

8.2.1 JANUARY 2015 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Acting Coordinator Financial Services
Corporate Services Department
Attachments: Att 1 - January 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.

The operating result at 31 January 2015 shows a positive variance of \$10.0 million compared to the forecast position.

A significant proportion of this positive result is due to timing of expenditure, with current forecasts suggesting Council is on track to achieve the full year budgeted operating result. 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 higher than expected revenue of \$1.3 million (less than 1%), and lower than expected operating expenses of \$8.7 million (4.2%). Further detail is provided in the proposal section of this report.

As at 31 January 2015, \$62.3 million (42.6%) of Council's \$146.1 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 "January 2015 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 January 2015 shows a positive variance of \$10.0 million compared to the forecast position.

A significant proportion of this positive result is due to timing of expenditure, with current forecasts suggesting Council is on track to achieve the full year budgeted operating result. 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 higher than expected revenue of \$1.3 million and lower than expected operating expenses of \$8.7 million.

Operating Revenue

Net Rates and Utility Charges

The favourable variance of \$164,000 is mainly due to cleansing charges being higher than the year to date budget by \$334,000, offset by Interest from Rates & Utilities being less than the year to date budget by \$284,000.

Fees and Charges

The \$883,000 favourable variance in fees and charges is due to the following items being higher than the year to date budget by the amounts shown:

- Development application revenue \$1.0 million;
- Sunshine Coast Holiday Park revenue \$391,000. This is offset by additional commission paid being \$89,000 above the year to date budget.
- Change of ownership/search fees \$135,000.

The above favourable variances are offset by:

- Waste tip fees \$307,000 less than the year to date budget (offset by cleansing charges of \$334,000);
- Major Venues, and Sport and Community Venues less than the year to date budget by \$195,000 and \$78,000 respectively. This has been partially offset by Other Revenue being higher than the year to date budget by \$101,000.

These items will be monitored and included in Budget Review 3 if appropriate.

Interest from Investments

Interest from investments has exceeded the year to date budget by \$502,000 due to higher than budgeted cash balances.

The effects of the increased cash were marginally offset by lower than budgeted interest rates.

Operating Contributions

Operating Contributions have exceeded the year to date budget by \$106,000 due to receipt of additional contributions from the Waste contractor for processed recyclables.

Other Revenue

Other revenue has exceeded the year to date budget by \$525,000 and is due to the following items exceeding the year to date budget by the amounts shown:

Items impacting the year end forecast

- \$75,000 disposal of light plant and higher year to date diesel fuel rebate;
- \$73,000 recoverable works along with associated costs;
- \$60,000 Commission – Emergency Management Levy;
- \$32,000 Payroll Tax refunds.

Items relating to timing or requiring further monitoring

- \$134,000 Waste – sale of recoverable materials;
- \$101,000 Major Venues, and Sport and Community Venues (rental/lease revenue);
- \$80,000 contribution to Waste education program from contractors;
- \$42,000 Rent/lease revenue relating to Council properties.

Operating Expenses**Employee Costs**

As at 31 January 2015, employee costs were below budget by \$2.8 million (4.0%).

The budget allows for a Certified Agreement increase but the actuals do not include this increase. A new Certified Agreement has not yet been finalised and it may contain a retrospective pay increase.

Materials and Services

As at 31 January 2015, materials and services costs were below budget by \$6.2 million or 7.3%.

Most year to date variances relate to timing or reactive budgets, with reduced activity during the holiday period. Year to date favourable variance amounts and details below:

- \$1.0 million utilities including
 - fuel \$467,000 (\$400,000 savings included in Budget Review 3) and
 - electricity \$335,000 (\$120,000 savings included in Budget Review 3)
 - water & sewerage \$239,000
- \$974,000 timing of materials spend in Civil Works Services
- \$872,000 reduced materials spend at Quarries offset by lower revenues
- \$511,000 maintenance of Council properties
- \$473,000 timing of environmental works including the Environment Levy program
- \$357,000 timing of lifeguard contract
- \$312,000 timing of turf maintenance contract due to weather
- \$236,000 timing of operating projects related to information technology
- \$129,000 insurance claim expense
- \$125,000 timing of delivery of Transport Levy projects
- \$63,000 timing of streetlighting maintenance
- \$59,000 court costs.

These items will be monitored through the year to gauge the impact on the year end result with adjustments included in the next budget review if appropriate.

Capital Revenue

Capital revenues, at \$28.0 million, are higher than the year to date budget by \$6.8 million or 31.9%. This is mainly due to:

- Capital Contributions, at \$10.7 million, have exceeded the year to date budget by \$6.2 million and the full year budget by \$3.0 million. An adjustment to this item will be included in Budget Review 3.
- Contributed assets, at \$13.3 million, are less than the year to date budget by \$729,000.
- Receipt of \$1.2 million Natural Disaster Relief and Recovery Arrangements (NDRRA) grant. This has not been budgeted for and relates to prior years. It has been noted for inclusion in Budget Review 3.

Capital Expenditure

As at 31 January 2015, \$62.3 million (42.6%) of Council's \$146.1 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	Commitments \$000
Buildings and Facilities	4,997	8,063	1,966	24.4%	1,542
Coasts and Canals	2,070	2,651	864	32.6	337
Divisional Allocations	2,888	3,237	1,173	36.2	272
Environmental Assets	946	1,241	319	25.7	195
Fleet	1,290	1,290	198	15.3	548
Parks and Gardens	9,349	14,691	8,288	56.4	1,537
Stormwater	6,202	6,584	2,938	44.6	924
Transportation	47,391	50,693	22,496	44.4	6,338
Information Technology	2,768	4,034	1,532	38.0	449
Strategic Land & Commercial Properties	18,751	26,737	10,745	40.2	1,675
Aerodromes	581	912	312	34.2	171
Sunshine Coast Airport	5,148	5,741	1,628	28.4	392
Holiday Parks	1,158	2,119	860	40.6	176
Quarries	1,950	2,204	561	25.5	123
Waste	8,403	15,942	8,444	53.0	2,079
TOTAL COUNCIL	113,892	146,140	62,324	42.6	16,758

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 January 2015 Council had \$215 million cash (excluding Trust Fund) with an average interest rate of 3.44%, being 0.43% above benchmark. This is

compared to the same period last year with \$194 million cash (excluding Trust Fund) where the average interest rate was 3.65%, being 1.09% 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 2014/2015 Investment Policy.

Risk

There are no known current material financial risks currently impacting on this monthly report.

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 26 June 2014, Council adopted the 2014/2015 budget (Council Resolution SM14/24)

That Council:

- receive and note the report titled "Adoption of the 2014/2015 Budget and Forward Estimates for the 2015/2016 to 2023/2024 Financial Years"*
- adopt the 2014/2015 Capital Works Program, endorse the indicative four-year program for the period 2015/2016 to 2018/2019, and note the five-year program for the period 2019/2020 to 2023/2024 (Appendix A) and*
- adopt the 2014/2015 Budget Schedules (Appendix A) including Forward Estimates.*

Ordinary Meeting 24 July 2014 - Council Resolution OM 14/100

That Council:

- receive and note the report titled "May 2014 Financial Performance Report" and*
- amend the 2014/2015 Budget by increasing the Strategic Land Capital Program by the amount of \$450,000 to accommodate the requirements of the Council resolution OM14/82.*

Ordinary Meeting 18 September 2014, Council adopted the Budget Review 1 2014/2015 – Council Resolution OM 14/131

That Council:

- receive and note the report titled "**Budget Review 1 2014/15**" and*
- adopt the amended 2014/15 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting 11 December 2014, Council adopted Budget Review 2 2014/2015 Council Resolution OM 14/173

That Council:

- receive and note the report titled "Budget Review 2 2014/2015" and*

- (b) *adopt the amended 2014/2015 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting 29 January 2015, Council Resolution (OM15/2)

That Council:

- (a) *receive and note the report titled "November 2014 Financial Performance Report" and*
(b) *write-off unrecoverable income of \$172,711 GST exclusive (\$189,982.14 GST inclusive) in relation to Australian Aviation Career Services (AACCS).*

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

January 2015



FINANCIAL PERFORMANCE REPORT

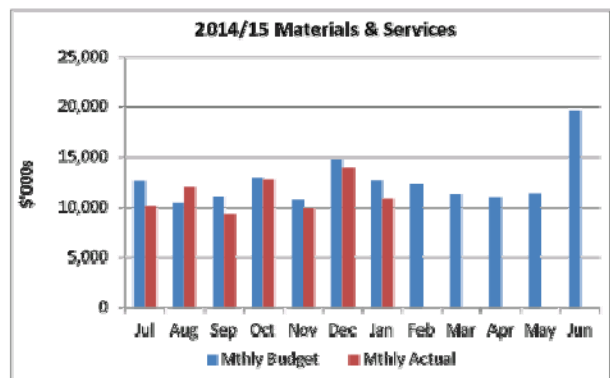
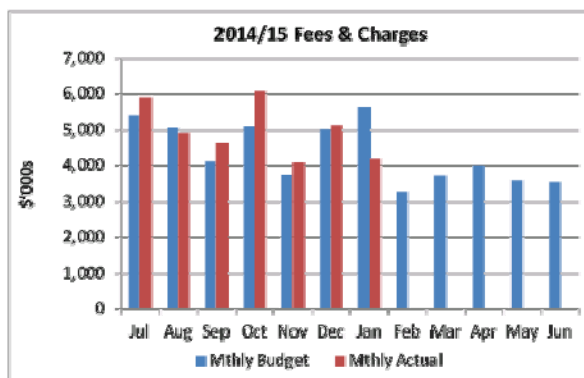
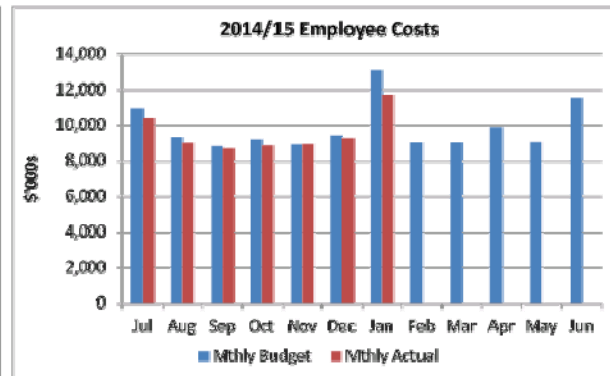
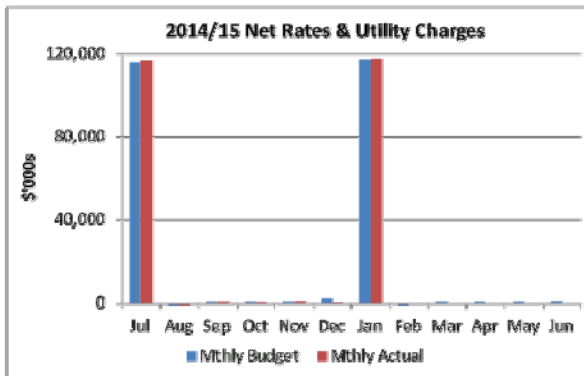
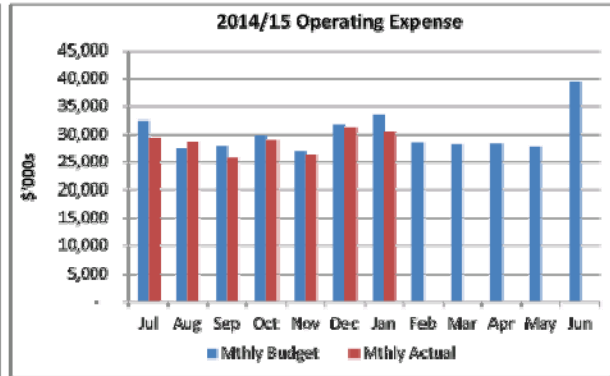
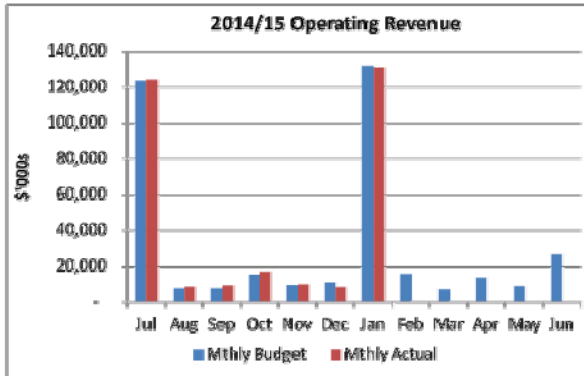
January 2015

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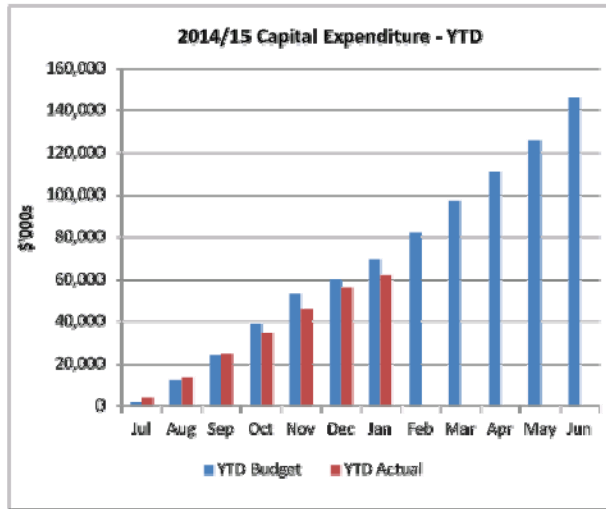
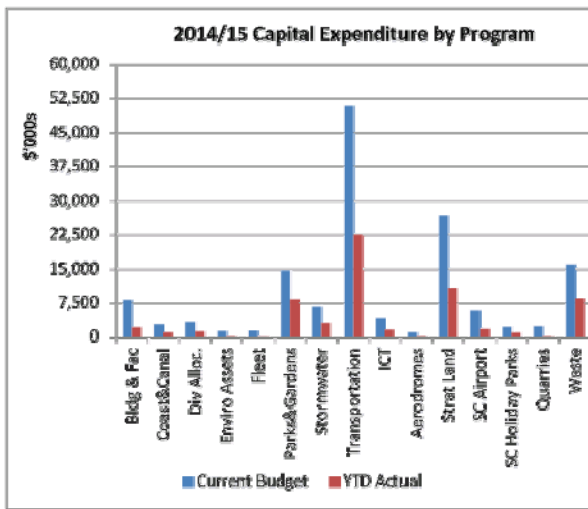
HEADLINE - OPERATING	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
	Operating Revenue	370,949	377,307	305,960	307,266	1,306
Operating Expenses	357,872	362,357	209,980	201,242	(8,738)	(4.2%)
Operating Result	13,077	14,950	95,980	106,024	10,043	10.5%
NET Result	51,580	59,842	119,564	134,762	15,199	12.7%



FINANCIAL PERFORMANCE REPORT January 2015

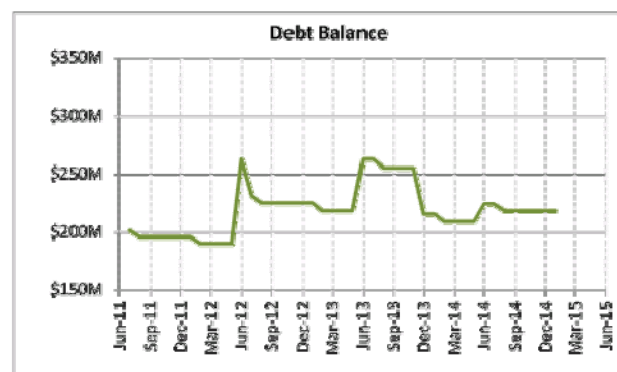
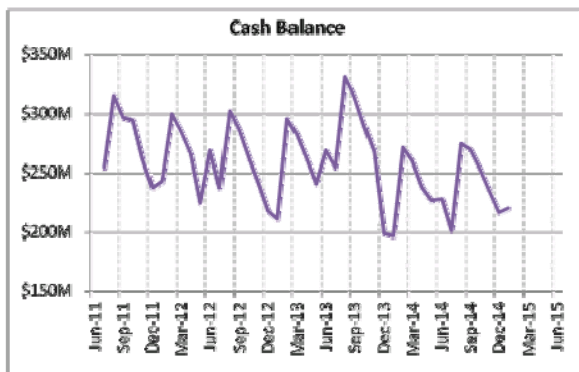
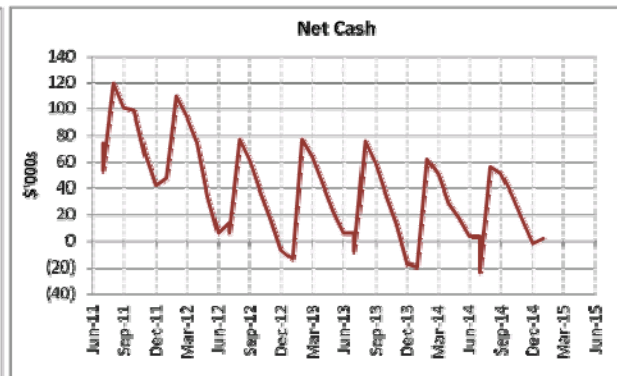
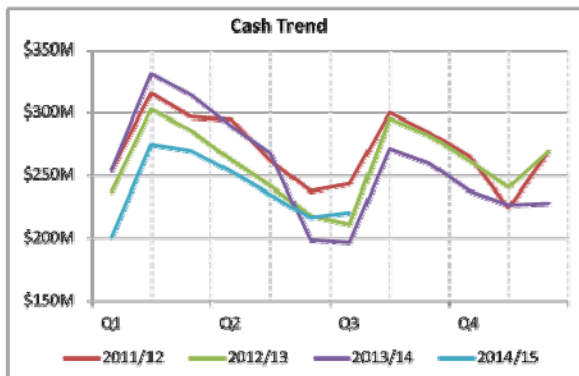
HEADLINE - CAPITAL

	Annual		YTD			
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %
Capital Revenues (included in NET Result)	33,720	40,109	21,192	27,949	6,757	
Other Capital Revenues	83,486	83,486	37,442	40,133	2,692	
Total Capital Revenues	117,206	123,595	58,634	68,082	9,449	
Capital Works Expenditure	113,892	146,140	69,228	62,324	(6,904)	(10.0%)
Other Capital Expenditure	38,005	35,380	19,690	19,113	(577)	
Total Capital Expenditure	151,897	181,520	88,918	81,438	(7,481)	
Funds from General Revenue	34,691	57,925	30,284	13,355	(16,929)	

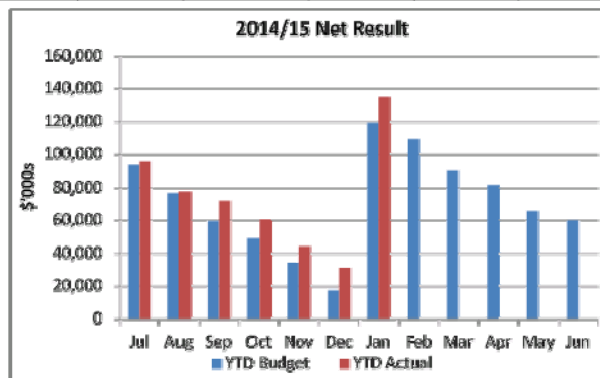
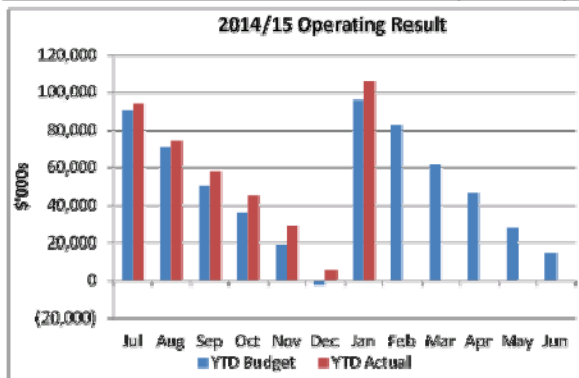


FINANCIAL PERFORMANCE REPORT January 2015
HEADLINE - CASH & BALANCE SHEET

	Annual		YTD
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s
CASH FLOWS			
Opening Cash	169,876	224,409	230,953
Net Cash Inflow/(Outflows) from:			
Operating Activities	79,105	125,490	940,212
Investing Activities	(94,598)	(120,448)	(942,964)
Financing Activities	1,306	3,120	1,626
Net Increase/(decrease) in Cash Held	(14,187)	8,162	(1,126)
Cash at year end	155,689	232,571	229,827
BALANCE SHEET			
Total Current Assets	204,627	276,824	358,709
Total Non Current Assets	4,566,635	4,371,514	4,190,338
Total Assets	4,771,262	4,648,338	4,549,046
Total Current Liabilities	70,488	66,479	70,624
Total Non Current Liabilities	238,841	244,207	239,448
Total Liabilities	309,329	310,686	310,072
Net Community Assets/ Total Community Equity	4,461,933	4,337,652	4,238,974



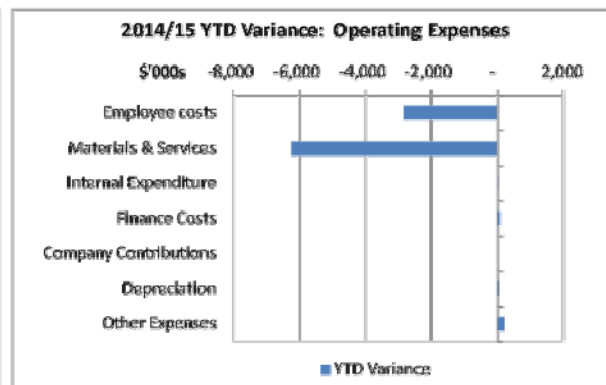
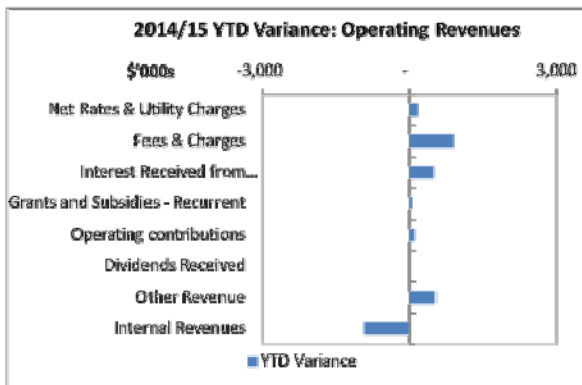
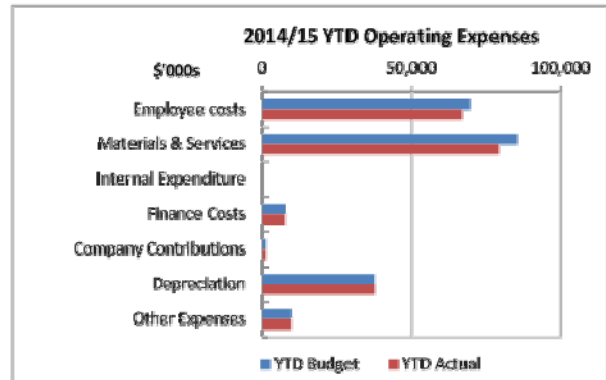
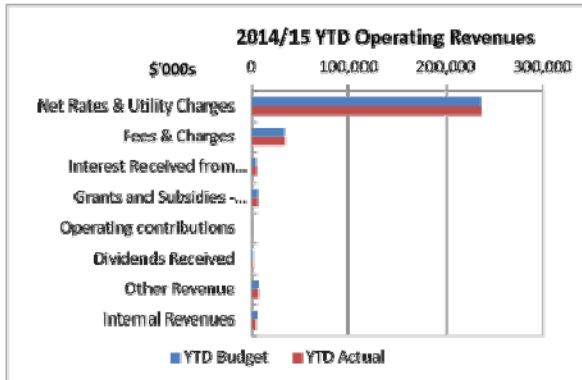
FINANCIAL PERFORMANCE REPORT							January 2015
STATEMENT OF INCOME & EXPENSES							
	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
Operating Revenue							
Gross Rates & Utility Charges	245,558	247,079	242,791	243,165	374	0.2%	247,079
Interest from Rates & Utilities	1,527	1,527	891	606	(284)	-31.9%	1,527
Less Discounts, Pensioner Remissions	(11,265)	(11,265)	(7,975)	(7,901)	74	-0.9%	(11,265)
Net Rates & Utility Charges	235,819	237,341	235,706	235,870	164	0.1%	237,341
Fees & Charges	50,668	52,167	34,079	34,962	883	2.6%	52,167
Interest Received from Investments	7,336	7,336	4,479	4,981	502	11.2%	7,336
Grants and Subsidies - Recurrent	9,569	11,933	6,143	6,183	40	0.7%	11,933
Operating contributions	541	406	237	344	106	44.9%	406
Interest received from Unitywater	23,933	23,933	12,006	12,024	18	0.1%	23,933
Dividends Received	26,162	26,162	1,605	1,605	(0)	0.0%	26,162
Other Revenue	10,085	10,213	6,554	7,078	525	8.0%	10,213
Internal Revenues	6,835	7,815	5,151	4,219	(932)	-18.1%	7,815
Community Service Obligations	0	0	0	0	0	0.0%	0
Total Operating Revenue	370,949	377,307	305,960	307,266	1,306	0.4%	377,307
Operating Expenses							
Employee costs	117,212	118,028	69,596	66,790	(2,806)	-4.0%	118,027
Materials & Services	146,431	150,911	85,229	78,984	(6,244)	-7.3%	150,866
Internal Expenditure	(0)	(0)	(0)	0	0	-114.4%	(0)
Finance Costs	13,406	11,966	7,218	7,305	86	1.2%	11,966
Company Contributions	1,187	1,187	1,187	1,187	0	0.0%	1,187
Depreciation	64,186	64,186	37,442	37,477	35	0.1%	64,186
Other Expenses	15,450	16,080	9,308	9,500	192	2.1%	16,080
Competitive Neutrality Adjustments	0	0	0	0	0	0.0%	0
Total Operating Expenses	357,872	362,357	209,980	201,242	(8,738)	-4.2%	362,311
Operating Result	13,077	14,950	95,980	106,024	10,043	10.5%	14,996
Capital Revenue							
Capital Grants and Subsidies	2,320	8,359	2,700	3,956	1,256	46.5%	8,359
Capital Contributions	7,400	7,750	4,492	10,723	6,231	138.7%	7,750
Contributed Assets	24,000	24,000	14,000	13,271	(729)	-5.2%	24,000
Other Capital Revenue	4,783	4,783	2,391	790	(1,602)	-67.0%	4,783
Total Capital Revenue	38,503	44,892	23,584	28,739	5,155	21.9%	44,892
Net Result	51,580	59,842	119,564	134,762	15,199	12.7%	59,888



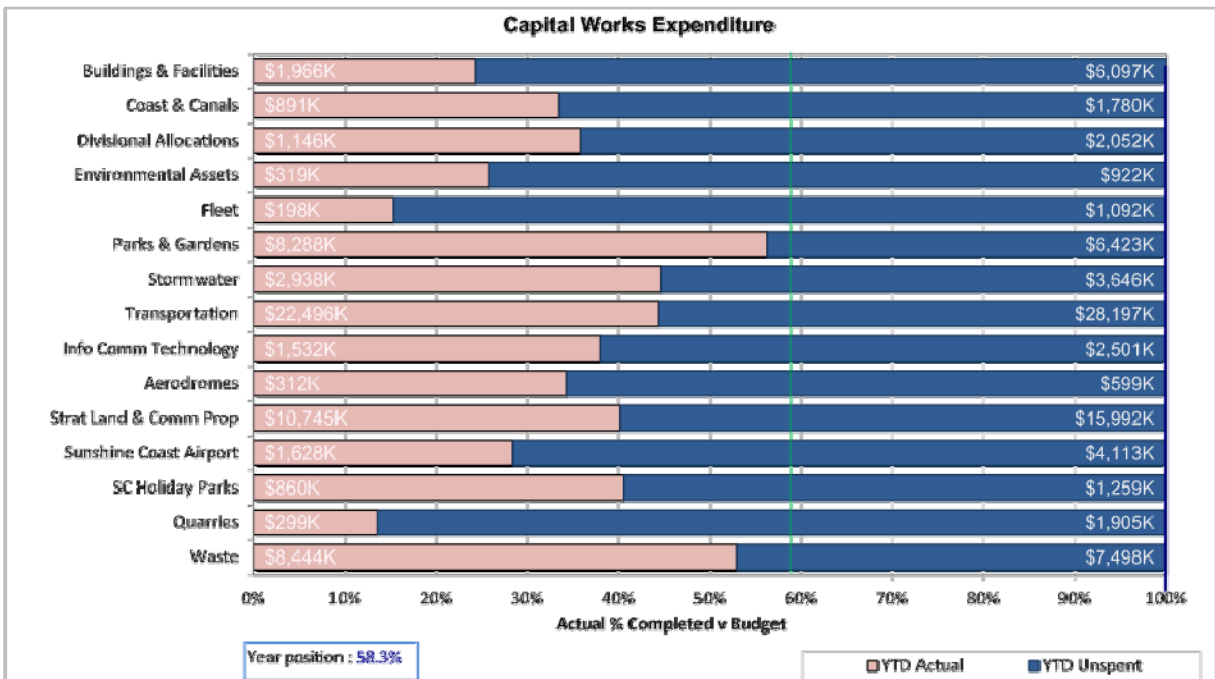
FINANCIAL PERFORMANCE REPORT

January 2015

STATEMENT OF INCOME & EXPENSES



FINANCIAL PERFORMANCE REPORT						January 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	4,997	8,063	1,981	1,966	24.4%	8,063
Coast and Canals	2,070	2,671	1,241	891	33.4%	2,671
Divisional Allocations	2,888	3,197	1,370	1,146	35.8%	3,197
Environmental Assets	946	1,241	376	319	25.7%	1,241
Fleet	1,290	1,290	753	198	15.3%	1,290
Parks and Gardens	9,349	14,711	8,547	8,288	56.3%	14,711
Stormwater	6,202	6,584	3,605	2,938	44.6%	6,584
Transportation	47,391	50,693	25,415	22,496	44.4%	50,693
Information Communication Technology	2,768	4,034	1,591	1,532	38.0%	4,034
Strategic Land & Comm Properties	18,751	26,737	11,425	10,745	40.2%	26,737
Aerodromes	581	912	486	312	34.2%	912
Sunshine Coast Airport	5,148	5,741	1,441	1,628	28.4%	5,741
SC Holiday Parks	1,158	2,119	1,152	860	40.6%	2,119
Quarries	1,950	2,204	1,388	561	25.5%	2,204
Waste	8,403	15,942	8,459	8,444	53.0%	15,942
TOTAL	113,892	146,140	69,228	62,324	42.6%	146,140



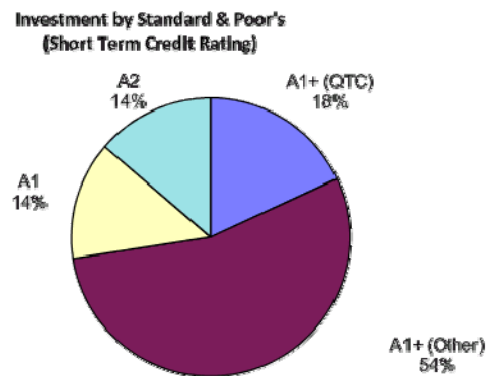
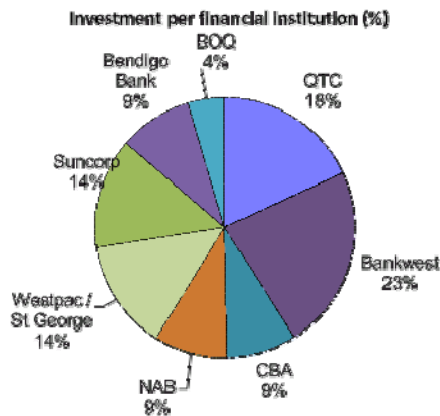
FINANCIAL PERFORMANCE REPORT January 2015
INVESTMENT PERFORMANCE

Liquidity as at: 31/01/2015		
\$'000's		
At-call accounts		
QTC + CBA (excl. trust)	\$54,554	24.96%
Maturities within 7 days	\$0	0.00%
Total at-call	\$54,554	24.96%
Investment Policy Target		10.00%

Term deposits maturing:		
	\$'000's	Count
within 30 days	\$40,000	4
30-59 days	\$50,000	5
60-89 days	\$50,000	5
90-179 days	\$10,000	1
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$150,000	15

INVESTMENT SUMMARY (including Trust) as at:				Investment Policy			
	31/01/2015		31/12/2014		31/01/2014	Individual Limit	Group Limits
A1+ (QTC)	\$39,636	18.1%	\$42,310	19.5%	\$51,855	26.1%	100%
A1+ (Other)	\$118,895	54.4%	\$114,227	52.8%	\$92,004	46.3%	100%
A1	\$30,000	13.7%	\$30,000	13.9%	\$20,000	10.1%	40%
A2	\$30,000	13.7%	\$30,000	13.9%	\$35,000	17.6%	35%
Total Funds	\$218,531		\$216,536		\$198,860		
FUND SUMMARY							
General Funds	\$214,554		\$212,544		\$193,574		
Trust Funds	\$3,976		\$3,993		\$5,286		
Total Funds	\$218,531		\$216,536		\$198,860		

Investment Portfolio



Investment Performance

