

## 5.05. FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

**REPORT AUTHOR(S):** John Rehn, Manager Finance and IT  
**GENERAL MANAGER:** Darryl Crees, General Manager Corporate Services  
**DEPARTMENT:** Finance and IT

### RECOMMENDATION

**That Council notes the Financial Report for the period ended 31 December 2015.**

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### EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2015/16 budget for the period ending 31 December 2015. Key points to note include the following:

- operating revenue currently exceeds budget expectations by \$329k
- operating expenditure is well under budget
- the operating surplus is currently \$278k compared to a budgeted deficit of \$2m.

### 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 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 2015/16 annual budget was adopted on 24 June 2015 and revised on 16 December 2015 and the attached financial report details progress against budget for the period ending 31 December 2015. 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 and includes graphs which show both actual expenditure and committals relating to materials and services expenditure and capital expenditure.

### Operating Revenue and Expenditure

#### Key points:

- *Council has received 51% of its annual budgeted operating revenue*
- *year to date operating expenditure is currently well under budget*

Most categories of year to date operating revenue are close to budget, with the exception of:

- Fees and charges which are currently \$192k ahead of budget, due to the following year to date timing variances:
  - Ferry fares \$86k
  - Building and property related fees \$29k
  - Licences and Other fees and charges \$77k

- Grants and subsidies are currently \$115k ahead of budget, due to greater than anticipated revenue from other grants and subsidies. This additional revenue will be offset by future expenditure relating to these grants.

On the operating expenditure side all categories of year to date operating expenditure are under or equal to budget as follows:

- Employee benefits expenditure is under budget by \$180k and can be impacted by various factors, such as staff vacancies, the amount of leave taken and the allocation of costs to capital expenditure.
- Materials and Services expenditure is under budget by \$1.7m and whilst committals equal \$2.2m it should be noted that many of these committals relate to annual expenditure contracts.



- Depreciation expense has been accrued based on the budget forecast and will be updated once the asset register is rolled into 2015/16.

## Capital Revenue and Expenditure

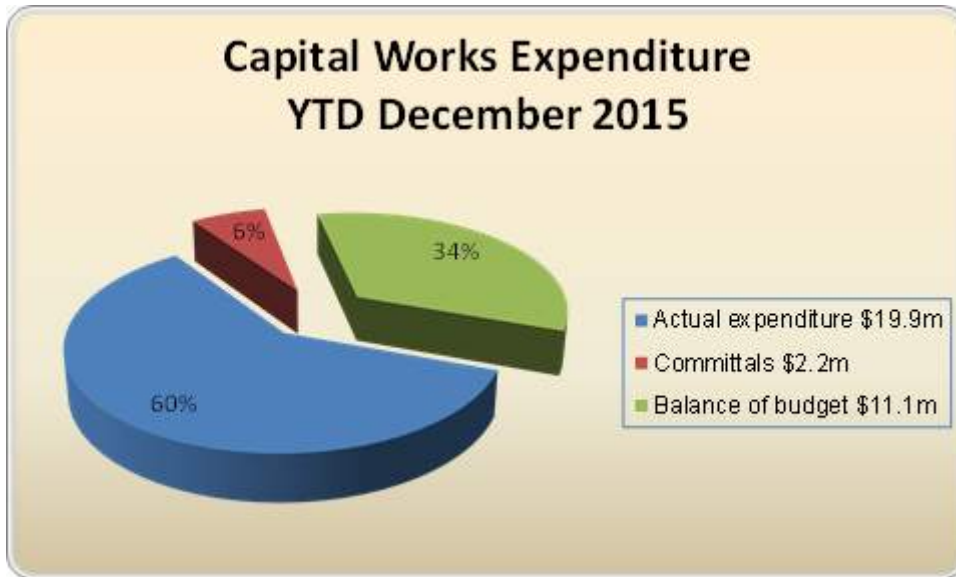
### Key point:

- *Council has received 74% of its annual budgeted capital grants and subsidies, which mainly relates to NDRRA work*

Full budget amounts for capital revenue and expenditure were allocated to July, as the timing of this work had not been fully determined when the original budget was prepared. These amounts have now been adjusted as part of the budget review to take into consideration:

- the carry forward of uncompleted capital works (and associated revenue) from the 2014/15 financial year
- any additional items of capital expenditure (and associated revenue) approved by Council since the adoption of the original budget
- revised estimates for NDRRA capital revenue and capital expenditure

It should be noted that in addition to year to date expenditure a further \$2.2m had been committed as at the end of December.

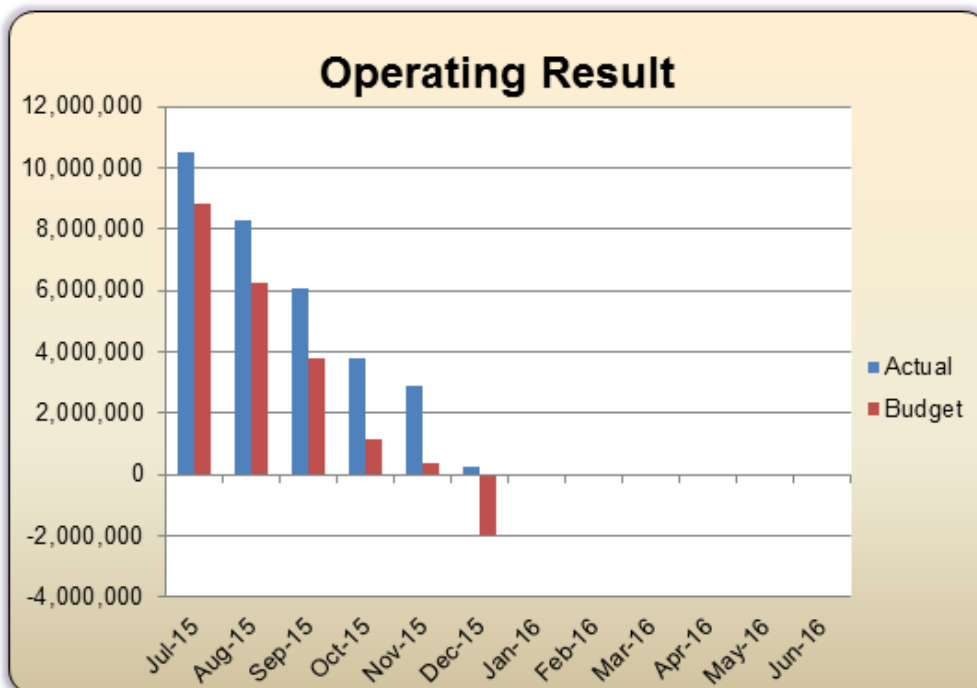


### Operating Result

**Key point:**

- *the operating result is \$2.3m ahead of budget*

As reflected in the attached report, total operating revenue at the end of December was ahead of budget whereas operating expenditure was well under budget. This has resulted in an operating surplus of \$278k compared to a budgeted deficit of \$2m. As mentioned above however, this result does not include any committals for materials and services.



## **PROPOSAL**

The Financial Report for the period ending 31 December 2015 be received and noted by Council.

## **FINANCIAL/RESOURCE IMPLICATIONS**

The results as at the end of December 2015 have not revealed any significant negative impacts on the 2015/16 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**

Attachment 1 - Financial Report

