



Financial Report - 30 September 2016



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Income Statement

For the financial year to date 30 September 2016

| | YTD Budget | YTD Actuals | YTD Comm | YTD Actuals & Comm | YTD Variance | Variance | Annual Budget plus C-Fwds | Adopted Budget |
|-------------------------------------|---------------------|---------------------|------------------|--------------------------|-----------------|-------------|---------------------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Recurrent income | | | | | | | | |
| Rates | (53,352,374) | (53,351,897) | - | (53,351,897) | (477) | - | (54,039,374) | (54,039,374) |
| Garbage charges | (8,184,117) | (8,232,271) | - | (8,232,271) | 48,154 | 0.59 | (8,184,117) | (8,184,117) |
| Government grants-recurrent | (1,631,776) | (1,711,259) | - | (1,711,259) | 79,483 | 4.87 | (5,921,603) | (6,077,603) |
| Government grants-non-recurrent | (1,576,224) | (1,971,302) | - | (1,971,302) | 395,078 | 25.06 | (8,390,153) | (6,303,142) |
| User charges | (2,363,203) | (2,391,362) | - | (2,391,362) | 28,159 | 1.19 | (10,213,727) | (10,213,727) |
| Statutory fees & fines | (240,864) | (309,527) | - | (309,527) | 68,663 | 28.51 | (1,033,722) | (1,033,722) |
| Reimbursements | (55,651) | (55,651) | - | (55,651) | - | - | (74,651) | (74,651) |
| Interest income | (117,500) | (117,238) | - | (117,238) | (262) | (0.22) | (880,000) | (880,000) |
| Capital contributions | (76,473) | (53,393) | - | (53,393) | (23,080) | (30.18) | (1,484,912) | (493,093) |
| Other revenue-recurrent | (144,757) | (335,697) | 34,405 | (301,291) | 156,534 | 108.14 | (467,096) | (467,096) |
| Contributions | (48,000) | 30,937 | - | 30,937 | (78,937) | (164.45) | (596,100) | (596,100) |
| Total recurrent income | (67,790,939) | (68,498,658) | 34,405 | (68,464,253) | 673,314 | 0.99 | (91,285,455) | (88,362,625) |
| Recurrent expenditure | | | | | | | | |
| Employee benefits | 7,550,531 | 7,264,718 | 73,293 | 7,338,011 | 212,520 | 2.81 | 32,307,217 | 32,073,657 |
| External contracts | 4,795,666 | 3,249,867 | 1,377,860 | 4,627,727 | 167,939 | 3.50 | 13,880,585 | 13,476,500 |
| Materials & related costs | 4,026,642 | 2,746,368 | 1,329,086 | 4,075,454 | (48,812) | (1.21) | 11,348,723 | 11,248,568 |
| Bad & doubtful debts | - | 667 | - | 667 | (667) | (100.00) | - | - |
| Other expenditure | 5,024,485 | 2,511,272 | 2,389,407 | 4,900,678 | 123,807 | 2.46 | 10,220,499 | 9,207,311 |
| Interest expenditure | 167,905 | 163,073 | - | 163,073 | 4,832 | 2.88 | 891,618 | 891,618 |
| Capital works recharge | (65,000) | (56,693) | - | (56,693) | (8,307) | (12.78) | (420,000) | (420,000) |
| New initiatives allocation | 442,135 | 286,884 | 280,942 | 567,827 | (125,692) | (28.43) | 2,015,075 | 1,284,509 |
| Total recurrent expenditure | 21,942,364 | 16,166,156 | 5,450,588 | 21,616,743 | 325,621 | 1.48 | 70,243,717 | 67,762,163 |
| Earnings before Depreciation | (45,848,575) | (52,332,503) | 5,484,993 | (46,847,510) | 998,935 | 2.18 | (21,041,738) | (20,600,462) |
| Depreciation | - | - | - | - | - | - | 9,994,000 | 9,994,000 |
| Net Profit | (45,848,575) | (52,332,503) | 5,484,993 | (46,847,510) | 998,935 | 2.18 | (11,047,738) | (10,606,462) |

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Balance Sheet

For the financial year to date 30 September 2016

| ASSETS | \$ |
|---|--------------------|
| Current assets | |
| Cash assets | 35,077,666 |
| Receivables | 66,759,759 |
| Accrued income | 19,355 |
| Land held for resale | 3,172,452 |
| Inventories | (7,601) |
| GST control | 526 |
| Total current assets | 105,022,156 |
| Non-current assets | |
| Investments in associates | 1,475,365 |
| Property, infrastructure, plant & equipment | |
| At cost | 928,822,073 |
| Accumulated depreciation | (192,873,439) |
| Work in progress 15-16 | 4,751,983 |
| Work in progress 16-17 | 4,034,619 |
| Total non-current assets | 746,210,600 |
| TOTAL ASSETS | 851,232,757 |
| LIABILITIES | |
| Current liabilities | |
| Creditors | 7,302,932 |
| Trust funds | 1,239,045 |
| Accrued expenses | 431,474 |
| Commitments | 5,484,993 |
| Provisions | 6,342,523 |
| Borrowings | 2,116,645 |
| Finance leases | - |
| Total current liabilities | 22,917,613 |
| Non-current liabilities | |
| Provisions | 9,349,850 |
| Borrowings | 11,981,145 |
| Total non-current liabilities | 21,330,995 |
| TOTAL LIABILITIES | 44,248,608 |
| NET ASSETS | 806,984,149 |
| Presented by: | |
| Accumulated surplus | 360,988,205 |
| YTD surplus/(deficit) | 46,847,510 |
| Asset revaluation reserve | 365,649,247 |
| Other reserves | 33,499,187 |
| TOTAL EQUITY | 806,984,149 |

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Statement of Cash Flows

For the financial year to date 30 September 2016

| | |
|--|---------------------|
| Inflows from operating activities | |
| Rates | 3,997,174 |
| Statutory fees & fines | 309,527 |
| User charges | 2,390,695 |
| Grants | 3,682,561 |
| Contributions | 22,456 |
| Reimbursements | 55,651 |
| Interest | 117,238 |
| Other receipts | 301,291 |
| Total inflows from operating activities | 10,876,593 |
| Outflows from operating activities | |
| Payments to suppliers | (8,128,963) |
| Payments to employees | (7,654,044) |
| Borrowing costs | (163,073) |
| GST | - |
| Trust | (113,199) |
| New initiatives allocation | (567,827) |
| Other payments | - |
| Total outflows from operating activities | (16,627,105) |
| Movement in operating activities | (5,750,512) |
| Inflows from investing activities | |
| Proceeds from sale of assets | - |
| Outflows from investing activities | |
| Payments for property, infrastructure, P&E | 813,278 |
| Movement in investing activities | 813,278 |
| Inflows from financing activities | |
| Proceeds from borrowings | - |
| Outflows from financing activities | |
| Repayment of borrowings | (205,024) |
| Movement in financing activities | (205,024) |
| TOTAL CASH MOVEMENT FOR PERIOD | (5,142,257) |
| Opening bank balance | |
| Bank | 40,219,924 |
| Investments | - |
| Net increase/(decrease) in cash and cash equivalents | (5,142,257) |
| CLOSING BANK BALANCE | 35,077,666 |

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Statement of Capital Works

For the financial year to date 30 September 2016

| Asset Class | YTD Budget | YTD Actuals & Comm | YTD Variance | Variance | Annual Budget plus C-Fwds |
|---|-------------------|--------------------|--------------------|----------------|---------------------------|
| | \$ | \$ | \$ | % | \$ |
| Bridges | 128,000 | 127,630 | 370 | 0.29 | 1,163,910 |
| Children's playground equipment | 272,000 | 288,280 | (16,280) | (5.99) | 403,849 |
| Commercial centres/major streetscapes | 80,722 | 78,597 | 2,125 | 2.63 | 321,887 |
| Disability access works | 14,000 | 13,360 | 640 | 4.57 | 193,879 |
| Drainage | 57,500 | 63,471 | (5,971) | (10.38) | 600,000 |
| Footpaths | 443,494 | 450,159 | (6,665) | (1.50) | 815,826 |
| Landfill closure/regional park | 2,678,664 | 2,709,484 | (30,820) | (1.15) | 2,678,664 |
| Major leisure centres & community halls | 12,344,896 | 16,870,130 | (4,525,234) | (36.66) | 13,142,545 |
| Other | 36,952 | 129,318 | (92,366) | (249.96) | 81,814 |
| Other council buildings | 3,367,322 | 3,337,111 | 30,211 | 0.90 | 5,731,858 |
| Plant & vehicle replacement | 415,500 | 376,123 | 39,377 | 9.48 | 1,569,662 |
| Public open space | 11,385 | 24,922 | (13,537) | (118.91) | 461,385 |
| Recreation trails | 450,697 | 348,652 | 102,045 | 22.64 | 3,912,572 |
| Roads (periodic maintenance) | 1,265,248 | 1,705,084 | (439,836) | (34.76) | 3,357,554 |
| Special charge schemes | - | - | - | - | - |
| Sportsfields & pavilions | 274,878 | 752,127 | (477,249) | (173.62) | 4,065,143 |
| Traffic works | 138,539 | 132,984 | 5,555 | 4.01 | 2,559,270 |
| Total | 21,979,797 | 27,407,431 | (5,427,634) | (24.69) | 41,059,818 |
| Asset renewal expenditure | 1,634,775 | 2,232,574 | (597,799) | (36.57) | 8,045,760 |
| New asset expenditure | 1,013,857 | 918,799 | 95,058 | 9.38 | 4,367,639 |
| Asset upgrade expenditure | 18,063,198 | 22,587,504 | (4,524,306) | (25.05) | 23,497,591 |
| Asset expansion expenditure | 1,267,967 | 1,668,555 | (400,588) | (31.59) | 5,148,828 |
| Total | 21,979,797 | 27,407,431 | (5,427,634) | (24.69) | 41,059,818 |

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1. Operating Performance

a. Operating Revenue year to date

| | YTD Budget | YTD Actuals & Comm | YTD Variance | YTD Variance | Traffic Light | Annual Budget plus C-Fwds |
|---------------------------------|---------------------|--------------------------|-----------------|-----------------|---------------|---------------------------------|
| | \$ | \$ | \$ | % | | \$ |
| Revenues | | | | | | |
| Rates | (53,352,374) | (53,351,897) | (477) | (0.00) | ● | (54,039,374) |
| Garbage Charges | (8,184,117) | (8,232,271) | 48,154 | 0.59 | ● | (8,184,117) |
| Government Grants-Recurrent | (1,631,776) | (1,711,259) | 79,483 | 4.87 | ● | (5,921,603) |
| Government Grants-Non-Recurrent | (1,576,224) | (1,971,302) | 395,078 | 25.06 | ● | (8,390,153) |
| User Charges | (2,363,203) | (2,391,362) | 28,159 | 1.19 | ● | (10,213,727) |
| Statutory Fees & Fines | (240,864) | (309,527) | 68,663 | 28.51 | ● | (1,033,722) |
| Reimbursements | (55,651) | (55,651) | - | - | ● | (74,651) |
| Interest Income | (117,500) | (117,238) | (262) | (0.22) | ● | (880,000) |
| Capital Contributions | (76,473) | (53,393) | (23,080) | (30.18) | ● | (1,484,912) |
| Other Revenue-Recurrent | (144,757) | (301,291) | 156,534 | 108.14 | ● | (467,096) |
| Contributions | (48,000) | 30,937 | (78,937) | (164.45) | ● | (596,100) |
| Total Operating Revenue | (67,790,939) | (68,464,253) | 673,314 | 0.99 | | (91,285,455) |

● YTD tolerance -5% to 5% ● YTD tolerance 5 to 10% (+/-) ● YTD tolerance greater than 10% (+/-)

Significant variance commentary (Over \$50,000 or >5%):

Recurrent Government Grants \$79,483.

New funding received from:

- Department of Economic Development, Jobs, Transport & Resources \$15,000 for Grow Your Business Group, and
- Melbourne Water Corporation \$9,375 for Corridors of Green - Rotin Court Reserve.

Additional Funding received from:

- Department of Education and Training \$9,691 for maternal and child health services, and \$9,388 for vocational education training.

The balance of \$36,029 consists of various minor differences.

Non-Recurrent Government Grants \$395,078.

New funding received from:

- VicRoads \$95,000 for Learner Driver Mentor Program,
- Department of Health and Human Services \$90,000 for Susan Street Sportsground Lighting and \$90,000 for Eltham High School Female Friendly Changerooms,
- Strathewen Landcare Group \$51,250 for Landcare Network Facilitator,
- Department of Infrastructure and Regional Development \$29,200 for Indicative Playground Renewal program, and
- Department of Economic Development, Jobs, Transport & Resources \$12,894 for Community Bank Stadium solar business case.

Statutory Fees and Fines \$68,663.

There has been an unforeseen increase in planning applications, including some larger development projects which attract higher planning fees, resulting in additional year to date income of \$22,973. There has also been higher than anticipated year to date parking infringement income \$23,136 and building services prosecution income \$13,204.

Capital Contributions (\$23,080).

Hillmartin Lane Area Special Charge Scheme contributions (\$23,552) variance is due to a timing difference between budget profile and actual recognition of income. This will be corrected at mid year budget review.

Other Revenue - Recurrent \$156,534.

Income received from State Revenue Office for Council Valuation \$140,974 and higher than anticipated current year diesel fuel rebate \$18,178.

Contributions (\$78,937).

Refund of developer contributions charged in error for Infrastructure DPO areas within the Shire (\$72,247). These refunds will be offset by transfers from the DPO reserves at the end of the financial year.

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b. Operating Expenditure year to date

| | YTD Budget | YTD Actuals & Comm | YTD Variance | YTD Variance | Traffic Light | Annual Budget plus C-Fwds |
|------------------------------------|-------------------|--------------------------|-----------------|-----------------|---------------|---------------------------------|
| | \$ | \$ | \$ | % | | \$ |
| Expenditure | | | | | | |
| Employee Benefits | 7,550,531 | 7,338,011 | 212,520 | 2.81 | ● | 32,307,217 |
| External Contracts | 4,795,666 | 4,627,727 | 167,939 | 3.50 | ● | 13,880,585 |
| Materials & Related Costs | 4,026,642 | 4,075,454 | (48,812) | (1.21) | ● | 11,348,723 |
| Bad & Doubtful Debts | - | 667 | (667) | (100.00) | ● | - |
| Other Expenditure | 5,024,485 | 4,900,678 | 123,807 | 2.46 | ● | 10,220,499 |
| Interest Expenditure | 167,905 | 163,073 | 4,832 | 2.88 | ● | 891,618 |
| Capital Works Recharge | (65,000) | (56,693) | (8,307) | (12.78) | ● | (420,000) |
| New Initiatives Allocation | 442,135 | 567,827 | (125,692) | (28.43) | ● | 2,015,075 |
| Total operating expenditure | 21,942,364 | 21,616,743 | 325,621 | 1.48 | | 70,243,717 |

● YTD tolerance -5% to 5% ● YTD tolerance 5 to 10% (+/-) ● YTD tolerance greater than 10% (+/-)

Significant Variance Commentary:

Employee Benefits \$212,520. This variance is reflective of year to date savings arising from a number of position vacancies due to resignation or staff taking long service leave or leave without pay, including:

- Engineering Design \$42,619
- Accounting Services \$38,740
- Assessment \$33,401
- IT Management \$31,682
- Open Space Management \$23,571
- Property Sales Management \$22,877
- Community Services Management \$21,544

There are also a number of minor timing differences between annual leave taken and annual leave accrued year to date.

External Contracts \$167,939. Lower Home and Community Care contracted services costs \$107,386 due to reduced target delivery, which was set after the budget had been adopted. Any remaining external funds to be redeployed for implementation of the Commonwealth Home Support Program and National Disability Insurance Scheme transition. Timing difference between budget profile and actuals for garden organics disposal \$52,251.

Other Expenditure \$123,807. Timing differences between budget profile and actuals for garbage tipping fees \$66,209, Nillumbik Tourism Association support \$15,454, road materials tipping fees \$9,749 and lower than expected government levy on animal registrations \$8,703. The balance of this variance consists of several minor differences between budget profile and actuals.

New Initiatives Allocation (\$125,692).

Refer to New Initiatives table.

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2. Capital Works Projects - Expenditure

| | YTD Budget | YTD Actuals & Comm | YTD Variance | YTD Variance | Traffic Light | Annual Budget plus C-Fwds |
|---------------------|------------|--------------------|--------------|--------------|---------------|---------------------------|
| | \$ | \$ | \$ | % | | \$ |
| Capital Expenditure | 21,979,797 | 27,407,431 | (5,427,634) | (24.69) | ● | 41,059,818 |

● YTD tolerance -5% to 5% ● YTD tolerance 5 to 10% (+/-) ● YTD tolerance greater than 10% (+/-)

Significant Variance Commentary:

Eltham Leisure Centre Aquatic Redevelopment (\$4,525,491)

This variance is the result of commitments being raised for works which have been budgeted for, and will be carried out, over two financial years, as well as increased construction costs, for which \$2,900,000 additional funding was approved by Council on 26 July 2016.

Civic Drive Precinct - Infrastructure works (\$380,742)

Higher than expected contractor costs. This will be funded from the Major Projects Reserve.

Greensborough Hockey Synthetic Pitch (\$484,460)

Council is acting as guarantor, as approved at the Ordinary Meeting of Council on 23 August 2016 (OCM.129/16). Council is overseeing this project due to it being a Council asset. This project is to be fully funded by Greensborough Hockey Club.

Emergency Repairs (\$81,067)

Urgent repairs were required to Plenty Park tennis club lights following recent audit findings.

Pavement Maintenance Shire Wide (\$48,221)

The timing of these works depends on contractor availability and weather conditions.

Diamond Creek Trail Construction (Wattle Glen to Hurstbridge) \$102,000

Panel hearings are being held in November.

Balance of the variance \$9,653 relates to minor timing differences.

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Eltham Leisure Centre Redevelopment
As at 30 September 2016

| | 2015-16 Adopted Budget | 2016-17 Adopted Budget | 2016-17 Additional Funding * | Proposed 2017-18 Budget | Total Approved Budget | Project To Date Actuals |
|----------------------|------------------------------|------------------------------|------------------------------------|-------------------------------|-----------------------------|-------------------------------|
| | \$ | \$ | | \$ | \$ | \$ |
| Income | | | | | | |
| Grants | (1,200,000) | (4,300,000) | | (1,300,000) | (6,800,000) | (6,500,000) |
| Reserves | - | (7,100,000) | (2,900,000) | - | (10,000,000) | - |
| Rates funding | - | (550,000) | | (2,000,000) | (2,550,000) | (8,919) |
| Total Funding | (1,200,000) | (11,950,000) | (2,900,000) | (3,300,000) | (19,350,000) | (6,508,919) |
| Expenditure | 1,200,000 | 11,950,000 | 2,900,000 | 3,300,000 | 19,350,000 | 1,100,573 |
| Net | - | - | - | - | - | (5,408,346) |

* Additional funding approved at the Ordinary Council Meeting on 26 July 2016 (OCM.120/16).

| | Project To Date Actuals | YTD Commitments | Project to Date Actuals & Commitments | Total Approved Budget | Variance |
|--------------------|-------------------------------|--------------------|--|-----------------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Expenditure | 1,100,573 | 16,646,171 | 17,746,744 | 19,350,000 | 1,603,256 |

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3. New Initiatives Expenditure

| Department Unit | YTD Budget | YTD Actuals & Comm | YTD Variance | YTD Variance | Traffic Light | Annual Budget plus C-Fwds |
|-----------------------------------|----------------|--------------------|------------------|----------------|---------------|---------------------------|
| | \$ | \$ | \$ | % | | \$ |
| Infrastructure Services | | | | | | |
| Assets And Property | 26,498 | 29,433 | (2,935) | (11.08) | ● | 112,748 |
| GM Infrastructure Services | 15,375 | 50,863 | (35,488) | (230.82) | ● | 66,627 |
| Infrastructure Development | - | - | - | - | | 30,000 |
| Infrastructure Maintenance | 26,703 | 39,112 | (12,409) | (46.47) | ● | 160,262 |
| | 68,576 | 119,408 | (50,832) | | | 369,637 |
| Environment & Planning | | | | | | |
| Sustainability & Environment | 11,332 | 49,384 | (38,052) | (335.79) | ● | 98,166 |
| Planning & Health | 2,500 | - | 2,500 | 100.00 | | 10,000 |
| Strategic & Economic Planning | 175,227 | 196,100 | (20,873) | (11.91) | ● | 400,427 |
| | 189,059 | 245,484 | (56,425) | | | 508,593 |
| Community & Leisure | | | | | | |
| Leisure & Social Infrastructure | 79,403 | 56,095 | 23,308 | 29.35 | ● | 235,307 |
| Community Participation | 60,434 | 81,918 | (21,484) | (35.55) | ● | 240,480 |
| Comm Services & Social Develop | 44,663 | 63,260 | (18,597) | (41.64) | ● | 261,305 |
| | 184,500 | 201,272 | (16,772) | | | 737,092 |
| Corporate Services | | | | | | |
| Governance & Communications | - | 1,662 | (1,662) | (100.00) | | 310,000 |
| GM Corporate Services | - | - | - | - | | 24,753 |
| Information & Technology | - | - | - | - | | 65,000 |
| | - | 1,662 | (1,662) | | | 399,753 |
| Total | 442,135 | 567,826 | (125,691) | (28.43) | ● | 2,015,075 |

● YTD tolerance -5% to 5% ● YTD tolerance 5 to 10% (+/-) ● YTD tolerance greater than 10% (+/-)

Year to date variances greater than \$20,000 by department and unit

Significant variance commentary :

Infrastructure Services:

GM Infrastructure (\$35,488)

- North/West Relief and Recovery Collaboration (\$29,088). Offsetting savings will be sourced from other programs to fund the unbudgeted expenditure for this project.

Environment & Planning:

Sustainability & Environment (\$38,052)

- Community Bank Stadium Solar Business Case (\$17,192). This is a new program funded by Department of Economic Development, Jobs, Transport & Resources and will be spent in 2016-17. Awaiting additional grant income for project.
- Landcare Network Facilitator (\$10,084). Additional funding has been received from Stathewen Landcare Group for this program.
- Other variances relate to minor timing differences between budget profile and actuals.

Strategic and Economic Planning (\$20,873)

- Integrated Neighbourhood Strategy (\$18,829).

Community & Leisure:

Leisure & Social Infrastructure \$23,308

- Regional Plan Ball Courts & Soccer \$10,000. Awaiting invoice from Banyule City Council for Nillumbik's contribution for regional indoor sports court planning.
- Other variances reflect minor timing differences

Community Participation (\$21,484)

- Project Management (\$27,127). Project management salary, which will be recovered across various projects at year end.
- Other variances relate to minor timing differences between budget profile and actuals.

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4. Loans and Investments

a. Loans

| Financial Institution | Start date | Term (years) | End date | Principal | Interest Rate | Current Balance |
|-----------------------|------------|--------------|------------|-----------|---------------|-------------------|
| | | | | \$ | % | \$ |
| ANZ | 29/06/2012 | 10 | 29/06/2022 | 1,000,000 | 5.52% | 640,789 |
| ANZ | 29/06/2012 | 20 | 29/06/2032 | 2,373,000 | 5.88% | 2,071,543 |
| CBA | 28/06/2013 | 10 | 28/06/2023 | 400,000 | 5.86% | 294,581 |
| CBA | 30/06/2015 | 2 | 28/06/2017 | 1,480,000 | 2.75% | 1,480,000 |
| NAB | 28/06/2007 | 10 | 28/06/2017 | 1,300,000 | 7.05% | 123,726 |
| NAB | 28/06/2007 | 20 | 28/06/2027 | 2,200,000 | 6.96% | 1,509,873 |
| NAB | 27/06/2008 | 10 | 27/06/2018 | 920,000 | 8.04% | 215,371 |
| NAB | 27/06/2008 | 20 | 27/06/2028 | 3,647,000 | 7.87% | 2,764,954 |
| NAB | 25/06/2010 | 10 | 25/06/2020 | 923,000 | 7.79% | 767,975 |
| NAB | 10/06/2011 | 20 | 10/06/2031 | 2,120,000 | 7.91% | 1,836,978 |
| LGFV | 27/06/2014 | 7 | 12/11/2021 | 2,392,000 | 4.65% | 2,392,000 |
| Total | | | | | | 14,097,790 |

b. Investment activities

Council carries out investment activities according to Section 143 of the Victorian Local Government Act 1989. All Council funds are invested with Authorised Deposit Taking Institutions (ADI's), in either cash, at call or term deposits. The following table provides our investment portfolio by institution and rating type.

| Financial Institution | Green Investment | S & P Rating | Investment Type | Principal \$ | Maturity Date | Term (days) | Interest Rate % |
|-----------------------|------------------|--------------|-----------------|-------------------|-------------------------|-------------|-----------------|
| ANZ * | | A1+ | 11:00am | 163 | | | |
| BankWest | | A1+ | 11:00am | 3,009,912 | | | 1.60% |
| Bendigo/Adelaide | Yes | A2 | Term Deposit | 1,000,000 | 20/10/2016 | 183 | 2.85% |
| BankWest | | A1+ | Term Deposit | 2,073,269 | 3/10/2016 | 62 | 2.70% |
| BankWest | | A1+ | Term Deposit | 2,000,000 | 4/11/2016 | 60 | 2.55% |
| IMB | Yes | A2 | Term Deposit | 2,100,000 | 5/12/2016 | 91 | 2.60% |
| ME Bank | Yes | A2 | Term Deposit | 1,000,000 | 14/11/2016 | 91 | 2.70% |
| ME Bank | Yes | A2 | Term Deposit | 5,800,000 | 28/11/2016 | 91 | 2.70% |
| ME Bank | Yes | A2 | Term Deposit | 1,400,000 | 5/12/2016 | 91 | 2.70% |
| NAB | | A1+ | Term Deposit | 3,500,000 | 4/10/2016 | 92 | 2.87% |
| Suncorp | Yes | A1 | Term Deposit | 3,500,000 | 4/11/2016 | 59 | 2.50% |
| Suncorp | Yes | A1 | Term Deposit | 500,000 | 28/12/2016 | 184 | 2.90% |
| Suncorp | Yes | A1 | Term Deposit | 5,500,000 | 28/12/2016 | 184 | 2.90% |
| Total | | | | 31,383,344 | Weighted average | | 2.62% |

* Nominal amount held with ANZ to enable future investments if required.

| Financial Institution Rating | Investment \$ | Portfolio % |
|------------------------------|-------------------|-------------|
| A1+ | 10,583,343 | 33.72% |
| A1 | 9,500,000 | 30.27% |
| A2 | 11,300,000 | 36.01% |
| A3 | - | |
| Total | 31,383,343 | 100% |

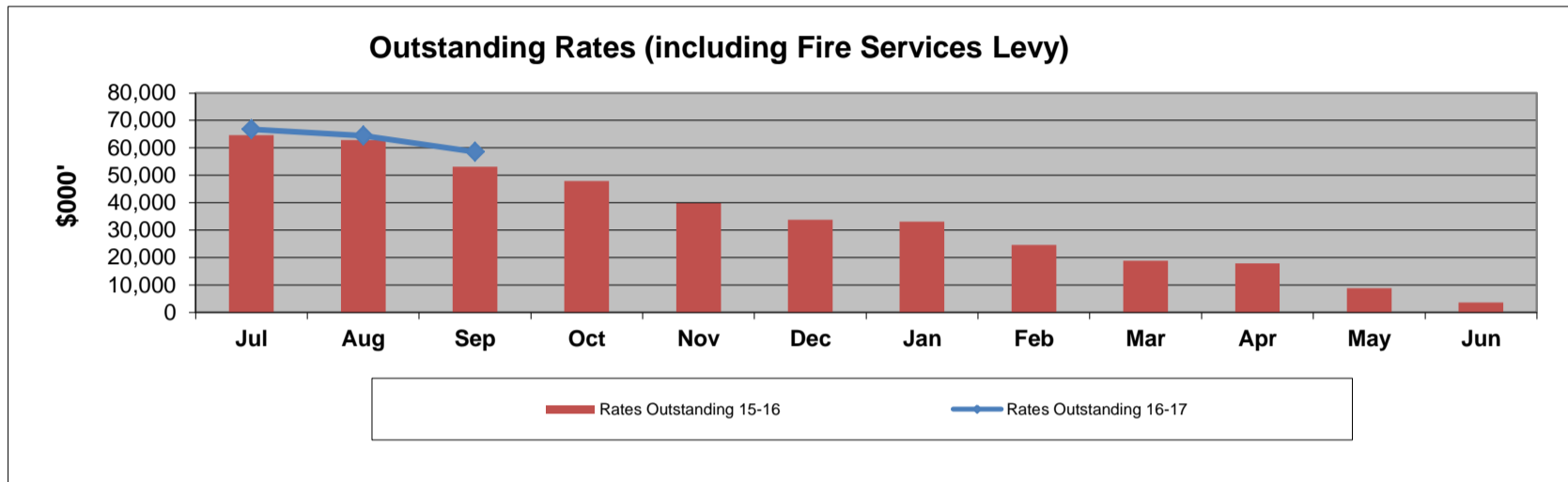
Council's current average rate of return on investments for the 2016-17 financial year is 2.62 percent and is compliant with Council's Investment policy.

The portion of investment portfolio currently invested with green institutions is 66.28 percent.

Financial Report - 30 September 2016

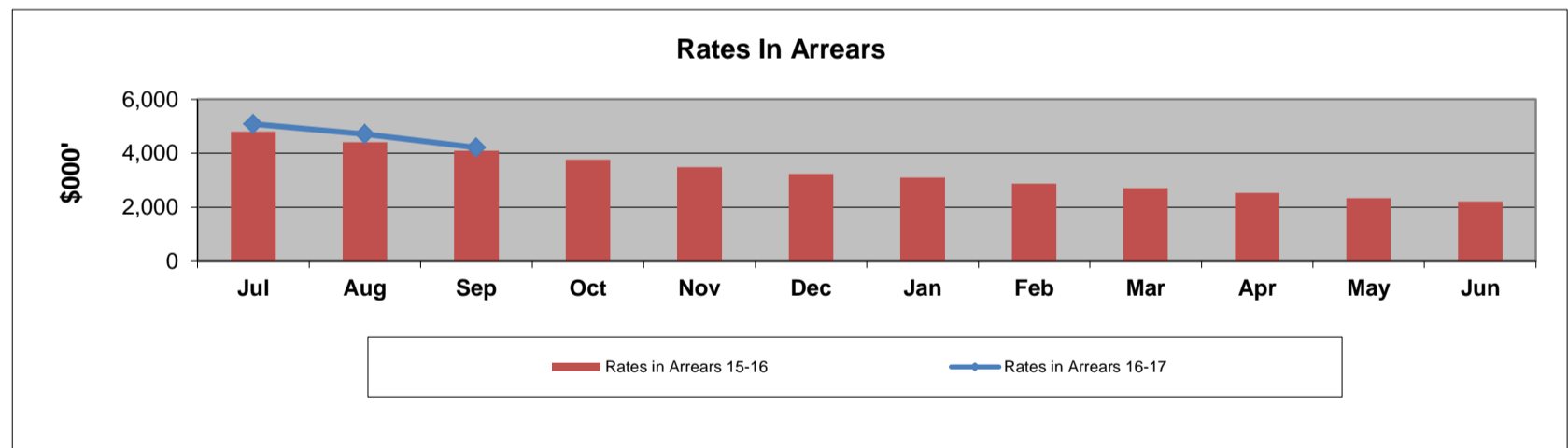
5. Rates outstanding

| | YTD Actual 30-Sep-15 \$ | YTD Actual 30-Sep-16 \$ | Variance \$ | Variance % |
|--------------------------------|-------------------------------|-------------------------------|----------------|---------------|
| Rates Outstanding | 53,137 | 58,565 | (5,428) | (10.22) |
| Rates in Arrears (prior years) | 4,087 | 4,216 | (129) | (3.16) |



Rates (including Fire Services Levy) collections are tracking in accordance with expectations. As at 30 September 2016 the year to date actual Fire Service Levy charges outstanding are \$4,754,571; the outstanding rates balance is \$53,810,384.

When Council adopts the budget, rates are levied on ratepayers and the full amount due is treated as income at that point.



A positive downward trend continues across the outstanding Rates in Arrears balance.

Financial Report - 30 September 2016

6. Grant Activity

The following table provides a summary of grant funding received greater than \$50,000 for Council activities during the period 1 July 2016 to 30 September 2016.

| Project Description | 2016-17 Actuals YTD \$ | Funding Body |
|---|---------------------------------|---|
| Recurrent | | |
| Maternal & Child Health Universal Funding | 82,159 | Department of Education and Training |
| Living & Learning Vocational Education & Training | 104,458 | Department of Education and Training |
| Grants Commission - Roads | 272,557 | Department of Environment, Land, Water and Planning |
| Grants Commission - General | 448,619 | Department of Environment, Land, Water and Planning |
| Home & Community Care - Domestic Assistance | 91,372 | Department of Health |
| Home & Community Care - Personal Care | 67,690 | Department of Health |
| Home & Community Care - Personal Care | 59,433 | Department of Health and Human Services |
| Aged Care Assessment service funding | 103,516 | Department of Health and Human Services |
| School Crossing Supervision | 153,477 | VicRoads |
| Total Recurrent | 1,383,281 | |
| Non-Recurrent | | |
| <u>New Initiatives</u> | | |
| Landcare Network Facilitator | 51,250 | Strathewen Landcare Group |
| Learner Driver Mentor Program | 95,000 | VicRoads |
| <u>Capital Works</u> | | |
| Susan St Sportsground Lighting | 90,000 | Department of Health and Human Services |
| Eltham High School Female Friendly Changerooms | 90,000 | Department of Health and Human Services |
| Eltham Leisure Centre Aquatic Redevelopment | 1,500,000 | Sport and Recreation Victoria |
| Total Non-Recurrent | 1,826,250 | |

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7. Defined Benefit Superannuation Update

Council has an obligation to contribute to any funding shortfalls within the Local Authorities Superannuation Fund (LASF) Defined Benefit. The Australian Prudential Regulation Authority (APRA) standard SPS160 uses the Vested Benefits Index (VBI) as its primary measure. The independent Actuary to the fund calculates the VBI at 30 June each year. It is necessary for the VBI to be 100% or greater at 30 June. Vision Super produces interim quarterly VBI estimates based on actual quarterly assets and membership.

The recent history of the LASF VBI is shown below:

Estimated Vested Benefit Index

| Year | 30 Sept (estimated) % | 31 Dec (estimated) % | 31 Mar (estimated) % | 30 Jun (actual) % |
|---------|-----------------------------|----------------------------|----------------------------|-------------------------|
| 2016/17 | 103.70 | | | |
| 2015/16 | 104.00 | 104.40 | 102.40 | 102.00 |
| 2014/15 | 102.60 | 103.10 | 108.50 | 105.80 |
| 2013/14 | 103.10 | 105.10 | 104.60 | 103.40 |

To enable Council to monitor this risk, reliance is placed on the actuarial reviews conducted on the fund on a periodic basis.

Financial Report - 30 September 2016

Statement of Cash Position (Rate Determination)

For the financial year to date 30 September 2016

| Description | YTD Budget | YTD Actuals & Comm | YTD Variance | Variance | Annual Budget plus + C-Fwds |
|--|---------------------|--------------------------|-----------------|---------------|-----------------------------------|
| | \$ | \$ | \$ | % | \$ |
| Recurrent income | | | | | |
| Rates & charges | (53,352,374) | (53,351,897) | (477) | - | (54,039,374) |
| Garbage charges | (8,184,117) | (8,232,271) | 48,154 | 0.59 | (8,184,117) |
| Government grants | (1,631,776) | (1,711,259) | 79,483 | 4.87 | (5,921,603) |
| User fees | (2,363,203) | (2,391,362) | 28,159 | 1.19 | (10,213,727) |
| Statutory fees & fines | (240,864) | (309,527) | 68,663 | 28.51 | (1,033,722) |
| Reimbursements | (55,651) | (55,651) | - | - | (74,651) |
| Interest | (117,500) | (117,238) | (262) | (0.22) | (880,000) |
| Proceeds on sale of assets - recurrent | (185,105) | (206,585) | 21,480 | 11.60 | (270,966) |
| Other revenue | (144,757) | (301,291) | 156,534 | 108.14 | (467,096) |
| Contributions | (48,000) | 30,937 | (78,937) | (164.45) | (596,100) |
| Total recurrent income | (66,323,347) | (66,646,142) | 322,795 | 0.49 | (81,681,356) |
| Recurrent expenditure | | | | | |
| Employee costs | 7,550,531 | 7,338,011 | 212,520 | 2.81 | 32,307,217 |
| Contracts | 4,795,666 | 4,627,727 | 167,939 | 3.50 | 13,880,585 |
| Materials and services | 4,026,642 | 4,075,454 | (48,812) | (1.21) | 11,348,723 |
| Bad & Doubtful Debts | - | 667 | (667) | (100.00) | - |
| Other expenditure | 5,024,485 | 4,900,678 | 123,807 | 2.46 | 10,220,499 |
| | 21,397,324 | 20,942,537 | 454,787 | 2.13 | 67,757,024 |
| Interest | 167,905 | 163,073 | 4,832 | 2.88 | 891,618 |
| Total recurrent expenditure | 21,565,229 | 21,105,610 | 459,619 | 2.13 | 68,648,642 |
| Net recurrent resource | (44,758,118) | (45,540,532) | 782,414 | 1.75 | (13,032,714) |
| Non recurrent income | | | | | |
| Transfer from reserves | - | - | - | - | (2,231,630) |
| Proceeds on sale of assets-non-recurrent | (550,000) | (550,000) | - | - | (7,500,000) |
| Total non recurrent income | (550,000) | (550,000) | - | - | (9,731,630) |
| Non recurrent expenditure | | | | | |
| Debt redemption | 205,000 | 205,024 | (24) | - | 842,000 |
| Transfer to reserves | 243,750 | 243,750 | - | - | 11,496,311 |
| Capital works recharge | (65,000) | (56,693) | (8,307) | (12.78) | (420,000) |
| Total non recurrent expenditure | 383,750 | 392,080 | (8,330) | (2.17) | 11,918,311 |
| Net non-recurrent resource | (166,250) | (157,920) | (8,330) | (5.01) | 2,186,681 |
| Net operating (surplus) / deficit | (44,924,368) | (45,698,452) | 774,084 | 1.72 | (10,846,033) |

Financial Report - 30 September 2016

Statement of Cash Position (Rate Determination)

For the financial year to date 30 September 2016

| Description | YTD Budget | YTD Actuals & Comm | YTD Variance | Variance | Annual Budget plus + C-Fwds |
|---|---------------------|--------------------------|------------------|---------------|-----------------------------------|
| | \$ | \$ | \$ | % | \$ |
| New initiatives | | | | | |
| New initiatives income | (17,213) | (197,091) | 179,878 | 1,045.01 | (168,642) |
| Transfer from reserves | - | - | - | - | (825,566) |
| New initiatives allocation | 442,135 | 567,827 | (125,692) | (28.43) | 2,015,075 |
| Net new initiatives resource | 424,922 | 370,735 | 54,187 | 12.75 | 1,020,867 |
| Capital works program | | | | | |
| Government grants | (1,559,011) | (1,774,211) | 215,200 | 13.80 | (8,221,511) |
| Capital contributions | (76,473) | (53,393) | (23,080) | (30.18) | (1,484,912) |
| Loan borrowings | - | - | - | - | - |
| Other revenue | - | - | - | - | - |
| Transfer from reserves | - | - | - | - | (21,678,429) |
| Capital expenditure allocation | 21,979,797 | 27,407,431 | (5,427,634) | (24.69) | 41,059,818 |
| Eltham Leisure Centre Redevelopment ** | - | (4,525,492) | 4,525,492 | - | - |
| Rates funded capital expenditure | 20,344,313 | 21,054,334 | (710,021) | (3.49) | 9,674,966 |
| Net budget position | (24,155,133) | (24,273,382) | 118,249 | 0.49 | (150,200) |
| Reconcile back to income statement | | | | | |
| <u>Add balance sheet items included</u> | | | | | |
| Debt redemption | (205,000) | (205,024) | 24 | - | (842,000) |
| Transfer to reserves | (243,750) | (243,750) | - | - | (11,496,311) |
| Loan borrowings | - | - | - | - | - |
| Transfer from reserves | - | - | - | - | 24,735,625 |
| Capital expenditure allocation | (21,979,797) | (27,407,431) | 5,427,634 | 24.69 | (41,059,818) |
| Eltham Leisure Centre Redevelopment ** | - | 4,525,492 | (4,525,492) | - | - |
| Total to be added | (22,428,547) | (23,330,712) | 902,165 | 4.02 | (28,662,504) |
| <u>Less P&L items not included</u> | | | | | |
| Depreciation | - | - | - | - | (9,994,000) |
| WDV of recurrent assets sold* | (185,105) | (206,585) | 21,480 | 11.60 | (270,966) |
| WDV of non-recurrent assets sold* | (550,000) | (550,000) | - | - | (7,500,000) |
| Total to be deducted | (735,105) | (756,585) | 21,480 | 2.92 | (17,764,966) |
| Net (surplus) / deficit | (45,848,575) | (46,847,510) | 998,935 | 2.18 | (11,047,738) |

* Please note, the assumption is made that written down value (WDV) is equal to sale price until asset entries are completed at year end.

** This entry identifies commitments for approved Eltham Leisure Centre Aquatic Redevelopment works which will not be undertaken until 2017-18.

Financial Report - 30 September 2016

Department Summary

For the financial year to date 30 September 2016

| | YTD Budget | YTD Actuals/ Comm | YTD Variance | Annual Budget plus + C-Fwds |
|-------------------------|---------------------|----------------------|--------------------|-----------------------------------|
| | \$ | \$ | \$ | \$ |
| Income | | | | |
| Infrastructure Services | (1,106,818) | (1,157,406) | 50,588 | (10,094,193) |
| Environment & Planning | (557,398) | (703,713) | 146,315 | (3,310,382) |
| Community & Leisure | (2,760,920) | (2,942,064) | 181,144 | (12,537,206) |
| Corporate Services | (62,284,778) | (62,460,125) | 175,347 | (66,212,534) |
| Capital Works | (1,820,589) | (2,034,189) | 213,600 | (31,620,818) |
| Total | (68,530,503) | (69,297,498) | 766,995 | (123,775,133) |
| Expenditure | | | | |
| Infrastructure Services | 6,749,766 | 6,381,225 | 368,541 | 32,269,432 |
| Environment & Planning | 2,322,832 | 2,360,808 | (37,976) | 9,141,051 |
| Community & Leisure | 8,728,492 | 8,670,729 | 57,763 | 23,711,194 |
| Corporate Services | 4,360,989 | 4,490,060 | (129,071) | 16,488,675 |
| Executive Services | 233,494 | 239,355 | (5,861) | 989,516 |
| Capital Works | 21,979,797 | 27,407,431 | (5,427,634) | 41,059,818 |
| Total | 44,375,370 | 49,549,608 | (5,174,238) | 123,659,686 |
| Net Cost | | | | |
| Infrastructure Services | 5,642,948 | 5,223,819 | 419,129 | 22,175,239 |
| Environment & Planning | 1,765,434 | 1,657,094 | 108,340 | 5,830,669 |
| Community & Leisure | 5,967,572 | 5,728,665 | 238,907 | 11,173,988 |
| Corporate Services | (57,923,789) | (57,970,065) | 46,276 | (49,723,859) |
| Executive Services | 233,494 | 239,355 | (5,861) | 989,516 |
| Capital Works | 20,159,208 | 25,373,241 | (5,214,033) | 9,439,000 |
| Total | (24,155,133) | (19,747,891) | (4,407,242) | (115,447) |