

SPECIAL COUNCIL MEETING 21 OCTOBER 2014	3.8
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FINANCIAL REPORT FOR PERIOD ENDING 30 SEPTEMBER 2014

Darryl Crees – General Manager Corporate Services

RECOMMENDATION:

That Council notes the Financial Report for the period ended 30 September 2014.

EXECUTIVE SUMMARY:

The attached Financial Report details the progress of the 2014/15 budget for the period ending 30 September 2014.

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 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 2014/15 annual budget was adopted on 27 June 2014 and the attached report details progress against budget for the period ending 30 September 2014. In reviewing this financial report the following should be noted:

- Depreciation expense has been accrued based on budget forecasts. Now that the asset register has been established and adjusted as part of the end of financial year process a revised estimate for depreciation will be considered as part of a future budget review.
- Grant revenue has exceeded budget as a result of a greater than anticipated increase in the Grants Commission Financial Assistance Grant and the budget will be adjusted during a future budget review.
- Budget amounts have been distributed over the twelve month period based on estimates of when revenue will be earned and expenditure incurred. Whilst this budget distribution was based on past experience, there was very limited historical trend information available and therefore some variations in timing will occur between actual and budgeted amounts. For example:
 - A portion of water usage charges (\$226k) for the current billing cycle has been accrued back into June and this has resulted in a variation in Net Rates and Utility Charges, which will remain until the budget is correctly aligned.

- Revenue from fees and charges currently exceeds budget by \$355k and includes the following variations:
 - Building and property related fees \$76k
 - Licences \$114k
 - Private works \$76k
 - Refuse tipping fees \$46k
 - Ferry Fares \$31k
- Materials and Services expenditure is under budget by \$1.2m however current committals exceed this amount and include annual orders for some services.
- Budget amounts for Capital Expenditure and the associated Capital Revenue were allocated to July, as the timing of this work had not been fully determined when the budget was prepared. In addition to year to date capital expenditure a further \$1.3m had been committed as at the end of September.

As reflected in the attached report, total operating revenue at the end of September was ahead of budget whereas operating expenditure was well under budget. This has resulted in an operating surplus of \$4.7m compared to a budgeted surplus of \$2.8m. As mentioned above however, this result is subject to a number of variables.

PROPOSAL:

The Financial Report for the period ending 30 September 2014 be received and noted by Council.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE:

The preparation of the Annual Financial Statements aligns with Council's Corporate Plan –

Theme 5 Governance, Goal 1 “To develop a financially sustainable organisation through sound strategic planning” 5.1.1 “Establish and develop long term financial, resource and infrastructure planning to ensure ongoing capacity to fund operations and capital works programs”.

Theme 5 Governance, Goal 2 “To demonstrate leadership in local government through sound, transparent, accountable and equitable decision making” 5.2.1 “Provide Councillors and community with accurate, unbiased and factual reporting to enable accountable and transparent decision-making”.

FINANCIAL/RESOURCE IMPLICATIONS:

The results as at the end of September 2014 have not revealed any significant negative impacts on the 2014/15 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.

ATTACHMENTS:

Financial Report

**Douglas Shire Council
Financial Report**

For the month of **SEPTEMBER 2014**

	Actual YTD '15 \$	Budget YTD '15 \$	Variance \$	Budget 14/15 \$	Actual as % of Budget 14/15
Operating Revenue					
Net rates and utility charges	11,811,294	12,048,657	(237,363)	27,775,175	43%
Fees and charges	1,640,577	1,285,749	354,828	3,703,494	44%
Grants, subsidies, contributions and donations	358,347	143,800	214,547	800,536	45%
Interest received	240,404	158,303	82,101	633,240	38%
Other recurrent income	273,445	201,472	71,973	800,663	34%
Total Operating Revenue	14,324,067	13,837,981	486,086	33,713,108	42%
Operating Expenses					
Employee benefits	3,058,029	3,254,500	196,471	12,048,582	25%
Materials and services	4,047,273	5,291,422	1,244,149	16,799,535	24%
Depreciation	2,432,718	2,432,718	-	9,730,868	25%
Finance costs	45,326	41,630	(3,696)	202,570	22%
Total Recurrent Expenses	9,583,346	11,020,270	1,436,924	38,781,555	25%
Operating Result	4,740,721	2,817,711	1,923,010	(5,068,447)	(94%)
Capital revenue					
Capital Grants and Subsidies	-	952,000	(952,000)	952,000	0%
Capital Contributions	21,114	200,000	(178,886)	200,000	11%
Total capital revenue	21,114	1,152,000	(1,130,886)	1,152,000	2%
Net result	4,761,835	3,969,711	792,124	(3,916,447)	(122%)
Capital expenses					
Capital expenses	925,928	8,821,525	(7,895,597)	8,821,525	10%
Total capital expenses	925,928	8,821,525	(7,895,597)	8,821,525	10%