

October 2015

# Monthly Financial Report

Surf Coast Shire Council



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## 1. Executive Summary

### 1.1 Overview

	Budget YTD Oct-15	Actual YTD Oct-15	Indicator
Rates Collected	33.3%	33.7%	
Income Statement Operating Surplus	\$32.372m	\$32.957m	
Cash and Investments	\$29.440m	\$30.260m	
Sundry Debtors		\$0.828m	
Special Charge Scheme Debtors		\$0.258m	
Infringement Debtors		\$0.851m	
Borrowings	\$15.960m	\$15.960m	
Balance Sheet Working Capital	580%	589%	
Total Revenue	\$51.359m	\$51.405m	
Total Operating Expenditure	\$18.987m	\$18.472m	
Capital Revenue	\$0.375m	\$0.802m	
Total Capital Works	\$2.652m	\$2.573m	
New Initiatives Revenue	\$0.470m	\$0.465m	
New Initiatives Expenditure	\$0.440m	\$0.418m	

#### Indicator Legend

	No action required
	Requires active monitoring
	Immediate action required

## 1.2 Operating performance

	October YTD Actual \$'000	October Amended YTD Budget \$'000	October YTD Variance \$'000		Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000	
<b>Operating</b>								
Revenue	50,254	50,756	(502)	U	62,106	62,191	85	F
Expenditure	(18,470)	(18,987)	517	F	(61,014)	(62,138)	(1,124)	U
Underlying surplus/(deficit) from operations	31,784	31,769	15	F	1,092	53	(1,039)	U
<b>Capital</b>								
Capital Grants	691	325	366	F	3,321	4,333	1,012	F
Special Charge Revenue	-	-	-		301	301	-	
Contributions	231	50	181	F	355	504	149	F
Asset writeoffs	(2)	-	(2)	U	(1,779)	(1,779)	-	
Developer contributions	229	228	1	F	1,266	1,266	-	
Gain(loss) on disposal of assets	24	-	24	F	(119)	(119)	-	
Granted assets	-	-	-		3,220	3,220	-	
<b>Net surplus (deficit)</b>	<b>32,957</b>	<b>32,372</b>	<b>585</b>	<b>F</b>	<b>7,657</b>	<b>7,779</b>	<b>122</b>	<b>F</b>

The year to date operating surplus is \$32,957,000 which is \$585,000 favourable to budget. This variance is mainly due to:

- Capital grants favourable to budget \$366,000 mainly due to early receipt of grants for CCP Recreation Facility \$160,000 and Anglesea Transfer Station Upgrade \$160,000; and Elkington Road Reseal \$150,000.
- Employee Benefits favourable to budget \$337,000 mainly due to vacancies \$259,000 and reduced Work Cover premium \$48,000.

These are partially offset by:

- Operating grants unfavourable to budget \$419,000, mainly due to fifty percent of the Financial Assistance Grants for 2015/16 being received last year as an advance payment..

### 1.3 Capital works and new initiatives performance

	<i>October</i> <i>YTD</i> <i>Actual</i> <i>\$'000</i>	<i>October</i> <i>Amended YTD</i> <i>Budget</i> <i>\$'000</i>	<i>October</i> <i>YTD</i> <i>Variance</i> <i>\$'000</i>		<i>Adopted</i> <i>Budget</i> <i>\$'000</i>	<i>Amended</i> <i>Budget</i> <i>\$'000</i>	<i>Full Year</i> <i>Variance</i> <i>\$'000</i>	
Total capital works	2,573	2,652	79	F	18,325	23,265	(4,940)	U
Total new initiatives	418	440	22	F	1,828	2,896	(1,068)	U

The year to date capital works program expenditure is \$2,573,000 which is \$79,000 favourable to budget. This variance is mainly due to timing of implementation of the capital works program. A summary of the material capital works program variance included:

- Anglesea kindergarten design \$99,000; and
- GOR Turning Lane at Forest Road \$75,000.

These variances are partially off-set by the following unfavourable to budget variances

- GOR Service Road Upgrade At Elkington Road \$49,311; and
- Office Furniture \$20,000.

For further information on the capital works program, users should refer to the September quarterly Program Status Report.

The year to date new initiatives expenditure is \$418,000 which is \$22,000 favourable to budget.

## 1.4 Financial position

	<i>October YTD Actual \$'000</i>	<i>October YTD Budget \$'000</i>	<i>October YTD Variance \$'000</i>		<i>Adopted Budget \$'000</i>	<i>Amended Budget \$'000</i>	<i>Full Year Variance \$'000</i>	
Cash and cash equivalents (including Financial Assets)	30,260	29,440	820	F	22,100	22,417	317	F
Net current assets (working capital)	52,534	51,667	867	F	11,765	14,345	2,580	F
Net assets and total equity	411,524	410,940	584	F	398,542	395,738	(2,804)	U

The financial position as at 31 October 2015 shows a total cash balance (including investments for periods greater than three months) of \$30,260,000 which is \$820,000 favourable to budget.

Net assets and total equity is \$411,524,000, which is \$584,000 favourable to budget. This variance is due to the net surplus favourable to forecast \$584,000 (as explained on 1.2).

## 2. Financial Analysis

### 2.1 Operating performance

#### 2.1.1 Operating revenue

	October YTD Actual \$'000	October Amended YTD Budget \$'000	October YTD Variance \$'000	Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000
<b>Revenues</b>						
Rates and charges	45,581	45,543	38 F	46,033	46,033	-
Operating grants	1,962	2,381	(419) U	7,124	7,195	71 F
Capital grants	691	325	366 F	3,321	4,333	1,012 F
Contributions	983	868	115 F	3,268	3,431	163 F
Interest	271	275	(4) U	773	773	-
User charges	1,770	1,829	(59) U	6,157	6,157	-
Statutory fees	146	137	9 F	673	673	-
<b>Total operating revenue</b>	<b>51,405</b>	<b>51,359</b>	<b>47 F</b>	<b>67,350</b>	<b>68,595</b>	<b>1,245 F</b>
Net gain (loss) on disposal of property infrastructure, plant and equipment	24	-	24 F	(119)	(119)	-
Granted assets	-	-	-	3,220	3,220	-
<b>Total revenue</b>	<b>51,429</b>	<b>51,359</b>	<b>71 F</b>	<b>70,451</b>	<b>71,696</b>	<b>1,245 F</b>

#### 2.1.2 Major operating revenue variances

	YTD (unfav) \$000's	FY (unfav) \$000's
<b>Rates and Charges</b>	<b>38</b>	
<b>Operating Grants</b>	<b>(419)</b>	<b>71</b>
Grants Commission allocation	(456)	
<b>Capital Grants</b>	<b>366</b>	<b>1,012</b>
Road Safety Program	22	
Tennis/Netball Courts Renewal	60	
CCP Recreation Facilities	160	
Lorne Visitor Centre extension		50
Anglesea Transfer Station Upgrade Stg 2	160	160
CCP Playzone Banyul	(50)	50
GOR Service Rd Upgrade at Elkiington Rd	(100)	200
Elkiington Road Seal	150	
Cape Otway Rd - Lloyd Mews to Taylors Rd		495
<b>Contributions / Grants</b>	<b>115</b>	<b>163</b>
Contributions & Recoupments	81	163
<b>Interest</b>	<b>(4)</b>	
<b>User Charges</b>	<b>(59)</b>	
<b>Statutory Fees</b>	<b>9</b>	
<b>Net gain (loss) on disposal of property infrastructure, plant and equipment</b>	<b>24</b>	

### 2.1.3 Operating expenses

	October YTD Actual \$'000	October Amended YTD Budget \$'000	October YTD Variance \$'000		Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000
<b>Expenses</b>							
Employee benefits	7,644	7,981	337 F		26,320	26,363	(43) U
Materials and services	6,862	7,039	177 F		22,794	23,874	(1,080) U
Bad and doubtful debts	72	23	(49) U		69	69	-
Finance costs	365	374	9 F		1,124	1,124	-
Depreciation	3,528	3,569	41 F		10,708	10,708	-
Asset write offs	2	-	(2)		1,779	1,779	-
<b>Total operating expenses</b>	<b>18,472</b>	<b>18,987</b>	<b>515 F</b>		<b>62,794</b>	<b>63,917</b>	<b>(1,123) U</b>

### 2.1.4 Major operating expense variances

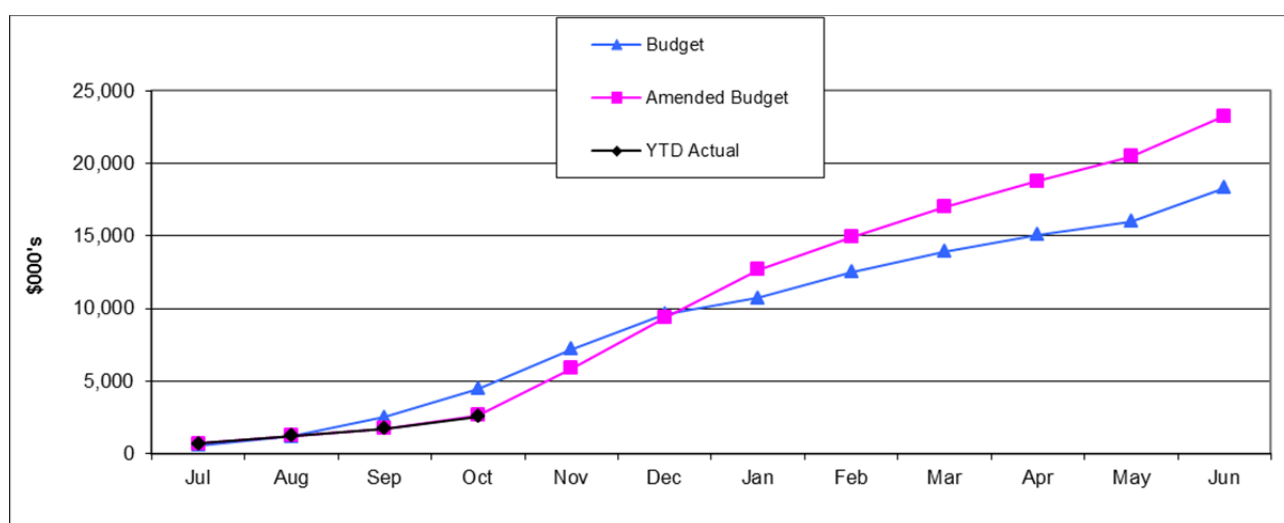
	YTD (unfav) \$000's	FY (unfav) \$000's
<b>Employee Benefits</b>	<b>337</b>	<b>(43)</b>
Wages	259	
Work Cover Premium	48	
<b>Materials &amp; Services</b>	<b>177</b>	<b>(1,080)</b>
Contract Labour	74	(118)
Contract Services		(123)
Tendered Contract Services	118	(63)
Consultants - General	56	(686)
R & M - General	(64)	
Grants / Contributions		(97)
<b>Bad &amp; Doubtful Debts</b>	<b>(49)</b>	
<b>Debt Servicing</b>	<b>9</b>	
<b>Depreciation</b>	<b>41</b>	
<b>Asset Write Offs</b>	<b>(2)</b>	



## 2.2 Capital works performance

	October YTD Actual \$'000	October Amended Budget \$'000	October YTD Variance \$'000	Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000
<b>Capital works</b>						
Information Technology	36	29	(7) U	415	415	-
Roads and Streets Special Projects	80	78	(2) U	470	470	-
Parks and Reserves Special Projects	20	21		60	73	(13) U
Asset Preservation	783	782	(1) U	4,134	4,303	(169) U
Community Buildings	702	780	78 F	1,864	3,599	(1,735) U
Drainage	112	112	1 F	404	662	(258) U
Recreation Facilities	239	221	(18) U	4,017	5,154	(1,137) U
Special Capex Projects		-		-	542	(542) U
Transport	292	323	31 F	3,346	4,439	(1,093) U
Waste Management	144	142	(3) U	2,365	2,357	8 F
Fleet Replacement	165	165		1,250	1,250	-
<b>Total capital works</b>	<b>2,573</b>	<b>2,652</b>	<b>79 F</b>	<b>18,325</b>	<b>23,265</b>	<b>(4,940) U</b>

### 2.2.1 Capital works YTD & budget expenditure cumulative



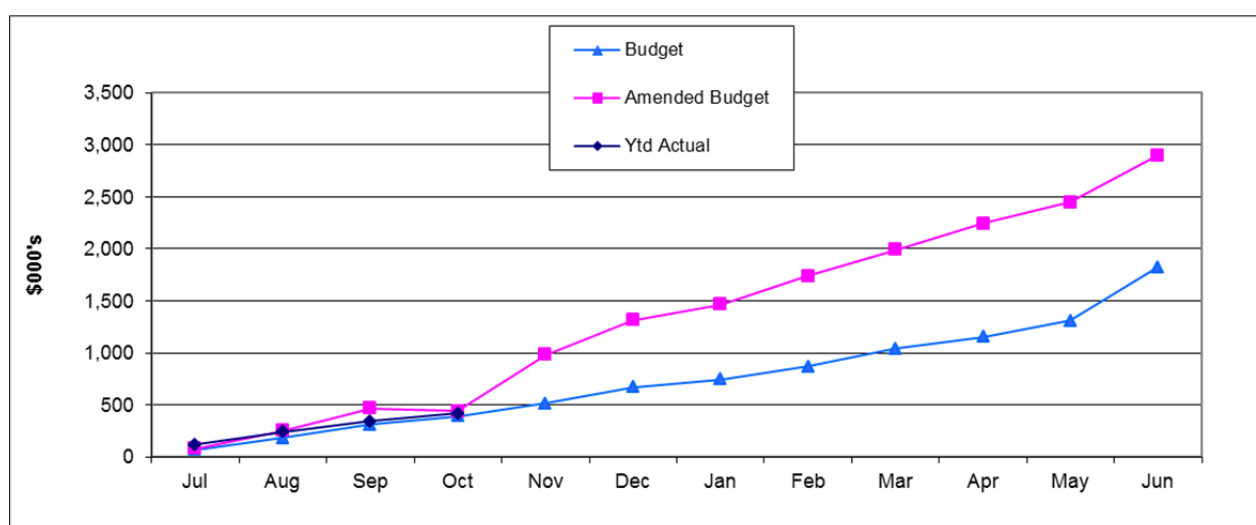
### 2.2.2 Reconciliation between Capital Works Adopted Budget and Amended Budget

Capital works	\$'000
<b>Adopted Budget</b>	<b>18,325</b>
Projects Carried forward from 2014/15	3,101
Transfer from New Initiatives	4
Council Allocation Post Budget (internally funded projects)	1,148
Council Allocation Post Budget (externally funded projects)	735
Completed Projects	(48)
<b>Amended Budget</b>	<b>23,265</b>

## 2.3 New Initiatives expenditure performance

	October YTD Actual \$'000	October Amended YTD Budget \$'000	October YTD Variance \$'000		Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000	
<b>New Initiatives</b>								
Culture & Community	65	71	6 F		255	533	(278) U	
Environment & Development	353	370	16 F		1,239	2,027	(788) U	
Governance & Infrastructure	-	-	-		333	336	(3) U	
<b>Total new initiatives</b>	<b>418</b>	<b>440</b>	<b>22 F</b>		<b>1,828</b>	<b>2,896</b>	<b>(1,068) U</b>	

### 2.3.1 New initiatives YTD & budget cumulative



### 2.3.2 Reconciliation between New Initiatives Adopted Budget and Amended Budget

New Initiatives	\$'000
<b>Adopted Budget</b>	<b>1,828</b>
Projects Carried forward from 2014/15	1,033
Transfer To Capital Works	(4)
Council Allocation Post Budget (internally funded projects)	28
Council Allocation Post Budget (externally funded projects)	10
<b>Amended Budget</b>	<b>2,896</b>

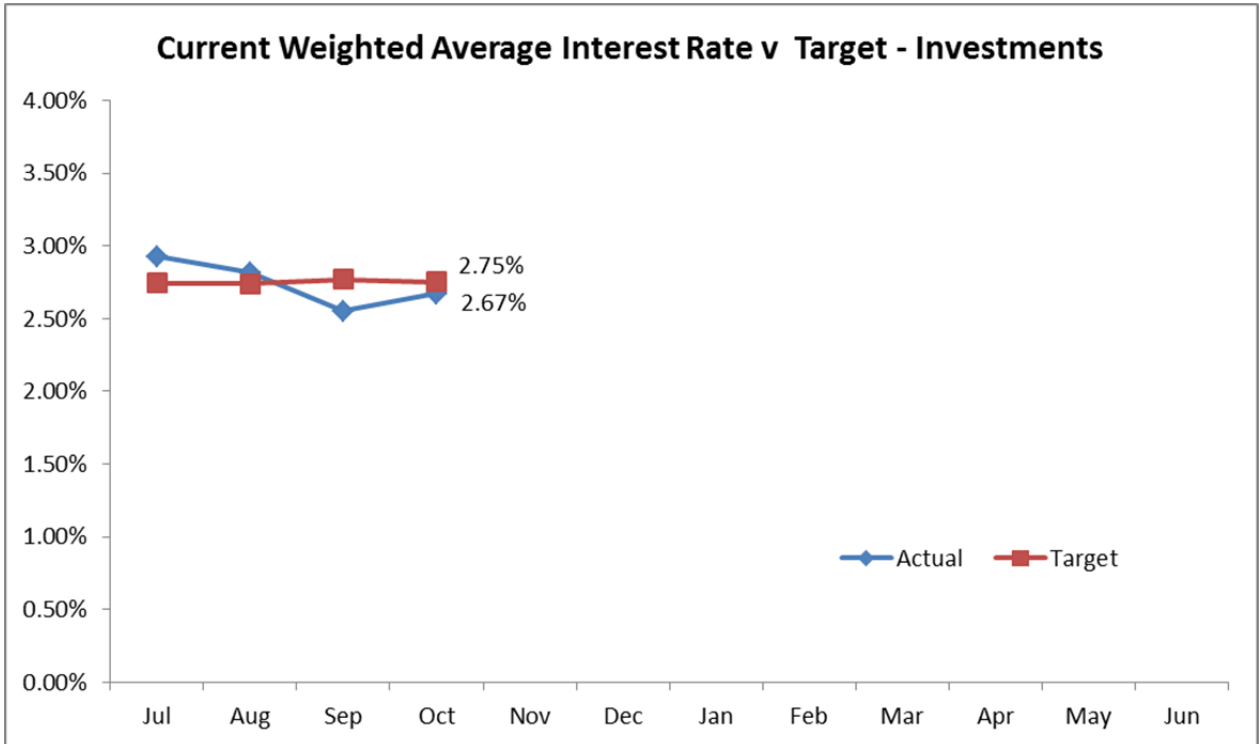
## 2.4 Financial Position

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

<b>Available Funds:</b>	<b>\$000's</b>
Total Investments	29,946
Cash at Bank and cash on hand	313
<b>Total Cash and Investments</b>	<b>30,260</b>

<b>Balance Sheet:</b>	<b>\$000's</b>
Cash & Cash Equivalents (current)	28,760
Investments (non-current)	1,500
<b>Total Cash and Investments</b>	<b>30,260</b>

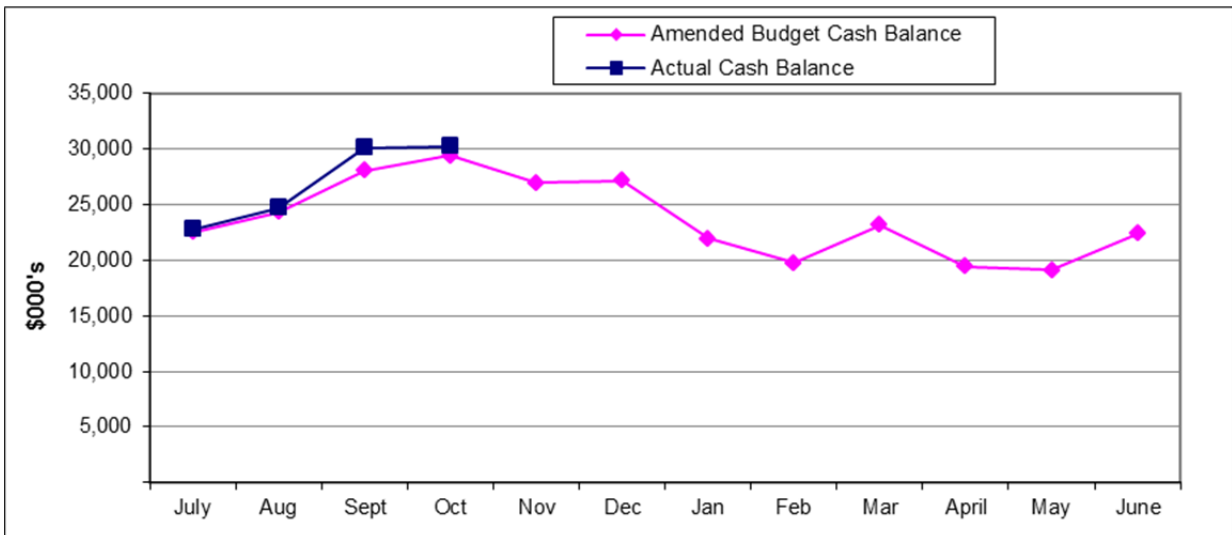
<b>Represented by:</b>	<b>\$000's</b>
<b>Restricted Reserves</b>	
Main Drainage	216
Open Space Development	1,374
Aireys Inlet Aged Units	337
<b>Total Restricted Reserves</b>	<b>1,926</b>
<b>Allocated Reserves</b>	
Waste Reserve	6,135
Plant Replacement Reserve	1,078
Developer Contribution Reserve (DCP)	3,643
Gherang Gravel Pits Reserve	1,566
Asset Development Reserve	60
Defined Benefits Superannuation Reserve	274
Carried Forward Capital Works Reserve	1,600
Carried Forward New Initiatives Reserve	-
Adopted Strategy Implementation Reserve	192
Asset Renewal Reserve	68
<b>Total Allocated Reserves</b>	<b>14,616</b>
Accumulated Unallocated Cash Reserve	130
Other Cash and Investments	13,587
<b>Unrestricted Cash and Investments</b>	<b>13,718</b>
<b>Total Cash and Investments</b>	<b>30,260</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 3 November, the Reserve Bank of Australia (RBA) maintained the official interest rate at 2.00%. In their media release the RBA noted that “in Australia, the available information suggests that moderate expansion in the economy continues. While GDP growth has been somewhat below longer-term averages for some time, business surveys suggest a gradual improvement in conditions over the past year. This has been accompanied by somewhat stronger growth in employment and a steady rate of unemployment.” (RBA media release dated 03/11/2015).



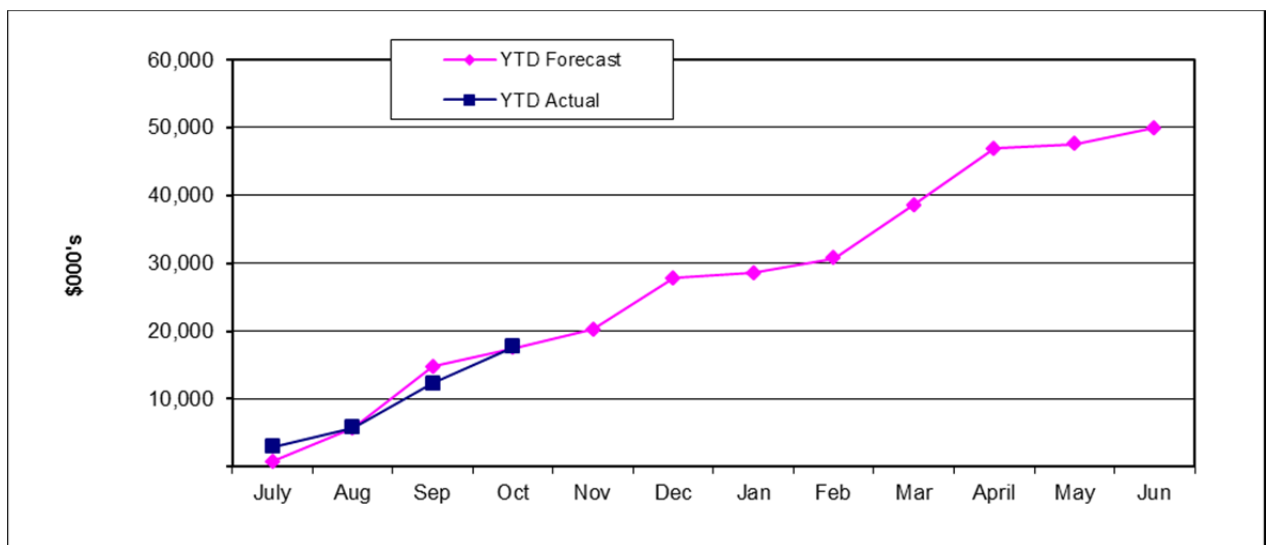
## 2.4.2 Rates and Charges Collection

### Rates collection as at 31 October 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	270
Interest	35
Less pensioner rebates	(520)
<b>To be collected</b>	<b>52,429</b>
Collected	(17,677)
Percentage collected to date	33.7%
<b>Balance outstanding</b>	<b>34,752</b>
<b>Forecast balance outstanding at 30 June 2016</b>	<b>2,000</b>

Note: \$1,249,000 (55%) of the arrears at the beginning of the year have been subsequently collected.

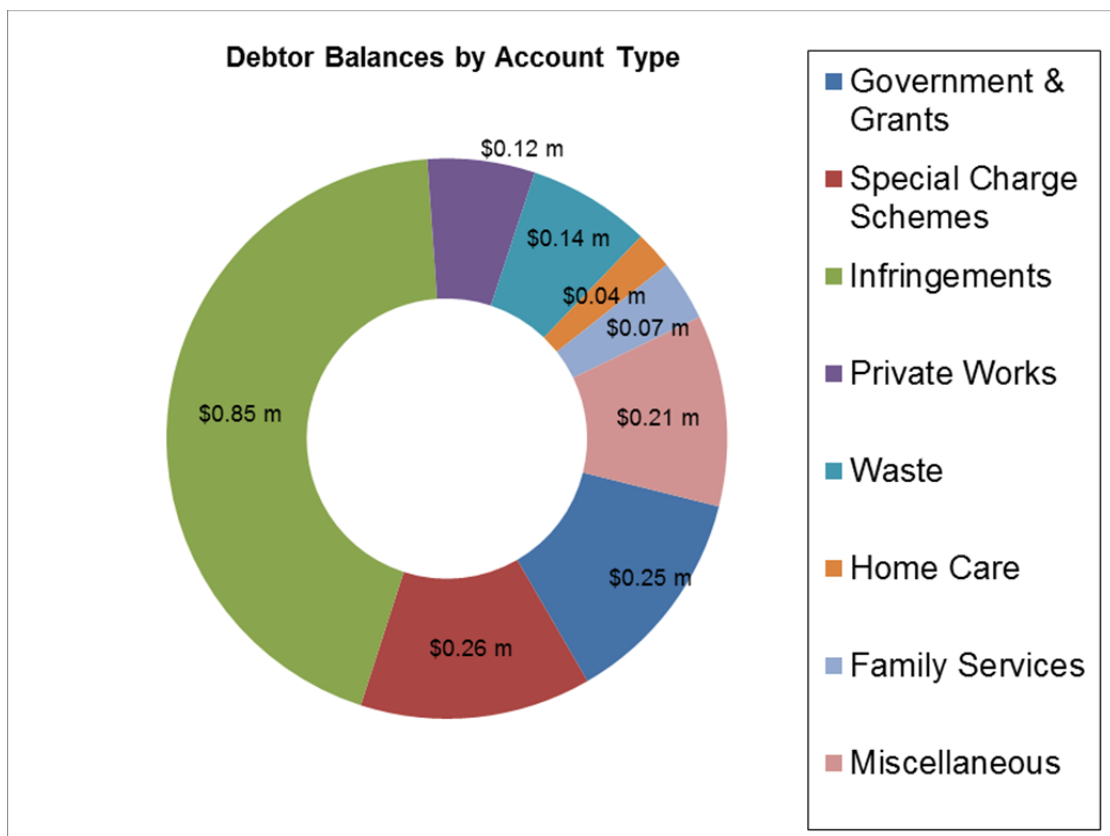
### Actual & Budget rates received percentage



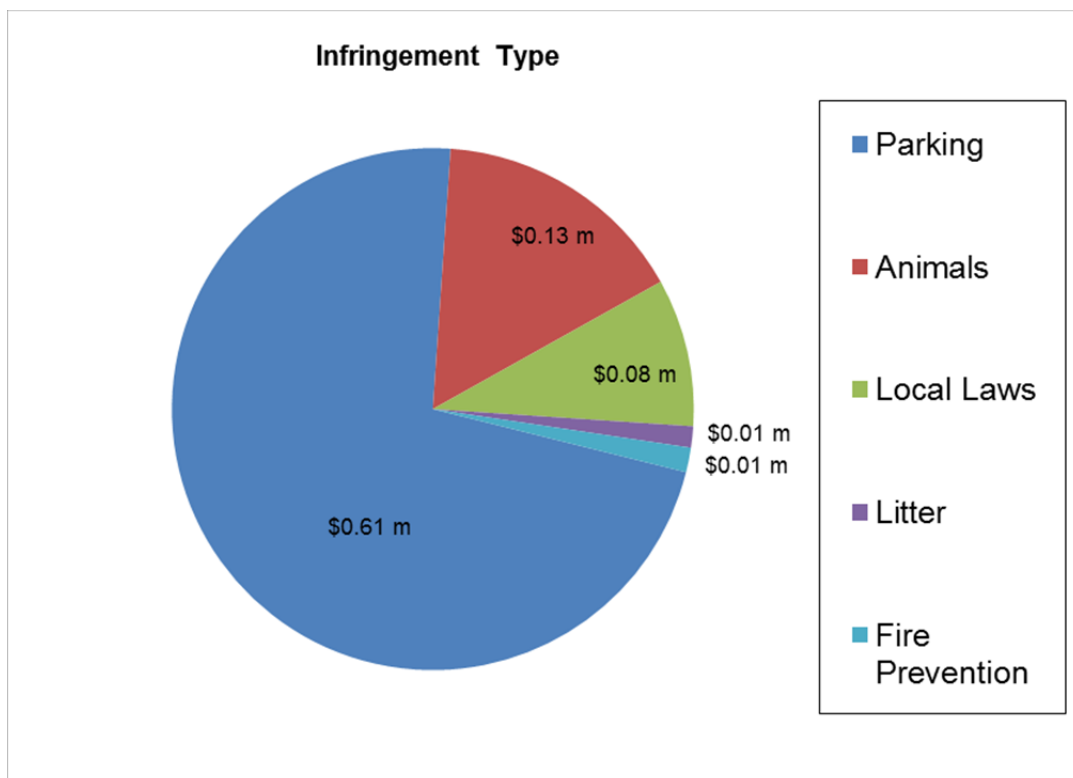
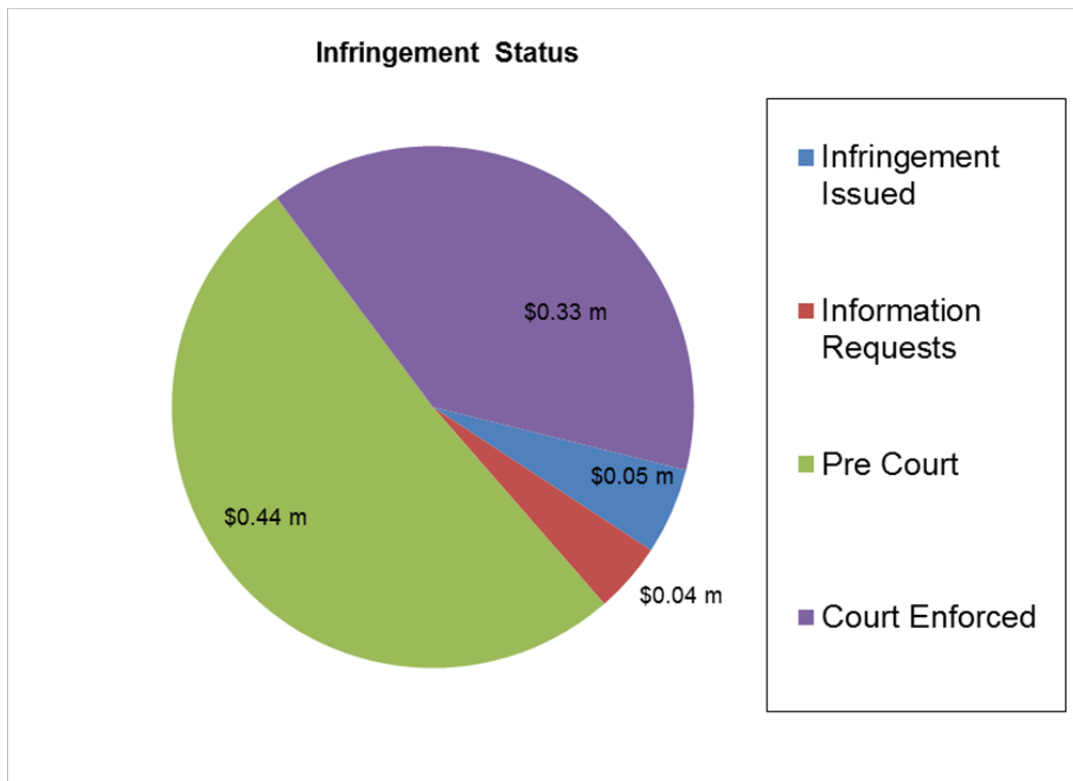
### 2.4.3 Non Rate Debtors and Infringements

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

Category	Sep 2015 \$'000	Oct 2015 \$'000	Change fav/(unfav) \$'000	Prior Year Oct 2014 \$'000
Current	329	648	(320)	388
>30 days	77	131	(54)	243
>60 days	21	4	17	8
>90 days	45	44	1	97
<b>Sundry Debtors</b>	<b>473</b>	<b>828</b>	<b>(355)</b>	<b>737</b>
<b>Special Charge Scheme Debtors</b>	<b>270</b>	<b>258</b>	<b>12</b>	<b>511</b>
<b>Infringement Debtors</b>	<b>842</b>	<b>851</b>	<b>(9)</b>	<b>815</b>
<b>Total</b>	<b>1,585</b>	<b>1,937</b>	<b>(351)</b>	<b>2,063</b>

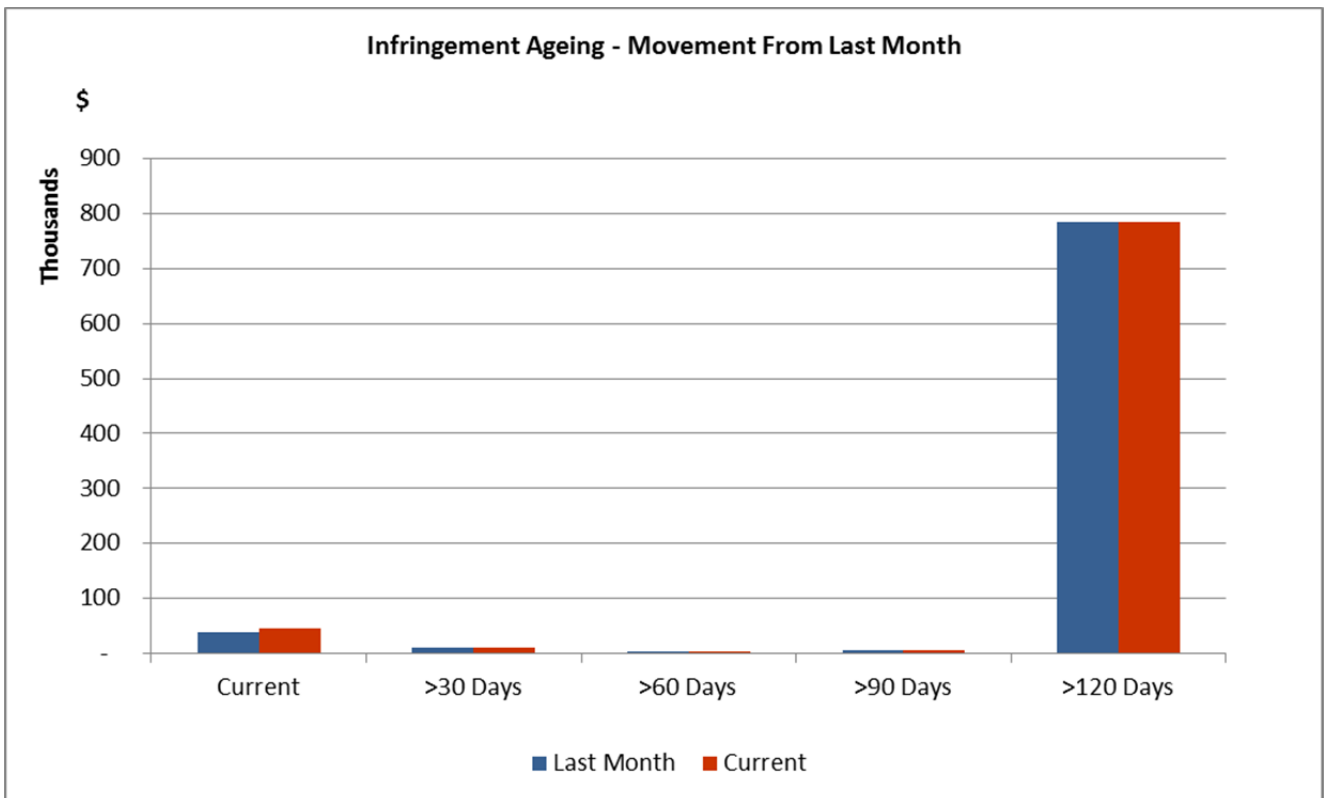
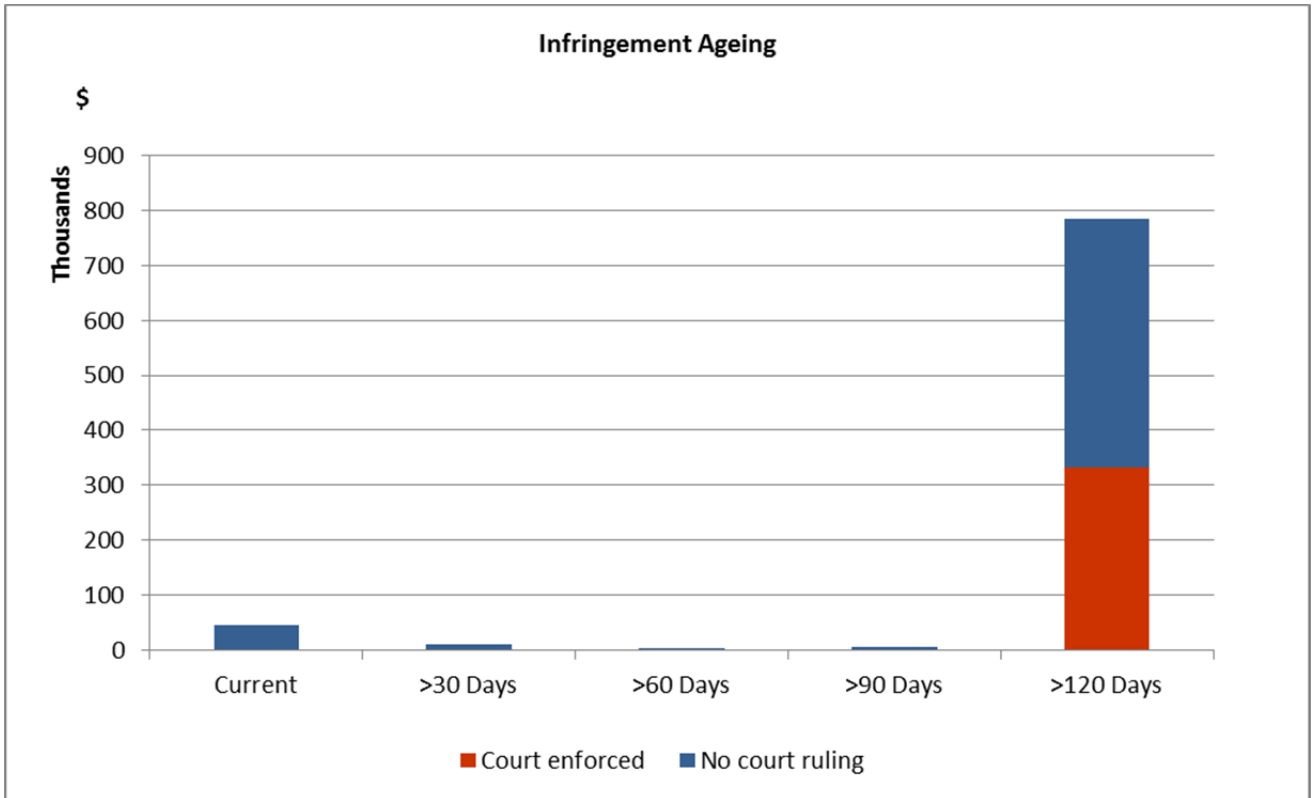


## Infringement Debtors



There have been 70 infringement notices withdrawn year to date at a value of \$6,063. Of the withdrawn notices 67 relate to parking infringements and 3 relate to other infringements.

A total of 1,115 infringement notices have been issued year to date at a value of \$135,673. Council budgeted \$579,000 in infringement revenue for 2015/16.



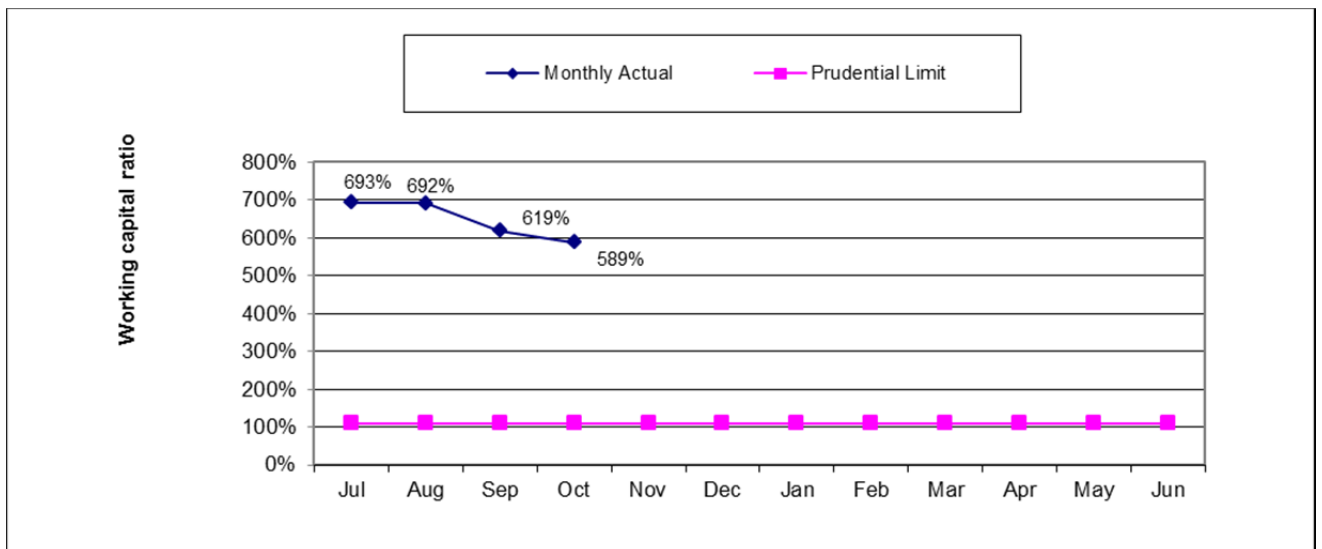
Note: Infringements >120 days with no court ruling may be due to:

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



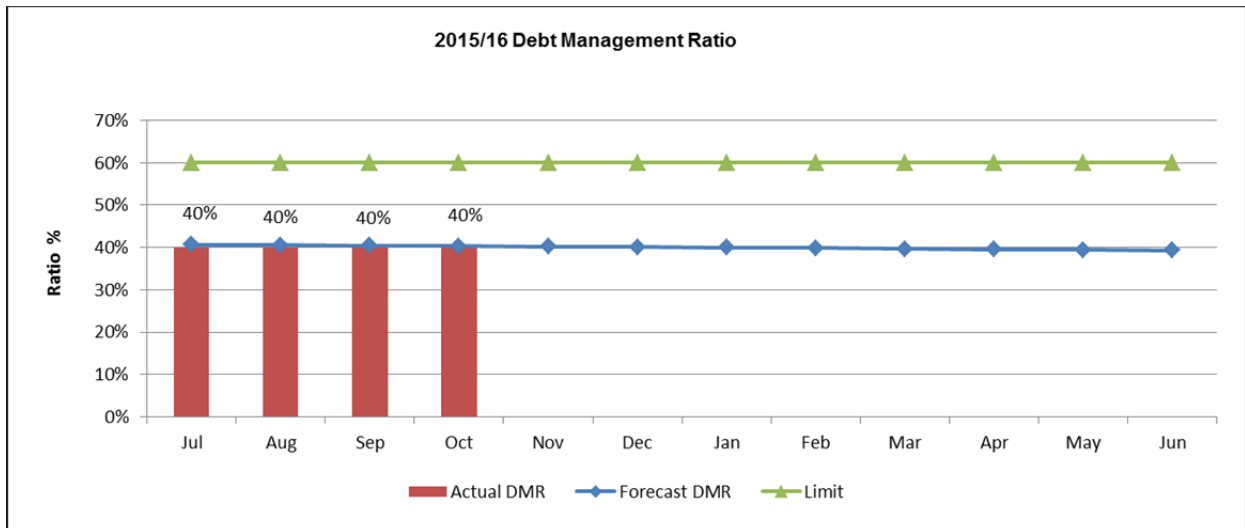
### 2.4.4 Working Capital

	<i>October YTD Actual \$'000</i>	<i>October Amended YTD Budget \$'000</i>	<i>Adopted Budget \$'000</i>	<i>Amended Budget \$'000</i>	<i>Prudential limit</i>
Current assets	63,283	62,441	24,625	26,625	
Current liabilities	10,749	10,772	12,860	12,279	
Net current assets	52,535	51,669	11,765	14,345	
Working capital ratio	589%	580%	191%	217%	110%



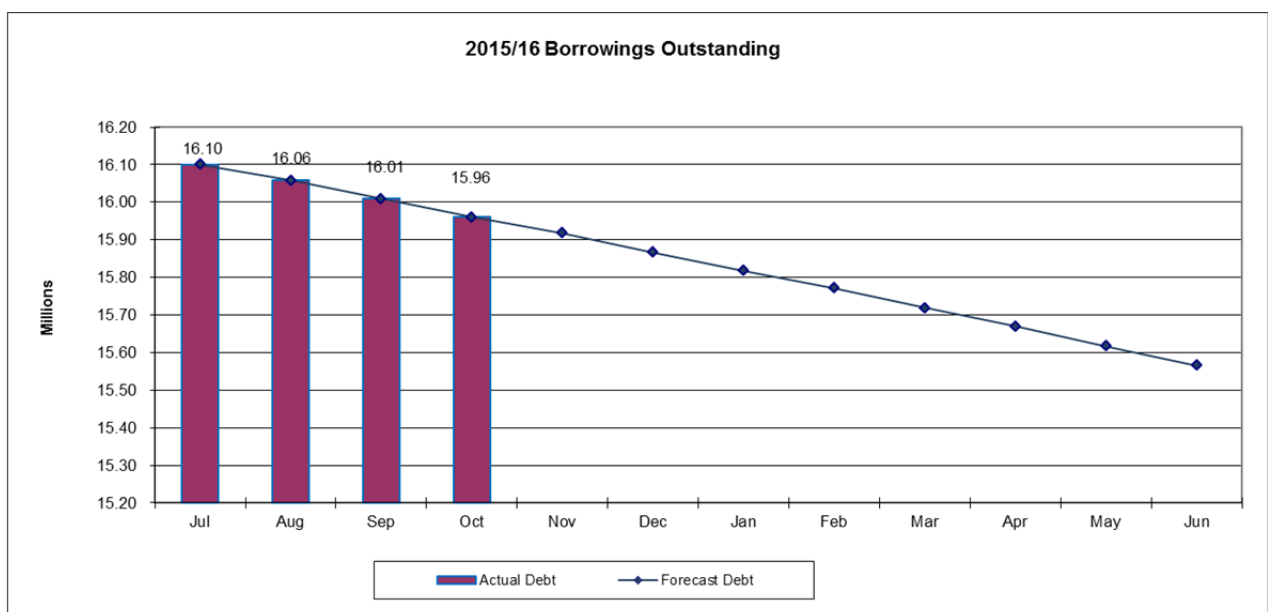
## 2.4.5 Borrowings

	YTD Actual \$'000	Amended YTD Budget \$'000	Adopted Budget \$'000	Amended Budget \$'000	Prudential limit
Debt management ratio (Total Debt/Rate Rev)	40%	40%	39%	39%	60%
Debt commitment ratio (Principal & Int/Rate Rev)	4.31%	4.26%	4.26%	4.17%	N/A
Debt servicing ratio (Loan Int/Total Rev)	1.64%	1.64%	1.67%	1.64%	5%



### Loan Details

Loan ID	Principal \$m	Loan Term	Maturity Date	Balance \$m	Interest Details
Loan 1	7.00	20 years	21/06/2030	6.01	Fixed - 10 years @ 7.49%, 10 years @ 7.15%
Loan 2	5.26	20 years	29/06/2031	4.67	Fixed - 10 years @ 7.31%, 10 years @ 7.15%
Loan 3	5.87	20 years	29/12/2031	5.24	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
				15.96	



## 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%	25%	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	1.7	1.8	F	Consistent
Renewal Gap <sup>4</sup> (5 years to June 15)	> 1.0	0.8	0.8	U	Unfavourable
Underlying Result % <sup>5</sup> (5 years to June 15)	> 0%	5%	5%	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.

## Appendix A SURF COAST SHIRE

### Income Statement

For the 4 months ended 31 October 2015

	October YTD Actual \$'000	October Amended YTD Budget \$'000	October YTD Variance \$'000	Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000
<b>Revenues from ordinary activities</b>						
Rates and charges	45,581	45,543	38	46,033	46,033	-
Operating grants	1,962	2,381	(419)	7,124	7,195	71
Capital grants	691	325	366	3,321	4,333	1,012
Contributions	983	868	115	3,268	3,431	163
Interest	271	275	(4)	773	773	-
User charges	1,770	1,829	(59)	6,157	6,157	-
Statutory fees	146	137	9	673	673	-
<b>Total revenues</b>	<b>51,405</b>	<b>51,359</b>	<b>47</b>	<b>67,350</b>	<b>68,595</b>	<b>1,245</b>
<b>Expenses from ordinary activities</b>						
Employee benefits	7,644	7,981	337	26,320	26,363	43
Materials and services	6,862	7,039	177	22,794	23,874	1,080
Bad and doubtful debts	72	23	(49)	69	69	-
Finance costs	365	374	9	1,124	1,124	-
Depreciation	3,528	3,569	41	10,708	10,708	-
Asset write offs	2	-	(2)	1,779	1,779	-
<b>Total expenses</b>	<b>18,472</b>	<b>18,987</b>	<b>515</b>	<b>62,794</b>	<b>63,917</b>	<b>1,123</b>
Net gain (loss) on disposal of property infrastructure, plant and equipment	24	-	24	(119)	(119)	-
Granted assets	-	-	-	3,220	3,220	-
<b>Net surplus/(deficit)</b>	<b>32,957</b>	<b>32,372</b>	<b>585</b>	<b>7,657</b>	<b>7,779</b>	<b>122</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>32,957</b>	<b>32,372</b>	<b>585</b>	<b>17,048</b>	<b>17,170</b>	<b>122</b>

# SURF COAST SHIRE

## Balance Sheet

As at 31 October 2015

	October YTD Actual \$'000	October Amended YTD Budget \$'000	October YTD Variance \$'000	Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000
<b>Current assets</b>						
Cash & cash equivalents	10,060	9,240	820	8,350	8,667	317
Trade and other receivables	33,637	33,614	23	3,722	4,821	1,099
Financial Assets	18,700	18,700		12,250	12,250	-
Inventories	287	287	-	303	287	(16)
Land held for resale	599	599	-	-	599	599
<b>Total current assets</b>	<b>63,283</b>	<b>62,440</b>	<b>843</b>	<b>24,625</b>	<b>26,625</b>	<b>2,000</b>
<b>Non current assets</b>						
Trade and other receivables	118	169	(51)	504	263	(241)
Financial Assets	1,500	1,500	-	1,500	1,500	-
Property plant & equipment, infrastructure	386,260	386,408	(148)	410,950	406,390	(4,560)
Investment in library	580	580	-	589	580	(9)
<b>Total non current assets</b>	<b>388,458</b>	<b>388,657</b>	<b>(199)</b>	<b>413,543</b>	<b>408,733</b>	<b>(4,810)</b>
<b>Total assets</b>	<b>451,741</b>	<b>451,097</b>	<b>644</b>	<b>438,168</b>	<b>435,357</b>	<b>(2,811)</b>
<b>Current liabilities</b>						
Trade and other payables	2,899	2,922	23	4,796	3,985	(811)
Provisions	6,295	6,295	-	6,237	6,342	105
Interest bearing liabilities	395	395	-	628	629	1
Trust funds and deposits	1,160	1,160	-	1,199	1,323	124
<b>Total current liabilities</b>	<b>10,749</b>	<b>10,772</b>	<b>23</b>	<b>12,860</b>	<b>12,279</b>	<b>(581)</b>
<b>Non current liabilities</b>						
Provisions	13,903	13,820	(83)	11,878	12,359	481
Interest bearing liabilities	15,565	15,565	-	14,888	14,981	93
<b>Total non current liabilities</b>	<b>29,468</b>	<b>29,385</b>	<b>(83)</b>	<b>26,766</b>	<b>27,340</b>	<b>574</b>
<b>Total liabilities</b>	<b>40,217</b>	<b>40,157</b>	<b>(60)</b>	<b>39,626</b>	<b>39,619</b>	<b>(7)</b>
<b>Net assets</b>	<b>411,524</b>	<b>410,940</b>	<b>584</b>	<b>398,542</b>	<b>395,738</b>	<b>(2,804)</b>
<b>Equity</b>						
Accumulated surplus	217,412	208,799	8,613	184,369	184,226	(143)
Assets revaluation reserve	178,078	178,078	-	196,836	187,469	(9,367)
Other reserves	16,034	24,063	(8,029)	17,337	24,043	6,706
<b>Total equity</b>	<b>411,524</b>	<b>410,940</b>	<b>584</b>	<b>398,542</b>	<b>395,738</b>	<b>(2,804)</b>

# SURF COAST SHIRE

## Cash Flow Statement

For the 4 months ended 31 October 2015

	October YTD Actual \$'000	October Amended Forecast \$'000	October YTD Variance \$'000	Adopted Budget \$'000	Amended Forecast \$'000	Full Year Variance \$'000
<b>Cash flow from operating activities</b>						
Receipts from customers	19,475	19,344	131	56,037	56,474	437
Payments to suppliers	(7,153)	(7,258)	105	(24,270)	(24,394)	(124)
Payments to employees	(7,561)	(7,981)	420	(26,264)	(26,263)	1
	4,762	4,105	656	5,503	5,818	315
Interest received	271	275	(4)	773	773	-
Government receipts	2,532	2,586	(54)	10,445	10,731	286
Net cash inflow/ (outflow) from operating activities	7,565	6,966	599	16,721	17,322	601
<b>Cash Flows from investing activities</b>						
Payments for property, plant, equipment &	(2,565)	(2,652)	87	(14,998)	(19,961)	(4,963)
Proceeds from sale of property, plant & equipment	125	-	125	877	877	-
Cash Flows from investing activities	50	50	-	-	6,500	6,500
Net cash inflow/ (outflow) from investing activities	(2,390)	(2,602)	212	(14,121)	(12,584)	1,537
<b>Cash flows from financing activities</b>						
Deposits received/refunded	(163)	(163)	-	-	-	-
Debt servicing	(366)	(374)	8	(1,124)	(1,124)	-
Proceeds from interest bearing loans and borrowings	-	-	-	-	-	-
Repayment of interest bearing loans and borrowings	(189)	(189)	-	(584)	(549)	35
Net cash inflow/ (outflow) from financing activities	(717)	(726)	9	(1,708)	(1,672)	(36)
<b>Net increase (decrease) in cash held</b>	4,458	3,638	820	892	3,065	2,173
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>	10,060	9,240	820	8,350	8,667	317

**Appendix B**  
**Project Variations**

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

Nil

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

Account	Project Name	Comment	Project Budget \$	Project Cost \$	Variation \$
<b>Accumulated Unallocated Reserve</b>					
9477	Surf Coast highway/Beach Rd intersection	Project Completed.	20,918	10,750	10,168
8562	Parking Overlay Torquay	Project Completed.	7,461	64	7,397
<b>Net transfer to Accumulated Unallocated Cash Reserve</b>					<b>17,565</b>
<b>Waste Reserve</b>					
9440	Anglesea Transfer Station Upgrade	Project Completed.	16,405	7,860	8,545
<b>Funds Returned to Waste Reserve:</b>					<b>8,545</b>

Account	Project Name	Comment	Project Budget \$	Project Cost \$	Variation \$
<b>Adopted Strategy Implementation Reserve</b>					
9347	West Coast business park drainage	Project to be held in reserve until private development has progressed to the point where the Council contribution is required.	93,000	0	93,000
9369	Aireys Inlet Painkalac Pathway	Project to be held in reserve until the masterplan for the creek corridor is developed.	60,000	0	60,000
9458	Stribling Reserve Terraces	Project to be held in reserve until the masterplan is developed.	105,900	0	105,900
<b>Funds Returned to Adopted Strategy Implementation Reserve:</b>					<b>258,900</b>

<b>Renewal Reserve</b>					
9225	Drainage Renewal Program	Drainage consultancy works scheduled for 2014/15 finalised in 2015/16. Allocation returned to the reserve in 2014/15 now required.	0	14,340	(14,340)
<b>Net transfer from Renewal Reserve</b>					<b>(14,340)</b>

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

<b>No Cost to Council</b>					
9532	Fitness station at Quay Reserve	Contributions towards Fitness station project - Torquay Lions Club \$2,000 and RACV Torquay \$3,000.	15,000	20,000	(5,000)
9532	Fitness station at Quay Reserve - contributions		0	(5,000)	5,000
<b>No Cost to Council</b>					<b>0</b>



**Appendix C**  
**Accumulated Unallocated Reserve**

	\$
<b>Opening balance 1 July 2015</b>	1,049,839
<b><i>Approved movements in reserve:</i></b>	
June Council Meeting resolution Lorne Mens Shed	(30,000)
June Council Meeting resolution	(762,000)
July Council Meeting resolution Elkington Road Service Rd Upgrade Cap	(200,000)
July Council Meeting resolution Elkington Road Service Rd Upgrade Grant	200,000
July Finance Report Movements Approved August 2015	(8,500)
Aug Finance Report Movements Approved September 2015	(18,388)
Sept Council Meeting resolution Lorne Stribling Reserve	(100,000)
Sept Finance Report Movements Approved October 2015	(515)
<b><i>Closing balance 31 October 2015</i></b>	<b><u>130,436</u></b>
<b><i>Proposed October variations</i></b>	17,565
<b><i>Proposed closing balance</i></b>	<b><u>148,001</u></b>

## Glossary of Terms

Amended Budget	Adopted budget and any Council approved changes.
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.