

# Quarterly Financial Report 30 September 2019

Presented to 28 November 2019  
Ordinary Council Meeting



**Borough of Queenscliffe**  
Queenscliff & Point Lonsdale, Victoria, Australia

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## Introduction

Section 138 of the *Local Government Act 1989* requires a financial report to be presented to Council at least quarterly, comparing expenses and revenue against budget.

The adopted budget becomes outdated during the financial year, as new information comes to light. As a result, Council instead focuses on its quarterly review of the year-end forecast outcome. This is crucial budgetary financial management that underpins longer-term strategic financial planning to ensure the ongoing sustainability of Council.

This quarterly financial report presents the adopted budget, year-to-date actual results, forecast year-end results and variance explanations for each of the key financial statements.

Notes to the financial statements provided on the following pages explaining key variances against the March 2019 Forecast. The Council has adopted a materiality threshold of 10% or a dollar variance of +/- \$100,000. Explanations have not been provided for variations below the materiality threshold, unless the variance is considered to be material because of its nature.

**Gihan Kohobange**  
**Manager, Financial Services**

## Executive summary

The **forecast cash result** is a **deficit of \$145,000 for the year**, an improvement of \$187,000 on the budgeted cash deficit of \$332,000. This improvement is mainly due to the additional Financial Assistance Grant (FAG) the BoQ has been able to secure as a result of continuous submissions and advocacy. This improvement together with the actual cash surplus realised for the 2018/19 financial year (accumulated cash surplus brought forward from the prior year) makes for a **forecast accumulated cash surplus of \$329,000 at June 2020**.

Given the timeframes involved in finalising the previous financial year-end accounts and annual report in accordance with legislative requirements, and the fact that many projects of a material value will not yet have commenced or been completed in the first quarter, a detailed review of all other income and expenditure budgets does not take place until the mid year budget review which is reported to Council in February of each year.

# 1. Statement of Income and Expenditure (Cash Results)

The Statement of Income and Expenditure includes conversion of the comprehensive result (included in the Comprehensive Income Statement given under section 2.1) into a cash result (by excluding non-cash items, such as depreciation expense, and including cash items, such as transfers to/from cash reserves and capital expenditure) in order to ascertain unrestricted surplus funds available from the annual rates budget.

The **forecast accumulated cash result** at June is a surplus of **\$329,000** against the budgeted Nil accumulated surplus.

Statement of Income & Expenditure (Available Cash) for the quarter ended 30 September 2019	2018/19	Adopted	Sep 2019	YTD	Variance from Budget		
	Actual	Budget	Forecast	Actual	to Q1 Sep Forecast		
	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
<b>Income</b>							
Rates and charges	7,215	7,406	<b>7,406</b>	7,428	0	0.0%	
Statutory fees and fines	124	128	<b>128</b>	29	0	0.0%	
User fees	2,075	1,954	<b>1,954</b>	234	0	0.0%	
Grants - operating	1,146	896	<b>990</b>	338	93	10.4%	1
Grants - capital	3,782	6,508	<b>6,146</b>	497	(362)	(5.6%)	2
Contributions - monetary - operating	0	0	<b>0</b>	0	0	0.0%	
Contributions - monetary - capital	86	35	<b>20</b>	0	(15)	(42.9%)	3
Contributions - Non-monetary	0	0	<b>0</b>	0	0	0.0%	
Other income	333	272	<b>237</b>	40	(35)	(12.9%)	4
Proceeds from asset sales	104	101	<b>101</b>	0	0	0.0%	
Borrowings	0	903	<b>903</b>	0	0	0.0%	
<b>Total cash received</b>	<b>14,865</b>	<b>18,204</b>	<b>17,885</b>	<b>8,568</b>	<b>(318)</b>	<b>(1.7%)</b>	
<b>Expenses</b>							
Employee costs	4,124	4,219	<b>4,219</b>	995	0	0.0%	
Materials and services	4,889	5,854	<b>5,859</b>	1,086	4	0.1%	
Bad and doubtful debts	0	3	<b>3</b>	0	0	0.0%	
Borrowing costs	2	2	<b>2</b>	(0)	0	0.0%	
Other expenses	262	259	<b>259</b>	16	0	0.0%	
Loan redemption	17	18	<b>18</b>	0	0	0.0%	
Capital expenditure - Annual Asset Renewal Program	1,412	3,770	<b>3,791</b>	121	21	0.6%	5
Capital expenditure - Other Projects	2,000	7,422	<b>7,527</b>	174	105	1.4%	5
<b>Total cash paid</b>	<b>12,707</b>	<b>21,547</b>	<b>21,677</b>	<b>2,392</b>	<b>130</b>	<b>0.6%</b>	
<b>Cash surplus / (deficit) from operations</b>	<b>2,158</b>	<b>(3,343)</b>	<b>(3,792)</b>	<b>6,176</b>	<b>(448)</b>	<b>13.4%</b>	
Transfer from reserves	2,061	4,044	<b>4,680</b>	4	636	15.7%	6
Transfer to reserves ( <i>for future year spending</i> )	(4,563)	(1,033)	<b>(1,033)</b>	0	0	0.0%	
<b>Adjusted cash surplus / (deficit) for the year</b>	<b>(344)</b>	<b>(332)</b>	<b>(145)</b>	<b>6,180</b>	<b>187</b>	<b>(56.5%)</b>	
Accumulated cash surplus b/fwd from prior year	799	332	<b>474</b>	474	142	42.8%	
<b>Accumulated cash surplus</b>	<b>455</b>	<b>(0)</b>	<b>329</b>	<b>6,654</b>	<b>329</b>		

## Notes to the Statement of Income and Expenditure

### 1.1 Income / Receipts

1. **Grant – Operating:** Net increase of \$93,000 is largely due to:

- \$78k increase in FAG in addition to the increase considered in the 2019/20 budget
- \$15k recycling rebate to offset a part of the council's additional costs as a result of the closure of the recycling processor

2. **Capital – Grant:** Net reduction of \$362,000 is due to the timing of "Fixing Local Roads Stage 2" capital grant, \$362k received in June 2019 though included in the 2019/20 budget.

3. Contributon monetary capital: Net reduction of \$15,000 is due to:
  - Removing \$30,000 capital contribution towards the cost of Princess Park Kiosk toilet upgrade
  - Including contribution of \$15,000 towards the outdoor gym equipment from the Rotary Club
4. Other Income: Net reduction of \$35,000 reflects expected reduction in the interest income due to low interest rate environment.

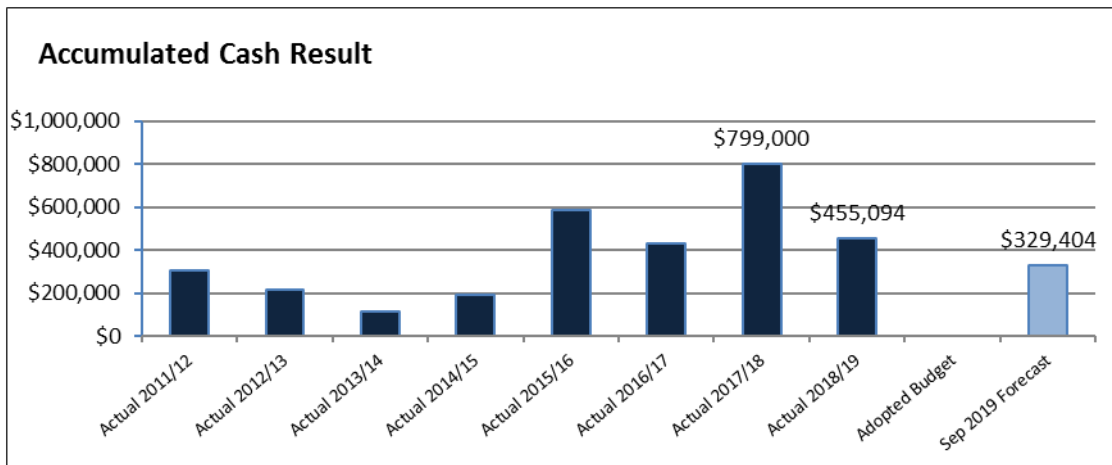
### 1.2 Expenses / Payments

5. Capital expenditure: Increase in capital expenditure represents adjustments made based on the actual reserve balances (projects carried forward from 2018/19 for completion in the 2019/20 financial year). **Total actual capital expenditure spent at 30 September is \$295k against the budget fo \$11.3m.**

### 1.3 Transfers to/(from) reserves

6. Transfer from reserves: Net increase is mainly due to the transfer of grant money received in 2018/19 for 2019/20 (Financial Assistance Grant \$105, Fixing Local Roads Stage 2 \$362k). The balance represents the impact of the adjustments made based on the actual reserve balances as at 30 June 2019 (projects carried forward from 2018/19 for completion in the 2019/20 financial year).

A key principle applied in preparation of Council’s annual budget is the achievement of a break-even cash result (zero). Cash surpluses achieved in one year are typically allocated in the next year’s budget.



## 2. Financial statements

This section includes quarterly reporting against the five key financial statements in accordance with both the *Local Government Act 1989* and the Local Government Model Financial Report.

### 2.1 Comprehensive Income Statement

The forecast **operating result** is a **surplus** of **\$5.129 m**, a reduction of \$323k compared with the budget largely due to the timing of capital grants (received in 2018/19 for 2019/20).

Comprehensive Income Statement for the quarter ended 30 September 2019	2018/19	Adopted	Sep 2019	YTD	Variance from Budget to Q1 Sep Forecast		
	Actual \$'000	Budget \$'000	Forecast \$'000	Actual \$'000	\$'000	%	Notes
<b>Income</b>							
Rates and charges	7,215	7,406	<b>7,406</b>	7,428	0	0.0%	
Statutory fees and fines	124	128	<b>128</b>	29	0	0.0%	
User fees	2,075	1,954	<b>1,954</b>	234	0	0.0%	
Grants - operating	1,146	896	<b>990</b>	338	93	10.4%	
Grants - capital	3,782	6,508	<b>6,146</b>	497	(362)	(5.6%)	
Contributions - monetary - operating	-	0	<b>0</b>	0	0	0.0%	
Contributions - monetary - capital	86	35	<b>20</b>	0	(15)	(42.9%)	
Contributions - Non-monetary	-	0	<b>0</b>	0	0	0.0%	
Other income	333	272	<b>237</b>	40	(35)	(12.9%)	
Net gain on disposal of assets	-	0	<b>0</b>	0	0	0.0%	
<b>Total income</b>	<b>14,761</b>	<b>17,200</b>	<b>16,881</b>	<b>8,567</b>	<b>(318)</b>	<b>(1.9%)</b>	
<b>Expenses</b>							
Employee costs	4,124	4,219	<b>4,219</b>	995	0	0.0%	
Materials and services	4,889	5,854	<b>5,859</b>	1,086	4	0.1%	
Bad and doubtful debts	-	3	<b>3</b>	0	0	0.0%	
Depreciation	1,185	1,311	<b>1,311</b>	0	0	0.0%	
Borrowing costs	2	2	<b>2</b>	(0)	0	0.0%	
Other expenses	839	259	<b>259</b>	16	0	0.0%	
Net loss on disposal of assets	30	101	<b>101</b>	0	0	0.0%	
Share of net losses of an associate (library)	-	0	<b>0</b>	0	0	0.0%	
<b>Total expenses</b>	<b>11,070</b>	<b>11,748</b>	<b>11,753</b>	<b>2,097</b>	<b>4</b>	<b>0.0%</b>	
<b>Surplus / (deficit) for the year</b>	<b>3,691</b>	<b>5,451</b>	<b>5,129</b>	<b>6,471</b>	<b>(323)</b>	<b>(5.9%)</b>	
<b>Other comprehensive income</b>							
Items that will not be reclassified to surplus or deficit in future periods							
Net asset revaluation increment / (decrement)	0	0	<b>0</b>	0	0	0.0%	
<b>Total comprehensive result</b>	<b>3,691</b>	<b>5,451</b>	<b>5,129</b>	<b>6,471</b>	<b>(323)</b>	<b>(5.9%)</b>	

### **Underlying result**

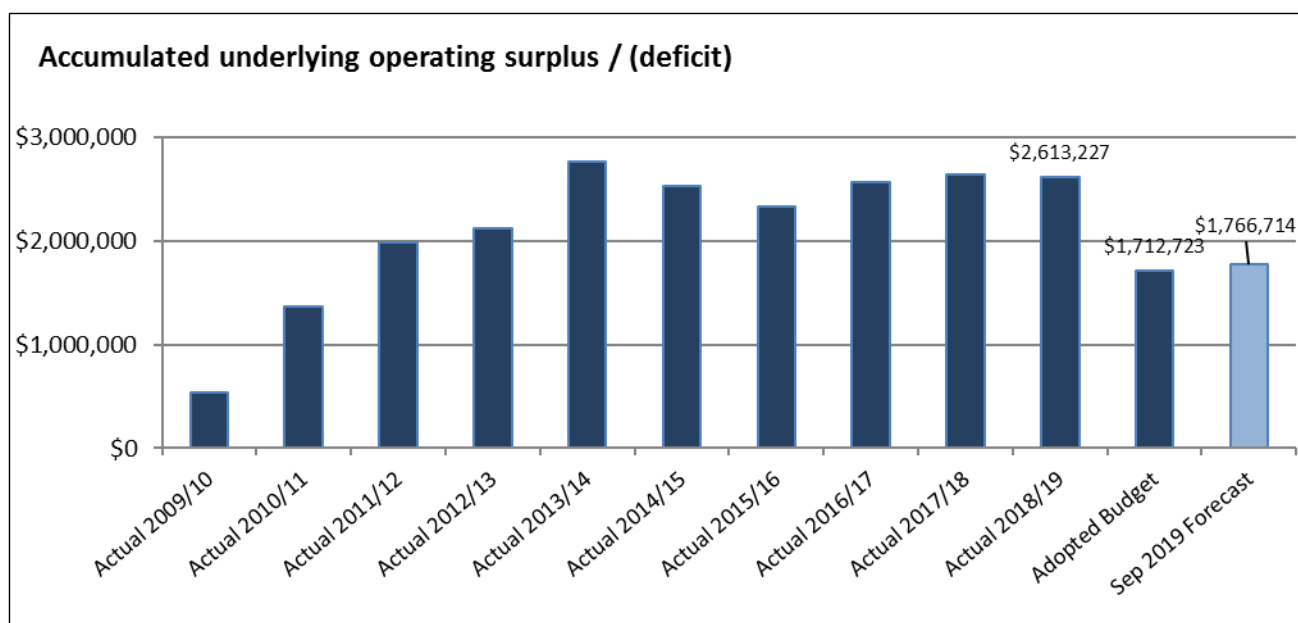
An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives, the underlying result is calculated by adjusting the operating surplus/(deficit) for the year by deducting non-recurrent capital funding. The forecast underlying result for the year is a deficit of \$847,000.

Underlying Result for the quarter ended 30 September 2019	2018/19	Adopted	Sep 2019	YTD	Variance from Budget to Q1 Sep Forecast		
	Actual	Budget	Forecast	Actual			
	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
<b>Total income</b>	<b>14,761</b>	<b>17,200</b>	<b>16,881</b>	<b>8,567</b>	<b>(318)</b>	<b>(1.9%)</b>	
<b>Total expenses</b>	<b>11,070</b>	<b>11,748</b>	<b>11,753</b>	<b>2,097</b>	<b>4</b>	<b>0.0%</b>	
<b>Surplus / (deficit) for the year</b>	<b>3,691</b>	<b>5,451</b>	<b>5,129</b>	<b>6,471</b>	<b>(323)</b>	<b>(5.9%)</b>	
Less: Grants - capital (non-recurrent)	(3,637)	(6,317)	(5,955)	(477)	362	(5.7%)	
Less: Contributions - monetary - capital	(86)	(35)	(20)	0	15	(42.9%)	
Less: Non-monetary asset contributions	0	0	0	0	0	0.0%	
<b>Adjusted underlying surplus / (deficit)</b>	<b>(31)</b>	<b>(901)</b>	<b>(847)</b>	<b>5,994</b>	<b>54</b>	<b>(6.0%)</b>	1

### Notes to the underlying result

1. The expected reduction in the interest income partially offsets the positive impact resulting from the additional financial assistance grant.

One of the key objectives in Council's Strategic Resource Plan is the achievement of a breakeven underlying operating result cumulatively.



## 2.2 Balance Sheet

The value of **forecast net assets** of Council stands at **\$145 million as at 30 June 2020**. Unrestricted financial assets (including cash and cash equivalents) projected to be at \$4.7 million.

Balance Sheet for the quarter ended 30 September 2019	Adopted Budget \$'000	Sep 2019 Forecast \$'000	YTD Actual \$'000	Variance from Budget to Q1 Sep Forecast			Actual 2018/19
				\$'000	%	Notes	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	1,176	3,789	3,714	2,613	222.3%	1	5,868
Other financial assets	2,750	1,000	3,839	(1,750)	(63.6%)	2	1,026
Trade and other receivables	350	280	6,010	(70)	(20.0%)		942
Non-current assets classified as held for sale	2,075	2,075	2,075	0	0.0%		2,075
Inventories	4	6	6	2	44.6%		6
Other assets	200	225	17	25	12.5%		260
<b>Total current assets</b>	<b>6,555</b>	<b>7,375</b>	<b>15,661</b>	<b>820</b>	<b>12.5%</b>		<b>10,178</b>
<b>Non-current assets</b>							
Non-current Debtor	0	0	1	0	0.0%		1
Investments in associates	214	207	207	(7)	(3.3%)		207
Property, infrastructure, plant and equipment	142,938	141,508	131,999	(1,430)	(1.0%)	3	131,713
<b>Total non-current assets</b>	<b>143,152</b>	<b>141,715</b>	<b>132,208</b>	<b>(1,437)</b>	<b>(1.0%)</b>		<b>131,920</b>
<b>Total assets</b>	<b>149,707</b>	<b>149,090</b>	<b>147,869</b>	<b>(618)</b>	<b>(0.4%)</b>		<b>142,098</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade and other payables	1,731	1,744	67	13	0.8%		781
Trust funds and deposits	75	100	92	25	33.2%		100
Provisions	1,078	1,055	1,027	(24)	(2.2%)		1,029
Interest-bearing loans and borrowings	92	92	18	(0)	(0.2%)		18
Other liabilities	75	80	143	5	6.7%		92
<b>Total current liabilities</b>	<b>3,051</b>	<b>3,070</b>	<b>1,348</b>	<b>19</b>	<b>0.6%</b>		<b>2,020</b>
<b>Non-current liabilities</b>							
Provisions	56	23	3	(34)	(60.0%)		22
Interest-bearing loans and borrowings	839	839	29	0	0.0%		28
<b>Total non-current liabilities</b>	<b>895</b>	<b>862</b>	<b>31</b>	<b>(34)</b>	<b>(3.7%)</b>		<b>50</b>
<b>Total liabilities</b>	<b>3,946</b>	<b>3,932</b>	<b>1,379</b>	<b>(15)</b>	<b>(0.4%)</b>		<b>2,070</b>
<b>Net assets</b>	<b>145,761</b>	<b>145,158</b>	<b>146,490</b>	<b>(603)</b>	<b>(0.4%)</b>		<b>140,028</b>
<b>Equity</b>							
Accumulated surplus	100,439	100,633	98,332	194	0.2%		91,858
Revaluation Reserve	43,874	42,566	42,563	(1,308)	(3.0%)		42,566
Reserves	1,448	1,958	5,595	510	35.2%		5,604
<b>Total equity</b>	<b>145,761</b>	<b>145,158</b>	<b>146,491</b>	<b>(604)</b>	<b>(0.4%)</b>		<b>140,028</b>

### Notes to the Balance Sheet

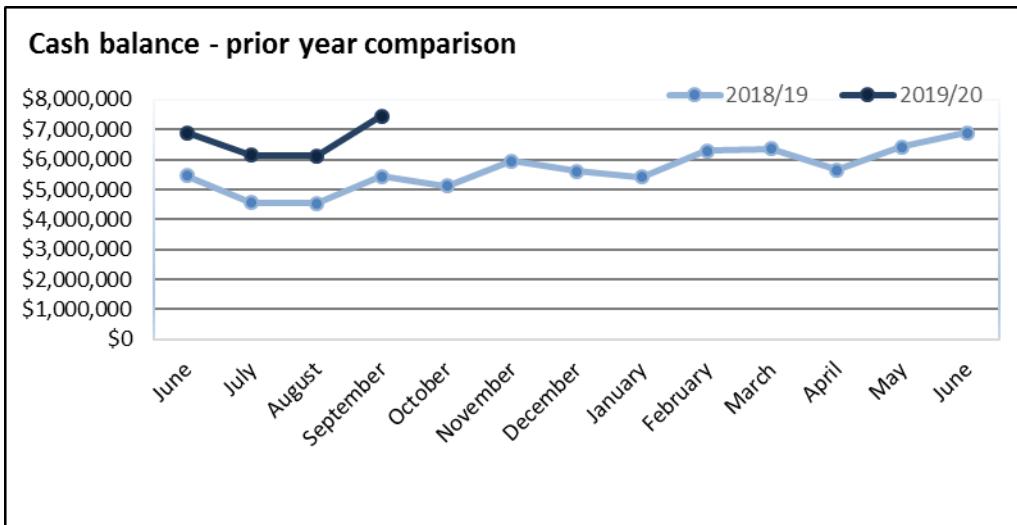
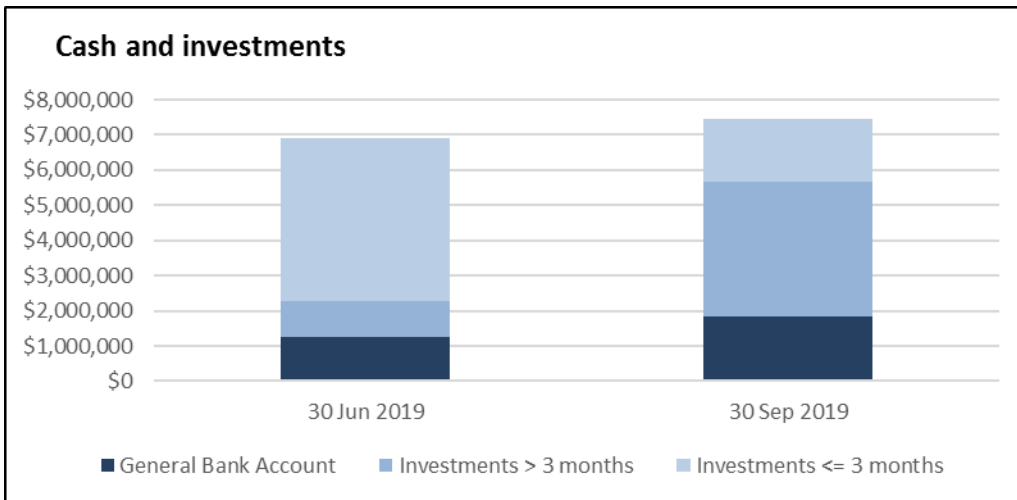
- Cash and cash equivalents: Expected net increase of \$2.6 million is due to:
  - \$1.75m, reclassification adjustment required to meet the unrestricted cash definition of the local government performance reporting framework. Term deposits with more than 90 days maturity are considered as restricted cash. However, cash will be invested during the year to achieve an optimum return
  - \$803k increase in cash is mainly due to the receipt of capital grant held in sundry debtors as at 30 June 2019 and lower than projected 2018/19 trade and other payables expected to be settled in 2019/20
- Other financial assets: \$1.75m reduction is due to reclassification adjustment between cash & cash equivalents and other financial assets to meet unrestricted cash definition of the local government performance reporting framework.
- Property, infrastructure, plant and equipment / Revaluation Reserve: Reduction represents the asset revaluation decrement due to the recent valuation of council buildings (not included in the budget).



**Cash & Cash Equivalents and Other Financial Assets**

Council’s cash and cash equivalents includes short term investments with maturities of less than 90 days, with other financial assets (investments with maturities between 3-12 months).

Total unrestricted financial assets (including cash and cash equivalents) as at 30 September 2019 is amounting to \$7.6 million of which \$5.6 million have been allocated for specific future purposes.

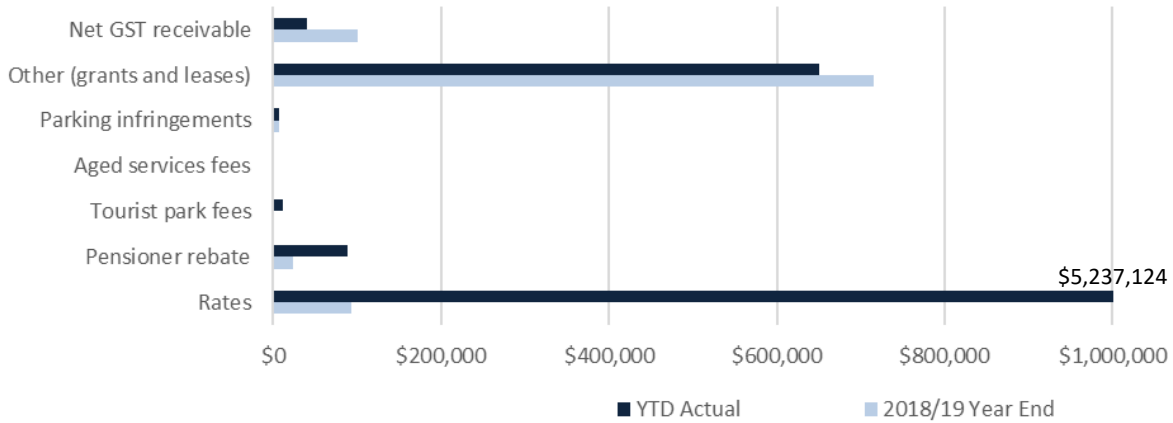


**Trade and other receivables**

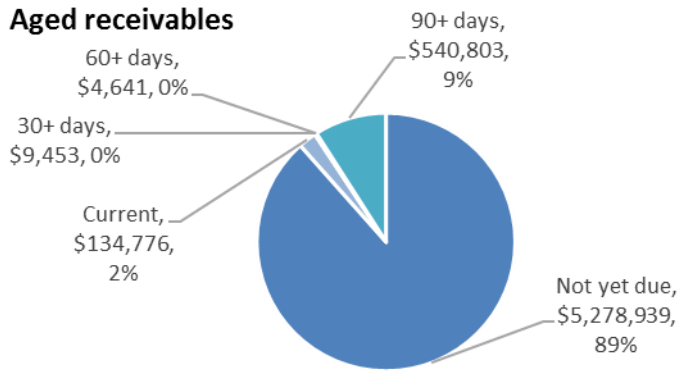
Rates are required to be paid by instalment in September, November, February and May each year. All rates are deemed collectible, with no provision for doubtful debts.

Sundry debtors, including unpaid infringements, government grants, property leases, aged services and tourist park fees, are followed up by finance in conjunction with the relevant program area.

### Trade and other receivables



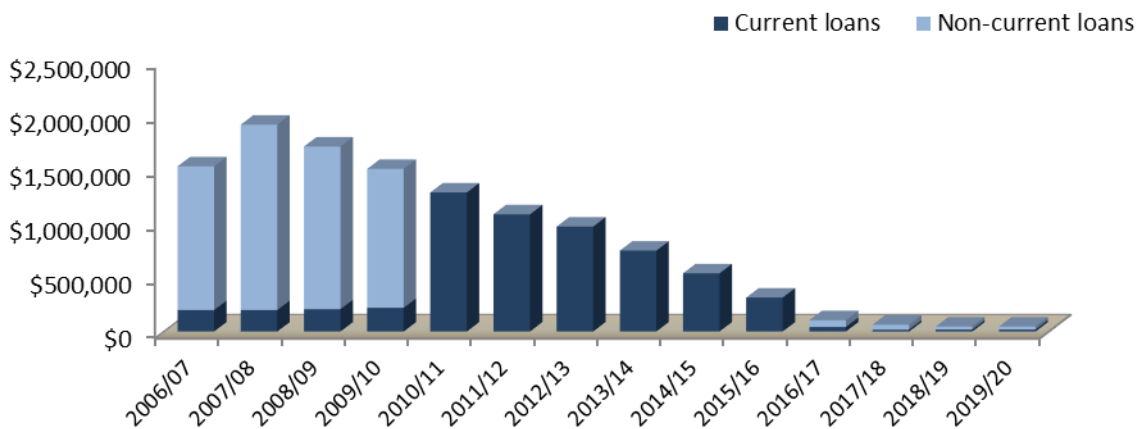
### Aged receivables



### Interest-bearing loans and borrowings

Loan payments (principal and interest) are generally processed in two instalments, in September and March of each financial year. Council has been in a phase of debt reduction since 2008/09, as illustrated in the chart below.

### Interest-bearing loans and borrowings



Borrowings	2018/19 Actual \$'000	Adopted Budget \$'000	Sep 2019 Forecast \$'000	YTD Actual \$'000
Total amount borrowed as at 30 June of the prior year	63,101	46,020	46,174	46,174
Total amount to be borrowed	0	902,689	902,689	0
Total amount projected to be redeemed	(16,927)	(17,815)	(17,815)	0
<b>Total amount proposed to be borrowed as at 30 June</b>	<b>46,174</b>	<b>930,894</b>	<b>931,047</b>	<b>46,174</b>

### 2.3 Statement of Changes in Equity

*Other reserves held by Council include annual asset renewal, carry forwards, waste management, defined benefits superannuation fund liability and unallocated cash surpluses from previous years. Funds are generally transferred out of reserves following the completion of carry forward projects and/or by Council resolution to allocate funds to projects.*

Statement of Changes in Equity for the quarter ended 30 September 2019	Total Equity \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000	Notes
<b>2019/20 Adopted Budget</b>					
Balance at beginning of the financial year	140,209	91,876	43,874	4,459	
Surplus / (deficit) for the year	5,451	5,451	0	0	
Transfer to other reserves	0	(1,033)	0	1,033	
Transfer from other reserves	0	4,044	0	(4,044)	
<b>Balance at end of the financial year</b>	<b>145,660</b>	<b>100,338</b>	<b>43,874</b>	<b>1,449</b>	
<b>September 2019 Forecast</b>					
Balance at beginning of the financial year	140,028	91,858	42,566	5,604	
Surplus / (deficit) for the year	5,129	5,129	0	0	
Transfer to other reserves	0	(1,033)	0	1,033	
Transfer from other reserves	0	4,680	0	(4,680)	1
<b>Balance at end of the financial year</b>	<b>145,157</b>	<b>100,633</b>	<b>42,566</b>	<b>1,958</b>	
<b>YTD Actual</b>					
Balance at beginning of the financial year	140,028	91,858	42,566	5,604	
Surplus / (deficit) for the year	6,471	6,471	0	0	
Transfer to other reserves	0	0	0	0	
Transfer from other reserves	0	4	0	(4)	
<b>Balance at end of the financial year</b>	<b>146,499</b>	<b>98,333</b>	<b>42,566</b>	<b>5,600</b>	

#### **Notes to the Statement of Changes in Equity**

*Transfer from other reserves: Net increase is mainly due to the transfer of grant money received in 2018/19 for 2019/20 (Financial Assistance Grant \$105, Fixing Local Roads Stage 2 \$362k). The balance represents the impact of the adjustments made based on the actual reserve as at 30 June 2019 (projects carried forward from 2018/19 for completion in the 2019/20 financial year).*

## 2.4 Statement of Cash Flows

Value of cash and cash equivalents is expected be at \$3.7 million at June 2020.

Statement of Cash Flows for the quarter ended 30 September 2019	Adopted Budget \$'000	Sep 2019 Forecast \$'000	YTD Actual \$'000	Variance from Budget to Q1 Sep Forecast		
				\$'000	%	Notes
<b>Cash flows from operating activities</b>						
<i>Receipts</i>						
Rates and charges	\$7,406	\$7,344	\$2,221	(\$62)	(0.8%)	
Statutory fees and fines	\$128	\$129	\$29	\$1	0.9%	
User fees	\$1,954	\$1,945	\$223	(\$9)	(0.5%)	
Grants - Operating	\$896	\$990	\$403	\$93	10.4%	
Grants - Capital	\$6,508	\$6,831	\$497	\$323	5.0%	1
Contributions - monetary - operating	\$0	\$0	\$0	\$0	0.0%	
Contributions - monetary - capital	\$35	\$20	\$0	(\$15)	(42.9%)	
Contributions - non-monetary	\$0	\$0	\$0	\$0	0.0%	
Interest received	\$125	\$82	\$35	(\$43)	(34.5%)	2
Trust funds and deposits taken	\$0	\$0	\$0	\$0	0.0%	
Other receipts	\$147	\$121	\$110	(\$26)	(17.5%)	
Net GST refund / (payment)	\$0	\$0	\$0	\$0	0.0%	
<b>Total receipts</b>	<b>\$17,200</b>	<b>\$17,462</b>	<b>\$3,518</b>	<b>\$262</b>	<b>1.5%</b>	
<i>Payments</i>						
Employee costs	(\$4,197)	(\$4,297)	(\$1,047)	(\$101)	2.4%	3
Materials and services	(\$5,103)	(\$4,704)	(\$1,502)	\$398	(7.8%)	4
Trust funds and deposits repaid	\$0	\$0	\$0	\$0	0.0%	
Other payments	(\$262)	(\$233)	(\$23)	\$29	(11.0%)	
<b>Total payments</b>	<b>(\$9,561)</b>	<b>(\$9,234)</b>	<b>(\$2,572)</b>	<b>\$327</b>	<b>(3.4%)</b>	
<b>Net cash provided by operating activities</b>	<b>\$7,639</b>	<b>\$8,228</b>	<b>\$946</b>	<b>\$589</b>	<b>7.7%</b>	
<b>Cash flows from investing activities</b>						
Payments for property, infrastructure, plant and equipment	(\$11,192)	(\$11,318)	(\$287)	(\$126)	1.1%	
Proceeds from sale of property, infrastructure, plant and equipment	\$101	\$101	\$0	\$0	0.0%	
Payments for investments	\$0	\$0	\$0	\$0	0.0%	
Proceeds from sale of investments	\$2,000	\$26	(\$2,813)	(\$1,974)	(98.7%)	5
<b>Net cash used in investing activities</b>	<b>(\$9,091)</b>	<b>(\$11,191)</b>	<b>(\$3,100)</b>	<b>(\$2,100)</b>	<b>23.1%</b>	
<b>Cash flows from financing activities</b>						
Borrowing costs	(\$2)	(\$2)	\$0	\$0	0.0%	
Proceeds from borrowings	\$903	\$903	\$0	\$0	0.0%	
Repayment of borrowings	(\$18)	(\$18)	\$0	\$0	0.0%	
<b>Net cash provided by / (used in) financing activities</b>	<b>\$883</b>	<b>\$883</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(\$569)</b>	<b>(\$2,080)</b>	<b>(\$2,154)</b>	<b>(\$1,511)</b>	<b>265.4%</b>	
Cash and cash equivalents at the beginning of the financial year	\$1,745	\$5,868	\$5,868	\$4,124	236.3%	
<b>Cash and cash equivalents at the end of the financial year</b>	<b>\$1,176</b>	<b>\$3,789</b>	<b>\$3,714</b>	<b>\$2,613</b>	<b>222.3%</b>	

### Notes to the Statement of Cash Flows

- Grant Capital: Increase is mainly due to expected receipt of capital grant held in sundry debtors as at 30 June 2019.
- Interest received: Reduction is due to the prevailing low interest environment.
- Employee costs: Due to the accrual wages adjustment (employee cost of 2018/19 payable in 2019/20).
- Materials and services: Reduction is due to lower than projected 2018/19 trade and other payables expected to be settled in 2019/20.
- Proceeds from sale of investments: Reduction is due the reclassification adjustment required to meet the unrestricted cash definition of the local government performance reporting framework.

## 2.5 Statement of Capital Works

As at 30 September, \$295k has been spent against the total capital work budget of \$11.3 million for the year 2019/20.

Statement of Capital Works for the quarter ended 30 September 2019	Adopted Budget \$'000	Sep 2019 Forecast \$'000	YTD Actual \$'000	Variance from Budget to Q1 Sep Forecast		
				\$'000	%	Notes
<b>Property</b>						
Land improvements	0	0	0	0	0.0%	
Buildings	1,967	1,937	5	(30)	0.0%	
<b>Total property</b>	<b>1,967</b>	<b>1,937</b>	<b>5</b>	<b>(30)</b>	<b>0.0%</b>	
<b>Plant and equipment</b>						
Plant, machinery and equipment	160	160	1	0	0.0%	
Fixtures, fittings and furniture	5	5	2	0	0.0%	
Computers and telecommunications	85	85	12	0	0.0%	
Library books	0	0	0	0	0.0%	
<b>Total plant and equipment</b>	<b>250</b>	<b>250</b>	<b>14</b>	<b>0</b>	<b>0.0%</b>	
<b>Infrastructure</b>						
Roads	1,531	1,511	7	(20)	0.0%	
Footpaths and cycleways	97	177	153	80	0.0%	
Drainage	246	251	20	5	0.0%	
Recreational, leisure and community facilities	1,045	1,113	25	67	0.0%	
Waste management	0	0	0	0	0.0%	
Parks, open space and streetscapes	4,853	4,833	16	(20)	0.0%	
Off street car parks	33	33	0	0	0.0%	
Other infrastructure	1,169	1,213	55	44	0.0%	
<b>Total infrastructure</b>	<b>8,975</b>	<b>9,130</b>	<b>275</b>	<b>156</b>	<b>0.0%</b>	
<b>Total capital works expenditure</b>	<b>11,192</b>	<b>11,318</b>	<b>295</b>	<b>126</b>	<b>0.0%</b>	
<b>Represented by:</b>						
New asset expenditure	4,188	4,313	165	125	0.0%	
Asset renewal expenditure	3,770	3,791	121	21	0.0%	
Asset upgrade expenditure	3,235	3,214	9	(20)	0.0%	
<b>Total capital works expenditure</b>	<b>11,192</b>	<b>11,319</b>	<b>295</b>	<b>127</b>	<b>0.0%</b>	

### Notes to the Statement of Capital Works

- Roads / Footpaths and cycleways: \$80k has been reallocated from Bowen road widening project to rail trail connection at Bridge road project under fixing local roads grant funding program.*
- All the other variances are due to adjustments to reflect actual carry forward funds.*

### 3. Local Government Performance Reporting Framework (LGPRF)

The Victorian government established the Local Government Performance Reporting Framework (LGPRF) in 2014, to ensure that all councils are measuring and reporting on their performance in a consistent way.

In addition to the performance information required to be disclosed in the performance statement, councils are also required to disclose other performance-related information in the report of operations in the annual report, including:

- a statement that reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic indicators included in the Council Plan;
- a governance and management checklist; and
- other prescribed indicators and measures of service performance, results achieved and an explanation of material variances.

#### 3.1 Performance Of Council Against the Council Plan

To ensure the Borough remains a safe haven for the historic, cultural and environmental values that make it a special place with high levels of community wellbeing, Council’s decision-making and priorities focus on five Strategic Objectives as set out in the Council Plan for years 2017-2021. Council delivers services and initiatives under 25 major service categories. Each contributes to the achievement of one of the five Strategic Objectives.

The table below lists the five Strategic Objectives as described in the Council Plan 2017-2021, the Portfolio to which they relate and the responsible Councillor for each.

Strategic Objective	Portfolio	Councillor
1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.	Community Wellbeing	Cr Susan Salter
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations.	Environmental Sustainability	Cr Tony Francis
3. Foster a diverse and vibrant local economy.	Local Economy	Cr Ross Ebbels
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.	Planning and Heritage	Cr Boyce Pizzey
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.	Governance and Performance	Cr Bob Merriman

This section provides a brief description of the services and initiatives funded in the Budget for the 2019/20 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan.

**Strategic Objective 1: Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture.**

To achieve our objective of enhancing community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Key service objective/s		Adopted Budget \$'000	Sep 2019 Forecast \$'000	YTD Actual \$'000	Variance from Budget to Q1 Sep Forecast		
						\$'000	%	Note
Aged Services	The Aged Services program provides care and assistance to older residents and those requiring respite so that their homes remain their safe haven.	Exp	763	763	155	0	0.0%	
		Rev	(530)	(530)	(255)	0	0.0%	
			<b>233</b>	<b>233</b>	<b>(100)</b>	<b>0</b>	<b>0.0%</b>	
Recreation, Arts, Culture and Community	The Recreation, Arts, Culture and Community program promotes community wellbeing by supporting people and communities to be involved, healthy and active.	Exp	252	253	32	2	0.7%	
		Rev	(13)	(13)	(3)	0	0.0%	
			<b>239</b>	<b>241</b>	<b>29</b>	<b>2</b>	<b>0.8%</b>	
Community Events	The Community Events program promotes community wellbeing, celebrates the significance of the Borough and stimulates the local economy through conducting events directly or facilitating, supporting and administering a range of recreation, arts and cultural events planned and implemented by community organisations or commercial businesses.	Exp	113	113	15	0	0.0%	
		Rev	(5)	(5)	0	0	0.0%	
			<b>108</b>	<b>108</b>	<b>15</b>	<b>0</b>	<b>0.0%</b>	
Maternal and Child Health (MCH)	The Maternal and Child Health program (MCH) plays a key role in supporting and monitoring the health and wellbeing of local families with children from birth to school age.	Exp	72	72	12	0	0.0%	
		Rev	(47)	(47)	(12)	0	0.0%	
			<b>25</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	
Kindergarten	Kindergarten assists in supporting the wellbeing of pre-school children and providing a safe learning environment to enable children to gain early life skills and knowledge and assist their transition to school.	Exp	2	2	0	0	0.0%	
		Rev	(0)	(0)	0	0	0.0%	
			<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	
Environmental Health	The Environmental Health program monitors and maintains a safe environment for public health and wellbeing.	Exp	108	108	22	0	0.0%	
		Rev	(41)	(41)	(1)	0	0.0%	
			<b>67</b>	<b>67</b>	<b>21</b>	<b>0</b>	<b>0.0%</b>	
Asset Management and Appearance of Public Places	The Asset Management and Appearance of Public Places program ensures the safety and functionality of public places and infrastructure. This program promotes community wellbeing and encourages people to be active in public settings.	Exp	1,060	1,060	146	0	0.0%	
		Rev	(63)	(34)	14	(29)	46.5%	1
			<b>996</b>	<b>1,026</b>	<b>160</b>	<b>29</b>	<b>3.0%</b>	
Local Laws, Safety and Amenity	The Local Laws, Safety and Amenity program promotes community wellbeing and safety in various settings and through monitoring public behaviour consistent with Council's Local Laws.	Exp	333	333	67	0	0.0%	
		Rev	(79)	(79)	(35)	0	0.0%	
			<b>253</b>	<b>253</b>	<b>32</b>	<b>0</b>	<b>0.0%</b>	
Street Lighting	The Street Lighting program assists in the provision of a safe environment for motorists, pedestrians and cyclists.	Exp	36	36	6	0	0.0%	
		Rev	0	0	0	0	0.0%	
			<b>36</b>	<b>36</b>	<b>6</b>	<b>0</b>	<b>0.0%</b>	
Powerline Safety	The Powerline Safety program assists in the provision of a safe environment and protection of the Borough's significant vegetation from fire by maintaining clear zones around powerlines to standards as set by legislation.	Exp	64	64	0	0	0.0%	
		Rev	0	0	0	0	0.0%	
			<b>64</b>	<b>64</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	
Library	The Library program promotes community wellbeing by encouraging active participation and life-long learning opportunities in a safe, inclusive setting.	Exp	220	220	53	0	0.0%	
		Rev	0	0	0	0	0.0%	
			<b>220</b>	<b>220</b>	<b>53</b>	<b>0</b>	<b>0.0%</b>	
<b>TOTAL</b>	<b>Expenditure</b>		<b>3,022</b>	<b>3,023</b>	<b>508</b>	<b>2</b>	<b>0.1%</b>	
	<b>(Revenue)</b>		<b>(778)</b>	<b>(749)</b>	<b>(292)</b>	<b>(29)</b>	<b>3.8%</b>	
	<b>Net Cost / (Income)</b>		<b>2,243</b>	<b>2,274</b>	<b>216</b>	<b>31</b>	<b>1.4%</b>	

**Notes to Strategic Objective 1**

1. \$29k correction to the budget in relation to financial assistance grant, local roads.

**Strategic Objective 2: Play our part in protecting the local, national and globally significant values within our natural environment for future generations.**

To achieve our objective of playing our part in protecting the local, national and globally significant values within our natural environment for future generations, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Key service objective/s		Adopted Budget	Sep 2019 Forecast	YTD Actual	Variance from Budget to Q1 Sep Forecast		
			\$'000	\$'000	\$'000	\$'000	%	Note
Environmental Sustainability	The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations.	Exp	152	152	26	0	0.0%	
		Rev	0	0	0	0	0.0%	
			<b>152</b>	<b>152</b>	<b>26</b>	<b>0</b>	<b>0.0%</b>	
Coastal Protection	The Coastal Protection program seeks to preserve and enhance the Borough's globally significant, highly-valued coast as an iconic environmental asset for current and future generations.	Exp	656	656	53	0	0.0%	
		Rev	(146)	(146)	(123)	0	0.0%	
			<b>511</b>	<b>511</b>	<b>(70)</b>	<b>0</b>	<b>0.0%</b>	
Waste Management and Recycling	The Waste Management and Recycling program seeks to promote local action in order to protect the environment for future generations. Note full cost recovery of waste management, including recycling, is achieved via application of waste charges to ratepayers in accordance with Council's Rating Strategy.	Exp	968	995	171	27	2.8%	1
		Rev	0	0	0	0	0.0%	
			<b>968</b>	<b>995</b>	<b>171</b>	<b>27</b>	<b>2.8%</b>	
TOTAL	Expenditure		<b>1,777</b>	<b>1,804</b>	<b>249</b>	<b>27</b>	<b>1.5%</b>	
	(Revenue)		<b>(146)</b>	<b>(146)</b>	<b>(123)</b>	<b>0</b>	<b>0.0%</b>	
	Net Cost / (Income)		<b>1,631</b>	<b>1,658</b>	<b>126</b>	<b>27</b>	<b>1.7%</b>	

**Notes to Strategic Objective 2**

1. Represents additional cost to be incurred as a result of the closure of the recycling processor SKM. The net additional cost (after the government rebate) to the ratepayer is expected to be at \$11k.

**Strategic Objective 3: Foster a diverse and vibrant local economy.**

To achieve our objective of fostering a diverse and vibrant local economy, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Key service objective/s		Adopted Budget	Sep 2019 Forecast	YTD Actual	Variance from Budget to Q1 Sep Forecast		
			\$'000	\$'000	\$'000	\$'000	%	Note
Tourist Parks and Boat Ramp Services	The Tourist Parks and Boat Ramp Services program ensures the Borough remains a special place for visitors while increasing tourism's contribution to the local economy.	Exp	911	911	167	0	0.0%	
		Rev	(1,735)	(1,735)	(193)	0	0.0%	
			<b>(824)</b>	<b>(824)</b>	<b>(26)</b>	<b>0</b>	<b>0.0%</b>	
Visitor Information Centre	The Visitor Information Centre program promotes the Borough as a special place for visitors, and supports local tourism and related businesses with dissemination of information to build a diverse and vibrant local economy.	Exp	201	201	64	(1)	(0.5%)	
		Rev	(23)	(23)	(4)	0	0.0%	
			<b>178</b>	<b>178</b>	<b>59</b>	<b>(1)</b>	<b>(0.5%)</b>	
Tourism and Economic Development	The Tourism and Economic Development program seeks to build on the Borough's unique heritage, rich culture and significant natural environment to strengthen the diversity and vibrancy of the local economy.	Exp	269	269	54	0	0.0%	
		Rev	(1)	(1)	0	0	0.0%	
			<b>268</b>	<b>268</b>	<b>54</b>	<b>0</b>	<b>0.0%</b>	
TOTAL	Expenditure	<b>0</b>	<b>1,382</b>	<b>1,381</b>	<b>285</b>	<b>(1)</b>	<b>(0.1%)</b>	
	(Revenue)	<b>0</b>	<b>(1,759)</b>	<b>(1,759)</b>	<b>(197)</b>	<b>0</b>	<b>0.0%</b>	
	Net Cost / (Income)	<b>0</b>	<b>(377)</b>	<b>(378)</b>	<b>87</b>	<b>(1)</b>	<b>0.2%</b>	



#### Strategic Objective 4: Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.

To achieve our objective of preserving and enhancing the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Key service objective/s		Adopted Budget	Sep 2019 Forecast	YTD Actual	Variance from Budget to Q1 Sep Forecast		
			\$'000	\$'000	\$'000	\$'000	%	Note
Design and Project Management	The Design and Project Management program seeks to achieve excellence of design and delivery of projects which enhance the Borough as a special place.	Exp	211	216	88	5	2.3%	
		Rev	0	0	0	0	0.0%	
			<b>211</b>	<b>216</b>	<b>88</b>	<b>5</b>	<b>2.3%</b>	
Land Use Planning	The Land Use Planning program ensures that the Borough conserves its unique heritage, that the built environment is enhanced by design excellence, and that local amenity is protected against inappropriate land use and development.	Exp	381	381	64	0	0.0%	
		Rev	(90)	(90)	(24)	0	0.0%	
			<b>291</b>	<b>291</b>	<b>40</b>	<b>0</b>	<b>0.0%</b>	
Heritage Conservation Advice	The Heritage Conservation Advice program aims to retain the unique heritage and rich culture captured in the Borough's built form.	Exp	62	62	0	0	0.0%	
		Rev	0	0	0	0	0.0%	
			<b>62</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	
Building Control	The Building Control program ensures that building construction and maintenance is such that the community remains safe.	Exp	32	32	8	0	0.0%	
		Rev	(15)	(15)	(6)	0	0.0%	
			<b>17</b>	<b>17</b>	<b>2</b>	<b>0</b>	<b>0.0%</b>	
<b>TOTAL</b>	<b>Expenditure</b>	<b>0</b>	<b>686</b>	<b>691</b>	<b>160</b>	<b>5</b>	<b>0.7%</b>	
	<b>(Revenue)</b>	<b>0</b>	<b>(105)</b>	<b>(105)</b>	<b>(30)</b>	<b>0</b>	<b>0.0%</b>	
	<b>Net Cost / (Income)</b>	<b>0</b>	<b>581</b>	<b>586</b>	<b>130</b>	<b>5</b>	<b>0.8%</b>	

#### Strategic Objective 5: Maintain a cohesive, well governed, financially sustainable and independent Borough.

To achieve our objective of maintaining a cohesive, well governed, financially sustainable and independent Borough, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The key service objectives for each program area are described below.

Service area	Description of services provided		Adopted Budget	Sep 2019 Forecast	YTD Actual	Variance from Budget to Q1 Sep Forecast		
			\$'000	\$'000	\$'000	\$'000	%	Note
Council Governance	The Council Governance program supports the Mayor and Councillors to maintain a cohesive Council and a well-governed Borough.	Exp	233	232	68	(1)	(0.5%)	
		Rev	0	0	0	0	0.0%	
			<b>233</b>	<b>232</b>	<b>68</b>	<b>(1)</b>	<b>(0.5%)</b>	
Organisational Performance and Compliance	The Organisational Performance and Compliance program supports the Chief Executive Officer and Executive Management Team to maintain a cohesive, well-managed and highly performing organisation.	Exp	1,469	1,469	413	0	0.0%	
		Rev	(217)	(325)	(81)	107	(49.3%)	1
			<b>1,252</b>	<b>1,145</b>	<b>332</b>	<b>(107)</b>	<b>(8.6%)</b>	
Community Engagement and Customer Service	The Community Engagement and Customer Service program aims to facilitate community involvement in decision-making, and to deliver high quality customer service.	Exp	692	692	116	0	0.0%	
		Rev	0	0	0	0	0.0%	
			<b>692</b>	<b>692</b>	<b>116</b>	<b>0</b>	<b>0.0%</b>	
Financial and Risk Management	The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough.	Exp	1,075	1,048	299	(27)	(2.5%)	
		Rev	(235)	(200)	(34)	(35)	14.9%	
			<b>840</b>	<b>848</b>	<b>264</b>	<b>8</b>	<b>0.9%</b>	
<b>TOTAL</b>	<b>Expenditure</b>	<b>0</b>	<b>3,469</b>	<b>3,441</b>	<b>895</b>	<b>(28)</b>	<b>(0.8%)</b>	
	<b>(Revenue)</b>	<b>0</b>	<b>(452)</b>	<b>(525)</b>	<b>(115)</b>	<b>72</b>	<b>(16.0%)</b>	
	<b>Net Cost / (Income)</b>	<b>0</b>	<b>3,017</b>	<b>2,916</b>	<b>780</b>	<b>(101)</b>	<b>(3.3%)</b>	

#### Notes to Strategic Objective 5

1. Largely due to increase in Victoria Grants Commission funding.

### **3.2 Governance and Management Checklist**

The Governance and Management Checklist measures whether a council has strong governance and management frameworks in place covering community engagement, planning, monitoring, reporting and decision making. It includes 24 qualitative measures against which Council is assessed each financial year. An update against the checklist will be presented a half yearly basis (with December and June quarterly financial reports).

### **3.3 Prescribed indicators, measures and results of service performance**

The Performance Statement must include the results achieved in relation to prescribed:

- sustainable capacity;
- service performance; and
- financial performance.

Councils must provide an explanation of any material variations in the results between the current year and other years disclosed, to enable the reader to form an understanding of the reason for the variation. An update against the performance measures will be presented a half yearly basis (with December and June quarterly financial reports).