

December 2015

Monthly Financial Report

Surf Coast Shire Council



Table of Contents

1. EXECUTIVE SUMMARY	3
1.1 Overview	3
1.2 Operating performance.....	4
1.3 Capital works and new initiatives performance	5
1.4 Financial position.....	6
2. FINANCIAL ANALYSIS	7
2.1 Operating performance.....	7
2.1.1 Operating revenue	7
2.1.2 Major operating revenue variances	8
2.1.3 Operating expenses	9
2.1.4 Major operating expense variances	9
2.2 Capital works performance	10
2.2.1 Capital works YTD & budget expenditure cumulative	10
2.2.2 Reconciliation between Capital Works Adopted Budget and Amended Budget	10
2.3 New Initiatives expenditure performance	11
2.3.1 New initiatives YTD & budget cumulative	11
2.3.2 Reconciliation between New Initiatives Adopted Budget and Amended Budget	11
2.4 Financial Position.....	12
2.4.1 Cash and Investments (including long term investments)	12
2.4.2 Rates and Charges Collection	14
2.4.3 Non Rate Debtors and Infringements	15
2.4.4 Working Capital	18
2.4.5 Borrowings	19
2.4.6 Financial Sustainability Indicators	20
APPENDIX A	21
Income Statement	21
Balance Sheet	22
Cash Flow Statement	23
APPENDIX B	24
Project Variations	24
APPENDIX C	26
Accumulated Unallocated Reserve	26
APPENDIX D	27
Current Contracts Awarded.....	27
GLOSSARY OF TERMS	30

1. Executive Summary

1.1 Overview

	Budget YTD Dec-15	Actual YTD Dec-15	Indicator
Rates Collected	54.8%	52.9%	
Income Statement Operating Surplus	\$26.396m	\$27.266m	
Cash and Investments	\$33.852m	\$33.102m	
Sundry Debtors		\$0.484m	
Special Charge Scheme Debtors		\$0.223m	
Infringement Debtors		\$0.890m	
Borrowings	\$15.866m	\$15.866m	
Balance Sheet Working Capital	454%	484%	
Total Revenue	\$55.918m	\$55.914m	
Total Operating Expenditure	\$29.522m	\$28.649m	
Capital Revenue	\$1.563m	\$1.723m	
Total Capital Works	\$5.670m	\$5.830m	
New Initiatives Revenue	\$0.490m	\$0.477m	
New Initiatives Expenditure	\$0.869m	\$0.825m	

Indicator Legend

	No action required
	Requires active monitoring
	Immediate action required

1.2 Operating performance

	December YTD Actual \$'000	December Amended YTD Budget \$'000	December YTD Variance \$'000		Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000	
Operating								
Revenue	53,081	53,908	(827)	U	62,106	62,191	85	F
Expenditure	(28,645)	(29,522)	877	F	(61,014)	(62,190)	(1,176)	U
Underlying surplus/(deficit) from operations	24,436	24,386	50	F	1,092	1	(1,091)	U
Capital								
Capital Grants	1,597	1,331	266	F	3,321	4,333	1,012	F
Special Charge Revenue	-	-	-		301	301	-	
Contributions	246	232	14	F	355	509	154	F
Asset writeoffs	(2)	-	(2)	U	(1,779)	(1,779)	-	
Developer contributions	605	576	29	F	1,266	1,266	-	
Gain(loss) on disposal of assets	24	(129)	153	F	(119)	(119)	-	
Granted assets	360	-	360	F	3,220	3,220	-	
Net surplus (deficit)	27,266	26,396	870	F	7,657	7,732	75	F

The year to date operating surplus is \$27,266,000 which is \$870,000 favourable to budget. This variance is mainly due to:

- Materials and services favourable to budget \$490,000, mainly due to tendered contract services lower than budget \$174,000; contract labour lower than budget \$132,000; and consultants lower than budget \$93,000;
- Granted assets favourable to budget \$360,000 due to timing of receipt of land under roads gifted assets;
- Employee Benefits favourable to budget \$348,000 mainly due to vacancies, reduced Work Cover premium \$81,000 and training lower than budget \$63,000 ; and
- Capital Grants favourable to budget \$266,000 mainly due to timing of grant funding for Cape Otway Road \$150,000.

These are partially offset by:

- Operating grants unfavourable to budget \$768,000, 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>December</i>	<i>December</i>	<i>December</i>		<i>Adopted</i>	<i>Amended</i>	<i>Full Year</i>
	<i>YTD</i>	<i>Amended YTD</i>	<i>YTD</i>		<i>Budget</i>	<i>Budget</i>	<i>Variance</i>
	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>		<i>Budget</i>	<i>Budget</i>	<i>Variance</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Total capital works	5,830	5,670	(160) U		18,325	22,531	(4,206) U
Total new initiatives	825	869	44 F		1,828	2,949	(1,121) U

The year to date capital works program expenditure is \$5,830,000 which is \$160,000 unfavourable 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 landfill – Road Construction \$41,000;
- GOR Service Road Upgrade At Elkington Road \$39,000; and
- Kerb and Channel Renewal \$36,000.

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

The year to date new initiatives expenditure is \$825,000 which is \$44,000 favourable to budget.

1.4 Financial position

	<i>December YTD Actual \$'000</i>	<i>December YTD Budget \$'000</i>	<i>December 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)	33,102	33,852	(750)	U	22,100	23,102	1,002	F
Net current assets (working capital)	44,956	45,390	(434)	U	11,765	15,031	3,266	F
Net assets and total equity	405,833	404,963	870	F	398,542	395,691	(2,851)	U

The financial position as at 31 December 2015 shows a total cash balance (including long term investments) of \$33,102,000 which is \$750,000 unfavourable to budget mainly due to payables being lower than budget.

Net assets and total equity is \$405,833,000, which is \$870,000 favourable to budget. This variance is due to the net surplus favourable to forecast \$870,000 (as explained on 1.2).

2. Financial Analysis

2.1 Operating performance

2.1.1 Operating revenue

	<i>December</i>	<i>December</i>	<i>December</i>		<i>Adopted</i>	<i>Amended</i>	<i>Full Year</i>
	<i>YTD</i>	<i>Amended YTD</i>	<i>YTD</i>		<i>Budget</i>	<i>Budget</i>	<i>Variance</i>
	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>		<i>Budget</i>	<i>Budget</i>	<i>Variance</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Revenues							
Rates and charges	45,613	45,545	68 F		46,033	46,033	
Operating grants	2,988	3,756	(768) U		7,124	7,195	71 F
Capital grants	1,597	1,331	266 F		3,321	4,333	1,012 F
Contributions	1,623	1,571	52 F		3,268	3,436	168 F
Interest	477	396	81 F		773	773	-
User charges	2,784	3,007	(223) U		6,157	6,157	-
Statutory fees	447	441	6 F		673	673	-
Total operating revenue	55,530	56,047	(517) U		67,350	68,600	1,250 F
Net gain (loss) on disposal of property infrastructure, plant and equipment	24	(129)	153 F		(119)	(119)	-
Granted assets	360	-	360 F		3,220	3,220	-
Total revenue	55,914	55,918	(4) U		70,451	71,701	1,250 F

2.1.2 Major operating revenue variances

	YTD (unfav) \$000's	FY (unfav) \$000's
Rates and Charges	68	
Rates	8	
Garbage Charges	60	
Operating Grants	(768)	71
Jan Juc Kindergarten	61	
Grants Commission allocation	(913)	
Capital Grants	266	1,012
Lorne Visitor Centre extension		50
Anglesea Transfer Station Upgrade Stg 2		160
CCP Playzone Banyul		50
GOR Service Rd Upgrade at Elkington Rd		200
Cape Otway Rd - Lloyd Mews to Taylors Rd	150	495
Contributions / Grants	52	168
Lorne Mens Shed		139
Subdividers Contributions - Open Space	(76)	
Torquay Jan Juc Developer Contributions Plan	102	
Interest	81	
Interest on Investments	84	
User Charges	(223)	
Kindergarten Program Fees	61	
Gravel Pit Fees	(56)	
Royalties	(65)	
Statutory Fees	6	
Granted Assets	360	
Granted Assets	360	
Net gain (loss) on disposal of property infrastructure, plant and equipment:	153	
Proceeds from Sale of Assets	(614)	
Proceeds from Sale of Heavy Plant	(115)	
Proceeds from Sale of Light Fleet	(189)	
Proceeds from Sale of Land and Buildings	(435)	
Asset Sales Proceeds	125	
Written Down Value of Assets Sold	767	
WDV of Heavy Plant Sold	69	
WDV of Light Fleet Sold	189	
WDV of Land Sold	610	
WDV of Plant & Equipment	(101)	

2.1.3 Operating expenses

	<i>December YTD Actual \$'000</i>	<i>December Amended YTD Budget \$'000</i>	<i>December YTD Variance \$'000</i>		<i>Adopted Budget \$'000</i>	<i>Amended Budget \$'000</i>	<i>Full Year Variance \$'000</i>
Expenses							
Employee benefits	12,726	13,074	348 F		26,320	26,363	(43) U
Materials and services	10,016	10,506	490 F		22,794	23,926	(1,132) U
Bad and doubtful debts	72	35	(37) U		69	69	-
Finance costs	550	553	3 F		1,124	1,124	-
Depreciation	5,283	5,354	71 F		10,708	10,708	-
Asset write offs	2	-	(2)		1,779	1,779	-
Total operating expenses	28,649	29,522	873 F		62,794	63,969	(1,175) U

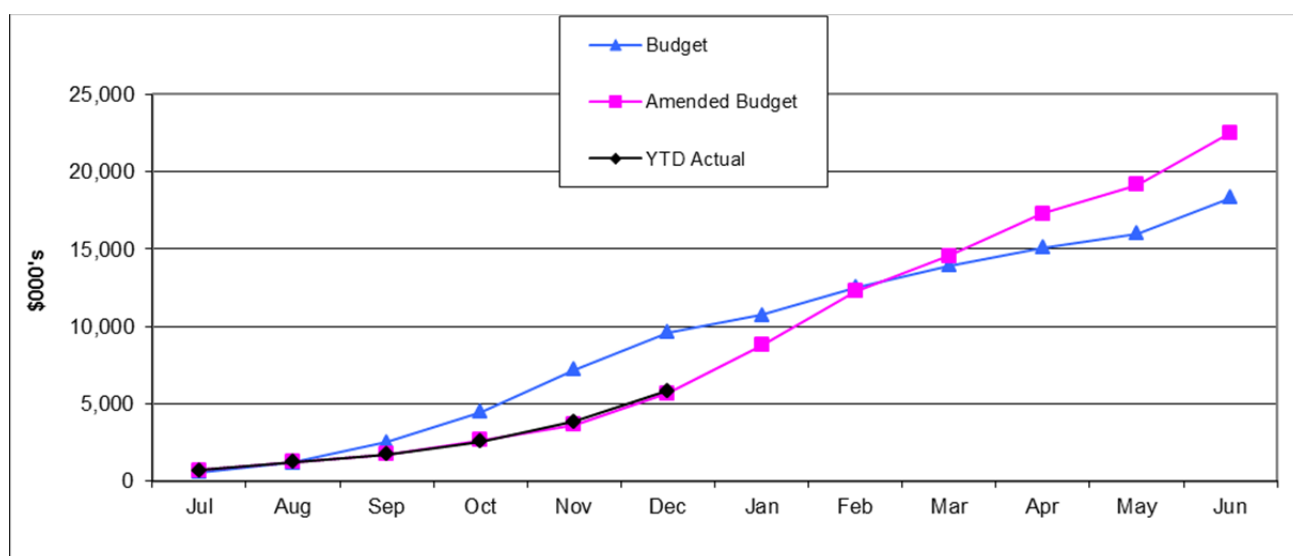
2.1.4 Major operating expense variances

	YTD (unfav) \$000's	FY (unfav) \$000's
Employee Benefits	348	(43)
Wages and Oncosts	348	
Wages	106	
Work Cover Premium	81	
Conferences / Training Costs	63	
Materials & Services	490	(1,132)
Contract Labour	132	(116)
Contract Services		(253)
Tendered Contract Services	174	(69)
Consultants - General	93	(737)
Grants / Contributions	57	(86)
Miscellaneous		135
Fuel	62	
Bad & Doubtful Debts	(37)	
Debt Servicing	3	
Depreciation	71	
Motor Vehicles & Plant	58	
Asset Write Offs	(2)	

2.2 Capital works performance

	December YTD Actual \$'000	December Amended Budget \$'000	December YTD Variance \$'000	Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000
Capital works						
Information Technology	46	46	U	415	415	-
Roads and Streets Special Projects	189	116	(73) U	470	470	-
Parks and Reserves Special Projects	38	37	(1) U	60	73	(13) U
Asset Preservation	1,427	1,467	40 F	4,134	4,332	(198) U
Community Buildings	1,080	1,044	(37) U	1,864	3,134	(1,270) U
Drainage	324	339	15 F	404	569	(165) U
Recreation Facilities	1,166	1,125	(41) U	4,017	5,021	(1,003) U
Special Capex Projects	6	12	6 F	-	542	(542) U
Transport	957	857	(100) U	3,346	4,376	(1,030) U
Waste Management	320	351	31 F	2,365	2,349	16 F
Fleet Replacement	279	279		1,250	1,250	
Total capital works	5,830	5,670	(160) U	18,325	22,531	(4,206) U

2.2.1 Capital works YTD & budget expenditure cumulative



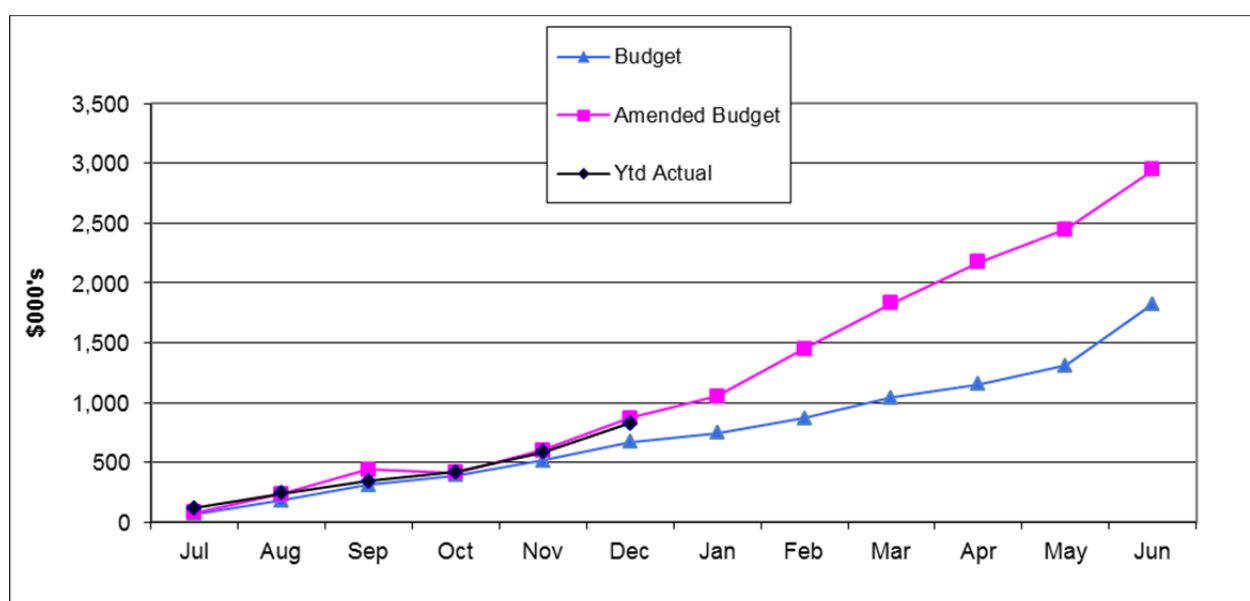
2.2.2 Reconciliation between Capital Works Adopted Budget and Amended Budget

Capital works	\$'000
Adopted Budget	18,325
Projects Carried forward from 2014/15	3,101
Transfer from New Initiatives	4
Council allocation Post Budget (internally funded projects)	552
Council allocation Post Budget (externally funded projects)	908
Completed Projects (under budget)	(100)
Transfer to Adopted Strategy Reserve	(259)
Amended Budget	22,531

2.3 New Initiatives expenditure performance

	December YTD Actual \$'000	December Amended Budget \$'000	December YTD Variance \$'000		Adopted Budget \$'000	Amended Budget \$'000	Full Year Variance \$'000	
New Initiatives								
Culture & Community	138	160	22 F		255	538	(283)	U
Environment & Development	560	600	40 F		1,239	2,075	(836)	U
Governance & Infrastructure	127	109	(18) U		333	336	(3)	U
Total new initiatives	825	869	44 F		1,828	2,949	(1,121)	U

2.3.1 New initiatives YTD & budget cumulative



2.3.2 Reconciliation between New Initiatives Adopted Budget and Amended Budget

New Initiatives	\$'000
Adopted Budget	1,828
Projects Carried forward from 2014/15	1,033
Transfer To Capital Works	(4)
Council allocation Post Budget (internally funded projects)	103
Council allocation Post Budget (externally funded projects)	10
Completed Projects (under budget)	(22)
Amended Budget	2,949

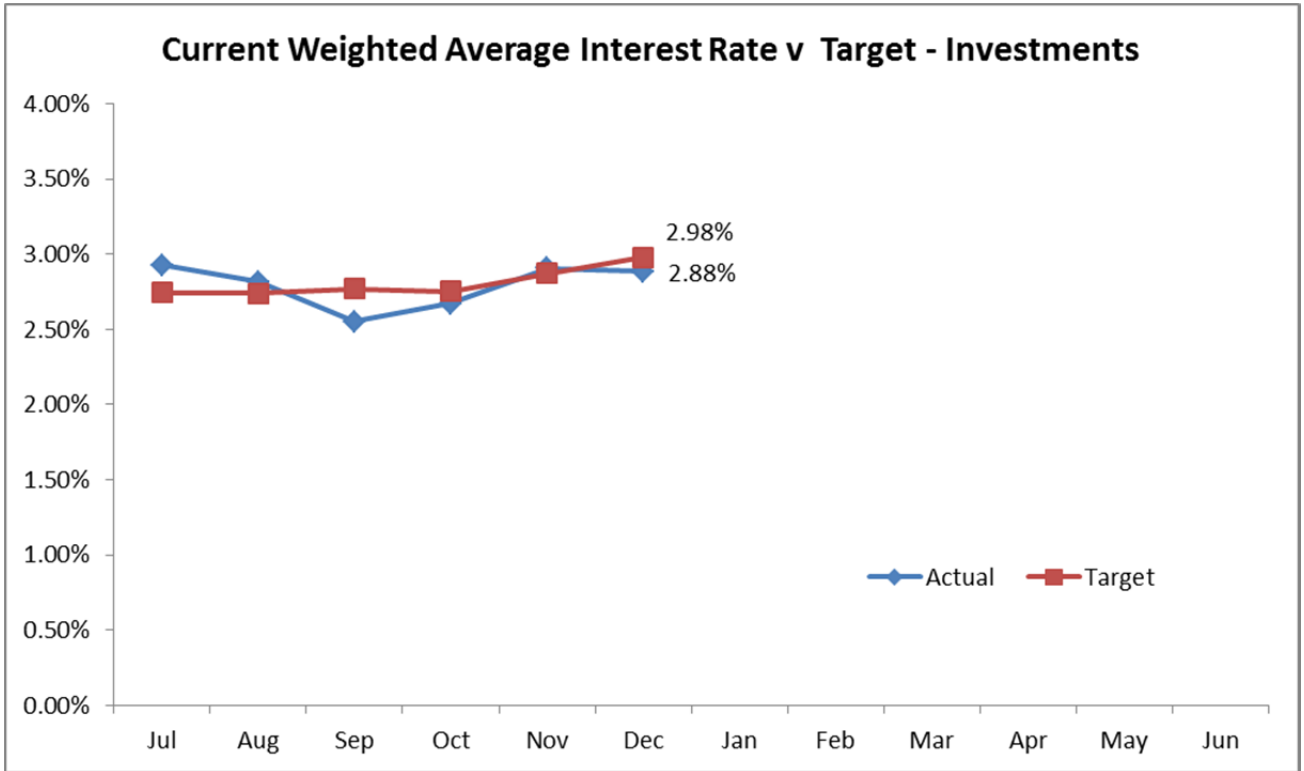
2.4 Financial Position

2.4.1 Cash and Investments (including long term investments)

Available Funds:	\$000's
Total Investments	33,006
Cash at Bank and cash on hand	97
Total Cash and Investments	33,102

Balance Sheet:	\$000's
Cash & Cash Equivalents (current)	31,602
Investments (non-current)	1,500
Total Cash and Investments	33,102

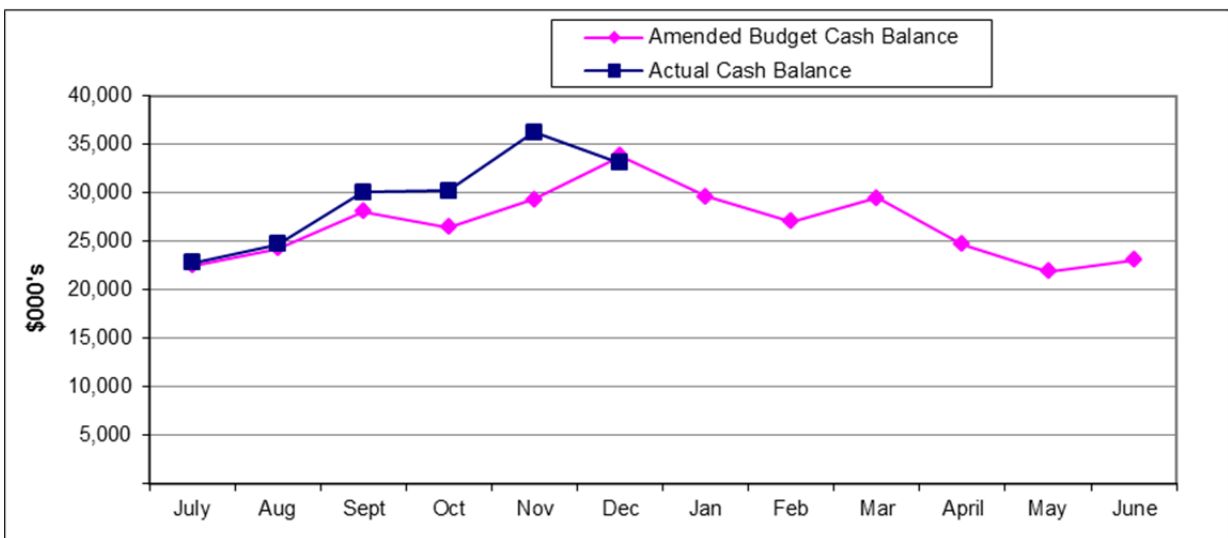
Represented by:	\$000's
Restricted Reserves	
Main Drainage	216
Open Space Development	1,406
Aireys Inlet Aged Units	337
Total Restricted Reserves	1,959
Allocated Reserves	
Waste Reserve	6,143
Plant Replacement Reserve	1,078
Developer Contribution Reserve (DCP)	3,986
Gherang Gravel Pits Reserve	1,566
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	451
Asset Renewal Reserve	54
Total Allocated Reserves	15,212
Accumulated Unallocated Cash Reserve	563
Other Cash and Investments	15,368
Unrestricted Cash and Investments	15,931
Total Cash and Investments	33,102



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 1 December, 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 in the face of a large decline in capital spending in the mining sector. While GDP growth has been somewhat below longer-term averages for some time, business surveys suggest a gradual improvement in conditions in non-mining sectors over the past year. This has been accompanied by stronger growth in employment and a steady rate of unemployment.” (RBA media release dated 01/12/2015). Note that the RBA do not meet in January.



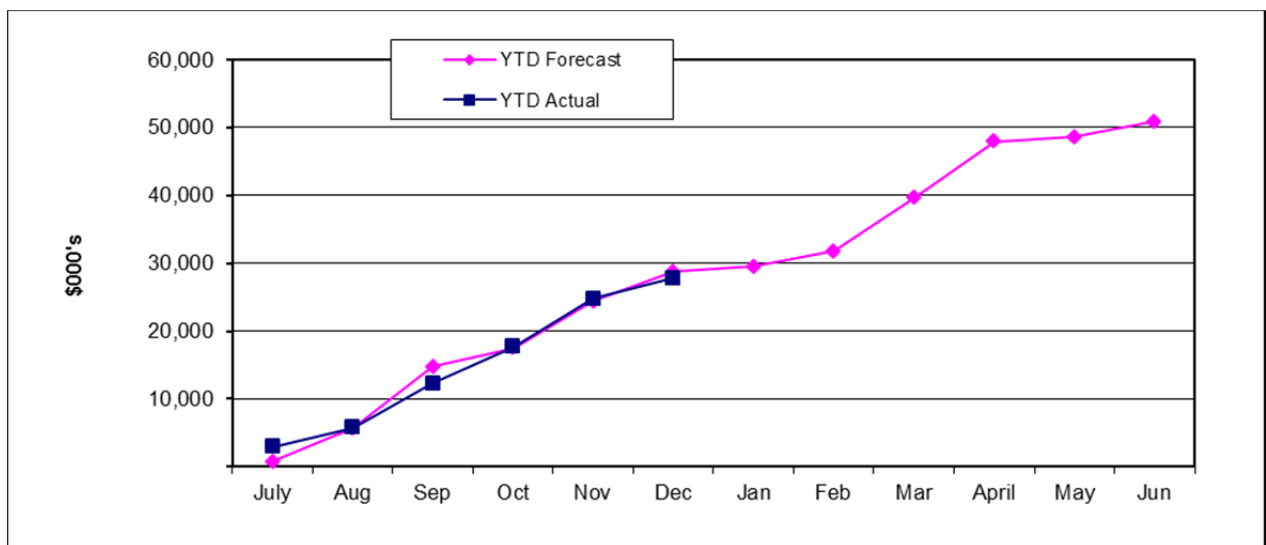
2.4.2 Rates and Charges Collection

Rates collection as at 31 December 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	328
Interest	59
Less pensioner rebates	(520)
To be collected	52,511
Collected	(27,774)
Percentage collected to date	52.9%
Balance outstanding	24,738
Forecast balance outstanding at 30 June 2016	2,000

Note: \$1,415,000 (62%) of the arrears at the beginning of the year have been subsequently collected.

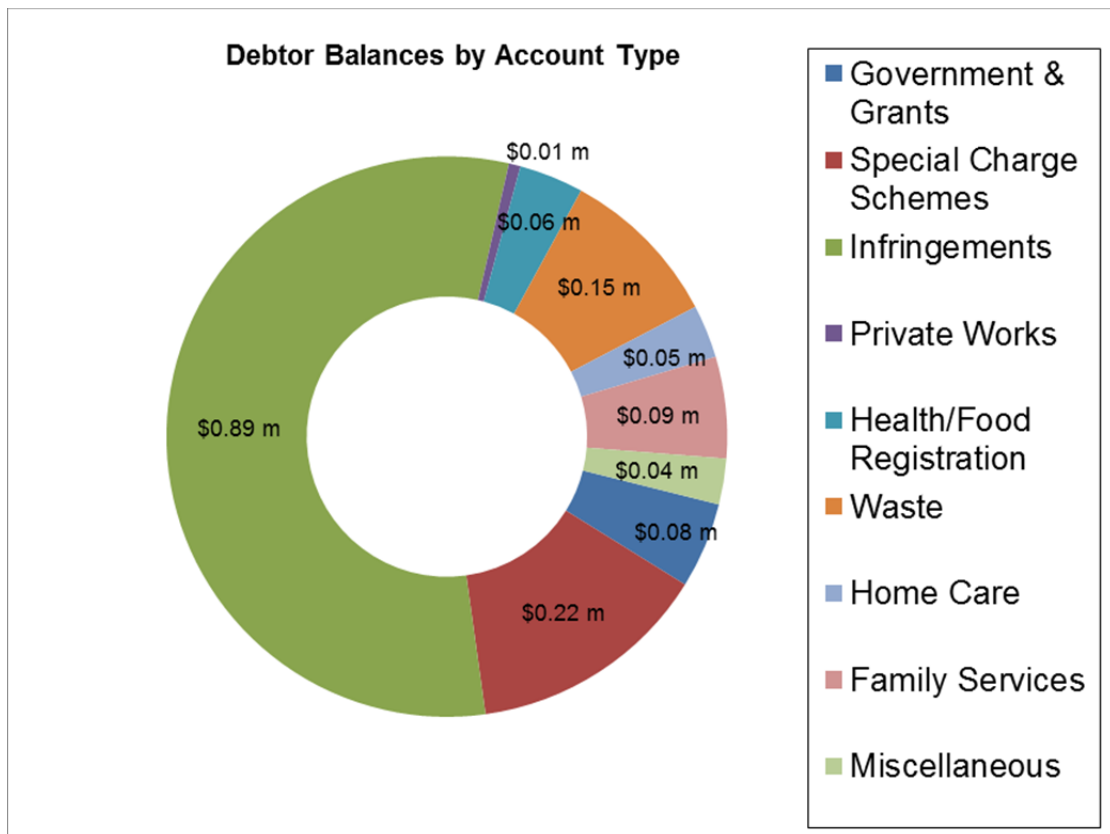
Actual & Budget rates received percentage



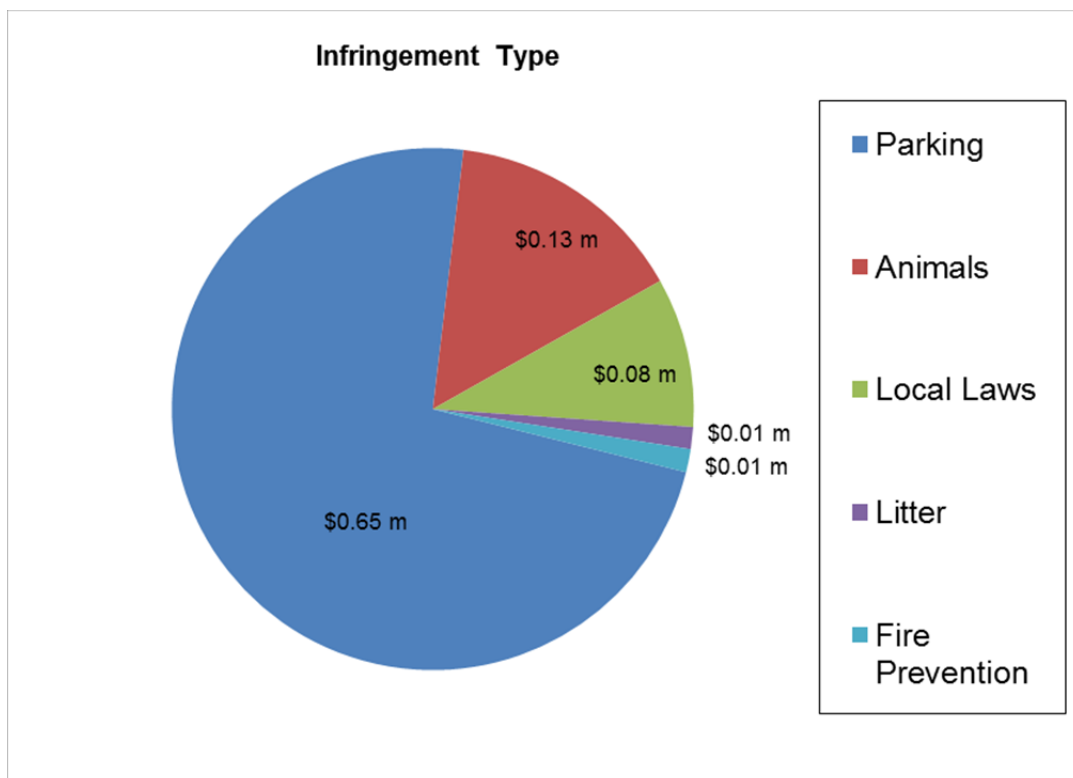
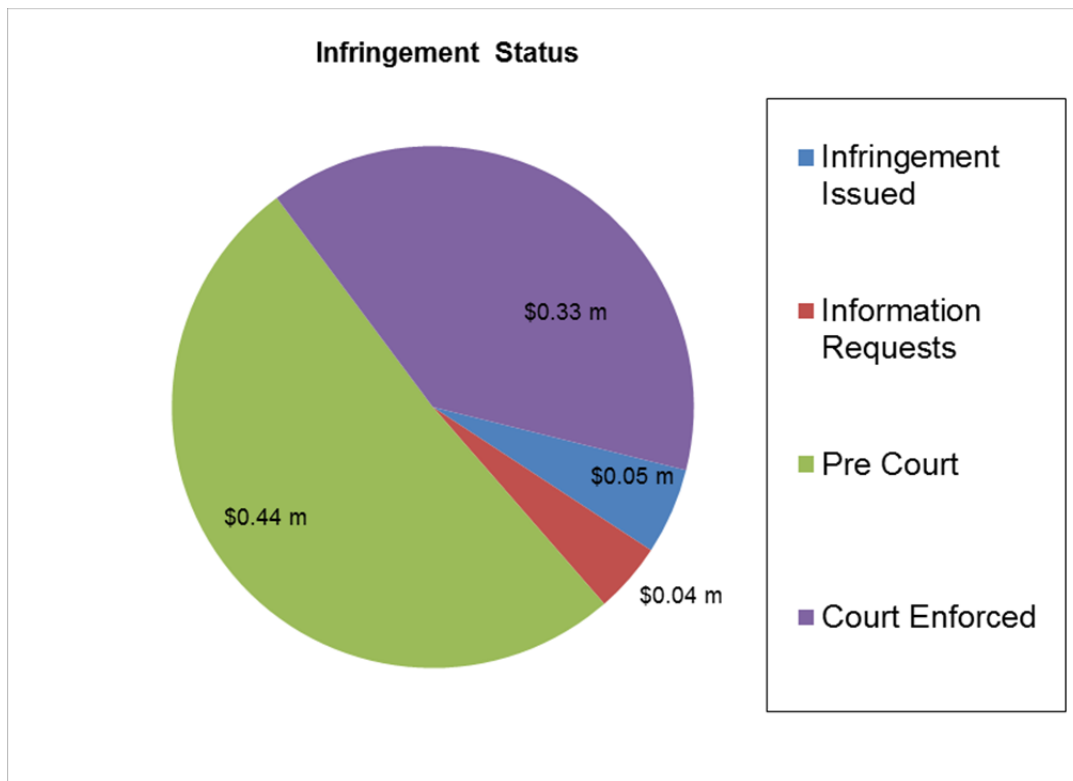
2.4.3 Non Rate Debtors and Infringements

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

Category	Nov 2015 \$'000	Dec 2015 \$'000	Change fav/(unfav) \$'000	Prior Year Dec 2014 \$'000
Current	391	235	156	352
>30 days	218	172	46	98
>60 days	42	9	32	50
>90 days	43	68	(25)	82
Sundry Debtors	694	484	210	582
Special Charge Scheme Debtors	248	223	26	460
Infringement Debtors	847	890	(43)	866
Total	1,790	1,597	193	1,908

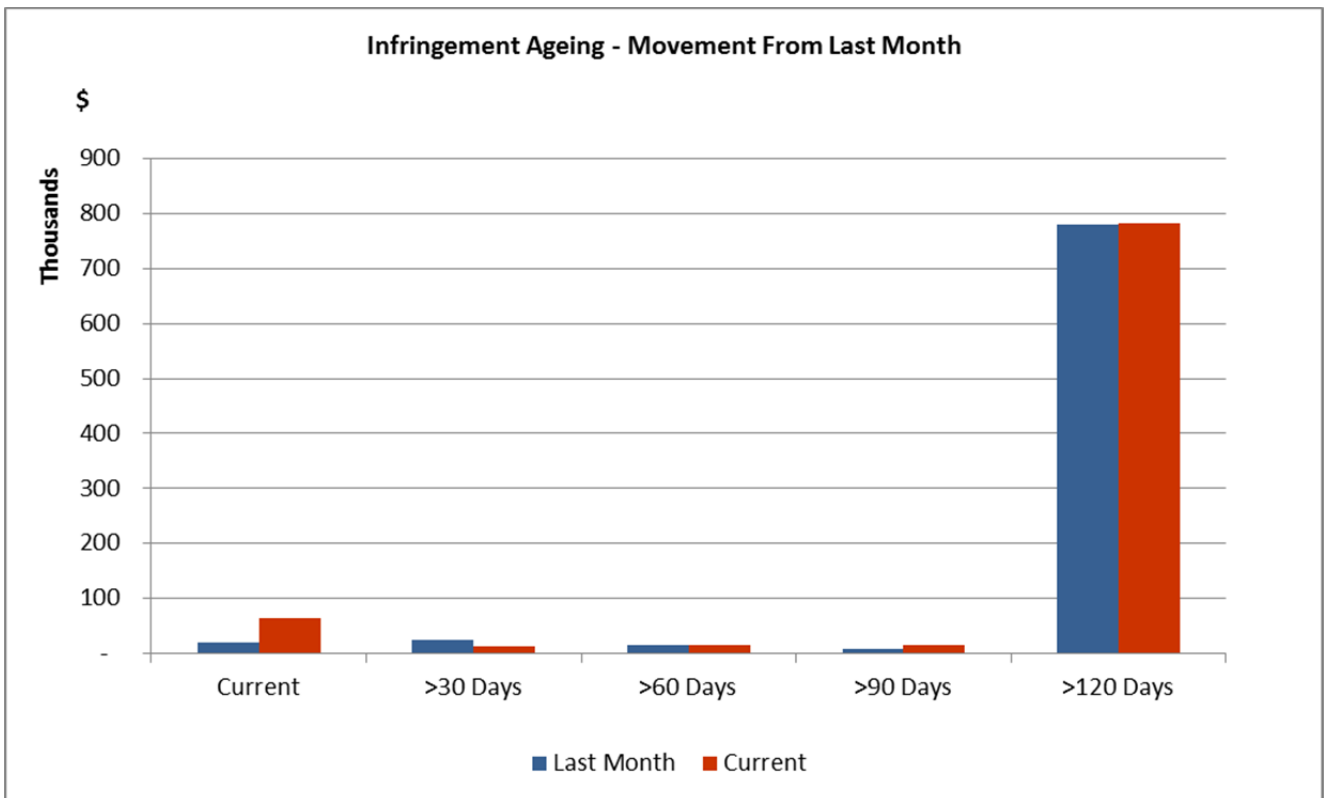
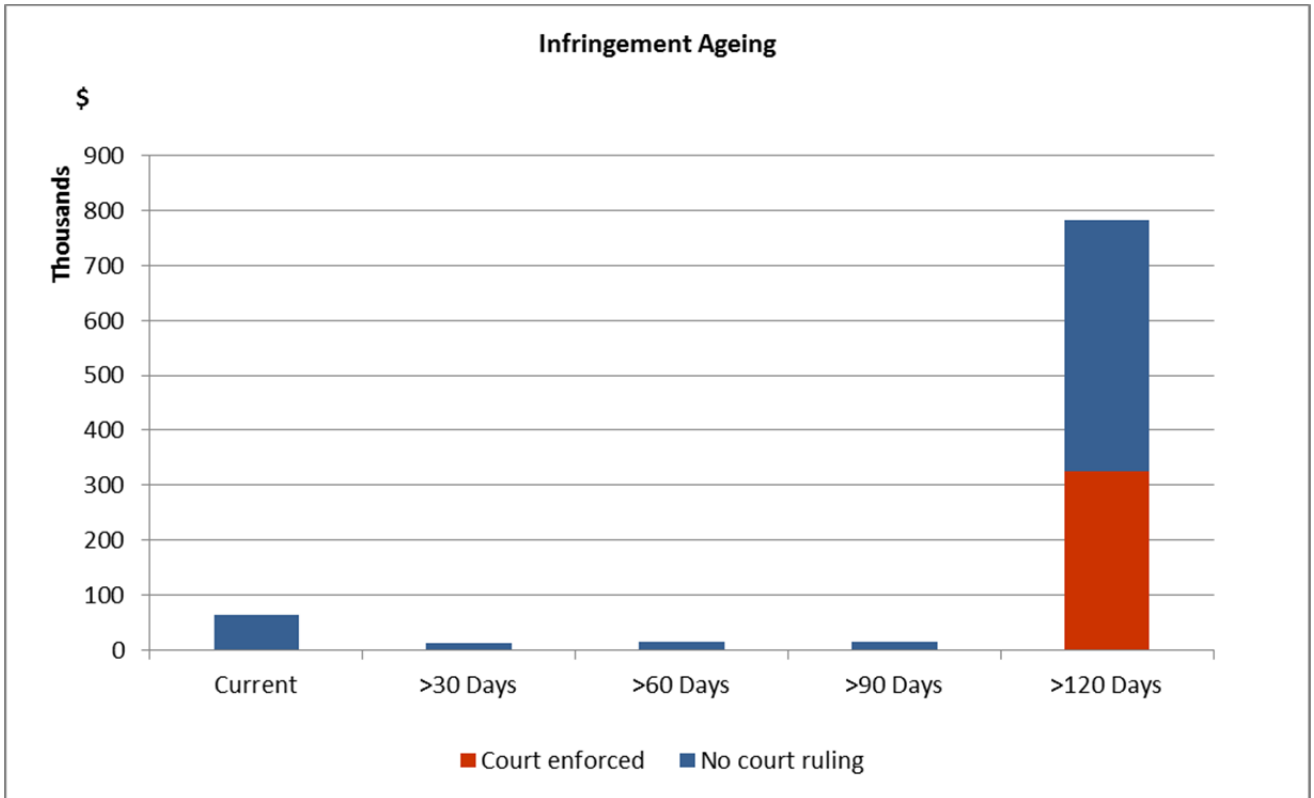


Infringement Debtors



There have been 133 infringement notices withdrawn year to date at a value of \$14,043. Of the withdrawn notices 128 relate to parking infringements and 5 relate to other infringements.

A total of 2,004 infringement notices have been issued year to date at a value of \$244,000. Council budgeted \$579,000 in infringement revenue for 2015/16.

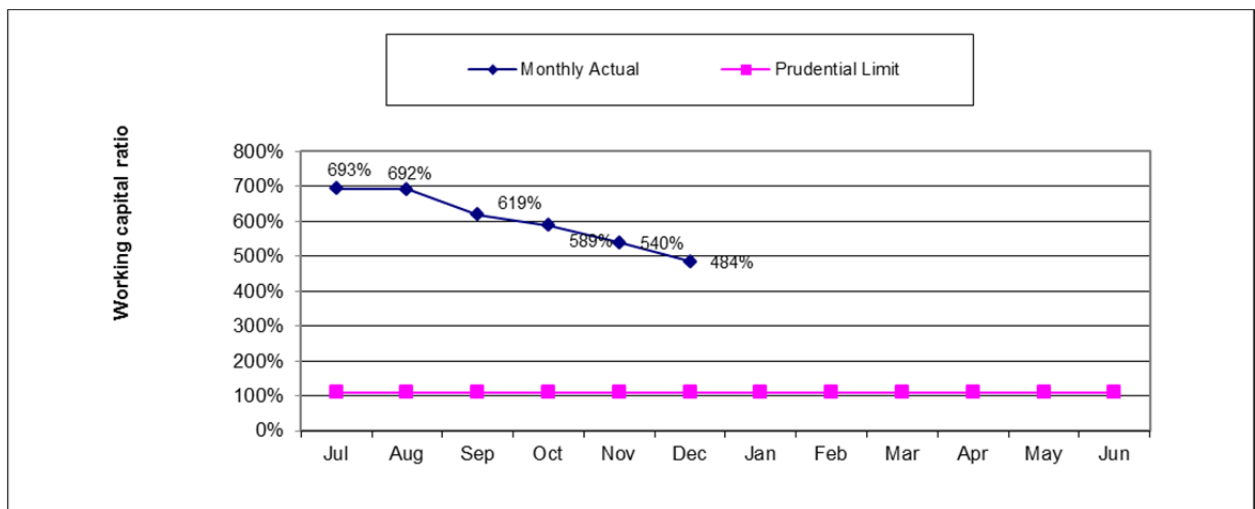


Note: Infringements >120 days with no court ruling may be due to:

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

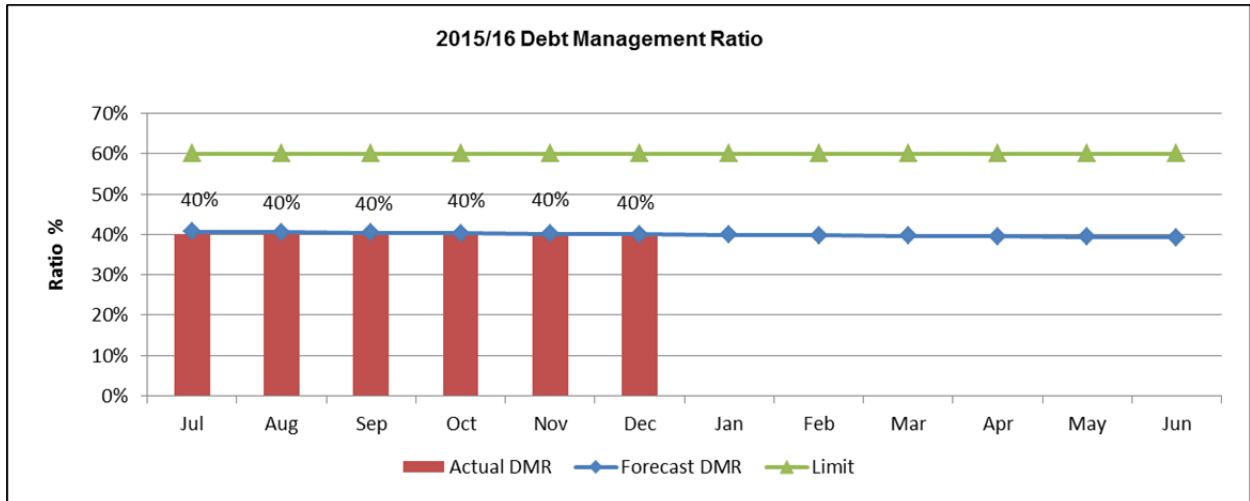
2.4.4 Working Capital

	<i>December YTD Actual \$'000</i>	<i>December Amended YTD Budget \$'000</i>	<i>Adopted Budget \$'000</i>	<i>Amended Budget \$'000</i>	<i>Prudential limit</i>
Current assets	56,654	58,196	24,625	27,310	
Current liabilities	11,698	12,806	12,860	12,279	
Net current assets	44,957	45,390	11,765	15,031	
Working capital ratio	484%	454%	191%	222%	110%



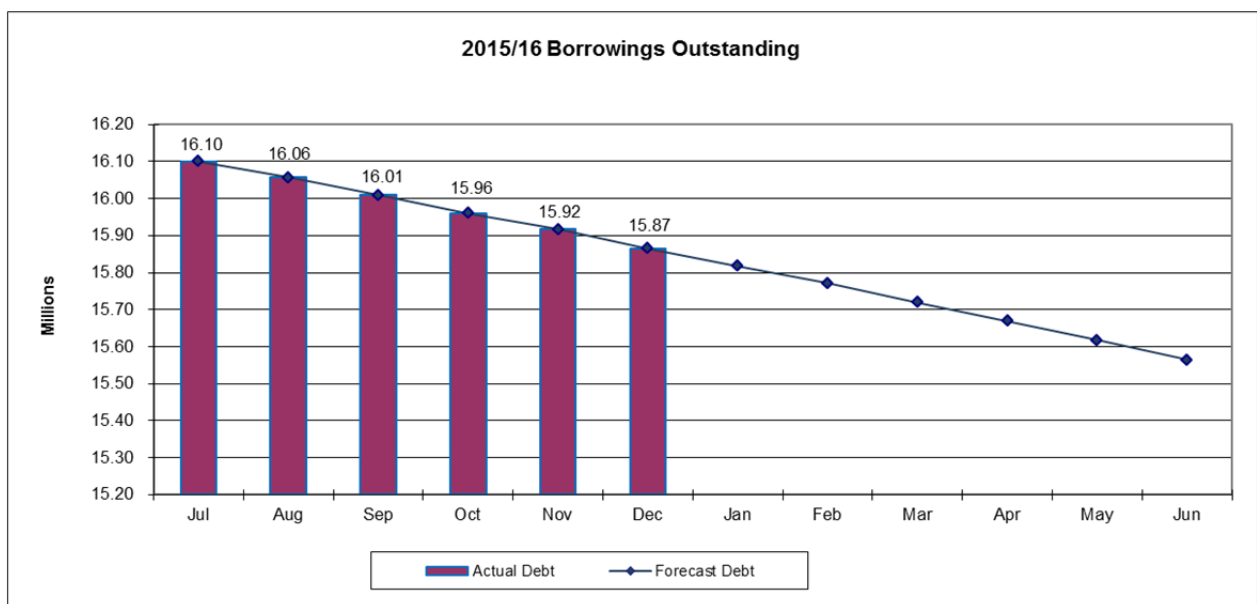
2.4.5 Borrowings

	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	5.97	Fixed - 10 years @ 7.49%, 10 years @ 7.15%
Loan 2	5.26	20 years	29/06/2031	4.64	Fixed - 10 years @ 7.31%, 10 years @ 7.15%
Loan 3	5.87	20 years	29/12/2031	5.21	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
				15.87	



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 % ¹	> 20%	25%	25%	F	Consistent
Indebtedness % ²	< 40%	49%	50%	U	Favourable
Adjusted Indebtedness % ^{2a}	< 40%	-	39%	F	Favourable
Capital Replacement ³ (5 years to June 15)	> 1.5	1.7	1.8	F	Consistent
Renewal Gap ⁴ (5 years to June 15)	> 1.0	0.8	0.8	U	Unfavourable
Underlying Result % ⁵ (5 years to June 15)	> 0%	5%	5%	F	Favourable
Liquidity ⁶	>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 6 months ended 31 December 2015

	<i>December</i> YTD Actual \$'000	<i>December</i> Amended YTD Budget \$'000	<i>December</i> YTD Variance \$'000	<i>Adopted</i> Budget \$'000	<i>Amended</i> Budget \$'000	<i>Full Year</i> Variance \$'000
Revenues from ordinary activities						
Rates and charges	45,613	45,545	68	46,033	46,033	-
Operating grants	2,988	3,756	(768)	7,124	7,195	71
Capital grants	1,597	1,331	266	3,321	4,333	1,012
Contributions	1,623	1,571	52	3,268	3,436	168
Interest	477	396	81	773	773	-
User charges	2,784	3,007	(223)	6,157	6,157	-
Statutory fees	447	441	6	673	673	-
Total revenues	55,530	56,047	(517)	67,350	68,600	1,250
Expenses from ordinary activities						
Employee benefits	12,726	13,074	348	26,320	26,363	43
Materials and services	10,016	10,506	490	22,794	23,926	1,132
Bad and doubtful debts	72	35	(37)	69	69	-
Finance costs	550	553	3	1,124	1,124	-
Depreciation	5,283	5,354	71	10,708	10,708	-
Asset write offs	2	-	(2)	1,779	1,779	-
Total expenses	28,649	29,522	873	62,794	63,969	1,175
Net gain (loss) on disposal of property infrastructure, plant and equipment	24	(129)	153	(119)	(119)	-
Granted assets	360	-	360	3,220	3,220	-
Net surplus/(deficit)	27,266	26,396	870	7,657	7,732	75
Other Comprehensive Income						
Items that will not be reclassified to surplus or deficit in future periods						
Net asset revaluation increment	-	-	-	9,391	9,391	-
	27,266	26,396	870	17,048	17,123	75

SURF COAST SHIRE

Balance Sheet

As at 31 December 2015

	<i>December YTD Actual \$'000</i>	<i>December Amended YTD Budget \$'000</i>	<i>December YTD Variance \$'000</i>	<i>Adopted Budget \$'000</i>	<i>Amended Budget \$'000</i>	<i>Full Year Variance \$'000</i>
Current assets						
Cash & cash equivalents	12,902	13,652	(750)	8,350	9,352	1,002
Trade and other receivables	24,165	24,958	(793)	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
Total current assets	56,654	58,196	(1,543)	24,625	27,310	2,685
Non current assets						
Trade and other receivables	86	102	(16)	504	263	(241)
Financial Assets	1,500	1,500	-	1,500	1,500	-
Property plant & equipment, infrastructure	388,116	386,776	1,340	410,950	405,657	(5,293)
Investment in library	580	580	-	589	580	(9)
Total non current assets	390,282	388,958	1,324	413,543	407,999	(5,544)
Total assets	446,936	447,154	(219)	438,168	435,310	(2,858)
Current liabilities						
Trade and other payables	3,775	4,887	1,112	4,796	3,985	(811)
Provisions	6,295	6,295	-	6,237	6,342	105
Interest bearing liabilities	301	301	-	628	629	1
Trust funds and deposits	1,327	1,323	(4)	1,199	1,323	124
Total current liabilities	11,698	12,806	1,108	12,860	12,279	(581)
Non current liabilities						
Provisions	13,840	13,820	(20)	11,878	12,359	481
Interest bearing liabilities	15,565	15,565	-	14,888	14,981	93
Total non current liabilities	29,405	29,385	(20)	26,766	27,340	574
Total liabilities	41,103	42,191	1,088	39,626	39,619	(7)
Net assets	405,833	404,963	870	398,542	395,691	(2,851)
Equity						
Accumulated surplus	212,223	202,244	9,979	184,369	184,178	(191)
Assets revaluation reserve	178,078	178,078	-	196,836	187,469	(9,367)
Other reserves	15,532	24,641	(9,109)	17,337	24,043	6,706
Total equity	405,833	404,963	870	398,542	395,691	(2,851)

SURF COAST SHIRE

Cash Flow Statement

For the 6 months ended 31 December 2015

	<i>December YTD Actual \$'000</i>	<i>December Amended Forecast \$'000</i>	<i>December YTD Variance \$'000</i>	<i>Adopted Budget \$'000</i>	<i>Amended Forecast \$'000</i>	<i>Full Year Variance \$'000</i>
Cash flow from operating activities						
Receipts from customers	30,798	30,938	(140)	56,037	56,474	437
Payments to suppliers	(9,431)	(8,772)	(658)	(24,270)	(24,446)	(176)
Payments to employees	(12,706)	(13,074)	368	(26,264)	(26,263)	1
	8,662	9,092	(430)	5,503	5,765	262
Interest received	477	396	81	773	773	-
Government receipts	4,633	4,281	352	10,445	10,731	286
Net cash inflow/ (outflow) from operating activities	13,772	13,769	3	16,721	17,269	548
Cash Flows from investing activities						
Payments for property, plant, equipment &	(5,817)	(5,673)	(144)	(14,998)	(19,187)	(4,189)
Proceeds from sale of property, plant & equipment	125	739	(614)	877	877	-
Cash Flows from investing activities	50	50	-	-	6,500	6,500
Net cash inflow/ (outflow) from investing activities	(5,642)	(4,884)	(758)	(14,121)	(11,810)	2,311
Cash flows from financing activities						
Deposits received/refunded	4	-	4	-	-	-
Debt servicing	(550)	(553)	3	(1,124)	(1,124)	-
Proceeds from interest bearing loans and borrowings	-	-	-	-	-	-
Repayment of interest bearing loans and borrowings	(283)	(283)	-	(584)	(584)	-
Net cash inflow/ (outflow) from financing activities	(829)	(836)	7	(1,708)	(1,708)	-
Net increase (decrease) in cash held	7,300	8,050	(750)	892	3,751	2,859
Cash at the beginning of the period	5,602	5,602	-	7,457	5,602	(1,855)
Cash at the end of the period	12,902	13,652	(750)	8,350	9,353	1,003

Appendix B

Project Variations

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

Nil

Project Variations/Reserve Movements > \$5,000

Savings

Accumulated Unallocated Reserve					
Account	Project Name	Comment	Annual Project	Project Cost \$	Variation \$
8445	Aged Services Special Projects	Carelink Tablets purchased in 2014/15 from the Information Technology budget (9051.273).	99,434	82,064	17,370
8467	Tourism Ops Modernisation & Asset Renewal	Project completed as part of the Torquay Visitor Information Centre Refurbishment project.	10,000	0	10,000
8545	Aireys to Eastern View Structure Plan Review	Project completed.	17,975	2,533	15,442
Transfer to Accumulated Unallocated Cash Reserve					42,812

Project Variations with \$0.00 net cost to Council

No Cost to Council					
Account	Project Name	Comment	Annual Project	Project Cost \$	Variation \$
9527	Great Ocean Road Turning Lane at Forest Road	These works are being completed by the developer (Yarra Valley Chocolaterie) and will form part of VicRoads assets.	150,000	0	150,000
9527	Great Ocean Road Turning Lane at Forest Road - contribution.		(150,000)	0	(150,000)
9532	Fitness station at Quay Reserve	Expanded scope based on additional contribution received from Torquay Community Enterprise.	20,000	22,000	(2,000)
9532	Fitness station at Quay Reserve - contributions		(5,000)	(7,000)	2,000
8702	Planning Scheme Amendment C106	Planning scheme amendment, costs to be fully recouped from the applicant.	0	15,000	(15,000)
8702	Planning Scheme Amendment C106 - contributions		0	(15,000)	15,000
No Cost to Council					0

Appendix C
Accumulated Unallocated Reserve

Accumulated Unallocated Reserve

	\$
Opening balance 1 July 2015	1,049,839
<i>Approved movements in reserve:</i>	
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 Council Meeting resolution GORRT Regional Visitor Information Centre	(10,000)
Sept Finance Report Movements Approved October 2015	(515)
Oct Council Meeting resolution Roads to Recovery Grant Funding	495,019
Oct Council Meeting resolution Upgrade part Cape Otway Rd Moriac	(495,019)
Oct Finance Report Movements Approved November 2015	17,565
Nov Council meeting resolution Cadel Evans Great Ocean Road Race	(14,826)
Nov Council Meeting resolution Torquay Town Centre Parking Strategies & Plan	(40,000)
Nov Finance Report Movements Approved December 2015	20,000
Dec Council Meeting Resolution	465,000
Dec Council Meeting Resolution City of Greater Geelong Acquatic Centre	<u>(5,000)</u>
<i>Closing balance 31 December 2015</i>	<u>563,175</u>
<i>Proposed December variations</i>	42,812
<i>Proposed closing balance</i>	<u>605,987</u>

Appendix D

Current Contracts Awarded

Contract Number	Description	Contractor	Start Date	End Date	Contract Value \$000's	Variations \$000's	Contract Total \$000's
08-335	Receive & process kerbside comingled recycling	SKM Recycling	01/07/2010	30/06/2020	1,100	-	1,100
11-401	Gherang Gravel Pits	Local-Mix Quarries Pty Ltd	01/05/2011	30/04/2021	144	-	144
11-416	Managed Print Services Contract	Viatek Western Victoria Pty Ltd	01/10/2011	01/10/2016	1,000	-	1,000
11-435	Kerbside Collection Contract	Cleanaway Australia	18/11/2012	17/11/2019	9,977	-	9,977
12-444	Provision of Building Maintenance Services	Torquay Building Service	01/07/2012	30/06/2016	Schedule of Rates		
12-444B	Provision of Building Maintenance Services	Torquay Plumbing Service	01/07/2012	30/06/2016	Schedule of Rates		
12-444C	Provision of Building Maintenance Services	Nmj Electrical Pty Ltd	01/07/2012	30/06/2016	Schedule of Rates		
12-446	Surf Coast Shire Transfer Stations - Provision of Green Waste, Recycled timber	Jw & HI O'Connor Pty Ltd	01/11/2012	31/10/2017	Schedule of Rates		
12-450	General Valuations	Opteon Property Group	01/10/2012	30/09/2016	691	-	691
12-454	Provision of Asset Management Information System	Civica Pty Limited	21/09/2012	30/06/2016	278	-	278
12-486	Provision of Internal Audit Services	Grant Thornton Australia Ltd	01/04/2013	31/03/2016	80	-	80
13-487	Supply of Bins & Bulk Haulage of Waste	Sita Australia	01/02/2014	31/01/2021	1,504	-	1,504
13-494	Operation and Management of Anglesea Landfill	Armistead Earthmoving	01/03/2014	28/02/2021	2,940	-	2,940
13-495	Operation and Management of Anglesea Transfer Station	Armistead Earthmoving	01/07/2014	30/06/2021	1,671	-	1,671
13-497	Maintenance of Air Conditioning & Kitchen Equipment	D & E Air Conditioning Pty Ltd	19/07/2013	18/07/2016	Schedule of Rates		
1407-0614	Electricity Supply to Public Lighting Victoria	AGL	01/08/2011	31/07/2016	304	301	605
14-534	Anglesea Waste Transfer Station Upgrade Stage 2	Ace Infrastructure Pty Ltd	02/03/2015	26/06/2016	706	-	706
14-538	Provision of Banking Services	Commonwealth Bank Of Australia	01/07/2014	30/06/2017	Schedule of Rates		
14-540	Supply & Delivery of Kerbside Mobile Waste Bins	Trident Plastics (Sa) Pty Ltd	01/07/2014	30/06/2021	469	-	469
14-542.1	Construction of Concrete Footpath and/or kerb	Cj Walters Concreting	01/07/2014	30/06/2016	Schedule of Rates		
14-542.2	Construction of Concrete Footpath and/or kerb	Geelong Kerbing Pty Ltd	01/07/2014	30/06/2016	Schedule of Rates		
14-545	Design of Banyul Warri Fields Youth, Recreation & Playzone	Playce Pty Ltd	17/11/2014	31/12/2015	98	-	98
14-546.1	Provision of Tree Maintenance Services	Wood Professional Tree Service	01/11/2014	31/10/2016	Schedule of Rates		
14-546.2	Provision of Tree Maintenance Services	A1 Tree Services	01/11/2014	31/10/2016	Schedule of Rates		
14-546.3	Provision of Tree Maintenance Services	Tree Watch Arborist	01/11/2014	31/10/2016	Schedule of Rates		
14-546.4	Provision of Tree Maintenance Services	Snakes & Ladders Tree Service	01/11/2014	31/10/2016	Schedule of Rates		
14-546.5	Provision of Tree Maintenance Services	Bellarine Tree Service	01/11/2014	31/10/2016	Schedule of Rates		
14-547.1	Provision of Wet Plant Hire (Bobcat)	Tim Powell Landscapes	01/11/2014	31/10/2016	Schedule of Rates		
14-547.2	Provision of Wet Plant Hire (Excavator)	Torquay Excavations	01/11/2014	31/10/2016	Schedule of Rates		
14-547.3	Provision of Wet Plant Hire (Water Cart)	Patash And Civil (Group) Pty Ltd	01/11/2014	31/10/2016	Schedule of Rates		
14-547.4	Provision of Wet Plant Hire (Material Cartage)	Patash And Civil (Group) Pty Ltd	01/11/2014	31/10/2016	Schedule of Rates		
14-548.1	Supply of Crushed Rock Material - Crushed Rock	Geelong Quarries Pty Ltd	01/11/2014	30/09/2016	Schedule of Rates		
14-548.2	Supply of Crushed Rock Material - Recycled Matrl	Regional Recycle Pty Ltd	01/11/2014	30/09/2016	Schedule of Rates		
14-549	Provision of External Plant Dry Hire Original contract expired 31/10/15	Sherrin Rentals Pty Ltd	01/11/2014	30/11/2016	Schedule of Rates		

Contract Number	Description	Contractor	Start Date	End Date	Contract Value \$000's	Variations \$000's	Contract Total \$000's
14-551	Waste Management Environmental Services	Landserv Pty Ltd	01/11/2014	31/10/2017	211	-	211
14-552.1	Provision of grass slashing services 2014-16 - Roadside Slashing Program	Ararat Auto & Ag Services / Araratautomotive Serv	04/11/2014	31/03/2016			Schedule of Rates
14-552.2	Provision of grass slashing services 2014-16 - Block Slashing	Aus Eco Solutions	04/11/2014	31/03/2016			Schedule of Rates
14-552.2B	Provision of grass slashing services 2014-16 - Block Slashing	Surf Coast Grass Slashing	04/11/2014	31/03/2016			Schedule of Rates
14-552.2C	Provision of grass slashing services 2014-16 - Block Slashing	Small Farm Contracting	04/11/2014	31/03/2016			Schedule of Rates
14-552.2D	Provision of grass slashing services 2014-16 - Block Slashing	Coastal & Country Property Solutions	04/11/2014	31/03/2016			Schedule of Rates
14-552.2E	Provision of grass slashing services 2014-16 - Block Slashing	Torquay Slashing & Mowing	04/11/2014	31/03/2016			Schedule of Rates
14-564	Cleaning of Council Buildings	Tjs Services	01/07/2015	30/06/2018			Schedule of Rates
14-566	Supply of Gravel Pavement Material For Resheeting	Local-Mix Quarries Pty Ltd	01/02/2015	31/01/2017	613	-	613
15-567	Design, Supply, Installation of Guardrail	Premier Willows Pty Ltd	01/04/2015	31/03/2017			Schedule of Rates
15-571	Clearance of Public Bins & Street Cleaning	Corio Waste Management Pty Ltd	01/10/2015	31/08/2017	1,318	-	1,318
15-575	Torquay Surfworld and VIC Refurbishment	Bowden Corporation Pty Ltd	09/06/2015	12/08/2016	100	29	129
15-576	Spring Creek Reserve Play Space	Keystone Civil Pty Ltd	31/08/2015	13/11/2016	38	-	38
15-577	Spring Valley Play Space and Car Park	Keystone Civil Pty Ltd	31/08/2015	13/11/2016	88	-	88
15-580	Anglesea Kindergarten	Searle Bros Ballarat Pty Ltd	11/08/2015	08/01/2016	479	66	544
15-582	Provision of Line Marking Services	Southern Highway Services Pty Ltd	01/06/2015	31/05/2017			Schedule of Rates
15-582.1	Provision of Line Marking Services (Secondary Contractor)	Roadside Services & Solutions	01/06/2015	31/05/2017			Schedule of Rates
15-591	Resealing of Local Roads	Fulton Hogan Industries Pty Ltd	16/11/2015	30/06/2016			Schedule of Rates
15-595	Jan Juc Creek Day Lighting - Stage 1	Aquatech (Aust) Pty Ltd	01/10/2015	26/02/2016	310	-	310
15-596	Torquay Precinct Pathways	Prestige Concrete Services	01/10/2015	26/02/2016	341	-	341
15-597.PRIMARY	Provision of Road Asphalt Services	Greenhall Asphalt Pty Ltd	10/09/2015	30/08/2017			Schedule of Rates
15-598	Provision of Security Services	Barwon Security Pty Ltd	15/11/2015	14/11/2018			Schedule of Rates
15-599	Great Ocean Road Pedestrian Bridge	Open Space Infrastructure Australia	19/10/2015	30/06/2016	143	-	143
15-601	Banyul Warri Fields Palyground Construction	Naturform Pty Ltd	02/11/2015	02/04/2016	990	-	990
15-602	Provision of Traffic Management Services	Makesafe Traffic Management	01/10/2015	30/09/2017			Schedule of Rates
15-604	Provision of Cylinder Mowing Services & CCP Maintenance	Turf Care And Hire Pty Ltd	23/10/2015	30/09/2017	90	-	90
15-605	Provision of Drain Cleaning Services	Bartlett'S Environmental	01/11/2015	31/10/2017			Schedule of Rates
15-606	Lions Park Shelter Construction	Torquay Building Service	01/11/2015	31/01/2016	43	-	0
15-607	Bob Pettitt Shelter Construction	Torquay Building Service	01/11/2015	31/01/2016	71	-	0
15-608	Grenville Oval - Stage 2 Earthworks and Drainage	Joslyn Group Pty Ltd	17/12/2015	31/03/2016	431	-	431
15-611	Bridge Renewal Works 2015-2016 Rock Beaching	Downryte Excavations	07/12/2015	31/05/2016	68	-	68
15-614	Provision of Road Signage and Installation	Roadside Services & Solutions	17/12/2015	17/12/2017			Schedule of Rates
15-614A	Provision of Road Signage and Installation	Roadside Products Pty Ltd	17/12/2015	17/12/2017			Schedule of Rates
15-615	Grenville Oval Stage 3 - Oval Construction	Turfcare And Hire Pty Ltd	17/12/2015	30/04/2016	563	-	563
1710/0832	Provision of Stationary, Cut Paper, Procurement Australia Contract	Officemax	01/11/2014	31/10/2017			Schedule of Rates
DR8410	Debt Recovery Services (MAV Procurement)	Australian Receivables Ltd	26/11/2015	28/02/2016			Schedule of Rates

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.