



Melton City Council
Finance Report 2020/2021
1st Quarter Ended 30 September 2020

A thriving community where everyone belongs





Finance Report

1st Quarter Report - September 2020

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Melton City Council

Quarterly Finance Report for the 3 months period ended September 2020.

Fraudulent Activity

No instances of fraud this quarter

Executive Summary

Operating Results

This report compares the September 2020 YTD results with the profiled YTD approved budget for the same period.

The operating surplus before transfers for the September YTD period was \$127.4m. This compared with the profiled budgeted result of \$119.6m resulted in a favourable variance of \$7.8m

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

Year-end Forecast

Review of the 1st quarter operating and capital expenditure as at the end of September 2020 has been finalised. As part of this process business unit managers have provided an estimate of the year-end forecast of savings and over-runs expected as at 30th June 2021. This is summarised in the table below.

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

	First Quarter Year-End Forecast-Summary	\$(Millions)
	Operating	
	Forecast favourable variance in operating results before transfers	<u>\$43.2</u>
	Capital	
	Forecast unfavourable variance in Council capital expenditure	<u>(\$11.4)</u>

Capital Expenditure

The Council Capital expenditure budget for 2020/21 is a total of \$113.5m. This consists of \$27.3m carry forwards component of from 2019/20.

Total developer contribution in-kind works budget for 2020/21 is \$35.2m. These works when completed by landholders will offset their developer contribution liability to Council. Where the

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

The actual capital expenditure completed at the end of September was \$12.83m or 11.3% of the total Council capital expenditure budget including carry forwards.

A project level analysis of YTD capital expenditure by capital works by business unit is provided on page 19.

Cash on hand and Investments

Council's total cash position at month end is 295.9m. This balance includes \$267.9m of general and restricted investments representing carry forward expenditure, employee entitlements, and developer contributions received for future capital works. The amount of cash on hand at end of month of \$28.0m. Increase in general and restricted investments is due to creation of the Infrastructure and Strategic Investment Reserve by Council.

Debtors

Receivables outstanding totalled \$122.3m (net of doubtful debts provisions) of which \$114.4m relates to rates debtors including instalments not due. Infringement Debtors amounted to \$5.5m and other sundry debtors was \$2.3m.

Monthly Management Report 2020/2021								
Operating Statement by Income / Expenditure line items								
for the 3 Months ended 30 September 2020								
2019/2020	Income/Expenditure Type		YTD Actuals	YTD Budget	YTD Variance	Full Year Approved Budget	1st Qtr Forecast	1st Quarter Forecast Variance to Adopted Budget
YTD Actuals			(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
	Income							
120,443	Rates & Charges	1	130,386	129,037	1,349	132,203	133,552	1,349
2,104	Statutory Fees and Fines	2	2,230	2,230	0	8,852	9,237	385
2,373	User Fees	3	1,640	1,943	(303)	7,028	6,314	(715)
4,097	Contributions Monetary	4	16,956	17,757	(802)	54,278	53,568	(709)
0	Contributions Non Monetary	5	5,756	2,729	3,027	174,948	213,021	38,074
6,351	Grants- Operating	6	5,957	4,806	1,151	29,591	35,653	6,062
579	Grants- Capital	7	2,638	544	2,093	9,202	16,934	7,732
	<i>Net Gain/(Loss) on Disposal of IPP&E</i>							
1,408	Sale of Properties	8	2,226	2,377	(151)	9,883	9,523	(360)
(595)	Cost of Assets Sold	9	(812)	(821)	(8)	(5,084)	(5,084)	0
813	Total Net Gain/(Loss) on Disposal of IPP&E		1,414	1,557	(160)	4,799	4,439	(360)
1,434	Other Revenue	10	688	1,461	(773)	7,970	6,714	(1,257)
138,194	Total Income		167,665	162,064	5,584	428,870	479,431	50,561
	Expenditure							
13,536	Employee Costs	11	14,370	15,798	1,428	63,342	65,846	(2,504)
	<i>Materials and Services</i>							
6,437	Contracts and Materials	12	7,040	7,235	196	47,430	51,218	(3,788)
3,514	Administration Expenses	13	4,163	4,355	192	14,345	14,444	(99)
1,168	Program Expenses	14	983	1,012	29	4,345	4,529	(183)
1,763	Utilities	15	1,412	1,367	(45)	8,120	8,150	(30)
1,388	Maintenance	16	967	1,248	280	9,493	9,568	(75)
647	Other	17	591	672	81	3,961	4,362	(401)
14,917	Total Material Costs		15,156	15,888	733	87,695	92,271	(4,576)
6	Bad and Doubtful Debts	18	259	305	46	458	749	(291)
9,172	Depreciation and Amortisation	19	10,380	10,376	(4)	42,085	42,085	0
97	Borrowing Costs	20	83	83	0	525	525	0
0	Finance Cost- Leases	21	0	5	5	19	19	0
37,729	Total Expenditure		40,248	42,455	2,207	194,124	201,495	(7,371)
100,465	Total Surplus/Deficit Before Transfers.		127,417	119,609	7,807	234,748	277,936	43,189
	Reserve Transfers							
0	Transfers From Reserves		6,976	2,996	3,981	58,996	83,647	24,651
(12,988)	Transfer to Reserve		(21,420)	(18,492)	(2,928)	(83,524)	(109,293)	(25,769)
(12,988)	Total Net Transfers - Income/(Exp)		(14,443)	(15,496)	1,053	(24,528)	(25,646)	(1,118)
87,477	Total Surplus/(Deficit) Net of Transfers		112,973	104,113	8,860	210,220	252,290	42,071
95,789	Undelying Surplus/(Deficit)		102,068	98,579	3,488	(3,681)	(5,587)	(1,907)

Monthly Management Report 2020/21
 Operating Statement - Significant Variance Comments
 for the 3 Months ended 30 September 2020

Income/Expenditure Type		YTD Actual (000's)	2020/21 YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	
Income					
Rates & Charges	1	130,386	129,037	1,349	Favourable variance is attributable to: ** Actual Supplementary rates received for the YTD, period was higher than budget by \$1.35m. This is due to the timing of supplementary rates income partly offset by unfavourable variance in pensioner rebates.
Statutory Fees and Fines	2	2,230	2,230	0	Unfavourable variance in the following areas due to Covid-19 Pandemic lock down : **Reduction in Rental on Lease Income (\$242k) ** Reduction in pound services fees in Community Safety (\$40k). **Reduction in Community Care in Food Services and HACCC Respite (\$43k). ** Reduction in Family Services activities across the board in family day care, occasional care and holiday care (\$194k). ** Reduction in revenue in Community Planning in community activation programs (\$60k).
User Fees	3	1,640	1,943	(303)	Overall unfavourable variance is partly offset by favourable variances compared to profiled budgets in the following areas: ** Increase in subdivision construction supervision fees and non standard street lighting fees in Engineering Services due to higher land development activity (\$142k). **Higher than budgeted fee income in asset protection permit fees and tree planting in Operations(\$66k). ** Higher than budgeted planning information and permit fees in Planning Services (\$44k). ** Higher income in funeral services in Engagement and Advocacy and others (\$24k).
Contributions Monetary	4	16,956	17,757	(802)	Monetary developer contributions from Developer Contributions Plan (DCP) and Infrastructure Contribution Plan (ICP) were higher than YTD budget by \$3.752m at the end of the ytd period. This favourable variance however was partly offset by rolling credit offset allowed during the quarter which was unfavourable by \$4.554m, which resulted in a net unfavourable variance.
Contributions Non Monetary	5	5,756	2,729	3,027	The total non cash contributions received were higher than budget by 3.0m due to the higher levels of development activity during the quarter.
Grants- Operating	6	5,957	4,806	1,151	Favourable variance is attributable to the following: ** Unbudgeted grants received in the year-to-date period amounted to (\$1.07m). These include Covid-19 Working for Victoria (750k), Youth Learning Pathways (\$210k), Centre based respite and assessment in Community Care (100k), Transition Plan Development and other (\$10k). ** Favourable variance in Family Services program grants including Maternal Child Health and others (\$49k). **Favourable variance in Community Care programs including Family Support and CHSP food Services (\$32k).
Grants- Capital	7	2,638	544	2,093	Favourable variance is mainly timing related and is due to the following: **Unbudgeted capital grants received during the year to date period include Diggers Rest Community Pavilion and oval (\$2.5m). The Favourable variance was partly offset by timing variance in the following capital grants: **Eynesbury Sporting Facility (\$396k). ** Installation of new parks furniture and other (\$11k)
Net Gain/(Loss) on Disposal of IPP&E					
Sale of Properties	8	2,226	2,377	(151)	Atherstone land sales were lower mainly due to higher than planned cancellations than anticipated due to Covid-19 lockdown and other timing issues related to non receipt of GST refunds from ATO as predicted.
Cost of Assets Sold	9	(812)	(621)	(8)	Variance is favourable due to lower cost of asset sold than budget for the period.
Total Net Gain/(Loss) on Disposal of IPP&E		1,414	1,557	(160)	

Monthly Management Report 2020/21
 Operating Statement - Significant Variance Comments
 for the 3 Months ended 30 September 2020

Income/Expenditure Type	YTD Actual (000's)	2020/21 YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	
Other Revenue	688	1,461	(773)	Unfavourable variance is due to the following: ** Interest on investments (on term deposits) were lower than planned at the end of the quarter largely due to lower market rates (\$438k). ** Lower than budgeted cost recovery for utilities and other charges in facilities administration due to current lockdown situation (\$83k). ** Lower than budgeted cost recovery for utilities and other charges in facilities administration due to current lockdown situation (\$83k). ** Timing variance in Transfer Station Waste Disposal contribution (\$107k). ** Timing variance in Melton Business Excellence Awards contribution (\$100k). ** Lower than planned lease income for the quarter due to the current locked down conditions (\$45k).
Total Income	167,665	162,064	5,584	
Expenditure				
Employee Costs	14,370	15,798	1,428	The favourable variance in employee cost is the net effect of \$936k favourable in salaries and wages and \$492k favourable in payroll oncost. The favourable variance in salaries and wages is attributable to budgeted vacancies not filled as planned at the end of the quarter. The favourable variance in salaries and wages is partly offset unfavourable variance in contract labour (agency) costs where a number of business units have engaged agency staff to fill unfilled budgeted positions. These amounted to \$373k as noted under materials and services below. The favourable timing variance in oncost expenditure is timing related and is due to lower than planned expenditure at the end of the quarter on long service leave, annual leave loading, superannuation, workcover recoverable and others.
Materials and Services				The favourable variance is partly offset by: ** Timing variance due to Contract payments in Operations particularly in Road Services, Parks and Open Space, waste Management and others are lower than budgeted for the quarter (\$55k). ** Timing Variance in contract payments in Risk and Performance (\$70k). ** Timing variance in scoping study for Performance Arts Centre and others not expended as planned in the first quarter (\$44k). Favourable variance is partly offset by: ** Higher than budgeted expenditure in contract labour costs is due to budgeted positions and other temporary staff positions required to complete business unit programs filled through agency labour (\$373k). This is mainly in areas such as Information Services (\$235k), Engineering Services (\$64k), Community Care (\$29k), Engagement and Advocacy (\$34k) and others (\$11k).
Contracts and Materials	127,040	7,235	196	Favourable Variance is attributable to: ** Lower than budgeted project implementation expenditure in Information Services. Part of this expenditure being incurred as contract labour as reported under materials and services (\$285k). ** Lower than budgeted expenditure on legal fees, training, publicity and promotions and others (\$222k). This is partly offset by unfavourable timing variance due to: ** Higher than budgeted expenditure in insurance premiums, annual Licence Fees and corporate subscriptions part of which is timing related (\$315k).
Administration Expenses	134,163	4,355	192	
Program Expenses	14,983	1,012	29	
Utilities	151,412	1,387	(45)	

Monthly Management Report 2020/21
 Operating Statement - Significant Variance Comments
 for the 3 Months ended 30 September 2020

Income/Expenditure Type	YTD Actual (000's)	2020/21 YTD Budget (000's)	Variance - Fav/(Unfav) (000's)	
Maintenance	16 967	1,248	280	Favourable variance is attributable to projected increase in expenditure in the following: ** Timing variance in the maintenance component of Capital expenditure estimated for the quarter due to lower levels of capital expenditure capitalised at the end of the quarter (\$307k). Unfavourable variance partly offset by: ** Unbudgeted photocopier maintenance expenditure in Information Services partly offset by lower maintenance expenditure in other areas due to Covid conditions (\$27k).
Other	17 591	672	81	Favourable variance is attributable to: ** Lower than budgeted expenditure on contributions and donations particularly the Annual Grants Program, HRV Community Grants, The Club Community Benefit and others (\$65k). ** Lower than planned IT Equipment purchases during the quarter (\$16k).
Total Material Costs	15,156	15,888	733	
Bad and Doubtful Debts	18 259	305	46	
Depreciation and Amortisation	19 10,380	10,376	(4)	
Borrowing Costs	20 83	83	0	
Finance Cost- Leases	21 0	5	5	
Total Expenditure	40,248	42,455	2,207	
Total Surplus/Deficit Before Transfers.	127,417	119,609	7,807	

Monthly Management Report 2020/2021				
1st Quarter Vs Adopted Budget Variance				
Forecast Operating Statement by Income / Exp				
Income/Expenditure Type		2020/21	2020/21	2020/21
		Approved Budget (000's)	1st Quarter Forecast (000's)	1st Qtr Forecast Variance to Budget (000's)
Income				
Rates & Charges	1	132,203	133,552	1,349
Statutory Fees and Fines	2	8,852	9,237	385
User Fees	3	7,028	6,314	(715)
Contributions Monetary	4	54,278	53,568	(709)
Contributions Non Monetary	5	174,948	213,021	38,074
Grants- Operating	6	29,591	35,653	6,062
Grants- Capital	7	9,202	16,934	7,732
<i>Net Gain/(Loss) on Disposal of IPP&E</i>				
Sale of Properties	8	9,883	9,523	(360)
Cost of Assets Sold	9	(5,084)	(5,084)	0
<i>Total Net Gain/(Loss) on Disposal of IPP&E</i>				
		4,799	4,439	(360)
Other Revenue	10	7,970	6,714	(1,257)
Total Income		428,870	479,431	50,561
Expenditure				
Employee Costs	11	63,342	65,846	(2,504)
<i>Materials and Services</i>				
Contracts and Materials	12	47,430	51,218	(3,788)
Administration Expenses	13	14,345	14,444	(99)
Program Expenses	14	4,345	4,529	(183)
Utilities	15	8,120	8,150	(30)
Maintenance	16	9,493	9,568	(75)
Other	17	3,961	4,362	(401)
<i>Total Material Costs</i>				
		87,695	92,271	(4,576)
Bad and Doubtful Debts	18	458	749	(291)
Depreciation and Amortisation	19	42,085	42,085	0
Borrowing Costs	20	525	525	0
Finance Cost- Leases	21	19	19	0
Total Expenditure		194,124	201,495	(7,371)
Total Surplus/Deficit for the Year Before Trfs.		234,748	277,937	43,189
Underlying Surplus/(deficit)		(3,681)	(5,587)	(1,907)
Council Capital Budget		113,514	124,935	(11,421)
Capital DCP-In-Kind		35,279	87,024	(51,745)

Monthly Management Report 2020/21
 Significant Variance Comments
 Approved Budget vs. 1st Quarter Forecast

Income/Expenditure Type	2020/21 Approved Budget (000's)	2020/21 1st Quarter Forecast (000's)	2020/21 1st Qtr Forecast Variance to Budget (000's)	Approved Budget to 1st Quarter Forecast Variance Explanations
Rates & Charges	132,203	133,552	1,349	Favourable variance is attributable to the following: ** Rate income is expected to increase marginally mainly due to the expected increase in supplementary rates. Favourable variance is attributable to the following: ** Community Safety fees are projected to be higher than budget by \$1.202m. This is attributable to higher than budgeted Litter and building sites infringements (\$600k), Building permits and property information requests (\$552k) and court recoveries and other (\$50k).
Statutory Fees and Fines	8,852	9,237	385	The overall favourable variances is offset by: ** Unfavourable variance in Animal Management due to non enforcement as a result of Covid 19 (\$186k). ** Engineering Services fees are projected to be lower than budget. This is due to lower number of plans received and hence the lower level of fees partly offset by increase in property information requests fees (\$131k). ** Planning Services fees are projected to be lower due to reduction in the number of significant planning applications (\$500k).
User Fees	7,028	6,314	(715)	Unfavourable variance is attributable to projected reduction in fees and charges income in the following areas mainly due to Covid-19 shutdown of services and operations: Family Services in family day care, occasional care and holiday care services (\$245k). Community Care in social and client connections (\$167k). Community Planning in community activation programs and other variances (\$125k). Recreation and Youth in leisure centres, development support and other (\$57k). Community Safety - Reduction in information requests fees (\$41k). ** Reduction in property hire income by \$790k, which is made up of Community Planning (\$346k) and Recreation and Youth (\$444k). The overall unfavourable variance is partly offset by favourable variance in the following: ** Subdivision and non standard public lighting and construction supervision fees due to growth (\$510k). ** Operations fee income due to high demand for asset protection permits and tree planting (\$200k).
Contributions Monetary	54,278	53,568	(709)	Based on current projections the Developer Cash contribution overall are expected to be increase by \$3.7m over and above budgeted level, however the rolling credit offsets allowable due to expected increase in development activity during the year would see rolling credit offsets also rising above budget levels by \$5.55m thereby resulting in a net reduction of monetary contributions in net terms by \$700k by year-end.
Contributions Non Monetary	174,948	213,021	38,074	** Non cash contributions are projected to increase significantly from the \$174m budgeted for the year to \$221.3m which is an increase of \$58m. This is an indication of the increase in level of development activity projected for the year
Grants- Operating	29,591	35,653	6,062	Favourable variance is attributable to the following: Unbudgeted Grants of \$5.35m for the following projects and Programs: ** Operations - Working for Victoria grants (\$4,250m). ** Engagement and Advocacy - Melton Township Revitalisation, Melton South and Scott Street Neighbourhood Renewal, Outdoor Eating and Entertainment (\$1.1m). Other Projected Increase in Government grants in the following areas: ** Community Care in Social Connection, Wellness Engagement (\$1,035k), Families and Children in Maternal Child Health (\$123k), and Recreation and Youth in Youth Learning Pathways (\$210k). The above increases are partly offset by reduction in grants in the following: ** Grants Commission funding for the year is expected to be lower by \$426k. ** Risk and Performance in Emergency Management (\$120k), Community Planning and other (\$109k).
Grants- Capital	9,202	16,934	7,732	The favourable variance attributable to the increase in projected Capital grants of \$7.7m compared to original budget relates to the following unbudgeted grants expected to be received by the end of the year: ** MacPherson Park Redevelopment CSISP Grant (\$1,062m). ** Diggers Rest Community Pavilion GST Grant (\$2.5m). ** State government funding for Eynesbury Station Early Learning Centre (\$2.17m). ** State government funding for Melton Secondary College Sports Oval and Pavilion (\$2.0m).

Monthly Management Report 2020/21
 Significant Variance Comments
 Approved Budget vs. 1st Quarter Forecast

Income/Expenditure Type	2020/21 Approved Budget (000's)	2020/21 1st Quarter Forecast (000's)	2020/21 1st Qtr Forecast Variance to Budget (000's)	Approved Budget to 1st Quarter Forecast Variance Explanations
Sale of Properties	9,883	9,523	(360)	** Decrease in land sales revenue projected reflecting revised market conditions as advised by Atherstone at the end of first quarter.
Cost of Assets Sold	(5,084)	(5,084)	0	
Total Net Gain/(Loss) on Disposal of IPP&E	4,799	4,439	(360)	
Other Revenue	7,970	6,714	(1,257)	Unfavourable variance is attributable to the following: ** Interest on investments (on term deposits) were lower than planned at the end of the quarter largely due to lower market rates (\$1.24m). ** Reduction in Leisure Centre and events centres in Recreation due to Covid 19 Closures (\$92k). ** Lower than planned lease income for the quarter due to the current locked down conditions of the Pandemic (\$76k). Unfavourable variances were partly offset by: ** Unbudgeted contributions for Flavour Fest in Engagement and Advocacy and other (\$151k).
Total Income	428,870	479,431	(1,257)	
Expenditure				
Employee Costs	63,342	65,846	(2,504)	Based on year-to-date expenditure trends, employee costs are projected to increase in net terms by \$2.5m by year-end. This is mainly due to projected \$2.440m expenditure on Covid-19 Working for Victoria projects that will be partly offset against unbudgeted funding of \$4.250m received during the year. Other increases are attributable to the projected increase in Workcover premium surcharge, paid parental leave and others.
Materials and Services				Unfavourable variance is attributable mainly to the following: ** Higher than budgeted expenditure of \$1.48m in agency contract labour engaged to complete business unit programs. This is mainly in areas such as Engagement and Advocacy offset by unbudgeted grants received (\$944k), Information Services (\$190m), Engineering Services (\$346k). ** Projected unbudgeted expenditure increases in Operations of (\$2,820). This includes unplanned payment to City Wide Services for works offset by unbudgeted funding received from Working for Victoria Grant (\$2.14m), General materials expenses (\$349k) and other unplanned essential drainage maintenance works and other (\$331k). Unfavourable variances are partly offset by: ** Saving in Waste Management contract payments due to site restrictions as a result of Covid 19 resulting in reduced labour costs. (\$400k). ** Reduction in contract payments in Risk and Performance as a result of Covid 19 review moving to Learn Melton Program (\$52k). ** Other reductions in Capital Works site preparation costs, Research and development costs in recreation and youth and other (\$60k).
Contracts and Materials	47,430	51,218	(3,788)	Unfavourable variance is attributable to: ** Higher building insurance costs due to increased premiums (\$173k). ** Unbudgeted expenditure on Toolern PSP Review and Smart Cities in City Design & Infrastructure (\$215k). ** Higher than budgeted information services costs in Business transformation and other programs (\$52k). Overall unfavourable variance is partly offset by: ** Lower than budgeted legal expenses projected due to reduced legal work in local laws and no large litigation on foot. (\$220). ** Reduction in professional advisory expenditure on Traffic and Transport in Engineering Services and others (\$121k).
Administration Expenses	14,345	14,444	(99)	Unfavourable variance is attributable to higher than budgeted expenditure in the following : ** Unbudgeted increase in Youth Communities and projects expenditure in Youth and Recreation - offset by grants received (\$68k). ** Higher than budgeted Covid 19 related expenses in Operations (\$85k). ** Unbudgeted Flavour Fest and other Covid related expenditure in Community Engagement (\$53k). Unfavourable Variance is partly offset by: Lower than budgeted expenditure in client activities, food and drinks and catering in Community Care(\$23k).
Program Expenses	4,345	4,529	(183)	
Utilities	8,120	8,150	(30)	

Monthly Management Report 2020/21
 Significant Variance Comments
 Approved Budget vs. 1st Quarter Forecast

Income/Expenditure Type	2020/21 Approved Budget (000's)	2020/21 1st Quarter Forecast (000's)	2020/21 1st Qtr Forecast Variance to Budget (000's)	Approved Budget to 1st Quarter Forecast Variance Explanations
Maintenance	9,493	9,568	(75)	Unfavourable variance is attributable to projected increase in expenditure in the following: ** Projected maintenance expenses from Capital project expenditure not falling within capitalisation threshold expensed at year end (\$242k) Unfavourable variance partly offset by: ** Lower than budgeted maintenance expenditure in property services in Operations due to reduced facility use as a result of Covid 19 (\$167k).
Other	3,361	4,362	(401)	Unfavourable variations is largely attributable to: **Expenditure related to grants income received in the previous financial year for which there are service delivery obligations (\$650k). This expenditure will offset advance income received in the last financial year and set aside in reserve funds. Unfavourable variance partly offset by: **Projected reduction in Plant Operating expenditure in fuel costs, repairs, road tolls and other due to Covid 19 Pandemic (\$240k). **Projected reductions in hire charges, public entertainment and other in Community Engagement due to Covid conditions (\$9k).
Total Material Costs	87,695	92,271	(4,576)	
Bad and Doubtful Debts	458	749	(291)	Unfavourable variance is attributable to provisions made for potential write-off of Community Safety infringement debts deemed unrecoverable.
Depreciation and Amortisation	42,085	42,085	0	
Borrowing Costs	525	525	0	
Finance Cost- Leases	19	19	0	
Total Expenditure	194,124	201,495	(7,371)	
Total Surplus/Deficit Before Transfers.	234,748	277,936	43,189	
Underlying Operating Results Surplus/(Deficit)	(3,681)	(5,587)	(1,907)	

BALANCE SHEET	ACTUALS		BUDGET
	This Year	Last Year	This Year
	As at end Sep-20 \$(000's)	As at end Jun-20 \$(000's)	Full Year 2020/2021 \$(000's)
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	295,944	146,867	259,389
Trade and Other Receivable	122,325	43,867	7,800
Other Financial Assets	0	104,334	3,897
Inventories	41	41	20
Assets Classified as Held for Resale	9,147	1,618	12,428
Right of Use Assets	613	613	375
Other Assets	7,599	14,432	12,395
TOTAL CURRENT ASSETS	435,670	311,772	296,305
NON CURRENT ASSETS			
INFRA, PROPERTY PLANT & EQUIPMENT	2,498,435	2,509,569	2,784,216
WORK IN PROGRESS	18,279	0	0
INVENTORIES	67	67	145
INVESTMENT PROPERTY	7,175	7,175	7,500
OTHER FINANCIAL ASSETS	0	0	375
INTANGIBLES	3,031	3,031	2,703
TOTAL NON CURRENT ASSETS	2,526,987	2,519,842	2,794,939
TOTAL ASSETS	2,962,657	2,831,614	3,091,244
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	40,426	35,942	26,600
PROVISIONS	11,847	11,847	11,351
INTEREST-BEARING LOANS AND BORROWINGS	1,734	2,306	3,565
LEASE LIABILITY	255	255	255
TRUST FUNDS AND DEPOSITS and OTHER LIABILITIES	17,738	8,946	1,935
TOTAL CURRENT LIABILITIES	72,000	59,296	43,706
NON CURRENT LIABILITIES			
PROVISIONS	1,692	1,668	2,227
INTEREST-BEARING LOANS AND BORROWINGS	10,674	10,674	14,585
LEASE LIABILITY	384	384	385
OTHER NON CURRENT LIABILITIES (incl Trust Funds)	142	9,245	14,020
TOTAL NON CURRENT LIABILITIES	12,892	21,971	31,216
TOTAL LIABILITIES	84,892	81,267	74,921
NET ASSETS	2,877,765	2,750,347	3,016,324
EQUITY			
ACCUMULATED SURPLUS	1,584,788	1,393,045	1,507,537
OPERATING SURPLUS FOR THE PERIOD	112,973	191,741	206,285
RESERVES			
REVALUATION RESERVES	931,888	931,889	1,035,488
OTHER RESERVES	248,116	233,673	267,013
TOTAL EQUITY	2,877,765	2,750,347	3,016,324

Balance Sheet - Comments

General:

The following comments relate to the balance sheet and the cash flow statement on page 11 and 14 respectively.

Current Assets:

Cash & Investments

Council's cash position (including Investments), as at 30 September 2020 was \$295.9m, which represents an increase of \$149.1m from the \$146.9m opening cash position as at 1 July 2020. Details of inflow and outflow of funds are detailed in the Cash Flow Statement on page 14.

	\$'000's	\$'000's
Cash at 1 st July 2020		\$146,866
Plus: Net Inflow/(Outflow) from operating activities	\$54,877	
Less Net Inflow/(Outflow) from Investing activities	\$94,839	
Less Net Inflow/(Outflow) from financing activities	(\$638)	
Net Increase/(decrease) in cash held		\$149,078
Cash and Investments on hand at 30 September 2020		\$295,944

Receivables:

Total receivables outstanding as at 30 September 2020 amounted to \$122.3m, which included rate debtors of \$114.5m. The total outstanding receivables comprised: -

Receivables	30 September 2020 (000's)	30 September 2019 (000's)
Rate Debtors	\$114,473	\$97,618
Infringements & Local Laws Debtors	\$5,525	\$4,819
Sundry & other debtors net of provision for doubtful debts	\$2,327	\$16,447
Total Receivables	\$122,325	\$118,884

Non-Current Assets:

Infrastructure, Plant & Equipment

The value of Council's property, plant & equipment has decreased by \$11.1m. This decrease is mainly the depreciation charge for the YTD period. The work-in progress shown in the balance sheet includes the total capital expenditure spent in the year-to-date period at the end of the first quarter plus any work-in progress carried forward from 2019/20.

Intangible Asset

The intangible assets of \$3.0m 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 and the Spring side Children's and Childcare facility built on DOE land and Kororoit Creek Learning Centre. The balance represents Council's contributions net of amortisations.

Current & Non-Current Liabilities:

Payables

Creditors have increased by 4.48m from the June 2020 balance of \$35.9m to \$40.4m at balance date. The outstanding payables amount varies from month to month depending upon the status of the accounts payable cycle.

Employee Benefits

Employee benefits represent current and non-current components of annual and long service leave liabilities at balance date. Current component of the liability being the amounts to be settled within the 12 months after the reporting period estimated at \$11.8m, 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 September 2020 is \$12.4m. Principal repayment for the first quarter amounted to \$572k.

Working Capital and Liquidity:

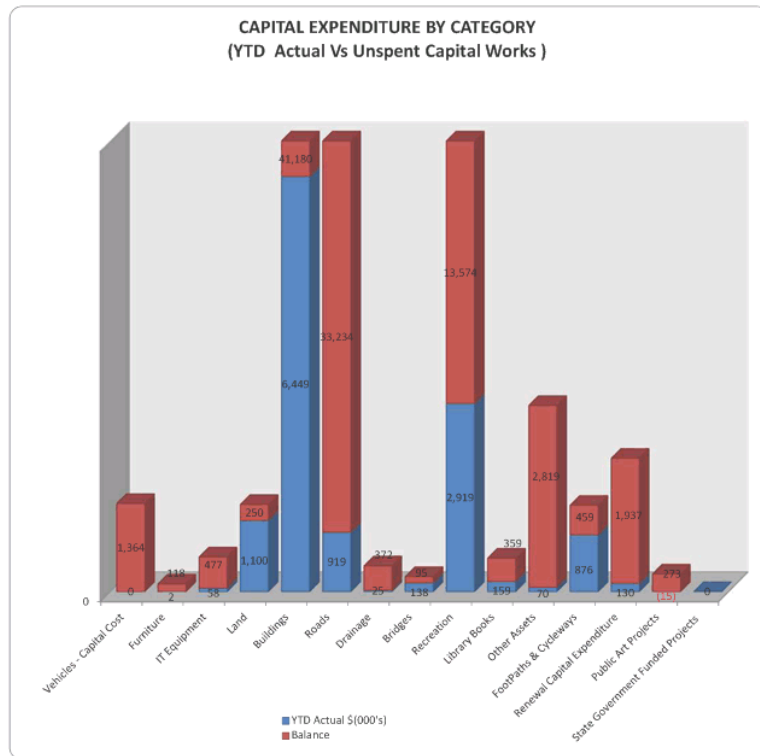
The working capital ratio is used to assess Council's ability to meet current commitments and is derived by dividing current assets by current liabilities. The working capital ratio for the YTD period is 1:6.2. The after removing the impact of rate debtors is 1:4.6

Last Year 2018/2019	CASH FLOW STATEMENT	Actuals	This Year
YTD Actual Sep-19 \$(000'S)		2019/2020 As at End Sep-20 \$(000's)	Budget 2020/2021 Annual Budget \$(000's)
	Cash Flow from Operating Activities		
	<u>Finance Report</u>		
29,512	General Rates	27,275	131,953
12,945	Grants Income - Operating & Capital	8,593	42,963
1,122	Interest	608	4,367
19,789	User Fees	28,318	15,780
4,097	Contributions & Reimbursements	16,956	66,487
1,434	Other Revenue	(978)	3,467
	<u>PAYMENTS</u>		
(13,452)	Employee Costs	(14,346)	(62,906)
(20,153)	Materials and Services	(11,548)	(78,749)
0	Other Expenses	0	(8,120)
35,294	NET CASH FROM OPERATING ACTIVITIES	54,877	115,243
	CASH FLOW FROM INVESTING ACTIVITIES		
(24,567)	Payments for Acquisition of Non-Current Assets	(11,721)	(113,514)
813	Proceeds from Sale of Non-Current Assets	2,226	10,770
52,280	Payments for Investments	104,334	0
0	Proceeds from Sale of Investments	0	0
28,526	NET CASH FROM INVESTING ACTIVITIES	94,839	(102,744)
	CASH FLOW FROM FINANCING ACTIVITIES		
(547)	Repayment of borrowings	(572)	(2,306)
0	Finance Costs	(66)	(525)
(515)	Proceeds from Borrowings	0	4,650
(1,062)	NET CASH FROM FINANCING ACTIVITIES	(638)	(2,831)
62,758	NET INCREASE/(DECREASE) IN CASH HELD	149,078	9,668
	CASH POSITION		
132,905	Cash Balance at Beginning- as at 1st July	146,866	163,661
195,663	Cash Balance at End of Period	295,944	173,328

CAPITAL EXPENDITURE BY CATEGORY

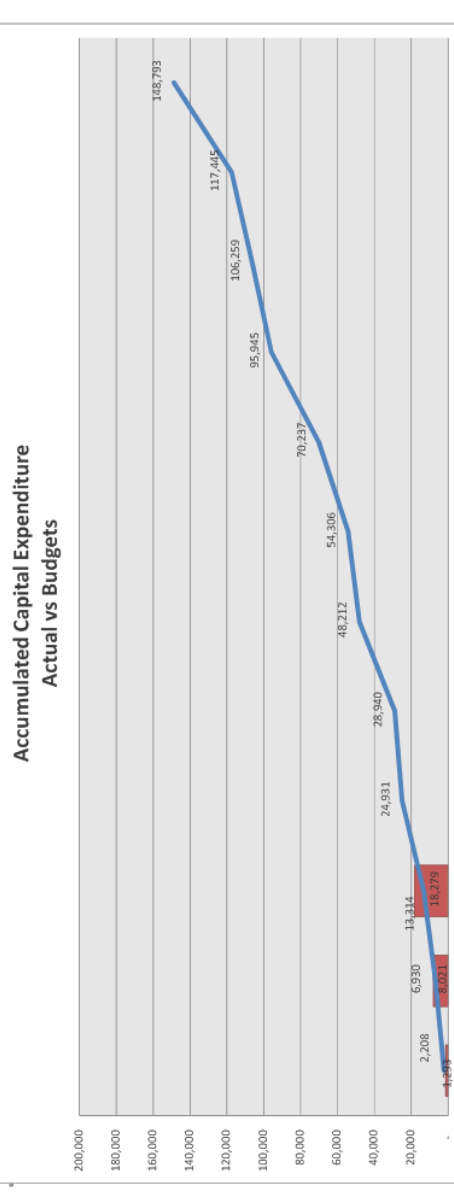
Quarter Ended 30 September 2020
2020/2021 FINANCIAL YEAR

CAPITAL EXPENDITURE	YTD Actual	YTD Budget	YTD Variance	2020/21 Approved Budget	1st Qtr Forecast	1st Qtr Variance to Budget
	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)
Vehicles - Capital Cost	0	0	0	1,364	1,364	0
Furniture	2	12	9	120	85	(35)
IT Equipment	58	58	(0)	535	396	(139)
Land	1,100	0	(1,100)	1,350	5,882	4,532
Buildings	6,449	5,666	(783)	47,629	54,513	6,884
Roads	919	1,036	116	34,154	34,122	(31)
Drainage	25	4	(21)	397	397	0
Bridges	138	38	(100)	234	484	250
Recreation	2,919	2,209	(710)	16,493	16,550	57
Library Books	159	129	(30)	518	518	0
Other Assets	70	69	(1)	2,888	2,888	0
FootPaths & Cycleways	876	914	38	1,336	1,340	4
Renewal Capital Expenditure	130	145	15	2,067	2,067	0
Public Art Projects	(15)	2	17	258	158	(100)
State Government Funded Projects	0	1,385	1,385	4,170	4,170	0
Total Capex Excl Capital DCP In Kind	12,832	11,667	(1,165)	113,514	124,935	(11,421)
Capital DCP in Kind	5,447	1,648	(3,799)	35,279	87,054	(51,775)
Total Capital Expenditure	18,279	13,315	(4,964)	148,793	211,989	(63,196)



MONTHLY ANALYSIS OF CAPITAL EXPENDITURE
2019/2020 FINANCIAL YEAR

CAPITAL EXPENDITURE	Total \$(000's)											
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
0601 - Vehicles - Capital Cost	0	0	0	0	0	0	0	0	0	0	0	0
0602 - Furniture	2	0	0	2								
0603 - IT Equipment	58	15	0	43								
0604 - Land	1,100	0	0	1,100								
0605 - Buildings	6,449	24	4,514	1,911								
0606 - Roads	919	200	327	393								
0607 - Drainage	25	17	0	8								
0608 - Bridges	138	0	1	138								
0609 - Recreation	2,919	873	1,111	935								
0610 - Library Books	159	64	68	28								
0611 - Other Assets	70	27	24	19								
0613 - Footpaths & Cycleways	876	73	686	117								
0614 - Renewal Capital Expenditure	130	0	13	117								
0620 - Public Art Projects	(15)	0	(15)	0								
0646 - State Government Funded Projects	0	0	0	0								
Total Capital Expenditure Excl Capital DCP in Kind	12,832	1,293	6,728	4,810	0	0	0	0	0	0	0	0
Capital DCP in Kind	5,447	0	0	5,447								
TOTAL CAPITAL EXPENDITURE	18,279	1,293	6,728	10,258	0	0	0	0	0	0	0	0

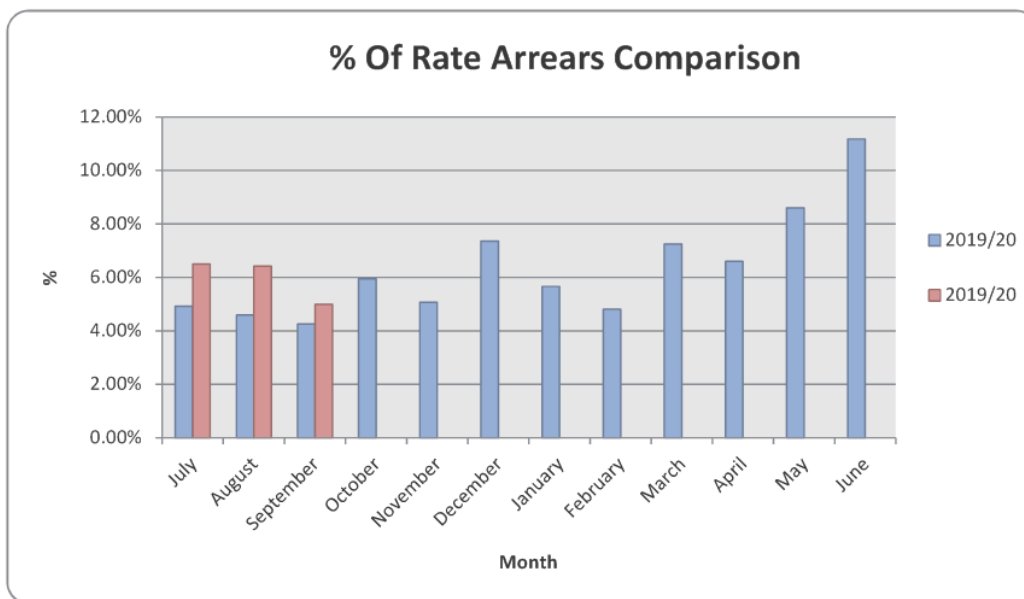


Analysis of Overdue Instalment Rate Debtors - September 2020

(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>	3,258	1,479,814
<i>\$1000 to \$1999</i>	873	1,230,191
<i>\$2000 to \$4999</i>	551	1,713,881
<i>\$5000 to \$10,000</i>	203	1,416,778
<i>Greater Than 10,000</i>	85	1,322,073
Total	4,970	7,162,737

There are 528 Properties in credit. Total Credit is \$573,886



Summary of Overdue Rate Debt Arrears & Recovery Actions - September 2020

SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 30 September 2020	NO OF PROPERTIES	RATE DEBTS OUTSTANDING \$000'S
Summons issued	145	651
Judgements issued	26	164
Summons for Oral Examination	158	1,235
Legal Arrangements	-	-
Other action - Demand Letters etc	888	2,278
Total Debt Recovery Action In Progress	1,217	4,328
Arrangements in place - Non Legal	728	1,282
Properties with no recovery/arrangements in place	3,025	1,553
TOTAL	4,970	7,163

Number of Financial Hardship applications received at reporting date is 2 (Excludes Covid-19 applications)

Rate Balances & Collection Details

Rate Collection Details	Jul-Sep	Oct	Nov-Dec	Jan-March	Apr-May	June
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Outstanding Balance as at 1 July 2017	11,362					
Rates raised in 2017-2018	130,105					
Interest raised to date						
Rebates, adjustment and unallocated Pmts	(4,225)					
Supplementary rates raised	4,506					
Total to be collected	141,748					
Amount Collected during the period	27,275					
Balance to be collected	114,473					

