

5.8. MONTHLY FINANCIAL REPORT FOR NOVEMBER 2019

REPORT AUTHOR	Tara Killeen, Chief Financial Officer
MANAGER	Mark Stoermer, Chief Executive Officer
DEPARTMENT	Finance and Corporate Services

RECOMMENDATION

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

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2019/20 budget for the period ended 30 November 2019. Key points to note include the following:

- Operating revenue is ahead of budget by \$76k.
- Operating expenditure is under budget by \$1.2m.
- The operating Surplus is currently \$3.0m, compared to a budgeted Surplus of \$1.7m.

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 2019/20 annual budget was adopted on 25 June 2019 and the attached financial report details progress against budget for the period ended 30 November 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 48% 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:

- Fees and charges are ahead of budget by \$36k. This is due to the following:
 - Daintree Ferry revenue currently \$16k ahead of budget
 - Refuse Tipping fees are currently \$31k behind budget
 - Licences are currently \$43k behind budget due to timing
 - Other fees and charges are currently \$94k ahead of budget primarily due to Mossman Pool & Van Park which will be taken into account in revised budget
- Grants and subsidies are behind budget by \$135k. \$377k of budgeted Grant funding for Emergent works has been reclassified to Capital Revenue for Alexandra Range. This has been partially offset by Grant funding received in FY18/19 of \$114k for Storm Tide Study, \$40k for Hiptage & \$120k for Waste Levy. Audit advice has been to carry forward these grants to the FY 19/20. Financial Assistance Grant is \$24k behind budget and this will be amended at the budget review.
- Other recurrent income is ahead of budget \$156k primarily due to an increase in the Roads Maintenance Performance Contract.

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

- Materials and services expenditure is under budget \$1.1m. Committals are currently \$5.6m including Annual Expenditure purchase orders.
- Depreciation expense is currently under budget \$133k. This margin will close as projects are finalised throughout the year.

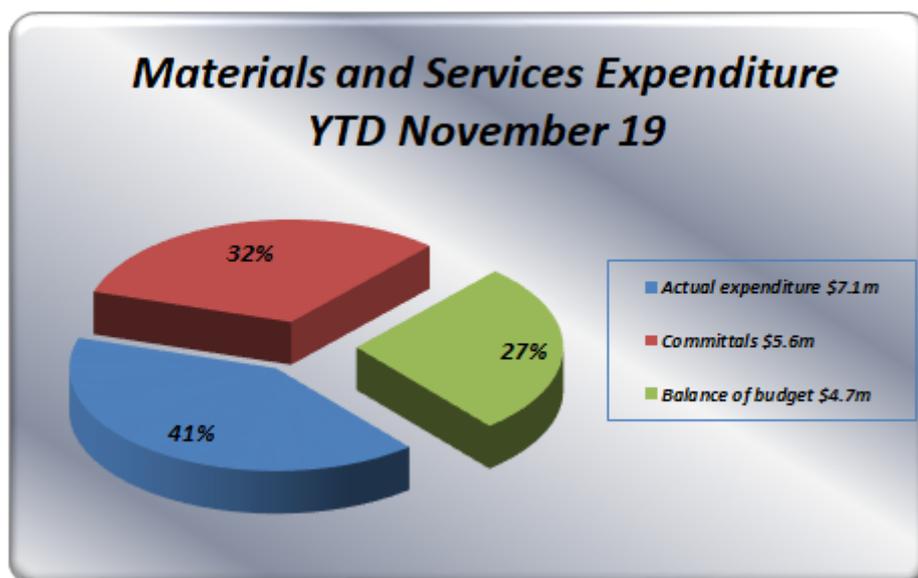


Figure 1.

Capital Revenue and Expenditure

Key point:

- Council has exceeded its annual budgeted capital grants and subsidies, this includes \$1.06m of Restoration funding, including a reallocation from operational funding of \$377k for Alexandra Range.
- Contributions from developers are ahead of budget by \$848k. Council has received a large contribution from developers for the Ocean Breeze estate and Cooya roundabout \$991k.
- Full budget amounts for capital revenue and expenditure are allocated to July. These amounts will be adjusted as part of the revised budget, which will take into account carry forwards (uncompleted works) from the previous financial year, NDRRA and any new capital projects.

It should be noted that in addition to year to date capital expenditure a further \$8.8m had been committed as at the end of November.

Operating Result

Key point:

- The operating result is \$1.3m ahead of budget

As reflected in the attached report, total operating revenue at the end of November was ahead of budget and operating expenditure was under budget.

This has resulted in an operating surplus of \$3m compared to a budgeted surplus of \$1.7m.

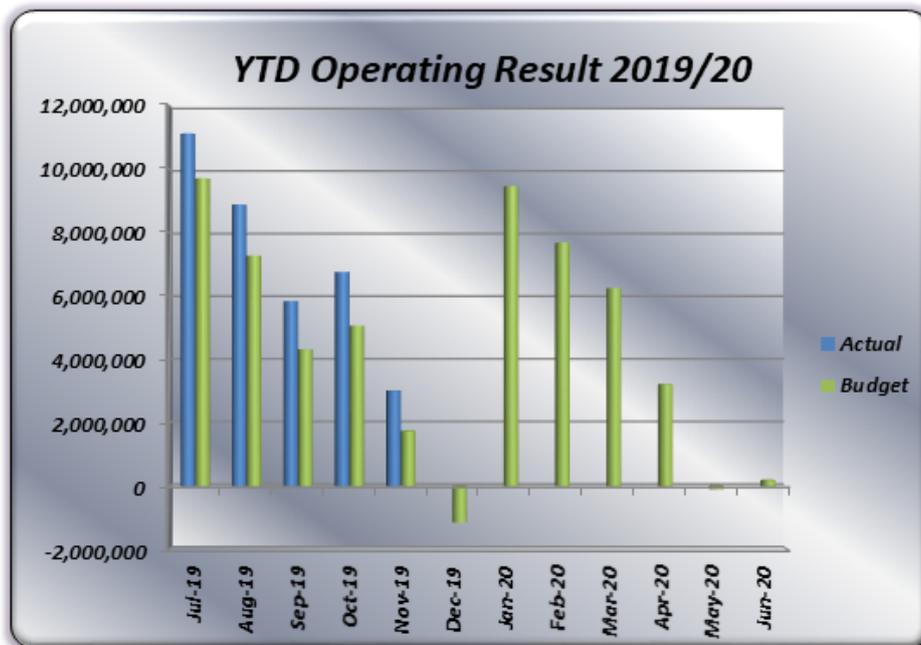


Figure 2.

PROPOSAL

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

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of 30 November 2019 have not revealed any significant negative impacts on the 2019/20 budget.

RISK MANAGEMENT IMPLICATIONS

Monthly financial reporting keeps Council informed of the progress in relation to the budget and allows for timely corrective action if required.

SUSTAINABILITY IMPLICATIONS

Economic: Council has adopted the first budget surplus since de-amalgamation which, if achieved will see Council meet all three of the 'measures of financial sustainability'.

Environmental: Nil

Social: Nil

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - *We will conduct Council business in an open and transparent manner with strong oversight and open reporting.*

Goal 3 - *We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.*

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Custodian Council owns and manages infrastructure, facilities, reserves, resources and natural areas. In fulfilling its role as custodian, Council will be mindful of the community, the economy, the environment and good governance.

Regulator Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes-based approach that balances the needs of the community with social and natural justice.

ATTACHMENTS

1. Financial Report November 2019 [5.8.1 - 1 page]

Douglas Shire Council Statement of Comprehensive Income For the month of November 2019	Actual YTD 20 \$	Budget YTD 20 \$	Variance \$	Budget 19/20 \$	Actual as % of Budget 19/20
Operating Revenue					
Net rates and utility charges	16,095,650	16,096,212	(562)	34,849,270	46%
Fees and charges	3,187,078	3,151,038	36,040	5,601,566	57%
Grants and subsidies	1,516,597	1,652,000	(135,403)	2,899,962	52%
Interest received	358,942	338,914	20,028	803,575	45%
Other recurrent income	523,223	367,155	156,068	996,089	53%
Total Operating Revenue	21,681,490	21,605,319	76,171	45,150,462	48%
Operating Expenses					
Employee benefits	6,393,385	6,401,679	8,294	14,813,589	43%
Materials and services	7,138,771	8,213,065	1,074,294	17,453,175	41%
Depreciation	5,090,680	5,223,478	132,798	12,616,241	40%
Finance costs	34,923	32,827	(2,096)	88,127	40%
Total Recurrent Expenses	18,657,759	19,871,049	1,213,290	44,971,130	41%
Operating Result	3,023,730	1,734,270	1,289,460	179,332	1686%
Capital Revenue					
Capital grants and subsidies	2,402,297	1,089,400	1,312,897	1,089,400	221%
Contributions from developers	1,098,152	250,000	848,152	250,000	439%
Total capital revenue	3,500,449	1,339,400	2,161,049	1,339,400	261%
Net Result	6,524,179	3,073,670	3,450,509	1,518,732	430%
Capital Works Program					
Capital additions	8,209,962	15,434,955	7,224,993	15,434,955	53%
Total capital additions	8,209,962	15,434,955	7,224,993	15,434,955	53%
NDRRA portion of Capital Works Program (included above)					
Capital grants and subsidies	1,060,720	-	1,060,720	-	
Capital additions	1,879,478	-	(1,879,478)	-	
Net position	(818,758)	-	(818,758)	-	