

8.2.1 JULY 2015 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Acting Coordinator Financial Services
Corporate Services Department
Attachments: Att 1 - July 2015 Financial Performance Report

PURPOSE

To meet Council's legislative obligations, a monthly report is to be presented to Council on its financial performance and investments.

EXECUTIVE SUMMARY

The monthly financial performance report provides Council with a summary of performance against budget at the end of each month in terms of the operating result and delivery of the capital program.

It is still early in the 2015/16 financial year and therefore difficult to compare year to date budget and actual results with any degree of certainty. There are a number of timing issues that exist at the end of July 2015, namely the 2014/15 operating and capital budget carryovers which are to be presented at this meeting as part of Budget Review 1.

The operating result at 31 July 2015 shows a positive variance of \$3.2 million compared to the forecast position.

Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

The operating result variation is made up of lower than expected operating expenses of \$3.2 million (9.9%). Further detail is provided in the proposal section of this report.

As at 31 July 2015, \$7.0 million (3.8%) of Council's \$183.4 million 2014/15 Capital Works Program was financially expended.

This report also contains a recommendation to write off an amount of unrecoverable income with further detail contained in the proposal section of the report.

Council's investment portfolio remains within the guidelines established under the Investment Policy.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "July 2015 Financial Performance Report" and**
- (b) write-off unrecoverable income of \$28,628.23 GST exclusive (\$31,491.05 GST inclusive) in relation to Loaded Aces Pty Ltd.**

FINANCE AND RESOURCING

There are no finance and resourcing implications from this report.

CORPORATE PLAN

Corporate Plan Goal: *A public sector leader*

Outcome:	5.2 - A financially sustainable organisation
Operational Activity:	5.2.2 - Ensure council's finances are well managed and systems are in place to analyse performance, generate revenue and reduce costs and manage contracts and contract performance

CONSULTATION

Internal Consultation

All departments or branches participated in the formation of the recommendations associated with this report.

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

PROPOSAL

It is still early in the 2015/16 financial year and therefore difficult to compare year to date budget and actual results with any degree of certainty. There are a number of timing issues that exist at the end of July 2015, namely the 2014/15 operating and capital budget carryovers which are to be presented at this meeting as part of Budget Review 1.

The operating result at 31 July 2015 shows a positive variance of \$3.2 million compared to the forecast position.

Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

This operating result variation is made up of lower than expected operating expenses of \$3.2 million.

Operating Revenue

Net Rates and Utility Charges

The adverse variance of \$1.5 million (-1.3%) is mainly due to the carbon tax refund which is funded by restricted cash held for this purpose. Budget will be updated through the Budget Review 1 process.

Fees and Charges

The favourable variance of \$521,000 (8.7%) in fees and charges is mainly attributable to development application revenue.

Interest from Investments

Interest from investments has exceeded the year to date budget by \$405,000 due to higher than budgeted cash balances.

Other Revenue

Other revenue has exceeded the year to date budget by \$351,000, this is mainly due to cost recovery action following legal proceedings.

Operating Expenses

Employee Costs

As at 31 July 2015, employee costs were below budget by \$432,000 (4.0%).

The budget allows for a Certified Agreement increase. A new Certified Agreement has not yet been finalised however a 1.5% interim pay increase has been approved and will be paid in August 2015 back dated to 1 July 2015.

Materials and Services

As at 31 July 2015, materials and services costs were below budget by \$2.7 million (21.5%). This is due to timing as there has been minimal expenditure in reactive budgets and projects. The variance is in line with the usual trend for the early part of the financial year.

Capital Revenue

Capital revenues, at \$4.3 million, are higher than the year to date budget by \$1.2 million (41.4%). This is mainly due to the following items:

- Capital contributions, grants and subsidies, at \$4.3 million, have exceeded the year to date budget by \$3.3 million.
- Contributed assets, are below year to date budget by \$2.1 million.

Capital Expenditure

As at 31 July 2015, \$7million (3.8%) of Council's \$183.4 million 2014/15 Capital Works Program was financially expended.

Detail by Capital Works Program is outlined below:

Program	Original Budget \$000	Current Budget \$000	YTD Actuals \$000	% of Annual Budget Spent
Buildings and Facilities	6,422	6,422	61	0.9%
Coasts and Canals	1,900	1,900	173	9.1%
Divisional Allocations	3,590	3,590	94	2.6%
Environmental Assets	975	975	15	1.5%
Fleet	3,118	3,118	0	0%
Parks and Gardens	9,975	9,975	50	0.5%
Stormwater	5,972	5,972	175	2.9%
Transportation	49,500	49,500	2,475	5.0%
Information Technology	3,620	3,620	170	4.7%
Strategic Land & Commercial Properties	1,350	1,350	588	43.6%
Aerodromes	215	215	6	2.6%
Sunshine Coast Airport	5,056	5,056	204	4.0%
Holiday Parks	770	770	11	1.4%
Quarries	630	630	-	0.0%
Waste	4,387	4,387	594	13.5%
Region Making Projects	85,888	85,888	2,401	2.8%
TOTAL COUNCIL	183,368	183,368	7,015	3.8%

Write-off of unrecoverable income

A retail lease awarded to Loaded Aces Pty Ltd at Sunshine Coast Airport has been terminated by Council due to non-payment of rental arrears. Several attempts to recover the debt have been undertaken.

A debt of \$31,491.05 (GST inclusive) remains and is recommended for write-off in this report.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 July 2015 Council had \$280 million cash (excluding Trust Fund) with an average interest rate of 2.78%, being 0.65% above benchmark. This is compared to the same period last year with \$203 million cash (excluding Trust Fund) where the average interest rate was 3.50%, being 0.77% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill Index (BAUBIL) and the Bank Bill Swap Rate (BBSW) for term deposits.

Legal

This report ensures that Council complies with its legislative obligations with respect to financial reporting in accordance with Section 204 of the *Local Government Regulation 2012*.

Investment of funds is in accordance with the provisions of the *Statutory Bodies Financial Arrangements Act 1982* and the associated Regulations and the *Local Government Act 2009*.

Policy

Council's 2014/15 Investment Policy.
Corporate Services Credit Accounts, Debt Collection and Write Off Policy August 2012.

Risk

Failure to achieve the budgeted operating result will negatively impact Council's capacity to complete its capital expenditure program.

Previous Council Resolution

Special Meeting Budget 25 June 2015, Council adopted the 2015/2016 budget - Council Resolution (SM15/20)

That Council:

- (a) receive and note the report titled "Adoption of the 2015/2016 Budget and Forward Estimates for the 2016/2017 to 2024/2025 Financial Years"*
- (b) adopt the 2015/2016 Capital Works Program, endorse the indicative four-year program for the period 2016/2017 to 2019/2020, and note the five-year program for the period 2020/2021 to 2024/2025 (Appendix A) and*
- (c) adopt the 2015/2016 Budget Schedules (Appendix B) including Forward Estimates.*

Related Documentation

There is no related documentation for this report.

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.



Financial Performance Report

July 2015



FINANCIAL PERFORMANCE REPORT

July 2015

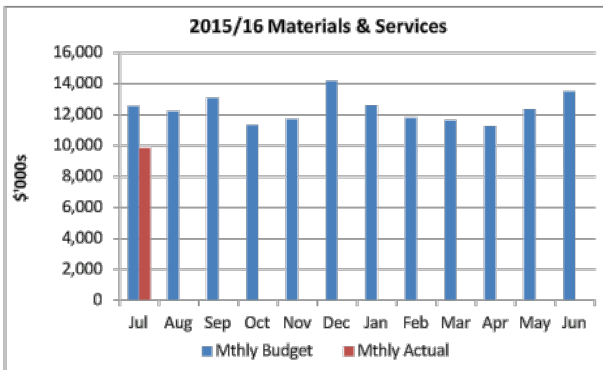
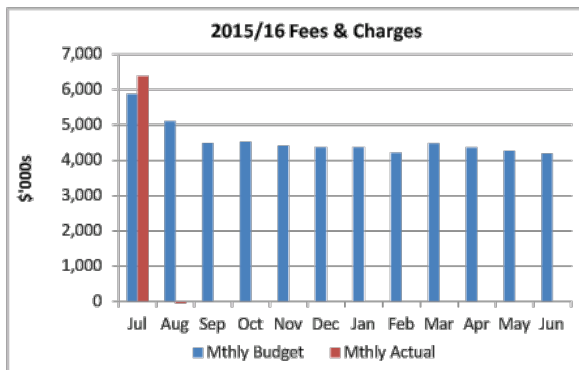
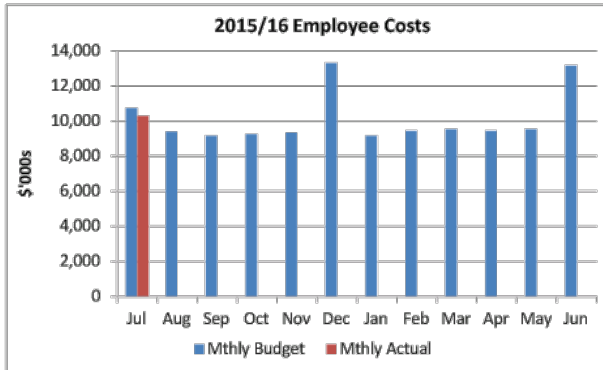
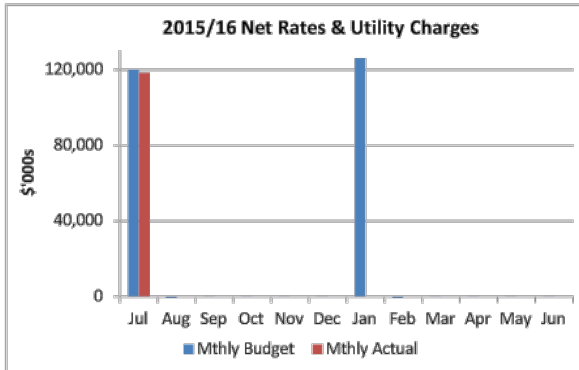
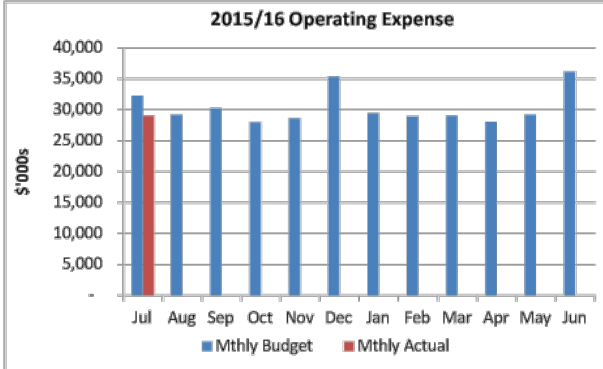
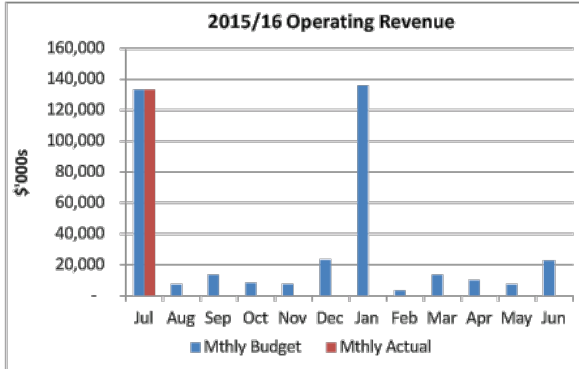
CONTENTS

Headline - Operating	3
Headline - Capital	4
Headline - Cash & Balance Sheet	5
Statement Of Income & Expenses	6,7
Capital Expenditure	8
Investment Performance	9

FINANCIAL PERFORMANCE REPORT July 2015

HEADLINE - OPERATING

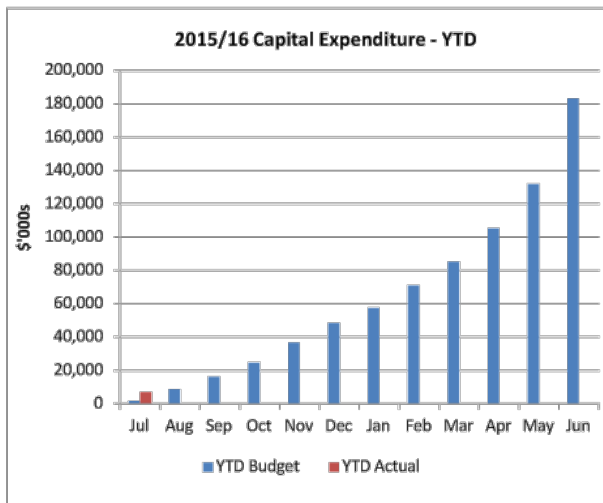
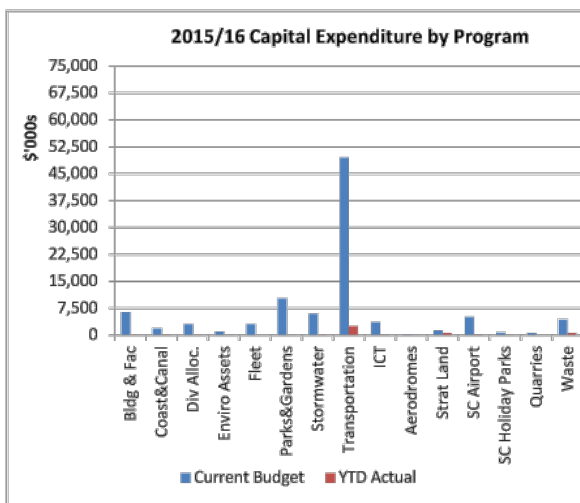
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	386,108	386,108	133,379	133,338	(42)	(0.0%)
Operating Expenses	364,651	364,651	32,276	29,068	(3,208)	(9.9%)
Operating Result	21,457	21,457	101,103	104,270	3,166	3.1%
NET Result	62,975	62,975	104,155	108,585	4,429	4.3%



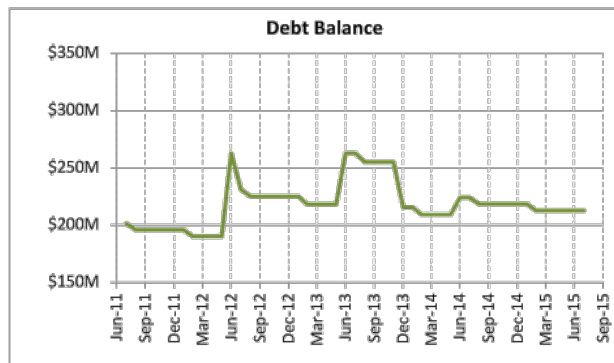
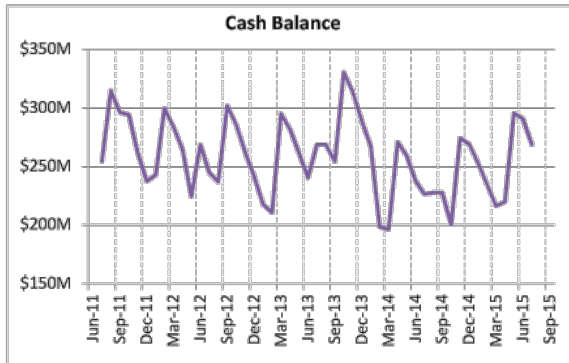
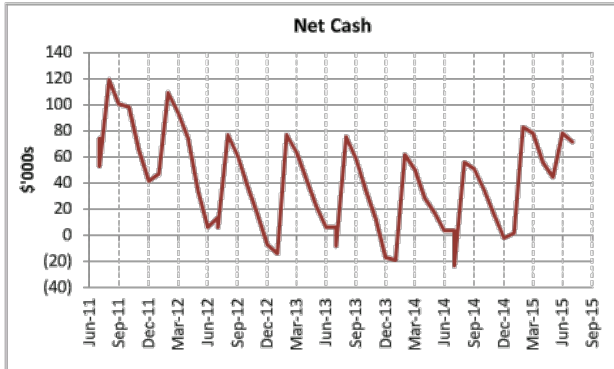
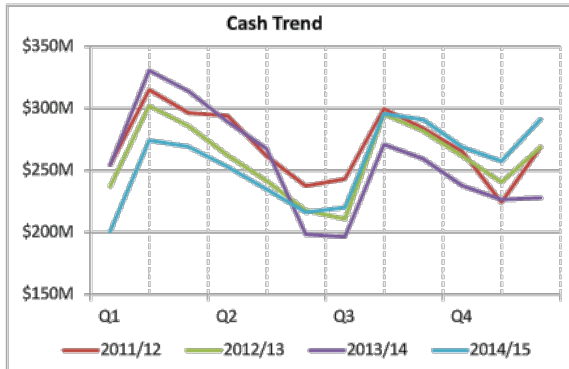
FINANCIAL PERFORMANCE REPORT July 2015

HEADLINE - CAPITAL

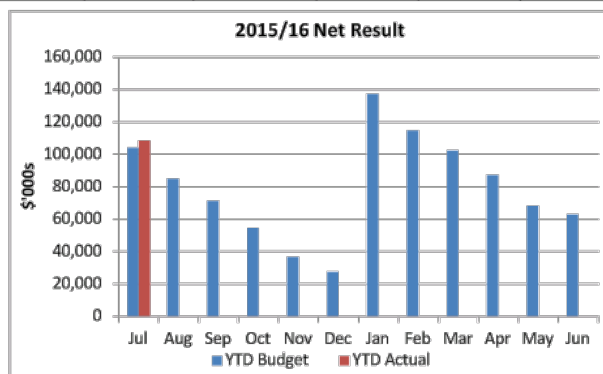
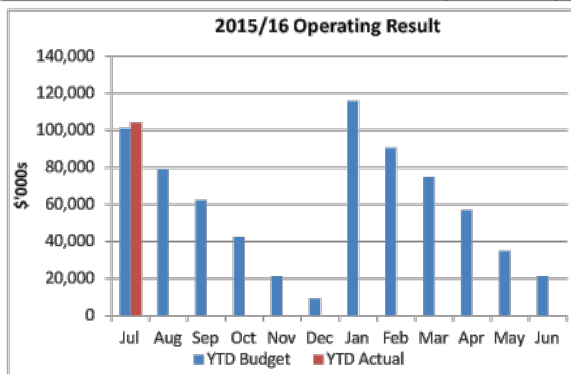
	Annual		YTD			
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %
Capital Revenues (included in NET Result)	41,518	41,518	3,052	4,315	1,263	
Other Capital Revenues	111,770	111,770	50,235	5,524	(44,711)	
Total Capital Revenues	153,288	153,288	53,287	9,839	(43,448)	
Capital Works Expenditure	183,368	183,368	2,135	7,015	4,881	228.7%
Other Capital Expenditure	40,154	40,154	17,582	0	(17,582)	
Total Capital Expenditure	223,522	223,522	19,717	7,015	(12,701)	
Funds from General Revenue	70,234	70,234	(33,571)	(2,824)	30,747	



FINANCIAL PERFORMANCE REPORT				July 2015
HEADLINE - CASH & BALANCE SHEET				
	Annual		YTD	
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	
CASH FLOWS				
Opening Cash	229,692	229,692	294,900	
Net Cash Inflow/(Outflows) from:				
Operating Activities	71,561	71,561	(5,769)	
Investing Activities	(153,590)	(153,590)	1,614	
Financing Activities	29,181	29,181	1,207	
Net Increase/(decrease) in Cash Held	(52,848)	(52,848)	(2,948)	
Cash at year end	176,844	176,844	291,952	
BALANCE SHEET				
Total Current Assets	223,041	223,041	424,261	
Total Non Current Assets	4,471,353	4,471,353	4,190,338	
Total Assets	4,694,394	4,694,394	4,614,599	
Total Current Liabilities	92,112	92,112	70,626	
Total Non Current Liabilities	311,641	311,641	239,448	
Total Liabilities	403,753	403,753	310,074	
Net Community Assets/ Total Community Equity	4,290,641	4,290,641	4,304,525	



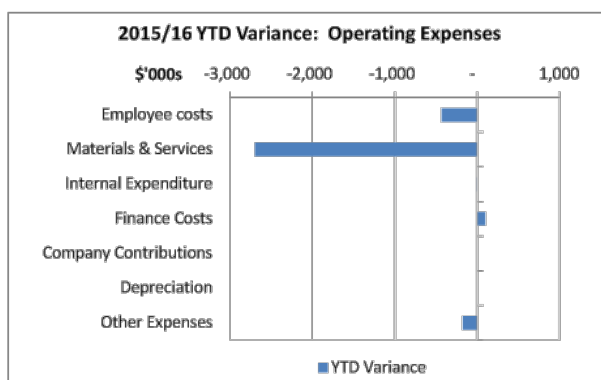
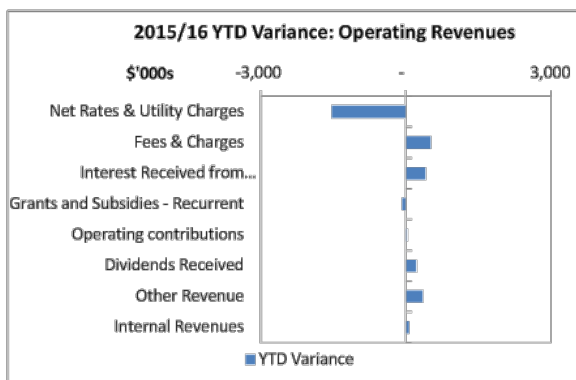
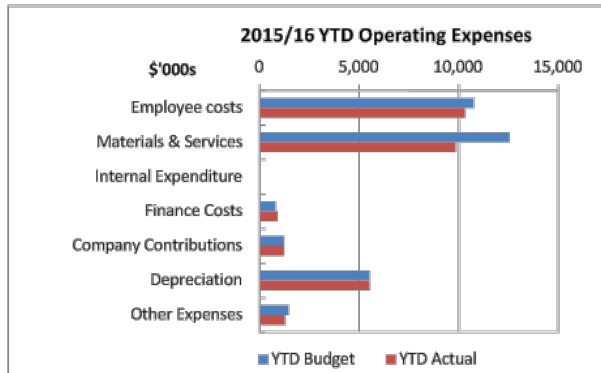
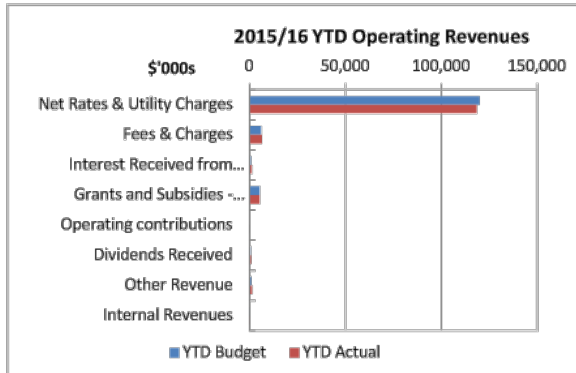
FINANCIAL PERFORMANCE REPORT							July 2015
STATEMENT OF INCOME & EXPENSES							
	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
Operating Revenue							
Gross Rates & Utility Charges	253,289	253,289	122,266	120,900	(1,366)	-1.1%	253,289
Interest from Rates & Utilities	1,527	1,527	127	78	(49)	-38.8%	1,527
Less Discounts, Pensioner Remissions	(11,435)	(11,435)	(2,393)	(2,510)	(117)	4.9%	(11,435)
Net Rates & Utility Charges	243,381	243,381	120,000	118,468	(1,532)	-1.3%	243,381
Fees & Charges	54,733	54,733	5,878	6,390	512	8.7%	54,733
Interest Received from Investments	7,700	7,700	642	1,046	405	63.0%	7,700
Grants and Subsidies - Recurrent	11,946	11,946	5,200	5,119	(81)	-1.6%	11,946
Operating contributions	696	696	58	80	22	38.3%	696
Interest received from Unitywater	23,933	23,933	0	0	0	0.0%	23,933
Dividends Received	26,162	26,162	528	740	212	40.1%	26,162
Other Revenue	11,132	11,132	883	1,234	351	39.8%	11,132
Internal Revenues	6,424	6,424	191	261	69	36.3%	6,424
Community Service Obligations	(0)	(0)	0	0	(0)	-100.0%	(0)
Total Operating Revenue	386,108	386,108	133,379	133,338	(42)	0.0%	386,108
Operating Expenses							
Employee costs	121,667	121,667	10,742	10,310	(432)	-4.0%	121,667
Materials & Services	148,334	148,304	12,550	9,854	(2,696)	-21.5%	148,304
Internal Expenditure	0	0	0	(0)	(0)	0.0%	0
Finance Costs	9,505	9,505	792	889	97	12.2%	9,505
Company Contributions	1,218	1,218	1,218	1,218	0	0.0%	1,218
Depreciation	67,059	67,059	5,525	5,525	0	0.0%	67,059
Other Expenses	16,868	16,899	1,449	1,272	(177)	-12.2%	16,899
Competitive Neutrality Adjustments	0	0	0	0	(0)	-100.0%	0
Total Operating Expenses	364,651	364,651	32,276	29,068	(3,208)	-9.9%	364,651
Operating Result	21,457	21,457	101,103	104,270	3,166	3.1%	21,457
Capital Revenue							
Capital Grants and Subsidies	4,894	4,894	0	578	578	0.0%	4,894
Capital Contributions	12,000	12,000	1,000	3,737	2,737	273.7%	12,000
Contributed Assets	24,624	24,624	2,052	0	(2,052)	-100.0%	24,624
Other Capital Revenue	0	0	0	0	0	0.0%	0
Total Capital Revenue	41,518	41,518	3,052	4,315	1,263	41.4%	41,518
Net Result	62,975	62,975	104,155	108,585	4,429	4.3%	62,975



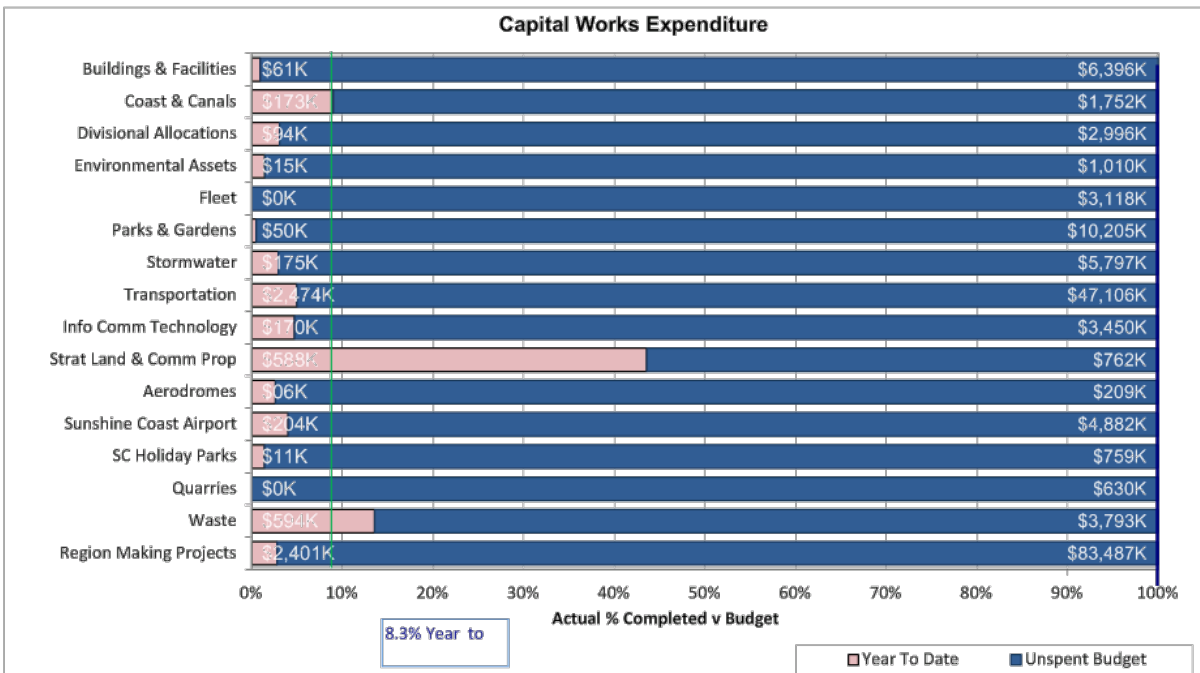
FINANCIAL PERFORMANCE REPORT

July 2015

STATEMENT OF INCOME & EXPENSES



FINANCIAL PERFORMANCE REPORT						July 2015
CAPITAL EXPENDITURE						
Capital Works Program	Annual		YTD			Annual
	Original Budget \$000s	Current Budget \$000s	Budget \$'000s	Actual \$000s	% of Annual Budget Spent	Forecast Budget \$000s
Buildings and Facilities	6,422	6,422	68	61	0.9%	6,422
Coast and Canals	1,900	1,900	40	173	9.1%	1,900
Divisional Allocations	3,590	3,590	44	94	2.6%	3,590
Environmental Assets	975	975	47	15	1.5%	975
Fleet	3,118	3,118	-	-	0.0%	3,118
Parks and Gardens	9,975	9,975	670	50	0.5%	9,975
Stormwater	5,972	5,972	104	175	2.9%	5,972
Transportation	49,500	49,500	405	2,474	5.0%	49,500
Information Communication Technology	3,620	3,620	295	170	4.7%	3,620
Strategic Land & Comm Properties	1,350	1,350	-	588	43.6%	1,350
Aerodromes	215	215	50	6	2.6%	215
Sunshine Coast Airport	5,056	5,056	-	204	4.0%	5,056
SC Holiday Parks	770	770	5	11	1.4%	770
Quarries	630	630	-	-	0.0%	630
Waste	4,387	4,387	211	594	13.5%	4,387
Region Making Projects	85,888	85,888	196	2,401	2.8%	85,888
TOTAL	183,368	183,368	2,135	7,015	3.8%	183,368



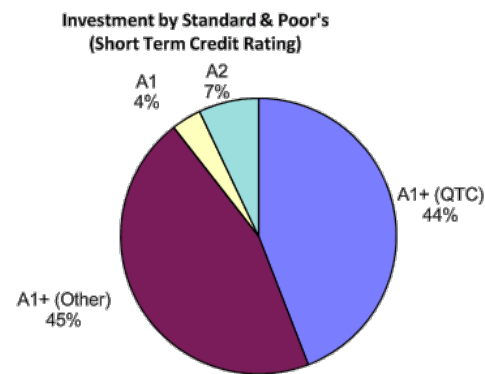
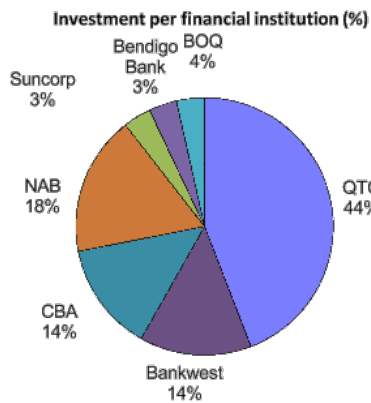
FINANCIAL PERFORMANCE REPORT July 2015
INVESTMENT PERFORMANCE

Liquidity as at:		31/07/2015	
		\$'000's	
At-call accounts			
QTC + CBA (excl. trust)	\$160,107	56.26%	
Maturities within 7 days	\$0	0.00%	
Total at-call	\$160,107	56.26%	
Investment Policy Target		10.00%	

Term deposits maturing:		
	\$'000's	Count
within 30 days	\$0	0
30-59 days	\$0	0
60-89 days	\$0	0
90-179 days	\$0	0
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$0	0

INVESTMENT SUMMARY (including Trust) as at:				Investment Policy				
	31/07/2015		30/06/2015		30/06/2014		Individual Limit	Group Limits
A1+ (QTC)	\$125,586	44.1%	\$153,078	52.6%	\$68,263	30.1%	100%	100%
A1+ (Other)	\$128,995	45.3%	\$88,184	30.3%	\$118,413	52.2%	35%	100%
A1	\$10,000	3.5%	\$10,000	3.4%	\$10,000	4.4%	30%	40%
A2	\$20,000	7.0%	\$40,000	13.7%	\$30,000	13.2%	15%	35%
Total Funds	\$284,581		\$291,262		\$226,676			
FUND SUMMARY								
General Funds	\$280,107		\$287,073		\$222,631			
Trust Funds	\$4,474		\$4,190		\$4,045			
Total Funds	\$284,581		\$291,262		\$226,676			

Investment Portfolio



Investment Performance

