

## 5.4. FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

**REPORT AUTHOR(S)**  
**DEPARTMENT**

Sandeep Tut, Acting Chief Financial Officer  
Finance, Procurement and ICT

### RECOMMENDATION

**That Council notes the Financial Report for the period ended 31 December 2018.**

---

### EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2018/19 budget for the period ended 31 December 2018. Key points to note include the following:

- operating revenue is slightly behind of budget by \$89k.
- operating expenditure is under budget by \$1.1m.
- the operating deficit is currently \$1.1m compared to a budgeted deficit of \$2.1m.

### 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 31 December 2018. 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 47% of its annual budgeted operating revenue*
- *Year to date operating expenditure is currently well under budget*

Overall year to date operating revenue is slightly behind of budget, with a number of variations occurring within the various categories as follows:

- Rates and utility charges have exceeded budget by \$177k primarily as a result of greater than anticipated revenue from water usage charges.
- Fees and charges are under budget by \$98k mainly due to timing differences with the raising of licence fees. This is expected to correct itself during January.
- Grants and subsidies are under budget by \$175k primarily as a result of a delay in the receipt of funds for the Geospatial Grant (\$112k) (mapping underground assets in GIS) and the balance of the CHAS Grant (\$63k).

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

- Employee benefits expenditure is \$193k 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 \$548k and while committals currently equal \$4.9m it should be noted that a large proportion of these committals relate to annual expenditure contracts.

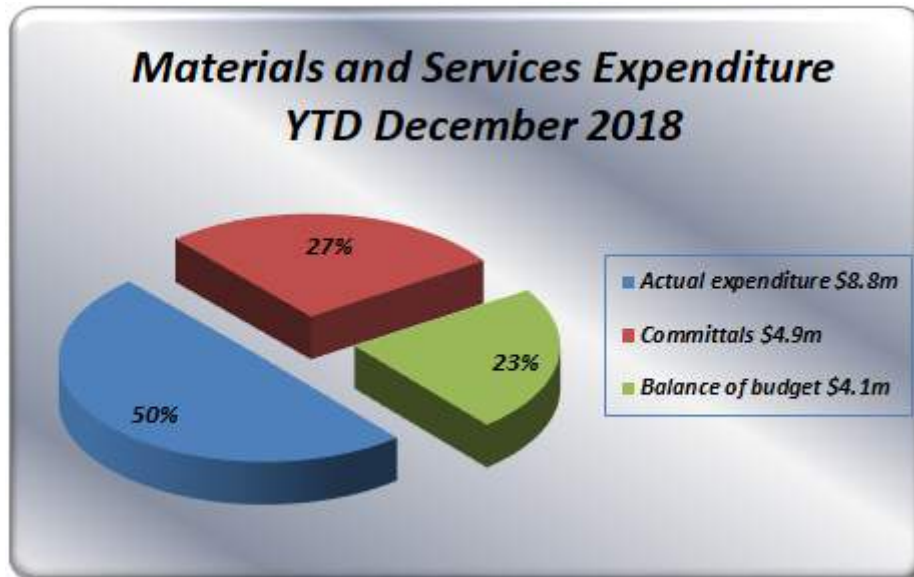


Figure 1.

- Although depreciation expense is currently \$398k under budget, this expenditure will progressively increase as a result of the ongoing capitalisation of Council's capital projects.

## Capital Revenue and Expenditure

### Key point:

- *Council has received 46% 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.*

Significant adjustments were made to capital revenue and expenditure in the budget review, with the inclusion of carry forwards (uncompleted works) from the previous financial year, capital project adjustments and new capital projects, and updated figures for the Works for Queensland (W4Q) program and NDRRA restoration works.

It should be noted that in addition to year to date capital expenditure a further \$5.3m had been committed as at the end of December.

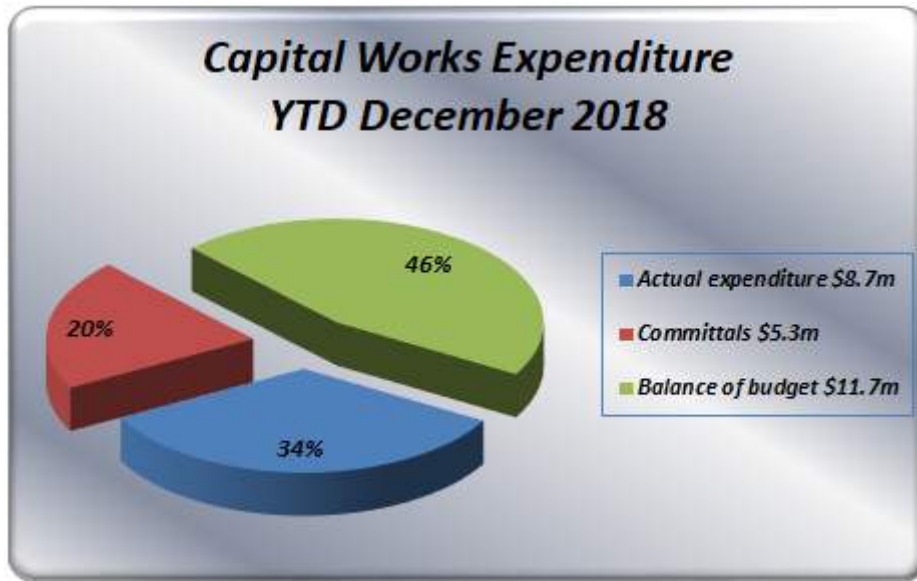


Figure 2.

### Operating Result

Key point:

- the operating result is \$1m ahead of budget

As reflected in the attached report, total operating revenue at the end of December was slightly behind of budget and operating expenditure was well under budget. This has resulted in an operating deficit of \$1.1m compared to a budgeted deficit of \$2.1m. As mentioned above however, this result does not include any committals for materials and services.

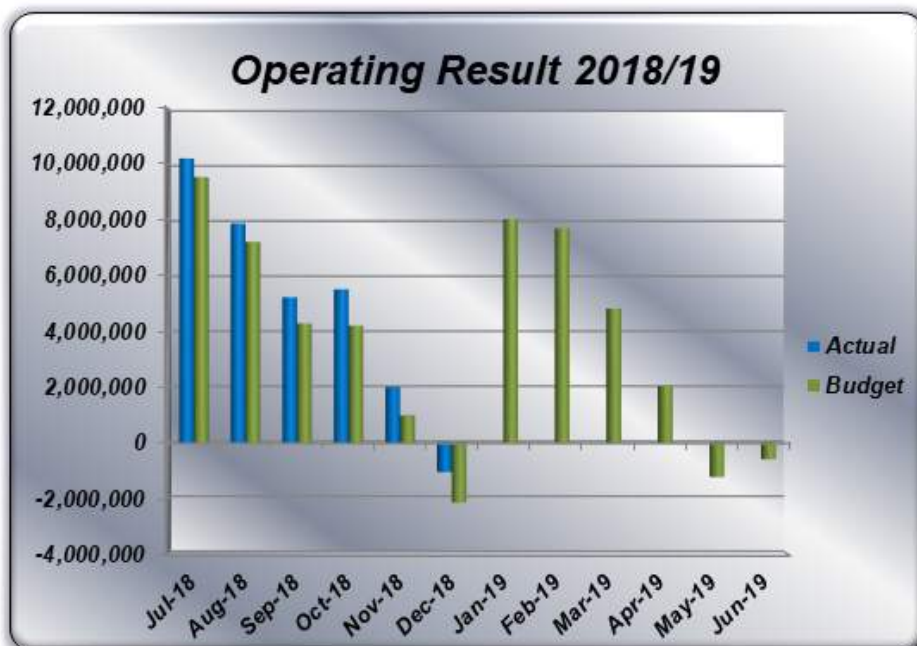


Figure 3.

## PROPOSAL

The Financial Report for the period ended 31 December 2018 be received and noted by Council.

## FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of December 2018 have not revealed any significant negative impacts on the 2018/19 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 31 December 2018 **[5.4.1]**

<b>Douglas Shire Council Statement of Comprehensive Income For the month of December 2018</b>	<b>Actual YTD 19 \$</b>	<b>Budget YTD 19 \$</b>	<b>Variance \$</b>	<b>Budget 18/19 \$</b>	<b>Actual as % of Budget 18/19</b>
<b>Operating Revenue</b>					
Net rates and utility charges	15,909,135	15,731,879	177,256	34,088,347	47%
Fees and charges	3,204,053	3,302,081	(98,028)	5,408,334	59%
Grants and subsidies	613,106	788,574	(175,468)	2,580,696	24%
Interest received	415,847	430,941	(15,094)	842,895	49%
Other recurrent income	422,138	400,224	21,914	876,284	48%
<b>Total Operating Revenue</b>	<b>20,564,279</b>	<b>20,653,699</b>	<b>(89,420)</b>	<b>43,796,556</b>	<b>47%</b>
<b>Operating Expenses</b>					
Employee benefits	7,107,989	7,301,164	193,175	14,356,112	50%
Materials and services	8,848,690	9,396,215	547,525	17,816,073	50%
Depreciation	5,667,837	6,066,117	398,280	12,132,286	47%
Finance costs	36,413	39,249	2,836	86,700	42%
<b>Total Recurrent Expenses</b>	<b>21,660,929</b>	<b>22,802,745</b>	<b>1,141,816</b>	<b>44,391,172</b>	<b>49%</b>
<b>Operating Result</b>	<b>(1,096,650)</b>	<b>(2,149,046)</b>	<b>1,052,396</b>	<b>(594,616)</b>	<b>184%</b>
<b>Capital Revenue</b>					
Capital grants and subsidies	5,259,663	11,390,062	(6,130,399)	11,390,062	46%
Contributions from developers	48,607	250,000	(201,393)	250,000	19%
<b>Total capital revenue</b>	<b>5,308,269</b>	<b>11,640,062</b>	<b>(6,331,793)</b>	<b>11,640,062</b>	<b>46%</b>
<b>Net Result</b>	<b>4,211,619</b>	<b>9,491,016</b>	<b>(5,279,397)</b>	<b>11,045,446</b>	<b>38%</b>
<b>Capital Works Program</b>					
Capital additions	8,705,526	25,713,543	17,008,017	25,713,543	34%
<b>Total capital additions</b>	<b>8,705,526</b>	<b>25,713,543</b>	<b>17,008,017</b>	<b>25,713,543</b>	<b>34%</b>
<b>NDRRA portion of Capital Works Program (included above)</b>					
Capital grants and subsidies	1,384,750	3,612,816	1,384,750	3,612,816	38%
Capital additions	540,602	3,276,085	(540,602)	3,276,085	17%
<b>Net position</b>	<b>844,148</b>	<b>336,731</b>	<b>844,148</b>	<b>336,731</b>	