

5.8. FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2017

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DEPARTMENT: Finance and IT

RECOMMENDATION

That Council notes the Financial Report for the period ended 30 April 2017.

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2016/17 budget for the period ended 30 April 2017. Key points to note include the following:

- operating revenue currently exceeds budget expectations by \$262k.
- operating expenditure is under budget by \$248k.
- the operating surplus is currently \$3.4m compared to a budgeted surplus of \$2.9m.

BACKGROUND

In accordance with section 204 of the *Local Government Regulation 2012* the Chief Executive Officer must present a financial report to Council which states the progress that has been made in relation to the budget. This report must be presented 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 2016/17 annual budget was adopted on 28 June 2016 and revised on 7 March 2017 and the attached financial report details progress against budget for the period ended 30 April 2017. 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 94% 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 a number of variations occurring within the various categories as follows:

- Net rates and utility charges are \$45k ahead of budget as a result of greater than anticipated revenue from the most recent issue of water usage charges.
- Fees and charges continue to exceed budget expectations and are \$95k ahead of budget due to the following variations:
 - Ferry fees \$47k
 - Building and property related fees \$19k

- Other fees and charges \$29k.
- Grants and subsidies is \$16k ahead of budget due to the receipt of an unexpected library grant.
- Interest received also continues to exceed budget expectations and is \$70k ahead of budget.
- Other recurrent income has also exceeded budget expectations and is \$36k ahead of budget.

On the operating expenditure side most categories of year to date operating expenditure are under budget as follows:

- Employee benefits expenditure is \$60k 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 is under budget by \$271k, which is partially due to a number of timing differences. A further \$1.9m had been committed as at the end of April, with a portion relating to a number of annual expenditure contracts.

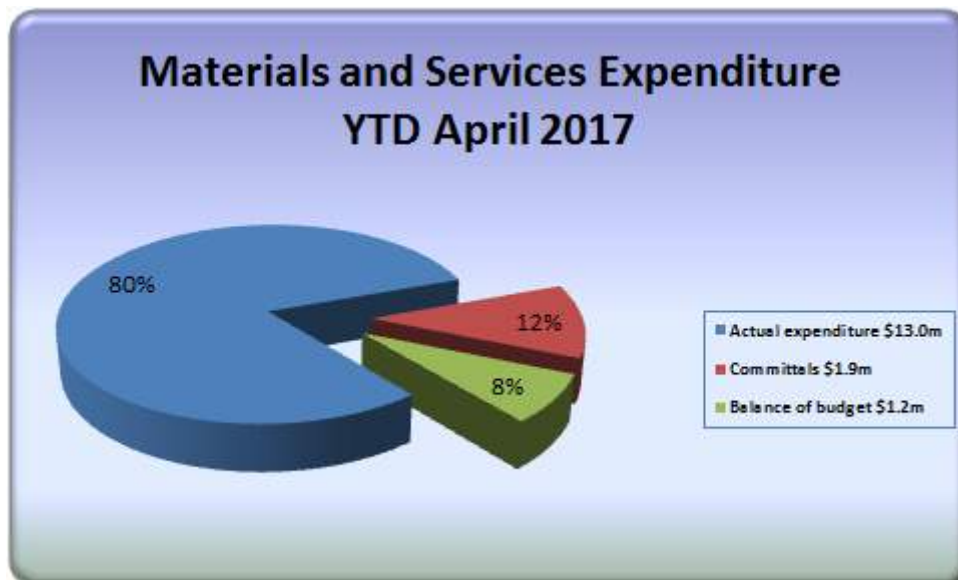


Figure 1.

- Although depreciation expense was adjusted in the budget review, based on a re-assessment of anticipated depreciation resulting from NDRRA asset restoration work and from the impact of previous asset revaluations, depreciation will continue to increase as a result of the ongoing capitalisation of Council's capital projects and is currently over budget by \$86k.

Capital Revenue and Expenditure

Key point:

- Council has received 52% of its annual budgeted capital grants and subsidies, which mainly relates to the new reservoir project, NDRRA funding and the Works for Queensland (W4Q) program

Significant adjustments were made to capital revenue and expenditure in the budget review including the inclusion of carry forwards (uncompleted works) from the previous financial

year, capital project adjustments and new capital projects, proposed NDRRA restoration works and the Works for Queensland (W4Q) program. It should be noted that in addition to actual capital expenditure of \$7.3m a further \$3.4m had been committed as at the end of April.

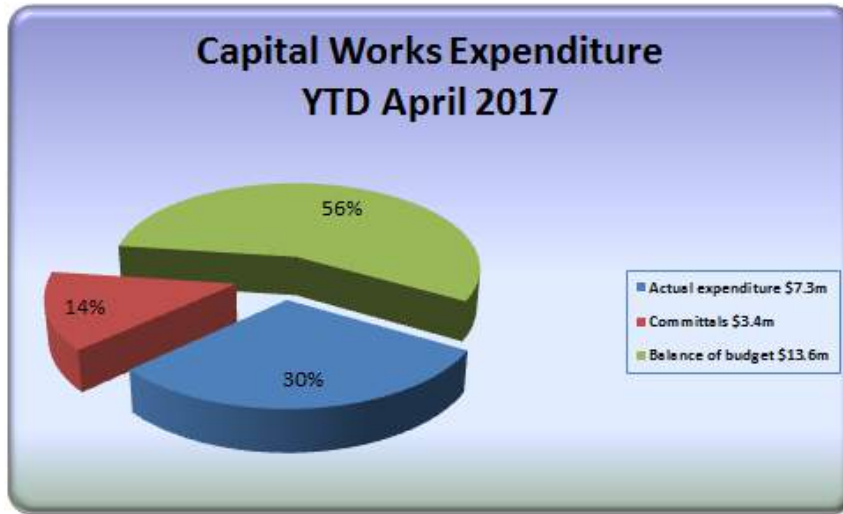


Figure 2.

Operating Result

Key point:

- the operating result is \$510k 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 under budget. This has resulted in an operating surplus of \$3.4m compared to a budgeted surplus of \$2.9m. As mentioned above however, this result does not include any committals for materials and services.



Figure 3. PROPOSAL

The Financial Report for the period ended 30 April 2017 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS

The interim results as at the end of April 2017 have not revealed any significant negative impacts on the 2016/17 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

1. Financial Statement as at 30 April 2017 **[5.8.1]**

Douglas Shire Council Statement of Comprehensive Income For the month of April 2017	Actual YTD '17 \$	Budget YTD '17 \$	Variance \$	Budget 16/17 \$	Actual as % of Budget 16/17
Operating Revenue					
Net rates and utility charges	29,240,145	29,194,906	45,239	30,418,213	96%
Fees and charges	4,407,943	4,313,041	94,902	4,985,511	88%
Grants, subsidies, contributions and donations	1,177,801	1,161,609	16,192	1,485,926	79%
Interest received	830,907	760,930	69,977	903,790	92%
Other recurrent income	806,815	770,870	35,945	808,940	100%
Total Operating Revenue	36,463,612	36,201,356	262,256	38,602,380	94%
Operating Expenses					
Employee benefits	10,716,362	10,776,167	59,805	13,227,685	81%
Materials and services	13,044,046	13,315,293	271,247	16,184,004	81%
Depreciation	9,139,620	9,053,390	(86,230)	10,876,189	84%
Finance costs	171,281	174,000	2,719	214,000	80%
Total Recurrent Expenses	33,071,309	33,318,850	247,541	40,501,878	82%
Operating Result	3,392,303	2,882,506	509,797	(1,899,498)	(179%)
Capital revenue					
Capital grants and subsidies	6,581,115	12,695,485	(6,114,370)	12,695,485	52%
Total capital revenue	6,581,115	12,695,485	(6,114,370)	12,695,485	52%
Net result	9,973,418	15,577,991	(5,604,573)	10,795,987	92%
Capital works program					
Capital additions	7,256,698	24,267,938	17,011,240	24,267,938	30%
Total capital additions	7,256,698	24,267,938	17,011,240	24,267,938	30%
NDRRA portion of Capital Works Program (included above)					
Capital grants and subsidies	2,995,692	4,945,470	(1,949,778)	4,945,470	61%
Capital additions	443,640	2,892,243	2,448,603	2,892,243	15%
Net position	2,552,052	2,053,227	498,825	2,053,227	