

Sunshine Coast
Council

FINANCIAL PERFORMANCE REPORT



August 2012



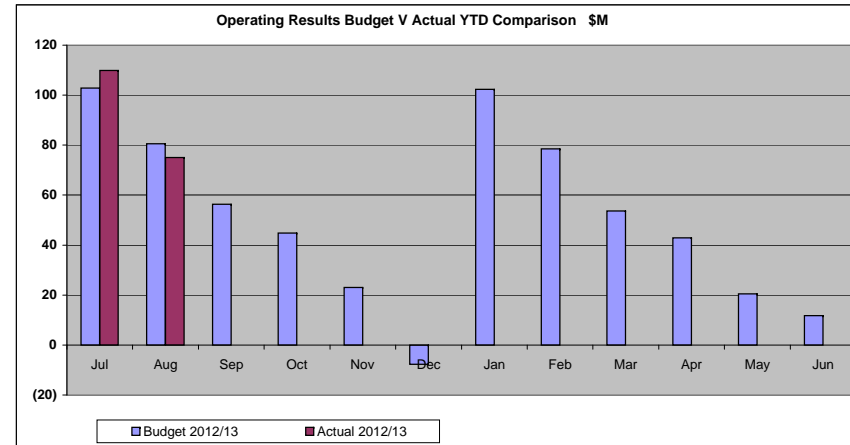
Contents

| | |
|--------------------------------|---|
| Summary operating statement | 3 |
| Operating revenue | 4 |
| Operating expenses | 5 |
| Summary capital statement | 6 |
| Capital expenditure by program | 7 |
| Operating budget adjustments | 8 |
| Capital budget adjustments | 8 |

Summary Operating Statement

31 August 2012

| SUMMARY OPERATING STATEMENT | | | | | | |
|--------------------------------------|-------------------------------|------------------------------|---------------------------|--------------------|-----------------|---------------|
| For the Period Ending 31 August 2012 | | | | | | |
| | Annual Original Budget \$000s | Annual Current Budget \$000s | YTD Current Budget \$000s | YTD Actuals \$000s | Variance \$000s | Variance % |
| Operating Revenue | 425,130 | 424,650 | 146,603 | 138,863 | (7,740) | (5.3%) |
| Operating Expenses | 330,693 | 330,213 | 51,940 | 49,302 | (2,638) | (5.1%) |
| Interest Expense | 14,261 | 14,261 | 2,431 | 2,403 | 28 | (1.1%) |
| Depreciation | 72,496 | 72,496 | 12,083 | 12,083 | (0) | 0.0% |
| Operating Surplus/(Deficit) | 7,680 | 7,680 | 80,149 | 75,075 | (5,074) | 4.7% |
| Transfer from Reserves | 7,973 | 7,973 | 7,973 | 7,973 | 0 | 0.0% |
| Transfer to Reserves | (2,876) | (2,876) | (2,876) | (2,876) | 0 | 0.0% |
| Balance | 12,778 | 12,778 | 85,247 | 80,172 | (5,074) | (6.0%) |



Operating Net Result

Council's financial results at 31 August 2012 shows the organisation with a \$5.1 million lower than forecasted operating position against the year to date budget.

This operating surplus variation is partly made up of lower than profiled revenue of \$7.7 million and lower than profiled operating expenses of \$2.6 million.

It should be noted that it is difficult to compare year to date budgets and actual results with any degree of certainty until:

- 1) 2011/12 carry-over works are loaded into the 2012/13 Budget as part of Budget Review 1 (report due to council ordinary meeting 20 September 2012);
- 2) the impact of accruals from June 2012 are matched to physical payments; and
- 3) 2012/13 budget profiling is finalised.

Operating Revenue

The unfavourable revenue variance of \$7.7 million is largely a result of outstanding dividend and tax equivalents from Unitywater of \$8.3 million from 2011/12. Receipt of these funds will not occur until after Unitywater present their annual financial statements to the State Government, in September/October 2012. Loss of interest on these funds equates to roughly \$35,000 per month.

Operating Expenses

The favourable variance in operating expenses of \$2.6 million which is due to materials and services expense variance that relates to contract services. An element relates to an accrual from prior year accrual totalling \$1.3 million for election costs. The invoice for this service has not yet be received by Council and staff have contacted the Electoral Commission on a number of occasions requesting invoice for payment. Furthermore there several branches across Finance and Business and Infrastructure Services departments that individually have a variance of \$200,000 -\$300,000, but cumulatively totals \$1.2 million.

Operating Revenue **31 August 2012**

Operating Revenue

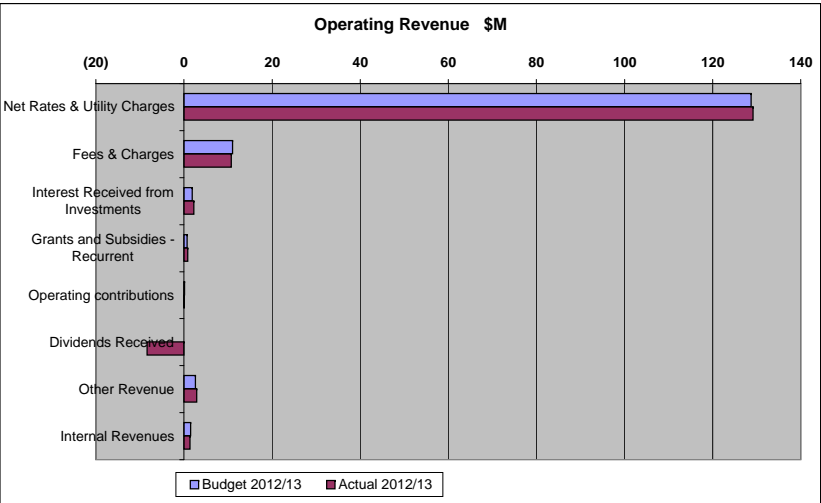
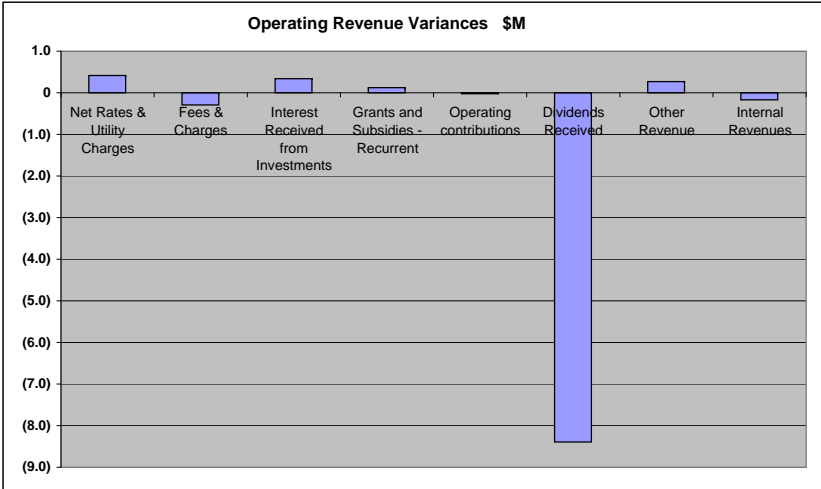
As at 31 July 2012 operating revenues are unfavourable to budget by \$7.7 million or 5.3%.

This is largely a result of outstanding dividend and tax equivalents from Unitywater of \$8.3 million from 2011/12. Receipt of these funds will not occur until Unitywater have their annual financial statements presented to the State Government. Loss of interest on these funds equates to roughly \$35,000 per month.

Furthermore, it should be noted that it is difficult to compare year to date budgets and actual results with any degree of certainty until:

- 1) 2011/12 carry-over works are loaded into the 2012/13 Budget as part of Budget Review 1 (report due to council ordinary meeting 20 September 2012);
- 2) the impact of accruals from June 2012; and
- 3) 2012/13 budget profiling is finalised.

There are no other operating revenue issues at 31 August 2012.



Operating Expenses

31 August 2012

Operating Expenses

At 31 August 2012, operating expenses were \$2.6 million or 5.1% under budget due to contract services variance within materials and services expense.

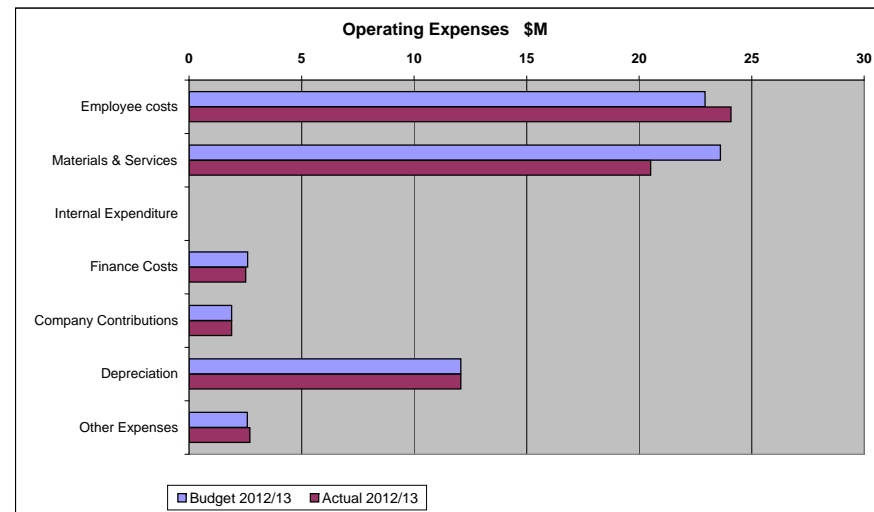
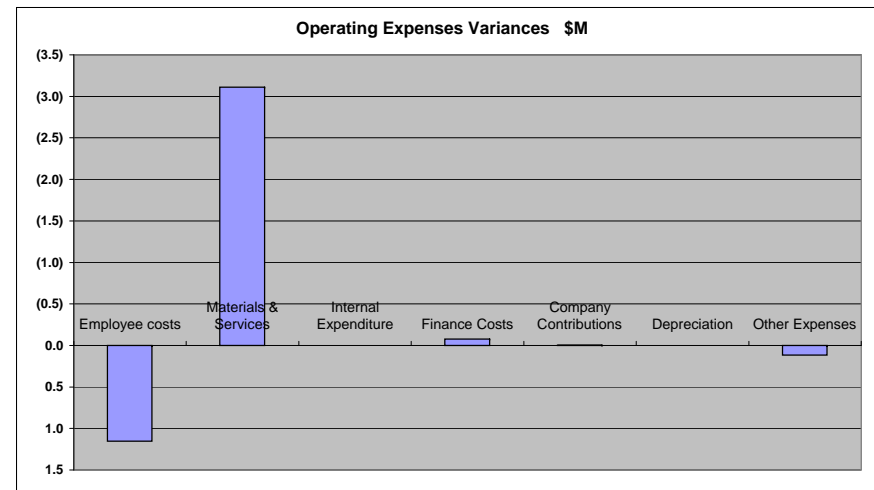
An element relates to an accrual from prior year accrual totalling \$1.3 million for election costs. The invoice for this service has not yet be received by council and staff have contacted the Electoral Commission on more than one occasion requesting invoice for payment.

In addition, there several branches across Finance and Business and Infrastructure Services Department's that individually have a variance of \$200,000 -\$300,000 but cumulatively totals \$1.2 million.

Furthermore, it should be noted that it is difficult to compare year to date budgets and actual results with any degree of certainty until:

- 1) 2011/12 carry-over works are loaded into the 2012/13 Budget as part of Budget Review 1 (report due to council ordinary meeting 20 September 2012);
- 2) the impact of accruals from June 2012 are matched to physical payments; and
- 3) 2012/13 budget profiling is finalised.

There are no other operating expenditure issues at 31 August 2012.



Summary Capital Statement

31 August 2012

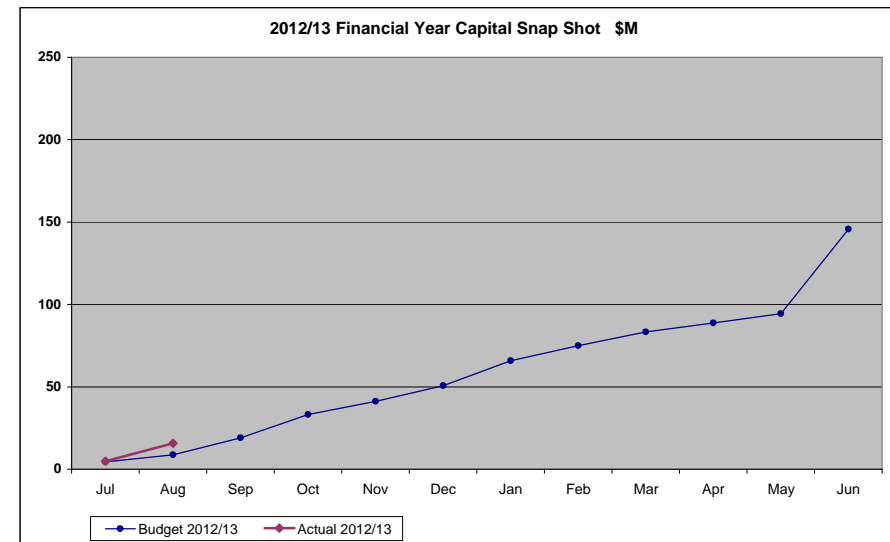
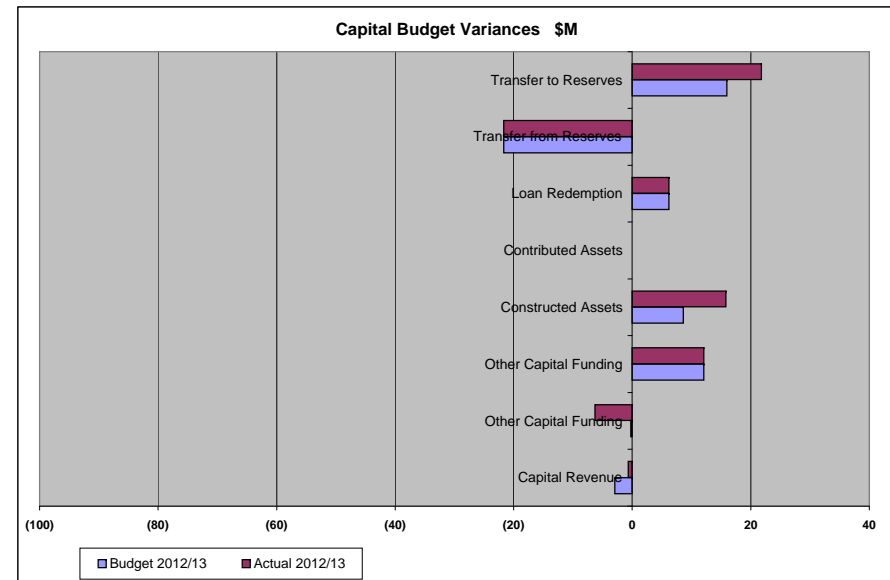
| SUMMARY CAPITAL STATEMENT For the Period Ending 31 August 2012 | | | | | | |
|-------------------------------------------------------------------|-------------------------------|------------------------------|---------------------------|--------------------|-----------------|---------------|
| | Annual Original Budget \$000s | Annual Current Budget \$000s | YTD Current Budget \$000s | YTD Actuals \$000s | Variance \$000s | Variance % |
| Operating Contribution / Shortfall | 12,778 | 12,778 | 85,247 | 80,172 | (5,074) | (6.0%) |
| Capital Revenue | (51,182) | (53,611) | (2,932) | (668) | 2,265 | (77.2%) |
| Other Capital Funding | (117,646) | (117,646) | (12,297) | (18,382) | (6,085) | 49.5% |
| Constructed Assets | 145,770 | 148,198 | 8,629 | 15,787 | 7,158 | 83.0% |
| Contributed Assets | 28,500 | 28,500 | 0 | 0 | 0 | 0.0% |
| Loan Redemptions | 13,023 | 13,023 | 6,187 | 6,188 | 1 | 0.0% |
| Net Capital Result | 5,687 | 5,687 | (85,660) | (77,247) | 8,413 | (9.8%) |
| Transfer from Reserves | (21,658) | (21,658) | (21,658) | (21,658) | 0 | 0.0% |
| Transfer to Reserves | 15,971 | 15,971 | 15,971 | 21,774 | 5,803 | 36.3% |
| Balance | (0) | 0 | (91,347) | (77,132) | 14,216 | 0.0% |

Capital Net Result

Council's capital result at 31 August 2012, shows the organisation with a \$9.1 million better than anticipated result, with revenues above budget by \$3.8 million. In relation to capital expenditure, at the end of August 2012, \$15.8 million of council's \$148.2 million 2012/13 Capital Works Program was financially complete.

The capital expenditure is higher than budget and largely attributed to carryover process. These budgets are yet to be adopted by council and are due to the council meeting on 20 September 2012. This will correct some of these expenditure variances.

The favourable variance for capital revenues of \$6.1 million relates to a parcel of land sold during August, totalling \$5.8 million, that has been transferred to the Strategic Land Reserve.



Capital Works Program **31 August 2012**

Capital Expenditure

At 31 August 2012, \$15.8 million or 10.7% of council's \$148.2 million 2012/13 Capital Works Program was financially complete.

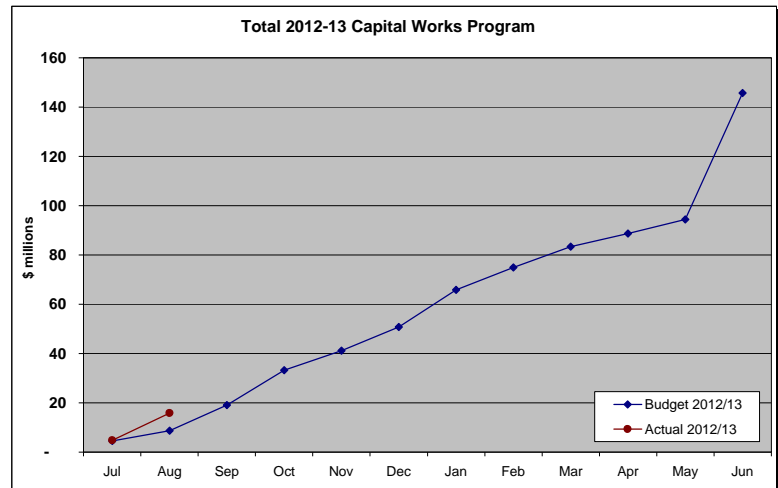
The capital expenditure being higher than budget is largely attributed to carryover process, and once these budgets are adopted by council, it will correct some of these expenditure variances.

It should be noted that it is difficult to comment on capital results with any degree of certainty until:

- 1) 2011/12 carry-over works are loaded into the Budget as part of Budget Review 1 (due to council ordinary committee 20 September 2012);
- 2) the impact of accruals from June 2012 are matched to physical payments; and
- 3) 2012/13 budget profiling is yet to be finalised.

There are no other capital expenditure issues at 31 August 2012.

| Program | Original Budget \$000s | Current Budget \$000s | Year to Date Actual \$000s | % of Annual Budget Spent |
|----------------------------------|------------------------|-----------------------|----------------------------|--------------------------|
| Buildings and Facilities | 9,609 | 9,609 | 845 | 8.8% |
| Coast and Canals | 1,218 | 1,218 | 236 | 19.4% |
| Divisional Allocations | 3,145 | 3,047 | 60 | 2.0% |
| Environmental Assets | 290 | 290 | 60 | 20.8% |
| Fleet | 2,000 | 2,000 | 0 | 0.0% |
| Parks and Gardens | 9,644 | 9,714 | 1,512 | 15.6% |
| Stormwater | 4,526 | 4,526 | 159 | 3.5% |
| Transportation | 53,997 | 56,453 | 7,536 | 13.3% |
| Information Technology | 4,566 | 4,566 | 908 | 19.9% |
| Strategic Land & Comm Properties | 31,674 | 31,674 | 677 | 2.1% |
| Sunshine Coast Airport | 7,705 | 7,705 | 806 | 10.5% |
| SC Holiday Parks | 1,555 | 1,555 | 613 | 39.4% |
| Quarries | 655 | 655 | 609 | 92.9% |
| Waste | 15,186 | 15,186 | 1,763 | 11.6% |
| TOTAL | 145,770 | 148,198 | 15,784 | 10.7% |



Monthly Budget Amendments - Operating

31-August-2012

| Branch | Operation/Job number & Name | Description | Income & Expense Stmt Line | Amount Dr/(Cr) |
|------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------|----------------------------|----------------|
| | | | | \$000 |
| Community Facilities | 37209 - Aquatic Centres Coordination | Move ISP to Operations Manager | Internal Sales/Recoveries | (12) |
| Buildings and Facility Services | 11745 - Aquatic Centres Ops Budget | Move ISP to Operations Manager | Internal Sales/Recoveries | 12 |
| Community Development | 37691 - Visitor Info Service Tourism Levy Component | Consolidate pmnts to SCDL in one place | Materials & Services | (1,320) |
| Economic Development | 57920 - Levy Payments to SCDL | Consolidate pmnts to SCDL in one place | Materials & Services | 1,320 |
| Community Facilities | 37369 - Coolum Childcare Centre | Tfr depreciation budget to IS Dept | Depreciation Expense | (13) |
| Civil Works Services | 11116 - Maroochydore Depot Ops & Mtce | Tfr depreciation budget from CS Dept | Depreciation Expense | 13 |
| Total Increase / Decrease to Operating Program for Period | | | | (0) |

Monthly Budget Amendments - Capital

| PROGRAM | JOB NUMBER | JOB NUMBER DESCRIPTION | Amount |
|-----------------------------------------------------------------|------------|------------------------------------------|----------|
| | | | \$'000 |
| COUNCILLOR REALLOCATIONS | | | |
| Divisional Allocations | D1013 | 12/13 Councillor Minor OP Works - Mayor | (5) |
| Divisional Allocations | B1309 | Alexandra Pde Maroochydore-beach seat | 5 |
| Divisional Allocations | A0717 | 11/12 Councillor Minor OP Works - Div 4 | (4) |
| Divisional Allocations | B1356 | Bindaree Crc Mooloolaba-table seat combo | 4 |
| Divisional Allocations | D1006 | 12/13 Councillor Minor OP Works - Div 6 | (5) |
| Divisional Allocations | B1366 | Ballinger Pk tennis Buderim-fence repair | 5 |
| Divisional Allocations | D1013 | 12/13 Councillor Minor OP Works - Mayor | (5) |
| Divisional Allocations | B1364 | Montville-Mapleton Rd Flaxton-footpath | 5 |
| Total Increase /(Decrease) to Capital Program for Period | | | 0 |