

8.2.1 JULY 2016 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
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Attachments: Att 1 - July 2016 Financial Performance Report

PURPOSE

To meet Council's legislative obligations, a monthly report is to be presented to Council on its financial performance and investments.

EXECUTIVE SUMMARY

The monthly financial performance report provides Council with a summary of performance against budget at the end of each month in terms of the operating result and delivery of the capital program.

It is still early in the 2016/17 financial year and therefore difficult to compare year to date budget and actual results with any degree of certainty. There are a number of timing issues that exist at the end of July 2016, namely the 2015/16 operating and capital budget carryovers which are to be presented at this meeting as part of Budget Review 1.

The operating result at 31 July 2016 shows a positive variance of \$7.7 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 profiled operating revenue of \$3.7 million and lower than profiled operating expenses of \$4.0 million. Further detail is provided in the proposal section of this report.

As at 31 July 2016, \$9.0 million (3.6%) of Council's \$252.7 million 2016/17 Capital Works Program was financially expended.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "July 2016 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

It is still early in the 2016/17 financial year and therefore difficult to compare year to date budget and actual results with any degree of certainty. There are a number of timing issues that exist at the end of July 2016, namely the 2015/16 operating and capital budget carryovers which are to be presented at this meeting as part of Budget Review 1.

The operating result at 31 July 2016 shows a positive variance of \$7.7 million compared to the forecast position.

The operating result variation is made up of higher than profiled operating revenue of \$3.7 million and lower than profiled operating expenses of \$4.0 million. Further detail is provided in the proposal section of this report.

Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

Operating Revenue

Net Rates and Utility Charges

The favourable variance of \$3.3 million is mainly due to higher than anticipated prepaid rates.

Interest from Investments

Interest from investments has exceeded the year to date budget by \$114,000 due to higher than budgeted cash balances.

Other Revenue

Other revenue has exceeded the year to date budget by \$461,000, this is mainly due to \$149,000 of revegetation offsets and timing of lease revenue.

Operating Expenses

Employee Costs

As at 31 July 2016 employee costs were above budget by \$204,000.

The budget allows for a Certified Agreement increase. A new Certified Agreement has not yet been finalised however a 1.7% pay increase was approved and paid in July 2016.

Materials and Services

As at 31 July 2016, materials and services costs were below budget by \$4.3 million. 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 contributions are ahead of budget by \$875,000.

Capital Expenditure

As at 31 July 2016, \$9.0 million (3.6%) of Council's \$252.7 million 2016/17 Capital Works Program was financially expended.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 July 2016 Council had \$303 million cash (excluding Trust Fund) with an average interest rate of 3.14%, being 1.08% above benchmark. This is compared to the same period last year with \$280 million cash (excluding Trust Fund) where the average interest rate was 2.78%, being 0.65% 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 2016/17 Investment Policy.

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 16 June 2016, Council adopted the 2016/2017 budget - Council Resolution (SM16/16)

That Council:

- receive and note the report titled "Adoption of the 2016/2017 Budget and Forward Estimates for the 2017/2018 to 2025/2026 Financial Years"*
- adopt the 2016/2017 Budget Schedules (Appendix A) including Forward Estimates and*
- adopt the 2016/2017 Capital Works Program, endorse the indicative four-year program for the period 2017/2018 to 2020/2021, and note the five-year program for the period 2021/2022 to 2025/2026 (Appendix B).*

Related Documentation

There is no related documentation for this report.

Critical Dates

There are no critical dates for this report.

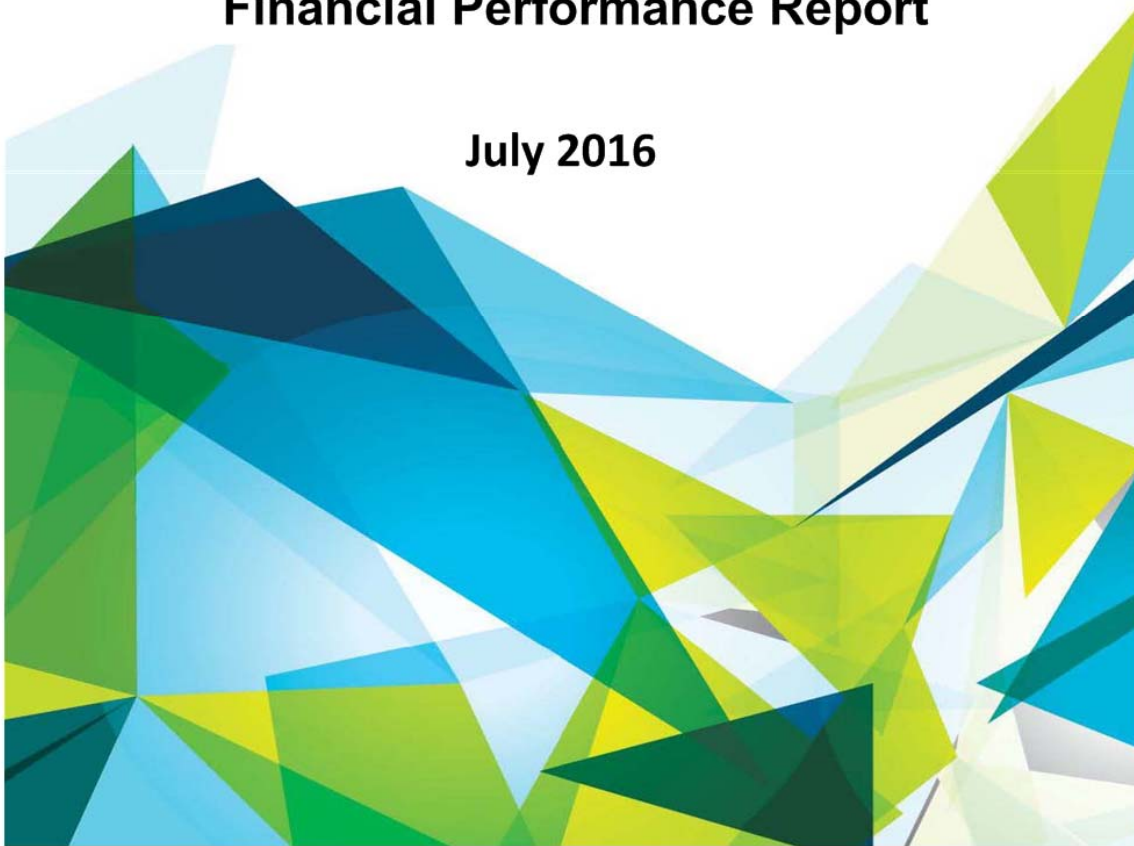
Implementation

There are no implementation details to include in this report.



Financial Performance Report

July 2016



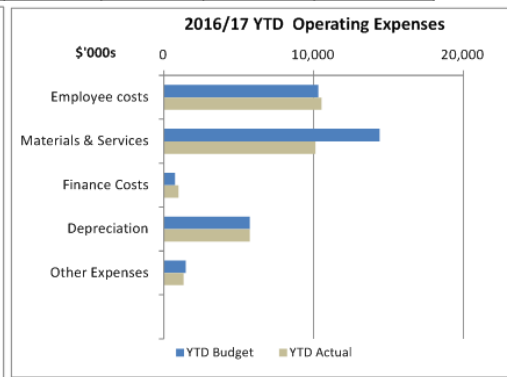
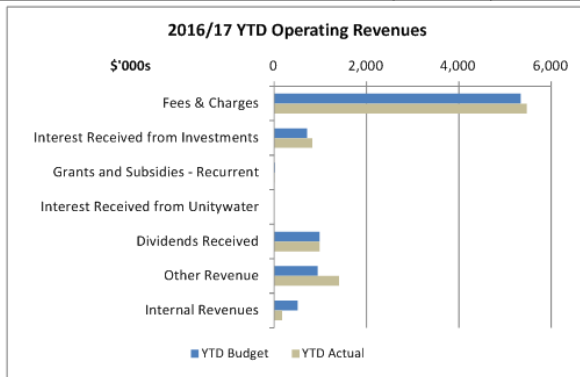
Item 8.2.1 July 2016 Financial Performance Report
July 2016 Financial Performance Report

FINANCIAL PERFORMANCE REPORT July 2016
HEADLINE - OPERATING

Headline - Operating & Capital	3
Headline - Cash & Balance Sheet	4
Statement Of Income & Expenses	5
Capital Expenditure	6
Investment Performance	7

**Item 8.2.1 July 2016 Financial Performance Report
July 2016 Financial Performance Report**

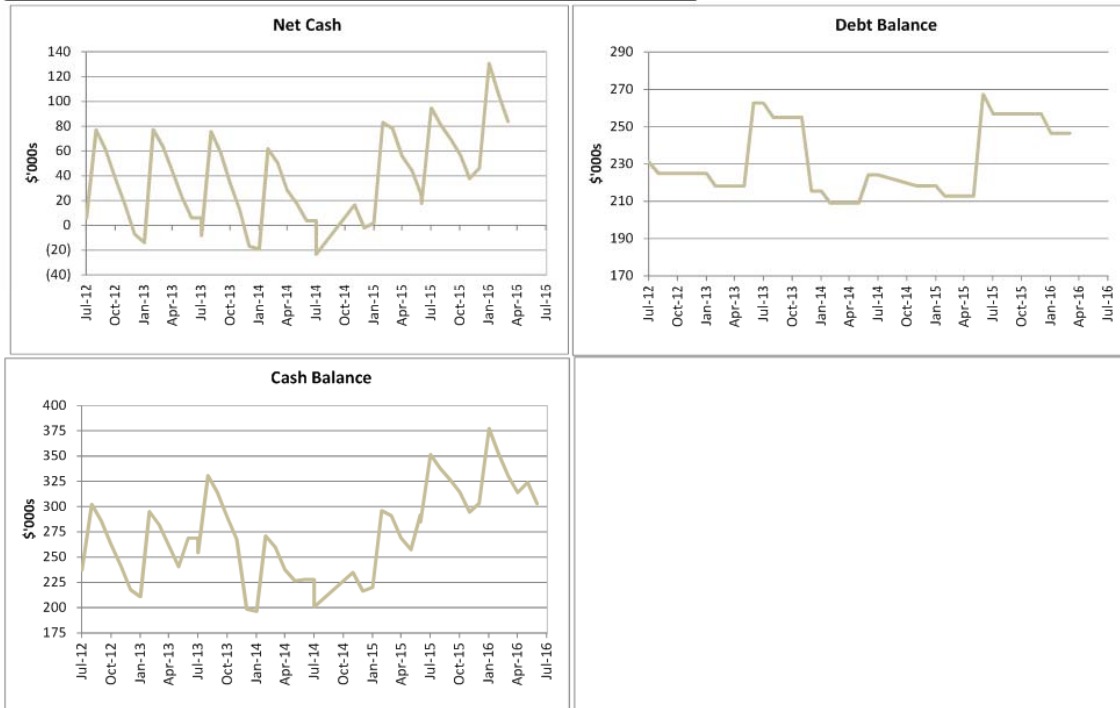
FINANCIAL PERFORMANCE REPORT						July 2016
HEADLINE - OPERATING						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	418,965	418,965	138,736	142,406	3,670	2.6%
Operating Expenses	388,041	388,041	34,100	30,082	(4,018)	(11.8%)
Operating Result	30,924	30,924	104,636	112,323	7,688	7.3%
NET Result	125,449	125,449	106,469	115,032	8,563	8.0%



FINANCIAL PERFORMANCE REPORT						July 2016
HEADLINE - CAPITAL						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Capital Revenue	94,525	94,525	1,833	2,709	(875)	
Other Capital Revenues	68,920	68,920	5,743	6,399	(655)	
Total Capital Revenues	163,445	163,445	7,577	9,107	(1,531)	
Capital Works Expenditure	252,677	252,677	(500)	9,043	(9,543)	
Other Capital Expenditure	60,000	60,000	0	0	0	
Total Capital Expenditure	312,677	312,677	(500)	9,043	(9,543)	
Funds from General Reserve	149,232	149,232	(8,077)	(64)	(8,013)	

FINANCIAL PERFORMANCE REPORT July 2016
HEADLINE - CASH AND BALANCE SHEET

	Annual		YTD		
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	Forecast Budget \$000s	Variance \$000s
CASH FLOWS					
Opening Cash	295,508	295,508			
Net Cash Inflow/(Outflows) from:					
Operating Activities	90,790	90,790			
Investing Activities	(212,119)	(212,119)			
Financing Activities	44,869	44,869			
Net Increase/(decrease) in Cash Held	(76,460)	(76,460)			
Cash at year end	219,048	219,048			
BALANCE SHEET					
Current Assets	275,783	275,783			
Non Current Assets	5,119,828	5,119,828			
Total Assets	5,395,611	5,395,611			
Current Liabilities	100,614	100,614			
Non Current Liabilities	344,682	344,682			
Total Liabilities	445,296	445,296			
Net Community Assets/ Total Community Equity	4,950,315	4,950,315			



Item 8.2.1 July 2016 Financial Performance Report
July 2016 Financial Performance Report

FINANCIAL PERFORMANCE REPORT							July 2016
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							
Net Rates and Utility Charges	259,339	259,339	130,214	133,533	3,319	2.5%	259,339
Fees and Charges	62,787	62,787	5,343	5,475	132	2.5%	62,787
Interest Received from Investments	8,603	8,603	717	831	114	16.0%	8,603
Operating Grants and Subsidies	12,077	12,077	18	5	(13)	(71.4%)	12,077
Operating Contributions	706	706	3	0	(3)	(100.0%)	706
Interest Received from Unity Water	23,933	23,933	0	0	0	0.0%	23,933
Dividends Received	26,162	26,162	985	985	0	0.0%	26,162
Other Revenue	19,189	19,189	943	1,404	461	48.8%	19,189
Internal Sales/Recoveries	6,170	6,170	512	172	(340)	(66.4%)	6,170
Community Service Obligations	0	0	(0)	0	0	(100.0%)	0
Total Operating Revenue	418,965	418,965	138,736	142,406	3,670	2.6%	418,965
Operating Expenses							
Employee Costs	128,393	128,393	10,319	10,523	204	2.0%	128,393
Materials and Services	161,701	161,614	14,416	10,119	(4,297)	(29.8%)	161,919
Internal Materials and Services	0	0	0	0	0	0.0%	0
Finance Costs	9,684	9,684	744	975	231	31.1%	9,684
Company Contributions	1,421	1,421	1,421	1,400	(21)	(1.5%)	1,421
Depreciation Expense	68,920	68,920	5,743	5,743	0	0.0%	68,920
Other Expenses	17,924	18,010	1,456	1,322	(135)	(9.2%)	18,010
Competitive Neutrality Adjustments	(0)	(0)	0	0	(0)	(100.0%)	(0)
Total Operating Expenses	388,041	388,041	34,100	30,082	(4,018)	(11.8%)	388,346
Operating Result	30,924	30,924	104,636	112,323	7,688	7.3%	30,619
Capital Revenue							
Capital Grants and Subsidies	12,525	12,525	0	0	0	0.0%	12,525
Capital Contributions - Cash	22,000	22,000	1,833	2,709	875	47.8%	22,000
Capital Contributions - Fixed Assets	60,000	60,000	0	0	0	0.0%	60,000
Total Capital Revenue	94,525	94,525	1,833	2,709	875	47.8%	94,525
Net Result	125,449	125,449	106,469	115,032	8,563	8.0%	125,144

Item 8.2.1 July 2016 Financial Performance Report
July 2016 Financial Performance Report

FINANCIAL PERFORMANCE REPORT							July 2016
CAPITAL EXPENDITURE							
Capital Works Program	Annual		YTD			% of FY budget spent	YTD Variance \$000s
	Original Budget \$000s	Current Budget \$000s	Budget \$000s	Actuals \$000s	Variance on YTD budget		
Aerodromes	175	175	0	0	0.0%	0.1%	175
Buildings and Facilities	9,156	9,156	251	704	180.6%	7.7%	9,156
Coast and Canals	1,220	1,220	0	91	0.0%	7.5%	1,220
Divisional Allocations	4,424	4,504	0	23	0.0%	0.5%	3,761
Environmental Assets	4,837	4,837	2	82	3997.9%	1.7%	4,837
Fleet	3,000	3,000	10	0	-100.0%	0.0%	3,000
Holiday Parks	2,254	2,254	250	119	-52.3%	5.3%	2,254
Information Technology	2,827	2,827	86	80	-6.8%	2.8%	2,827
Parks and Gardens	12,814	12,734	75	1,373	1731.8%	10.8%	13,172
Quarries	580	580	0	20	0.0%	3.4%	580
Stormwater	4,697	4,697	1	101	9977.5%	2.1%	4,697
Strategic Land and Commercial Properties	5,431	5,431	0	2,294	0.0%	42.2%	5,431
Sunshine Coast Airport	4,133	4,133	0	36	0.0%	0.9%	4,133
Transportation	54,179	54,179	621	1,194	92.2%	2.2%	54,179
Waste	12,793	12,793	0	391	0.0%	3.1%	12,793
Total SCC Base Capital Program	122,519	122,519	1,296	6,507	402.1%	5.3%	122,214
Corporate Major Projects	21,271	21,271	350	6	-98.3%	0.0%	21,271
Maroochydore City Centre	53,083	53,083	2,543	2,436	-4.2%	4.6%	53,083
Solar Farm	30,915	30,915	0	27	0.0%	0.1%	30,915
Sunshine Coast Airport Runway	24,890	24,890	40	67	67.6%	0.3%	24,890
Total Region Making Capital Program	108,888	108,888	2,583	2,530	-2.0%	2.3%	108,888
TOTAL	252,677	252,677	4,229	9,043	113.8%	3.6%	252,372