

5.5. FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018

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DEPARTMENT	Finance and Information Technology

RECOMMENDATION

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

EXECUTIVE SUMMARY

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

- operating revenue is currently under budget by \$179k.
- operating expenditure is under budget by \$1.47m.
- the operating surplus is currently \$5.5m compared to a budgeted surplus of \$4.2m.

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 the attached financial report details progress against budget for the period ended 31 October 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 44% of its annual budgeted operating revenue*
- *Year to date operating expenditure is currently well under budget*

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

- Fees and charges are under budget by \$40k mainly due to timing differences with the raising of licence fees. This is expected to correct itself during November.
- Grants and subsidies are under budget by \$167k primarily as a result of a delay in the receipt of funds for the Geospatial Grant (mapping underground assets in GIS).
- Interest received is less than anticipated and is \$23k under budget.

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

- Employee benefits expenditure is \$135k 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 \$1m and while committals currently equal \$6.2m it should be noted that a large proportion of these committals relate to annual expenditure contracts.

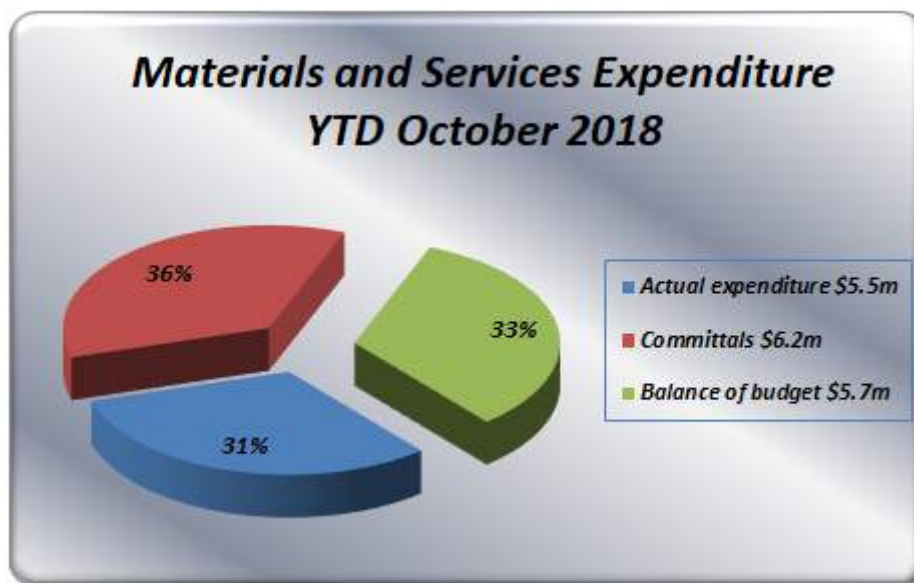


Figure 1.

- Although depreciation expense is currently \$290k 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 97% of its annual budgeted capital grants and subsidies (excluding carry forward budgeted capital revenue), which relates to Diggers Bridge, Port Douglas Reservoir and NDRRA restoration works.*

Full budget amounts for capital revenue and expenditure were allocated to July, as the timing of this work had not been fully determined when the original budget was prepared. These amounts will be subsequently adjusted as part of the forthcoming budget review to take into account carry forwards (uncompleted works) from the previous financial year and any new capital projects.

It should be noted that in addition to year to date capital expenditure a further \$6.3m had been committed as at the end of October.

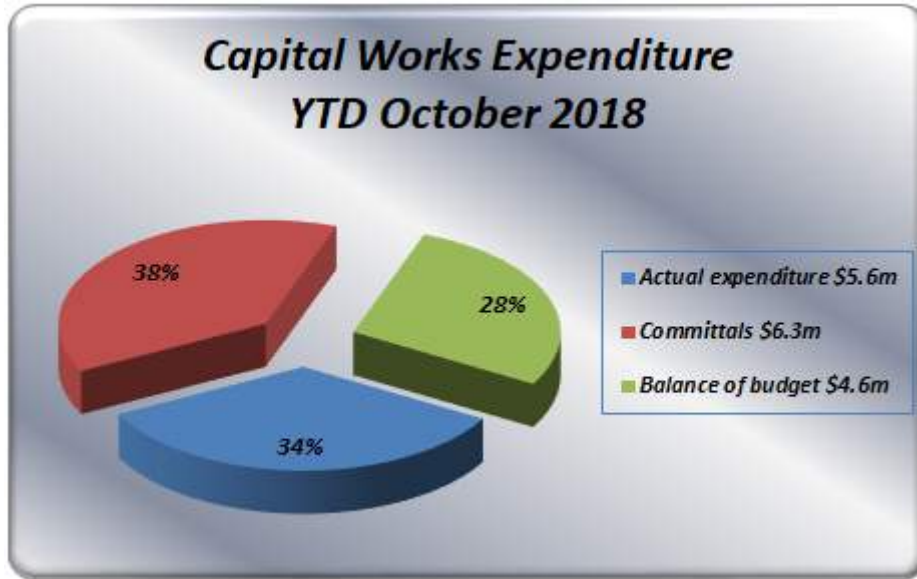


Figure 2.

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 October was under budget and operating expenditure was also under budget. This has resulted in an operating surplus of \$5.5m compared to a budgeted surplus of \$4.2m. As mentioned above however, this result does not include any committals for materials and services.

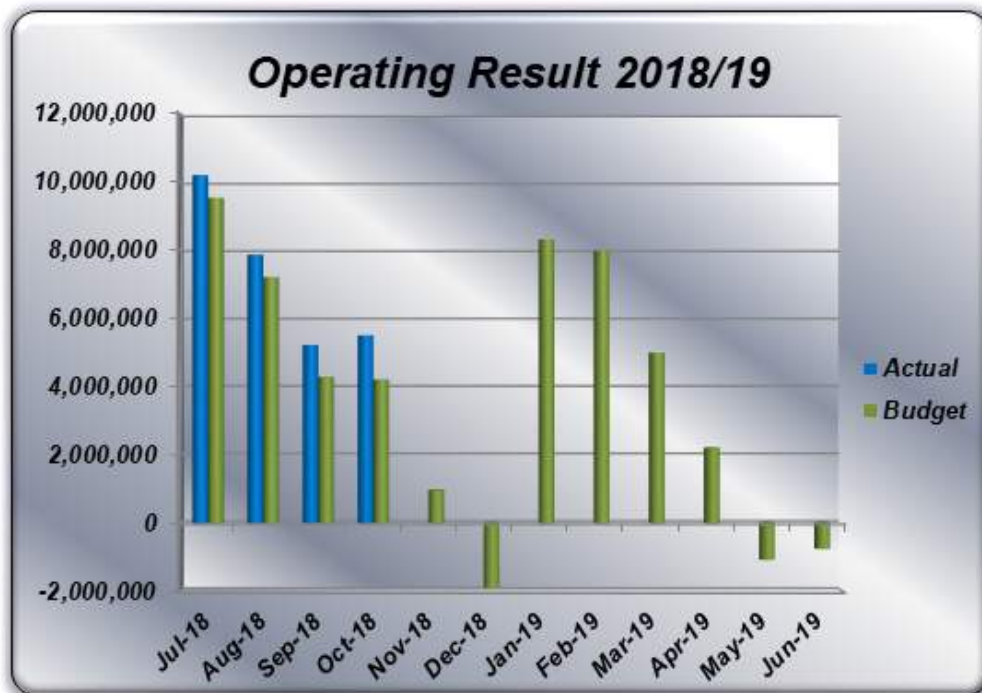


Figure 3.

PROPOSAL

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

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of October 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 October 2018 **[5.5.1]**

Douglas Shire Council Statement of Comprehensive Income For the month of October 2018	Actual YTD 19 \$	Budget YTD 19 \$	Variance \$	Budget 18/19 \$	Actual as % of Budget 18/19
Operating Revenue					
Net rates and utility charges	15,763,732	15,732,346	31,386	34,088,348	46%
Fees and charges	2,528,847	2,568,425	(39,578)	5,408,334	47%
Grants and subsidies	353,471	520,916	(167,445)	2,102,043	17%
Interest received	277,224	300,326	(23,102)	842,895	33%
Other recurrent income	300,363	281,035	19,328	876,284	34%
Total Operating Revenue	19,223,637	19,403,048	(179,411)	43,317,904	44%
Operating Expenses					
Employee benefits	4,451,299	4,586,424	135,125	14,428,112	31%
Materials and services	5,492,283	6,541,838	1,049,555	17,428,359	32%
Depreciation	3,753,667	4,044,072	290,405	12,132,286	31%
Finance costs	29,353	29,118	(235)	86,700	34%
Total Recurrent Expenses	13,726,602	15,201,452	1,474,850	44,075,458	31%
Operating Result	5,497,035	4,201,596	1,295,439	(757,554)	(726%)
Capital Revenue					
Capital grants and subsidies	3,707,109	3,819,250	(112,141)	3,819,250	97%
Contributions from developers	-	250,000	(250,000)	250,000	0%
Total capital revenue	3,707,109	4,069,250	(362,141)	4,069,250	91%
Net Result	9,204,143	8,270,846	933,297	3,311,696	278%
Capital Works Program					
Capital additions	5,630,391	16,499,000	10,868,609	16,499,000	34%
Total capital additions	5,630,391	16,499,000	10,868,609	16,499,000	34%
NDRRA portion of Capital Works Program (included above)					
Capital grants and subsidies	494,044	-	494,044	-	
Capital additions	217,667	-	(217,667)	-	
Net position	276,377	-	276,377	-	