

5.10. FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016

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DEPARTMENT: Finance and IT

RECOMMENDATION

That Council notes the Financial Report for the period ended 31 March 2016.

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2015/16 budget for the period ended 31 March 2016. Key points to note include the following:

- operating revenue currently exceeds budget expectations by \$682k.
- operating expenditure is well under budget.
- the operating surplus is currently \$6.3m compared to a budgeted surplus of \$3.4m.

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 the attached financial report details progress against budget for the period ended 31 March 2016. 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 95% of its annual budgeted operating revenue*
- *year to date operating expenditure is currently well under budget*

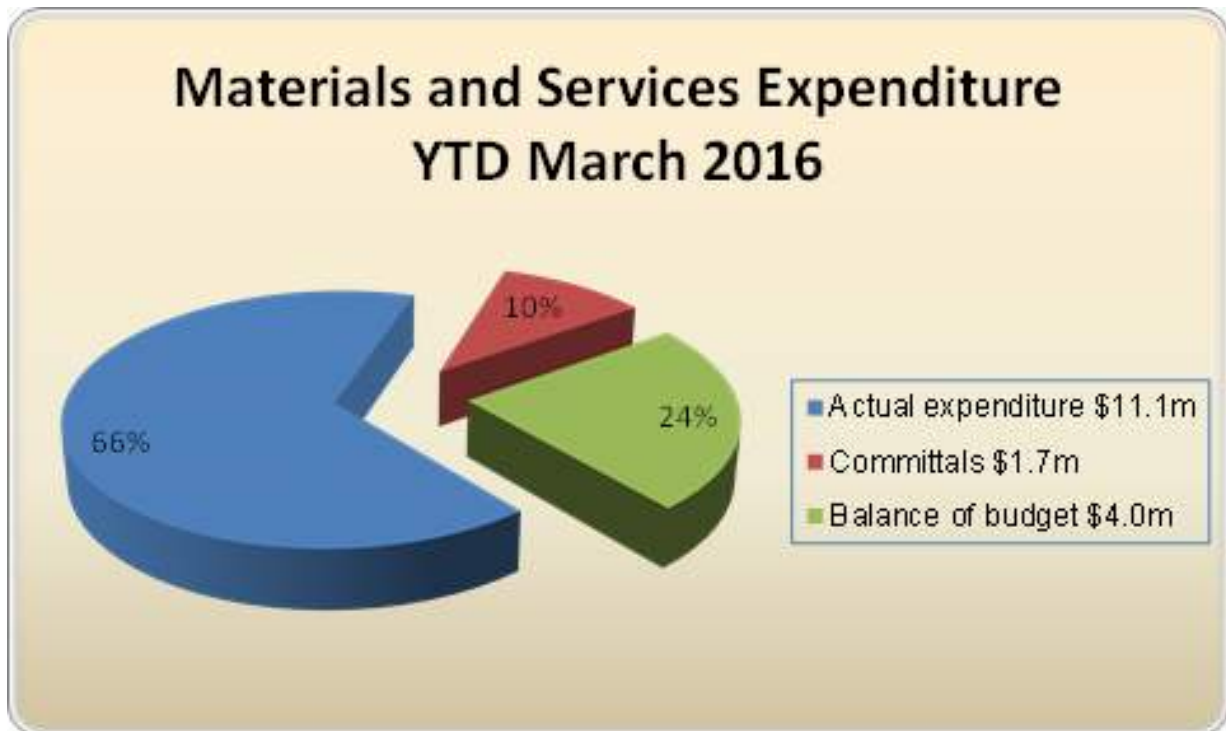
Most categories of year to date operating revenue are currently ahead of budget, as follows:

- Net rates and utility charges are \$80k ahead of budget due to greater than anticipated revenue from all categories of rates, mainly as a result of growth.

- Fees and charges are \$423k ahead of budget due to the following year to date variations:
 - Ferry fares \$234k
 - Building and property related fees \$64k
 - Licences and Other fees and charges \$125k
- Grants and subsidies are \$156k 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 budget as follows:

- Employee benefits expenditure is under budget by \$168k 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 \$1.8m and whilst committals equal \$1.7m it should be noted that many of these committals relate to annual expenditure contracts.



- Depreciation expense is under budget by \$198k and is based on actual depreciation included in the asset register. Variations are likely to occur each month dependent upon the timing of the completion, capitalisation and depreciation of capital expenditure.

Capital Revenue and Expenditure

Key point:

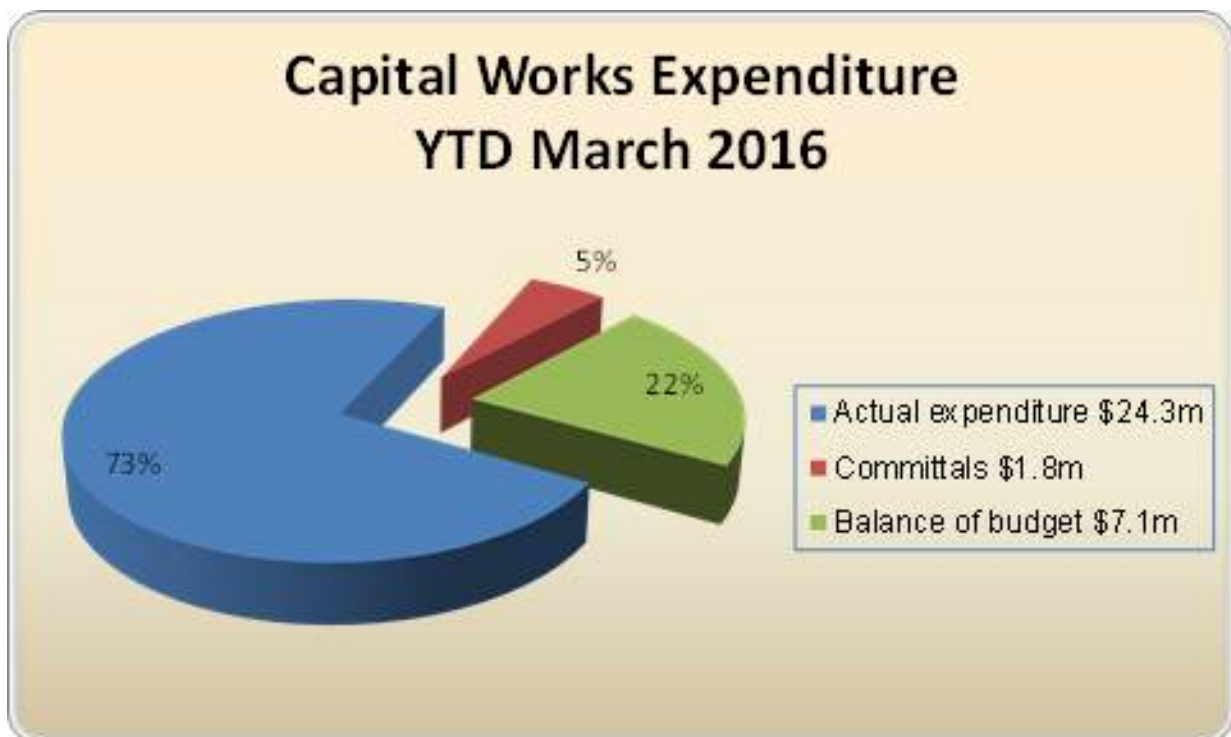
- Council has received 84% of its annual budgeted capital grants and subsidies, which mainly relates to NDRRA work

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 were 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 \$1.8m had been committed as at the end of March.

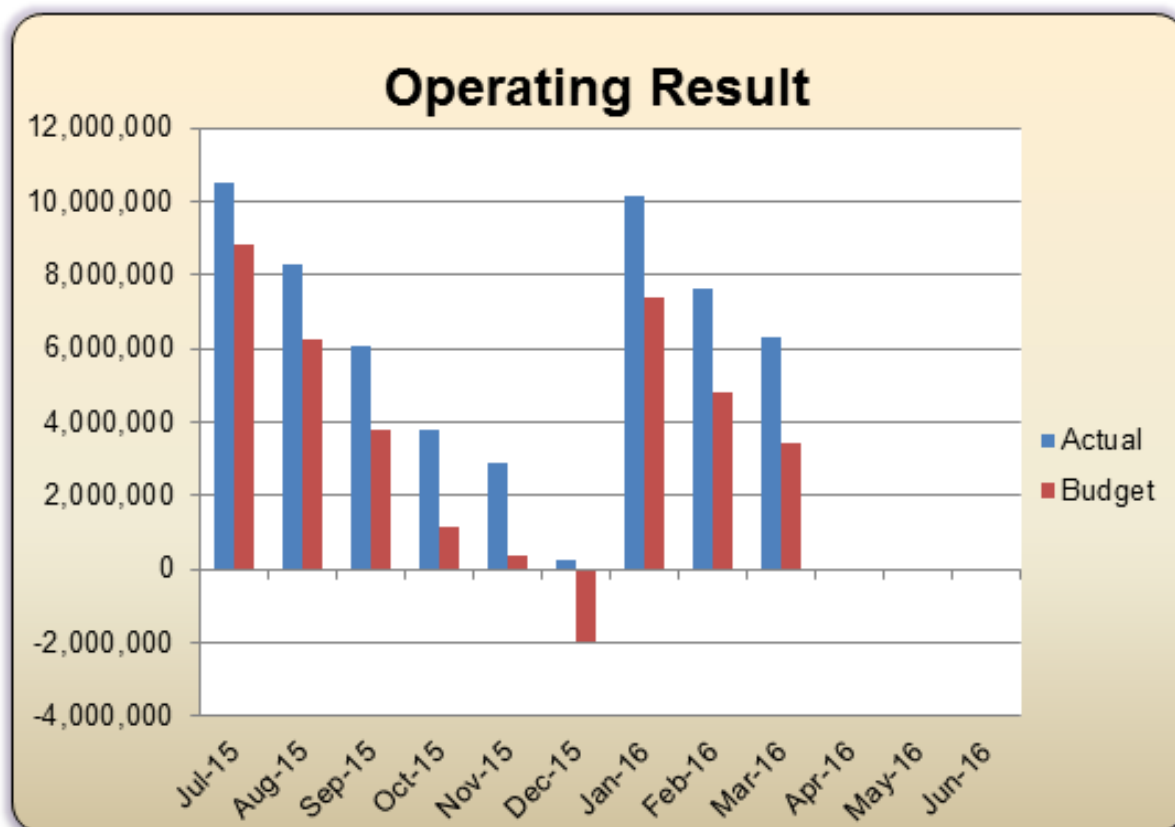


Operating Result

Key point:

- *the operating result is \$2.9m ahead of budget*

As reflected in the attached report, total operating revenue at the end of March was ahead of budget whereas operating expenditure was well under budget. This has resulted in an operating surplus of \$6.3m compared to a budgeted surplus of \$3.4m. As mentioned above however, this result does not include any committals for materials and services.



PROPOSAL

The Financial Report for the period ended 31 March 2016 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of March 2016 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

Douglas Shire Council Statement of Comprehensive Income For the month of March 2016	Actual YTD '16 \$	Budget YTD '16 \$	Variance \$	Budget 15/16 \$	Actual as % of Budget 15/16
Operating Revenue					
Net rates and utility charges	28,055,066	27,975,233	79,833	29,149,838	96%
Fees and charges	3,746,489	3,323,860	422,629	4,198,518	89%
Grants, subsidies, contributions and donations	1,378,316	1,221,975	156,341	1,415,891	97%
Interest received	762,407	713,186	49,221	934,220	82%
Other recurrent income	434,625	460,991	(26,366)	624,832	70%
Total Operating Revenue	34,376,904	33,695,245	681,659	36,323,299	95%
Operating Expenses					
Employee benefits	9,342,820	9,510,459	167,639	12,646,644	74%
Materials and services	11,055,083	12,864,129	1,809,046	16,764,742	66%
Depreciation	7,523,672	7,721,469	197,797	10,295,283	73%
Finance costs	164,879	179,500	14,621	238,000	69%
Total Recurrent Expenses	28,086,455	30,275,557	2,189,102	39,944,669	70%
Operating Result	6,290,449	3,419,688	2,870,761	(3,621,370)	(174%)
Capital revenue					
Capital grants and subsidies	15,508,549	18,429,257	(2,920,708)	18,429,257	84%
Total capital revenue	15,508,549	18,429,257	(2,920,708)	18,429,257	84%
Net result	21,798,998	21,848,945	(49,947)	14,807,887	147%
Capital works program					
Capital additions	24,320,465	33,228,467	8,908,002	33,228,467	73%
Total capital additions	24,320,465	33,228,467	8,908,002	33,228,467	73%
NDRRA portion of Capital Works Program (included above)					
Capital grants and subsidies	14,399,054	17,090,642	(2,691,588)	17,090,642	84%
Capital additions	18,237,607	18,769,952	532,345	18,769,952	97%
Net position	(3,838,553)	(1,679,310)	(2,159,243)	(1,679,310)	