

## 5.9. FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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<b>DEPARTMENT</b>	Corporate Services

### RECOMMENDATION

**That Council notes the Financial Report for the period ended 30 September 2018.**

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### EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2018/19 budget for the period ended 30 September 2018. Key points to note include the following:

- operating revenue is currently under budget by \$61k.
- operating expenditure is under budget by \$1m.
- the operating surplus is currently \$5.2m compared to a budgeted surplus of \$4.3m.

### 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 30 September 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 37% of its annual budgeted operating revenue*
- *Year to date operating expenditure is currently 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 \$76k mainly due to timing differences with the raising of licence fees. This is expected to correct itself during October.
- Interest received is less than anticipated and is \$18k under budget.
- Other recurrent income is \$30k ahead of budget due to the sale of scrap metal which was budgeted to occur in October.

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

- Employee benefits expenditure is \$124k 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 \$676k and while committals currently equal \$6.6m it should be noted that a large proportion of these committals relate to annual expenditure contracts.

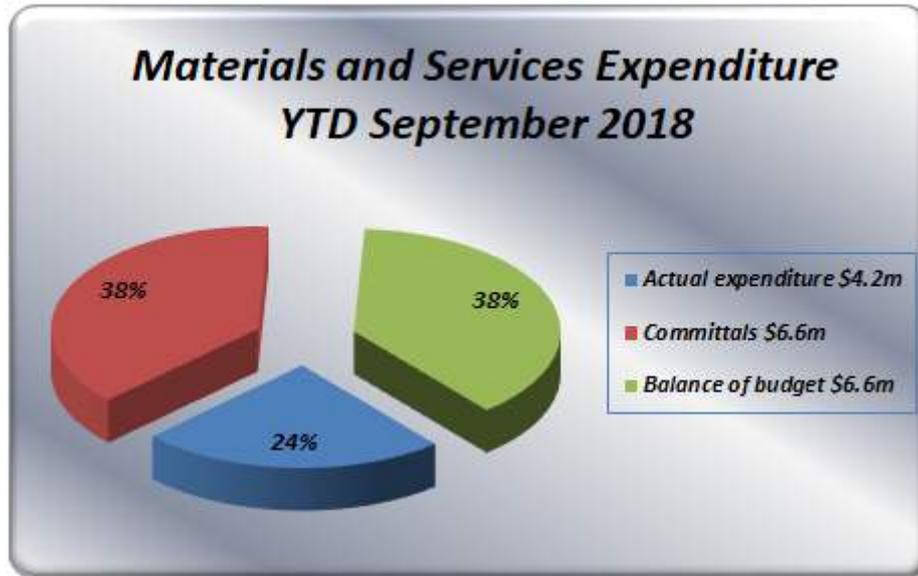


Figure 1.

- Depreciation expense has been accrued based on the budget forecast, as the asset register is still being finalised as part of the 2017/18 end of financial year process and cannot be updated with actual depreciation for the new financial year until this process is completed.

### Capital Revenue and Expenditure

#### Key point:

- *Council has received 93% 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 \$7.5m had been committed as at the end of September.

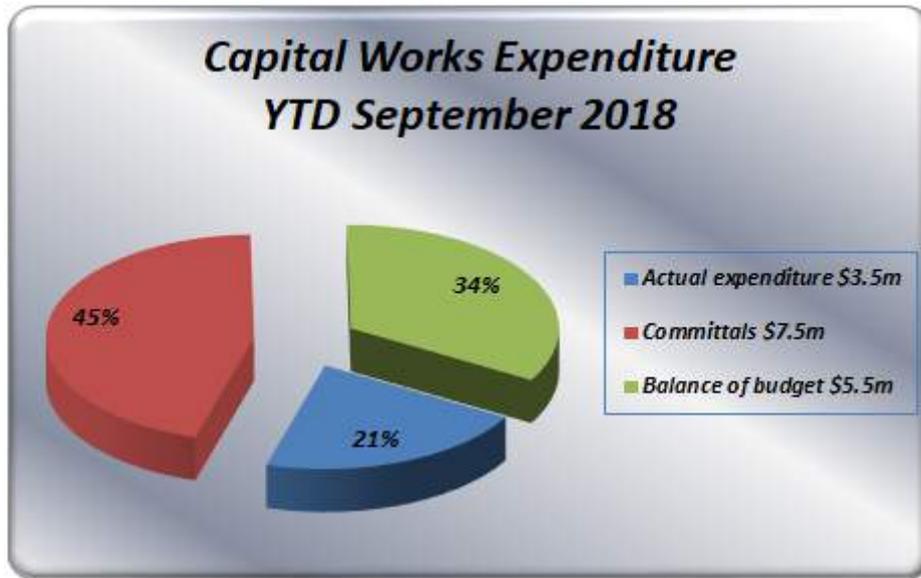


Figure 2.

### Operating Result

Key point:

- the operating result is \$939k ahead of budget

As reflected in the attached report, total operating revenue at the end of September was under budget and operating expenditure was also under budget. This has resulted in an operating surplus of \$5.2m compared to a budgeted surplus of \$4.3m. As mentioned above however, this result does not include any committals for materials and services.

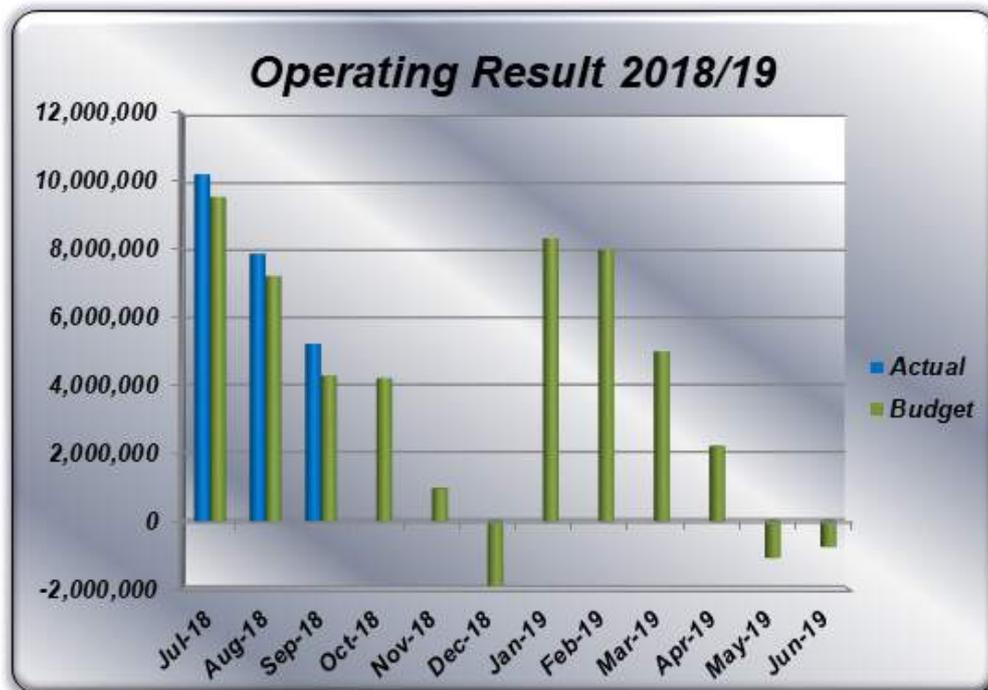


Figure 3.

## PROPOSAL

The Financial Report for the period ended 30 September 2018 be received and noted by Council.

## FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of September 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 30 September 2018 **[5.9.1]**

<b>Douglas Shire Council Statement of Comprehensive Income For the month of September 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	13,084,062	13,079,403	4,659	34,088,348	38%
Fees and charges	1,997,393	2,073,381	(75,988)	5,408,334	37%
Grants and subsidies	320,385	322,252	(1,867)	2,102,043	15%
Interest received	200,298	218,158	(17,860)	842,895	24%
Other recurrent income	220,963	190,787	30,176	876,284	25%
<b>Total Operating Revenue</b>	<b>15,823,100</b>	<b>15,883,981</b>	<b>(60,881)</b>	<b>43,317,904</b>	<b>37%</b>
<b>Operating Expenses</b>					
Employee benefits	3,376,958	3,501,371	124,413	14,428,112	23%
Materials and services	4,173,692	5,050,038	876,346	17,428,359	24%
Depreciation	3,033,052	3,033,052	-	12,132,286	25%
Finance costs	24,588	23,833	(755)	86,700	28%
<b>Total Recurrent Expenses</b>	<b>10,608,290</b>	<b>11,608,294</b>	<b>1,000,004</b>	<b>44,075,458</b>	<b>24%</b>
<b>Operating Result</b>	<b>5,214,810</b>	<b>4,275,687</b>	<b>939,123</b>	<b>(757,554)</b>	<b>(688%)</b>
<b>Capital Revenue</b>					
Capital grants and subsidies	3,566,867	3,819,250	(252,383)	3,819,250	93%
Contributions from developers	-	250,000	(250,000)	250,000	0%
<b>Total capital revenue</b>	<b>3,566,867</b>	<b>4,069,250</b>	<b>(502,383)</b>	<b>4,069,250</b>	<b>88%</b>
<b>Net Result</b>	<b>8,781,677</b>	<b>8,344,937</b>	<b>436,740</b>	<b>3,311,696</b>	<b>265%</b>
<b>Capital Works Program</b>					
Capital additions	3,500,804	16,499,000	12,998,196	16,499,000	21%
<b>Total capital additions</b>	<b>3,500,804</b>	<b>16,499,000</b>	<b>12,998,196</b>	<b>16,499,000</b>	<b>21%</b>
<b>NDRRA portion of Capital Works Program (included above)</b>					
Capital grants and subsidies	403,381	-	403,381	-	
Capital additions	132,284	-	(132,284)	-	
<b>Net position</b>	<b>271,097</b>	<b>-</b>	<b>271,097</b>	<b>-</b>	