<b>0</b>	<b>1,323</b>	<b>7,829</b>	<b>1,803</b>	<b>2,708</b>	<b>15,125</b>	<b>1,187</b>	<b>2,046</b>	<b>7,676</b>	<b>1,187</b>	<b>2,046</b>	<b>7,676</b>	<b>1,187</b>	<b>2,046</b>	<b>7,676</b>	<b>1,187</b>	<b>2,046</b>	<b>7,676</b>	<b>1,187</b>	<b>2,046</b>	<b>7,676</b>	<b>1,187</b>	<b>2,046</b>

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



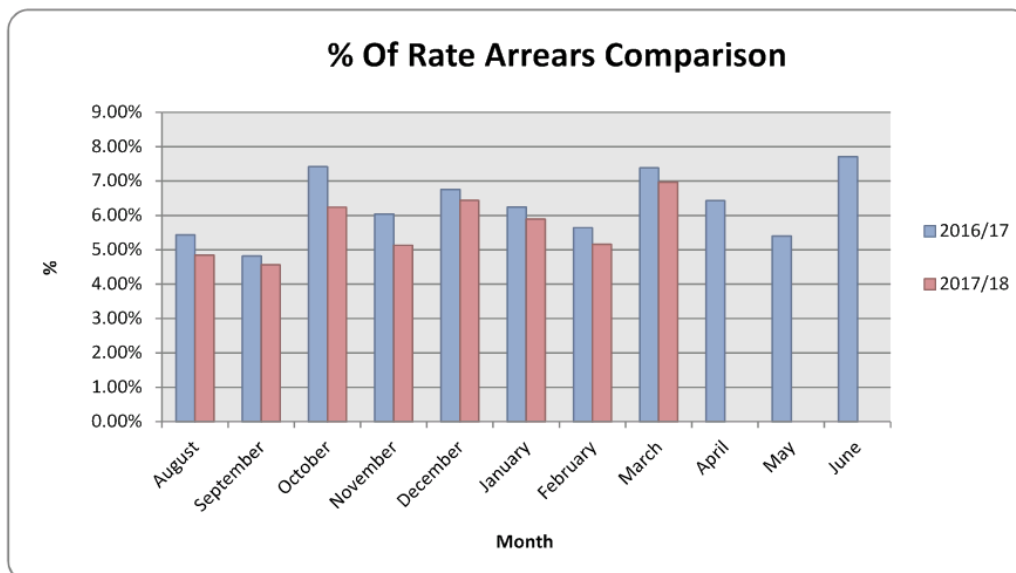
Finance Report - March 2018

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

(Excluding Fire Service Levy)

Overdue Rate Debtors	No of Properties	Debts Outstanding (\$)
<i>Owings</i>		
<i>Less Than \$1000</i>	4,397	1,839,652
<i>\$1000 to \$1999</i>	703	963,838
<i>\$2000 to \$4999</i>	598	1,909,210
<i>\$5000 to \$10,000</i>	204	1,383,359
<i>Greater Than 10,000</i>	76	1,444,324
<b>Total</b>	<b>5,978</b>	<b>7,540,383</b>

\*\*There are 1569 properties in credit . Total credit amounts to \$906,271





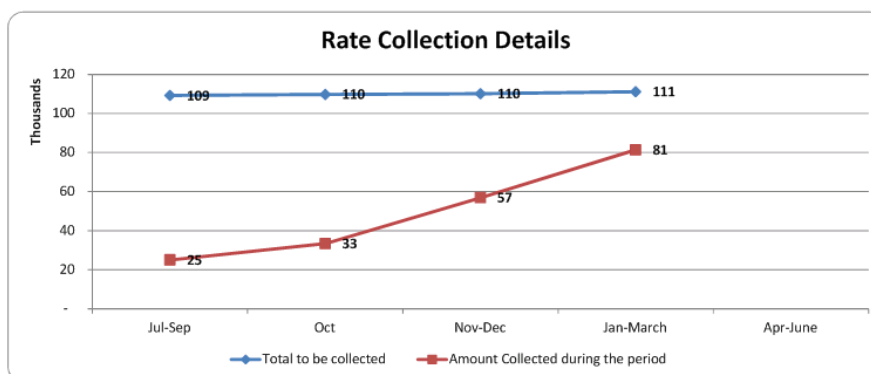
**Summary of Overdue Rate Debt Arrears & Recovery Actions - March 2018**

SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 31 March 2018	NO OF PROPERTIES	RATE DEBTS OUTSTANDING \$000'S
Summons issued	178	669
Judgements issued	53	281
Summons for Oral Examination	233	1,691
Legal Arrangements	15	96
Other action - Demand Letters etc	1,028	2,292
<b>Total Debt Recovery Action In Progress</b>	<b>1,507</b>	<b>5,029</b>
<b>Arrangements in place - Non Legal</b>	<b>717</b>	<b>459</b>
<b>Properties with no recovery/arrangements in place</b>	<b>3,754</b>	<b>2,052</b>
<b>TOTAL</b>	<b>5,978</b>	<b>7,540</b>

Number of Financial Hardship applications received in March is 9

**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	82	111	68	69	-
Rebates, adjustment and unallocated Pmts	(5,517)	(2,638)	(3,261)	299	-
Supplementary rates raised	2,894	3,050	3,580	632	-
<b>Total to be collected</b>	<b>109,287</b>	<b>109,810</b>	<b>110,197</b>	<b>111,197</b>	-
<b>Amount Collected during the period</b>	<b>25,028</b>	<b>33,469</b>	<b>56,966</b>	<b>81,439</b>	-
<b>Balance to be collected</b>	<b>84,259</b>	<b>76,341</b>	<b>53,231</b>	<b>29,758</b>	-





Summary of Carry Forwards		Estimated Carry Forward from 2nd Forecast(Ca per Carry Forward)	Explanation	
03196 - Westwood Drive Bridge		1,514,746	Project encountered significant delays in obtaining approvals	
07025 - Recreation Facilities - Female Change Room Upgrade		488,000	Project spans multiple years - carry forward due to incorrect phasing of budgets	
08719 - Corrine Springs Sub-Regional Tennis Centre Design		950,362	Project spans multiple years - carry forward due to incorrect phasing of budgets	
08737 - Streetscape Improvements		2,718,800	Project spans multiple years - carry forward due to incorrect phasing of budgets	
08753 - Tiplow Hill West PSP - 2 Senior Football / Cricket		8,022,075	Project encountered significant delays in negotiating joint agreement with tenants	
08877 - Mitchem Park Redevelopment		582,300	Project spans multiple years - carry forward due to incorrect phasing of budgets	
<b>Total</b>		<b>13,379,288</b>		
Summary of Unbudgeted Grants		Additional Unbudgeted Grants Income to be received by 30 June 2018	Explanation	
08775 - Fraser River - Multi-purposes Community Centre		2,000,000	Successful Growing Suburbs Application	
08800 - Mitchem Park Redevelopment		1,000,000	Successful Growing Suburbs Application	
08865 - Ansonia Community Hub		1,000,000	Successful Growing Suburbs Application	
08903 - Healey Woods Park Upgrade		600,000	Successful Growing Suburbs Application	
08904 - Avenay Road Reserve Upgrade		300,000	Successful Growing Suburbs Application	
08905 - Bill Cahill Reserve Upgrade		300,000	Successful Growing Suburbs Application	
08909 - Ansonia Creek Playplace		300,000	Successful Growing Suburbs Application	
<b>Total</b>		<b>6,500,000</b>		
Summary of Major Variances Budget to 3rd Qtr		Council Adopted Budget Ind. Proposed Budget Forecast 2017/18	2017/18 OTR Forecast vs 2017/18 OTR Forecast Variance	Explanation
03904 - PSP Council Funded Portion WK/Land		500,000	1,305,000	Additional land purchase required due to land development - will be fully offset by reserve transfer
04638 - Backeeped Fencing-Boundary and Social Road		616,063	80,500	Project was substantially completed in 2018/17
08719 - Corrine Springs Sub-Regional Tennis Centre Design		4,500,000	7,000,000	Project budget was increased by Council at Contract award
08738 - Milton Civic Centre Redevelopment - Year 2		0	900,000	Project expenditure will be fully offset by reserve transfer
			<b>2,500,000</b>	
			<b>(515,563)</b>	