

5.14. FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016

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DEPARTMENT: Finance and IT

RECOMMENDATION

That Council notes the Financial Report for the period ended 30 April 2016.

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2015/16 budget for the period ended 30 April 2016. Key points to note include the following:

- operating revenue currently exceeds budget expectations by \$729k.
- operating expenditure is well under budget.
- the operating surplus is currently \$3.9m compared to a budgeted surplus of \$0.8m.

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 ended 30 April 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:

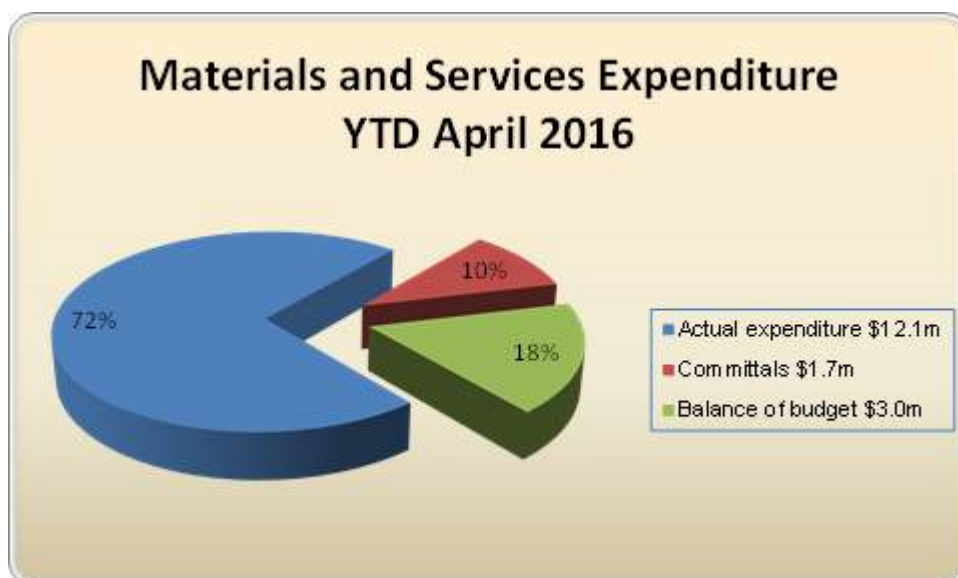
- Council has received 96% of its annual budgeted operating revenue
- year to date operating expenditure is currently well under budget

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

- Net rates and utility charges are \$82k ahead of budget due to greater than anticipated revenue from all categories of rates, mainly as a result of growth.
- Fees and charges are \$440k ahead of budget due to the following year to date variations:
 - Ferry fares \$259k
 - Building and property related fees \$56k
 - Licences and Other fees and charges \$125k
- Grants and subsidies are \$161k 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 \$162k 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 \$2m however committals currently equal \$1.7m



- Depreciation expense is under budget by \$220k 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:

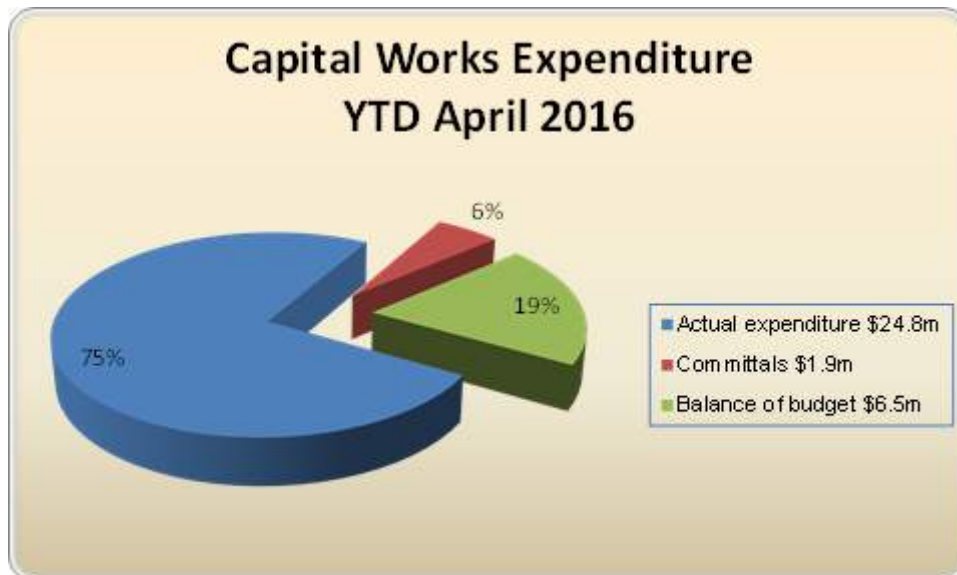
- *Council has received 84% of its annual budgeted capital grants and subsidies, which mainly relates to NDRRA work*

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 \$1.9m had been committed as at the end of April.



Operating Result

Key point:

- the operating result is \$3.1m ahead of budget

As reflected in the attached report, total operating revenue at the end of April was ahead of budget whereas operating expenditure was well under budget. This has resulted in an operating surplus of \$3.9m compared to a budgeted surplus of \$0.8m. As mentioned above however, this result does not include any committals for materials and services.



PROPOSAL

The Financial Report for the period ended 30 April 2016 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of April 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 April 2016	Actual YTD '16 \$	Budget YTD '16 \$	Variance \$	Budget 15/16 \$	Actual as % of Budget 15/16
Operating Revenue					
Net rates and utility charges	28,057,211	27,974,797	82,414	29,149,838	96%
Fees and charges	4,035,060	3,595,011	440,049	4,198,518	96%
Grants, subsidies, contributions and donations	1,382,816	1,221,975	160,841	1,415,891	98%
Interest received	866,944	786,986	79,958	934,220	93%
Other recurrent income	492,741	526,582	(33,841)	624,832	79%
Total Operating Revenue	34,834,772	34,105,351	729,421	36,323,299	96%
Operating Expenses					
Employee benefits	10,306,301	10,468,259	161,958	12,646,644	81%
Materials and services	12,096,948	14,073,556	1,976,608	16,764,742	72%
Depreciation	8,359,429	8,579,410	219,981	10,295,283	81%
Finance costs	169,459	188,000	18,541	238,000	71%
Total Recurrent Expenses	30,932,137	33,309,225	2,377,088	39,944,669	77%
Operating Result	3,902,635	796,126	3,106,509	(3,621,370)	(108%)
Capital revenue					
Capital grants and subsidies	15,509,685	18,429,257	(2,919,572)	18,429,257	84%
Total capital revenue	15,509,685	18,429,257	(2,919,572)	18,429,257	84%
Net result	19,412,320	19,225,383	186,937	14,807,887	131%
Capital works program					
Capital additions	24,830,442	33,228,467	8,398,025	33,228,467	75%
Total capital additions	24,830,442	33,228,467	8,398,025	33,228,467	75%
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	18,315,210	18,769,952	454,742	18,769,952	98%
Net position	(3,916,156)	(1,679,310)	(2,236,846)	(1,679,310)	