

ORDINARY COUNCIL MEETING 26 AUGUST 2014	5.4
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FINANCIAL REPORT FOR PERIOD ENDING 31 JULY 2014

Darryl Crees – General Manager Corporate Services: #427039

RECOMMENDATION:

That Council notes the Financial Report for the period ended 31 July 2014.

EXECUTIVE SUMMARY:

The attached Financial Report details the progress of the 2014/15 budget for the period ending 31 July 2014. The figures presented in this report are subject to any journal reversals and other adjustments that may be required as part of the 2013/14 end of financial year and audit processes.

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 2014/15 annual budget was adopted on 27 June 2014 and the attached report details progress against budget for the period ending 31 July 2014. In reviewing this financial report the following should be noted:

- The figures presented are subject to any journal reversals and other adjustments that may be required as part of the 2013/14 end of financial year and audit processes.
- Depreciation expense has been accrued based on budget forecasts, as the asset register is still being finalised for the 2013/14 end of financial year process and the actual depreciation expense is yet to be determined.
- Budget amounts have been distributed over the twelve month period based on estimates of when revenue will be earned and expenditure incurred. At present Council only has six months of historical trends plus past experience applied by relevant staff and therefore some variations in timing will occur between actual and budgeted amounts. For example:
 - A portion of water usage charges for the current billing cycle has been accrued back into June and this has resulted in a variation in Net Rates and Utility Charges, which will remain until the budget is correctly aligned.
 - Revenue from Ferry Fares exceeds budget by \$53k, whilst Licences exceed budget by \$46k
 - Materials and Services expenditure is under budget by \$1.46m however current committals exceed this amount

As reflected in the attached report, total operating revenue at the end of July was slightly under budget whereas operating expenditure was well under budget. This has resulted in an operating surplus of \$9.53m compared to a budgeted surplus of \$8.17m. As mentioned above however, this result is subject to a number of variables.

PROPOSAL:

The Financial Report for the period ending 31 July 2014 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS:

The results as at the end of July 2014 have not revealed any significant negative impacts on the 2014/15 budget.

ATTACHMENTS:

Financial Report

Douglas Shire Council
Financial Report
For the month of **JULY 2014**

	Actual YTD '15 \$	Budget YTD '15 \$	Variance \$	Budget 14/15 \$	Actual as % of Budget 14/15
Operating Revenue					
Net rates and utility charges	11,820,342	12,049,469	(229,127)	27,775,175	43%
Fees and charges	607,891	487,456	120,435	3,703,494	16%
Grants, subsidies, contributions and donations	-	9,173	(9,173)	800,536	0%
Interest received	54,578	52,613	1,965	633,240	9%
Other recurrent income	77,802	119,833	(42,031)	800,663	10%
Total Operating Revenue	12,560,612	12,718,544	(157,932)	33,713,108	37%
Operating Expenses					
Employee benefits	883,068	941,929	58,861	12,048,582	7%
Materials and services	1,333,992	2,794,464	1,460,472	16,799,535	8%
Depreciation	810,906	810,906	-	9,730,868	8%
Finance costs	679	5,000	4,321	202,570	0%
Total Recurrent Expenses	3,028,644	4,552,299	1,523,655	38,781,555	8%
Operating Result	9,531,968	8,166,245	1,365,723	(5,068,447)	(188%)
Capital revenue					
Capital Grants and Subsidies	-	952,000	(952,000)	952,000	0%
Capital Contributions	-	200,000	(200,000)	200,000	0%
Total capital revenue	-	1,152,000	(1,152,000)	1,152,000	0%
Net result	9,531,968	9,318,245	213,723	(3,916,447)	(243%)
Capital expenses					
Capital expenses	123,630	8,821,525	8,697,895	8,821,525	1%
Total capital expenses	123,630	8,821,525	8,697,895	8,821,525	1%