



Financial Report - 31 March 2017



Financial Report - 31 March 2017

Contents

1. Income Statement	3
2. Balance Sheet	4
3. Statement of Cash Flows	5
Executive Summary	
1. Operating Performance	6
2. Capital Works Projects	10
3. New Initiatives	12
4. Loans and Investments	13
5. Rates Outstanding	14
6. Grant Activity	15
7. Defined Benefit Superannuation Update	16
Attachments	
1. Statement of Capital Works	17
2. Statement of Cash Position	18
3. Department Summary	20

Financial Report - 31 March 2017

Income Statement

For the financial year to date 31 March 2017

	YTD Budget MYBR	YTD Actuals & Comm	YTD Variance	Variance	Mid Year Budget Review (MYBR)	Annual Budget plus C-Fwds
	\$	\$	\$	%	\$	\$
Income						
Rates and municipal charges	53,818,641	53,810,097	(8,544)	(0.02)	54,093,641	54,039,374
Waste management charges	8,232,271	8,255,183	22,912	0.28	8,232,271	8,184,117
Government grants-recurrent	4,674,970	4,686,189	11,219	0.24	6,269,775	5,921,603
Government grants-non-recurrent	3,428,659	3,792,202	363,543	10.60	8,003,033	8,390,153
User charges	7,296,286	7,384,806	88,520	1.21	9,945,739	10,213,727
Statutory fees and fines	915,680	919,714	4,034	0.44	1,280,222	1,033,722
Reimbursements	69,651	72,194	2,543	3.65	69,651	74,651
Interest income	682,500	888,855	206,355	30.24	880,000	880,000
Capital contributions	638,418	771,517	133,099	20.85	3,097,769	1,484,912
Other revenue-recurrent	544,421	647,444	103,023	18.92	654,407	467,096
Contributions	391,776	659,890	268,114	68.44	780,522	596,100
Net gain on disposal of property, infrastructure, plant and equipment	-	60,094	60,094	100.00	-	-
Total income	80,693,273	81,948,183	1,254,910	1.56	93,307,030	91,285,455
Expenses						
Employee benefits	23,206,146	22,599,055	607,091	2.62	32,192,610	32,307,217
External contracts	10,567,222	11,002,601	(435,379)	(4.12)	13,707,656	13,880,585
Materials and related costs	8,628,427	8,895,580	(267,153)	(3.10)	11,475,039	11,348,723
Bad and doubtful debts	-	667	(667)	(100.00)	-	-
Other expenditure	7,199,203	7,166,745	32,458	0.45	10,036,205	10,220,499
Interest expenditure	591,715	591,496	219	0.04	891,618	891,618
Capital works recharge	(345,000)	(417,977)	72,977	21.15	(420,000)	(420,000)
New initiatives allocation	1,574,754	1,489,143	85,611	5.44	2,309,971	2,015,075
Total expenses	51,422,467	51,327,311	95,156	0.19	70,193,099	70,243,717
Earnings before Depreciation	29,270,806	30,620,872	1,350,066	4.61	23,113,931	21,041,738
Depreciation	7,383,750	7,383,750	-	-	9,994,000	9,994,000
Net Surplus	21,887,056	23,237,122	1,350,066	6.17	13,119,931	11,047,738

Financial Report - 31 March 2017

Balance Sheet

For the financial year to date 31 March 2017

	31-Mar-17	30-Jun-16
	\$	\$
ASSETS		
Current assets		
Cash assets	43,474,375	40,219,924
Receivables	25,034,848	8,912,611
Accrued income	19,355	279,071
Prepayments	86,767	978,387
Land held for resale	-	3,172,452
Inventories	18,032	14,607
Total current assets	68,633,377	53,577,051
Non-current assets		
Investments in associates	1,475,365	1,475,365
Property, infrastructure, plant & equipment		
At cost	931,287,331	929,578,658
Accumulated depreciation	(200,257,189)	(192,873,439)
Work in progress 15-16	4,751,983	4,751,983
Work in progress 16-17	16,609,829	
Total non-current assets	753,867,318	742,932,566
TOTAL ASSETS	822,500,695	796,509,618
LIABILITIES		
Current liabilities		
Creditors	3,883,384	1,632,635
Trust funds	1,354,881	1,352,244
Prepaid income	-	68,002
Accrued expenses	445,465	2,897,449
Commitments	4,068,956	-
Provisions	6,355,559	6,769,985
Borrowings	1,687,693	2,321,669
Total current liabilities	17,795,939	15,041,984
Non-current liabilities		
Provisions	9,349,850	9,349,850
Borrowings	11,981,145	11,981,145
Total non-current liabilities	21,330,995	21,330,995
TOTAL LIABILITIES	39,126,934	36,372,979
NET ASSETS	783,373,761	760,136,639
Presented by:		
Accumulated surplus	360,988,205	360,988,205
YTD surplus/(deficit)	23,237,122	-
Asset revaluation reserve	365,649,247	365,649,247
Other reserves	33,499,187	33,499,187
TOTAL EQUITY	783,373,761	760,136,639

Financial Report - 31 March 2017

Statement of Cash Flows

For the financial year to date 31 March 2017

	31-Mar-17	30-Jun-16 *
	YTD	
Inflows from operating activities		
Rates	46,203,723	60,526,000
Statutory fees & fines	919,714	1,404,000
User charges	7,384,139	12,048,000
Grants	8,478,391	15,772,000
Contributions	1,431,407	2,116,000
Reimbursements	72,194	101,000
Interest	888,855	1,435,000
Other receipts	647,444	4,676,000
Total inflows from operating activities	66,025,866	98,078,000
Outflows from operating activities		
Payments to suppliers	(19,388,979)	(30,145,000)
Payments to employees	(22,902,053)	(30,612,000)
Borrowing costs	(591,496)	(931,000)
Trust	-	(44,000)
New initiatives allocation	(1,489,143)	(2,216,000)
Other payments	(7,166,745)	(7,728,000)
Total outflows from operating activities	(51,538,417)	(71,676,000)
Movement in operating activities	14,487,449	26,402,000
Inflows from investing activities		
Proceeds from sale of assets	870,094	3,715,000
Outflows from investing activities		
Payments for property, infrastructure, P&E	(11,469,116)	(19,607,000)
Payments for investments	-	(7,000,000)
Movement in investing activities	(10,599,022)	(22,892,000)
Inflows from financing activities		
Proceeds from borrowings	-	-
Outflows from financing activities		
Repayment of borrowings	(633,975)	(800,000)
Movement in financing activities	(633,975)	(800,000)
TOTAL CASH MOVEMENT FOR PERIOD	3,254,452	2,710,000
Opening bank balance	40,219,924	37,510,000
Net increase/(decrease) in cash and cash equivalents	3,254,452	2,710,000
CLOSING BANK BALANCE	43,474,375	40,220,000

*Comparative reflective of annual report which has been rounded to the nearest thousand

Financial Report - 31 March 2017

1. Operating Performance

a. Operating Revenue year to date

	YTD Budget MYBR \$	YTD Actuals & Comm \$	YTD Variance \$	YTD Variance %	Traffic Light	Mid Year Budget Review \$	Annual Budget plus C-Fwds \$
Revenues							
Rates and municipal charges	53,818,641	53,810,097	(8,544)	(0.02)	●	54,093,641	54,039,374
Waste management charges	8,232,271	8,255,183	22,912	0.28	●	8,232,271	8,184,117
Government grants-recurrent	4,674,970	4,686,189	11,219	0.24	●	6,269,775	5,921,603
Government grants-non-recurrent	3,428,659	3,792,202	363,543	10.60	●	8,003,033	8,390,153
User charges	7,296,286	7,384,806	88,520	1.21	●	9,945,739	10,213,727
Statutory fees and fines	915,680	919,714	4,034	0.44	●	1,280,222	1,033,722
Reimbursements	69,651	72,194	2,543	3.65	●	69,651	74,651
Interest income	682,500	888,855	206,355	30.24	●	880,000	880,000
Capital contributions	638,418	771,517	133,099	20.85	●	3,097,769	1,484,912
Other revenue-recurrent	544,421	647,444	103,023	18.92	●	654,407	467,096
Contributions	391,776	659,890	268,114	68.44	●	780,522	596,100
Net gain on disposal of property, infrastructure, plant and equipment	-	60,094	60,094	100.00	●	-	-
Total Operating Revenue	80,693,273	81,948,183	1,254,910	1.56		93,307,030	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%):

Non-Recurrent Government Grants \$363,543.

- New funding received from:
 - Department of Justice and Regulation \$41,500 for Nillumbik Odyssey bushfire mitigation project,
 - Transport Accident Commission \$30,000 for Local Links Footpaths,
 - Department of Infrastructure and Regional Development \$29,200 for playground renewal works,
 - Department of Environment, Land, Water and Planning \$21,190 for Nillumbik Threatened Orchid program and \$23,230 for Habitat Improvement and Monitoring of Threatened Species program.
- Higher than anticipated year to date grant funding from Department of Infrastructure and Regional Development for the Roads To Recovery program \$87,640.
- Funding received from North West Metro Emergency Management Collaboration for a one year secondment of a Regional Support Officer \$127,273.

The balance of \$3,510 consists of various minor differences.

User Charges \$88,520.

- Higher than anticipated year to date income for Recycling and Recovery Centre gate fees \$68,399, environmental workshop fees \$11,907, and pound fees relating to dogs impounded for Banyule \$11,856.
- Lower than expected year to date Septic Tank fee income as forecast new fees have now been abandoned (\$61,697).

The balance of \$58,055 consists of various minor variances.

Interest Income \$206,355.

- Higher than anticipated interest on rates attributable to the number and value of long overdue balances \$88,341.
- Higher cash balances held, attributable to the timing of capital works, resulting in additional interest earned \$120,872.

The balance of (\$2,858) consists of various minor differences..

Capital Contributions \$133,099.

- Contributions received from property owners for replacement of the bridge in Colan Road, Warrandyte North \$135,396.

The balance of (\$2,297) consists of various minor variances

Other Revenue - Recurrent \$103,023.

- Higher than anticipated diesel fuel rebates received from the Australian Tax Office \$28,794.
- A large number of additional domestic garbage bins have been requested year to date \$21,275.
- Additional income received for sale of valuation information to State Revenue Office and Yarra Valley Water \$23,666.
- Paid Parental Leave income received from Centrelink higher than estimated \$27,844. These payments are dependent upon the number of staff who take parental leave within the year, which is unpredictable.

The balance of \$1,444 consists of various minor differences.

Financial Report - 31 March 2017

a. Operating Revenue year to date

Significant variance commentary (continued):

Contributions \$268,114.

- Higher than anticipated developer contributions received for public open space \$12,000 and for DPO2 area infrastructure within the Shire \$263,801. These contributions will be transferred to the relevant reserves for future allocation at the end of the financial year.
- The balance of (\$7,687) consists of various minor differences.

Net Gain on Disposal of Property, Infrastructure, Plant and Equipment \$60,094.

- Profit recorded for accounting purposes in relation to sale of two land parcels; 9 Pinnaroo Close, Hurstbridge and 1191 Main Road, Eltham.

Financial Report - 31 March 2017

b. Operating Expenditure year to date

	YTD Budget MYBR \$	YTD Actuals & Comm \$	YTD Variance \$	YTD Variance %	Traffic Light	Mid Year Budget Review \$	Annual Budget plus C-Fwds \$
Expenditure							
Employee benefits	23,206,146	22,599,055	607,091	2.62	●	32,192,610	32,307,217
External contracts	10,567,222	11,002,601	(435,379)	(4.12)	●	13,707,656	13,880,585
Materials and related costs	8,628,427	8,895,580	(267,153)	(3.10)	●	11,475,039	11,348,723
Bad and doubtful debts	-	667	(667)	(100.00)	●	-	-
Other expenditure	7,199,203	7,166,745	32,458	0.45	●	10,036,205	10,220,499
Interest expenditure	591,715	591,496	219	0.04	●	891,618	891,618
Capital works recharge	(345,000)	(417,977)	72,977	21.15	●	(420,000)	(420,000)
New initiatives allocation	1,574,754	1,489,143	85,611	5.44	●	2,309,971	2,015,075
Total operating expenditure	51,422,467	51,327,311	95,156	0.19		70,193,099	70,243,717

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

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

Employee Benefits \$607,091.

- This item includes year to date variances arising from position vacancies due to resignations or staff taking long service leave, leave without pay or excess annual leave within:
 - Statutory Planning \$71,412,
 - Arboriculture Maintenance \$48,122,
 - Sealed Roads \$40,664,
 - Building Services \$33,407,
 - Priority Sites \$26,677,
 - Depot Management \$24,720
 - Information Technology \$60,192
 - Engineering Design \$46,181
 - Finance \$36,025
 - Environmental Works \$33,329,
 - Unsealed Roads \$26,246,
 - Governance \$23,467
- A difference between budget profile and timing of annual leave taken by School Crossing Supervisors has resulted in a year to date variance of \$36,925.
- There has been a lower than anticipated need year to date for casual staff in Maternal and Child Health services equating to \$14,450.

The remaining balance of \$85,274 consists of minor timing variances, mainly attributable to annual leave being taken over the Christmas holiday period. Annual leave taken is costed directly to the balance sheet provision account. Salary budgets therefore exclude the annual leave component and are profiled evenly across the financial year, causing timing variances to arise during the year.

External Contracts (\$435,379).

- IT consultant costs for strategy implementation paid earlier than budget profiling - will balance by end of financial year (\$134,465).
- Waste Management agency temporary staff have been employed for bin inspections (\$30,550).
- Temporary agency staff have been engaged to backfill vacant positions in:
 - Recycling and Recovery Centre (\$24,431),
 - Roads Materials (\$44,458),
 - Municipal Laws Coordination (\$37,230),
 - Statutory Planning (\$24,846), and
 - Planning Administration (\$28,120).
- Year to date demand for hard waste collection service has been higher than anticipated (\$30,280).
- Arboriculture Maintenance line clearing program is currently ahead of schedule with additional expenditure required for hazard tree works (\$21,804).
- An office trainee position within Depot Management will be funded by salary savings due to vacant Business Support role (\$29,521).
- Fleet Operations apprentice costs are higher than anticipated as the pay rates applicable depend on the age of the worker (\$22,343).
- Fire Prevention hazardous tree works program costs have been higher than anticipated (\$17,418).
- Arboriculture consultant expenditure is higher than expected as a record number of customer service requests have required arborist inspection reports (\$13,055).
- Fire Prevention regrowth works have been delayed by redirection of contractors to storm clean-up works \$32,551.

The remaining balance of (\$9,409) consists of minor timing variances.

Financial Report - 31 March 2017

b. Operating Expenditure year to date

Significant variance commentary (continued):

Materials & Related Costs (\$267,153).

- Strategic Planning legal fees (\$156,995).
- Arboriculture Maintenance contractors have been engaged to attend to the higher than expected number of customer service requests requiring tree works (\$118,255).
- Additional unbudgeted linemarking works identified for 2016-17 as part of the works program will be offset by savings within the Roads and Drainage Maintenance unit (\$101,060).
- Additional roadside mowing works have been required due to wet conditions prolonging the growing season (\$68,243).
- Reactive groundworks, outside normal oval maintenance, have been necessary in Sportsground Maintenance (\$57,061).
- Graffiti removal expenditure is higher than anticipated as a number of known offenders have continued to offend after detection (\$41,585).
- Minor timing difference between budget profile and actual expenditure in the Asset Audit program \$15,274.
- Timing differences between budget profile and actual expenditure requirements have arisen in protective clothing \$18,172, brake part purchases \$18,777 and spare part purchases \$13,913.
- Concrete construction program has been delayed due to weather conditions \$18,932.
- Management development program has temporarily been placed on hold \$19,181.
- Road Materials signs and guardrails savings identified to partly offset additional linemarking costs \$21,351.
- Lower than expected Fleet Operations diesel expenditure attributable to the current low price of diesel fuel \$54,406.

The remaining balance of \$96,040 consists of a very large number of minor timing variances (244 accounts had either favourable or unfavourable variances between \$1,000 and \$10,000).

Capital Works Recharge \$72,977.

The capital works recharge is a project management fee received by the Construction and Design areas in Infrastructure Development for any works undertaken. This recharge is used to offset staff salaries within the unit. This variance is reflective of the high level of construction works undertaken year to date.

New Initiatives Allocation \$85,611.

Refer to New Initiatives table on page 12.

Financial Report - 31 March 2017

2. Capital Works Projects - Expenditure

	YTD Budget MYBR	YTD Actuals & Comm	YTD Variance	YTD Variance	Traffic Light	Mid Year Budget Review	Annual Budget plus C-Fwds
	\$	\$	\$	%		\$	\$
Capital expenditure	33,563,367	35,960,083	(2,396,716)	(7.14)	●	47,830,925	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 (\$2,241,174).

This variance is driven by commitments being raised for works in this financial year. The detailed report on page 11 captures the financial cost to date which includes the prior financial year project costs.

Storm Damage September/October 2016 (\$219,521).

As these storms were declared eligible natural disaster events, storm damage repairs required throughout the Shire will be recoverable from the Victorian State Government through the Natural Disaster Relief and Recovery Arrangements. Claims for reimbursement are to be submitted when all costs are finalised and data collated.

Bridge Rehabilitation (\$141,764).

Additional works being undertaken will be funded from the Department of Infrastructure and Regional Development's Roads To Recovery program.

Storm Damage December 2016 (\$107,187).

This storm was also declared an eligible natural disaster event, therefore storm damage repairs required throughout the Shire will be recoverable from the Victorian State Government through the Natural Disaster Relief and Recovery Arrangements. Claims for reimbursement are to be submitted when all costs are finalised and data collated.

Minor Drainage Shire Wide (\$58,178).

Additional reactive drainage works are to be funded through an underspend in programmed drainage works.

Sport Field and Pavilion Renewal (\$56,745).

An asset condition audit identified the need for emergency works to be undertaken on sports ground light towers including Plenty Park, Eltham and Challenger Street tennis courts, Diamond Creek netball courts and Coventry Oval scoreboard.

Civic Drive Precinct Infrastructure Works (\$55,865).

Poor ground conditions have resulted in additional project costs which will be funded from the Major Projects Reserve.

Major Plant Replacement \$295,724.

This variance is due to a timing difference between budget profile and actual expenditure only. The tender process is currently underway for two Roads and Drainage maintenance vehicles.

Priority Roads \$47,782.

Works for the remainder of the financial year are currently being programmed.

Other Council Buildings Upgrade \$42,759.

Building upgrade works are currently being scoped.

Traffic Improvement Program \$39,552.

Quotations have been obtained and we are currently working with the contractors regarding timing of the works.

Yarrambat Golf Course Improvements \$32,180.

Currently obtaining quotations for pathworks. Works are now due to commence in April.

Balance of the variance \$25,721 relates to minor timing differences.

Financial Report - 31 March 2017

Eltham Leisure Centre Redevelopment - Total project cost to date
As at 31 March 2017

	2015-16 Adopted Budget	2016-17 Adopted Budget	2016-17 Additional Funding *	2017-18 Proposed 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	3,981,561
Net	-	-	-	-	-	2,527,358

* Additional funding approved at the Ordinary Council Meeting on 26 July 2016 (OCM120/16).

	Project To Date Actuals	YTD Commitments	Project to Date Actuals & Comm S	Total Approved Budget	Unspent Budget*
	\$	\$	\$	\$	\$
Expenditure	3,981,561	14,380,865	18,362,426	19,350,000	987,574

* There is currently an under spend in budget given the project is not yet complete.

Project Variance Commentary:

The awarded contract includes an amount set aside for unforeseen costs, referred to as a construction contingency. Unforeseen costs are typically high at the commencement of the project due to site conditions identified after demolition of existing structures.

At this stage \$446,212 has been approved as a variation, which is largely attributable to:

- Additional asbestos removal;
- Diversion of the sewer main;
- Electrical submain diversion;
- Termite damage to the columns at the interface with the existing building; and
- Updated civil and stormwater plans to match existing conditions.

Financial Report - 31 March 2017

3. New Initiatives Expenditure

Department Unit	YTD Budget MYBR	YTD Actuals & Comm	YTD Variance	YTD Variance	Traffic Light	Mid Year Budget Review	Annual Budget plus C-Fwds
	\$	\$	\$	%		\$	\$
Infrastructure Services							
Assets & Property	97,748	94,507	3,241	3.32	●	112,748	112,748
GM Infrastructure Services	98,943	95,192	3,751	3.79	●	166,627	66,627
Infrastructure Development	19,500	13,150	6,350	32.56	●	30,000	30,000
Infrastructure Maintenance	169,739	161,649	8,090	4.77	●	211,358	160,262
	385,930	364,498	21,432			520,733	369,637
Environment & Planning							
Sustainability & Environment	109,592	112,250	(2,658)	(2.43)	●	187,608	98,166
Planning & Health	7,500	-	7,500	100.00	●	10,000	10,000
Strategic & Economic Planning	237,394	226,796	10,598	4.46	●	400,427	400,427
	354,486	339,046	15,440			598,035	508,593
Community & Leisure							
Leisure & Social Infrastructure	97,921	104,001	(6,080)	(6.21)	●	201,265	235,307
Community Participation	146,192	130,674	15,518	10.62	●	190,880	240,480
Comm Services & Social Develop	238,309	229,419	8,890	3.73	●	328,755	178,755
GM Community & Leisure	34,916	25,513	9,403	26.93	●	70,550	82,550
	517,338	489,607	27,731			791,450	737,092
Corporate Services							
Governance & Communications	277,000	276,797	203	0.07	●	310,000	310,000
GM Corporate Services	-	-	-	-		24,753	24,753
Information & Technology	40,000	19,195	20,805	52.01	●	65,000	65,000
	317,000	295,992	21,008			399,753	399,753
Total	1,574,754	1,489,143	85,611	5.44		2,309,971	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:

Information & Technology \$20,805

- The Infovision Migration project has been slightly delayed, however software options are currently being evaluated and funds are expected to be fully utilised this financial year.

Financial Report - 31 March 2017

4. Loans and Investments

a. Loans

Financial Institution	Start date	Term (years)	End date	Principal	Interest Rate	Current Balance
				\$	%	\$
CBA	30/06/2015	2	28/06/2017	1,480,000	2.45	1,480,000
NAB	28/06/2007	10	28/06/2017	1,300,000	7.05	36,488
NAB	27/06/2008	10	27/06/2018	920,000	8.04	156,124
NAB	25/06/2010	10	25/06/2020	923,000	7.79	751,906
LGFV	27/06/2014	7	12/11/2021	2,392,000	4.65	2,392,000
ANZ	29/06/2012	10	29/06/2022	1,000,000	5.52	592,595
CBA	28/06/2013	10	28/06/2023	400,000	5.86	276,433
NAB	28/06/2007	20	28/06/2027	2,200,000	6.96	1,460,364
NAB	27/06/2008	20	27/06/2028	3,647,000	7.87	2,690,709
NAB	10/06/2011	20	10/06/2031	2,120,000	7.91	1,801,881
ANZ	29/06/2012	20	29/06/2032	2,373,000	5.88	2,030,338
Total						13,668,838

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 tables provide our investment portfolio by maturity and rating type.

Financial Institution	Green Investment	S & P Rating	Investment Type	Principal \$	Maturity Date	Term (days)	Interest Rate %
ANZ *		A1+	11:00am	163	N/A	N/A	
BankWest		A1+	11:00am	2,835,365	N/A	N/A	1.60
IMB	Yes	A2	11:00am	1,000,000	N/A	N/A	1.50
BankWest		A1+	Term Deposit	3,000,000	4/04/2017	60	2.55
BankWest		A1+	Term Deposit	775,776	4/04/2017	60	2.55
BOM		A1+	Term Deposit	3,500,000	4/04/2017	90	2.85
BankWest		A1+	Term Deposit	1,000,000	10/04/2017	60	2.55
BankWest		A1+	Term Deposit	1,000,000	10/04/2017	32	2.25
Bendigo/Adelaide	Yes	A2	Term Deposit	1,000,000	20/04/2017	182	2.70
NAB		A1+	Term Deposit	2,000,000	3/05/2017	90	2.55
Suncorp	Yes	A1	Term Deposit	3,000,000	4/05/2017	90	2.50
BankWest		A1+	Term Deposit	4,000,000	5/05/2017	60	2.55
BankWest		A1+	Term Deposit	1,200,000	8/05/2017	60	2.55
ME Bank	Yes	A2	Term Deposit	2,500,000	10/05/2017	90	2.65
ME Bank	Yes	A2	Term Deposit	4,000,000	29/05/2017	91	2.60
ME Bank	Yes	A2	Term Deposit	2,000,000	5/06/2017	91	2.55
ME Bank	Yes	A2	Term Deposit	1,800,000	7/06/2017	90	2.55
Suncorp	Yes	A1	Term Deposit	6,000,000	26/06/2017	180	2.50
Total				40,611,304	Weighted average		2.48

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

Financial Institution Rating	Investment \$	Portfolio %
A1+	19,311,304	47.55%
A1	12,300,000	30.29%
A2	9,000,000	22.16%
A3		
Total	40,611,304	100%

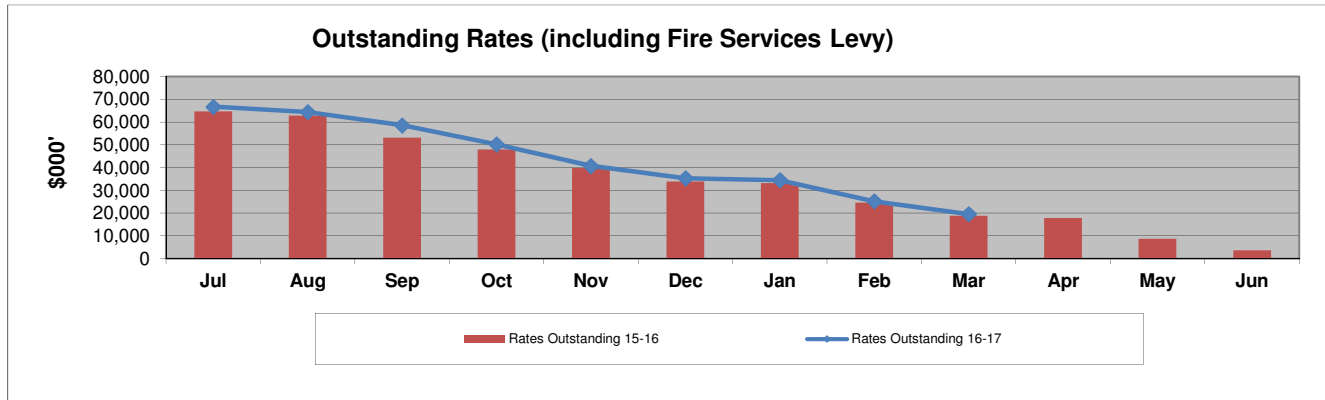
Council's current average rate of return on investments for the 2016-17 financial year is 2.48 percent and is compliant with Council's Investment policy.

The portion of investment portfolio currently invested with green institutions is 52.45 percent.

Financial Report - 31 March 2017

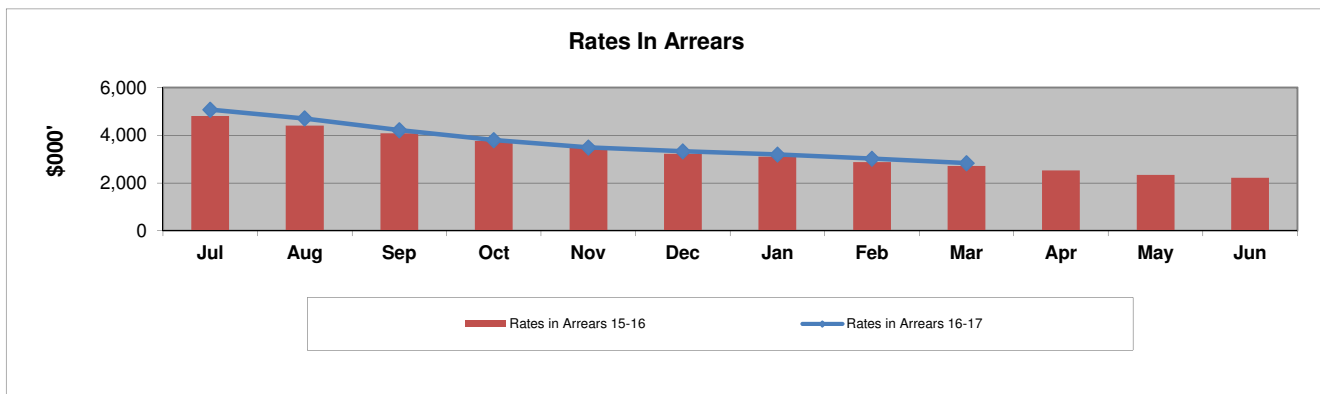
5. Rates outstanding

	YTD Actual 31-Mar-16 \$	YTD Actual 31-Mar-17 \$	Variance \$	Variance %
Rates Outstanding	18,830	19,602	(772)	(4.10)
Rates in Arrears (prior years)	2,710	2,834	(124)	(4.58)



As at 31 March 2017 the year to date actual Fire Service Levy charges outstanding are \$1,564,773; the outstanding rates balance is \$18,037,234.

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



Supplementary Valuations

Between the two-year revaluation cycle, supplementary valuations are conducted to:

- record changes made to properties that affect property value,
- record changes to the rateability status, and
- consider any planning amendments made within the cycle.

Growth in the number of rateable assessments predominantly occurs as a result of developments within the Shire, creating assessments through subdivision of land and/or buildings.

Rateable properties at 1 July 2016	23,139
2016-17 growth	158
Rateable properties at 31 March 2017	<u>23,297</u>

Financial Report - 31 March 2017

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 31 March 2017.

Project Description	2016-17 Actuals YTD \$	Funding Body
Recurrent		
Best Start	85,484	Department of Education and Training
Grow Communities Thriving Children	92,897	Department of Education and Training
Living & Learning Vocational Education & Training	215,246	Department of Education and Training
Maternal & Child Health Universal Funding	221,839	Department of Education and Training
Grants Commission - Roads	817,670	Department of Environment, Land, Water and Planning
Grants Commission - General	1,485,858	Department of Environment, Land, Water and Planning
Home & Community Care - Personal Care	206,116	Department of Health (Cwlth)
Home & Community Care - Personal Care	89,181	Department of Health and Human Services (Vic)
Home & Community Care - Domestic Assistance	278,227	Department of Health (Cwlth)
Home & Community Care - Respite	177,005	Department of Health and Human Services (Vic)
Home & Community Care - Respite	60,009	Department of Health (Cwlth)
Metro Access	100,118	Department of Health and Human Services (Vic)
Aged Care Assessment service funding	175,276	Department of Health and Human Services (Vic)
Diamond Creek Neighbourhood House	53,336	Department of Health and Human Services
School Crossing Supervision	153,477	VicRoads
Total Recurrent	4,211,739	
Non-Recurrent		
New Initiatives		
Emergency Management Officer	80,000	Manningham City Council
Landcare Network Facilitor	51,250	Strathewen Landcare Group
Learner Driver Mentor Program	95,000	VicRoads
Capital Works		
Edendale Infrastructure Enhancement	500,000	Department of Environment, Land, Water and Planning
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
Roads To Recovery - Pavement Maintenance	325,140	Department of Infrastructure and Regional Development
Roads To Recovery - Rural Road Construction	268,369	Department of Infrastructure and Regional Development
Roads To Recovery - Bridge Rehabilitation	250,000	Department of Infrastructure and Regional Development
Eltham Leisure Centre Aquatic Redevelopment	1,500,000	Sport and Recreation Victoria
Total Non-Recurrent	3,249,759	

Financial Report - 31 March 2017

7. Defined Benefit Superannuation Update

Council has an obligation to contribute to any funding shortfalls within the Local Authorities Superannuation Fund (LASF) Defined Benefit Plan.

The Australian Prudential Regulation Authority (APRA) standard SPS160 uses the Vested Benefits Index (VBI) as its primary measure of fund solvency. The VBI measures the market value of assets in a defined benefit portfolio against the benefits that members would have been entitled to if they had all resigned on the same day.

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 each year.

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	105.40	**	-
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

** The 31 March 2017 estimated figure is not yet available from Vision Super.

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

Financial Report - 31 March 2017

Statement of Capital Works

For the financial year to date 31 March 2017

Asset Class	YTD Budget MYBR \$	YTD Actuals & Comm \$	YTD Variance \$	Variance %	Mid Year Budget Review \$	Annual Budget plus C-Fwds \$
Bridges	663,910	808,307	(144,397)	(21.75)	663,910	1,163,910
Children's playground equipment	403,849	427,903	(24,054)	(5.96)	403,849	403,849
Commercial centres/major streetscapes	253,722	233,291	20,431	8.05	321,887	321,887
Disability access works	160,000	156,024	3,976	2.49	193,879	193,879
Drainage	192,000	249,408	(57,408)	(29.90)	600,000	600,000
Footpaths	586,576	589,492	(2,916)	(0.50)	815,826	815,826
Landfill closure/regional park	2,812,160	2,781,523	30,637	1.09	2,825,873	2,678,664
Major leisure centres & community halls	15,782,243	17,967,975	(2,185,732)	(13.85)	16,028,425	13,142,545
Other	366,952	688,117	(321,165)	(87.52)	757,954	81,814
Other council buildings	4,457,827	4,382,525	75,302	1.69	6,236,826	5,731,858
Plant & vehicle replacement	1,060,861	784,955	275,906	26.01	1,569,662	1,569,662
Public open space	143,308	108,450	34,858	24.32	1,361,308	461,385
Recreation trails	886,463	874,629	11,834	1.34	3,712,572	3,912,572
Roads (periodic maintenance)	3,270,807	3,308,174	(37,367)	(1.14)	4,437,224	3,357,554
Sportsfields & pavilions	1,453,150	1,544,077	(90,927)	(6.26)	5,977,643	4,065,143
Traffic works	1,069,539	1,055,235	14,304	1.34	1,924,087	2,559,270
Total	33,563,367	35,960,083	(2,396,716)	(7.14)	47,830,925	41,059,818
Asset renewal expenditure	7,189,884	7,392,965	(203,081)	(2.82)	8,542,950	8,045,760
New asset expenditure	1,591,267	1,649,810	(58,543)	(3.68)	4,653,286	4,367,639
Asset upgrade expenditure	22,945,766	25,082,906	(2,137,140)	(9.31)	27,836,006	23,497,591
Asset expansion expenditure	1,836,450	1,834,403	2,047	0.11	6,798,683	5,148,828
Total	33,563,367	35,960,083	(2,396,716)	(7.14)	47,830,925	41,059,818

Financial Report - 31 March 2017

Statement of Cash Position (Rate Determination)

For the financial year to date 31 March 2017

Description	YTD Budget MYBR	YTD Actuals & Comm	YTD Variance	Variance	Mid Year Budget Review	Annual Budget plus C-Fwds
	\$	\$	\$	%	\$	\$
Recurrent operating income						
Rates & municipal charges	53,818,641	53,810,097	(8,544)	(0.02)	54,093,641	54,039,374
Waste management charges	8,232,271	8,255,183	22,912	0.28	8,232,271	8,184,117
Government grants	4,674,970	4,686,189	11,219	0.24	6,269,775	5,921,603
User fees	7,296,286	7,384,806	88,520	1.21	9,945,739	10,213,727
Statutory fees & fines	915,680	919,714	4,034	0.44	1,280,222	1,033,722
Reimbursements	69,651	72,194	2,543	3.65	69,651	74,651
Interest	682,500	888,855	206,355	30.24	880,000	880,000
Other revenue	544,421	647,444	103,023	18.92	654,407	467,096
Total recurrent operating income	76,234,420	76,664,480	430,060	0.56	81,425,706	80,814,290
Recurrent expenditure						
Employee costs	23,206,146	22,599,055	607,091	2.62	32,192,610	32,307,217
Contracts	10,567,222	11,002,601	(435,379)	(4.12)	13,707,656	13,880,585
Materials and services	8,628,427	8,895,580	(267,153)	(3.10)	11,475,039	11,348,723
Interest	591,715	591,496	219	0.04	891,618	891,618
Bad & doubtful debts	-	667	(667)	(100.00)	-	-
Capital works recharge	(345,000)	(417,977)	72,977	21.15	(420,000)	(420,000)
Other expenditure	7,199,203	7,166,745	32,458	0.45	10,036,205	10,220,499
Total recurrent operating expenditure	49,847,713	49,838,168	9,545	0.02	67,883,128	68,228,642
Net recurrent operating position surplus/(deficit)	26,386,707	26,826,312	439,605	0.54	13,542,578	12,585,648
New initiatives						
New initiatives income	308,231	561,170	252,939	82.06	370,210	168,642
Transfer from reserves	-	-	-	-	920,894	885,566
New initiatives expenditure	1,574,754	1,489,143	85,611	5.44	2,309,971	2,015,075
Net new initiatives expenditure	1,266,523	927,973	338,550	26.73	1,018,867	960,867
Net operating cash position (surplus) / deficit	25,120,184	25,898,339	778,155	3.10	12,523,711	11,624,781
Capital works						
Funding Sources:						
Government grants	3,120,428	3,231,032	110,604	3.54	7,632,823	8,221,511
Capital contributions	638,418	771,517	133,099	20.85	2,797,769	1,484,912
Loan borrowings	-	-	-	-	-	-
Other revenue	-	-	-	-	300,000	-
Reserves	-	-	-	-	26,851,996	21,618,429
Proceeds on sale of assets	383,244	585,779	202,535	52.85	469,105	270,966
Total capital works income	4,142,090	4,588,328	446,238	10.77	38,051,693	31,595,818
Capital works expenditure	33,563,367	35,960,083	(2,396,716)	(7.14)	47,830,925	41,059,818
Eltham Leisure Centre Redevelopment **	-	(2,241,174)	2,241,174		-	-
Net capital works expenditure	29,421,277	29,130,581	290,696	0.99	9,779,232	9,464,000

Financial Report - 31 March 2017

Statement of Cash Position (Rate Determination)

For the financial year to date 31 March 2017

Description	YTD Budget MYBR	YTD Actuals & Comm	YTD Variance	Variance	Mid Year Budget Review	Annual Budget plus C-Fwds
	\$	\$	\$	%	\$	\$
Other non-operating items						
Income						
Transfer from reserves	-	-	-	-	2,272,577	2,231,630
Contributions - monetary	391,776	659,890	268,114	68.44	780,522	596,100
Proceeds on sale of assets-non-recurrent	67,906	68,000	94	0.14	7,500,000	7,500,000
Net gain on disposal of property, infrastructure, plant and equipment	-	60,094	60,094	100.00	-	-
Expenditure						
Debt redemption	634,000	633,975	25	-	842,000	842,000
Transfer to reserves	708,750	708,750	-	-	11,774,074	11,496,311
Net other non-operating expenditure	883,068	554,741	328,328	37.18	2,062,975	2,010,581
Overall budget net cash position surplus/(deficit)	(5,184,161)	(3,786,983)	1,397,178	26.95	681,504	150,200
Reconcile back to income statement						
<u>Add balance sheet items included</u>						
Debt redemption	(634,000)	(633,975)	(25)	-	(842,000)	(842,000)
Transfer to reserves	(708,750)	(708,750)	-	-	(11,774,074)	(11,496,311)
Loan borrowings	-	-	-	-	-	-
Transfer from reserves	-	-	-	-	30,045,467	24,735,625
Capital expenditure allocation	(33,563,367)	(35,960,083)	2,396,716	7.14	(47,830,925)	(41,059,818)
Eltham Leisure Centre Redevelopment **	-	2,241,174	(2,241,174)	-	-	-
Total to be added	(34,906,117)	(35,061,635)	155,518	0.45	(30,401,532)	(28,662,504)
<u>Less P&L items not included</u>						
Depreciation	(7,383,750)	(7,383,750)	-	-	(9,994,000)	(9,994,000)
WDV of recurrent assets sold*	(383,244)	(585,779)	202,535	52.85	(469,105)	(270,966)
WDV of non-recurrent assets sold*	(67,906)	(68,000)	94	0.14	(7,500,000)	(7,500,000)
Total to be deducted	(7,834,900)	(8,037,529)	202,629	2.59	(17,963,105)	(17,764,966)
Net (surplus) / deficit	21,887,056	23,237,122	1,350,066	6.17	13,119,931	11,047,738

* Please note, the assumption is made that written down value (WDV) of assets sold 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 - 31 March 2017

Department Summary

For the financial year to date 31 March 2017

	YTD Budget MYBR \$	YTD Actuals/ Comm \$	YTD Variance \$	Mid Year Budget Review \$	Annual Budget plus C-Fwds \$
Income					
Infrastructure Services	1,909,193	2,353,111	443,919	10,298,266	10,094,193
Environment & Planning	2,098,318	2,142,794	44,476	3,722,588	3,310,382
Community & Leisure	8,047,049	8,069,788	22,739	12,616,327	12,537,206
Corporate Services	65,027,072	65,621,863	594,791	66,691,285	66,247,287
Capital Works	4,142,090	4,588,328	446,238	38,076,693	31,620,818
Total	81,223,722	82,775,885	1,552,163	131,405,159	123,809,886
Expenditure					
Infrastructure Services	17,810,646	17,682,507	128,139	32,452,736	32,269,432
Environment & Planning	6,712,874	6,839,188	(126,314)	9,346,192	9,141,051
Community & Leisure	17,323,731	17,052,816	270,915	23,508,066	23,711,194
Corporate Services	10,280,975	10,496,152	(215,177)	16,585,986	16,488,675
Executive Services	716,290	773,296	(57,006)	999,750	989,516
Capital Works	33,563,367	35,960,083	(2,396,716)	47,830,925	41,059,818
Total	86,407,883	88,804,042	(2,396,159)	130,723,655	123,659,686
Net Cost					
Infrastructure Services	(15,901,453)	(15,329,396)	572,057	(22,154,470)	(22,175,239)
Environment & Planning	(4,614,556)	(4,696,393)	(81,837)	(5,623,604)	(5,830,669)
Community & Leisure	(9,276,682)	(8,983,028)	293,654	(10,891,739)	(11,173,988)
Corporate Services	54,746,097	55,125,712	379,614	50,105,299	49,758,612
Executive Services	(716,290)	(773,296)	(57,006)	(999,750)	(989,516)
Capital Works	(29,421,277)	(31,371,756)	(1,950,479)	(9,754,232)	(9,439,000)
Total	(5,184,161)	(6,028,158)	(843,996)	681,504	150,200