

5.6. FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2018

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DEPARTMENT	Finance and Information Technology

RECOMMENDATION

That Council notes the Financial Report for the period ended 30 November 2018.

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2018/19 budget for the period ended 30 November 2018. Key points to note include the following:

- operating revenue is slightly ahead of budget by \$6k.
- operating expenditure is under budget by \$1m.
- the operating surplus is currently \$2m compared to a budgeted surplus of \$1m.

BACKGROUND

In accordance with section 204 of the *Local Government Regulation 2012* the Chief Executive Officer must present to Council a financial report which states the progress that has been made in relation to the current financial year's budget. This report must be presented to Council on a monthly basis and cover the period up to a day as near as practicable to the end of the preceding month.

COMMENT

The 2018/19 annual budget was adopted on 19 June 2018 and the attached financial report details progress against budget for the period ended 30 November 2018. The report is prepared on an accrual basis and includes revenue earned and expenditure incurred during this period.

The following information is provided to assist with interpreting the report, including the provision of relevant graphs.

Operating Revenue and Expenditure

Key points:

- *Council has received 47% of its annual budgeted operating revenue*
- *Year to date operating expenditure is currently well under budget*

Overall year to date operating revenue is slightly ahead of budget, with a number of variations occurring within the various categories as follows:

- Rates and utility charges have exceeded budget by \$200k primarily as a result of greater than anticipated revenue from water usage charges (\$177k).
- Fees and charges are under budget by \$43k mainly due to timing differences with the raising of licence fees. This is expected to correct itself during December.

- Grants and subsidies are under budget by \$203k primarily as a result of a delay in the receipt of funds for the Geospatial Grant (\$164k) (mapping underground assets in GIS) and the balance of the CHAS Grant (\$63k).
- Other recurrent income has exceeded budget by \$43k as a result of reimbursement for private works undertaken at Rocky Point Boat Ramp on behalf of DTMR.

On the operating expenditure side, year to date expenditure variations to budget are as follows:

- Employee benefits expenditure is \$53k under budget and can be impacted by various factors, such as staff vacancies, the amount and timing of leave taken (particularly over the Christmas/New Year period) and the allocation of costs to capital expenditure.
- Materials and Services expenditure is under budget by \$628k and while committals currently equal \$5.4m it should be noted that a large proportion of these committals relate to annual expenditure contracts.

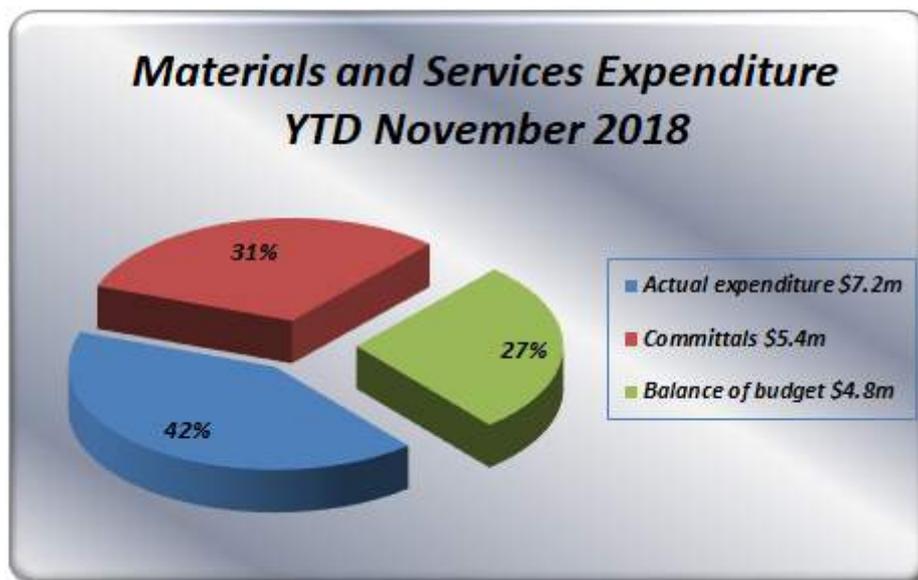


Figure 1.

- Although depreciation expense is currently \$331k under budget, this expenditure will progressively increase as a result of the ongoing capitalisation of Council's capital projects.

Capital Revenue and Expenditure

Key point:

- *Council has received 113% of its annual budgeted capital grants and subsidies and contributions from developers (excluding carry forward budgeted capital revenue), which relates to Diggers Bridge, Port Douglas Reservoir and NDRRA restoration works.*

Significant adjustments have been made to capital revenue and expenditure in the budget review, with the inclusion of carry forwards (uncompleted works) from the previous financial year, capital project adjustments and new capital projects, and updated figures for the Works for Queensland (W4Q) program and NDRRA restoration works.

It should be noted that in addition to year to date capital expenditure a further \$6m had been committed as at the end of November.

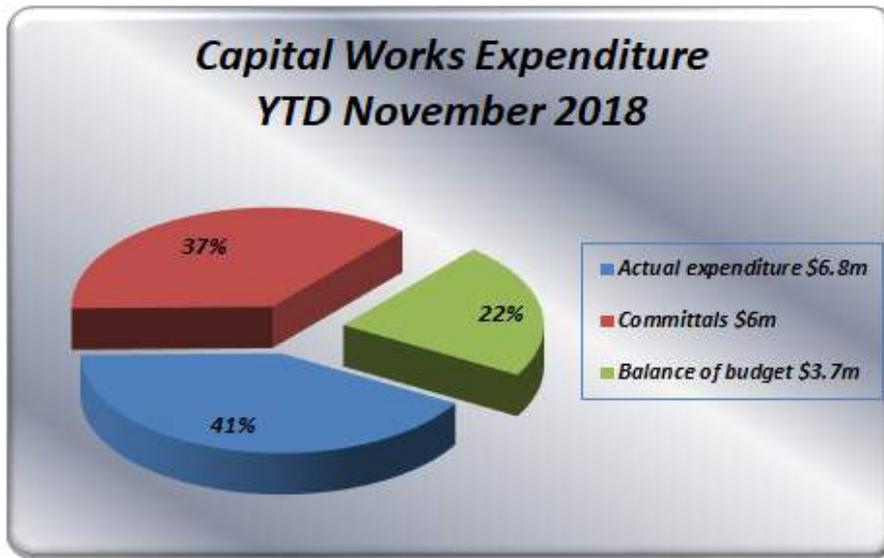


Figure 2.

Operating Result

Key point:

- *the operating result is \$1m ahead of budget*

As reflected in the attached report, total operating revenue at the end of November was slightly ahead of budget and operating expenditure was under budget. This has resulted in an operating surplus of \$2m compared to a budgeted surplus of \$1m. As mentioned above however, this result does not include any committals for materials and services.

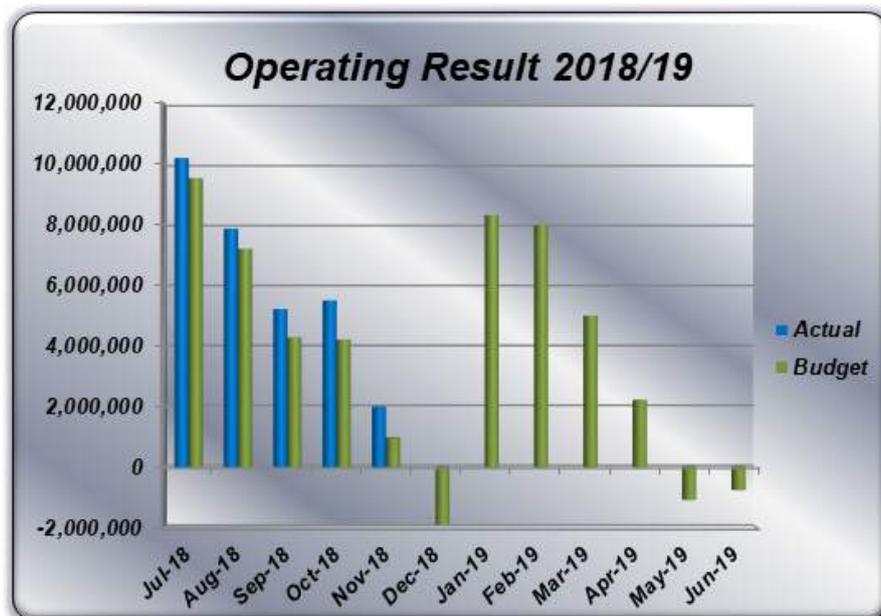


Figure 3.

PROPOSAL

The Financial Report for the period ended 30 November 2018 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of November 2018 have not revealed any significant negative impacts on the 2018/19 budget.

RISK MANAGEMENT IMPLICATIONS

Monthly financial reporting keeps Council informed of the progress that has been made in relation to the budget and allows for timely corrective action if required.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2014-2019 Initiatives:

Theme 5 - Governance

5.1.1 "Establish and develop long term financial, resource and infrastructure planning to ensure ongoing capacity to fund operations and capital works programs.

5.2.1 "Provide Councillors and community with accurate, unbiased and factual reporting to enable accountable and transparent decision-making.

ATTACHMENTS

1. Financial Statement as at 30 November 2018 **[5.6.1]**

Douglas Shire Council Statement of Comprehensive Income For the month of November 2018	Actual YTD 19 \$	Budget YTD 19 \$	Variance \$	Budget 18/19 \$	Actual as % of Budget 18/19
Operating Revenue					
Net rates and utility charges	15,931,906	15,731,880	200,026	34,088,348	47%
Fees and charges	2,932,891	2,976,022	(43,131)	5,408,334	54%
Grants and subsidies	549,987	752,670	(202,683)	2,102,043	26%
Interest received	380,139	370,604	9,535	842,895	45%
Other recurrent income	390,074	347,426	42,648	876,284	45%
Total Operating Revenue	20,184,997	20,178,602	6,395	43,317,904	47%
Operating Expenses					
Employee benefits	6,198,948	6,252,111	53,163	14,428,112	43%
Materials and services	7,248,048	7,876,544	628,496	17,428,359	42%
Depreciation	4,723,874	5,055,094	331,220	12,132,286	39%
Finance costs	33,518	33,041	(477)	86,700	39%
Total Recurrent Expenses	18,204,387	19,216,790	1,012,403	44,075,458	41%
Operating Result	1,980,609	961,812	1,018,797	(757,554)	(261%)
Capital Revenue					
Capital grants and subsidies	4,544,305	3,819,250	725,055	3,819,250	119%
Contributions from developers	48,607	250,000	(201,393)	250,000	19%
Total capital revenue	4,592,912	4,069,250	523,662	4,069,250	113%
Net Result	6,573,521	5,031,062	1,542,459	3,311,696	198%
Capital Works Program					
Capital additions	6,831,387	16,499,000	9,667,613	16,499,000	41%
Total capital additions	6,831,387	16,499,000	9,667,613	16,499,000	41%
NDRRA portion of Capital Works Program (included above)					
Capital grants and subsidies	1,069,392	-	1,069,392	-	
Capital additions	330,072	-	(330,072)	-	
Net position	739,320	-	739,320	-	