

Finance Report Quarterly Review



Alpine Shire

For the period ending 30 June 2015

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Introduction

Preparation of report

The purpose of this report is to provide Council with a summary of the financial performance for the quarter against budget. This report provides an overview for the quarter including:

- Income statement
- Balance sheet
- Cash balance
- Current investments; and
- Loans balances

This report also includes a summary of each department's quarterly performance with explanations for variances which are approximately greater than \$10,000 or 10%.

This report has been prepared for internal management reporting purposes and as required under section 138 of the Local Government Act 1989. This report has not been audited.

The Quarterly Finance Report (QFR) is prepared based on a rigorous process which includes:

- Each department reviewing their budget and providing explanations for variances at the master account level
- Departments submitting their quarterly budget explanations to the Finance department for review and further analysis
- Departmental managers presenting to the Executive on their departmental performance for the quarter
- Presentation of the QRF to the Finance Committee

This report is also provided to the Audit Committee for noting.

Business unit alignment

At the end of quarter two, the CEO completed the HR review which applied to indoor staff. During quarter three and four the finance department realigned the business functions to be consistent with the new organisational structure. The budget allocations to each business function remain the same, however the overall department which a business unit resides will be different in some cases to that of the last quarter. You will also note that department titles have been changed to reflect the restructure (i.e. introduction of the Facilities Department) and in some cases the business function title was amended.

Summary of performance

Council's operating performance has been favourable against budget for the year following a focus of cost saving measures being implemented including:

- HR review
- Reduction in subscriptions; and
- Reduction of staff with vehicles from 22 to 8

The Shire Council has seen a favourable result in materials and services expenditure which is a combination of works being delayed, identified inefficiencies, and less requirement for some works.

Capital works expenditure is less than budgeted YTD due to limited staffing resources in this department during the year

The resourcing issue has been addressed through the recent employment of three skilled and experienced project officers. This includes two project officers (0.9 and 0.6 FTE) and resourcing a Project Engineer (1.0 FTE). This level of resourcing is required to support delivery of the 2015/16 capital works program.

There were a number of projects budgeted for in 2014/15 which have been carried forward to 2015/16 for reasons of requiring further scoping, further planning or further community engagement.

These include:

• Streetscape & Recreational	\$506K
• Merriang Road Bridge	\$187K
• Road Infrastructure	\$300K
• Mt. Beauty Library	\$200K
• Other Buildings	\$160K
• Footpaths	\$104K
• Myrtleford Landfill Cell Development	\$550K

Conversely a number of projects were brought forward from 2015/16 due to circumstance supporting implementation, for example Mount Beauty Netball Court. There were also a number of additions to the capital works program arising from successful funding applications, for example shade grant.

Council's cash at hand is higher than expected at the end of the year as the Financial Assistance Grant part payment for 2015-2016 has been received in advance.

Income Statement

	Actual YTD	Original Budget	Variance		Ref
	June \$'000	June \$'000	\$'000	%	
Income					
Rates and charges	15,876	15,730	146	1%	
Fees and fines	1,979	2,266	(287)	-13%	1
Contributions - cash	308	6	302	5033%	2
Contributions - non-monetary assets	-	-	-		
Grants	11,260	8,132	3,128	38%	3
Net gain on disposal of property, infrastructure, plant and equipment	51	-	51	100%	
Other income	1,150	1,002	148	15%	4
Total income	30,624	27,136	3,488	13%	
Expenses					
Employee costs	9,913	10,813	900	8%	5
Materials and services	8,550	9,083	533	6%	6
Depreciation and amortisation	3,481	4,641	1,160	25%	7
Landfill rehabilitation	-	171	171	0%	
Finance costs	58	62	4	6%	
Other expenses	559	572	13	2%	
Total expenses	22,561	25,342	2,781	11%	
Surplus (deficit) for the year	8,063	1,794	6,269	349%	

Income Statement – explanations of variances

Ref	Item	Explanation
1	Fees and fines	Less than budgeted predominately due to Home and Community Care fees (\$220K). This is due to a decrease in client hours, more specifically veterans and domestic assistance, over the year. The decline in hours is due to a decline in demand being experienced in the Shire, in part via proactive engagement through assessment and care coordination. Other areas of reduced fees include Council facilities (reduction in hire / use) and transfer stations user fees. The transfer station fees are currently an area of improvement focus.
2	Contributions - cash	Contributions income is unbudgeted due to contributions being unexpected in nature. Contributions this year included projects in Wandiligong (\$13K), Bright Splash Park (\$54K), \$44K from Vic Roads and \$20K from Indigo Shire Council (\$20K). There was also a contribution from the Municipal Association of Victoria for the Shade Sail Projects of \$40K. Most other contributions are small in nature.
3	Grants	Grants are favourable to budget by \$3.1 million. This is predominately due to Council receiving its 2015/16 Financial Assistance Grants in advance on 30 June 2015. This equalled \$1.7 million. Other grants received resulting in a favourable variance to budget include: <ul style="list-style-type: none"> Alpine Community Plantation Grant (\$60K) and was not budgeted for. This grant was passed straight onto ACP Inc. Flood relief grant claim (\$596K) which was budgeted to be received in the prior year Gravity Adventure Park at Dinner Plain received a \$256K grant which was originally budgeted for last year Valuation subsidy (\$78K) from the State Revenue Office which was budgeted for in the prior year Mt Beauty netball court project funding received earlier than expected \$46K McNamara netball court funding \$44K Mt Beauty library project funding received earlier than expected \$49K Porepunkah transfer station project \$15K; and Shade Sail project \$40K
4	Other income	Other income is greater than budget mainly due to higher than estimated penalty interest on rates of \$37K compared to budget. There was also an insurance claim received of \$31K (unbudgeted) for the damage incurred in a storm to the Mt Beauty pool. Council also received settlement from a long outstanding debt which had already been written off (not expected to be received) totalling \$16K. Because this debt had already been written off, it was recognised as income when received.
5	Employee costs	Favourable full year due to the HR Review and a freeze on recruitment being in place until November 2014 and the restructure of Indoor staff. This has resulted in an actual saving of \$1.3M (target \$1M - \$1.5M). Recruitment has been in progress in

quarters three and four to fill key positions. Some positions identified as redundant with employees leaving in quarters two and three whilst there are a number of employees departing in quarter four. Organisational vacancies sit at 3.4 FTE

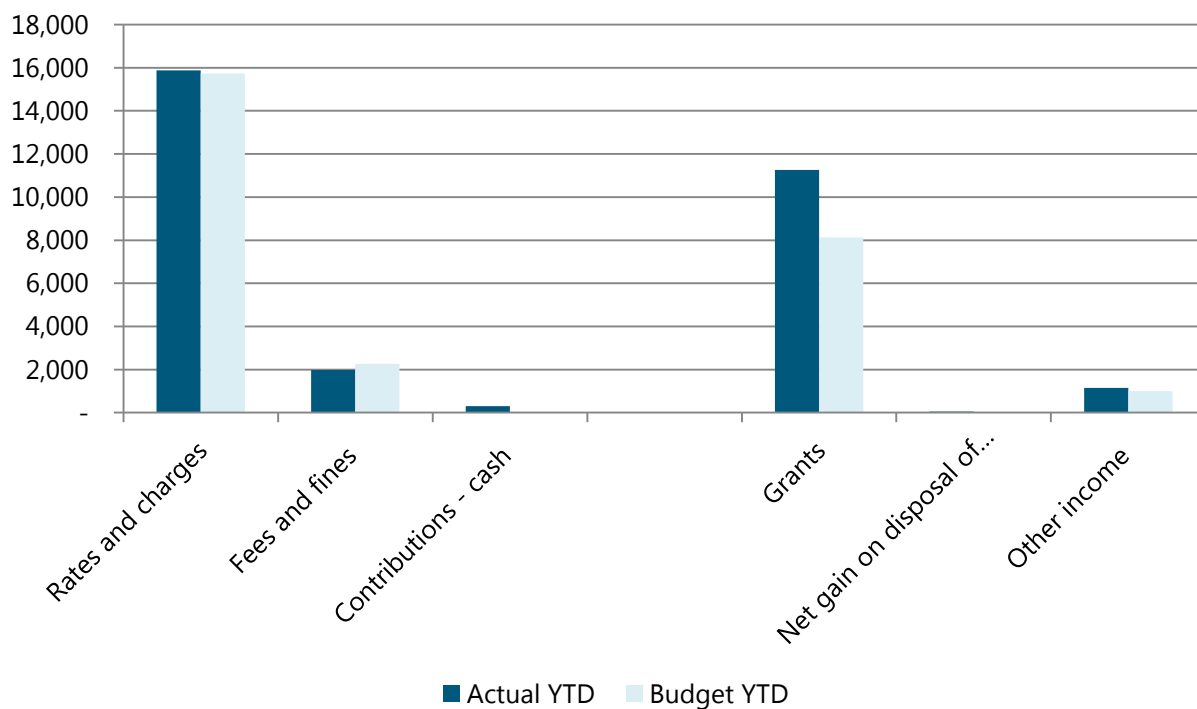
6 Materials and services

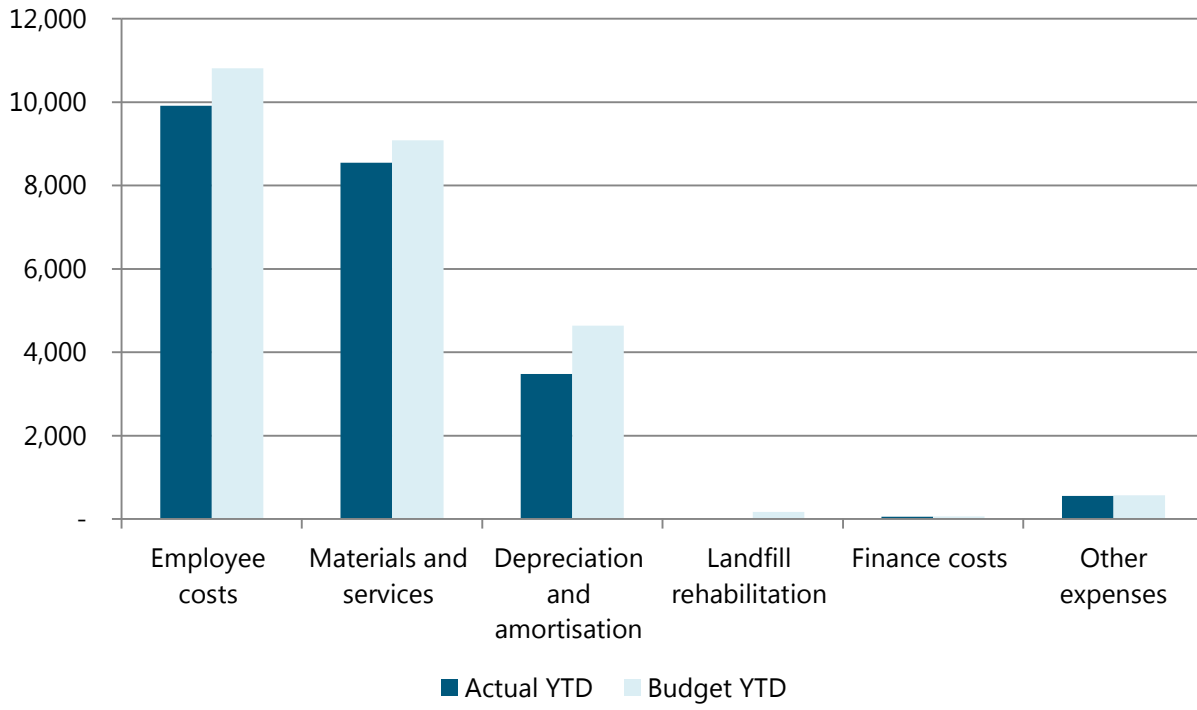
There has been an organisational focus on reducing recurrent operational expenditure. This includes areas such as subscriptions which resulted in savings of \$110K. Due to the HR Review there are also less employees with an assigned budget which has resulted in further recurrent savings. Recurrent savings in materials and services will continue to be a focus in 2015/16.

7 Depreciation and amortisation

At the time this report was prepared the capital works were not yet finalised and had not had full depreciation applied. This is expected to be in line with budget at the time of preparing the annual financial report.

Income Statement - graphs





Balance Sheet

	Actual	Budget	Variance		Ref
	\$'000	\$'000	\$'000	%	
Current assets					
Cash assets	13,860	7,231	6,629	92%	1
Receivables	1,294	1,645	(351)	-21%	2
Other	310	300	10	3%	
Total current assets	15,464	9,176	6,288	69%	
Non-current assets					
Investment in associate	482	462	20	4%	
Land inventory	896	954	(58)	-6%	
Property, Infrastructure, plant and equipment	189,704	195,580	(5,876)	-3%	3
Total non-current assets	191,082	196,996	(5,914)	-3%	
Total assets	206,546	206,172	374	0%	
Current liabilities					
Payables	2,368	1,696	(672)	-40%	4
Interest bearing liabilities	170	169	(1)	-1%	
Employee benefits	2,288	2,797	509	18%	5
Provision for landfill rehabilitation	226	321	95	30%	6
Other	30	30	-	0%	
Total current liabilities	5,082	5,013	(69)	-1%	
Non-current liabilities					
Interest bearing liabilities	775	771	(4)	-1%	
Employee benefits	319	378	59	16%	5
Provision for landfill rehabilitation	3,573	3,196	(377)	-12%	6
Other	477	477	-	0%	
Total non-current liabilities	5,144	4,822	(322)	-7%	
Total liabilities	10,226	9,835	(391)	-4%	
Net assets	196,320	196,337	(17)	0%	
Equity					
Accumulated surplus	76,999	80,387	(3,388)	-4%	
Asset revaluation reserve	109,401	113,937	(4,536)	-4%	
Other reserves	2,290	2,013	277	14%	7
Total equity	196,320	196,337	(17)	0%	

Balance Sheet – explanations of variances

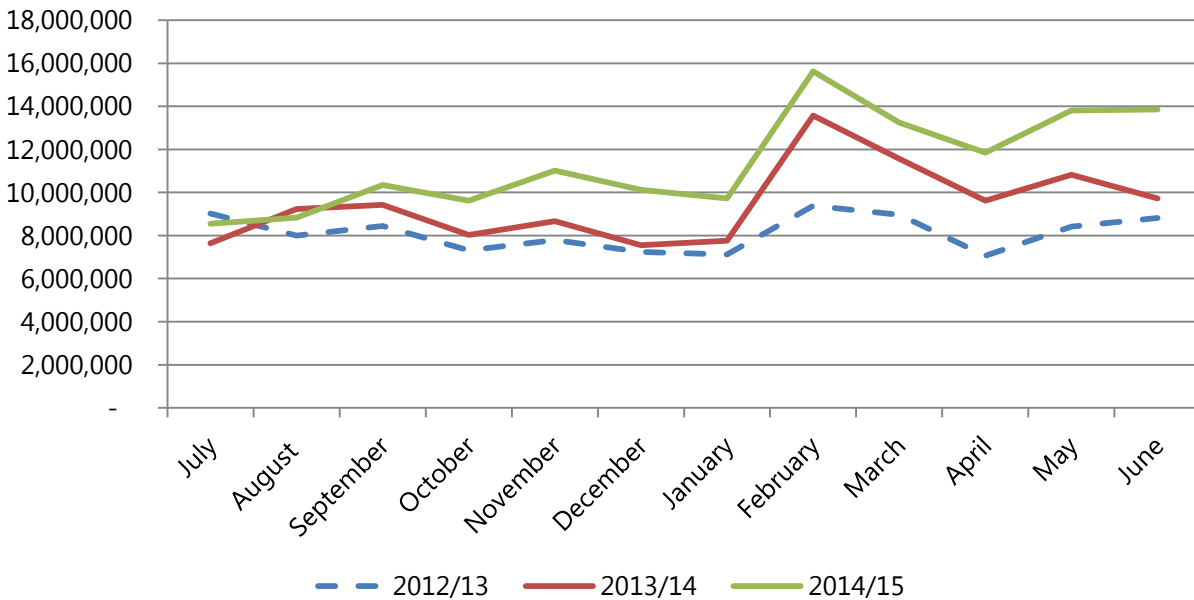
1	Cash assets	A strong cash position continues to be maintained. Variance in cash compared to the budget is due to \$1.5 million in Financial Assistance Grants (FAG) being received this year instead of last year as well as receiving half of 2015/16 FAG allocation on 30 June 2015 equalling \$1.7 million. Further there was a carry forward amount for capital works of \$2 million that was budgeted to be spent in 2014/15 that has further boosted the cash balance. There has also been capital grants received which has not yet been spent.
2	Receivables	The full year Receivables result is explained by the budget in 14/15 not accounting for a one off debit value of \$500k carried over from the 13/14 financial year.
3	Property, infrastructure, plant and equipment	The revaluation of the Alpine Shire Road Asset results full year was \$4.5M less than budgeted.
4	Payables	Payables are higher than budget due to leaving the creditors ledger open part way into July to ensure that all invoices relating to 2014/15 are captured. There has been an emphasis on improving the delivery of capital works in the last quarter of the year which has seen greater spending activity.
5	Employee benefits	Decrease in the Employee benefits balance is as a result of the workforce reduction program.
6	Provision for landfill rehabilitation	As part of the end of year accounting process the budget for Landfill provision has not be reassessed at this time.
7	Other reserves	Other reserves has increased due to funds for plant replacement not being spent as budgeted and being added to the plant replacement reserve at year end.

Cash

This graph shows the cash position as at the end of the quarter and the fluctuations from month to month. This is favourable compared to prior years due to capital works projects being delayed and carried forward from prior years. There is \$2 million worth of capital projects being carried forward from 2014/15 to 2015/16. It is also due to grant instalments being received for commencement of major projects and correlated expenditure not yet incurred. Overall there have been cost reduction efforts in recurrent expenditure such as employee costs which have also contributed to the strong cash position.

The spike in cash, in June this year (compared to last year) is due to Council receiving \$1.7 million of Financial Assistance Grants in advance which actually relate to 2015/16.

Monthly Cash Balance



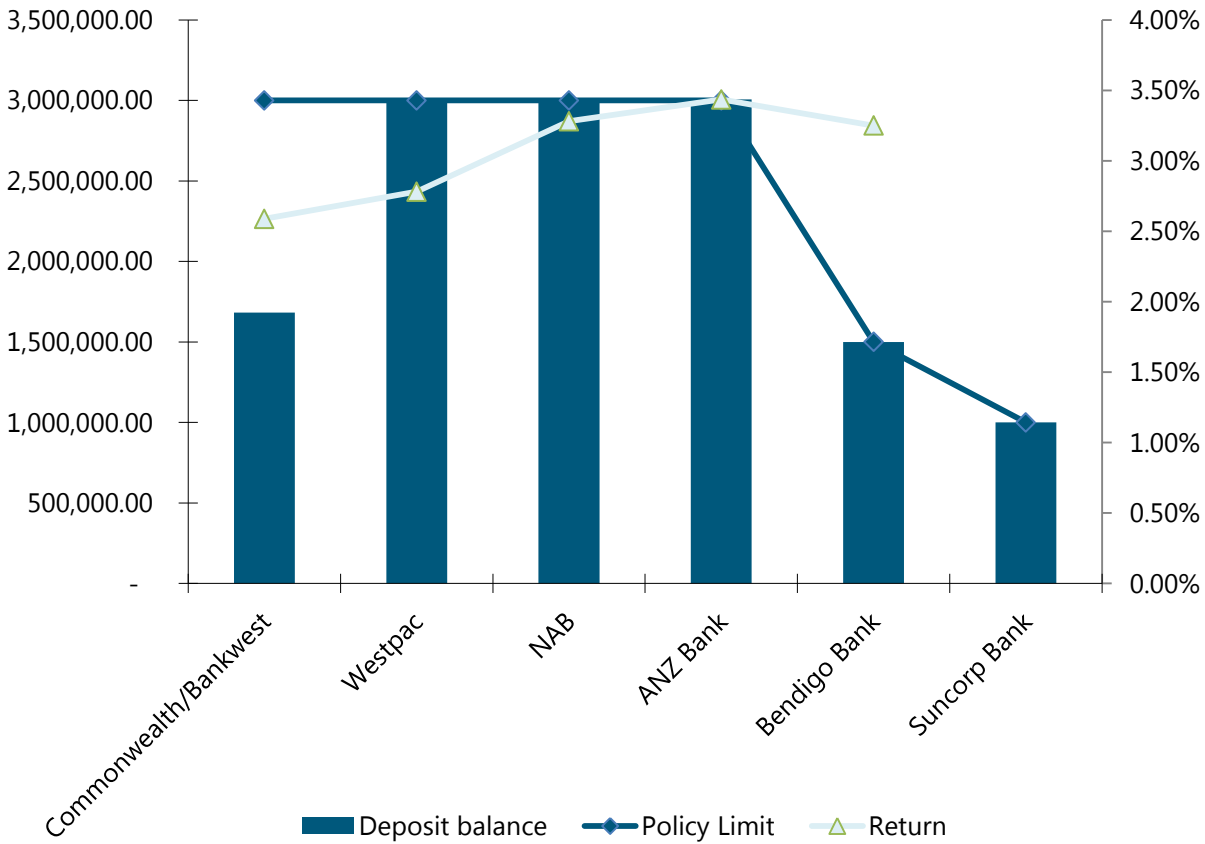
Term deposit summary

This table shows a listing of Council's current term deposits. The graph over the page shows how the term

deposits with each financial institution compare to Council's investment policy limits.

Date	Securities	Deposit \$	Rate	Due	Interest \$	Average deposit balance for month \$	Return
16/02/2015	Bank west	1,500,000	3.05%	8/07/2015	3,760	1,500,000	
13/02/2015	ANZ Bank	1,000,000	3.31%	13/08/2015	2,721	1,000,000	
20/02/2015	Suncorp Bank	1,000,000	3.20%	20/07/2015	2,630	1,000,000	
3/03/2015	NAB	500,000	3.12%	3/08/2015	1,282	500,000	
24/03/2015	NAB	500,000	3.00%	8/09/2015	1,233	500,000	
24/03/2015	NAB	500,000	3.00%	8/09/2015	1,233	500,000	
2/04/2015	ANZ Bank	500,000	2.80%	13/11/2015	1,151	500,000	
17/05/2015	Westpac	1,500,000	2.69%	17/08/2015	3,316	1,500,000	
14/05/2015	ANZ Bank	500,000	2.80%	13/11/2015	1,151	500,000	
23/05/2015	Westpac	500,000	2.68%	23/08/2015	1,101	500,000	
29/05/2015	Bendigo Bank	500,000	2.75%	28/08/2015	1,130	500,000	
14/05/2015	ANZ Bank	1,000,000	2.80%	14/08/2015	2,301	1,000,000	
1/06/2015	Comm Bank	1,835,174	1.90%	30/06/2015	1,770	1,133,711	
23/06/2015	NAB	505,467	2.85%	21/09/2015	276	117,942	
	Total Investments	11,840,641			25,056	10,751,654	3.06%
	Cash at bank	2,019,126					
	Total Cash assets	13,859,767					

Term deposit summary (continued)



Interest bearing liabilities

The table below shows Council’s current loans with financial institutions. This table does not include leases or hire purchase agreements (which are less than \$10K). The loans below have varying terms and payback periods.

Bank	Original loan amount	Current interest rate	Balance as at end of quarter
	\$	%	\$
Commonwealth Bank	450,000	6.56	165,095
Bendigo Bank	1,000,000	5.11	552,415
ANZ Bank	300,000	6.15	228,143
Total	1,750,000		945,653

Departmental summaries

The following pages show a breakdown of each department's performance for the quarter. Explanations have been provided for variances that are approximately greater than \$10,000 and or 10%.

Forecast tables

Forecast tables were provided in quarters 1, 2, and 3, comparing the year-end forecast at that time against the original budget.

In order to provide relevant information, the quarter 4 forecast tables have been re-designed to compare the last forecast made (quarter 3) against year-end actuals.

In most instances, the commentary provided for the YTD versus budget tables is applicable to the forecast tables as well. But in some cases, commentary is provided to explain why a quarter 3 forecast may have missed the end of year mark.

Directorate summary – YTD versus third quarter forecast

	Year End Actual \$	Q3 End of Year Forecast \$	Forecast Variance \$	Forecast Variance %
Income				
Corporate Performance	(21,958,251)	(20,186,172)	1,772,079	(9%)
Assets - Operating	(3,511,582)	(3,434,322)	77,260	(2%)
Sustainable Development	(2,519,258)	(2,404,230)	115,028	(5%)
Assets - Capital	(4,909,812)	(4,595,413)	314,399	(7%)
Income Total	(32,898,903)	(30,620,137)	2,278,766	(7%)
Expenditure				
Councillor & Executive	2,195,317	1,871,225	(324,092)	(17%)
Corporate Performance	8,843,454	9,038,216	194,762	2%
Assets - Operating	6,252,887	6,303,333	50,446	1%
Sustainable Development	3,817,626	3,617,019	(200,607)	(6%)
Assets - Capital	6,443,260	6,797,536	354,276	5%
Expenditure Total	27,552,545	27,627,329	74,784	0%
Total	(5,346,357)	(2,992,808)	2,353,549	(79%)

Directorate summary – YTD versus budget

	Year End Actual	Original Annual Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Income				
Corporate Performance	(21,958,251)	(20,875,258)	1,082,993	(5%)
Assets - Operating	(3,511,582)	(3,674,556)	(162,974)	4%
Sustainable Development	(2,519,258)	(2,272,399)	246,859	(11%)
Assets - Capital	(4,909,812)	(3,569,385)	1,340,427	(38%)
Income Total	(32,898,903)	(30,391,598)	2,507,305	(8%)
Expenditure				
Councillor & Executive	2,195,317	1,767,048	(428,269)	(24%)
Corporate Performance	8,843,454	10,505,829	1,662,375	16%
Assets - Operating	6,252,887	7,361,030	1,108,143	15%
Sustainable Development	3,817,626	3,754,754	(62,872)	(2%)
Assets - Capital	6,443,260	9,125,380	2,682,120	29%
Expenditure Total	27,552,545	32,514,041	4,961,496	15%
Total	(5,346,357)	2,122,443	7,468,800	352%

Councillor and executive summary – YTD versus third quarter forecast

	Year End Actual \$	Q3 End of Year Forecast \$	Forecast Variance \$	Forecast Variance %
Councillor & executive Expenditure				
1.11 Council Representation	281,631	239,332	(42,299)	(18%)
1.12 Council Support	1,443,373	1,129,682	(313,691)	(28%)
1.14 Human Resources	246,471	233,500	(12,971)	(6%)
1.15 Business Improvement	72,606	81,986	9,380	11%
1.16 Marketing and Communications	151,236	268,711	117,475	44%
Councillor and executive total	2,195,317	1,953,211	(242,106)	(12%)

Comments regarding Q3 End Year Forecasts

Council support The Q3 forecast variation is due to Chart of Account changes that amalgamate employee cost accruals for the last week (7 working days) of the year.

Councillor and executive summary – YTD versus budget

	Year End Actual	Original Annual Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Councillor & executive Expenditure				
1.11 Council Representation	281,631	252,050	(29,581)	(12%)
1.12 Council Support	1,443,373	730,539	(712,834)	(98%)
1.14 Human Resources	246,471	280,503	34,032	12%
1.15 Business Improvement	72,606	200,331	127,725	64%
1.16 Marketing and Communications	151,236	303,625	152,389	50%
Councillor and executive total	2,195,317	1,767,048	(428,269)	(24%)

Councillor Representation expenditure is unfavourable to budget due to the Councillor allowances being under budgeted by \$37K. There was also a CPI increase for Councillor allowances of 2.5% applied from 1 December 2014.

Council support expenditure predominately consists of CEO, Director, and executive support employee costs. The variation against budget is due to: Chart of Account changes that amalgamate employee cost accruals for the last week of the year (\$314k for financial auditing purposes) here, rather than across business functions and \$450K of planned savings through the entire organisation. These were placed in Council Support to enable simplicity.

Human resources expenditure is favourable to budget due to employee costs being down by \$45K (HR Review) and less training and conferences being attended (\$31K). This has been partially offset by an increase in professional services (\$40K) which mainly relate to legal fees as a result of the HR Review.

Business improvement expenditure is favourable against budget due to the purchase to pay project not proceeding as expected and other improvement projects being behind schedule and budgeted in 2015/16 such as a Customer Request Management system. Business improvement expenditure in 2014/15 has focused on the development of the HR database and Strategic Alignment Project (SAP) in a product called KNACK.

Marketing and communications expenditure is less than the original budget due to the budget being developed based on a team of 4 (headcount) approximating to 2.72 FTE and actually only having 0.6 FTE for majority of the year. This equates to a saving of \$132K. There was also \$10K saved in newsletter costs.

Corporate services summary – YTD versus third quarter forecast

	Year End Actual \$	Q3 End of Year Forecast \$	Forecast Variance \$	Forecast Variance %
Corporate Services				
Income				
2.11 Risk Management	(32,962)	(32,930)	32	(0%)
2.12 Rates	(12,003,654)	(12,005,496)	(1,842)	0%
2.13 Accounting Services	(4,513,535)	(2,768,406)	1,745,129	(63%)
2.14 IT Services	(1,472)	(1,472)		0%
2.15 Customer Services	(989)	(493)	496	(101%)
Total Income	(16,552,612)	(14,808,797)	1,743,815	(12%)
Expenditure				
2.11 Risk Management	439,045	502,926	63,881	13%
2.12 Rates	206,970	215,667	8,697	4%
2.13 Accounting Services	825,013	825,395	382	0%
2.14 IT Services	639,402	628,418	(10,984)	(2%)
2.15 Customer Services	539,141	582,186	43,045	7%
Total Expenditure	2,649,572	2,754,592	105,020	4%
Total Corporate Services	(13,903,040)	(12,054,205)	1,848,835	(15%)

Comments regarding Q3 End Year Forecasts

Accounting services. The favourable variation against the Q3 forecast is due to the receipt of Council's 2015/16 financial assistance grant unexpectedly in advance.

Corporate services summary – YTD versus budget

	Year End Actual \$	Original Annual Budget \$	YTD Variance \$	YTD Variance %
Corporate Services				
Income				
2.11 Risk Management	(32,962)	-	32,962	(100%)
2.12 Rates	(12,003,654)	(11,837,531)	166,123	(1%)
2.13 Accounting Services	(4,513,535)	(2,843,320)	1,670,215	(59%)
2.14 IT Services	(1,472)	-	1,472	(100%)
2.15 Customer Services	(989)	-	989	(100%)
Total Income	(16,552,612)	(14,680,851)	1,871,761	(13%)
Expenditure				
2.11 Risk Management	439,045	502,926	63,881	13%
2.12 Rates	206,970	246,451	39,481	16%
2.13 Accounting Services	825,013	1,043,950	218,937	21%
2.14 IT Services	639,402	762,418	123,016	16%
2.15 Customer Services	539,141	653,186	114,045	17%
Total Expenditure	2,649,572	3,208,931	559,359	17%
Total Corporate Services	(13,903,040)	(11,471,920)	2,431,120	(21%)

Risk management income is favourable due to receiving funds from an insurance claim relating to storm damage to the Mt Beauty pool solar panels.

Rates income is favourable to budget due to Council receiving the final instalment of the rates valuation subsidy this year which was actually budgeted last year (\$76K). It is also favourable due to supplementary valuations being undertaken during the year which were not budgeted for.

Accounting services income is favourable to budget due to Council receiving part of its financial assistance grant early for 2015/16 on 30 June 2015 (\$1.7 million).

Risk management expenditure is favourable against budget due to the Health, Safety and Risk Officer position being vacant for 6 months of the year and less expenditure being incurred as a result.

Rates expenditure is favourable due to employee costs being favourable (\$20K) and debt collection costs being favourable (\$26K).

IT services expenditure is favourable to budget due to employee costs being favourable by \$97K (due to the HR Review) and replacement of mobile devices being reduced (\$19K).

Customer services expenditure is favourable to budget due to less employee costs being incurred in this area including records and executive support.

Alpine@Home summary – YTD versus third quarter forecast

	Year End Actual \$	Q3 End of Year Forecast \$	Forecast Variance \$	Forecast Variance %
HACC				
Income				
2.41 HACC Services	(1,242,734)	(1,225,359)	17,375	(1%)
2.42 Maternal & Child Health	(160,749)	(160,657)	92	(0%)
Total Income	(1,403,483)	(1,386,016)	17,467	(1%)
Expenditure				
2.41 HACC Services	1,622,076	1,547,911	(74,165)	(5%)
2.42 Maternal & Child Health	158,987	168,390	9,403	6%
Total Expenditure	1,781,063	1,716,301	(64,762)	(4%)
Total HACC	377,580	330,285	(47,295)	(14%)

Alpine@Home summary – YTD versus budget

	Year End Actual \$	Original Annual Budget \$	YTD Variance \$	YTD Variance %
HACC				
Income				
2.41 HACC Services	(1,242,734)	(1,459,652)	(216,918)	15%
2.42 Maternal & Child Health	(160,749)	(156,228)	4,521	(3%)
Total Income	(1,403,483)	(1,615,880)	(212,397)	13%
Expenditure				
2.41 HACC Services	1,622,076	1,894,892	272,816	14%
2.42 Maternal & Child Health	158,987	183,781	24,794	13%
Total Expenditure	1,781,063	2,078,673	297,610	14%
Total HACC	377,580	462,793	85,213	18%

Summary

HACC services (both income and expenditure) continue to be less than expected for quarter four and full year. This is due to a decrease in client hours, more specifically veterans and domestic assistance, over the year.

The decline in hours is due to a decline in demand being experienced in the Shire, in part via proactive engagement through assessment and care coordination.

Facilities summary – YTD versus third quarter forecast

	Year End Actual \$	Q3 End of Year Forecast \$	Forecast Variance \$	Forecast Variance %
Facilities				
Income				
2.21 Property Management	(615,140)	(575,824)	39,316	(7%)
2.22 Airports	(20,212)	(13,245)	6,967	(53%)
2.23 Waste and Recycle Service	(2,868,308)	(2,871,208)	(2,900)	0%
2.24 School Crossing	(17,879)	(17,879)		0%
2.26 Visitor Information Centres	(179,028)	(172,628)	6,400	(4%)
2.27 Swimming Pools Management & Maint.	(268,745)	(272,880)	(4,135)	2%
2.29 Recreation	(32,844)	(35,338)	(2,494)	7%
Total Income	(4,002,155)	(3,959,002)	43,153	(1%)
Expenditure				
2.21 Property Management	287,329	297,494	10,165	3%
2.22 Airports	12,792	22,707	9,915	44%
2.23 Waste and Recycle Service	2,362,085	2,442,553	80,468	3%
2.24 School Crossing	52,862	54,677	1,815	3%
2.25 Library Services	333,795	333,933	138	0%
2.26 Visitor Information Centres	509,493	493,589	(15,904)	(3%)
2.27 Swimming Pools Management & Maint.	617,442	599,935	(17,507)	(3%)
2.29 Recreation	237,020	226,919	(10,101)	(4%)
Total Expenditure	4,412,819	4,471,807	58,988	1%
Total Community Services	410,664	512,805	102,141	20%

Facilities summary – YTD versus budget

	Year End Actual	Original Annual Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Facilities				
Income				
2.21 Property Management	(615,140)	(568,750)	46,390	(8%)
2.22 Airports	(20,212)	(10,557)	9,655	(91%)
2.23 Waste and Recycle Service	(2,868,308)	(3,425,607)	(557,299)	16%
2.24 School Crossing	(17,879)	(17,440)	439	(3%)
2.26 Visitor Information Centres	(179,028)	(212,361)	(33,333)	16%
2.27 Swimming Pools Management & Maint.	(268,745)	(297,112)	(28,367)	10%
2.29 Recreation	(32,844)	(46,700)	(13,856)	30%
Total Income	(4,002,155)	(4,578,527)	(576,372)	13%
Expenditure				
2.21 Property Management	287,329	303,519	16,190	5%
2.22 Airports	12,792	19,872	7,080	36%
2.23 Waste and Recycle Service	2,362,085	3,069,317	707,232	23%
2.24 School Crossing	52,862	52,771	(91)	(0%)
2.25 Library Services	333,795	332,840	(955)	(0%)
2.26 Visitor Information Centres	509,493	502,440	(7,053)	(1%)
2.27 Swimming Pools Management & Maint.	617,442	646,553	29,111	5%
2.29 Recreation	237,020	290,913	53,893	19%
Total Expenditure	4,412,819	5,218,225	805,406	15%
Total Facilities Services	410,664	639,698	229,034	36%

Airports income benefit resulted from issuing invoices in arrears for 2 years 2012/13 and 2014/15 for the Porepunkah airport hangers.

Swimming pools The quarterly and full year results were seasonally affected with the wet start to the pool season.

Recreation Lower income (and in some cases variable income) due to less than expected use of facilities resulted in a quarterly and full year income deficit.

Waste and recycle services \$581,790 budgeted as income from the waste reserve has not yet been transferred; this will be resolved via internal transaction (balances against expenditure). If this provision is removed, the variance is \$24k favourable to budget (due to slightly lower than budget rates and sundry charges revenue).

Waste and recycle services \$690,397 budgeted as expenditure to the waste reserve has not yet been transferred; this will be resolved via internal transaction (balances against income). If this provision is removed, the variance is \$17k over budget (due to higher than budget EPA levies (more landfill volume), wages, and stockpile disposal costs).

Visitor Information Centres income was negatively impacted as the "membership program" was ceased. Merchandise sales across all VIC were in line with budget.

Swimming pool management model change reported in quarter three report resulted in a full year saving; that is reduction in the numbers of managers for outdoor pools to one. Learn to swim program well patronised and as a result, increased costs occurred.

Recreation full year expenditure result is less than budget as a result of the HR review and a reduction in facility use. The reduction in use resulted in less cleaning and maintenance costs.

Asset maintenance summary – YTD versus third quarter forecast

	YTD Actuals	YTD Forecast	YTD Variance	YTD Variance
	\$	\$	\$	%
Asset maintenance				
Income				
3.107 Operations expenditure clearance accounts	(2,115,687)	(2,044,124)	71,563	(4%)
3.11 Maintenance - Roads	(1,106,735)	(1,088,531)	18,204	(2%)
3.13 Maintenance - Buildings	(782)	(657)	125	(19%)
3.16 Development Engineering	(16,253)	(159,000)	(142,747)	90%
3.16 Open Spaces	(109,461)	(64,461)	45,000	(70%)
3.19 Emergency Management	(162,665)	(103,255)	59,410	(58%)
Total Income	(3,511,582)	(3,460,028)	51,554	(1%)
Expenditure				
3.104 Waste & Recycle Service	146,401	153,020	6,619	4%
3.107 Operations expenditure clearance accounts	683,048	728,289	45,241	6%
3.109 Rail Trail Maintenance	49,800	54,400	4,600	8%
3.11 Maintenance - Roads	1,176,127	1,285,592	109,465	9%
3.12 Maintenance Bridges	82,661	114,988	32,327	28%
3.13 Maintenance - Buildings	357,024	349,284	(7,740)	(2%)
3.14 Maintenance - Drainage	11,020	7,450	(3,570)	(48%)
3.16 Development Engineering	786,097	743,261	(42,836)	(6%)
3.16 Open Spaces	1,726,602	1,848,070	121,468	7%
3.17 Operations	1,126,453	895,919	(230,534)	(26%)
3.19 Emergency Management	107,655	180,958	73,303	41%
Total Expenditure	6,252,887	6,361,231	108,344	2%
Total asset maintenance	2,741,305	2,901,203	159,898	6%

Asset maintenance summary – YTD versus budget

	Year End Actual \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
Asset maintenance				
Income				
3.107 Operations expenditure clearance accounts	(2,115,687)	(2,047,595)	68,092	(3%)
3.11 Maintenance - Roads	(1,106,735)	(1,150,392)	(43,657)	4%
3.13 Maintenance - Buildings	(782)	(1,000)	(218)	22%
3.16 Development Engineering	(16,253)	(159,000)	(142,747)	90%
3.16 Open Spaces	(109,461)	(203,092)	(93,631)	46%
3.19 Emergency Management	(162,665)	(113,477)	49,188	(43%)
Total Income	(3,511,582)	(3,674,556)	(162,974)	4%
Expenditure				
3.104 Waste & Recycle Service	146,401	153,020	6,619	4%
3.107 Operations expenditure clearance accounts	683,048	738,257	55,209	7%
3.109 Rail Trail Maintenance	49,800	54,400	4,600	8%
3.11 Maintenance - Roads	1,176,127	1,302,834	126,707	10%
3.12 Maintenance Bridges	82,661	114,988	32,327	28%
3.13 Maintenance - Buildings	357,024	461,544	104,520	23%
3.14 Maintenance - Drainage	11,020	15,296	4,276	28%
3.16 Development Engineering	786,097	926,539	140,442	15%
3.16 Open Spaces	1,726,602	2,130,804	404,202	19%
3.17 Operations	1,126,453	1,257,202	130,749	10%
3.19 Emergency Management	107,655	206,146	98,491	48%
Total Expenditure	6,252,887	7,361,030	1,108,143	15%
Total asset maintenance	2,741,305	3,594,152	633,442	18%

Development engineering income is less than budget due to the capitalisation of wages and the internal transfer of income to Asset Development had not occurred at this time of this report.

Open spaces income less than budgeted due to VASP program payment only partially received.

Emergency management income is greater than budgeted as funding for the two-year program has received as a single payment in 14/15.

Maintenance bridges expenditure is less than budgeted as footbridge maintenance has been less than planned and an increase in other unplanned works has affected capacity to complete bridge maintenance.

Maintenance drainage represents unplanned minor drainage works. There was less works required than anticipated, hence expenditure was less than budgeted. Note that road drainage works were completed as expected, within the road maintenance budget.

Development engineering expenditure was favourable due to the HR Review.

Maintenance roads expenditure was less than forecast due to a reduction in resource capacity (HR Review) and time to complete capital works programs (gravel resheeting, road resealing) was greater than planned.

Open spaces expenditure was favourable due to incomplete tree maintenance works program and favourable seasonal conditions and partial utilisation of VASP funding.

Operations expenditure savings are due to reduced fuel costs associated with the change (reduction) in fuel pricing and impacts from the HR review.

Emergency management expenditure is favourable due to the position being vacant for approximately 6 months.

Planning and amenity summary – YTD versus third quarter forecast

	Year End Actual \$	Q3 End of Year Forecast \$	Forecast Variance \$	Forecast Variance %
Planning and amenity Income				
4.21 Statutory Planning	(109,031)	(100,816)	8,215	(8%)
4.22 Building	(205,818)	(181,744)	24,074	(13%)
4.23 Environmental Health	(162,049)	(158,849)	3,200	(2%)
4.24 Local Laws	(109,732)	(105,028)	4,704	(4%)
4.25 Strategic Planning	(2,120)	(5,836)	(3,716)	64%
Total Income	(588,750)	(552,273)	36,477	(7%)
Expenditure				
4.21 Statutory Planning	400,437	458,870	58,433	13%
4.22 Building	255,757	269,043	13,286	5%
4.23 Environmental Health	299,607	377,980	78,373	21%
4.24 Local Laws	171,377	211,167	39,790	19%
4.25 Strategic Planning	116,403	184,394	67,991	37%
Total Expenditure	1,243,580	1,501,454	257,874	17%
Total planning and amenity	654,830	949,181	294,351	31%

Planning and amenity summary – YTD versus budget

	Year End Actual \$	Original Annual Budget \$	YTD Variance \$	YTD Variance %
Planning and amenity				
Income				
4.21 Statutory Planning	(109,031)	(145,061)	(36,030)	25%
4.22 Building	(205,818)	(181,744)	24,074	(13%)
4.23 Environmental Health	(162,049)	(158,849)	3,200	(2%)
4.24 Local Laws	(109,732)	(110,028)	(296)	0%
4.25 Strategic Planning	(2,120)	(5,836)	(3,716)	64%
Total Income	(588,750)	(601,518)	(12,768)	2%
Expenditure				
4.21 Statutory Planning	400,437	463,949	63,512	14%
4.22 Building	255,757	269,043	13,286	5%
4.23 Environmental Health	299,607	402,980	103,373	26%
4.24 Local Laws	171,377	228,167	56,790	25%
4.25 Strategic Planning	116,403	219,331	102,928	47%
Total Expenditure	1,243,580	1,583,470	339,890	21%
Total planning and amenity	654,830	981,952	327,122	33%

Statutory planning income is due to downturn in development within the Alpine Shire. This is particularly evident in Bright where there is a lack of residential land available for development.

Building income has been impacted by a general downturn in the development industry. The Building team has been securing a greater level of work (80% of all building permits in the Alpine Shire are issued by the Alpine Shire with the remaining 20% being undertaken by Private Building Surveyors).

Strategic Planning income was affected as Council did not receive as many planning scheme amendment requests as anticipated for 2014/15.

Statutory planning expenditure was reduced due to reduced employee costs and a reduction in project overheads. The remaining saving was due to reduced reliance on external consultants.

Environmental health expenditure reduction is due to a combination of reduced employee costs due to the HR review and the delay in progressing the Domestic Wastewater Management Plan (DWMP).

Local laws expenditure outcome was largely due to the HR Review and reduction to a single ranger for the past 6 months. A saving of \$6,000 was noted as no prosecutions had occurred in the last 12 months.

Strategic planning savings was due to the reduction in employee numbers resulting from the HR Review.

Economic and community development summary – YTD versus third quarter forecast

	Year End Actual	Q3 End of Year Forecast	Forecast Variance	Forecast Variance
	\$	\$	\$	%
Economic and community development				
Income				
4.11 Economic Development	(79,115)	(69,115)	10,000	(14%)
4.12 Tourism	(982)	(655)	327	(50%)
4.13 Festivals & Events	(21,106)	(23,106)	(2,000)	9%
4.14 Community Development	(137,474)	(117,047)	20,427	(17%)
4.15 Youth	(57,129)	(54,598)	2,531	(5%)
4.16 Dinner Plain Special Rate Services	(1,535,979)	(1,535,979)	0	(0%)
4.17 Dinner Plain Management	(98,724)	(58,108)	40,616	(70%)
Total Income	(1,930,508)	(1,858,608)	71,900	(4%)
Expenditure				
4.11 Economic Development	251,990	315,607	63,617	20%
4.12 Tourism	310,230	338,182	27,952	8%
4.13 Festivals & Events	331,691	309,659	(22,032)	(7%)
4.14 Community Development	368,857	399,849	30,992	8%
4.15 Youth	54,590	83,769	29,179	35%
4.16 Dinner Plain Special Rate Services	724,845	90,252	(634,593)	(703%)
4.17 Dinner Plain Management	531,843	533,879	2,036	0%
Total Expenditure	2,574,046	2,071,197	(502,849)	(24%)
Total Economic and community development	643,538	212,589	(430,949)	(203%)

Comments regarding Q3 End Year Forecasts

Dinner Plain Special Rate Services the Q3 forecast expenditure is less than the year end actual because an internal transfer to the Dinner Plain reserve had not occurred at this time of this report.

Economic and community development summary – YTD versus budget

	Year End Actual \$	Original Annual Budget \$	YTD Variance \$	YTD Variance %
Economic and community development				
Income				
4.11 Economic Development	(79,115)	-	79,115	
4.12 Tourism	(982)	-	982	
4.13 Festivals & Events	(21,106)	(5,000)	16,106	(322%)
4.14 Community Development	(137,474)	(44,800)	92,674	(207%)
4.15 Youth	(57,129)	(36,450)	20,679	(57%)
4.16 Dinner Plain Rates, Special Rates & Waste	(1,535,979)	(1,525,171)	10,808	(1%)
4.17 Dinner Plain Management	(98,724)	(59,460)	39,264	(66%)
Total Income	(1,930,508)	(1,670,881)	259,627	(16%)
Expenditure				
4.11 Economic Development	251,990	317,966	65,976	21%
4.12 Tourism	310,230	332,714	22,484	7%
4.13 Festivals & Events	331,691	299,932	(31,759)	(11%)
4.14 Community Development	368,857	512,014	143,157	28%
4.15 Youth	54,590	84,527	29,937	35%
4.16 Dinner Plain Rates, Special Rates & Waste	724,845	90,252	(634,593)	(703%)
4.17 Dinner Plain Management	531,843	533,879	2,036	0%
Total Expenditure	2,574,046	2,171,284	(402,762)	(19%)
Total Economic and community development	643,538	500,403	(143,135)	(29%)

Economic development income result equates to funding received and not budgeted being Alpine Community Plantations and the Regional Living Expo.

Community development income is favourable due to success with competitive funding applications in the areas of resilience and youth.

Festivals and events income (funding) not originally in 2014 / 2015 budget build-up; specifically, MTBA funding from sports and recreation received.

Dinner Plain Management income benefit realised through sale of aggregate rock not originally budgeted in 2014/2015.

Economic Development expenditure is underspent due to human resource impacts as a result of the HR Review.

Festivals and events expenditure is unfavourable against budget due to the MTBA Council contribution not originally being budgeted; however this has been partially offset by income received for the event.

Community Development expenditure is underspent due to human resource impacts as a result of the HR Review and under-delivery of programs.

Youth expenditure under-spend as did not deliver "youth cadetship" program.

Dinner Plan Rates, Special Rates & Waste The budget allocation resulted from an accounting treatment whereby budget and a transfer from the reserve resulted in a net amount of \$90k. The expenditure is unfavourable to year end as an internal transfer for additional funds (from the reserve) to complete the major capital works was not required.

Capital works summary – YTD versus third quarter forecast

	Year End Actual \$	Q3 End of Year Forecast \$	Forecast Variance \$	Forecast Variance %
Assets - capital				
Income				
9.12 Plant and Motor Vehicles Renewal	(50,721)	(75,721)	(25,000)	33%
9.13 Road Renewal	(198,437)	(198,437)	(0)	0%
9.18 Building Renewal	(87,200)	(34,600)	52,600	(152%)
9.28 Building Upgrade	(15,000)	(15,000)		0%
9.29 Recreation and Other Upgrades	(316,699)	(203,453)	113,246	(56%)
9.36 Footpath New	(600,000)	(500,000)	100,000	(20%)
9.39 Recreation and Other New	(808,125)	(755,025)	53,100	(7%)
9.41 Flood Recovery	(595,814)	(595,814)		0%
9.42 Bushfire Recovery	(42,424)	(31,818)	10,606	(33%)
9.5 Projects Grant income	(2,195,391)	(2,185,545)	9,846	(0%)
Total Income	(4,909,812)	(4,595,413)	314,399	(7%)
Expenditure				
9.11 Office Equipment and Furniture Renewal	917	-	(917)	
9.12 Plant and Motor Vehicles Renewal	229,420	659,721	430,301	65%
9.13 Road Renewal	1,908,287	1,941,844	33,557	2%
9.14 Bridge Renewal	234,066	180,758	(53,308)	(29%)
9.15 Kerb Renewal	53,155	53,128	(27)	(0%)
9.16 Footpath Renewal	24,614	33,571	8,957	27%
9.17 Drainage Renewal	32,029	47,324	15,295	32%
9.18 Building Renewal	454,461	455,400	939	0%
9.19 Recreation and Other Renewal	89,311	97,050	7,739	8%
9.1A Waste Renewal	425,401	428,655	3,254	1%
9.21 Office Equipment and Furniture Upgrade	602	602	(0)	(0%)
9.23 Road Upgrade	86,238	172,445	86,207	50%
9.24 Bridge Upgrade	275	275	(0)	(0%)
9.26 Footpath Upgrade	157,895	180,780	22,885	13%
9.27 Drainage Upgrade	23,406	23,406	(0)	(0%)
9.28 Building Upgrade	57,208	41,623	(15,585)	(37%)
9.29 Recreation and Other Upgrades	607,833	579,563	(28,270)	(5%)
9.33 Road New	17,545	47,545	30,000	63%
9.36 Footpath New	764,265	802,141	37,876	5%
9.39 Recreation and Other New	1,216,356	992,083	(224,273)	(23%)
9.41 Flood Recovery	4,323	3,969	(354)	(9%)
9.42 Bushfire Recovery	55,653	55,653	(0)	(0%)
Total Expenditure	6,443,260	6,797,536	354,276	5%
Total assets - capital	1,533,449	2,202,123	668,674	30%

Capital works summary – YTD versus budget

	Year End Actual \$	Original Annual Budget \$	YTD Variance \$	YTD Variance %
Assets - capital				
Income				
9.12 Plant and Motor Vehicles Renewal	(50,721)	(255,000)	(204,279)	80%
9.13 Road Renewal	(198,437)	(170,325)	28,112	(17%)
9.18 Building Renewal	(87,200)	(35,910)	51,290	(143%)
9.28 Building Upgrade	(15,000)	-	15,000	
9.29 Recreation and Other Upgrades	(316,699)	(180,000)	136,699	(76%)
9.36 Footpath New	(600,000)	(600,000)		0%
9.39 Recreation and Other New	(808,125)	(367,150)	440,975	(120%)
9.41 Flood Recovery	(595,814)	-	595,814	
9.42 Bushfire Recovery	(42,424)	-	42,424	
9.5 Projects Grant income	(2,195,391)	(1,961,000)	234,391	(12%)
Total Income	(4,909,812)	(3,569,385)	1,340,427	(38%)
Expenditure				
9.11 Office Equipment and Furniture Renewal	917	-	(917)	
9.12 Plant and Motor Vehicles Renewal	229,420	839,000	609,580	73%
9.13 Road Renewal	1,908,287	2,132,427	224,140	11%
9.14 Bridge Renewal	234,066	368,114	134,048	36%
9.15 Kerb Renewal	53,155	54,000	845	2%
9.16 Footpath Renewal	24,614	52,000	27,386	53%
9.17 Drainage Renewal	32,029	62,760	30,731	49%
9.18 Building Renewal	454,461	409,849	(44,612)	(11%)
9.19 Recreation and Other Renewal	89,311	85,000	(4,311)	(5%)
9.1A Waste Renewal	425,401	978,400	552,999	57%
9.21 Office Equipment and Furniture Upgrade	602	-	(602)	
9.23 Road Upgrade	86,238	300,000	213,762	71%
9.24 Bridge Upgrade	275	60,000	59,725	100%
9.26 Footpath Upgrade	157,895	185,000	27,105	15%
9.27 Drainage Upgrade	23,406	30,000	6,594	22%
9.28 Building Upgrade	57,208	385,000	327,792	85%
9.29 Recreation and Other Upgrades	607,833	993,659	385,826	39%
9.33 Road New	17,545	60,000	42,455	71%
9.36 Footpath New	764,265	722,311	(41,954)	(6%)
9.39 Recreation and Other New	1,216,356	1,407,860	191,504	14%
9.41 Flood Recovery	4,323	-	(4,323)	
9.42 Bushfire Recovery	55,653	-	(55,653)	
Total Expenditure	6,443,260	9,125,380	2,682,120	29%
Total assets - capital	1,533,449	5,555,995	4,022,546	72%

Plant and Motor Vehicle Renewal income target was not realised as the sale of motor vehicles did not proceed as initially forecasted.

Road Renewal incomes exceed budget due to contributions from Indigo Shire Council for works on Tunnel gap road.

Building Renewal income budget was surplus as grants were brought forward to 14/15 from 15/16.

Recreation and other Upgrades Income was greater than forecast due to Council receiving additional grants.

Projects Grant income was greater than forecast due to Council receiving more grants than anticipated.

Plant and Motor Vehicle Renewal expenditure was less than budgeted as fleet turn-over was reduced following a strategic change in fleet management; and the purchase of large plant was postponed to 2015/16.

Bridge Renewal was less than budgeted due to a significant revision of the scope of works necessitating postponing delivery to 2015/16.

Footpath Renewal expenditure was less than budgeted as work did no progress due to unfavourable weather conditions. Contracted works have been carried over to the first quarter in 2015/16.

Drainage Renewal expenditure was under budget due to projects being delayed / deferred due to land tenure issues. Other works carried over to 2015/16.

Building Renewal expenditure was over budget as the works were brought forward; for example the Gapsted Hall project.

Waste renewal expenditure is under budget primarily due to postponing construction of a new landfill cell at Myrtleford.

Road Upgrade expenditure was under budget due to resource constraints, VICRoads interventions (Albert Street; Myrtleford) and deferral of projects.

Footpath Upgrade expenditure under budget due to private development impacts (the Kiewa Valley highway crossing).

Building Upgrade expenditure is under budget due to delay in the delivery of the Mount Beauty Library redevelopment project.

Recreation and other Upgrades expenditure under budget due to delays in the Mt Beauty Progressing Place project.

Road New expenditure under budget due to saving achieved.

Recreation and Other New expenditure was less than budgeted due to postponement of the Myrtleford Skate Park redevelopment and savings achieved in the Dinner Plain snowmaking project.

Conclusion

The organisational restructure, simplification of the chart of accounts, and associated internal transfers between reserves and accounts has complicated reporting during the latter half of the year. Budgeting and reporting during 2015/16 will be much improved with these changes now in place.

Council's operating performance for Quarter Four and Full year has been favourable. This is as a result of a focus on cost saving including:

- HR review
- Reduction in subscriptions; and
- Reduction of staff with vehicles from 22 to 8.

There has also seen a favourable result in the costs associated with materials and services which resulted from a combination of works being delayed, identified inefficiencies, and less requirements for some works.

The resulting capital works expenditure is less than budgeted due to:

- Postponing much of the plant and equipment replacement program, and the construction of the Myrtleford landfill cell
- Limited employee resources during the year;
- Detailed design work for projects being carried out; and
- Tenders being prepared for approved budgeted projects.

The Asset Development department has benefited from greater resourcing to deliver key projects. This has included two project officers and resourcing a Project Engineer.

In considering this result however, there are some projects which have been identified as delayed till 2015/16 and other projects were incorrectly forecast for this year rather than next, these have been delayed and or carried forward as detailed earlier in this report.

Council's cash at hand is higher than expected at the end of the year as the Financial Assistance Grant part payment for 2015-2016 has been received in advance.