

**8.2.1 AUGUST 2015 FINANCIAL PERFORMANCE REPORT**

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

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**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 August 2015, namely the 2014/15 operating and capital budget carryovers which were adopted in September and therefore are not contained in the August figures.

The operating result at 31 August 2015 of \$82.9 million shows a positive variance of \$4.2 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 higher than budgeted operating revenue of \$2.4 million (1.7%) and lower than budgeted operating expenses of \$1.8 million (3.0%). Further detail is provided in the proposal section of this report.

As at 31 August 2015, \$16.5 million (9.0%) of Council's \$183.4 million 2015/16 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 "August 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, reduce costs and manage contracts

## **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 August 2015, namely the 2014/15 operating and capital budget carryovers which were adopted in September and therefore are not contained in the August figures.

The operating result at 31 August 2015 of \$82.9 million shows a positive variance of \$4.2 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 higher than budgeted operating revenue of \$2.4 million (1.7%) and lower than budgeted operating expenses of \$1.8 million (3.0%).

### **Operating Revenue**

#### **Net Rates and Utility Charges**

The unfavourable variance of \$846,000 (0.7%) is mainly due to the carbon tax refund of \$2.1 million, offset by a favourable variance in prepaid rates. The carbon tax refund is funded by restricted cash held for this purpose, and the budget for this item will be updated through the Budget Review 1 process.

#### **Fees and Charges**

The favourable variance of \$1.8 million (15.9%) in fees and charges is mainly due to the following items exceeding the year to date budget:-

- \$1.1 million development application revenue relating to the superseded planning scheme applications. At as 31 August 2015, this item is 57.8% higher than the year to date budget and a budget increase of \$1.4 million was included in Budget Review 1. Additional temporary employees will be engaged to meet this increased demand with a further \$501,000 also included in Budget Review 1 to cover employee costs.
- \$562,000 Sunshine Coast Holiday Park fees. There is no change to the year-end forecast at this time.

#### **Interest from Investments**

Interest from investments has exceeded the year to date budget by \$384,000 (29.9%) due to higher than budgeted cash balances.

#### **Other Revenue**

Other revenue has exceeded the year to date budget by \$838,000 (46.3%) and mainly relates to the following unbudgeted items:-

- \$264,000 received due to cost recovery action following legal proceedings
- \$254,000 London Creek Energex Offset Agreement 2 – budget increase included in Budget Review 1.

**Operating Expenses****Employee Costs**

As at 31 August 2015, employee costs were higher than the year to date budget by \$42,000 (0.2%).

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 was paid in August 2015 back dated to 1 July 2015.

**Materials and Services**

As at 31 August 2015, materials and services costs were below budget by \$1.9 million (7.9%). 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 \$5.9 million, are less than the year to date budget by \$229,000 (3.7%). This is mainly due to the following items:-

- Capital contributions, at \$5.1 million, have exceeded the year to date budget by \$3.1 million
- Council hasn't received any contributed assets to date and as a result this item is below the year to date budget by \$4.1 million.

**Capital Expenditure**

As at 31 August 2015, \$16.5 million (9.0%) of Council's \$183.4 million 2015/16 Capital Works Program was financially expended.

Detail by Capital Works Program is outlined below:

<b>Program</b>	<b>Original Budget \$'000s</b>	<b>Current Budget \$'000s</b>	<b>YTD Budget \$'000s</b>	<b>YTD Actuals \$'000s</b>	<b>% of Annual Budget Spent</b>
Buildings and Facilities	6,422	6,457	219	700	10.8
Coast and Canals	6,352	6,377	135	241	3.8
Divisional Allocations	3,590	3,065	265	320	10.4
Environmental Assets	975	1,050	181	134	12.8
Fleet	3,118	3,118	-	55	1.8
Parks and Gardens	9,975	10,255	1,666	1,436	14.0
Stormwater	8,563	8,563	451	855	10.0
Transportation	71,383	71,463	4,730	5,281	7.4
Information Communication Technology	5,353	5,353	574	378	7.1
Strategic Land & Comm. Properties	1,350	1,350	0	1,012	74.9
Aerodromes	215	215	125	49	22.6
Sunshine Coast Airport	5,056	5,086	64	348	6.8
Holiday Parks	770	770	11	38	4.9
Quarries	630	630	-	31	4.9
Waste	4,387	4,387	546	1,279	29.2

Region Making Projects	55,229	55,229	316	4,350	7.9
<b>TOTAL</b>	<b>183,368</b>	<b>183,368</b>	<b>9,283</b>	<b>16,506</b>	<b>9.0</b>

An increase of \$46.0 million to Council's 2015/16 Capital Works Program was included in Budget Review 1, bringing the total budget to \$229.4 million. This will be reflected in the September 2015 Financial Performance Report.

### **Investment Performance**

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 August 2015 Council had \$347 million cash (excluding Trust Fund) with an average interest rate of 2.76%, being 0.60% above benchmark. This is compared to the same period last year with \$271 million cash (excluding Trust Fund) where the average interest rate was 3.44%, being 0.75% 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 2015/16 Investment Policy, 2015/16 Debt Policy, 2015/16 Revenue Policy and Revenue Statement.

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:*

- receive and note the report titled "Adoption of the 2015/2016 Budget and Forward Estimates for the 2016/2017 to 2024/2025 Financial Years"*
- 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*
- 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

## August 2015



FINANCIAL PERFORMANCE REPORT

August 2015

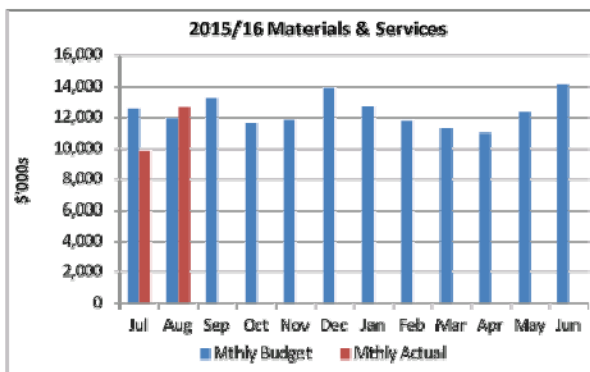
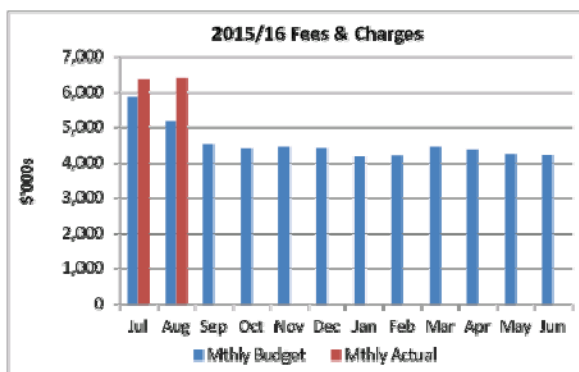
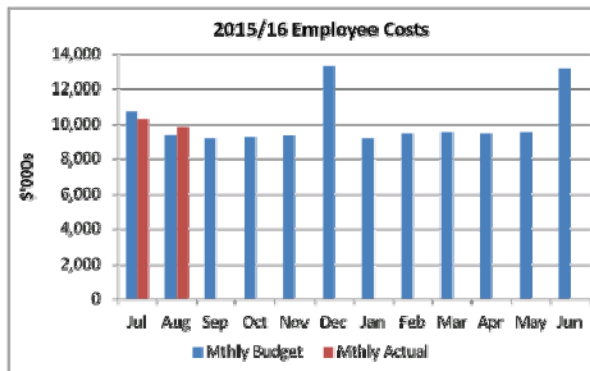
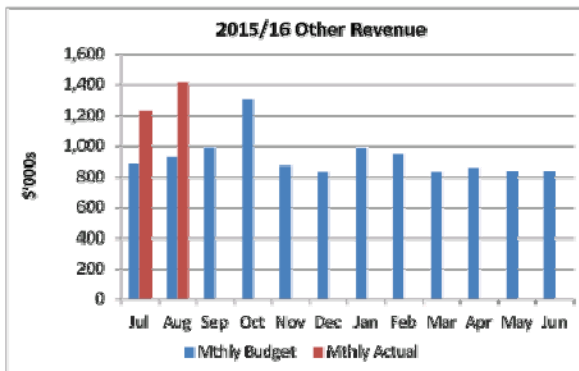
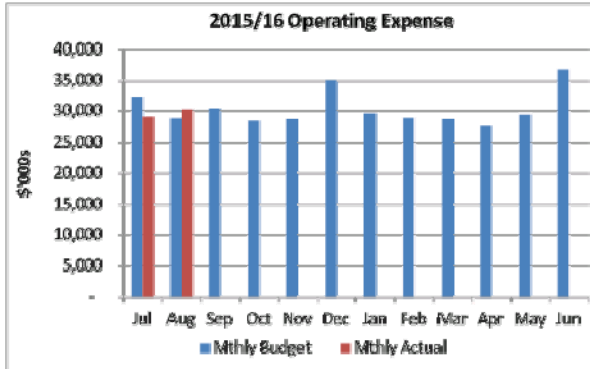
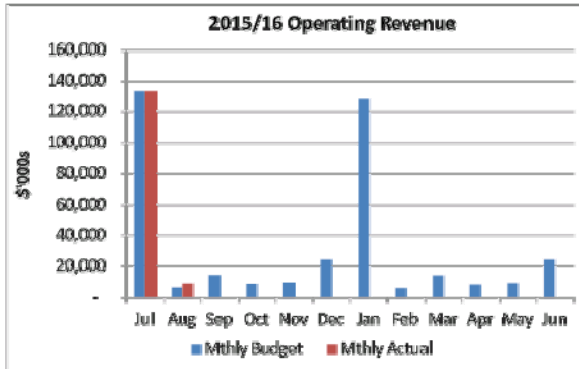
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**FINANCIAL PERFORMANCE REPORT** August 2015

**HEADLINE - OPERATING**

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	386,108	386,108	139,793	142,183	2,391	1.7%
Operating Expenses	364,651	364,651	61,082	59,265	(1,817)	(3.0%)
Operating Result	21,456	21,456	78,711	82,918	4,208	5.3%
NET Result	62,974	62,974	84,815	88,794	3,979	4.7%

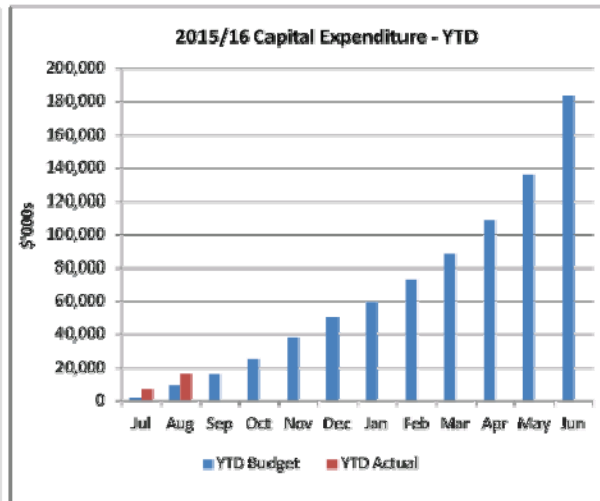
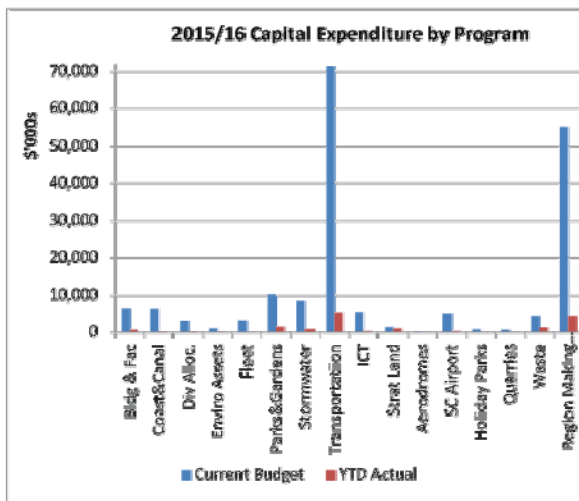




**FINANCIAL PERFORMANCE REPORT** August 2015

**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	6,104	5,875	(229)	
Other Capital Revenues	111,768	111,768	11,050	11,012	(38)	
<b>Total Capital Revenues</b>	<b>153,286</b>	<b>153,286</b>	<b>17,154</b>	<b>16,888</b>	<b>(267)</b>	
Capital Works Expenditure	183,368	183,368	9,283	16,506	7,224	77.8%
Other Capital Expenditure	40,154	40,154	19,634	10,306	(9,328)	
<b>Total Capital Expenditure</b>	<b>223,522</b>	<b>223,522</b>	<b>28,917</b>	<b>26,813</b>	<b>(2,104)</b>	
Funds from General Revenue	70,236	70,236	11,763	9,925	(1,837)	

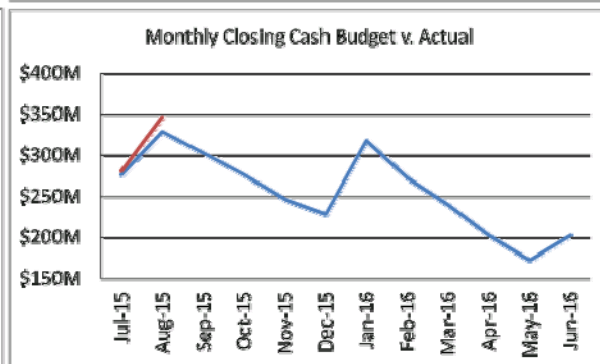
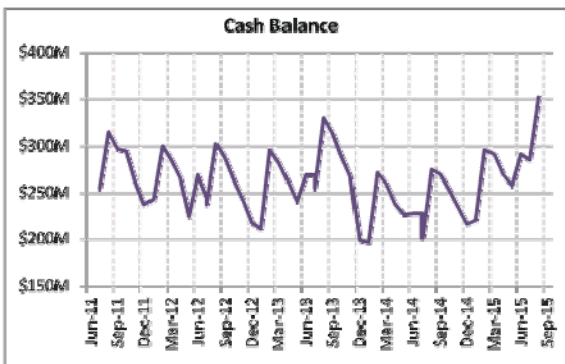
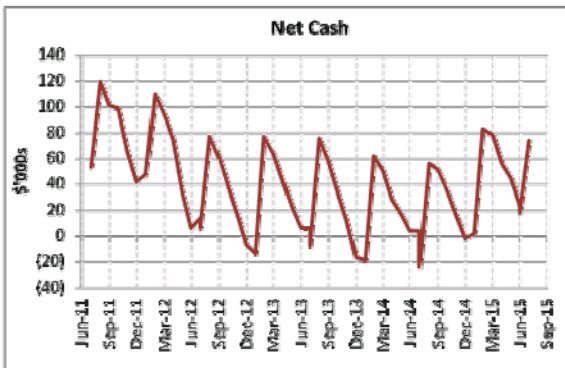


**FINANCIAL PERFORMANCE REPORT** August 2015

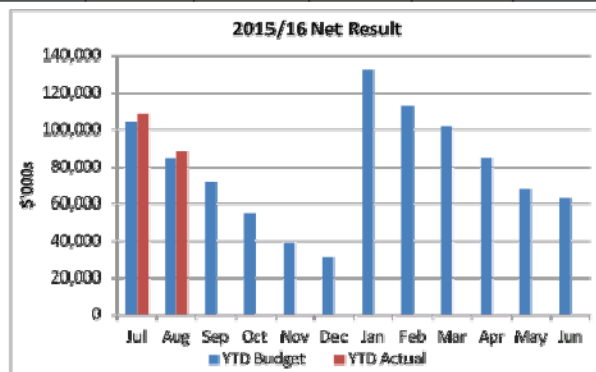
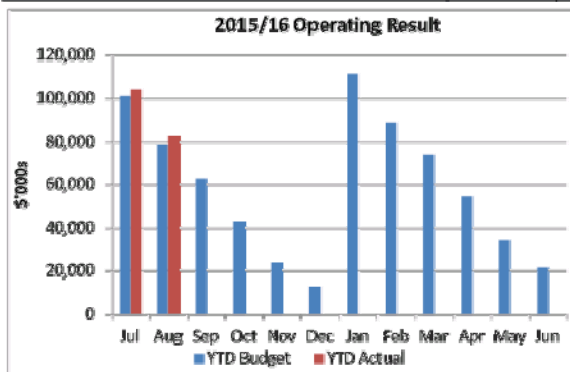
**HEADLINE - CASH & BALANCE SHEET**

	Annual		YTD		Variance \$000s
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	Forecast Budget \$000s	
<b>CASH FLOWS</b>					
Opening Cash	229,692	229,692	287,386	287,386	0
Net Cash Inflow/(Outflows) from:					
Operating Activities	71,562	71,561	77,684	71,185	6,499
Investing Activities	(153,590)	(153,590)	(11,095)	(27,858)	16,763
Financing Activities	29,181	29,181	(6,873)	(6,873)	(0)
Net Increase/(decrease) in Cash Held	(52,848)	(52,848)	59,716	36,454	23,261
Cash at year/period end	176,844	176,844	347,102	323,840	23,261
<b>BALANCE SHEET</b>					
Total Current Assets	223,041	223,041	401,703		
Total Non Current Assets	4,471,353	4,471,353	4,474,026		
Total Assets	4,694,394	4,694,394	4,875,729		
Total Current Liabilities	92,112	92,112	92,528		
Total Non Current Liabilities	311,641	311,641	281,117		
Total Liabilities	403,753	403,753	373,645		
Net Community Assets/ Total Community Equity	4,290,641	4,290,641	4,502,084		

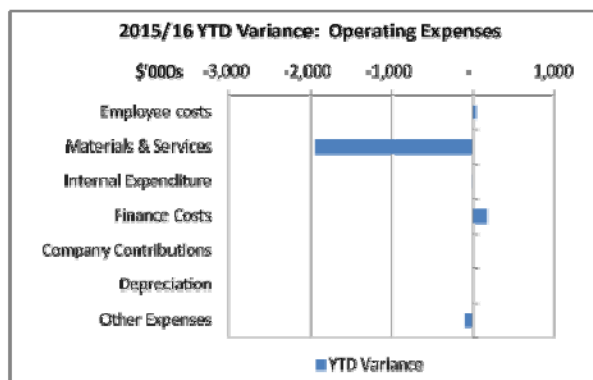
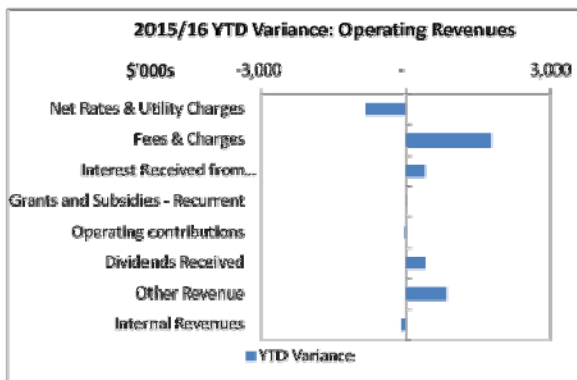
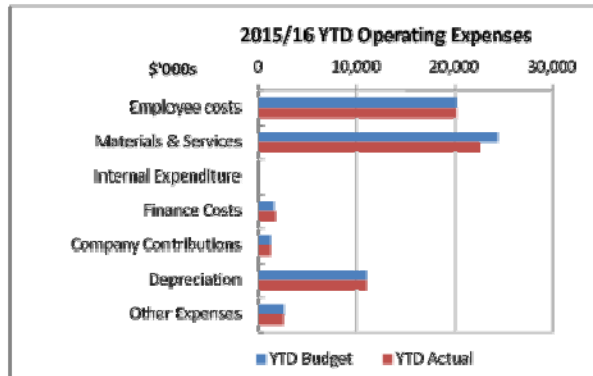
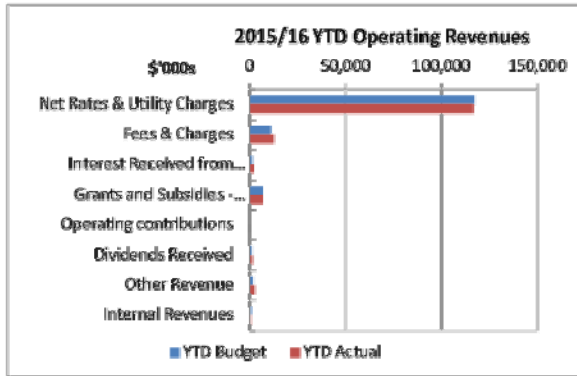
Note: YTD Forecast Budget is based on Budget Review 1



FINANCIAL PERFORMANCE REPORT							August 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
<b>Operating Revenue</b>							
Gross Rates & Utility Charges	253,289	253,289	122,822	122,175	(646)	-0.5%	251,074
Interest from Rates & Utilities	1,527	1,527	254	78	(177)	-69.4%	1,527
Less Discounts, Pensioner Remissions	(11,435)	(11,435)	(5,649)	(5,672)	(23)	0.4%	(11,435)
<b>Net Rates &amp; Utility Charges</b>	<b>243,381</b>	<b>243,381</b>	<b>117,427</b>	<b>116,581</b>	<b>(846)</b>	<b>-0.7%</b>	<b>241,166</b>
Fees & Charges	54,733	54,733	11,058	12,812	1,753	15.9%	56,625
Interest Received from Investments	7,700	7,700	1,283	1,667	384	29.9%	7,700
Grants and Subsidies - Recurrent	11,946	11,946	6,417	6,423	6	0.1%	11,985
Operating contributions	696	696	116	91	(25)	-21.4%	696
Interest received from Unitywater	23,933	23,933	0	0	0	0.0%	23,933
Dividends Received	26,162	26,162	1,057	1,427	371	35.1%	26,162
Other Revenue	11,132	11,132	1,810	2,648	838	46.3%	11,568
Internal Revenues	6,424	6,424	624	534	(90)	-14.5%	7,120
Community Service Obligations	(0)	(0)	0	0	(0)	-100.0%	(0)
<b>Total Operating Revenue</b>	<b>386,107</b>	<b>386,107</b>	<b>139,793</b>	<b>142,183</b>	<b>2,391</b>	<b>1.7%</b>	<b>386,955</b>
<b>Operating Expenses</b>							
Employee costs	121,667	121,667	20,122	20,164	42	0.2%	122,321
Materials & Services	148,334	148,290	24,463	22,520	(1,943)	-7.9%	150,421
Internal Expenditure	0	0	0	(0)	(0)	0.0%	696
Finance Costs	9,505	9,505	1,584	1,766	182	11.5%	9,505
Company Contributions	1,218	1,218	1,218	1,218	0	0.0%	1,218
Depreciation	67,059	67,059	11,050	11,050	0	0.0%	67,058
Other Expenses	16,868	16,913	2,645	2,548	(98)	-3.7%	18,316
Competitive Neutrality Adjustments	0	0	0	0	(0)	-100.0%	0
<b>Total Operating Expenses</b>	<b>364,651</b>	<b>364,651</b>	<b>61,082</b>	<b>59,265</b>	<b>(1,817)</b>	<b>-3.0%</b>	<b>369,534</b>
<b>Operating Result</b>	<b>21,456</b>	<b>21,456</b>	<b>78,711</b>	<b>82,918</b>	<b>4,208</b>	<b>5.3%</b>	<b>17,421</b>
<b>Capital Revenue</b>							
Capital Grants and Subsidies	4,894	4,894	0	821	821	0.0%	9,826
Capital Contributions	12,000	12,000	2,000	5,054	3,054	152.7%	12,028
Contributed Assets	24,624	24,624	4,104	0	(4,104)	-100.0%	24,624
Other Capital Revenue	0	0	0	0	0	0.0%	0
<b>Total Capital Revenue</b>	<b>41,518</b>	<b>41,518</b>	<b>6,104</b>	<b>5,875</b>	<b>(229)</b>	<b>-3.7%</b>	<b>46,478</b>
<b>Net Result</b>	<b>62,974</b>	<b>62,974</b>	<b>84,815</b>	<b>88,794</b>	<b>3,979</b>	<b>4.7%</b>	<b>63,899</b>

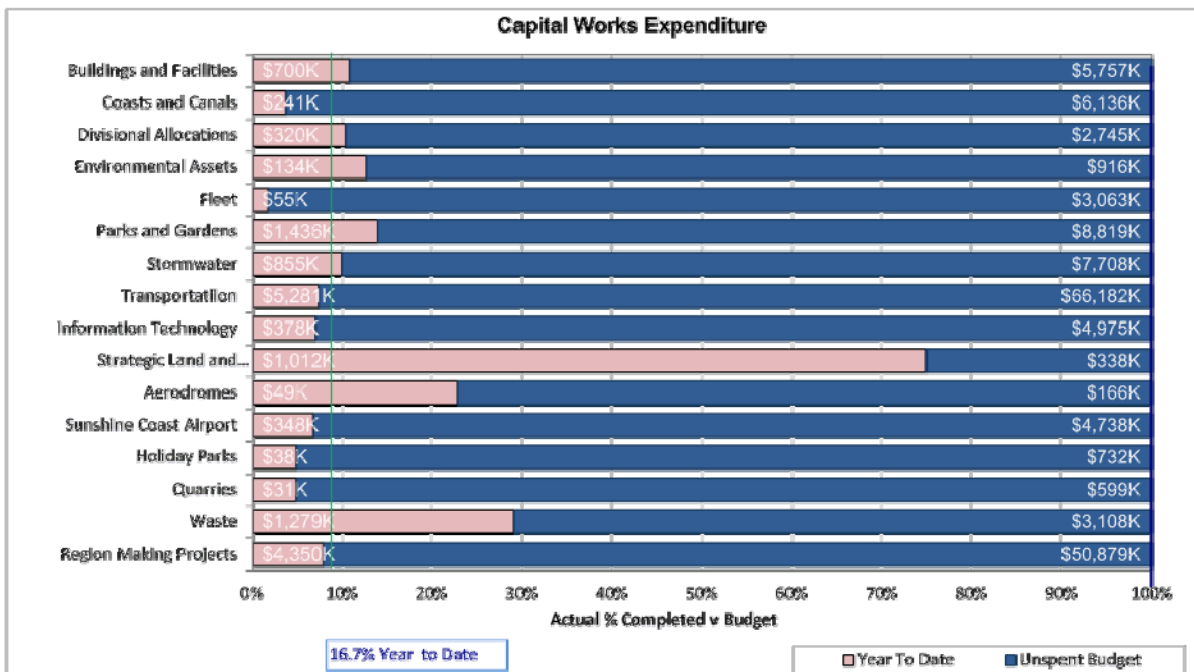


**FINANCIAL PERFORMANCE REPORT** August 2015  
**STATEMENT OF INCOME & EXPENSES**



**FINANCIAL PERFORMANCE REPORT** August 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	6,457	219	700	10.8%	9,151
Coast and Canals	6,352	6,377	135	241	3.8%	6,449
Divisional Allocations	3,590	3,065	265	320	10.4%	4,162
Environmental Assets	975	1,050	181	134	12.8%	1,408
Fleet	3,118	3,118	-	55	1.8%	3,935
Parks and Gardens	9,975	10,255	1,666	1,436	14.0%	13,918
Stormwater	8,563	8,563	451	855	10.0%	9,605
Transportation	71,383	71,463	4,730	5,281	7.4%	97,222
Information Communication Technology	5,353	5,353	574	378	7.1%	6,325
Strategic Land & Comm Properties	1,350	1,350	0	1,012	74.9%	5,481
Aerodromes	215	215	125	49	22.6%	533
Sunshine Coast Airport	5,056	5,086	64	348	6.8%	7,504
Holiday Parks	770	770	11	38	4.9%	1,260
Quarries	630	630	-	31	4.9%	809
Waste	4,387	4,387	546	1,279	29.2%	9,876
Region Making Projects	55,229	55,229	316	4,350	7.9%	51,729
<b>TOTAL</b>	<b>183,368</b>	<b>183,368</b>	<b>9,283</b>	<b>16,506</b>	<b>9.0%</b>	<b>229,367</b>



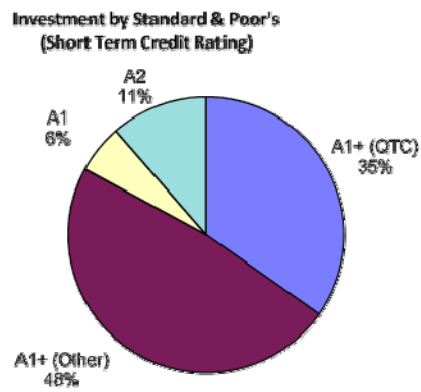
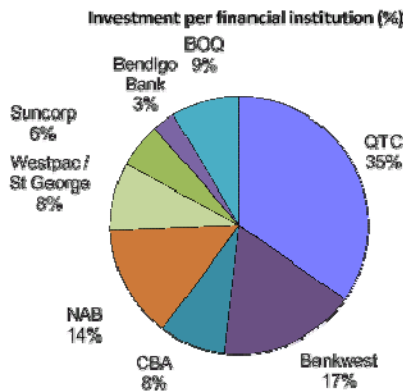
**FINANCIAL PERFORMANCE REPORT** August 2015  
**INVESTMENT PERFORMANCE**

Liquidity as at: 31/08/2015		
\$'000's		
<b>At-call accounts</b>		
QTC + CBA (excl. trust)	\$151,109	43.00%
Maturities within 7 days	\$0	0.00%
<b>Total at-call</b>	<b>\$151,109</b>	<b>43.00%</b>
Investment Policy Target		10.00%

Term deposits maturing:		
	\$'000's	Count
within 30 days	\$30,000	2
30-59 days	\$30,000	3
60-89 days	\$30,000	3
90-179 days	\$100,000	10
180-364 days	\$10,000	1
1 year - 3 years	\$0	0
<b>Total</b>	<b>\$200,000</b>	<b>19</b>

INVESTMENT SUMMARY (including Trust) as at:						Investment Policy		
	31/08/2015		31/07/2015		31/08/2014		Individual Limit	Group Limits
A1+ (QTC)	\$122,035	34.8%	\$125,586	44.1%	\$64,376	23.4%	100%	100%
A1+ (Other)	\$169,074	48.2%	\$128,995	45.3%	\$150,359	54.7%	35%	100%
A1	\$20,000	5.7%	\$10,000	3.5%	\$30,000	10.9%	30%	40%
A2	\$40,000	11.4%	\$20,000	7.0%	\$30,000	10.9%	15%	35%
<b>Total Funds</b>	<b>\$351,109</b>		<b>\$284,581</b>		<b>\$274,735</b>			
<b>FUND SUMMARY</b>								
General Funds	\$346,663		\$280,107		\$270,655			
Trust Funds	\$4,447		\$4,474		\$4,080			
<b>Total Funds</b>	<b>\$351,110</b>		<b>\$284,581</b>		<b>\$274,735</b>			

**Investment Portfolio**



**Investment Performance**

