

8.4.2 JULY 2017 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
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 Corporate Services Department
Attachments: Att 1 - July 2017 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

This monthly financial performance report provides Council with a summary of performance against budget as at 31 July 2017 in terms of the operating result and delivery of the capital program.

It is still early in the 2017/18 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 2017, namely the 2016/17 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 2017 shows a positive variance of \$5.0 million compared to the forecast position. The variation is made up of higher than profiled operating revenue and lower than profiled operating expenses as shown in the table below. Further detail is provided in the proposal section of this report.

Operating Performance**Table 1: Operating Result as at 31 July 2017**

Summary	Current Budget \$000	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Operating Revenue	439,342	140,800	142,255	1,455	1.0
Operating Expenses	414,480	34,426	30,847	(3,579)	(10.4)
Operating Result	24,862	106,374	111,409	5,034	4.7

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

As at 31 July 2017, \$14.2 million (6.0%) of Council's \$236.8 million 2017/18 Capital Works Program was financially expended.

The core Council Capital Program has progressed 9.3% of budget, an actual spend of \$11.0 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "July 2017 Financial Performance Report".

FINANCE AND RESOURCING

There are no finance and resourcing implications from this report.

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*
Outcome: 5.3 - A financially sustainable organisation
Operational Activity: 5.3.7 - Sustainable financial position maintained.

CONSULTATION

Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor.

Internal Consultation

All departments and 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 2017/18 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 2017, namely the 2016/17 operating and capital budget carryovers which are to be presented at this meeting as part of Budget Review 1.

Achievement of the full year budgeted operating result of \$24.9 million will allow Council to meet its debt repayments and capital expenditure commitments.

The operating result at 31 July 2017 shows a positive variance of \$5.0 million compared to the forecast position.

Operating Revenue

Year to date revenues as at 31 July 2017 of \$142.3 million shows a positive variance of \$1.5 million.

Table 2: Substantial Revenue variances as at 31 July 2017

Operating Revenue Large Variances	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Net Rates and Utility Charges	133,280	133,942	662	0.5
Fees and Charges	4,945	5,186	241	4.9
Other Revenue	365	1,028	663	181.8

Net Rates and Utility Charges

The favourable variance of \$662,000 mainly relates to cleansing charges as the growth follows the general rates growth experienced in 2016/17 as well as the take up of services at the Sunshine Coast University Hospital.

Fees and Charges

Fees and charges revenue of \$5.2 million, is \$241,000 ahead of year to date budget. This relates to development service revenue being ahead of budget due to a higher instance of applications than forecast and high occupancy at Holiday Parks continuing in 2017/18.

Other Revenue

Other revenue is ahead of the profiled budget to date by \$663,000, this is made up of:

- \$233,000 Recovery from Sunshine Coast Airport for employee costs with associated expenditure to the equivalent value.
- \$116,000 Event Sponsorship for Horizon.
- \$141,000 in Waste Management for higher sales of recyclables and additional revenues through the resource recovery centres.

Operating Expenses

Year to date expenditure as at 31 July 2017 of \$30.8 million shows a variance under budget of \$3.6 million.

Materials and Services

Materials and services account for the majority of the expenditure variance as at 31 July 2017, having underspent budget by \$3.8 million. This is due to timing as there has been minimal expenditure in core budgets and projects. The variance is in line with the usual trend for the early part of the financial year.

Employee Costs

As at 31 July 2017 employee costs were above budget by \$164,000. Employee costs are below the YTD profile for 31 July 2017 across all departments except for employee costs recovered from Sunshine Coast Airport Pty Ltd.

The budget allows for a Certified Agreement increase of 2%. A new Certified Agreement has not yet been finalised however a 2.25% pay increase was approved and paid in July 2017.

Capital Expenditure

As at 31 July 2017, \$14.2 million (6.0%) of Council's \$236.8 million 2017/18 Capital Works Program was financially expended.

The core Council Capital Program has progressed 9.3% of budget, an actual spend of \$11.0 million.

The majority of expenditure incurred in July relates to land acquisitions planned in 2016/17.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 July 2017 Council had \$268 million cash (excluding Trust Fund) with an average interest rate of 2.65%, being 0.90% above benchmark. This is compared to the same period last year with \$303 million cash (excluding Trust Fund) with an average interest rate of 3.14%, being 1.08% 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 2017/18 Investment Policy; 2017/18 Debt Policy.

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 15 June 2017 (SM17/34)**

That Council:

- (a) *receive and note the report titled "Adoption of the 2017/18 Budget and Forward Estimates for the 2018/19 to 2026/27 Financial Years"*
- (b) *adopt the 2017/18 Budget Schedules (Appendix A) including Forward Estimates and*
- (c) *adopt the 2017/18 Capital Works Program, endorse the indicative four-year program for the period 2018/19 to 2021/22, and note the five-year program for the period 2022/23 to 2026/27 (Appendix B).*

Related Documentation

2017/18 Adopted Budget

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 2017



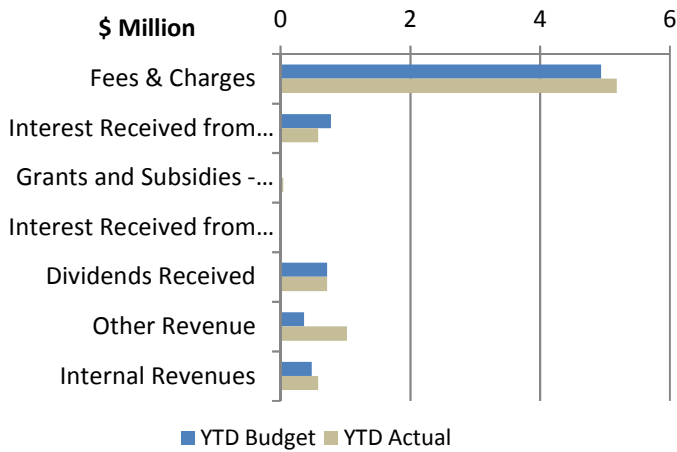
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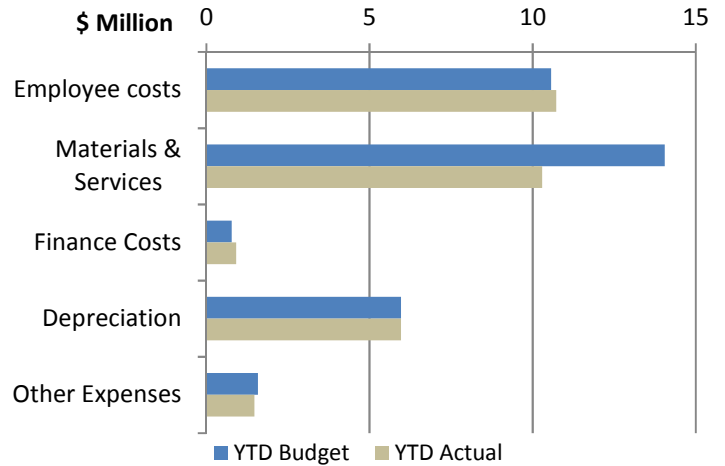
HEADLINE - OPERATING

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	439,342	439,342	140,800	142,255	1,455	1.0%
Operating Expenses	414,480	414,480	34,426	30,847	(3,579)	(10.4%)
Operating Result	24,862	24,862	106,374	111,409	5,034	4.7%
NET Result	122,048	122,048	109,064	113,894	4,830	4.4%

2017/18 YTD Operating Revenues



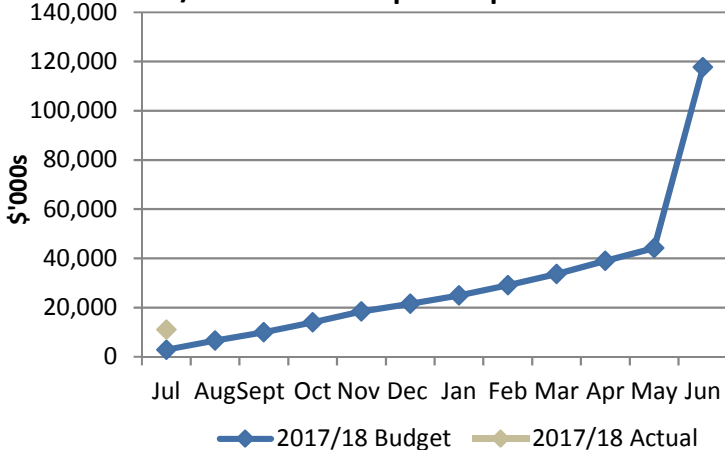
2017/18 YTD Operating Expenses



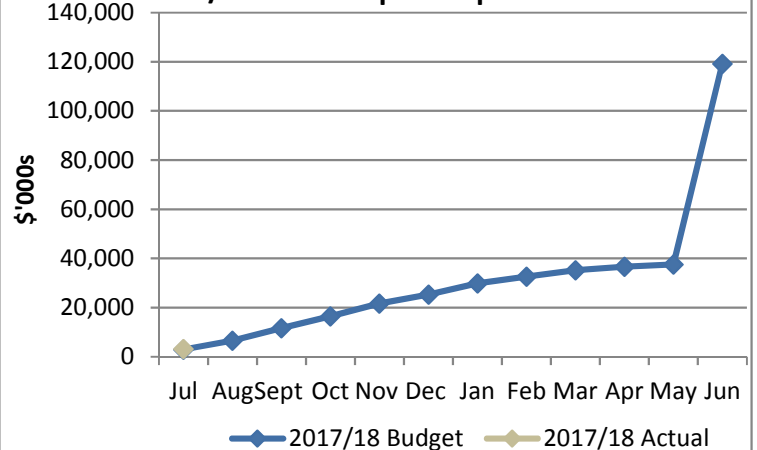
HEADLINE - CAPITAL

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Capital Revenue	97,186	97,186	2,690	2,485	204	
Other Capital Revenues	167,926	167,926	5,970	6,045	(75)	
Total Capital Revenues	265,112	265,112	8,660	8,530	130	
Capital Works Expenditure	236,833	236,833	1,267	14,220	(12,953)	1022.16%
Other Capital Expenditure	60,000	60,000	0	(1,219)	1,219	
Total Capital Expenditure	296,833	296,833	1,267	13,001	(11,734)	
Funds from General Reserve	31,721	31,721	(7,393)	4,471	(11,863)	

2017/18 SCC Base Capital Expenditure

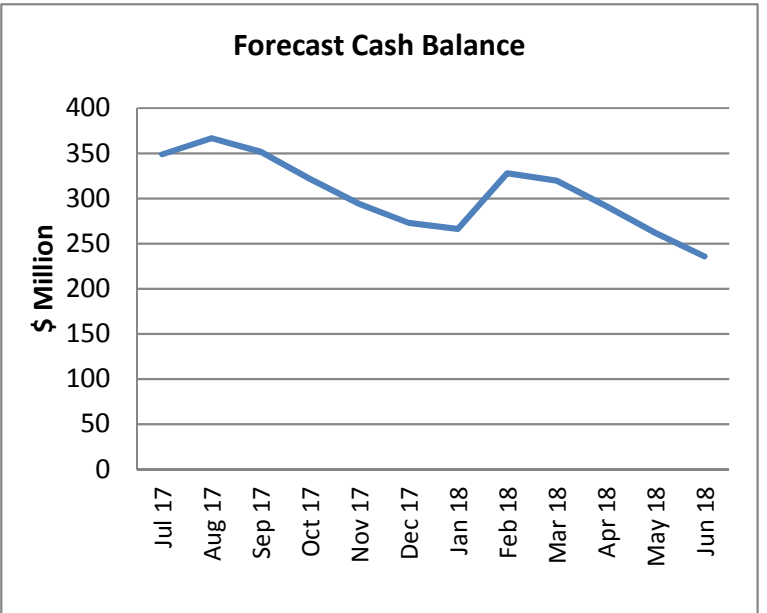
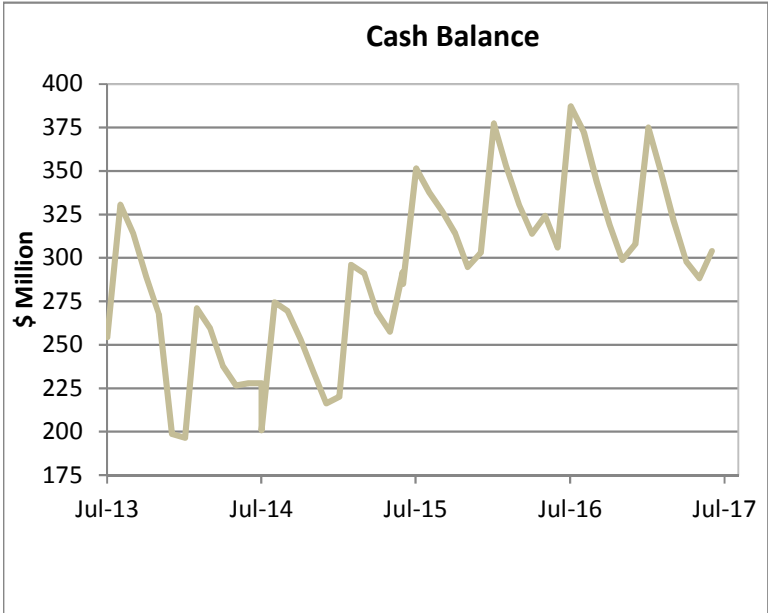
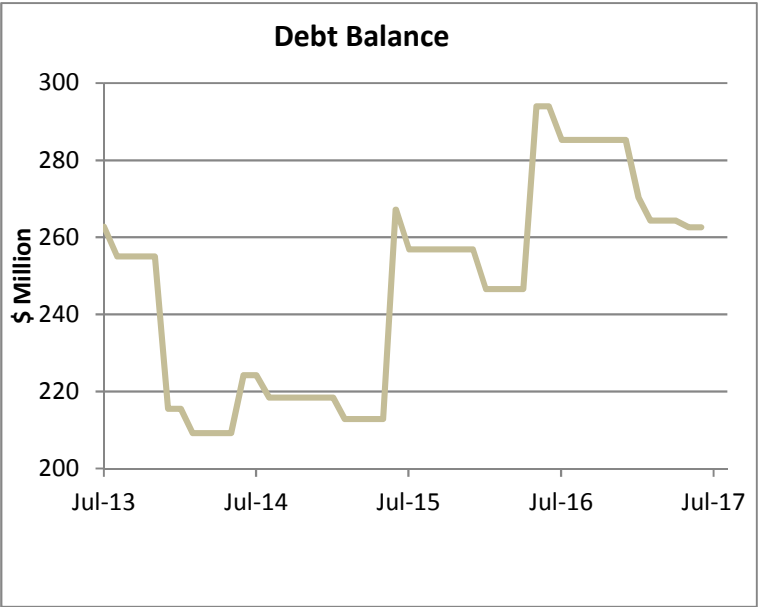
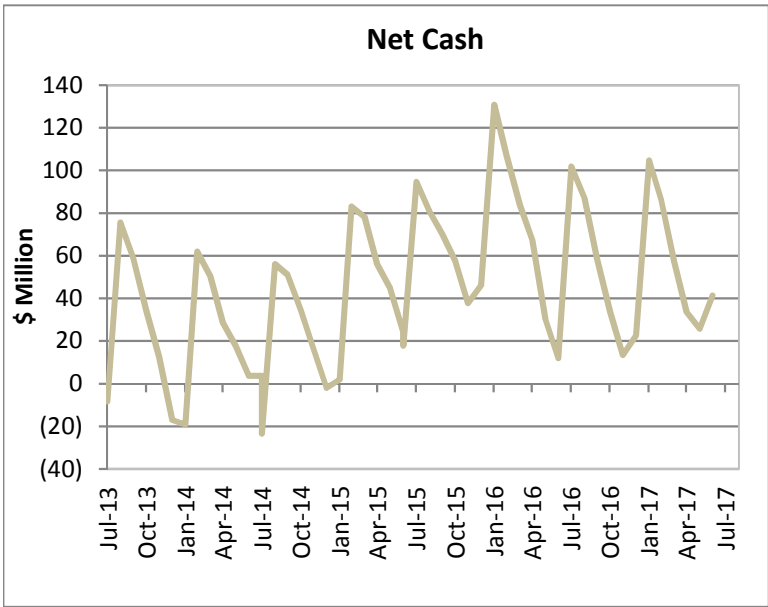


2017/18 Other Capital Expenditure



HEADLINE - CASH AND BALANCE SHEET

	Annual		YTD		
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	Forecast Budget \$000s	Variance \$000s
CASH FLOWS					
Opening Cash	243,557	243,557	282,377	243,557	38,820
Net Cash Inflow/(Outflows) from:					
Operating Activities	93,495	93,495	(9,307)	2,827	(12,134)
Investing Activities	(130,027)	(130,027)	(11,146)	(16,909)	5,763
Financing Activities	2,218	2,218	0	0	0
Net Increase/(decrease) in Cash Held	(34,314)	(34,314)	(20,453)	(14,082)	(6,371)
Closing Cash Balance	209,242	209,242	261,923	229,475	32,449
BALANCE SHEET					
Current Assets	270,756	270,756	428,401		
Non Current Assets	5,194,889	5,194,889	4,922,603		
Total Assets	5,465,644	5,465,644	5,351,004		
Current Liabilities	111,736	111,736	88,084		
Non Current Liabilities	311,390	311,390	307,264		
Total Liabilities	423,125	423,125	395,348		
Net Community Assets/ Total Community Equity	5,042,519	5,042,519	4,955,655		

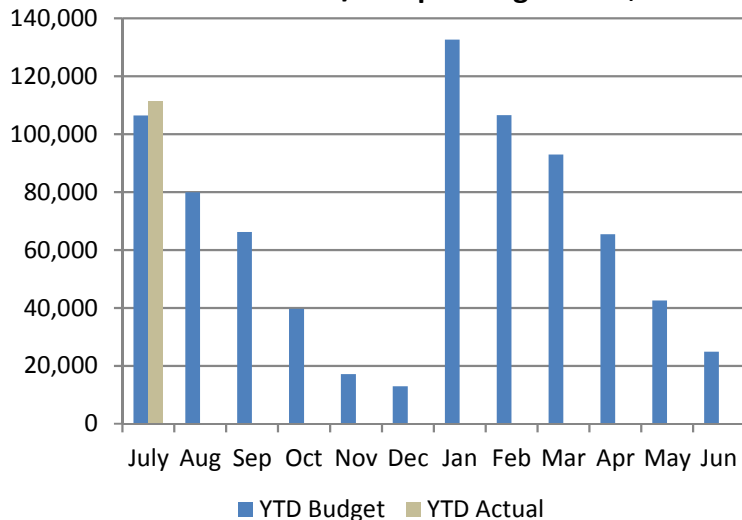


FINANCIAL PERFORMANCE REPORT
STATEMENT OF INCOME & EXPENSES

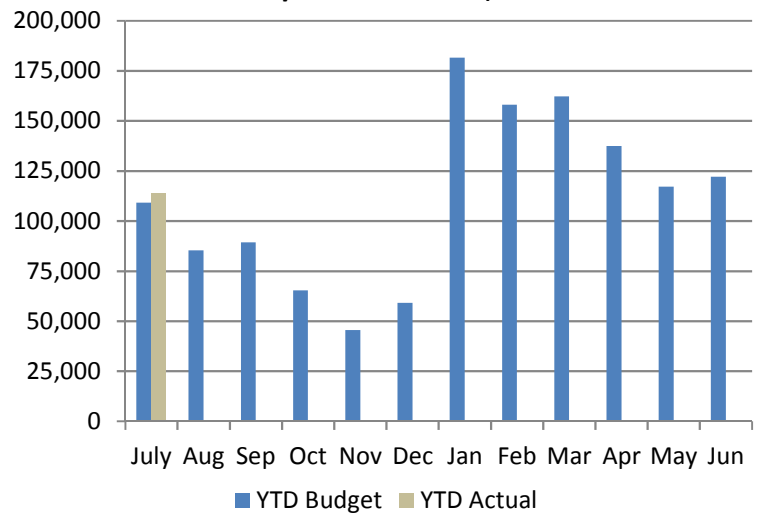
July 2017

	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
Operating Revenue							
Net Rates and Utility Charges	275,190	275,190	133,280	133,942	662	0.5%	275,190
Fees and Charges	57,183	57,183	4,945	5,186	241	4.9%	57,183
Interest Received from Investments	9,374	9,374	781	581	(200)	(25.7%)	9,374
Operating Grants and Subsidies	12,007	12,007	9	43	34	367.5%	12,007
Operating Contributions	1,301	1,301	218	172	(46)	(21.2%)	1,301
Interest Received from Unity Water	23,933	23,933	0	0	0	0.0%	23,933
Dividends Received	26,162	26,162	720	720	(0)	(0.0%)	26,162
Other Revenue	28,381	28,381	365	1,028	663	181.8%	28,381
Internal Sales/Recoveries	5,812	5,812	482	584	102	21.1%	5,812
Community Service Obligations	0	0	0	0	(0)	0.0%	0
Total Operating Revenue	439,342	439,342	140,800	142,255	1,455	1.0%	439,342
Operating Expenses							
Employee Costs	135,509	135,509	10,565	10,729	164	1.6%	135,509
Materials and Services	175,003	175,003	14,055	10,290	(3,765)	(26.8%)	174,633
Internal Materials and Services	0	0	0	0	0	0.0%	0
Finance Costs	9,410	9,410	784	914	130	16.5%	9,410
Company Contributions	1,464	1,464	1,464	1,464	0	0.0%	1,464
Depreciation Expense	71,643	71,643	5,970	5,970	0	0.0%	71,643
Other Expenses	21,451	21,451	1,587	1,479	(108)	(6.8%)	22,271
Competitive Neutrality Adjustments	(0)	(0)	(0)	0	0	0.0%	(0)
Total Operating Expenses	414,480	414,480	34,426	30,847	(3,579)	(10.4%)	414,930
Operating Result	24,862	24,862	106,374	111,409	5,034	4.7%	24,412
Capital Revenue							
Capital Grants and Subsidies	4,912	4,912	0	15	15	0.0%	4,912
Capital Contributions - Cash	32,274	32,274	2,690	2,470	(219)	(8.2%)	32,274
Capital Contributions - Fixed Assets	60,000	60,000	0	0	0	0.0%	60,000
Total Capital Revenue	97,186	97,186	2,690	2,485	(204)	(7.6%)	97,186
Net Result	122,048	122,048	109,064	113,894	4,830	4.4%	121,598

2017/18 Operating Result \$'000

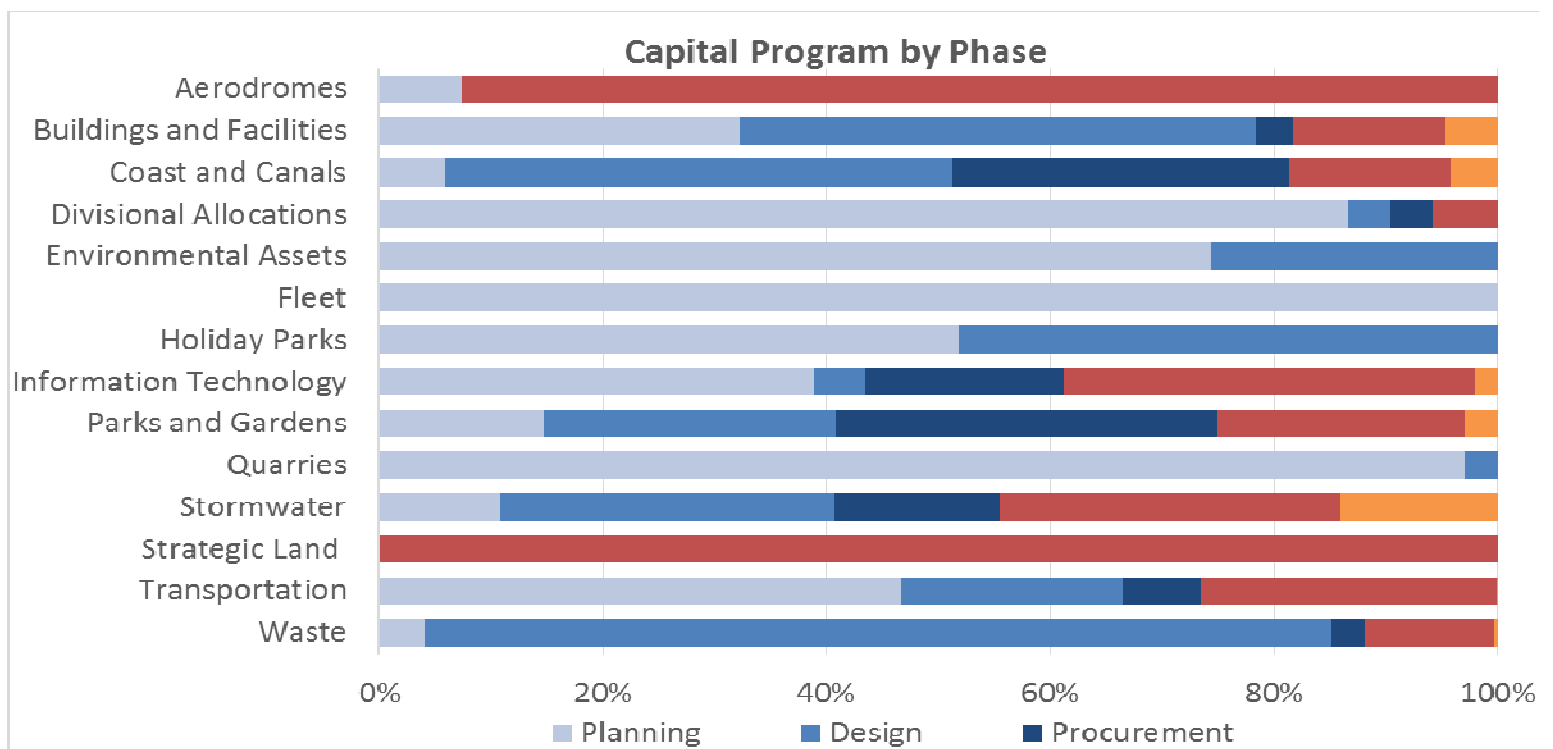


2017/18 Net Result \$'000



CAPITAL EXPENDITURE

Capital Works Program	Annual		YTD			% of FY budget spent	YTD Variance \$000s
	Original Budget \$000s	Current Budget \$000s	Budget \$000s	Actuals \$000s	Variance on YTD budget		
Aerodromes	470	470	6	0	-97.5%	0.0%	470
Buildings and Facilities	9,154	9,154	57	954	1582.6%	10.4%	9,254
Coast and Canals	2,200	2,200	9	9	4.6%	0.4%	2,200
Divisional Allocations	4,475	4,475	0	75	0.0%	1.7%	3,154
Environmental Assets	770	770	1	3	304.8%	0.4%	770
Fleet	3,000	3,000	0	(3)	0.0%	-0.1%	3,000
Holiday Parks	1,337	1,337	14	47	250.4%	3.5%	1,337
Information Technology	3,695	3,695	73	135	85.6%	3.7%	3,695
Parks and Gardens	13,749	13,749	1,175	1,336	13.8%	9.7%	14,520
Quarries	1,210	1,210	0	0	0.0%	0.0%	1,210
Stormwater	6,816	6,816	123	187	51.7%	2.7%	6,816
Strategic Land and Commercial Properties	1,440	1,440	400	3,687	821.7%	256.0%	1,440
Sunshine Coast Airport	0	0	0	224	0.0%	0.0%	0
Transportation	52,726	52,726	972	3,946	306.2%	7.5%	52,726
Waste	16,570	16,570	49	394	707.4%	2.4%	16,570
Total SCC Base Capital Program	117,612	117,612	2,876	10,995	282.3%	9.3%	117,162
Corporate Major Projects	12,962	12,962	0	13	0.0%	0.1%	12,962
Maroochydore City Centre	44,198	44,198	2,933	2,993	2.1%	6.8%	44,198
Sunshine Coast Airport Runway	62,062	62,062	4	219	5475.1%	0.4%	62,062
Total Region Making Capital Program	119,221	119,221	2,937	3,225	9.8%	2.7%	236,383
TOTAL	236,833	236,833	5,813	14,220	144.6%	6.0%	236,383



INVESTMENT PERFORMANCE

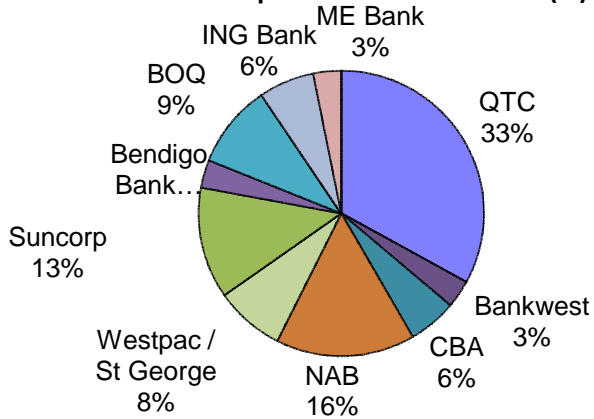
Liquidity as at:	31/07/2017	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$86,806	32.38%
Maturities within 7 days	\$10	0.00%
Total at-call	\$86,816	32.38%
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$20	3
30-59 days	\$30	3
60-89 days	\$40	4
90-179 days	\$90	9
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$180	19

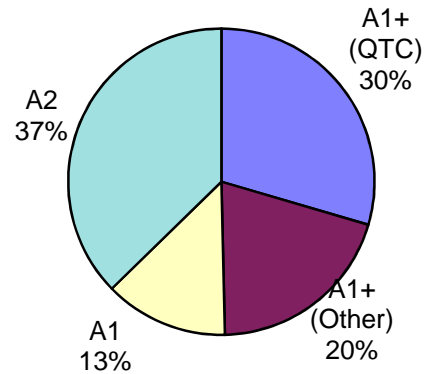
INVESTMENT SUMMARY (including Trust) as at:							Investment Policy	
	31/07/2017		30/04/2017		31/07/2016		Individual Limit	Group Limits
A1+ (QTC)	\$79,207	29.5%	\$104,579	32.5%	\$138,988	44.6%	100%	100%
A1+ (Other)	\$53,871	20.1%	\$102,359	31.8%	\$67,988	21.8%	40%	100%
A1	\$35,000	13.1%	\$45,000	14.0%	\$70,000	22.4%	30%	50%
A2	\$100,000	37.3%	\$70,000	21.7%	\$25,000	8.0%	30%	45%
A3	\$0	0.0%	\$0	0.0%	\$10,000	3.2%	5%	10%
Total Funds	\$268,077		\$321,937		\$311,976			
FUND SUMMARY								
General Funds	\$261,806		\$315,623		\$306,335			
Trust Funds	\$6,271		\$6,315		\$5,641			
Total Funds	\$268,077		\$321,937		\$311,976			

Investment Portfolio

Investment per financial institution (%)

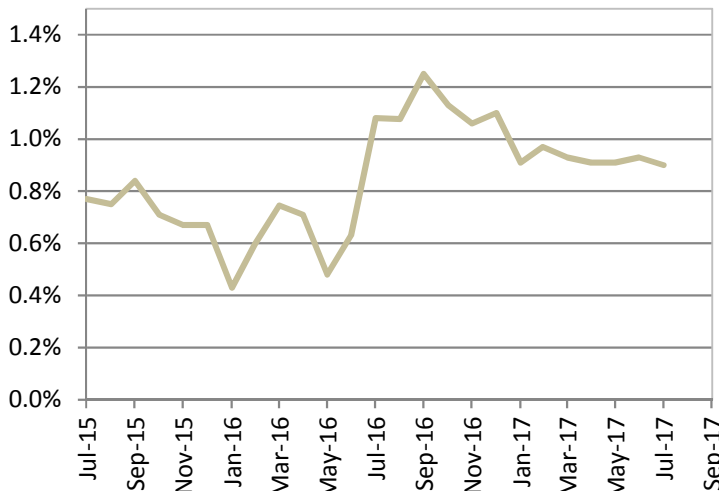


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

