

5.5. MONTHLY FINANCIAL REPORT APRIL 2019

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DEPARTMENT Finance, Procurement and ICT

RECOMMENDATION

That Council notes the Financial Report for the period ended 30 April 2019.

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2018/19 budget for the period ended 30 April 2019. Key points to note include the following:

- Operating revenue is ahead of budget by \$693k.
- Operating expenditure is under budget by \$408k.
- The operating Surplus (Year to Date) is currently \$3.1m compared to a budgeted Surplus 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 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 revised on 18 December 2018 and the attached financial report details progress against budget for the period ended 30 April 2019. 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 90% of its annual budgeted operating revenue*
- *Year to date operating expenditure is currently under budget*

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

- Rates and utility charges are now currently \$21K behind budget as a result of greater than anticipated Pensioner Remissions - \$14k more than budget.

- Fees and charges are under budget by \$7k. This is due to the following:
 - Daintree Ferry revenue currently \$64k behind budget due to the recent monsoonal events. In the prior month the Ferry was \$128k behind budget, this revenue improvement has been due to the sale of Ferry Cards.
 - Building and Property Related Fees currently \$44k behind budget.
 - Refuse tipping fees are \$43k ahead of budget and other fees and charges are \$49k ahead of budget.
- Grants and subsidies are ahead of budget by \$607k. Council received NDRRA Emergent funding (pertaining to the March 2018 rain event) of \$550k. This funding was not budgeted until June 2019. Additionally, Grant funding of \$114k was received for a Storm Tide Study which was unbudgeted.
- Other recurrent income is over budget \$110k primarily due to timing of Roads Maintenance Performance Contract works.

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

- Employee benefits expenditure is \$228k under budget and can be impacted by various factors, such as staff vacancies, the amount and timing of leave taken and the allocation of costs to capital expenditure.
- Materials and services expenditure exceed year to date budget by \$352k. Emergent works were \$1.6m with a further \$20k in commitments and it is likely these costs will increase further.
- Although depreciation expense is currently \$520k under budget, this expenditure will progressively increase as a result of the ongoing capitalisation of Council's capital projects.

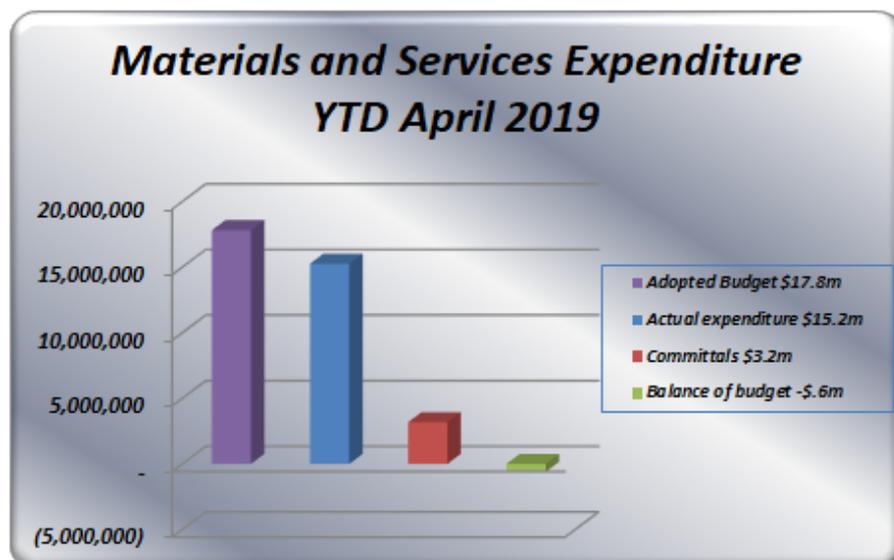


Figure 1.

Capital Revenue and Expenditure

Key point:

- Council has received 64% of its annual budgeted capital grants and subsidies and contributions from developers, which primarily relates to Diggers Bridge, Port Douglas Reservoir, Roads to Recovery and NDRRA restoration works.

It should be noted that in addition to year to date capital expenditure a further \$4.6m had been committed as at the end of April.

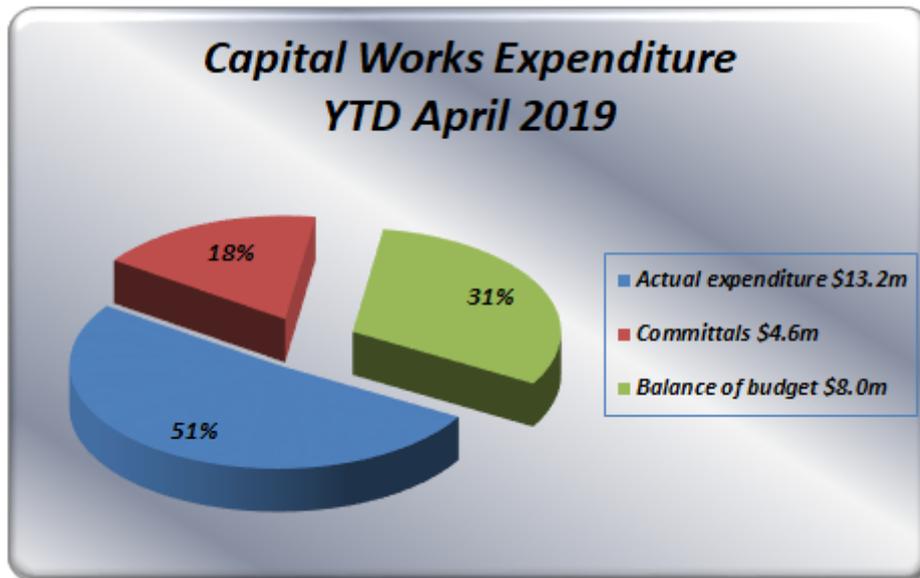


Figure 2.

Operating Result

Key point:

- the operating result is \$1.1m ahead of budget

As reflected in the attached report, total operating revenue at the end of April was ahead of budget and operating expenditure was under budget. This has resulted in an operating surplus of \$3.1m compared to a budgeted surplus of \$2m. As mentioned above however, this result does not include any outstanding committals for materials and services related to emergency works and the result is also inflated by the \$550k National Disaster Relief and Recovery Arrangements funding received early (\$450k was budgeted to be received in June 19)

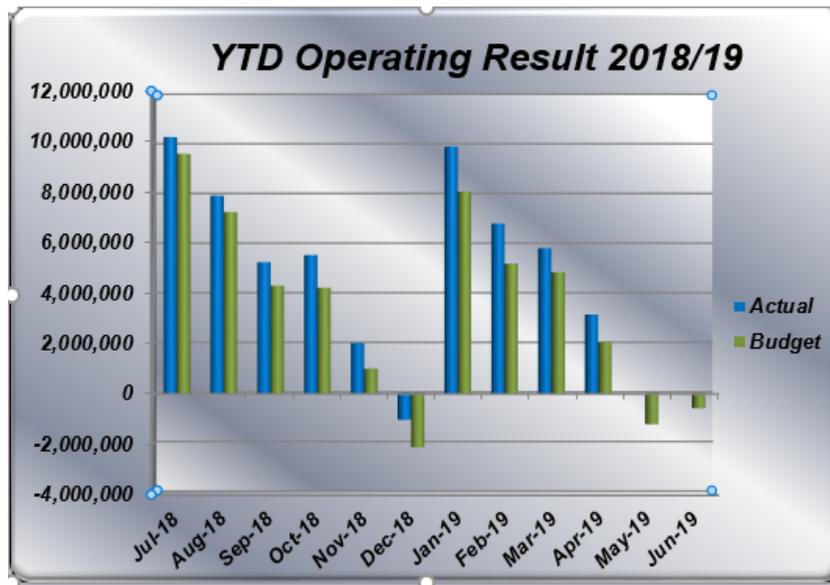


Figure 3.

PROPOSAL

The Financial Report for the period ended 30 April 2019 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS

The result at the end of April does not reflect the full emergent works cost of the monsoonal rain event. As a result of the significant weather events, there will continue to be expenditure for repairing and restoring the Shire for the remainder of the 2018/19 financial year.

Funding to reimburse elements of this expenditure will not be finalised until the 2019/20 financial year, therefore the net result for the 2018/19 year will be distorted by these costs. The attached report attempts to show the overall net result and then reflect the net result after removing the disaster funding and emergent works expenditure on materials and services.

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 Report 30 April 2019 **[5.5.1]**

Douglas Shire Council Statement of Comprehensive Income	Actual YTD 19	Budget YTD 19	Variance	Budget 18/19	Actual as % of Budget 18/19
For the month of April 2019	\$	\$	\$	\$	
Operating Revenue					
Net rates and utility charges	31,507,644	31,528,456	(20,812)	34,088,347	92%
Fees and charges	4,568,863	4,575,954	(7,091)	5,408,334	84%
Grants and subsidies	1,805,348	1,198,904	606,444	2,580,696	70%
Interest received	710,226	705,479	4,747	842,895	84%
Other recurrent income	830,223	720,296	109,927	876,284	95%
Total Operating Revenue	39,422,305	38,729,089	693,216	43,796,556	90%
Operating Expenses					
Employee benefits	11,388,974	11,617,376	228,402	14,356,112	79%
Materials and services	15,254,899	14,903,243	(351,656)	17,816,073	86%
Depreciation	9,589,851	10,110,223	520,372	12,132,286	79%
Finance costs	64,725	75,221	10,496	86,700	75%
Total Recurrent Expenses	36,298,449	36,706,063	407,614	44,391,172	82%
Operating Result	3,123,855	2,023,026	1,100,829	(594,616)	(525%)
Capital Revenue					
Capital grants and subsidies	7,334,745	11,390,062	(4,055,317)	11,390,062	64%
Contributions from developers	61,645	250,000	(188,355)	250,000	25%
Total capital revenue	7,396,390	11,640,062	(4,243,672)	11,640,062	64%
Net Result	10,520,246	13,663,088	(3,142,842)	11,045,446	95%
Capital Works Program					
Capital additions	13,194,978	25,713,543	12,518,565	25,713,543	51%
Total capital additions	13,194,978	25,713,543	12,518,565	25,713,543	51%
NDRRA portion of Capital Works Program (included above)					
Capital grants and subsidies	1,743,175	3,612,816	(1,869,641)	3,612,816	48%
Capital additions	1,024,804	3,276,085	2,251,281	3,276,085	31%
Net position	718,371	336,731	381,640	336,731	
NDRRA portion of Operational Expenditure for Emergent Works (Included Above)					
NDRRA Operational Funding	550,494	-	550,494	450,000	122%
NDRRA Material & Services	1,601,109	-	1,601,109	-	
Net Operating Result Excluding NDRRA	4,174,470	2,023,026	2,151,444	(1,044,616)	