

8.2 JULY 2021 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - July 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

This monthly financial performance report provides Council with a summary of performance against budget as at 31 July 2021 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Budget as at 31 July 2021

	Original Budget \$000
Total Operating Revenue	498,433
Total Operating Expenses	478,817
Operating Result	18,832

Details of the monthly financial report are contained in Attachment 1.

OFFICER RECOMMENDATION

That Council receive and note the report titled "July 2021 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 July 2021 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal: *Our outstanding organisation*
Outcome: We serve our community by providing this great service
Operational Activity: S28 - Financial and procurement services – financial and procurement management and governance, ensuring effective business management and legislative compliance, coordination and development of Council's budget process, administration of financial systems, sundry debtors, accounts payable, financial and asset accounting, treasury, procurement, contract and supply functions.

CONSULTATION

Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor, E Hungerford.

Internal Consultation

This report has been written in conjunction with advice from:

- Group Executive Business Performance
- Chief Financial Officer

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

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

Sunshine Coast Council's 2021/22 Investment Policy and
Sunshine Coast Council's 2021/22 Debt 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 24 June 2021 (SM21/3)

That Council adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2021/22 financial year incorporating:

- i. the statement of income and expenditure*
- ii. the statement of financial position*
- iii. the statements of changes in equity*
- iv. the statement of cash flow*
- v. the relevant measures of financial sustainability*
- vi. the long term financial forecast*
- vii. the Debt Policy (adopted by Council resolution on 27 May 2021)*
- viii. the Revenue Policy (adopted by Council resolution on 27 May 2021)*
- ix. the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget*

- x. *the Revenue Statement*
- xī. *Council's 2021/22 Capital Works Program, endorse the indicative four-year program for the period 2023 to 2026, and note the five-year program for the period 2027 to 2031*
- xii. *the rates and charges to be levied for the 2021/22 financial year and other matters as detailed below in clauses 3 to 12 and*
- xiii. *endorse the 2021/22 Minor Capital Works Program*
- xiv. *establish a \$5 million internally restricted Disaster Rehabilitation Reserve.*

Related Documentation

2021/22 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

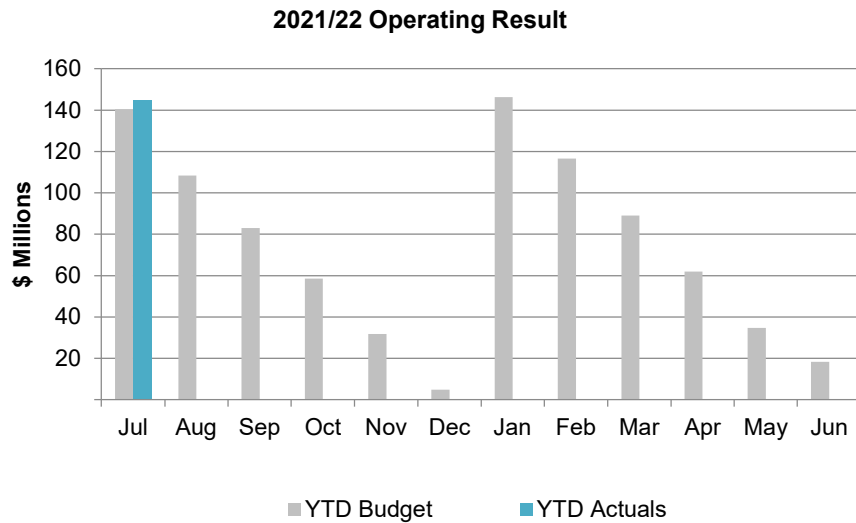
2021|22
BUDGET
Creating a safer, secure future

Financial Performance Report

July 2021



Statement of Income and Expenses July 2021



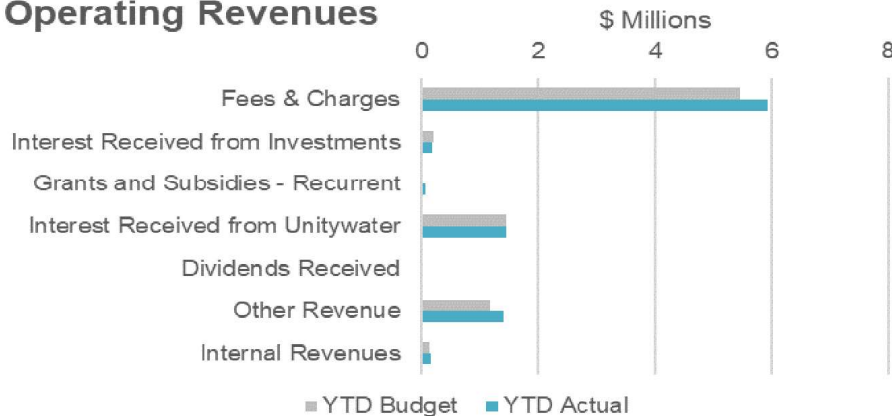
- Council has a positive operating result of \$144.8 million, which is \$4.4 million above the current budget as at 31 July 2021.



Statement of Income & Expenses							
	Annual		YTD				Annual Forecast Budget \$000
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	
Operating Revenue							
Net Rates and Utility Charges	343,342	343,342	169,462	169,468	6	0.0%	343,342
Fees and Charges	65,577	65,577	5,455	5,922	468	8.6%	65,577
Interest Received from Investments	2,550	2,550	213	180	(33)	(15.4%)	2,550
Operating Grants and Subsidies	15,218	15,218	28	73	45	160.9%	15,218
Operating Contributions	302	302	25	273	248	986.9%	302
Unitywater Participation	49,838	49,838	1,443	1,443	-	-	49,838
Other Revenue	19,854	19,854	1,176	1,402	226	19.2%	19,854
Internal Sales/Recoveries	1,752	1,752	136	161	25	18.8%	1,752
Total Operating Revenue	498,433	498,433	177,937	178,923	986	0.6%	498,433
Operating Expenses							
Employee Costs	156,239	156,239	10,008	9,957	(51)	(0.5%)	156,239
Materials and Services	187,077	187,077	13,571	10,396	(3,175)	(23.4%)	187,077
Finance Costs	12,244	12,244	1,020	1,128	108	10.5%	12,244
Company Contributions	3,615	3,615	3,615	3,615	(0)	(0.0%)	3,615
Depreciation Expense	95,097	95,097	7,925	7,925	(0)	(0.0%)	95,097
Other Expenses	21,884	21,884	1,343	736	(607)	(45.2%)	21,884
Recurrent Capital Expenses	3,446	3,446	-	311	311	-	3,446
Total Operating Expenses	479,602	479,602	37,482	34,067	(3,415)	(9.1%)	479,602
Operating Result	18,831	18,831	140,454	144,855	4,401	3.1%	18,831
Capital Revenue							
Capital Grants and Subsidies	18,000	18,000	-	748	748	-	18,000
Capital Contributions - Cash	28,631	28,631	2,386	6,097	3,711	155.6%	28,631
Capital Contributions - Fixed Assets	55,000	55,000	-	-	-	-	55,000
Total Capital Revenue	101,631	101,631	2,386	6,845	4,459	186.9%	101,631
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & impairment	7,048	7,048	-	-	-	-	7,048
Movements in landfill and quarry provisions	5,583	5,583	414	414	-	-	5,583
Assets Transferred to Third Parties	-	-	-	-	-	-	-
Total Non-recurrent Expenses	12,631	12,631	414	414	-	-	12,631
Net Result	107,831	107,831	142,427	151,287	8,860	6.2%	107,831

Operating Result – July 2021

Operating Revenues



Substantial Revenue Variance for the Period Ending 31 July 2021

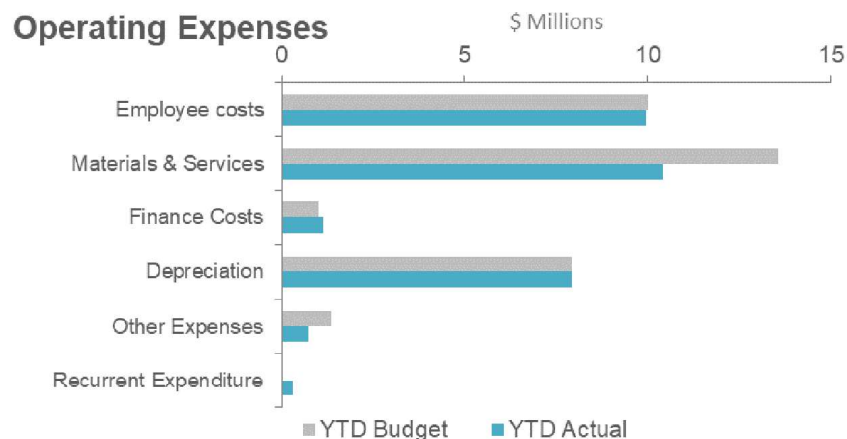
	Annual		YTD			
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %
Operating Revenue						
Fees and Charges	65,577	65,577	5,455	5,922	468	8.6%
Operating Contributions	302	302	25	273	248	986.9%
Other Revenue	19,854	19,854	1,176	1,402	226	19.2%

Operating Summary - July 2021

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	498,433	498,433	177,937	178,923	986	0.6%
Operating Expenses	476,156	476,156	37,482	33,757	(3,726)	(9.9%)
Recurrent Capital Expenses	3,446	3,446	-	311	311	-
Operating Result	18,831	18,831	140,454	144,855	4,401	3.1%
Capital Revenue	101,631	101,631	2,386	6,845	4,459	186.9%
Non-recurrent Expenses	12,631	12,631	414	414	-	-
Net Result	107,831	107,831	142,427	151,287	8,860	6.2%

- As at July 2021 \$178.9 million operating revenue had been achieved which is \$986,000 more than current budget for the same period.
- Significant revenue variances:
 - Net Rates and Utilities Charges** – The first rate run was processed in July 2021 which generated \$169.4 million in rates and utilities charges.
 - Fees and Charges** – Sunshine Coast Stadium ticket, food and beverage sales are above budget by \$452,000 due to the increase in usage of the stadium by the NRL.
 - Other Revenue** – The positive variance in Other revenue is predominately due to the recoupment of lease revenue above budget of \$58,000.

Operating Result – July 2021 (continued)



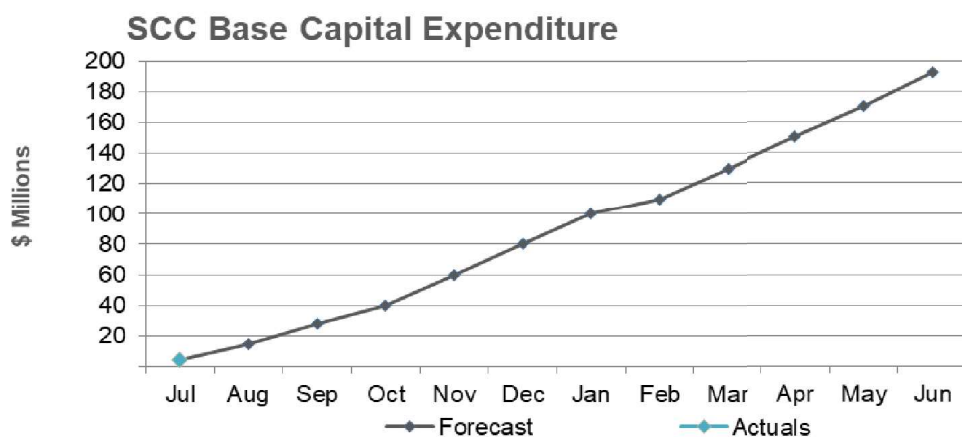
Operating Summary - July 2021						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	498,433	498,433	177,937	178,923	986	0.6%
Operating Expenses	476,156	476,156	37,482	33,757	(3,726)	(9.9%)
Recurrent Capital Expenses	3,446	3,446	-	311	311	-
Operating Result	18,831	18,831	140,454	144,855	4,401	3.1%
Capital Revenue	101,631	101,631	2,386	6,845	4,459	186.9%
Non-recurrent Expenses	12,631	12,631	414	414	-	-
Net Result	107,831	107,831	142,427	151,287	8,860	6.2%

Substantial Expenditure Variance for the Period Ending 31 July 2021

	Annual		YTD			
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %
Materials and Services	187,077	187,077	13,571	10,396	(3,175)	(23.4%)
Other Expenses	21,884	21,884	1,343	736	(607)	(45.2%)

- As at July 2021, \$34 million of the \$37.4 million budget year to date had been expended which resulted in an underspend of \$3.4 million
- The underspend in expenditure is largely due to the timing in payment for waste collection services for July
- Payments for Council's external companies and company contributions were finalised in July totalling \$3.6 million

Capital Expenditure - July 2021



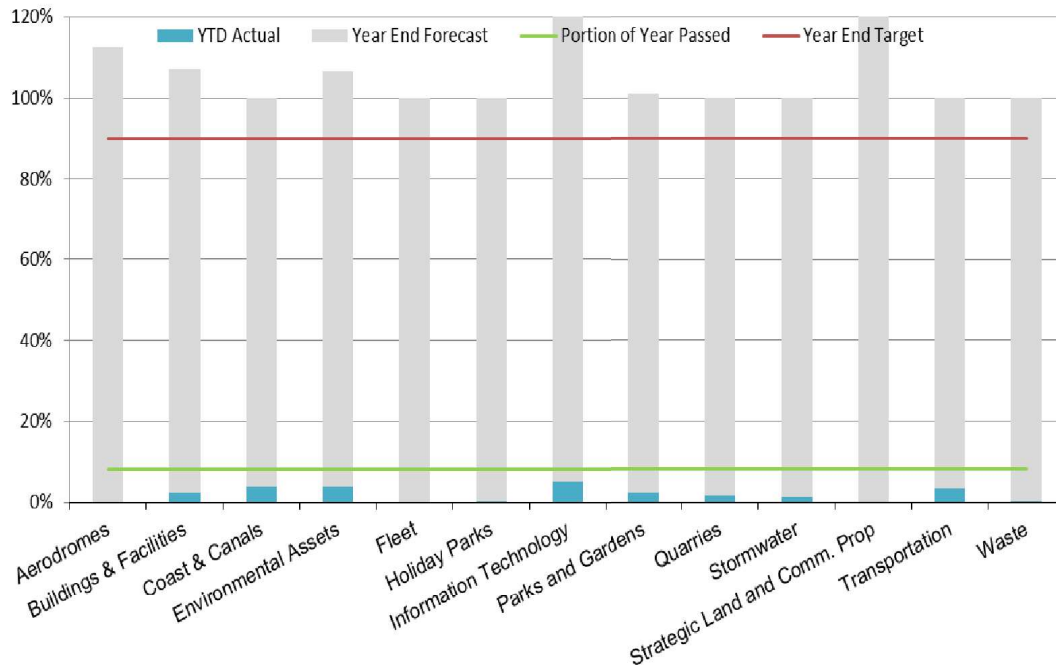
- As at July 2021 \$7.2 million of Council's \$268.9 million Capital Works Program was financially expended.
- The Core Capital Program has progressed 2.4% of budget, an actual spend of \$4.6 million.
- Corporate Major Projects progressed 4.2%
- Forecast Year End Variance to Budget reflects potential carry overs from 2020/21 to 2021/22 year. The final results will be included in Budget Review 1 report due in September 2021



Capital Expenditure - July 2021						
	Annual		YTD		Year End	
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Aerodromes	200	200	-	-	225	25
Buildings and Facilities	12,459	12,459	287	2.3%	13,546	1,087
Coast and Canals	3,125	3,125	123	3.9%	3,125	-
Environmental Assets	1,800	1,800	73	4.0%	1,916	116
Minor Works	4,620	4,620	96	2.1%	5,531	911
Fleet	3,250	3,250	-	-	3,250	-
Holiday Parks	2,540	2,540	10	0.4%	2,540	-
Information Technology	6,620	6,620	350	5.3%	8,385	1,765
Parks and Gardens	17,587	17,587	429	2.4%	17,786	199
Quarries	635	635	10	1.5%	635	-
Stormwater	8,201	8,201	97	1.2%	8,201	-
Transportation	86,876	86,876	3,056	3.5%	86,876	-
Waste	40,641	40,641	79	0.2%	40,641	-
Total SCC Core Capital Program	188,554	188,554	4,610	2.4%	192,657	4,103
Corporate Major Projects	60,425	60,425	2,518	4.2%	72,105	11,680
Strategic Land and Commercial Properties	19,383	19,383	18	0.1%	23,441	4,058
Maroochydore City Centre	553	553	-	-	553	-
Sunshine Coast Airport Runway	-	-	50	-	7,170	7,170
Total Other Capital Program	80,361	80,361	2,586	3.2%	103,269	22,908
TOTAL	268,915	268,915	7,196	2.7%	295,926	27,011
The above program of works includes recurrent and non-recurrent expenditure, as reporting in the operating statement						
Recurrent Expenses	-	-	311	-	-	-
Non-Recurrent Expenses	-	-	414	-	-	-

Capital Expenditure - July 2021 (continued)

SCC Core % YTD spent compared to profiled budget by Program



Buildings and Facilities

- The upgrade and refurbishment of the Nambour Aquatic centre is in construction and is scheduled to be finalised in September

Environmental Assets

- Several key tracks and trails have progressed through planning stage. These include Glass House Mountains regional trail, Buderim-Palmwoods Tramway trail, Gardners Fall trail and Caloundra Town Reserve trail.

Holiday Parks

- Design is currently underway for the replacement of amenities for Mudjimba and Coolum Beach holiday parks.

Stormwater

- The Procurement of the civil contractor for the \$2.8 million project for the stormwater pipe relining program has been finalised with the program of works scheduled to begin in November.

Transportation

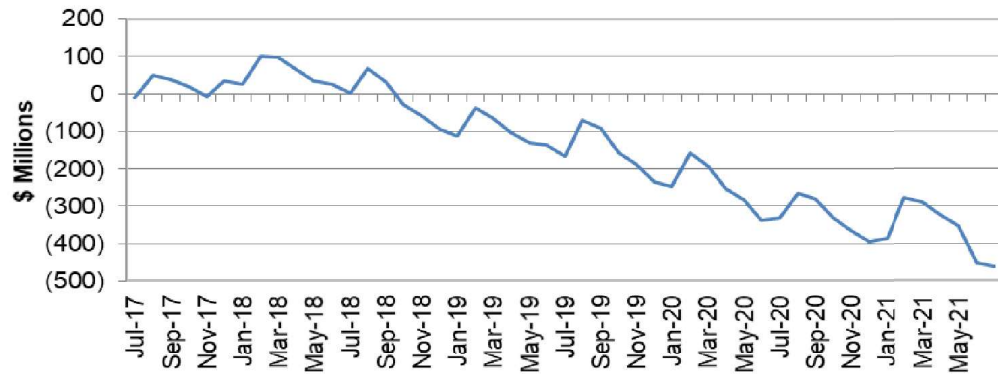
- Council's \$23.3 million road resurfacing and rehabilitation program has progressed 5% for July with a total expenditure of \$1.2 million.
- Procurement for the sealing and upgrade of Citrus Road, Palmwoods has finalised with construction scheduled to be complete by December 2021.

Cash Flows and Balance Sheet

Cash Balance



Net Cash



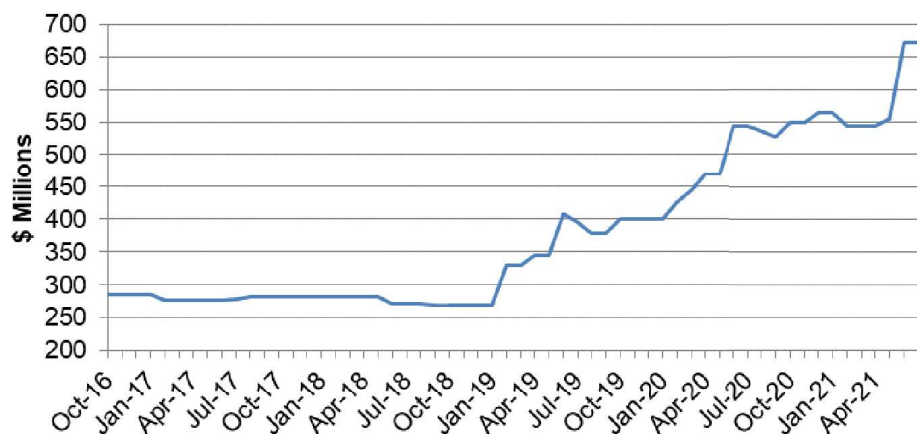
Cash and Balance Sheet - June 2021

	Original Budget \$000s
CASH FLOWS	
Opening Cash	186,095
Net Cash Inflow/(Outflows) from:	
Operating Activities	66,159
Investing Activities	126,453
Financing Activities	(187,393)
Net Increase/(decrease) in Cash Held	5,219
Cash at year end	191,314
BALANCE SHEET	
Current Assets	246,160
Non Current Assets	6,290,967
Total Assets	6,537,127
Current Liabilities	120,894
Non Current Liabilities	537,476
Total Liabilities	658,370
Net Community Assets/Total Community Equity	5,878,757

- Council's cash at 31 July 2021 is \$204.7 million
- Council's debt at 31 July 2021 is \$671 million

Debt

Debt Balance



Sunshine Coast Council's debt program is governed by the 2021/22 Debt Policy, which was adopted with the Original Budget adoption on 24 June 2021. New borrowings are undertaken in accordance with the Queensland Treasury Corporation Guidelines, the Statutory Bodies Financial Arrangements Act 1982 and Section 192 of the Local Government Regulation 2012.

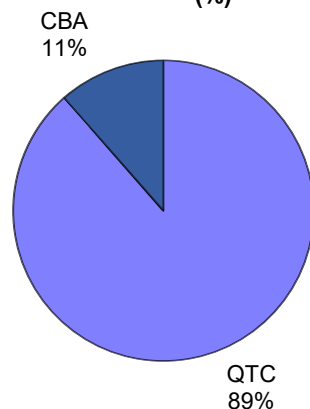
The below table contains Sunshine Coast Council's adopted debt balance for 2021/22

Debt - 2021/22

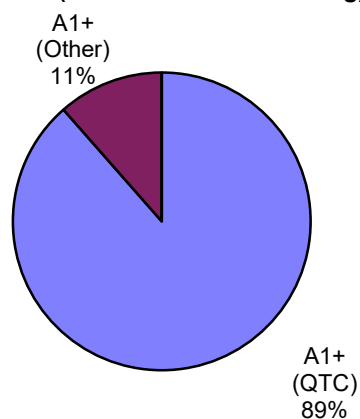
	Opening Balance	Debt Redemptions	New Borrowings	Closing Balance
	\$000	\$000	\$000	\$000
Sunshine Coast Council Core	256,656	10,087	98,461	355,030
Sunshine Coast Airport Expansion Project	269,290	269,290	-	-
Maroochydore City Centre	134,035	5,847	-	128,188
Sunshine Coast International Broadband Network	11,089	910	-	10,179

Investment Performance

Investment per financial institution (%)



Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance - July 2021

Liquidity as at:		31/07/2021		Term deposits maturing:		\$'000's	Count
		\$'000's					
At-call accounts							
QTC + CBA (excl. trust)		204,687	94.62%	within 30 days		-	-
				30-59 days		-	-
				60-89 days		-	-
Maturities within 7 days		-	0.00%	90-179 days		-	-
Total at-call		204,687	94.62%	180-364 days		-	-
Investment Policy Target			10.00%	1 year - 3 years		-	-
				Total		-	-

INVESTMENT SUMMARY (including Trust) as at:						Investment Policy		
\$'000	31/07/2021		30/04/2021		31/07/2020		Individual Limit	Group Limits
A1+ (QTC)	191,499	89%	203,337	91.9%	124,638	67.0%	100%	100%
A1+ (Other)	24,830	11%	17,903	8.1%	31,374	16.9%	40%	100%
A1	-	0%	-	0.0%	10,000	5.4%	30%	50%
A2	-	0%	-	0.0%	20,000	10.8%	30%	45%
A3	-	0%	-	0.0%	-	0.0%	5%	10%
Total Funds	216,329		221,240		186,013			
FUND SUMMARY								
General Funds	204,687		209,337		178,708			
Trust Funds	11,642		11,903		7,305			
Total Funds	216,329		221,240		186,013			

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 July 2021 Council had \$204.7 million cash (excluding Trust Fund) with an average interest rate of 0.60%, being 0.58% above benchmark. This is compared to the same period last year with \$178.7 million cash (excluding Trust Fund) with an average interest rate of 1.62%, being 0.71% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).

