

8.2.2 JULY 2014 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
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Attachments: Att 1 - July 2014 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 2014/2015 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 2014, namely:

- 2014/2015 operating and capital budget profiling is yet to be finalized and
- 2013/2014 budget carryovers are to be presented at this meeting as part of Budget Review 1.

The operating result at 31 July 2014 shows a positive variance of \$3.8 million compared to the forecast position.

The operating result variation is made up of higher than expected revenue of \$720,000 (0.6%) and lower than expected operating expenses of \$3 million (9.4%). Further detail is provided in the proposal section of this report.

As at 31 July 2014, \$3.7 million (3.3%) of Council's \$114.3 million 2014/2015 Capital Works Program was financially expended.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "July 2014 Financial Performance Report".

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

The operating result at 31 July 2014 shows a positive variance of \$3.8 million compared to the forecast position.

This operating result variation is made up of higher than expected revenue of \$720,000 and lower than expected operating expenses of \$3 million.

Operating Revenue

Net Rates and Utility Charges

The favourable variance of \$906,000 is mainly due to budget estimates for cleansing charges that differ to actuals as follows:

- The mix between internal and external revenue
- Estimates around the number of services lost due to de-amalgamation
- New services identified due to data cleansing.

Fees and Charges

Of the \$515,000 favourable variance in fees and charges, \$389,000 relates to Sunshine Coast Holiday Parks and \$244,000 to development application revenue, across all application types.

Dividends Received

The above favourable variances are offset by an unfavourable variance of \$737,000 in Unitywater tax equivalents. This is a timing variance only.

Operating Expenses

Employee Cost

As at 31 July 2014, employee costs were below budget by \$541,000. Some vacancies are in the process of being filled.

Materials and Services

As at 31 July 2014, Materials and Services costs were below budget by \$2.4 million.

This is mainly due to minimal spend in reactive budgets and projects.

Capital Expenditure

As at 31 July 2014, \$3.7 million (3.3%) of Council's \$114.3 million 2014/2015 Capital Works Program was financially expended.

Detail by Capital Works Program is outlined below:

Program	Original Budget \$000	Current Budget \$000	YTD Actual \$000	% of Annual Budget Spent
Buildings and Facilities	4,997	4,997	91	1.8
Coasts and Canals	2,070	2,070	8	0.4
Divisional Allocations	2,888	2,888	111	3.9
Environmental Assets	946	946	32	3.4
Fleet	1,290	1,290	9	0.7
Parks and Gardens	9,349	9,349	919	9.8
Stormwater	6,202	6,202	76	1.2
Transportation	47,391	47,391	1,483	3.1
Information Technology	2,768	2,768	201	7.3
Strategic Land & Commercial Properties	18,751	19,201	84	0.4
Aerodromes	581	581	9	1.6
Sunshine Coast Airport	5,148	5,148	64	1.2
Holiday Parks	1,158	1,158	31	2.7
Quarries	1,950	1,950	0	0.0
Waste	8,403	8,403	609	7.3
TOTAL COUNCIL	113,892	114,342	3,728	3.3

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 July 2014 council had \$203 million cash (excluding Trust Fund) with an average interest rate of 3.53%, being 0.80% above benchmark. This is compared to the same period last year with \$252 million cash (excluding Trust Fund) where the average interest rate was 4.16%, being 1.14% above benchmark.
- The benchmark used to measure performance of cash funds is the UBS Bank Bill Index 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 Investment Policy.

Risk

The current risks associated with the operating result are as follows:

1. The risk that the State Government will transfer State Penalties Enforcement Register (SPER) debt back to local councils, who will then have to manage their own debt collection.
2. There is a claim for an additional \$22 million in cash transfer from Noosa Shire Council. This claim has been sent to the Minister who has initiated an independent process to determine the validity. An additional \$22 million in cash transfer would be shown as a loss on disposal and decrease the Sunshine Coast cash balance.
3. Unitywater is raising its tariffs across a range of council land and facilities. This is yet to be quantified by Unitywater to allow council to determine the impact which is expected to occur in the second half of the financial year.

Previous Council Resolution

Ordinary Meeting 22 May 2014, council made the following resolution (OM14/82).

“That Council, in relation to the Acquisition of the Omrah Avenue Caloundra property, refer the potential acquisition to the budget review process for consideration during the 2014/2015 financial year.”

Special Meeting Budget 26 June 2014 council adopted the 2014/2015 budget.

Ordinary Meeting 24 July 2014, council made the following resolution (OM 14/100).

“That council amend the 2014/2015 Budget by increasing the Strategic Land Capital Program by the amount of \$450,000 to accommodate the requirements on the Council resolution OM14/82.”

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 2014

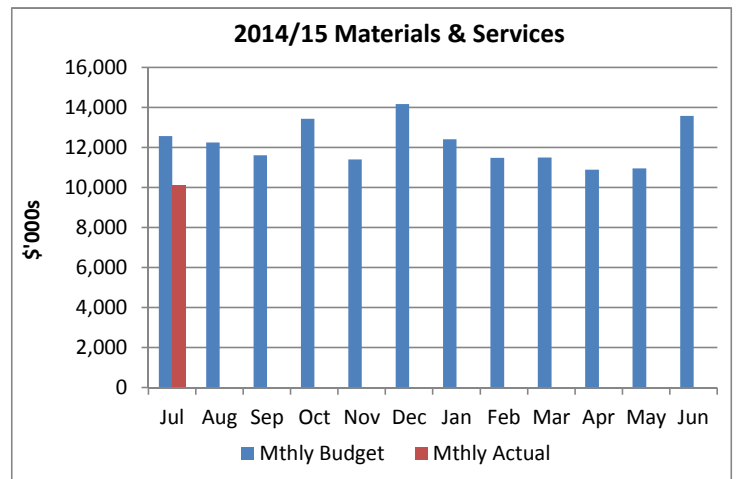
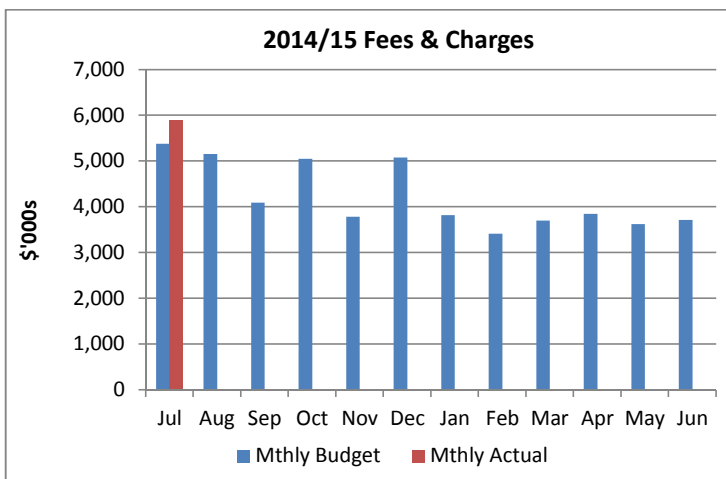
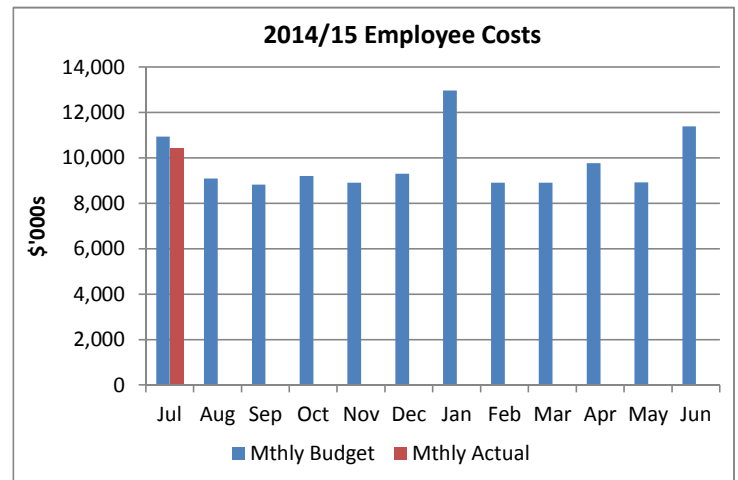
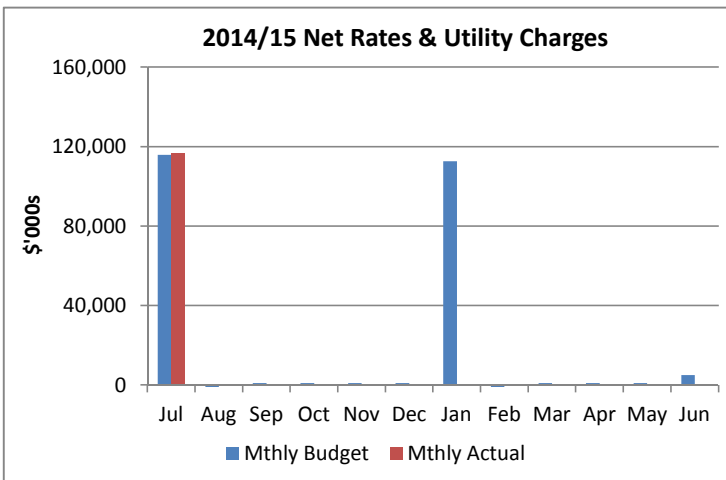
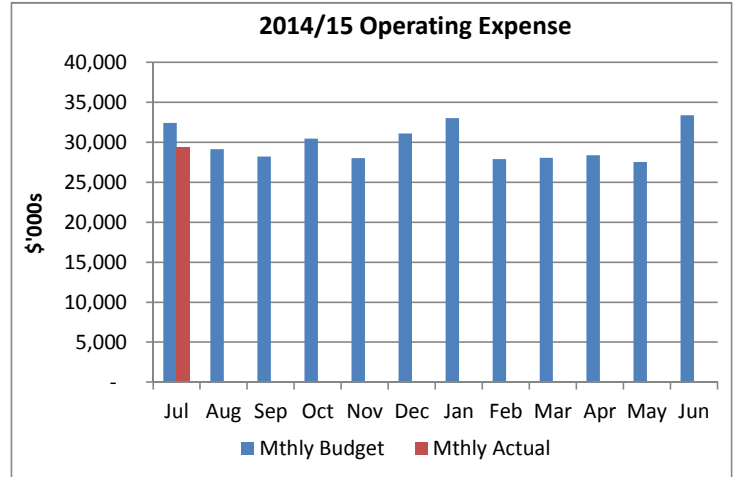
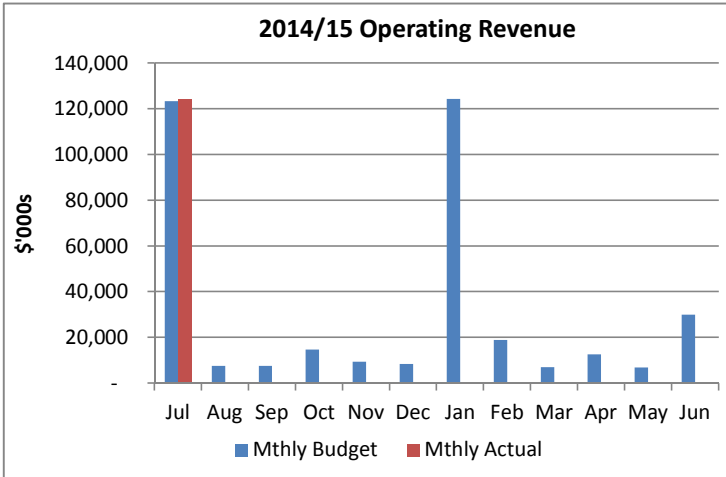


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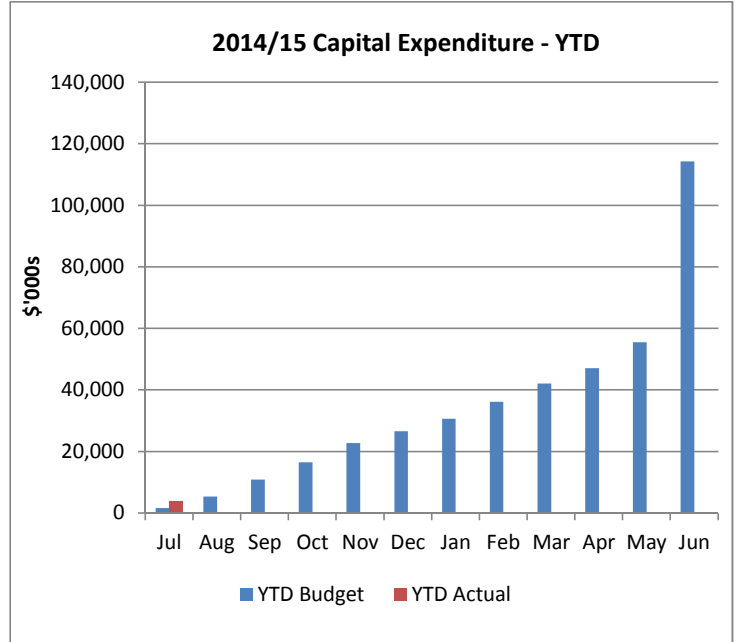
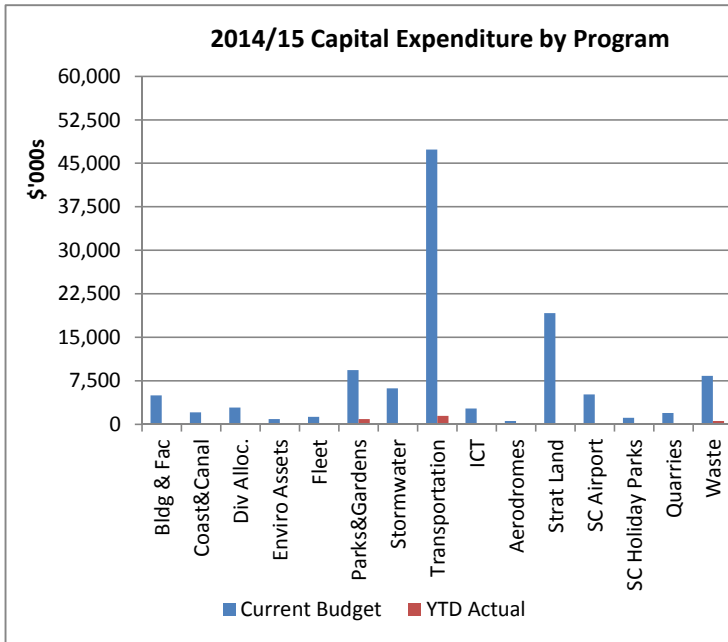
HEADLINE - OPERATING

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	370,949	370,949	123,320	124,040	720	0.6%
Operating Expenses	357,872	357,872	32,453	29,411	(3,042)	(9.4%)
Operating Result	13,077	13,077	90,867	94,629	3,762	4.1%
NET Result	51,580	51,580	93,677	95,671	1,994	2.1%



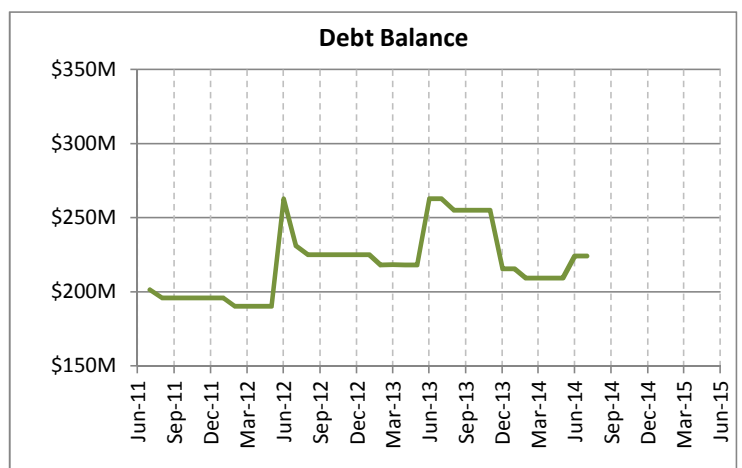
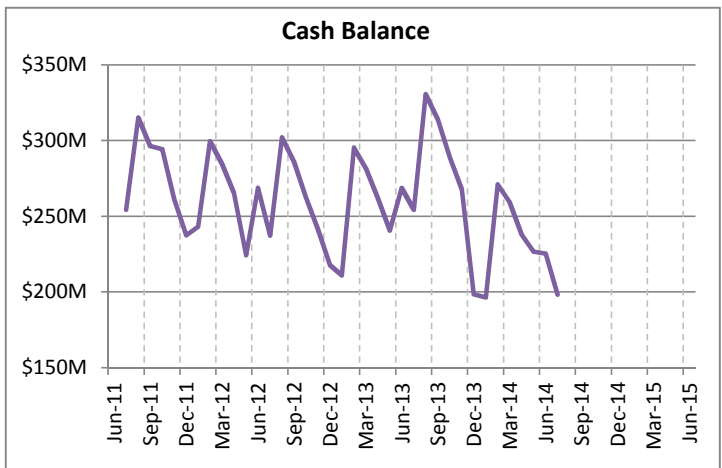
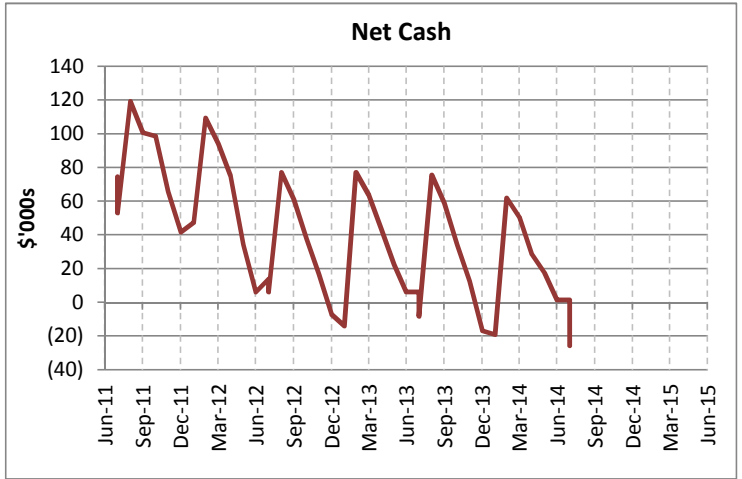
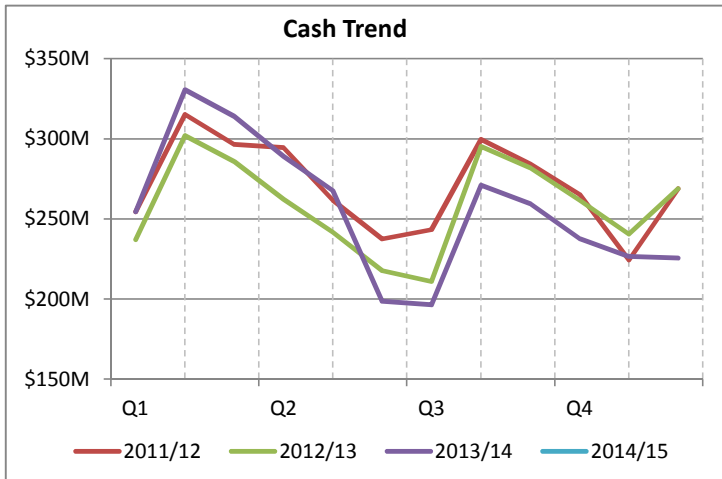
HEADLINE - CAPITAL

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Capital Revenues (included in NET Result)	33,720	33,720	2,810	1,042	(1,768)	
Other Capital Revenues	83,486	83,485	6,557	5,412	(1,146)	
Total Capital Revenues	117,206	117,205	9,367	6,454	(2,913)	
Capital Works Expenditure	113,892	114,342	1,632	3,728	2,096	128.4%
Other Capital Expenditure	9,995	9,995	2,000	0	(2,000)	
Total Capital Expenditure	123,887	124,337	3,632	3,728	96	
Funds from General Revenue	6,681	7,132	(5,735)	(2,726)	3,009	



HEADLINE - CASH & BALANCE SHEET

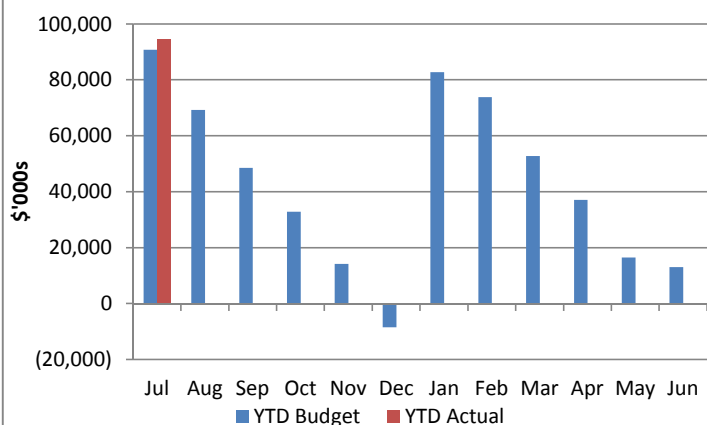
	Annual		YTD
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s
CASH FLOWS			
Opening Cash	169,876	169,876	221,423
Net Cash Inflow/(Outflows) from:			
Operating Activities	79,105	79,105	874,350
Investing Activities	(94,598)	(95,048)	(902,623)
Financing Activities	1,306	1,306	1,090
Net Increase/(decrease) in Cash Held	(14,187)	(14,637)	(27,183)
Cash at year end	155,689	155,239	194,240
BALANCE SHEET			
Total Current Assets	204,627	204,177	358,783
Total Non Current Assets	4,566,635	4,567,085	4,155,598
Total Assets	4,771,262	4,771,262	4,514,381
Total Current Liabilities	70,488	70,488	81,600
Total Non Current Liabilities	238,841	238,841	233,718
Total Liabilities	309,329	309,329	315,318
Net Community Assets/ Total Community Equity	4,461,933	4,461,933	4,199,063



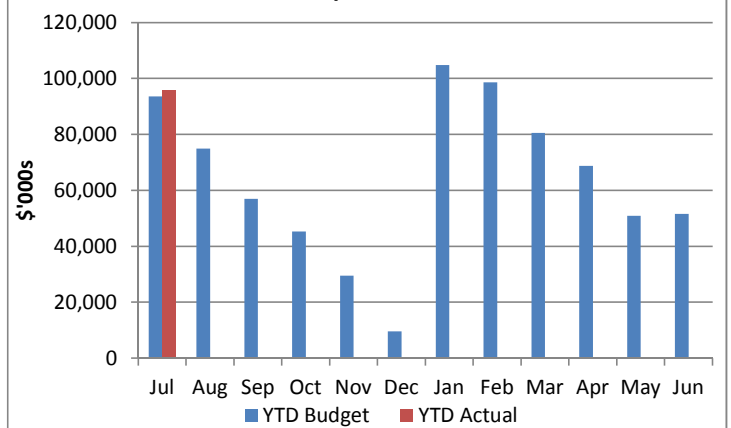
STATEMENT OF INCOME & EXPENSES

	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	245,558	245,558	118,092	118,990	898	0.8%	245,558
Interest from Rates & Utilities	1,527	1,527	127	139	12	9.2%	1,527
Less Discounts, Pensioner Remissions	(11,265)	(11,265)	(2,350)	(2,354)	(4)	0.2%	(11,265)
Net Rates & Utility Charges	235,819	235,819	115,869	116,775	906	0.8%	235,819
Fees & Charges	50,668	50,668	5,383	5,898	515	9.6%	50,767
Interest Received from Investments	7,336	7,336	811	825	14	1.7%	7,336
Grants and Subsidies - Recurrent	9,569	9,569	18	19	1	5.2%	11,770
Operating contributions	541	541	45	(139)	(184)	-408.8%	406
Interest received from Unitywater	23,933	23,933	0	0	0	0.0%	23,933
Dividends Received	26,162	26,162	0	(737)	(737)	0.0%	26,162
Other Revenue	10,085	10,085	794	914	119	15.0%	9,855
Internal Revenues	6,835	6,835	400	486	86	21.5%	6,970
Community Service Obligations	0	0	0	0	0	0.0%	0
Total Operating Revenue	370,949	370,949	123,320	124,040	720	0.6%	373,019
Operating Expenses							
Employee costs	117,212	117,212	10,945	10,405	(541)	-4.9%	117,261
Materials & Services	146,431	146,342	12,577	10,153	(2,424)	-19.3%	149,966
Internal Expenditure	(0)	(0)	(0)	(0)	0	0.0%	(0)
Finance Costs	13,406	13,406	1,154	1,127	(27)	-2.3%	13,406
Company Contributions	1,187	1,187	1,187	1,187	0	0.0%	1,187
Depreciation	64,186	64,186	5,349	5,349	0	0.0%	64,186
Other Expenses	15,450	15,539	1,240	1,190	(50)	-4.0%	15,723
Competitive Neutrality Adjustments	0	0	0	0	0	0.0%	0
Total Operating Expenses	357,872	357,872	32,453	29,411	(3,042)	-9.4%	361,728
Operating Result	13,077	13,077	90,867	94,629	3,762	4.1%	11,291
Capital Revenue							
Capital Grants and Subsidies	2,320	2,320	193	160	(33)	-17.3%	4,184
Capital Contributions	7,400	7,400	617	882	266	43.1%	7,585
Contributed Assets.	24,000	24,000	2,000	0	(2,000)	-100.0%	24,000
Other Capital Revenue	4,783	4,783	0	0	0	0.0%	4,783
Total Capital Revenue	38,503	38,503	2,810	1,042	(1,768)	-62.9%	40,552
Net Result	51,580	51,580	93,677	95,671	1,994	2.1%	51,843

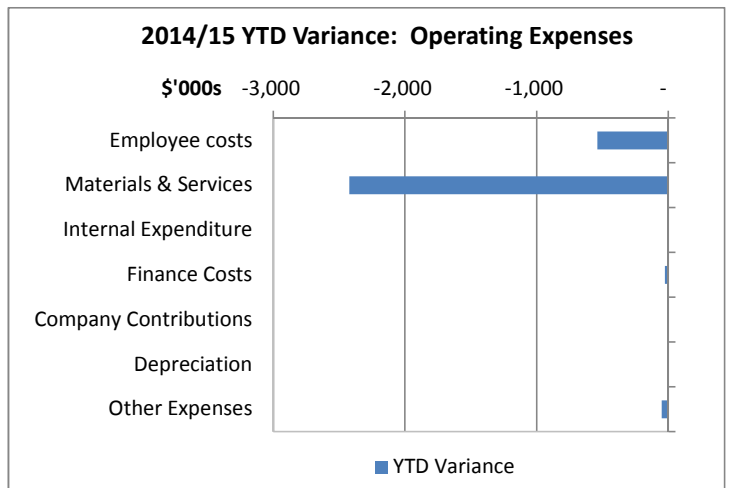
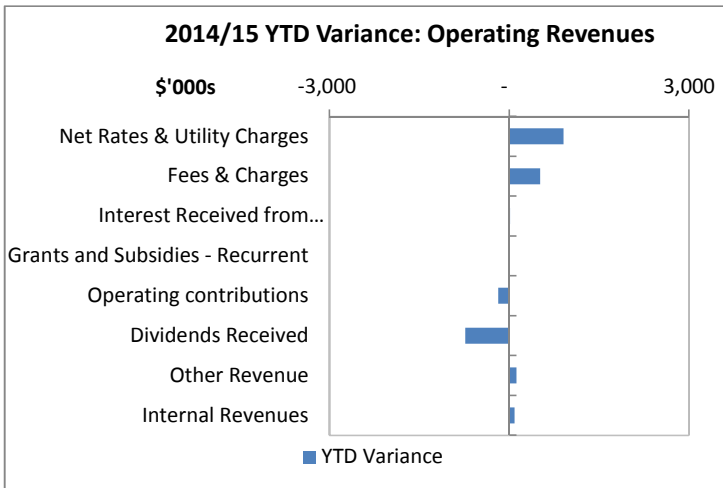
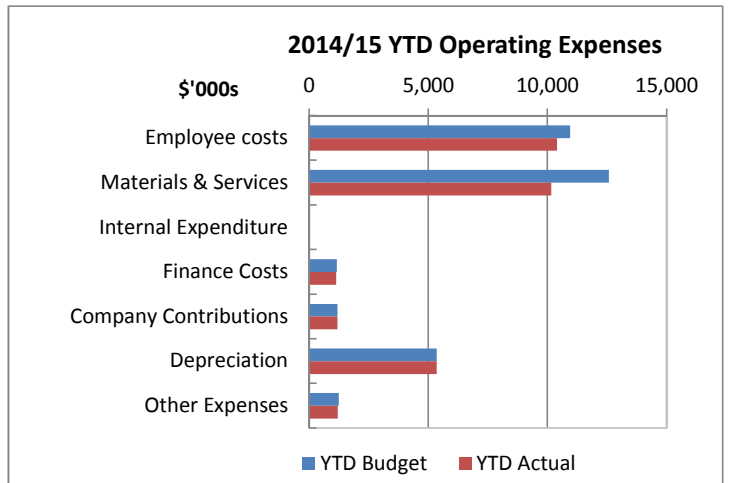
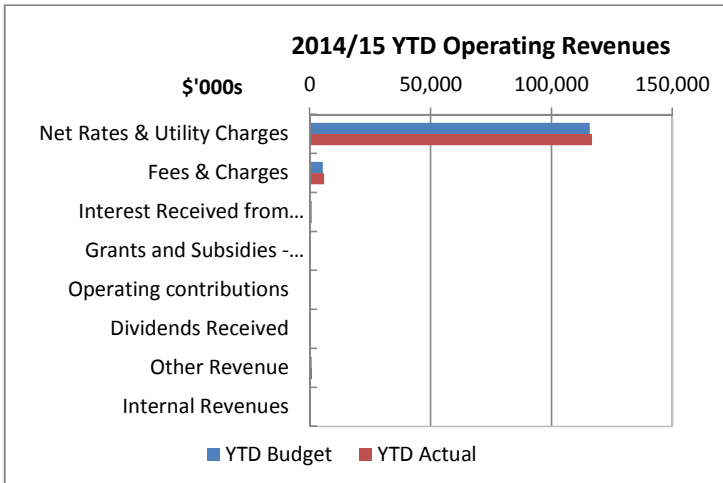
2014/15 Operating Result



2014/15 Net Result



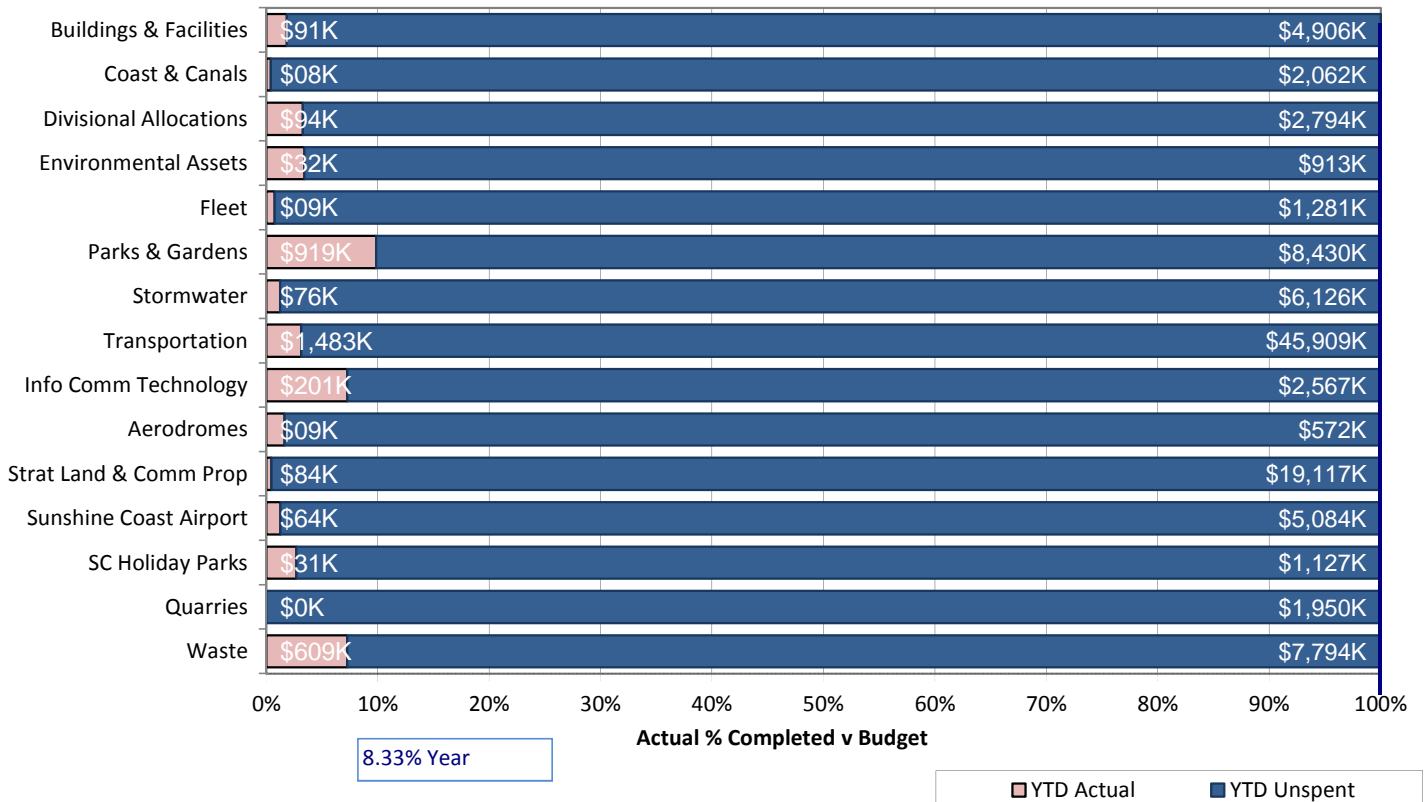
STATEMENT OF INCOME & EXPENSES



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	4,997	4,997	50	91	1.8%	7,855
Coast and Canals	2,070	2,070	-	8	0.4%	2,651
Divisional Allocations	2,888	2,888	90	111	3.9%	3,863
Environmental Assets	946	946	-	32	3.4%	1,141
Fleet	1,290	1,290	108	9	0.7%	1,290
Parks and Gardens	9,349	9,349	161	919	9.8%	12,958
Stormwater	6,202	6,202	4	76	1.2%	6,599
Transportation	47,391	47,391	676	1,483	3.1%	55,543
Information Communication Technology	2,768	2,768	176	201	7.3%	3,884
Strategic Land & Comm Properties	18,751	19,201	-	84	0.4%	29,150
Aerodromes	581	581	-	9	1.6%	912
Sunshine Coast Airport	5,148	5,148	-	64	1.2%	5,741
SC Holiday Parks	1,158	1,158	5	31	2.7%	2,119
Quarries	1,950	1,950	162	-	0.0%	2,204
Waste	8,403	8,403	200	609	7.3%	13,727
TOTAL	113,892	114,342	1,632	3,728	3.3%	149,637

Capital Works Expenditure



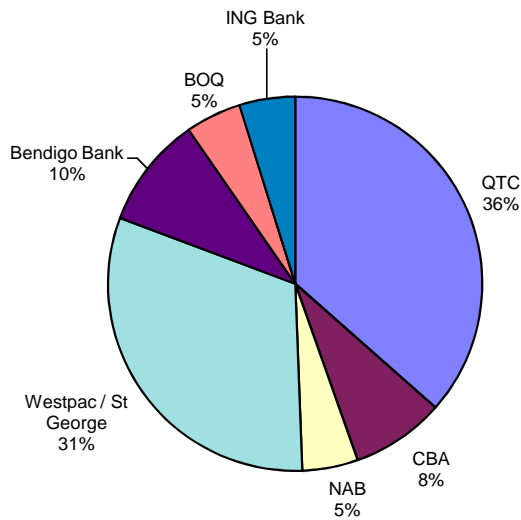
INVESTMENT PERFORMANCE

Liquidity as at:		31/07/2014	
		\$'000's	
At-call accounts			
QTC + CBA (exc trust)	\$88,395	42.61%	
Maturities within 7 days	\$0	0.00%	
Total at-call	\$88,395	42.61%	
Investment Policy Target		10.00%	

	INVESTMENT SUMMARY AS AT (including Trust)				Investment Policy			
	31/07/2014		30/06/2014		31/07/2013		Individual Limit	Group Limits
A1+ (QTC)	\$75,746	36.5%	\$68,447	30.2%	\$50,859	19.6%	100%	100%
A1+ (Other)	\$91,729	44.2%	\$108,229	47.7%	\$148,877	57.3%	35%	100%
A1	\$0	0.0%	\$10,000	4.4%	\$10,000	3.9%	30%	40%
A2	\$40,000	19.3%	\$40,000	17.6%	\$50,000	19.3%	15%	35%
TOTAL	\$207,475		\$226,676		\$259,736			

Investment Portfolio

% Invested per financial institution



% invested by Standard & Poor's Short Term Credit Rating

