

<b>ORDINARY MEETING</b>  <b>14 APRIL 2015</b>	<b>5.7</b>
-----------------------------------------------------	------------

FINANCIAL REPORT FOR PERIOD ENDING 31 MARCH 2015

**Darryl Crees – General Manager Corporate Services**

**RECOMMENDATIONS:**

**That Council notes the Financial Report for the period ending 31 March 2015.**

**EXECUTIVE SUMMARY:**

The attached Financial Report details the progress of the 2014/15 budget (as revised by Council on 24 March 2015) for the period ending 31 March 2015.

**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.

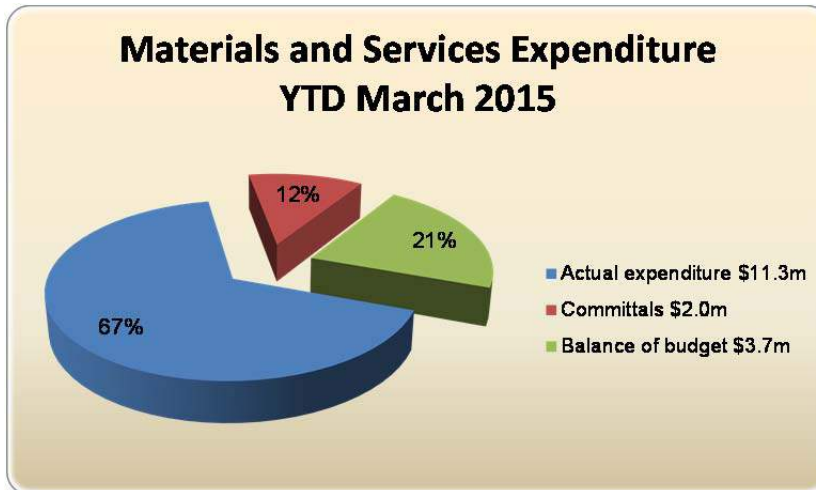
**COMMENT:**

The 2014/15 annual budget was adopted on 27 June 2014 and revised on 24 March 2015 and the attached financial report details progress against budget for the period ending 31 March 2015. The report is prepared on an accrual basis and includes revenue earned and expenditure incurred during this period.

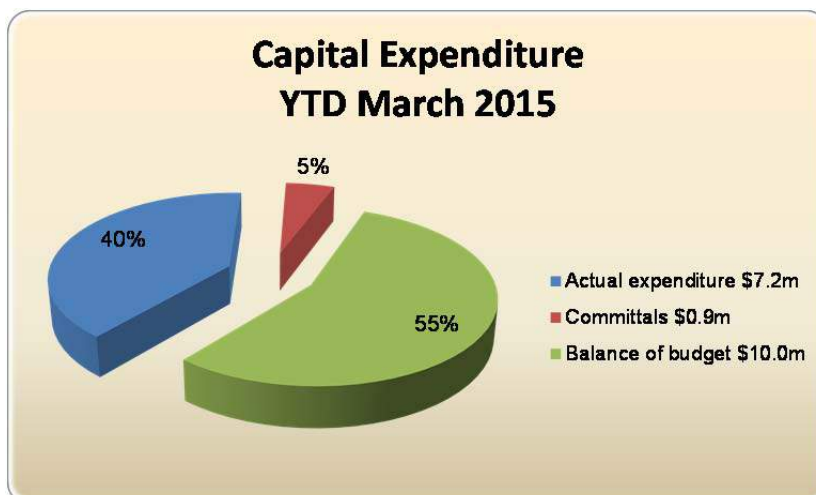
The following information is provided to assist with interpreting the report and includes graphs which show both actual expenditure and committals relating to materials and services expenditure and capital expenditure. Committals represent goods and/or services for which an order has been raised but cannot be expensed until those goods and/or services are received by Council. In many instances orders are raised to cover known expenditure for the full financial year and are expensed progressively throughout the year as the goods and/or services are received eg existing contracts such as waste collection.

- Whilst the report now compares actuals against revised budget figures, the review was undertaken at a high level and therefore a number of timing differences will still occur when comparing year to date figures, particularly in relation to fees and charges revenue and interest received, which are both still ahead of the year to date budget. These timing differences should balance out by the end of the financial year (and the variance pattern is being taken into consideration when developing the 2015/16 draft budget).
  - Revenue from fees and charges currently exceeds budget by \$424k and includes the following year to date variations:
    - Building and property related fees \$89k
    - Licences \$28k
    - Refuse tipping fees \$32k
    - Ferry fares \$113k
    - Other fees and charges \$162k

- Interest received currently exceeds budget by \$97k as follows:
  - On outstanding rates and utility charges \$40k. This variance will reduce as the level of outstanding amounts continues to reduce.
  - From funds invested \$57k. This variance will reduce as further funds are utilised on expenditure during the remainder of the financial year.
- Employee benefits expenditure can be impacted by various factors, including staff vacancies, the timing of leave taken and the allocation of costs to capital expenditure. As a result, expenditure is still currently under budget.
- Materials and Services expenditure is under budget by \$1.6m however current committals exceed this amount and include annual orders for some services.



- Small variances in depreciation expense are likely to occur each month, dependent upon the timing of the completion, capitalisation and depreciation of capital expenditure.
- Full budget amounts for Capital expenditure and the associated Capital revenue were allocated to July, as the timing of this work had not been fully determined when the original budget was prepared.
  - In addition to year to date Capital expenditure a further \$907k had been committed as at the end of March.
  - The budget now includes uncompleted capital works (and associated revenue) carried forward from the 2013/14 financial year and also takes into consideration all anticipated revenue and expenditure relating to NDRRA asset restoration work for the current financial year.



As reflected in the attached report, total operating revenue at the end of March was ahead of budget whereas operating expenditure was under budget. This has resulted in an operating surplus of \$5.8m compared to a budgeted surplus of \$3.4m. As mentioned above however, this result is subject to a number of variables.

### **PROPOSAL:**

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

### **CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE:**

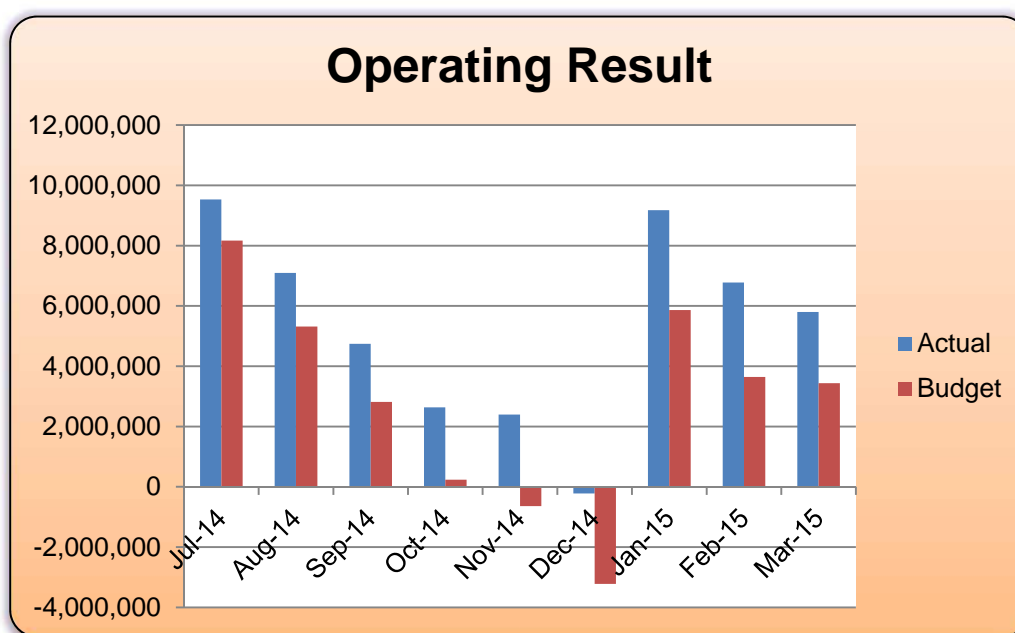
The preparation of this financial report aligns with Council's Corporate Plan –

Theme 5 Governance, Goal 1 “To develop a financially sustainable organisation through sound strategic planning” 5.1.1 “Establish and develop long term financial, resource and infrastructure planning to ensure ongoing capacity to fund operations and capital works programs”.

Theme 5 Governance, Goal 2 “To demonstrate leadership in local government through sound, transparent, accountable and equitable decision making” 5.2.1 “Provide Councillors and community with accurate, unbiased and factual reporting to enable accountable and transparent decision-making”.

### **FINANCIAL/RESOURCE IMPLICATIONS:**

The results as at the end of March 2015 have not revealed any significant negative impacts on the 2014/15 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.

### **ATTACHMENTS:**

Financial Rep

<b>Douglas Shire Council</b>					
<b>Statement of Comprehensive Income</b>					
For the month of <b>MARCH 2015</b>					
	<b>Actual YTD '15</b>	<b>Budget YTD '15</b>	<b>Variance</b>	<b>Budget 14/15</b>	<b>Actual as % of Budget 14/15</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>Operating Revenue</b>					
Net rates and utility charges	26,814,096	26,859,715	(45,619)	27,782,564	97%
Fees and charges	3,529,096	3,104,633	424,463	4,057,959	87%
Grants, subsidies, contributions and donations	1,831,332	1,828,833	2,499	2,166,530	85%
Interest received	830,030	732,931	97,099	977,240	85%
Other recurrent income	543,800	586,633	(42,833)	613,306	89%
<b>Total Operating Revenue</b>	<b>33,548,354</b>	<b>33,112,745</b>	<b>435,610</b>	<b>35,597,599</b>	<b>94%</b>
<b>Operating Expenses</b>					
Employee benefits	8,736,417	8,986,787	250,370	12,048,582	73%
Materials and services	11,344,452	12,967,487	1,623,035	17,017,963	67%
Depreciation	7,533,499	7,570,064	36,565	10,093,415	75%
Finance costs	135,048	152,730	17,682	202,570	67%
<b>Total Recurrent Expenses</b>	<b>27,749,416</b>	<b>29,677,068</b>	<b>1,927,652</b>	<b>39,362,530</b>	<b>70%</b>
<b>Operating Result</b>	<b>5,798,938</b>	<b>3,435,676</b>	<b>2,363,262</b>	<b>(3,764,931)</b>	<b>(154%)</b>
<b>Capital revenue</b>					
Capital Grants and Subsidies	4,796,891	9,217,744	(4,420,853)	9,217,744	52%
Capital Contributions	315,034	350,000	(34,966)	350,000	90%
<b>Total capital revenue</b>	<b>5,111,925</b>	<b>9,567,744</b>	<b>(4,455,819)</b>	<b>9,567,744</b>	<b>53%</b>
<b>Net result</b>	<b>10,910,863</b>	<b>13,003,420</b>	<b>(2,092,557)</b>	<b>5,802,813</b>	<b>188%</b>
<b>Capital expenses</b>					
Capital expenses	7,152,447	18,064,240	10,911,793	18,064,240	40%
<b>Total capital expenses</b>	<b>7,152,447</b>	<b>18,064,240</b>	<b>10,911,793</b>	<b>18,064,240</b>	<b>40%</b>
<b>NDRRA portion of Capital Works Program (included above)</b>					
Capital grants and subsidies	4,096,079	6,960,189	(2,864,110)	6,960,189	59%
Capital expenses	2,437,627	6,960,189	4,522,562	6,960,189	35%
<b>Net position</b>	<b>1,658,452</b>	<b>-</b>	<b>1,658,452</b>	<b>-</b>	