

8.3.1 DECEMBER 2014 FINANCIAL PERFORMANCE REPORT

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

The operating result at 31 December 2014 shows a positive variance of \$8.2 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 \$2.3 million (1.3%) and lower than expected operating expenses of \$5.9 million (3.3%). Further detail is provided in the proposal section of this report.

As at 31 December 2014, \$56.3 million (38.5%) 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 "December 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 December 2014 shows a positive variance of \$8.2 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 \$2.3 million and lower than expected operating expenses of \$5.9 million.

Operating Revenue

Net Rates and Utility Charges

The unfavourable variance of \$214,000 is mainly due to interest from rates and utilities being less than the year to date budget.

Fees and Charges

The \$2.3 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 \$2.1 million. \$1.5 million relates to timing with the balance of \$600,000 likely to impact the year end forecast if the current trend continues
- Caloundra Music Festival sales exceeded the full year budget by \$345,000, offset by expenditure being higher than budget by \$221,000
- Sunshine Coast Holiday Park revenue \$166,000. This is offset by additional commission paid of \$50,000
- Change of ownership/search fees \$129,000.

The above favourable variances are offset by:

- Waste fees \$227,000 less than the year to date budget
- Airport fees \$92,000 less than the year to date budget.

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 \$468,000 due to higher than budgeted cash balances.

The budget for this item was based on an interest rate of 3.5% with average monthly interest rates to date being on or below that rate.

Other Revenue

Other revenue has exceeded the year to date budget by \$493,000 and is due to the following items exceeding the year to date budget by the amounts shown:

Items impacting the year end forecast

- \$60,000 Commission – Emergency Management Levy
- \$53,000 Bond call up revenue
- \$51,000 Payroll Tax refunds.

Items relating to timing or requiring further monitoring

- \$114,000 Waste – sale of recoverable materials
- \$76,000 Rent/lease revenue relating to Council properties
- \$52,000 Road Maintenance Levy higher than budget – contributions received are offset by associated expenditure.

Operating Expenses

Employee Costs

As at 31 December 2014, employee costs were below budget by \$1.4 million.

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 December 2014, materials and services costs were below budget by \$4.5 million or 6.2%.

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:

- \$835,000 utilities including
 - electricity \$298,000
 - fuel \$296,000 and
 - water & sewerage \$130,000
- \$658,000 reduced materials spend at Quarries offset by lower revenue received during December 2014
- \$466,000 maintenance of Council properties
- \$407,000 timing of materials spend in Civil Works Services with December 2014 being a traditionally quiet month
- \$365,000 Waste costs including
 - \$408,000 lower mulching and associated transport costs as contract review occurs
 - \$346,000 collection costs are lower than budget due to contract start rates being lower than forecast
 - offset by unbudgeted costs of \$458,000 associated with contractual matters
- \$317,000 timing of turf maintenance contract
- \$224,000 timing of operating projects related to levies and information technology
- \$128,000 insurance claim expense
- \$123,000 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 \$25.6 million, are higher than the year to date budget by \$7.3 million or 39.6%. This is mainly due to:

- Developer contributions, at \$7.8 million, have exceeded the year to date budget by \$4 million and the full year budget by \$56,000. If this trend continues, the year end result will be favourably impacted
- Contributed assets, at \$13.9 million, are higher than the year to date budget by \$1.9 million
- 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 December 2014, \$56.3 million (38.5%) 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	1,496	18.5%	1,977
Coasts and Canals	2,070	2,651	796	30.0%	320
Divisional Allocations	3,335	3,253	1,081	33.2%	340
Environmental Assets	926	1,241	303	24.5%	252
Fleet	1,290	1,290	198	15.3%	538
Parks and Gardens	9,027	14,683	7,881	53.7%	1,626
Stormwater	6,202	6,584	2,252	34.2%	1,141
Transportation	47,286	50,685	20,247	39.9%	7,107
Information Technology	2,768	4,034	1,441	35.7%	392
Strategic Land & Commercial Properties	18,751	26,737	9,607	35.9%	1,807
Aerodromes	581	912	309	33.9%	171
Sunshine Coast Airport	5,148	5,741	1,533	26.7%	610
Holiday Parks	1,158	2,119	854	40.3%	90
Quarries	1,950	2,204	140	6.4%	261
Waste	8,403	15,942	8,037	50.4%	1,786
TOTAL COUNCIL	113,892	146,140	56,277	38.5%	18,417

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 December 2014, Council had \$213 million cash (excluding Trust Fund) with an average interest rate of 3.44%, being 0.69% above benchmark. This is

compared to the same period last year with \$194 million cash (excluding Trust Fund) where the average interest rate was 3.73%, being 1.17% 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 18 September 2014, Council Resolution (OM 14/132)

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

Ordinary Meeting 16 October 2014, Council Resolution (OM 14/140)

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

Ordinary Meeting 13 November 2014, Council Resolution (OM14/157)

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

Ordinary Meeting 11 December 2014, Council Resolution (OM14/172)

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

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)"

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

December 2014



FINANCIAL PERFORMANCE REPORT

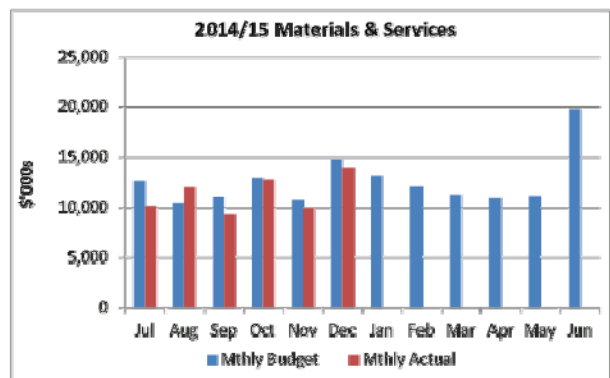
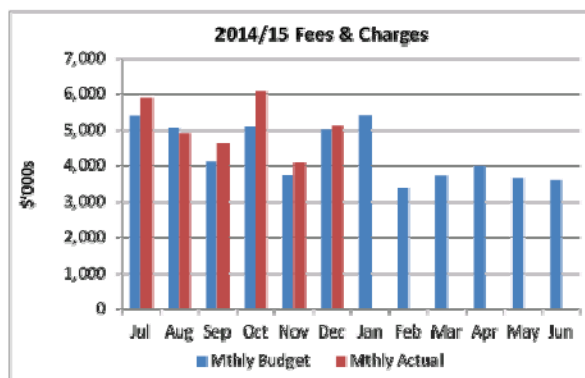
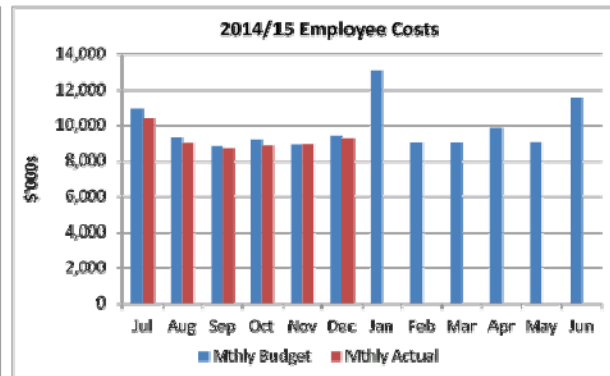
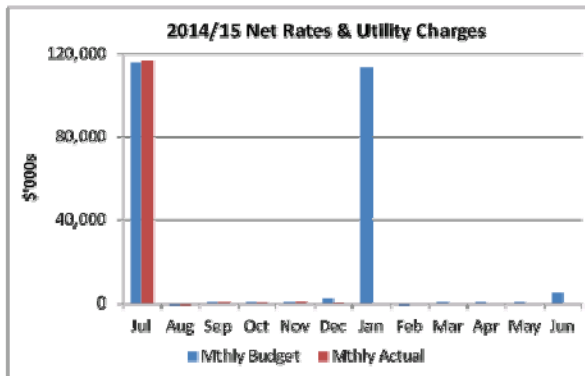
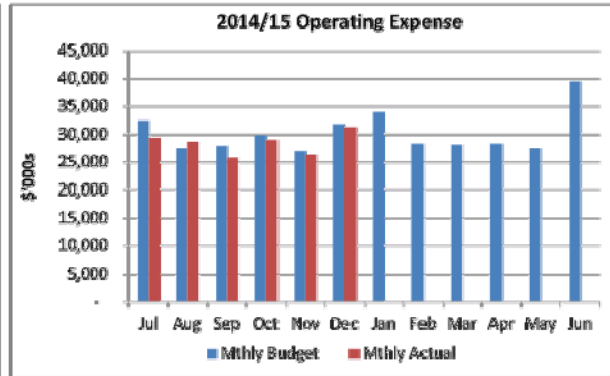
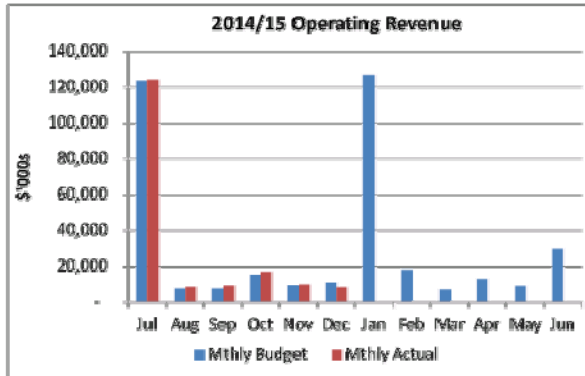
December 2014

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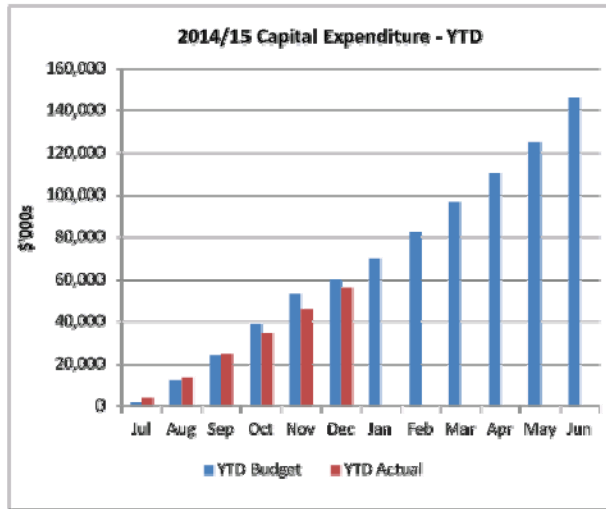
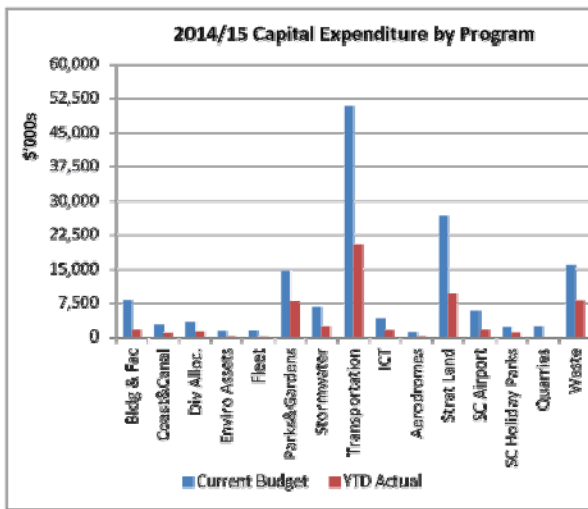
HEADLINE - OPERATING	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
	Operating Revenue	370,949	377,307	174,220	176,517	2,297
Operating Expenses	357,872	362,356	176,575	170,702	(5,873)	(3.3%)
Operating Result	13,077	14,951	(2,356)	5,815	8,170	(346.9%)
NET Result	51,580	59,843	17,200	31,048	13,848	80.5%



FINANCIAL PERFORMANCE REPORT December 2014

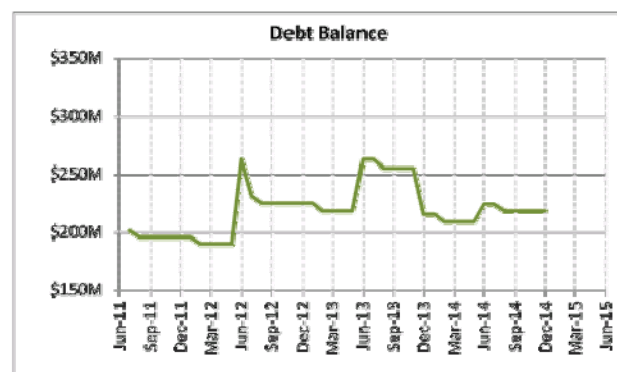
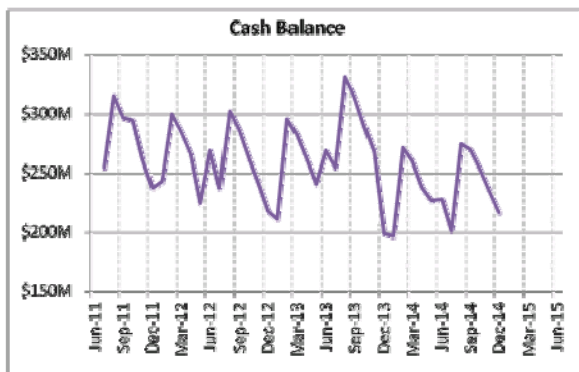
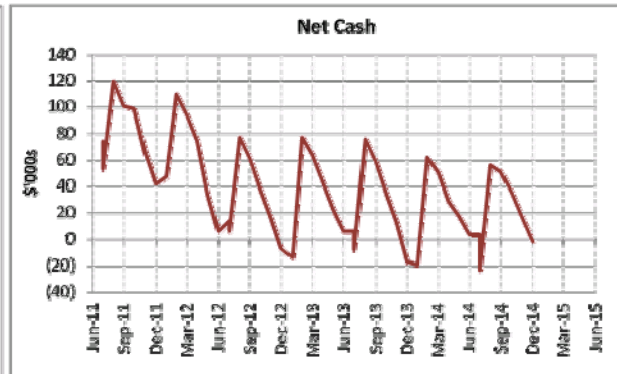
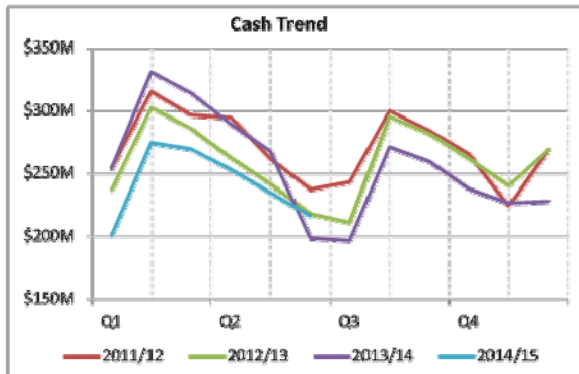
HEADLINE - CAPITAL

	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	18,360	25,629	7,269	
Other Capital Revenues	83,486	83,486	32,093	34,785	2,692	
Total Capital Revenues	117,206	123,595	50,453	60,413	9,961	
Capital Works Expenditure	113,892	146,140	60,293	56,277	(4,017)	(6.7%)
Other Capital Expenditure	38,005	35,380	17,690	19,730	2,040	
Total Capital Expenditure	151,897	181,520	77,983	76,006	(1,977)	
Funds from General Revenue	34,691	57,925	27,531	15,593	(11,937)	



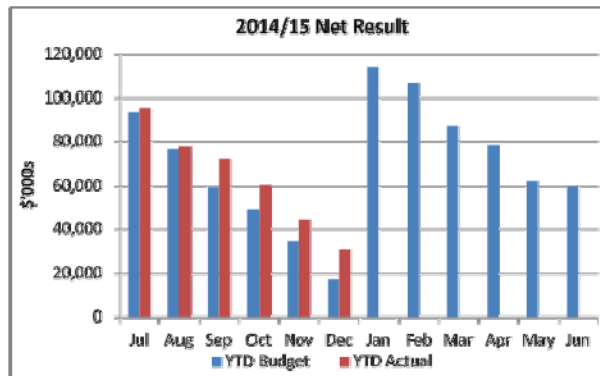
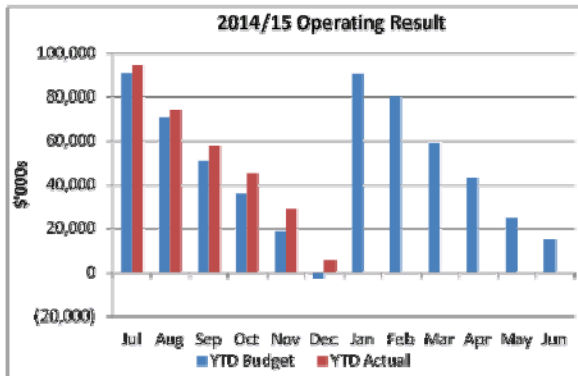
FINANCIAL PERFORMANCE REPORT December 2014
HEADLINE - CASH & BALANCE SHEET

	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	934,794
Investing Activities	(94,598)	(120,448)	(939,854)
Financing Activities	1,306	3,120	565
Net Increase/(decrease) in Cash Held	(14,187)	8,162	(4,495)
Cash at year end	155,689	232,571	226,458
BALANCE SHEET			
Total Current Assets	204,627	276,824	239,955
Total Non Current Assets	4,566,635	4,371,514	4,195,042
Total Assets	4,771,262	4,648,338	4,434,997
Total Current Liabilities	70,488	66,479	50,695
Total Non Current Liabilities	238,841	244,207	239,370
Total Liabilities	309,329	310,686	290,065
Net Community Assets/ Total Community Equity	4,461,933	4,337,652	4,144,932

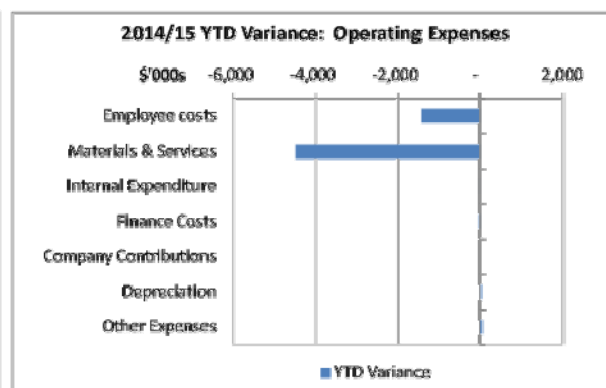
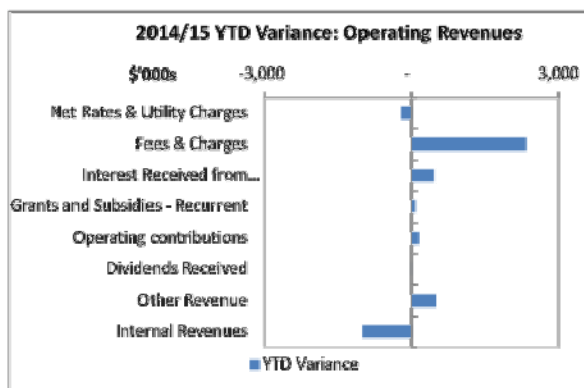
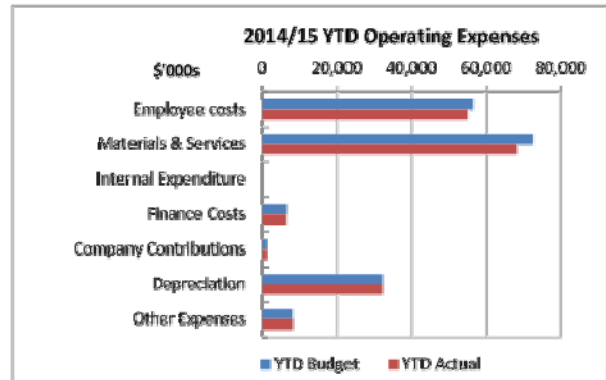
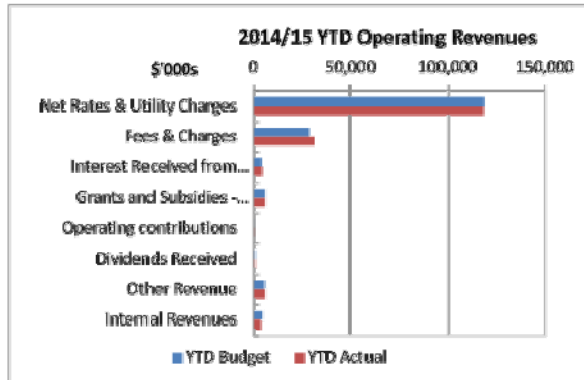


Item 8.3.1 December 2014 Financial Performance Report
December 2014 Financial Performance Report

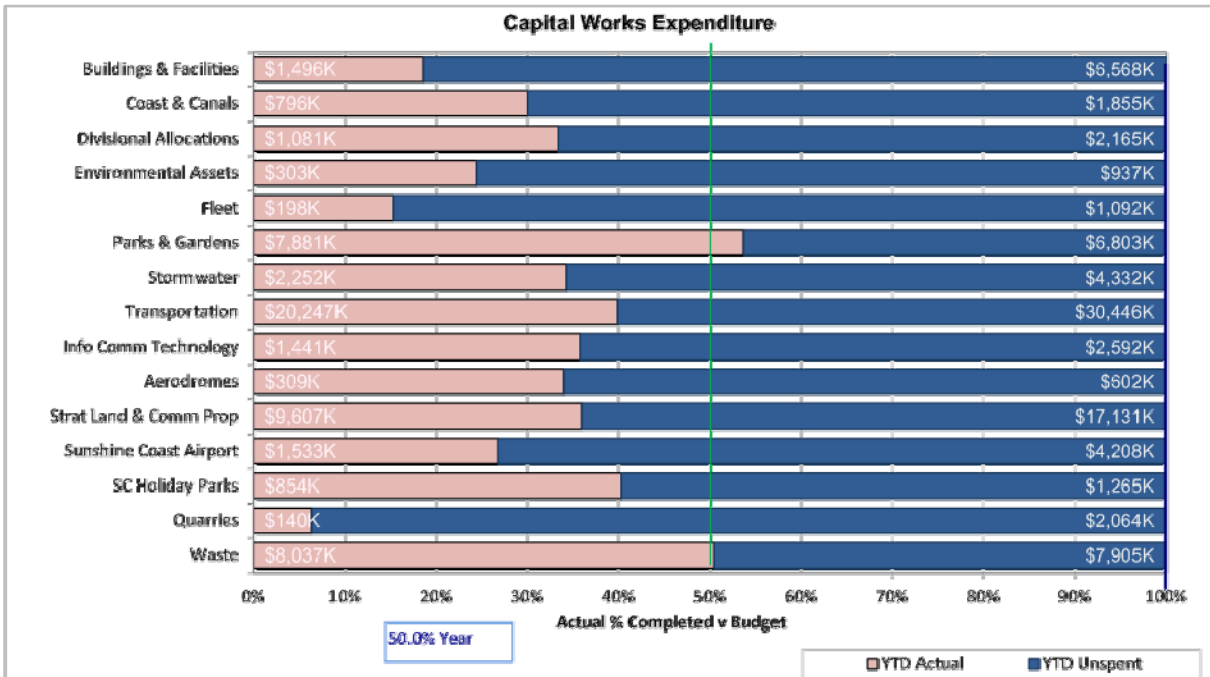
FINANCIAL PERFORMANCE REPORT							December 2014
STATEMENT OF INCOME & EXPENSES							
	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
Operating Revenue							
Gross Rates & Utility Charges	245,558	247,079	123,365	123,329	(36)	0.0%	247,079
Interest from Rates & Utilities	1,527	1,527	763	517	(247)	-32.3%	1,527
Less Discounts, Pensioner Remissions	(11,265)	(11,265)	(5,565)	(5,496)	69	-1.2%	(11,265)
Net Rates & Utility Charges	235,819	237,341	118,564	118,349	(214)	-0.2%	237,341
Fees & Charges	50,668	52,167	28,455	30,771	2,316	8.1%	52,167
Interest Received from Investments	7,336	7,336	3,868	4,336	468	12.1%	7,336
Grants and Subsidies - Recurrent	9,569	11,933	6,050	6,126	76	1.3%	11,933
Operating contributions	541	406	203	344	140	69.1%	406
Interest received from Unitywater	23,933	23,933	6,013	6,022	9	0.1%	23,933
Dividends Received	26,162	26,162	776	776	(0)	0.0%	26,162
Other Revenue	10,085	10,213	5,639	6,132	493	8.7%	10,213
Internal Revenues	6,835	7,815	4,652	3,660	(991)	-21.3%	7,815
Community Service Obligations	0	0	0	0	0	0.0%	0
Total Operating Revenue	370,949	377,307	174,220	176,517	2,297	1.3%	377,307
Operating Expenses							
Employee costs	117,212	118,027	56,525	55,079	(1,445)	-2.6%	118,027
Materials & Services	146,431	150,922	72,572	68,082	(4,490)	-6.2%	150,922
Internal Expenditure	(0)	(0)	(0)	0	0	-221.5%	(0)
Finance Costs	13,406	11,966	6,228	6,198	(30)	-0.5%	11,966
Company Contributions	1,187	1,187	1,187	1,187	0	0.0%	1,187
Depreciation	64,186	64,186	32,093	32,128	35	0.1%	64,186
Other Expenses	15,450	16,069	7,971	8,028	58	0.7%	16,069
Competitive Neutrality Adjustments	0	0	0	0	0	0.0%	0
Total Operating Expenses	357,872	362,356	176,575	170,702	(5,873)	-3.3%	362,356
Operating Result	13,077	14,951	(2,356)	5,815	8,170	-346.9%	14,951
Capital Revenue							
Capital Grants and Subsidies	2,320	8,359	2,506	3,936	1,429	57.0%	8,359
Capital Contributions	7,400	7,750	3,853	7,806	3,953	102.6%	7,750
Contributed Assets	24,000	24,000	12,000	13,887	1,887	15.7%	24,000
Other Capital Revenue	4,783	4,783	1,196	(396)	(1,592)	-133.1%	4,783
Total Capital Revenue	38,503	44,892	19,555	25,233	5,677	29.0%	44,892
Net Result	51,580	59,843	17,200	31,048	13,848	80.5%	59,843



FINANCIAL PERFORMANCE REPORT December 2014
STATEMENT OF INCOME & EXPENSES



FINANCIAL PERFORMANCE REPORT							December 2014
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	2,043	1,496	18.5%	8,063	
Coast and Canals	2,070	2,651	1,101	796	30.0%	2,651	
Divisional Allocations	2,888	3,245	1,136	1,081	33.3%	3,245	
Environmental Assets	946	1,241	318	303	24.5%	1,241	
Fleet	1,290	1,290	645	198	15.3%	1,290	
Parks and Gardens	9,349	14,683	7,552	7,881	53.7%	14,683	
Stormwater	6,202	6,584	2,433	2,252	34.2%	6,584	
Transportation	47,391	50,693	22,132	20,247	39.9%	50,693	
Information Communication Technology	2,768	4,034	1,425	1,441	35.7%	4,034	
Strategic Land & Comm Properties	18,751	26,737	9,882	9,607	35.9%	26,737	
Aerodromes	581	912	264	309	33.9%	912	
Sunshine Coast Airport	5,148	5,741	1,473	1,533	26.7%	5,741	
SC Holiday Parks	1,158	2,119	1,008	854	40.3%	2,119	
Quarries	1,950	2,204	1,085	241	10.9%	2,204	
Waste	8,403	15,942	7,798	8,037	50.4%	15,942	
TOTAL	113,892	146,140	60,293	56,277	38.5%	146,140	



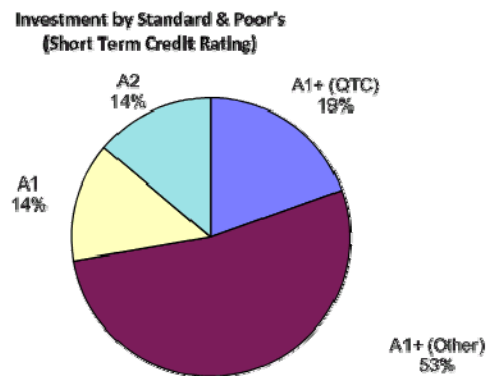
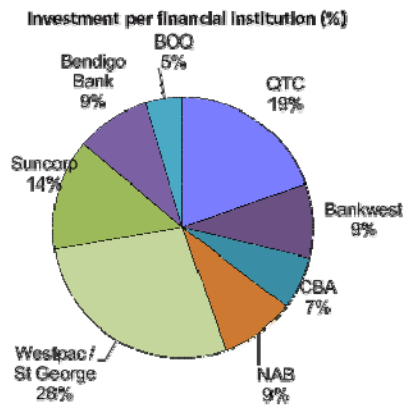
FINANCIAL PERFORMANCE REPORT December 2014
INVESTMENT PERFORMANCE

Liquidity as at: 31/12/2014		
\$'000's		
At-call accounts		
QTC + CBA (excl. trust)	\$52,544	24.27%
Maturities within 7 days	\$0	0.00%
Total at-call	\$52,544	24.27%
Investment Policy Target		10.00%

Term deposits maturing:		
	\$'000's	Count
within 30 days	\$50,000	5
30-59 days	\$40,000	4
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		
	31/12/2014		30/11/2014	31/12/2013	Individual Limit	Group Limits
A1+ (QTC)	\$42,310	19.5%	\$42,194	18.0%	\$37,539	18.7%
A1+ (Other)	\$114,227	52.8%	\$112,870	48.0%	\$88,599	44.0%
A1	\$30,000	13.9%	\$50,000	21.3%	\$30,000	14.9%
A2	\$30,000	13.9%	\$30,000	12.8%	\$45,000	22.4%
Total Funds	\$216,536		\$235,064		\$201,138	
FUND SUMMARY						
General Funds	\$212,544		\$230,954		\$193,617	
Trust Funds	\$3,993		\$4,110		\$7,521	
Total Funds	\$216,536		\$235,064		\$201,138	

Investment Portfolio



Investment Performance

