

August 2015

# Monthly Financial Report

Surf Coast Shire Council



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# 1. Executive Summary

## 1.1 Overview

	Budget YTD Aug-15	Actual YTD Aug-15	Indicator
Rates Collected	10.9%	11.0%	
Income Statement Operating Surplus	\$38.856m	\$39.278m	
Cash and Investments	\$24.684m	\$24.701m	
Sundry Debtors		\$0.495m	
Special Charge Scheme Debtors		\$0.292m	
Infringement Debtors		\$0.826m	
Borrowings	\$16.057m	\$16.057m	
Balance Sheet Working Capital	637%	692%	
Total Revenue	\$48.533m	\$48.763m	
Total Operating Expenditure	\$9.677m	\$9.547m	
Capital Revenue	\$0.055m	\$0.546m	
Total Capital Works	\$1.316m	\$1.260m	
New Initiatives Revenue	\$0.879m	\$0.442m	
New Initiatives Expenditure	\$0.252m	\$0.244m	

### Indicator Legend

	No action required
	Requires active monitoring
	Immediate action required

## 1.2 Operating performance

	YTD Actual \$'000	YTD Budget \$'000	YTD Variance \$'000	Adopted Budget \$'000	Forecast \$'000	Full Year Variance \$'000
<b>Operating</b>						
Revenue	48,156	48,411	(255) U	62,708	62,823	115 F
Expenditure	(9,547)	(9,677)	130 F	(61,014)	(62,097)	(1,083) U
Underlying surplus/(deficit) from operations	38,609	38,734	(125) U	1,694	726	(968) U
<b>Capital</b>						
Capital Grants	537	55	482 F	3,321	3,778	457 F
Special Charge Revenue	-	-	-	(301)	(301)	-
Contributions	9	-	9 F	355	356	1 F
Asset writeoffs	-	-	-	(1,779)	(1,779)	-
Developer contributions	61	67	(6) U	1,266	1,266	-
Gain(loss) on disposal of assets	62	-	62 F	(119)	(119)	-
Granted assets	-	-	-	3,220	3,220	-
<b>Net surplus (deficit)</b>	<b>39,278</b>	<b>38,856</b>	<b>422 F</b>	<b>7,657</b>	<b>7,146</b>	<b>(511) U</b>

The year to date operating surplus is \$39,278,000 which is \$422,000 favourable to budget. This variance is mainly due to:

- Capital grants favourable to budget \$482,000 mainly due to early receipt of grants for CCP Recreation Facility \$160,000 and Anglesea Transfer Station Upgrade \$160,000
- Employee costs favourable to budget \$274,000

These are partially offset by:

- Rates and charges unfavourable to budget \$208,000
- Materials and Services unfavourable to budget \$151,000

### 1.3 Capital works and new initiatives performance

	<i>August YTD Actual \$'000</i>	<i>August YTD Budget \$'000</i>	<i>August YTD Variance \$'000</i>		<i>Adopted Budget \$'000</i>	<i>Forecast \$'000</i>	<i>Full Year Variance \$'000</i>	
Total capital works	1,260	1,316	56 F		18,325	21,630	(3,305)	U
Total new initiatives	244	252	8 F		1,828	2,856	(1,028)	U

The year to date capital works program is \$1,260,000 which is \$56,000 behind budget. This variance is mainly due to timing:

The year to date new initiatives is \$244,000 which is \$8,000 favourable to budget.

## 1.4 Financial position

	<i>August YTD Actual \$'000</i>	<i>August YTD Budget \$'000</i>	<i>August YTD Variance \$'000</i>		<i>Adopted Budget \$'000</i>	<i>Forecast \$'000</i>	<i>Full Year Variance \$'000</i>	
Cash and cash equivalents	23,201	23,184	17	F	20,600	23,312	2,712	F
Net current assets (working capital)	58,201	57,750	451	F	11,765	15,013	3,248	F
Net assets and total equity	417,846	417,424	422	F	398,542	395,105	(3,437)	U

The financial position as at 31 August 2015 shows a cash balance of \$23,201,000, which is \$17,000 favourable to budget.

Net assets and total equity is \$417,846,000, which is \$422,000 favourable to forecast. This variance is due to the net surplus favourable to forecast \$422,000 (as explained on 1.2).

## 2. Financial Analysis

### 2.1 Operating performance

#### 2.1.1 Operating revenue

	August YTD Actual \$'000	August YTD Budget \$'000	August YTD Variance \$'000	Adopted Budget \$'000	Forecast \$'000	Full Year Variance \$'000
<b>Revenues</b>						
Rates and charges	45,516	45,724	(208) U	46,033	46,033	-
Operating grants	1,340	1,457	(117) U	7,124	7,179	55 F
Capital grants	537	55	482 F	3,321	3,778	457 F
Contributions	194	251	(57) U	3,268	3,328	60 F
Interest	137	129	8 F	773	773	-
User charges	957	860	97 F	6,157	6,157	-
Statutory fees	83	58	25 F	673	673	-
<b>Total operating revenue</b>	<b>48,763</b>	<b>48,533</b>	<b>231 F</b>	<b>67,350</b>	<b>67,922</b>	<b>572 F</b>
Net gain (loss) on disposal of property infrastructure, plant and equipment	62	-	62 F	(119)	(119)	-
Granted assets	-	-	-	3,220	3,220	-
<b>Total revenue</b>	<b>48,825</b>	<b>48,533</b>	<b>293 F</b>	<b>70,451</b>	<b>71,023</b>	<b>572 F</b>

#### 2.1.2 Major operating revenue variances

	YTD (unfav) \$000's	FY (unfav) \$000's
<b>Rates and Charges</b>	<b>(208)</b>	
Rates Commercial/Tourism	90	
Vacant Land Rate	(251)	
<b>Operating Grants</b>	<b>(117)</b>	<b>55</b>
Municipal Emergency Resourcing Program	240	
Grants Commission allocation	(456)	
<b>Capital Grants</b>	<b>482</b>	<b>457</b>
Road Safety Program	22	
Tennis/Netball Courts Renewal	60	
Transport & Drainage Future Proj Design	6	
CCP Recreation Facilities	160	
Lorne Visitor Centre extension		50
Anglesea Transfer Station Upgrade Stg 2	160	160
CCP Playzone Banyul		50
<b>Contributions / Grants</b>	<b>(57)</b>	<b>60</b>
Contributions & Recoupments		60
Pensioner Rate Concession Recoupment	(68)	
<b>Interest</b>	<b>8</b>	
<b>User Charges</b>	<b>97</b>	
Internal Tipping Fees Revenue	(127)	
Parking Penalties	(51)	
Kindergarten Program Fees	80	
Sundry Fees & Charges	185	
<b>Statutory Fees</b>	<b>25</b>	
<b>Net gain (loss) on disposal of property infrastructure, plant and equipment</b>	<b>62</b>	
Proceeds from Sale of Heavy Plant	62	

### 2.1.3 Operating expenses

	August YTD Actual \$'000	August YTD Budget \$'000	August YTD Variance \$'000		Adopted Budget \$'000	Forecast \$'000	Full Year Variance \$'000
<b>Expenses</b>							
Employee benefits	3,880	4,154	274 F		26,320	26,367	(47) U
Materials and services	3,691	3,540	(151) U		22,794	23,830	(1,036) U
Bad and doubtful debts	58	12	(46) U		69	69	-
Finance costs	180	187	7 F		1,124	1,124	-
Depreciation	1,738	1,784	46 F		10,708	10,708	-
Asset write offs	-	-	-		1,779	1,779	-
<b>Total operating expenses</b>	<b>9,547</b>	<b>9,677</b>	<b>130 F</b>		<b>62,794</b>	<b>63,877</b>	<b>(1,083) U</b>

### 2.1.4 Major operating expense variances

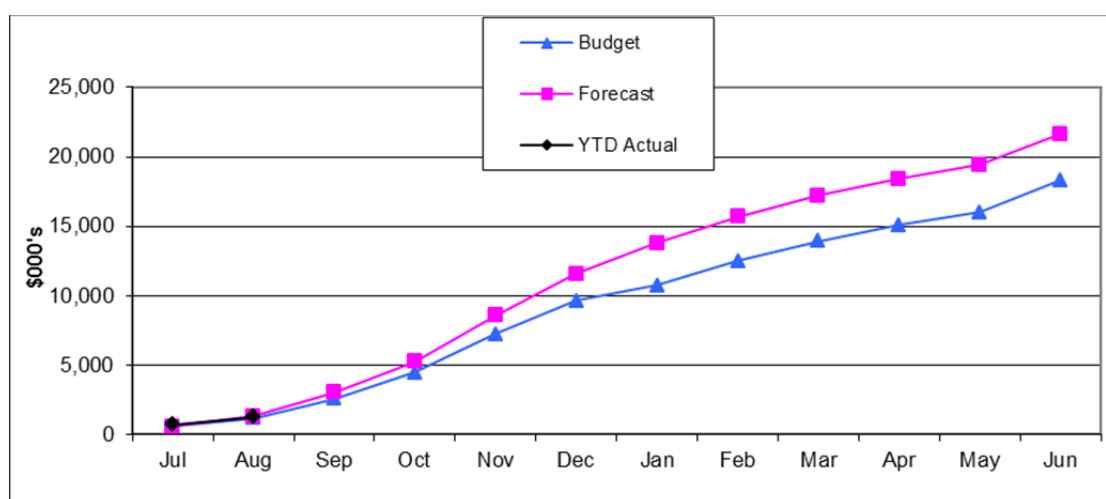
	YTD (unfav) \$000's	FY (unfav) \$000's
<b>Employee Benefits</b>	<b>274</b>	<b>(47)</b>
Wages	174	
Annual Leave & Loading Paid	58	
Superannuation	(53)	
FBT Vehicles	(57)	
<b>Materials &amp; Services</b>	<b>(151)</b>	<b>(1,036)</b>
Contract Labour		(105)
Contract Services	61	(201)
Tendered Contract Services	96	
Consultants - General		(585)
Building Insurances	60	
Grants / Contributions	(102)	(97)
Publications & Subscriptions	(104)	
Software Maintenance	(189)	
Miscellaneous	111	
Pensioner Rates Concession	(345)	
Motor Vehicle Internal Charge	116	
Fuel	116	
Property Leases / Rental	56	
Plant Recovery	(150)	
<b>Bad &amp; Doubtful Debts</b>	<b>(46)</b>	
<b>Debt Servicing</b>	<b>7</b>	
<b>Depreciation</b>	<b>46</b>	



## 2.2 Capital works performance

	August YTD Actual \$'000	August YTD Budget \$'000	August YTD Variance \$'000		Adopted Budget \$'000	Forecast \$'000	Full Year Variance \$'000
<b>Capital works</b>							
Information Technology	2	69	68 F		415	415	-
Roads and Streets Special Projects	44	47	3 F		470	470	-
Parks and Reserves Special Projects	-	-	-		60	73	(13) U
Asset Preservation	389	427	38 F		4,134	4,303	(169) U
Community Buildings	576	286	(290) U		1,864	2,580	(716) U
Drainage	9	-	(9) U		404	662	(258) U
Recreation Facilities	44	95	50 F		4,017	5,057	(1,040) U
Special Capex Projects		-			-	542	(542) U
Transport	115	284	170 F		3,346	3,873	(527) U
Waste Management	17	41	24 F		2,365	2,404	(39) U
Fleet Replacement	66	67	1 F		1,250	1,250	-
<b>Total capital works</b>	<b>1,260</b>	<b>1,316</b>	<b>56 F</b>		<b>18,325</b>	<b>21,630</b>	<b>(3,305) U</b>

### 2.2.1 Capital works YTD & budget expenditure cumulative



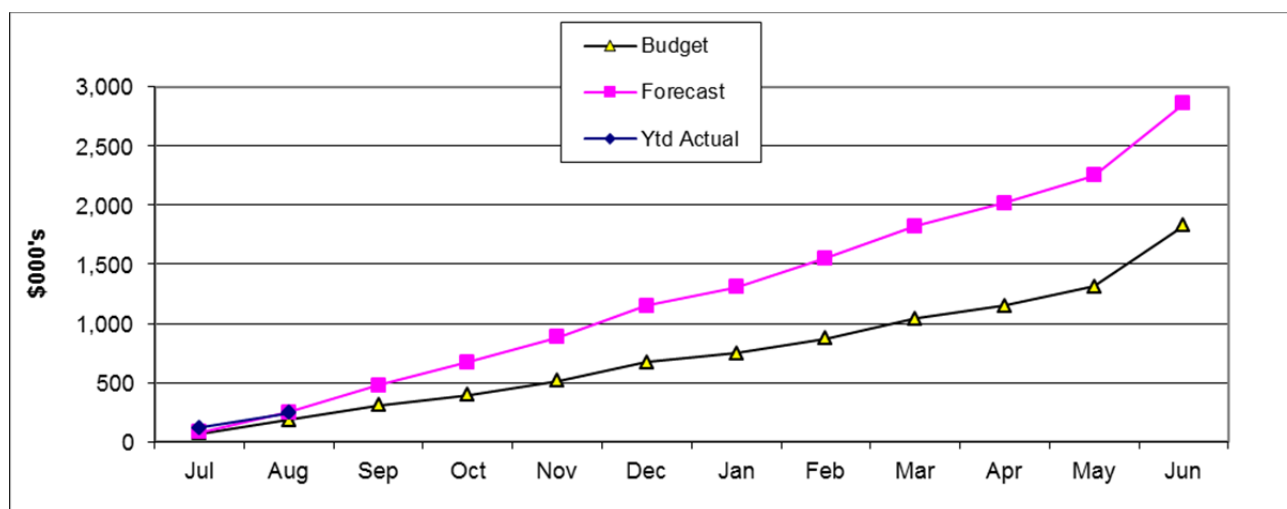
Capital Projects - not subject to special charge schemes	Adopted Budget \$'000	Forecast \$'000	YTD Actual \$'000
Completed or expected to be delivered in 2015/16	17,668	20,817	1,254
May not be delivered in 2015/16	25	178	0
Will not be delivered in 2015/16 or to be carried forward to 2016/17	0	0	0

Capital Projects - subject to special charge schemes	Adopted Budget \$'000	Forecast \$'000	YTD Actual \$'000
Completed or expected to be delivered in 2015/16	632	635	6
May not be delivered in 2015/16	-	-	-
Will not be delivered in 2015/16 or to be carried forward to 2016/17	-	-	-

## 2.3 New Initiatives expenditure performance

	August YTD Actual \$'000	August YTD Budget \$'000	August YTD Variance \$'000		Adopted Budget \$'000	Forecast \$'000	Full Year Variance \$'000
<b>New Initiatives</b>							
Culture & Community	12	35	23 F		255	539	(284) U
Environment & Development	232	217	(15) U		1,239	1,981	(742) U
Governance & Infrastructure	-	-	-		333	336	(3) U
<b>Total new initiatives</b>	<b>244</b>	<b>252</b>	<b>6 F</b>		<b>1,828</b>	<b>2,856</b>	<b>(1,028) U</b>

### 2.3.1 New initiatives YTD & budget cumulative



New Initiatives	Adopted Budget \$'000	Forecast \$'000	YTD Actual \$'000
Completed or expected to be delivered in 2015/16	1,828	2,856	244
May not be delivered in 2015/16	-	-	-
Will not be delivered in 2015/16 or to be carried forward to 2016/17	-	-	-

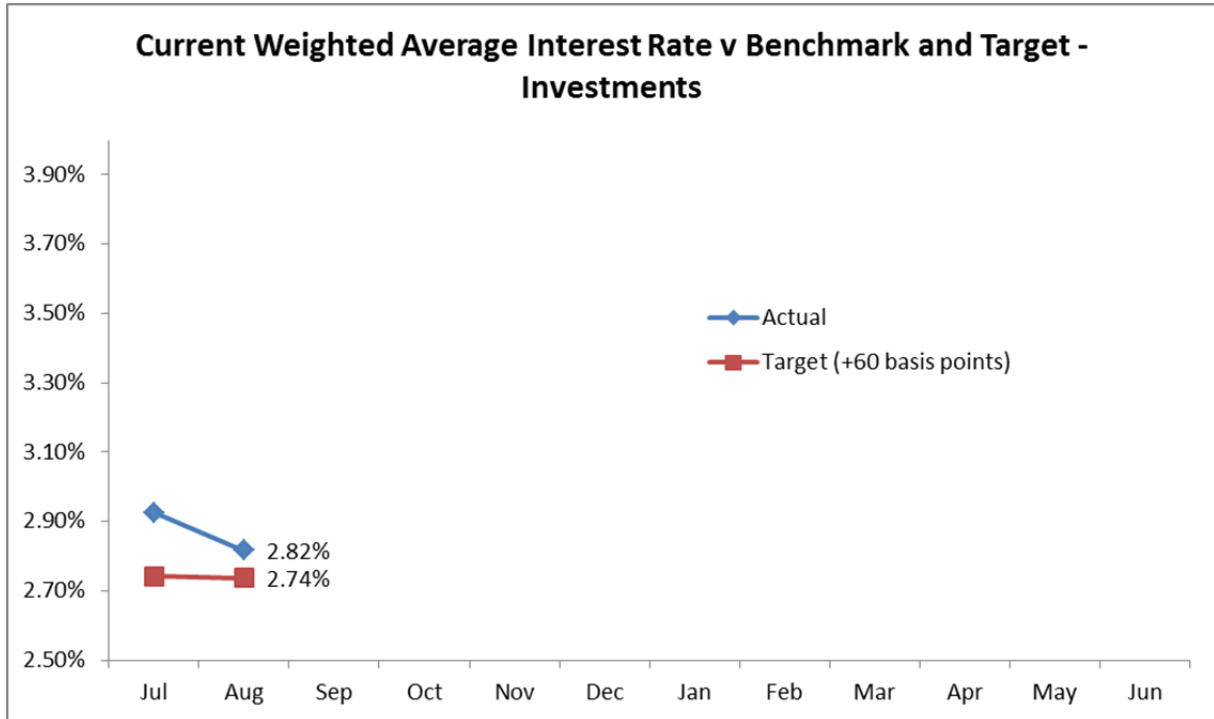
## 2.4 Financial Position

### 2.4.1 Cash and Investments (including long term investments)

<b>Available Funds:</b>	<b>\$000's</b>
Total Investments	24,343
Cash at Bank and cash on hand	358
<b>Total Cash and Investments</b>	<b>24,701</b>

<b>Represented by:</b>	
<b>Restricted Reserves</b>	
Main Drainage	216
Open Space Development	1,350
Aireys Inlet Aged Units	337
<b>Total Restricted Reserves</b>	<b>1,902</b>
<b>Allocated Reserves</b>	
Waste Reserve	6,088
Plant Replacement Reserve	1,078
Developer Contribution Reserve (DCP)	3,499
Gherang Gravel Pits Reserve	1,566
Asset Development Reserve	60
Defined Benefits Superannuation Reserve	274
Carried Forward Capital Works Reserve	5,035
Carried Forward New Initiatives Reserve	1,108
Adopted Strategy Implementation Reserve	2,018
Asset Renewal Reserve	68
<b>Total Allocated Reserves</b>	<b>20,794</b>
Accumulated Unallocated Cash Reserve	279
Other Cash and Investments	1,726
<b>Unrestricted Cash and Investments</b>	<b>2,005</b>
<b>Total Cash and Investments</b>	<b>24,701</b>

<b>Balance Sheet:</b>	<b>\$000's</b>
Cash & Cash Equivalents (current)	23,201
Investments (non-current)	1,500
<b>Total Cash and Investments</b>	<b>24,701</b>



**Current Weighted Interest Rate** is the weighted average interest rate of investments at the end of each month.

The **Target** is calculated using BBSW 90 days + 60bps.

Interest Rate Update: at its meeting on Tuesday 4 August the Reserve Bank of Australia maintained the official interest rate at 2.00%. The term deposit market remains flat in the wake of weak economic data, and is not expected to change in the short term. The combination of economic slow-down in China, the imposition of tighter cash holding rules for Australian banks, and weak domestic growth in Australia continue to dampen sentiment. Most commentators do not foresee an increase in the official interest rate in the short term, but do believe that any further cuts would be highly unlikely.

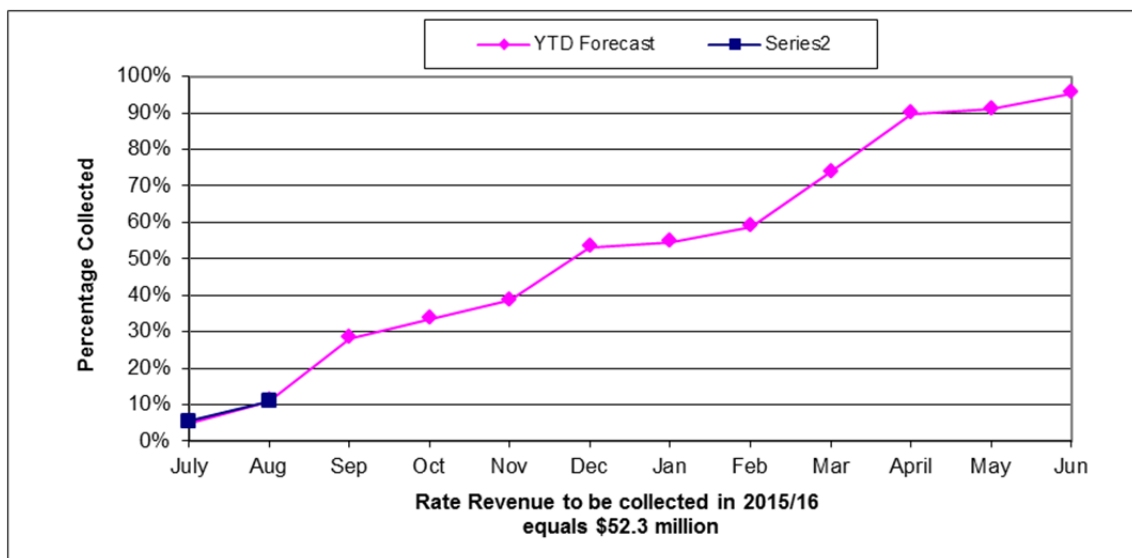
## 2.4.2 Rates and Charges Collection

Rates collection as at 31 August 2015

Current Rates Outstanding	2015/16 \$000's
Balance brought forward (including interest) - Arrears	2,277
General rates, municipal and garbage charges	45,418
Fire Services Property Levy (collected on behalf of State Revenue Office)	4,949
Supplementary assessments	178
Interest	12
Less pensioner rebates	(509)
<b>To be collected</b>	<b>52,324</b>
Collected	(5,762)
Percentage collected to date	11.0%
<b>Balance outstanding</b>	<b>46,562</b>
<b>Forecast balance outstanding at 30 June 2016</b>	<b>2,000</b>

Note: \$950,000 (42%) of the arrears at the beginning of the year have been subsequently collected.

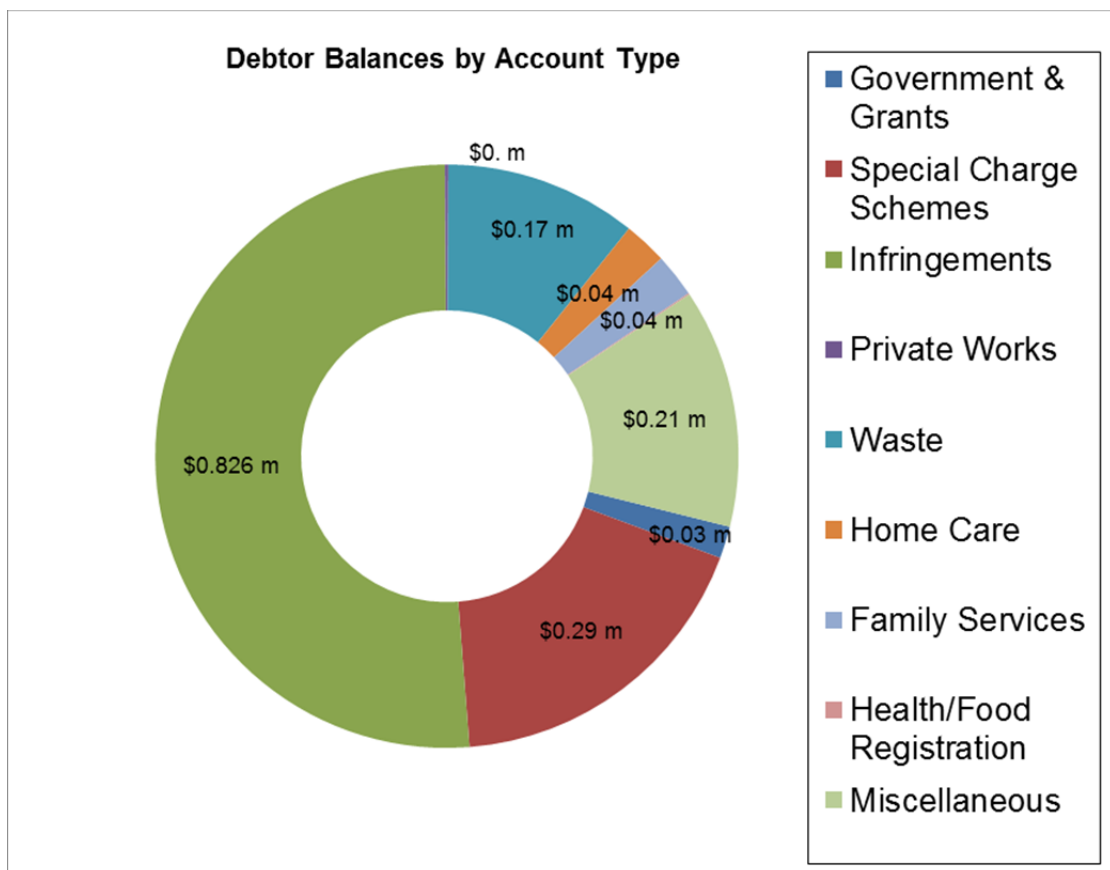
### Actual & budget rates received percentage



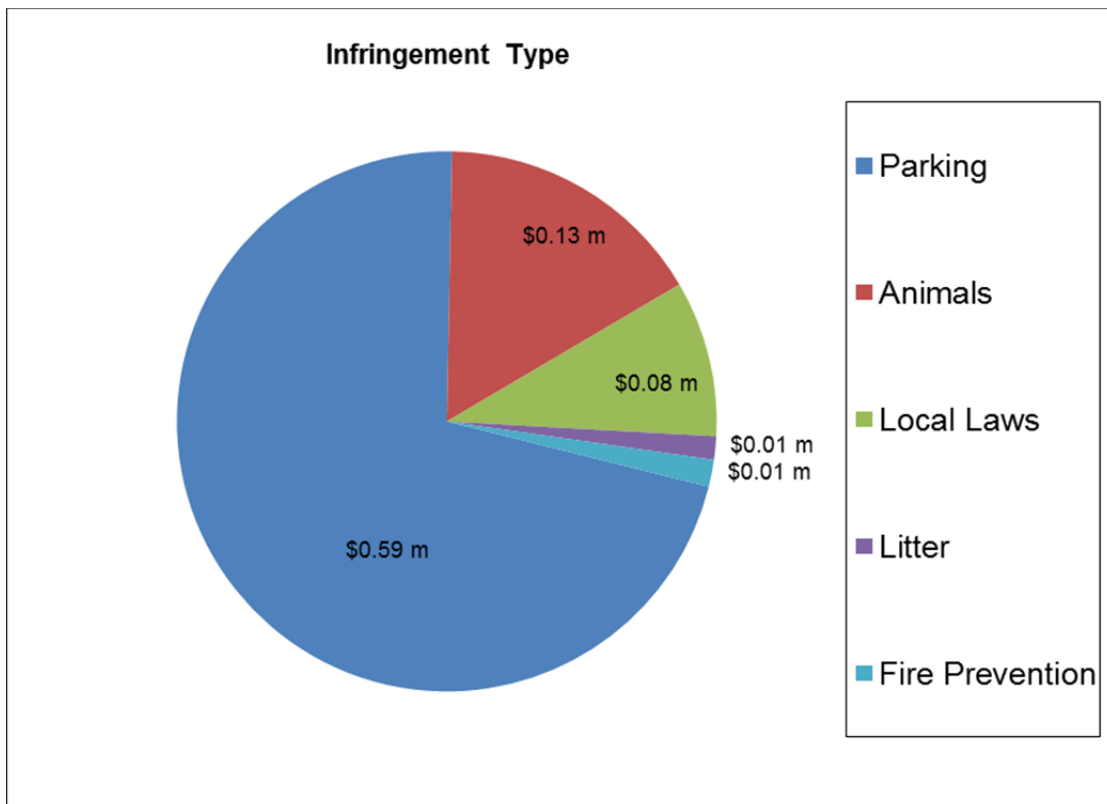
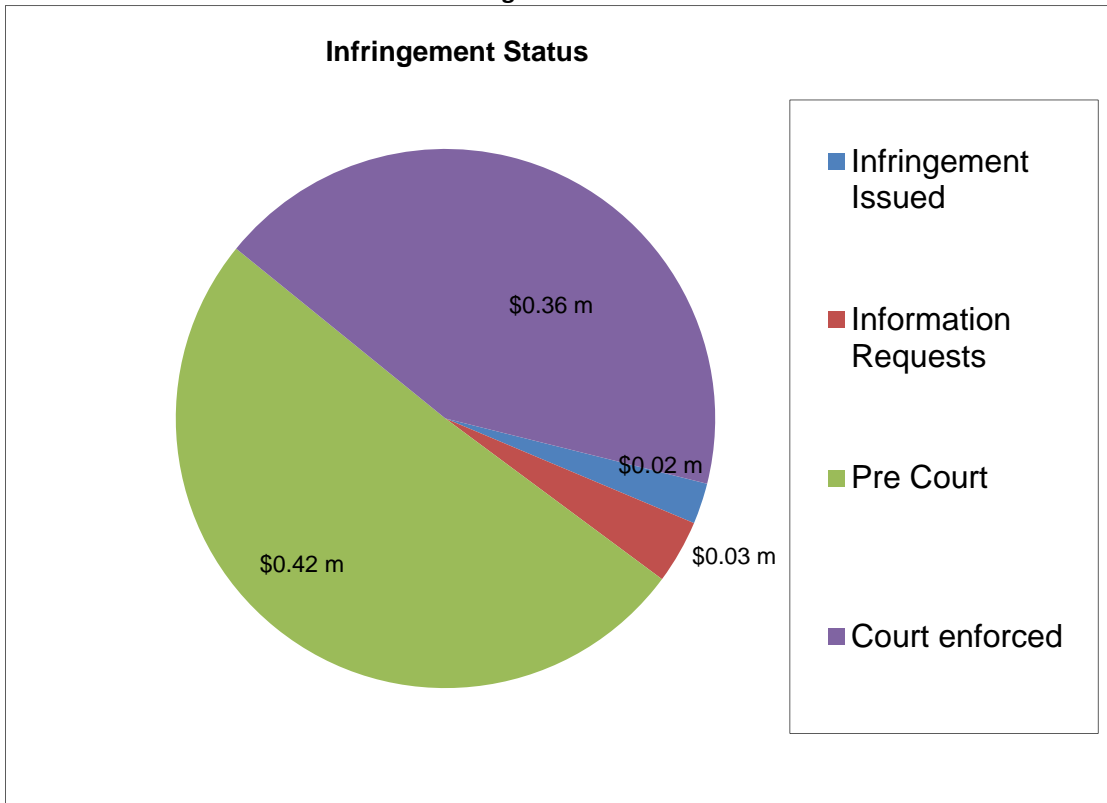
### 2.4.3 Non Rate Debtors and Infringements

An aged trial balance of debtors at month end is summarised below:

Category	July 2015 \$'000	Aug 2015 \$'000	Change fav/(unfav) \$'000	Prior Year Aug 2014 \$'000
Current	470	326	144	238
>30 days	221	109	112	137
>60 days	7	5	2	10
>90 days	54	55	(1)	44
<b>Sundry Debtors</b>	<b>753</b>	<b>495</b>	<b>258</b>	<b>429</b>
<b>Special Charge Scheme Debtors</b>	<b>309</b>	<b>292</b>	<b>16</b>	<b>612</b>
<b>Infringement Debtors</b>	<b>833</b>	<b>826</b>	<b>7</b>	<b>808</b>
<b>Total</b>	<b>1,894</b>	<b>1,613</b>	<b>281</b>	<b>1,849</b>

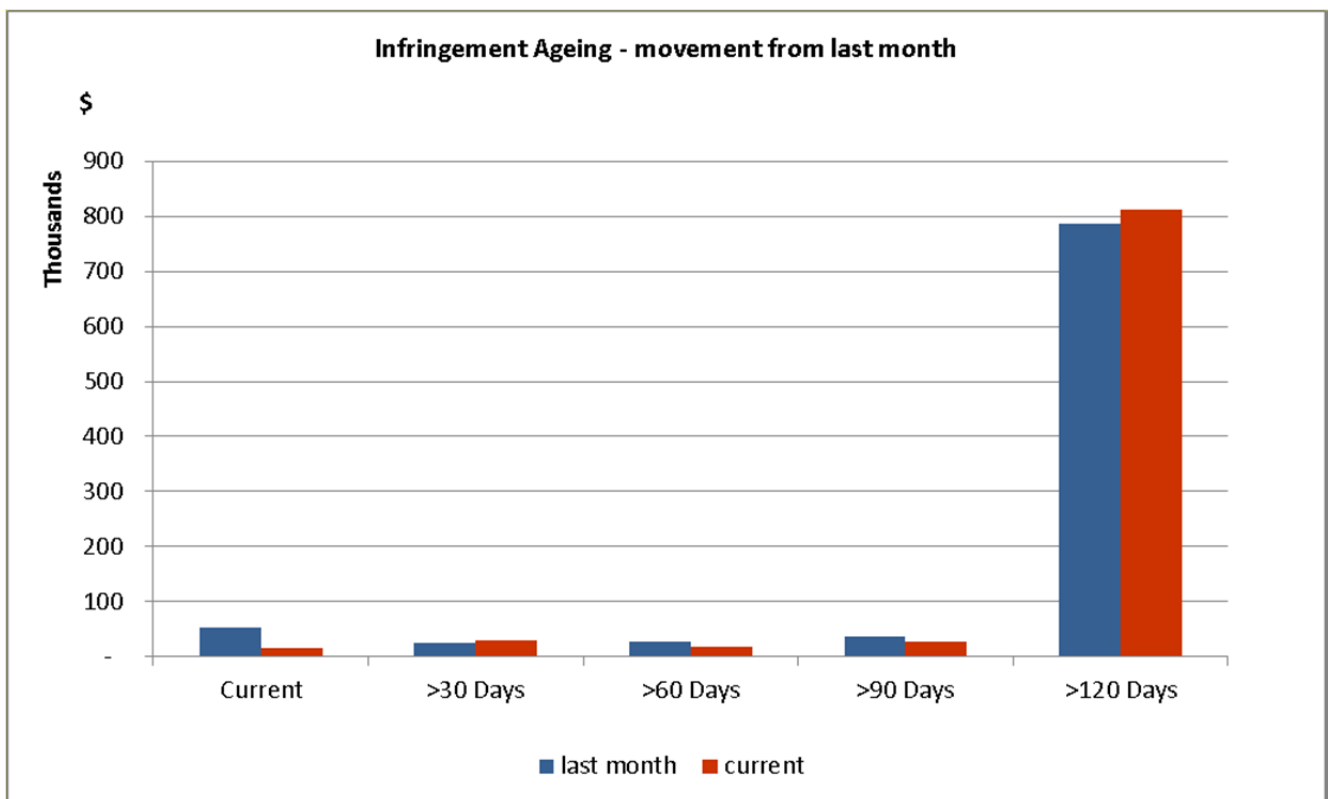
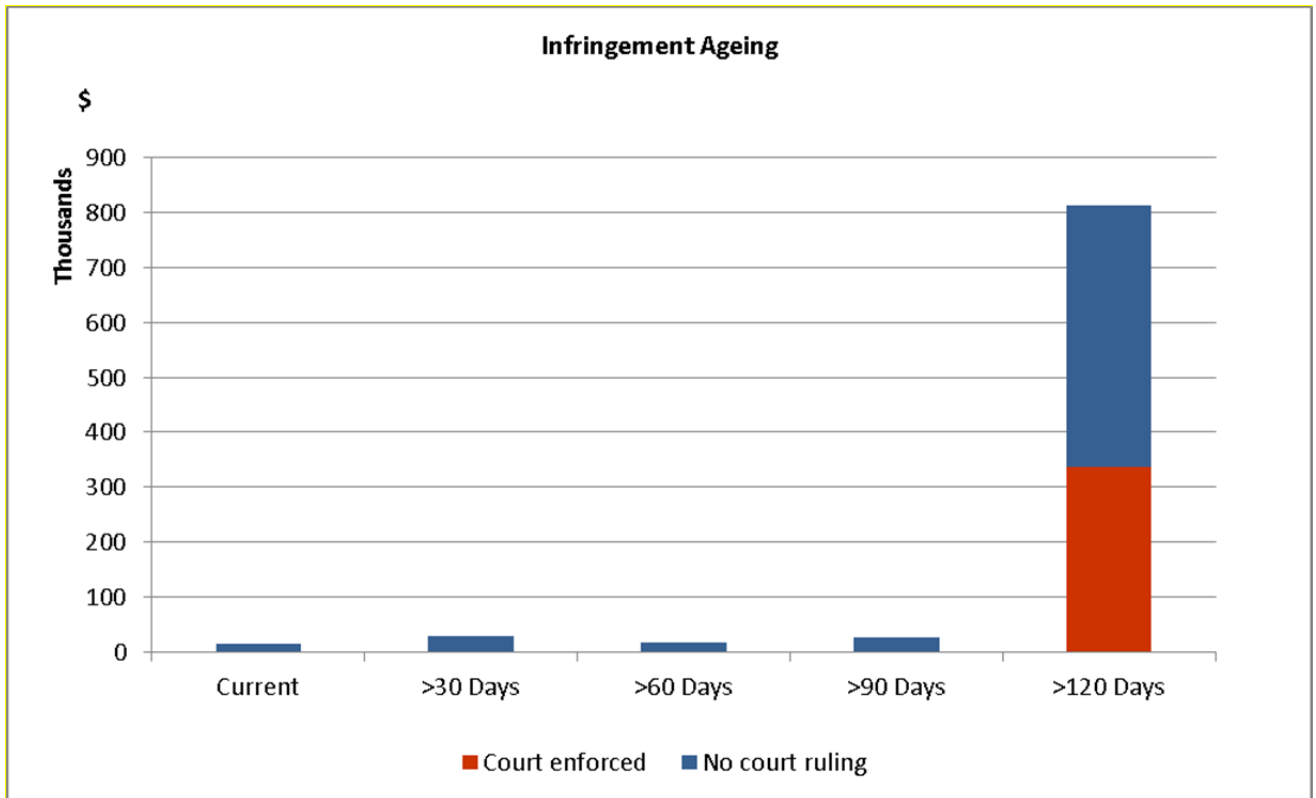


### Infringement Debtors



There have been 16 infringement notices withdrawn year to date at a value of \$1,397, all of the withdrawn notices related to parking infringements.

A total of 290 infringement notices have been issued year to date at a value of \$37,000. Council budgeted \$579,000 in infringement revenue for 2015/16.



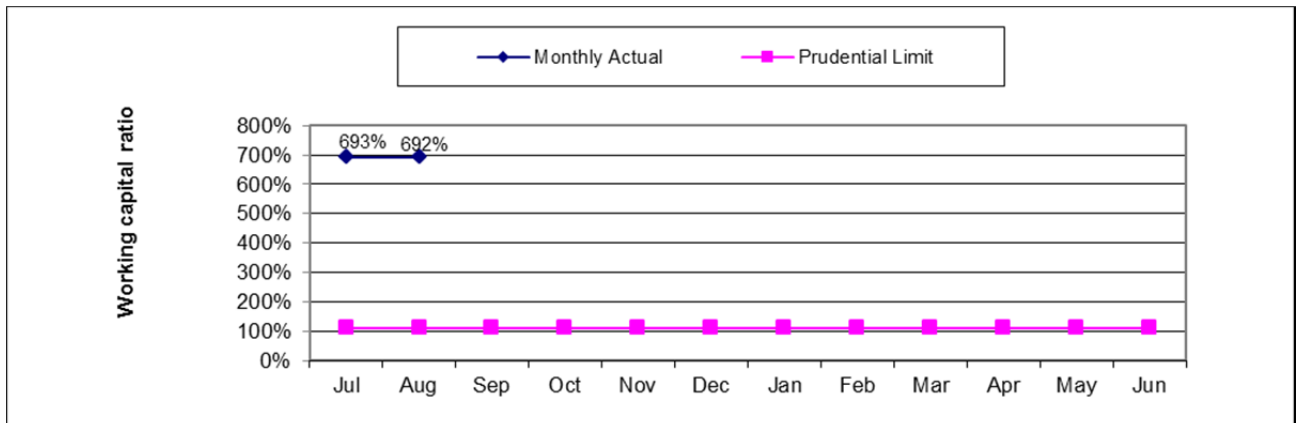
Note: Infringements >120 Days with no court ruling may be due to:

- Court capacity to process cases
- Information requests from courts/customers
- Summons preparation in progress
- Information requests sent to Vic Roads awaiting reply



## 2.4.4 Working Capital

	August YTD Actual \$'000	August YTD Budget \$'000	Adopted Budget \$'000	Forecast \$'000	Prudential limit
Current assets	68,030	68,509	24,625	27,936	
Current liabilities	9,829	10,760	12,860	12,923	
Net current assets	58,202	57,750	11,765	15,013	
Working capital ratio	692%	637%	191%	216%	110%



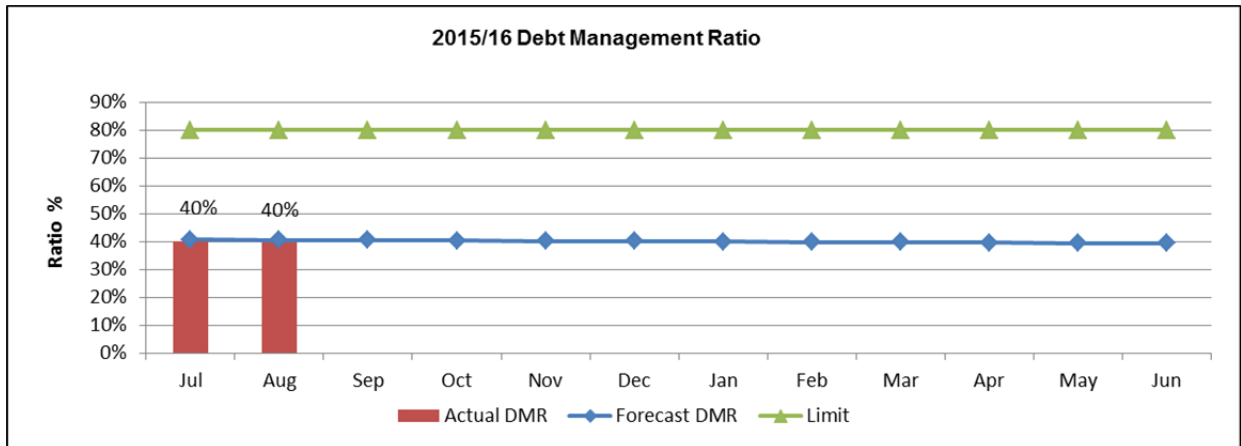
### Prudential limit:

Working capital ratio (Current Assets/Current Liabilities)

110%

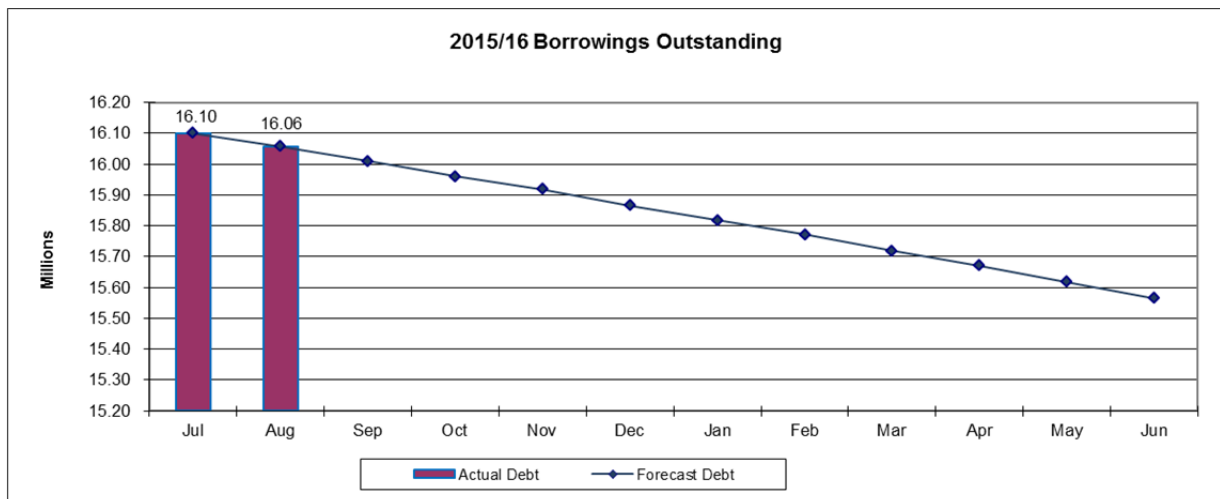
## 2.4.5 Borrowings

	YTD Actual \$'000	YTD Budget \$'000	Adopted Budget \$'000	Forecast \$'000	Prudential limit
Debt management ratio (Total Debt/Rate Rev)	40%	40%	39%	39%	80%
Debt commitment ratio (Principal & Int/Rate Rev)	4.32%	4.26%	4.26%	4.29%	N/A
Debt servicing ratio (Loan Int/Total Rev)	1.65%	1.65%	1.67%	1.65%	5%



## Loan Details

Loan ID	Principal \$m	Loan Term	Maturity Date	Balance \$m	Interest Details
Loan 1	7.00	20 years	21/06/2030	6.05	Fixed - 10 years @ 7.49%, 10 years @ 7.15%
Loan 2	5.26	20 years	29/06/2031	4.70	Fixed - 10 years @ 7.31%, 10 years @ 7.15%
Loan 3	5.87	20 years	29/12/2031	5.27	Fixed - 10 years @ 6.31%, option to repay or refinance on 29/12/2021
Loan 4	0.08	10 years	31/05/2021	0.05	Fixed - 10 years @ 6.50% Cemetery



## 2.4.6 Financial Sustainability Indicators

The Victorian Auditor-General's Office (VAGO) releases financial sustainability indicator assessments annually for each Victorian council in its annual report to parliament on local government audits. To be financially sustainable, entities need to be able to meet current and future expenditure as it falls due. VAGO created a number of short and long term sustainability indicators to provide an insight into the financial sustainability of councils.

Indicator	VAGO Target	Budget 2015/16	Forecast 2015/16	Var to VAGO Target	Trend over next 3 years
Self Financing % <sup>1</sup>	> 20%	25%	27%	F	Consistent
Indebtedness % <sup>2</sup>	< 40%	49%	50%	U	Favourable
Adjusted Indebtedness % <sup>2a</sup>	< 40%	-	39%	F	Favourable
Capital Replacement <sup>3</sup> (5 years to June 15)	> 1.5	1.4	1.5	F	Consistent
Renewal Gap <sup>4</sup> (5 years to June 15)	> 1.0	0.6	0.6	U	Unfavourable
Underlying Result % <sup>5</sup> (5 years to June 15)	> 0%	7%	7%	F	Favourable
Liquidity <sup>6</sup>	>1.5	1.9	2.2	F	Favourable

### 1. Self Financing

Self Financing indicates if Council is generating sufficient operating cash flows to invest in asset renewal and repay debt that may have been incurred in the past, by comparing net operating cash flows to underlying revenue.

*This is an annual measure (calculated over 12 months)*

### 2. Indebtedness

Indebtedness is a measure to indicate if Council is overly reliant on debt to fund capital programs, by comparing non-current liabilities to own-source revenue. This indicator should be reviewed in conjunction with available working capital. The non current liabilities number reported for Council is inflated by \$9.2m of provisions held for landfill rehabilitation, of which \$6.0m is cash backed.

*This is an annual measure (calculated over 12 months)*

### 2a. Adjusted Indebtedness

The Adjusted Indebtedness measure reflects the above ratio excluding the cash reserves held for landfill rehabilitation.

### 3. Capital Replacement

Capital replacement (also known as "Investment Gap") indicates whether Council is replacing assets at a rate consistent with their consumption by comparing the rate of spending on assets to depreciation.

*This is an annual measure, but reported as a rolling average to show long term trend  
Over the previous 5 year period.*

### 4. Renewal Gap

The Renewal Gap indicates whether Council has been maintaining existing assets at a consistent rate by comparing renewal and upgrade expenditure to depreciation.

*This is an annual measure, but reported as a rolling average to show long term trend  
Over the previous 5 year period.*

### 5. Underlying Result

The Underlying Result indicates whether Council is generating enough revenue to cover operating costs (including the cost of replacing assets, and is reflected in the depreciation expense) by comparing an adjusted net surplus to total underlying revenue.

*This is an annual measure, but reported as a rolling average to show long term trend  
Over the previous 5 year period.*

### 6. Liquidity

Liquidity measures the ability to pay existing liabilities in the next 12 months

*This is an annual measure (calculated over 12 months)*

**Comments:** The Capital Replacement indicator is forecast to remain in line with the VAGO target in 2015/16 and future years, however will reduce from its current level which is heavily influenced by the construction of the Torquay North Community Precinct in 2011/2012.

The Indebtedness ratio has increased above the VAGO target due to recognition of future liability to rehabilitate the landfill at Anglesea to EPA standards.

**SURF COAST SHIRE****Income Statement**

For the 2 months ended 31 August 2015

	<i>August YTD Actual \$'000</i>	<i>August YTD Budget \$'000</i>	<i>August YTD Variance \$'000</i>	<i>Adopted Budget \$'000</i>	<i>Forecast \$'000</i>	<i>Full Year Variance \$'000</i>
<b>Revenues from ordinary activities</b>						
Rates and charges	45,516	45,724	(208)	46,033	46,033	-
Operating grants	1,340	1,457	(117)	7,124	7,179	55
Capital grants	537	55	482	3,321	3,778	457
Contributions	194	251	(57)	3,268	3,328	60
Interest	137	129	8	773	773	-
User charges	957	859	98	6,157	6,157	-
Statutory fees	83	58	25	673	673	-
<b>Total revenues</b>	<b>48,763</b>	<b>48,533</b>	<b>231</b>	<b>67,350</b>	<b>67,922</b>	<b>572</b>
<b>Expenses from ordinary activities</b>						
Employee benefits	3,880	4,154	274	26,320	26,367	47
Materials and services	3,691	3,540	(151)	22,794	23,830	1,036
Bad and doubtful debts	58	12	(46)	69	69	-
Finance costs	180	187	7	1,124	1,124	-
Depreciation	1,738	1,784	46	10,708	10,708	-
Asset write offs	-	-	-	1,779	1,779	-
<b>Total expenses</b>	<b>9,547</b>	<b>9,677</b>	<b>130</b>	<b>62,794</b>	<b>63,877</b>	<b>1,083</b>
Net gain (loss) on disposal of property infrastructure, plant and equipment	62	-	62	(119)	(119)	-
Granted assets	-	-	-	3,220	3,220	-
<b>Net surplus/(deficit)</b>	<b>39,278</b>	<b>38,856</b>	<b>422</b>	<b>7,657</b>	<b>7,146</b>	<b>(511)</b>
<b>Other Comprehensive Income</b>						
Items that will not be reclassified to surplus or deficit in future periods						
Net asset revaluation increment	-	-	-	9,391	9,391	-
	<b>39,278</b>	<b>38,856</b>	<b>422</b>	<b>17,048</b>	<b>16,537</b>	<b>(511)</b>

**SURF COAST SHIRE**  
**Balance Sheet**  
**As at 31 August 2015**

	August YTD Actual \$'000	August YTD Budget \$'000	August YTD Variance \$'000	Adopted Budget \$'000	Forecast \$'000	Full Year Variance \$'000
<b>Current assets</b>						
Cash & cash equivalents	4,501	4,484	17	8,350	11,062	2,712
Trade and other receivables	43,943	44,439	(496)	3,722	3,722	-
Financial Assets	18,700	18,700	-	12,250	12,250	-
Inventories	287	287	-	303	303	-
Land held for resale	599	599	-	-	599	599
<b>Total current assets</b>	<b>68,030</b>	<b>68,509</b>	<b>(479)</b>	<b>24,625</b>	<b>27,936</b>	<b>3,311</b>
<b>Non current assets</b>						
Trade and other receivables	128	162	(34)	504	504	-
Investments	1,500	1,500	-	1,500	1,500	-
Property plant & equipment, infrastructure	386,848	386,818	30	410,950	404,755	(6,195)
Investment in library	580	580	-	589	580	(9)
<b>Total non current assets</b>	<b>389,056</b>	<b>389,060</b>	<b>(4)</b>	<b>413,543</b>	<b>407,339</b>	<b>(6,204)</b>
<b>Total assets</b>	<b>457,086</b>	<b>457,569</b>	<b>(483)</b>	<b>438,168</b>	<b>435,275</b>	<b>(2,893)</b>
<b>Current liabilities</b>						
Trade and other payables	1,817	2,686	869	4,796	4,796	-
Provisions	6,295	6,295	-	6,237	6,300	63
Interest bearing liabilities	492	492	-	628	628	-
Trust funds and deposits	1,225	1,287	62	1,199	1,199	-
<b>Total current liabilities</b>	<b>9,829</b>	<b>10,760</b>	<b>931</b>	<b>12,860</b>	<b>12,923</b>	<b>63</b>
<b>Non current liabilities</b>						
Provisions	13,846	13,820	(26)	11,878	12,311	433
Interest bearing liabilities	15,565	15,565	-	14,888	14,937	49
<b>Total non current liabilities</b>	<b>29,411</b>	<b>29,385</b>	<b>(26)</b>	<b>26,766</b>	<b>27,247</b>	<b>481</b>
<b>Total liabilities</b>	<b>39,240</b>	<b>40,145</b>	<b>905</b>	<b>39,626</b>	<b>40,170</b>	<b>544</b>
<b>Net assets</b>	<b>417,846</b>	<b>417,424</b>	<b>422</b>	<b>398,542</b>	<b>395,105</b>	<b>(3,437)</b>
<b>Equity</b>						
Accumulated surplus	217,643	216,278	1,365	184,369	183,593	(776)
Assets revaluation reserve	178,078	178,078	-	196,836	187,469	(9,367)
Other reserves	22,125	23,068	(943)	17,337	24,043	6,706
<b>Total equity</b>	<b>417,846</b>	<b>417,424</b>	<b>422</b>	<b>398,542</b>	<b>395,105</b>	<b>(3,437)</b>

# SURF COAST SHIRE

## Cash Flow Statement

For the 2 months ended 31 August 2015

	August YTD Actual \$'000	August YTD Budget \$'000	August YTD Variance \$'000	Adopted Budget \$'000	Forecast \$'000	Full Year Variance \$'000
<b>Cash flow from operating activities</b>						
Receipts from customers	6,933	7,142	(209)	56,037	56,217	180
Payments to suppliers	(4,162)	(4,019)	(143)	(24,270)	(27,101)	(2,831)
Payments to employees	(4,352)	(4,154)	(198)	(26,264)	(26,106)	158
Interest received	194	129	65	773	847	74
Government receipts	2,045	1,289	756	10,445	11,260	815
Net GST Refund/Payment	341	-	341	-	3,656	3,656
Net cash inflow/ (outflow) from operating activities	999	387	612	16,721	18,773	2,052
<b>Cash Flows from investing activities</b>						
Payments for property, plant, equipment & infrastructure	(1,929)	(1,316)	(613)	(14,998)	(18,971)	(3,973)
Proceeds from sale of property, plant & equipment	61	40	21	877	877	-
Investments Proceeds/Payments	50	50	-	-	6,500	6,500
Net cash inflow/ (outflow) from investing activities	(1,818)	(1,226)	(592)	(14,121)	(11,594)	2,527
<b>Cash flows from financing activities</b>						
Debt servicing	(191)	(187)	(4)	(1,124)	(1,134)	(10)
Proceeds from interest bearing loans and borrowings	-	-	-	-	-	-
Repayment of interest bearing loans and borrowings	(92)	(92)	-	(584)	(584)	()
Net cash inflow/ (outflow) from financing activities	(283)	(279)	(4)	(1,708)	(1,718)	10
<b>Net increase (decrease) in cash held</b>	(1,102)	(1,118)	16	893	5,461	4,568
Cash at the beginning of the period	5,602	5,602	-	7,457	5,602	(1,855)
<b>Cash at the end of the period</b>	4,501	4,484	17	8,350	11,062	2,712

Appendix B  
Capital Project Variations

**Project Variations/Reserve Movements Approved by Chief Executive Officer (\$5,000 and under)**

Account	Project Name	Comment	Project Budget \$	Project Cost \$	Variation \$
<b>Waste Reserve</b>					
9466	Anglesea Land Fill Liner Over Original Cell	Project complete	3,707	0	3,707
<b>Funds Returned to Waste Reserve:</b>					<b>0</b>

**Additional Funds Required**

Account	Project Name	Comment	Project Budget \$	Project Cost \$	Variation \$
<b>Accumulated Unallocated Reserve</b>					
9493	Land Purchase Bob Petit Reserve	Project complete	500,000	500,010	(10)
9490	Black Spot Projects	Project complete	0	1,383	(1,383)
<b>Funds Requested from Accumulated Unallocated Reserve:</b>					<b>(1,393)</b>
<b>Net transfer from Accumulated Unallocated Cash Reserve (fund transfers approved by Chief Executive Officer)</b>					<b>(1,393)</b>

**Project Variations/Reserve Movements > \$5,000**

<b>Accumulated Unallocated Reserve</b>					
Account	Project Name	Comment	Project Budget \$	Project Cost \$	Variation \$
New	Torquay Library - Office Work Station Space	Provision for a work station for child and youth librarian located at the Torquay Library (fully offset by reduced operating costs)	0	7,600	(7,600)
8365	Bells Beach Rip Curl Pro Contribution	Consolidate roll Rip Curl carry forward to one account; rename account to better reflect project; and increased project by interest accrued \$9,395.	41,103	59,395	(18,292)
8525	Bells Beach Mast Plan Comms. Engagement		18,024	9,127	8,897
<b>Funds Requested from Accumulated Unallocated Reserve:</b>					<b>(16,995)</b>

Account	Project Name	Comment	Project Budget \$	Project Cost \$	Variation \$
<b>Waste Reserve</b>					
9465	Anglesea Transfer Station Roof Design	Design complete, funds not required.	43,200	0	43,200
<b>Funds Returned to Waste Reserve:</b>					<b>43,200</b>

**Project Variations with \$0.00 net cost to Council**

**No Cost to Council**

Account	Project Name	Comment	Project Budget \$	Project Cost \$	Variation \$
8470	Rural Hinterland Strategy	Name change to better reflect project.	0	18,641	(18,641)
8470	Land Development Thompson Valley		18,641	0	18,641
New	Torquay Indoor Sports Stadium	Transfer budget for design for Torquay Indoor Sports Stadium to separate account to enable tracking of DCP project	0	30,000	(30,000)
9361	Open Space & Building Future Project Design		156,388	126,388	30,000
<b>No Cost to Council</b>					<b>0</b>

Appendix C  
Accumulated Unallocated Reserve

**Accumulated Unallocated Reserve**

	\$
<b><i>Opening balance 1 July 2015</i></b>	1,049,839
July Council Meeting resolution; pre-allocation (in-camera)	(762,000)
July Finance Report Movements Approved August 2015	(8,500)
<b><i>Closing balance 31 August 2015</i></b>	279,339



## Glossary of Terms

Asset Revaluation Reserve	Revaluation increases in property, plant and equipment and infrastructure asset values over time.
Asset Write Offs	Property, plant and equipment and infrastructure assets or asset components that have been replaced by new asset expenditure (renewal), deteriorated assets and assets transferred to external parties.
Capital Works	Renewal, upgrade, or expansion of existing Council owned or controlled assets or new assets, including Crown Land assets managed by Council. Includes property, plant and equipment and infrastructure (road pavements and other structures, street furniture, drainage, passive recreation facilities).
Cash & Cash Equivalents	Cash on hand, deposits at call and other highly liquid investments with original maturity dates of three months or less and investments are in accordance with Council's SCS-016 Cash Management Policy.
Contributions	Contributions included in Revenues from Ordinary Activities include developer contributions, operational subsidies and recoupment of expenditures from governments, agencies and customers.
Debt Commitment Ratio	Compares funds paid on loan principal and loan interest to rate revenue. An increasing trend indicates a higher burden on the current rate revenue base.
Debt Management Ratio	Measures the level of indebtedness compared to the rate base. An increasing trend may indicate an over-reliance on sources of funds other than rate revenue to fund debt redemption.
Debt Servicing Ratio	Compares funds paid on loan interest to all revenue sources. An increasing trend indicates a higher burden on the current revenue base.
Developer Contribution	Cash contribution from developer relating to subdivision works, drainage levy or open space contribution to be applied at a future date in accordance with the relevant infrastructure plan for the area and approved by Council.
Granted Asset	Infrastructure and property asset gifted to Council at the cost of completed subdivision works by developers. Includes roads, street furniture, drainage, passive recreation facilities and land assets.
Interest Bearing Liabilities	Includes bank loans.
Operating Performance	Operating Surplus/(Deficit) reported in the annual Financial Statements
New Initiatives	One-off project expenditures that do not constitute the creation of an asset. New Initiatives may, however, span more than one financial year.
Provisions	Liabilities where current obligating events exist that require Council to make a future outlay to meet that obligation. Includes annual leave, long service leave and future landfill rehabilitation.
Trust funds and deposits	Contract deposits, planning and building permit deposits, subdividers holding deposits, hall booking, citronella collar and baby capsule bonds. These monies are anticipated to be returned to the payer when the refund conditions have been met.
Other Reserves	Council holds cash-backed reserve funds for legislative and policy purposes. Legislative reserves are restricted and are applied for a prescribed purpose, including main drainage levies, open space contributions and the Aireys Inlet Housing Project. Policy reserves are held for plant replacement, subdivider contributions, mayoral charity, tourism infrastructure, waste management operations, asset development and work in progress.
Underlying Surplus	Operating surpluses without the inclusion of capital income. The objective is to provide additional capacity to fund required capital works from operations.
User Charges	Special rates declared under Special Charge Schemes and user charges,

fees, penalties and fines in accordance with the Fees & Charges Schedule adopted in the annual Council Budget.