

5.5. FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2019

REPORT AUTHOR(S) DEPARTMENT

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Finance, Procurement and ICT

RECOMMENDATION

That Council notes the Financial Report for the period ended 31 January 2019.

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2018/19 budget for the period ended 31 January 2019. Key points to note include the following:

- operating revenue is ahead of budget by \$567k.
- operating expenditure is under budget by \$1.2m.
- the operating Surplus is currently \$9.8m compared to a budgeted Surplus of \$8.0m.

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 January 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 80% 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:

- Rates and utility charges have exceeded budget by \$148k primarily as a result of greater than anticipated revenue from water usage charges.

- Fees and charges are under budget by \$173k. This is due to the following:
 - Timing differences with the raising of licence fees. This is expected to correct itself during February.
 - Daintree Ferry revenue currently \$53k behind budget due to the recent monsoonal event.
- Grants and subsidies are over budget by \$515k primarily as a result of receiving a NDRRA Emergent payment from the March 2018 rain event of \$550k. The associated budget for this revenue is in June 2019 for \$450k.
- Other Recurrent income is over budget \$113k primarily due to timing of RMPC works.

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

- Employee benefits expenditure is \$279k 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 \$458k and while committals currently equal \$4.3m it should be noted that \$3.2m of these committals relate to annual expenditure. Costs for materials & services emergent works were \$210k at 31 January, however this cost will increase.
- Although depreciation expense is currently \$479k under budget, this expenditure will progressively increase as a result of the ongoing capitalisation of Council's capital projects

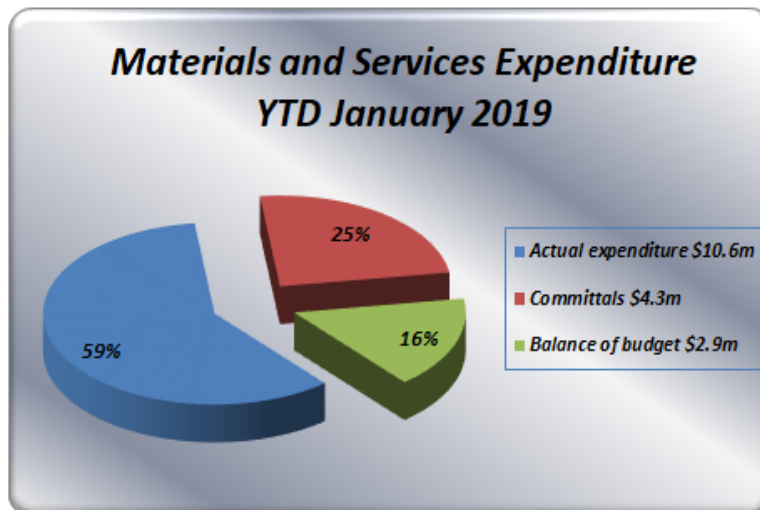


Figure 1.

Capital Revenue and Expenditure

Key point:

- Council has received 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.

It should be noted that in addition to year to date capital expenditure a further \$5.2m had been committed as at the end of January.

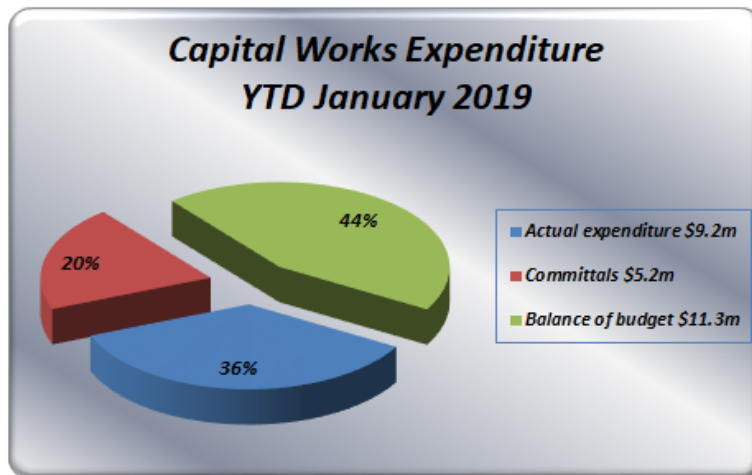


Figure 2.

Operating Result

Key point:

- the operating result is \$1.8m ahead of budget

As reflected in the attached report, total operating revenue at the end of January was ahead of budget and operating expenditure was well under budget. This has resulted in an operating surplus of \$9.8m compared to a budgeted surplus of \$8.0m. As mentioned above however, this result does not include any committals for materials and services.

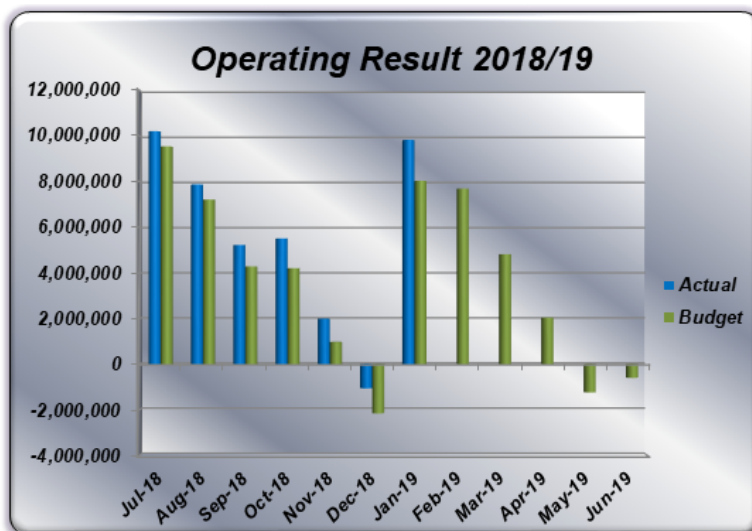


Figure 3.

PROPOSAL

The Financial Report for the period ended 31 January 2019 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS

The result at the end of January does not reflect the full Emergent Cost of the Monsoonal Rain Event. This event could have a significant impact on the end of year result if the emergent claim is not processed within the 2019 financial year.

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 31 January 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 January 2019					
Operating Revenue					
Net rates and utility charges	29,154,883	29,007,308	147,575	34,088,347	86%
Fees and charges	3,583,322	3,756,290	(172,968)	5,408,334	66%
Grants and subsidies	1,344,323	829,054	515,269	2,580,696	52%
Interest received	467,394	502,603	(35,209)	842,895	55%
Other recurrent income	553,020	440,249	112,771	876,284	63%
Total Operating Revenue	35,102,942	34,535,504	567,438	43,796,556	80%
Operating Expenses					
Employee benefits	8,101,203	8,380,217	279,014	14,356,112	56%
Materials and services	10,555,876	11,014,039	458,163	17,816,073	59%
Depreciation	6,598,650	7,077,142	478,492	12,132,286	54%
Finance costs	41,480	44,993	3,513	86,700	48%
Total Recurrent Expenses	25,297,209	26,516,391	1,219,182	44,391,172	57%
Operating Result	9,805,733	8,019,113	1,786,620	(594,616)	(1649%)
Capital Revenue					
Capital grants and subsidies	5,273,133	11,390,062	(6,116,929)	11,390,062	46%
Contributions from developers	48,607	250,000	(201,393)	250,000	19%
Total capital revenue	5,321,739	11,640,062	(6,318,323)	11,640,062	46%
Net Result	15,127,472	19,659,175	(4,531,703)	11,045,446	137%
Capital Works Program					
Capital additions	9,166,332	25,713,543	16,547,211	25,713,543	36%
Total capital additions	9,166,332	25,713,543	16,547,211	25,713,543	36%
NDRRA portion of Capital Works Program (included above)					
Capital grants and subsidies	1,384,750	3,612,816	(2,228,066)	3,612,816	38%
Capital additions	540,602	3,276,085	2,735,483	3,276,085	17%
Net position	844,148	336,731	507,417	336,731	