
8.2.1 FEBRUARY 2015 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
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Corporate Services Department
Attachments: Att 1 - February 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 28 February 2015 shows a positive variance of \$11.1 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 exceed 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 \$1.8 million (less than 1%), and lower than expected operating expenses of \$9.2 million (3.9%). Further detail is provided in the proposal section of this report.

As at 28 February 2015, \$70.4 million (48.2%) 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.

As this report is as at the end of February 2015, Budget Review 3 adjustments that were approved at the March 2015 Ordinary Meeting are not reflected in this report.

OFFICER RECOMMENDATION

That Council receive and note the report titled "February 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 28 February 2015 shows a positive variance of \$11.1 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 exceed 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 \$1.8 million and lower than expected operating expenses of \$9.2 million.

As this report is as at the end of February 2015, Budget Review 3 adjustments that were approved at the March 2015 Ordinary Meeting are not reflected in this report.

Operating Revenue

Net Rates and Utility Charges

The favourable variance of \$488,000 is mainly due to cleansing charges being higher than the year to date budget by \$338,000. An increase of \$275,000 to this item was included in Budget Review 3.

Fees and Charges

The \$1.6 million 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 \$1.5 million;
- Sunshine Coast Holiday Park revenue \$445,000. This is offset by additional commission paid being \$87,000 above the year to date budget;
- Change of ownership/search fees \$188,000.

The above favourable variances are offset by:

- Waste tip fees \$220,000 less than the year to date budget.

Adjustments for the above items were included in Budget Review 3.

Interest from Investments

Interest from investments has exceeded the year to date budget by \$528,000 due to higher than budgeted cash balances.

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

An increase to this item of \$300,000 was included in Budget Review 3.

Operating Contributions

Operating Contributions have exceeded the year to date budget by \$224,000 mainly due to receipt of additional contributions from the Waste contractor for processed recyclables.

An increase to this item of \$300,000 was included in Budget Review 3.

Other Revenue

Other revenue has exceeded the year to date budget by \$724,000 and is due to the following positive variances:

Items impacting the year end forecast

- \$231,000 recoverable works higher than the year to date budget with offsetting costs;
- \$169,000 sale of recoverable waste material higher than the year to date budget;
- \$60,000 Commission – Emergency Management Levy has exceeded the full year budget;
- \$40,000 Payroll Tax refunds – no budget.

All of the above items have adjustments included in Budget Review 3.

Items relating to timing or requiring further monitoring

- \$80,000 contribution from contractors to the Waste education program;
- \$57,000 Rent/lease revenue relating to Council properties.

Operating Expenses

Employee Costs

As at 28 February 2015, employee costs were below budget by \$2.6 million (3.3%).

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 28 February 2015, materials and services costs were below budget by \$7.3 million or 7.5%.

Most year to date variances relate to timing or reactive budgets with some adjustments included in Budget Review 3. Year to date favourable variance amounts and details below:

- \$1.4 million timing of materials spend in Civil Asset Management;
- \$997,000 utilities including:
 - fuel \$579,000
 - electricity \$261,000
 - water & sewerage \$157,000
- \$985,000 reduced materials spend at Quarries offset by lower revenues;
- \$494,000 timing of environmental works including the Environment Levy program;
- \$430,000 Waste costs;
- \$421,000 maintenance of Council properties;
- \$325,000 timing of community grants and partnerships;

- \$323,000 timing of turf maintenance contract due to weather;
- \$263,000 timing of operating projects related to information technology;
- \$155,000 insurance claim expense;
- \$149,000 timing of Heritage Levy projects; and
- \$106,000 timing of library resource purchases.

A reduction of \$1.6 million in Materials & Services was included in Budget Review 3.

Capital Revenue

Capital revenues, at \$29.5 million, are higher than the year to date budget by \$5.1 million or 20.8%. This is mainly due to:

- Capital Contributions, at \$11.5 million, have exceeded the year to date budget by \$6.4 million and the full year budget by \$3.7 million. An increase of \$6.9 million has been included in Budget Review 3;
- Contributed assets, at \$13.3 million, are less than the year to date budget by \$2.7 million.

Capital Expenditure

As at 28 February 2015, \$70.4 million (48.2%) 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 Actuals \$000	% of Annual Budget Spent	Commitments \$000
Buildings and Facilities	4,997	8,063	2,645	32.8	1,097
Coasts and Canals	2,070	2,671	961	36.0	259
Divisional Allocations	3,335	3,197	1,194	37.3	212
Environmental Assets	926	1,241	336	27.1	497
Fleet	1,290	1,290	207	16.1	554
Parks and Gardens	9,026	14,711	8,862	60.2	1,599
Stormwater	6,202	6,584	3,598	54.6	765
Transportation	47,286	50,693	26,181	51.6	6,267
Information Technology	2,768	4,034	1,537	38.1	410
Strategic Land & Commercial Properties	18,751	26,737	12,454	46.6	4,263
Aerodromes	581	912	315	34.6	172
Sunshine Coast Airport	5,148	5,741	1,772	30.9	433
Holiday Parks	1,158	2,119	972	44.4	131
Quarries	1,950	2,204	371	16.8	52
Waste	8,403	15,942	9,004	56.5	2,100
TOTAL COUNCIL	113,892	146,140	70,379	48.2	18,809

\$4.0 million of the Current Budget amount of \$146.1 million was carried forward to 2015/2016 in Budget Review 3. The YTD Actuals plus Commitments of \$89.2 million is 62.8% of the amended full year budget.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 28 February 2015 Council had \$303 million cash (excluding Trust Fund) with an average interest rate of 3.34%, being 0.60% above benchmark. This is compared to the same period last year with \$268 million cash (excluding Trust Fund) where the average interest rate was 3.63%, being 1.00% 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:

- (a) 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

February 2015



FINANCIAL PERFORMANCE REPORT

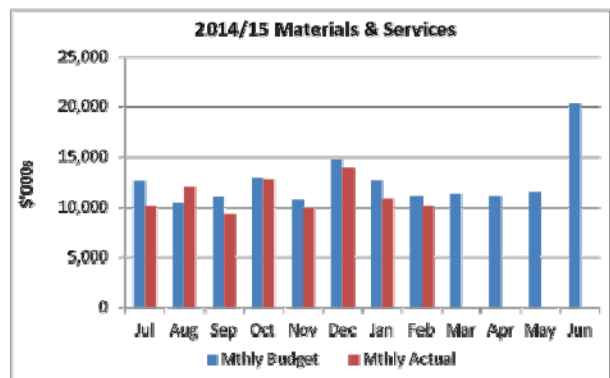
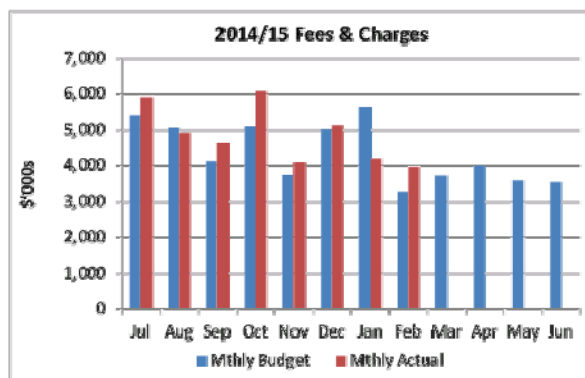
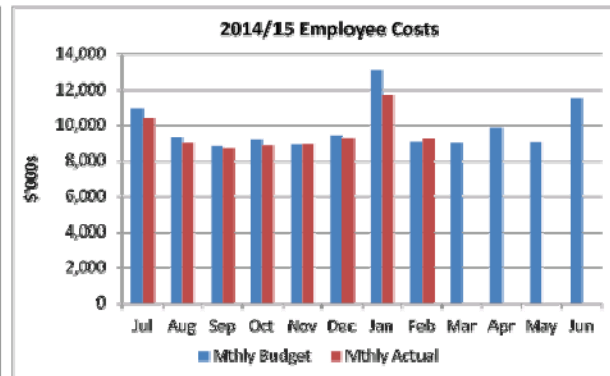
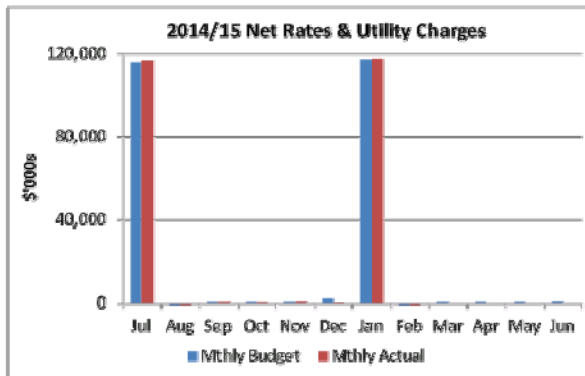
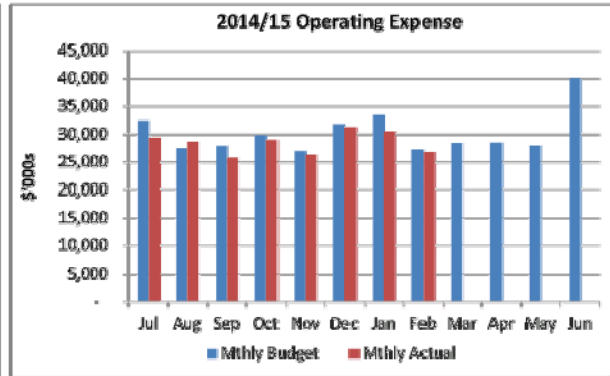
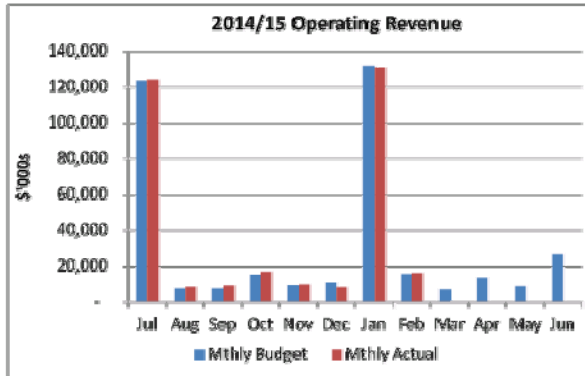
February 2015

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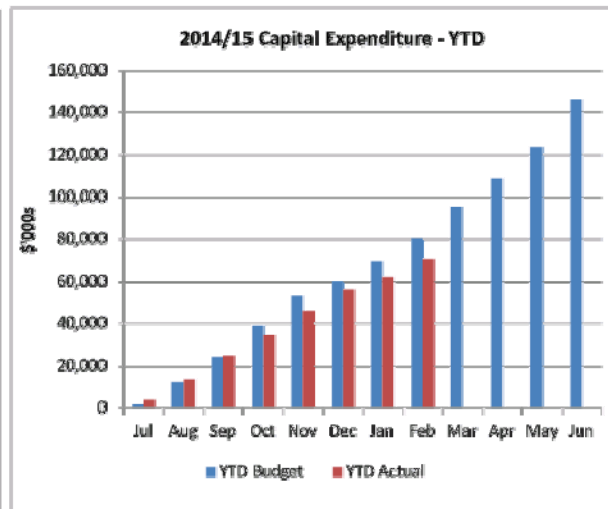
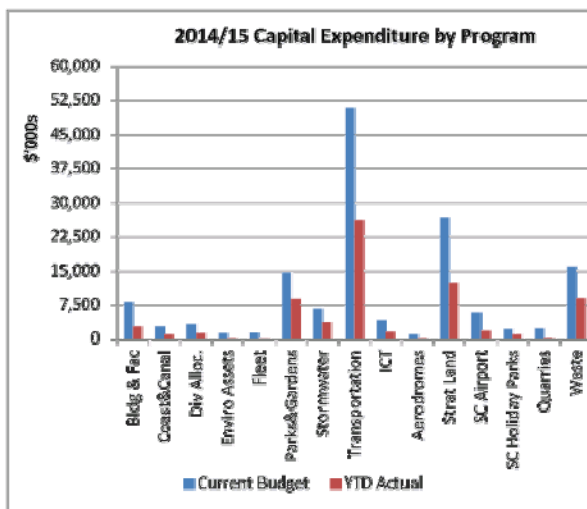
HEADLINE - OPERATING	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
	Operating Revenue	370,949	377,307	321,517	323,351	1,833
Operating Expenses	357,872	362,357	237,296	228,048	(9,248)	(3.9%)
Operating Result	13,077	14,950	84,221	95,303	11,082	13.2%
NET Result	51,580	59,842	111,002	125,555	14,553	13.1%



FINANCIAL PERFORMANCE REPORT February 2015

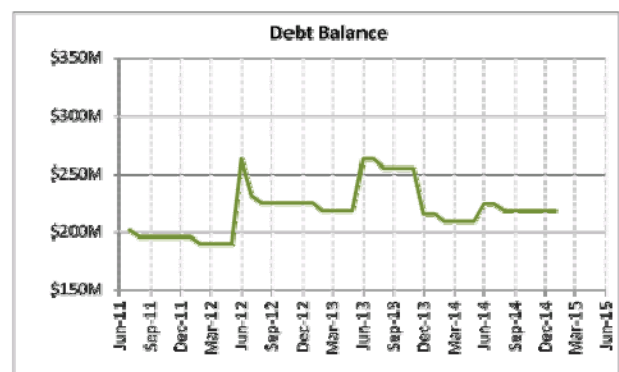
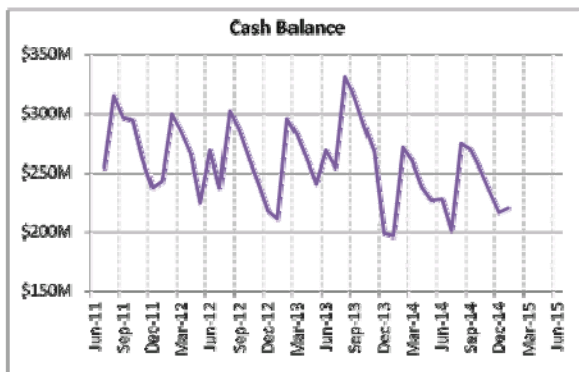
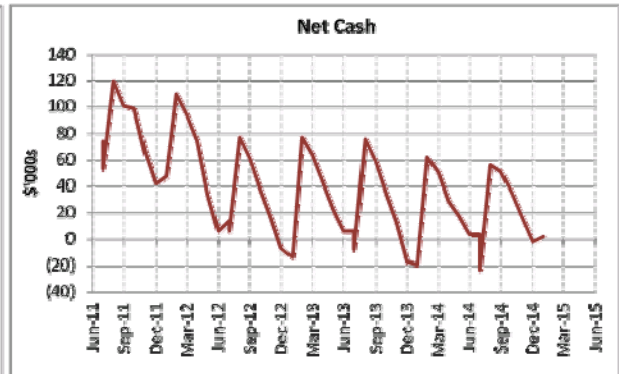
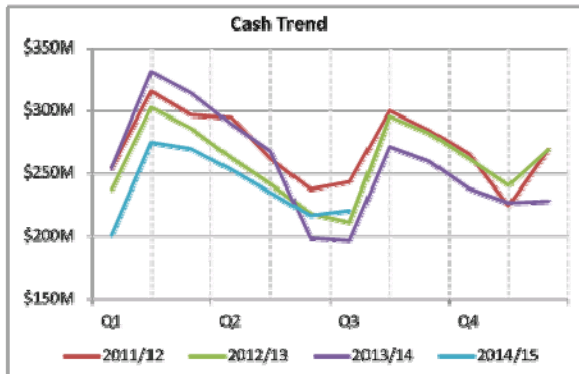
HEADLINE - CAPITAL

	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	24,390	29,462	5,073	
Other Capital Revenues	83,486	83,486	42,791	45,487	2,697	
Total Capital Revenues	117,206	123,595	67,180	74,949	7,769	
Capital Works Expenditure	113,892	146,140	80,288	70,379	(9,909)	(12.3%)
Other Capital Expenditure	38,005	35,380	27,390	24,651	(2,739)	
Total Capital Expenditure	151,897	181,520	107,678	95,030	(12,648)	
Funds from General Revenue	34,691	57,925	40,498	20,080	(20,417)	



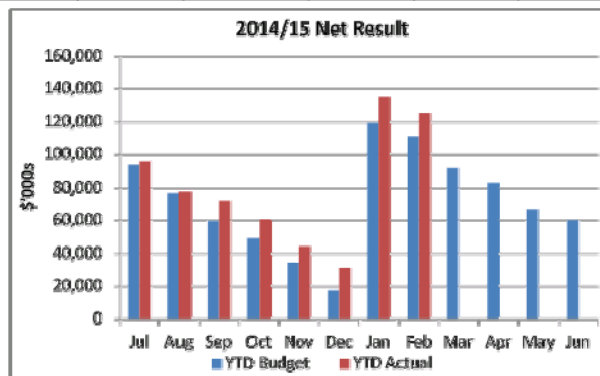
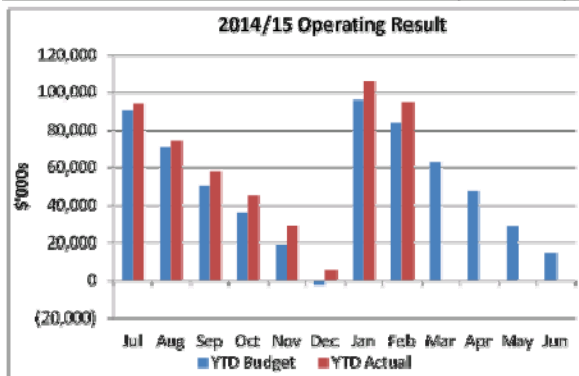
FINANCIAL PERFORMANCE REPORT February 2015
HEADLINE - CASH & BALANCE SHEET

	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	1,032,896
Investing Activities	(94,598)	(120,448)	(949,308)
Financing Activities	1,306	3,120	(3,449)
Net Increase/(decrease) in Cash Held	(14,187)	8,162	80,139
Cash at year end	155,689	232,571	311,092
BALANCE SHEET			
Total Current Assets	204,627	276,824	447,568
Total Non Current Assets	4,566,635	4,371,514	4,190,338
Total Assets	4,771,262	4,648,338	4,637,906
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	4,327,833



Item 8.2.1 February 2015 Financial Performance Report
February 2015 Financial Performance Report

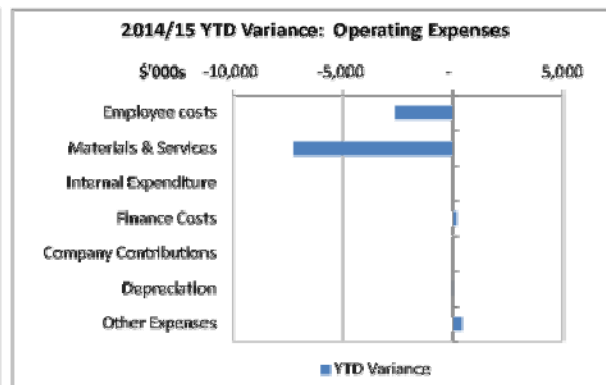
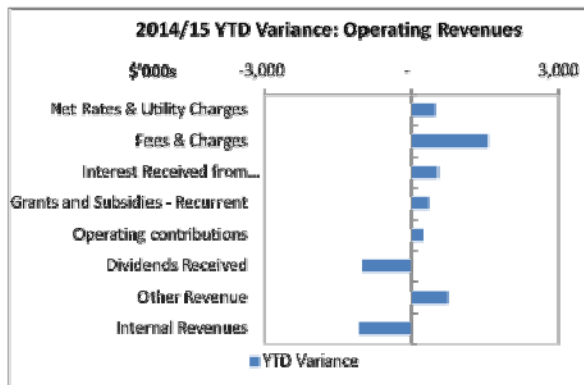
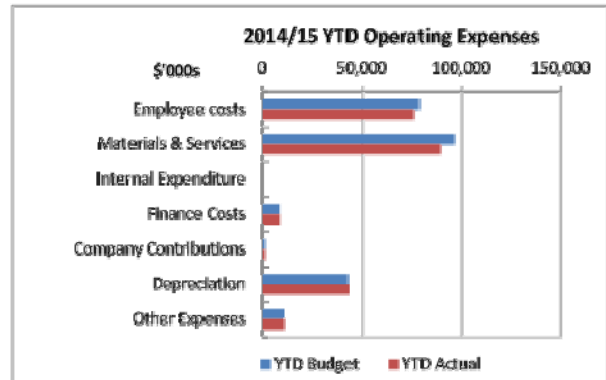
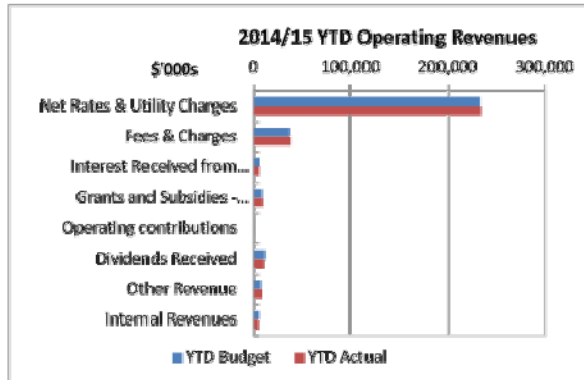
FINANCIAL PERFORMANCE REPORT							February 2015
STATEMENT OF INCOME & EXPENSES							
	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
Operating Revenue							
Gross Rates & Utility Charges	245,558	247,079	243,645	244,320	676	0.3%	247,295
Interest from Rates & Utilities	1,527	1,527	1,018	606	(412)	-40.5%	1,527
Less Discounts, Pensioner Remissions	(11,265)	(11,265)	(11,265)	(11,041)	224	-2.0%	(11,265)
Net Rates & Utility Charges	235,819	237,341	233,397	233,885	488	0.2%	237,556
Fees & Charges	50,668	52,167	37,360	38,920	1,560	4.2%	53,252
Interest Received from Investments	7,336	7,336	5,091	5,618	528	10.4%	7,636
Grants and Subsidies - Recurrent	9,569	11,933	8,713	9,065	352	4.0%	12,263
Operating contributions	541	406	271	495	224	82.8%	706
Interest received from Unitywater	23,933	23,933	12,006	12,024	18	0.1%	23,933
Dividends Received	26,162	26,162	11,516	10,518	(998)	-8.7%	26,162
Other Revenue	10,085	10,213	7,344	8,067	724	9.9%	10,655
Internal Revenues	6,835	7,815	5,820	4,758	(1,062)	-18.3%	7,935
Community Service Obligations	0	0	0	0	0	0.0%	0
Total Operating Revenue	370,949	377,307	321,517	323,351	1,833	0.6%	380,099
Operating Expenses							
Employee costs	117,212	118,028	78,637	76,016	(2,621)	-3.3%	118,197
Materials & Services	146,431	150,881	96,400	89,133	(7,267)	-7.5%	149,192
Internal Expenditure	(0)	(0)	(0)	0	0	-116.9%	(0)
Finance Costs	13,406	11,966	8,144	8,322	178	2.2%	11,966
Company Contributions	1,187	1,187	1,187	1,187	0	0.0%	1,187
Depreciation	64,186	64,186	42,791	42,826	35	0.1%	64,186
Other Expenses	15,450	16,100	10,138	10,564	426	4.2%	16,330
Competitive Neutrality Adjustments	0	0	0	0	0	0.0%	0
Total Operating Expenses	357,872	362,357	237,296	228,048	(9,248)	-3.9%	361,058
Operating Result	13,077	14,950	84,221	95,303	11,082	13.2%	19,042
Capital Revenue							
Capital Grants and Subsidies	2,320	8,359	3,258	4,698	1,440	44.2%	8,409
Capital Contributions	7,400	7,750	5,132	11,494	6,362	124.0%	14,669
Contributed Assets	24,000	24,000	16,000	13,271	(2,729)	-17.1%	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	26,781	30,252	3,471	13.0%	51,861
Net Result	51,580	59,842	111,002	125,555	14,553	13.1%	70,903



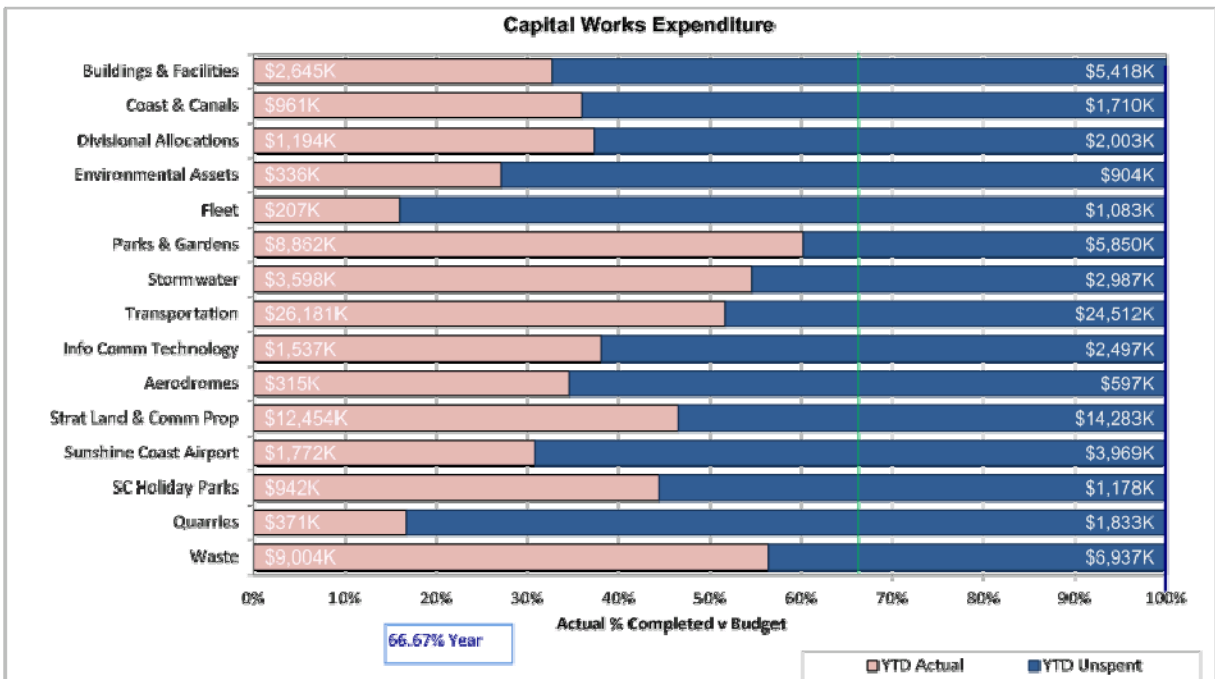
FINANCIAL PERFORMANCE REPORT

February 2015

STATEMENT OF INCOME & EXPENSES



FINANCIAL PERFORMANCE REPORT							February 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	2,826	2,645	32.8%	7,505	
Coast and Canals	2,070	2,671	1,849	961	36.0%	2,671	
Divisional Allocations	2,888	3,197	1,753	1,194	37.3%	3,232	
Environmental Assets	946	1,241	616	336	27.1%	1,254	
Fleet	1,290	1,290	860	207	16.1%	1,290	
Parks and Gardens	9,349	14,711	9,577	8,862	60.2%	13,992	
Stormwater	6,202	6,584	4,399	3,598	54.6%	6,743	
Transportation	47,391	50,693	27,588	26,181	51.6%	52,304	
Information Communication Technology	2,768	4,034	2,161	1,537	38.1%	4,487	
Strategic Land & Comm Properties	18,751	26,737	14,508	12,454	46.6%	27,259	
Aerodromes	581	912	518	315	34.6%	912	
Sunshine Coast Airport	5,148	5,741	1,484	1,772	30.9%	5,741	
SC Holiday Parks	1,158	2,119	1,218	942	44.4%	1,762	
Quarries	1,950	2,204	1,616	371	16.8%	1,634	
Waste	8,403	15,942	9,316	9,004	56.5%	16,628	
TOTAL	113,892	146,140	80,288	70,379	48.2%	147,414	



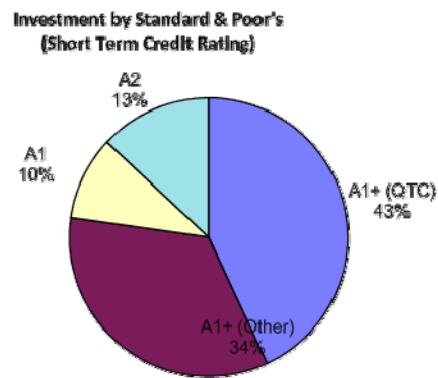
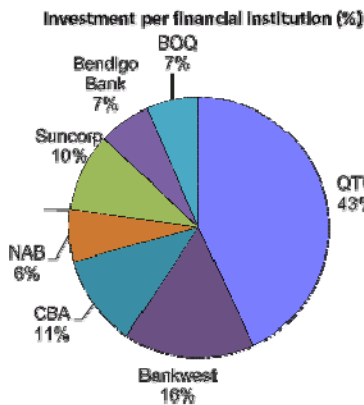
FINANCIAL PERFORMANCE REPORT February 2015
INVESTMENT PERFORMANCE

Liquidity as at: 28/02/2015		
(\$'000's)		
At-call accounts		
QTC + CBA (excl. trust)	\$163,414	53.12%
Maturities within 7 days	\$10,000	3.25%
Total at-call	\$173,414	56.37%
Investment Policy Target		10.00%

Term deposits maturing:		
	\$'000's	Count
within 30 days	\$60,000	6
30-59 days	\$50,000	5
60-89 days	\$10,000	1
90-179 days	\$10,000	1
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$130,000	13

INVESTMENT SUMMARY (including Trust) as at:				Investment Policy				
	28/02/2015		31/01/2015		28/02/2014		Individual Limit	Group Limits
A1+ (QTC)	\$132,541	43.1%	\$39,636	18.1%	\$91,905	33.7%	100%	100%
A1+ (Other)	\$105,082	34.2%	\$118,895	54.4%	\$136,107	49.3%	35%	100%
A1	\$30,000	9.8%	\$30,000	13.7%	\$10,000	3.7%	30%	40%
A2	\$40,000	13.0%	\$30,000	13.7%	\$35,000	12.8%	15%	35%
Total Funds	\$307,622		\$218,531		\$273,012			
FUND SUMMARY								
General Funds	\$303,414		\$214,554		\$267,701			
Trust Funds	\$4,209		\$3,976		\$5,311			
Total Funds	\$307,622		\$218,531		\$273,012			

Investment Portfolio



Investment Performance

