

5.3. FINANCIAL REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2015

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DEPARTMENT: Finance and IT

RECOMMENDATION

That Council notes the Financial Report for the period ending 30 September 2015.

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2015/16 budget for the period ending 30 September 2015. Key points to note include the following:

- operating revenue currently exceeds budget expectations, mainly due to the unexpected early receipt of Grants Commission funds.
- all categories of operating expenditure are under budget.
- the operating surplus is currently \$6.1m compared to a budgeted surplus of \$3.8m

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 2015/16 annual budget was adopted on 24 June 2015 and the attached financial report details progress against budget for the period ending 30 September 2015. 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 and includes graphs which show both actual expenditure and committals relating to materials and services expenditure and capital works expenditure.

Operating Revenue and Expenditure

Key points:

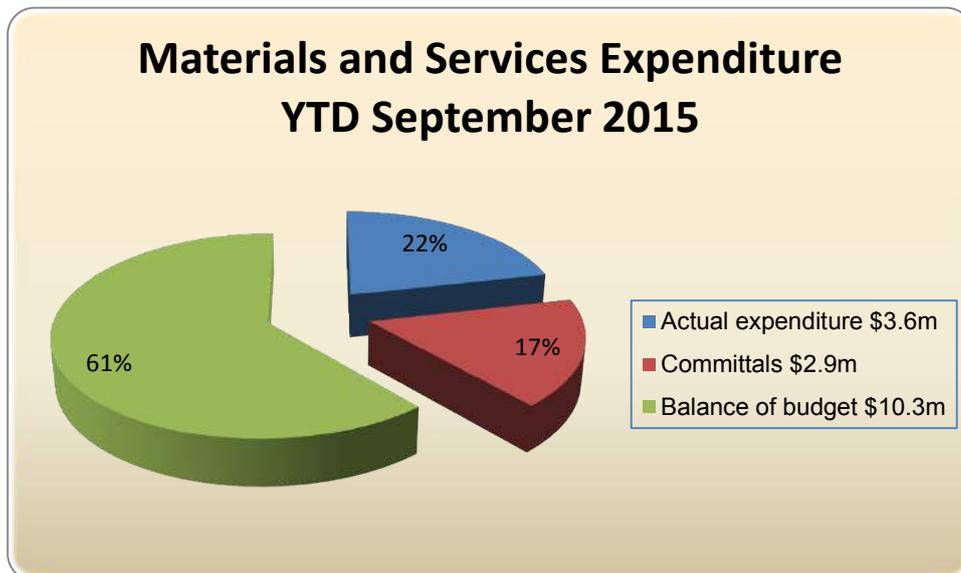
- *Council has received 42% of its annual budgeted operating revenue, including the early receipt of 50% of its annual allocation of Grants Commission funds*
- *year to date operating expenditure is currently well under budget*

Most categories of year to date operating revenue are close to budget, with the exception of:

- Grants and subsidies which are currently well ahead of budget as a result of the unexpected early receipt of 50% of Council's allocated Grants Commission funds.
- Fees and charges which are currently \$111k ahead of budget

On the operating expenditure side all categories of year to date operating expenditure are under budget as follows:

- Employee benefits expenditure is under budget by \$177k mainly due to the allocation of costs to capital expenditure, staff vacancies and the amount of leave taken.
- Materials and Services expenditure is under budget by \$1.5m and whilst committals equal \$2.9m it should be noted that many of these committals relate to annual expenditure contracts.



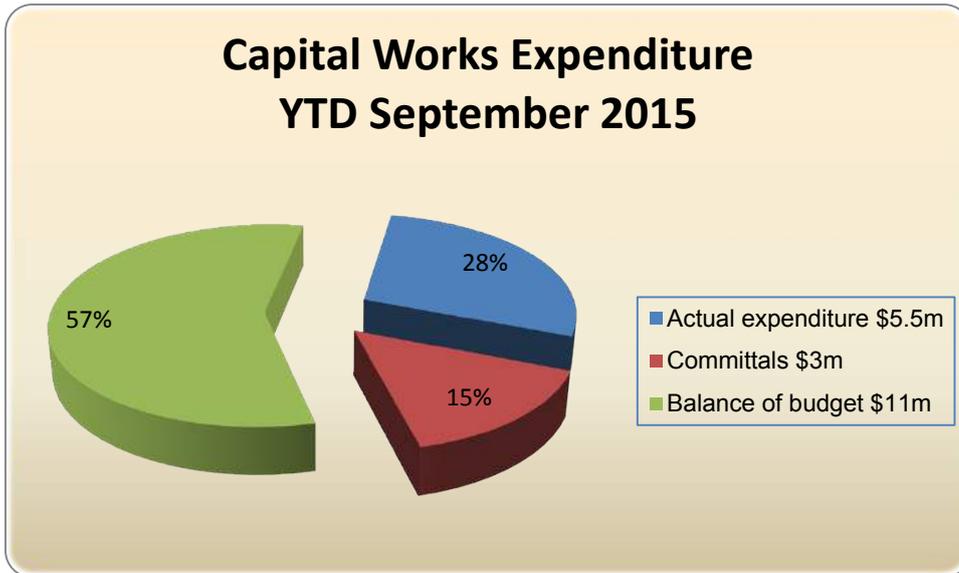
- Depreciation expense has been accrued based on the budget forecast, as the asset register is still to be rolled into 2015/16. This will occur now that the audit process has been finalised and actual depreciation for the new financial year will be able to be determined.

Capital Revenue and Capital Works Expenditure

Key point:

- Council has received 20% of its annual budgeted capital grants and subsidies, which mainly relates to NDRRA work

Full budget amounts for capital revenue and capital works 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 a future budget review to take into account carry forwards (uncompleted works) from the previous financial year and any new capital projects. Hence both capital revenue and capital works expenditure are both well under budget at this early stage of the financial year. It should be noted that in addition to year to date expenditure a further \$3m had been committed as at the end of September.

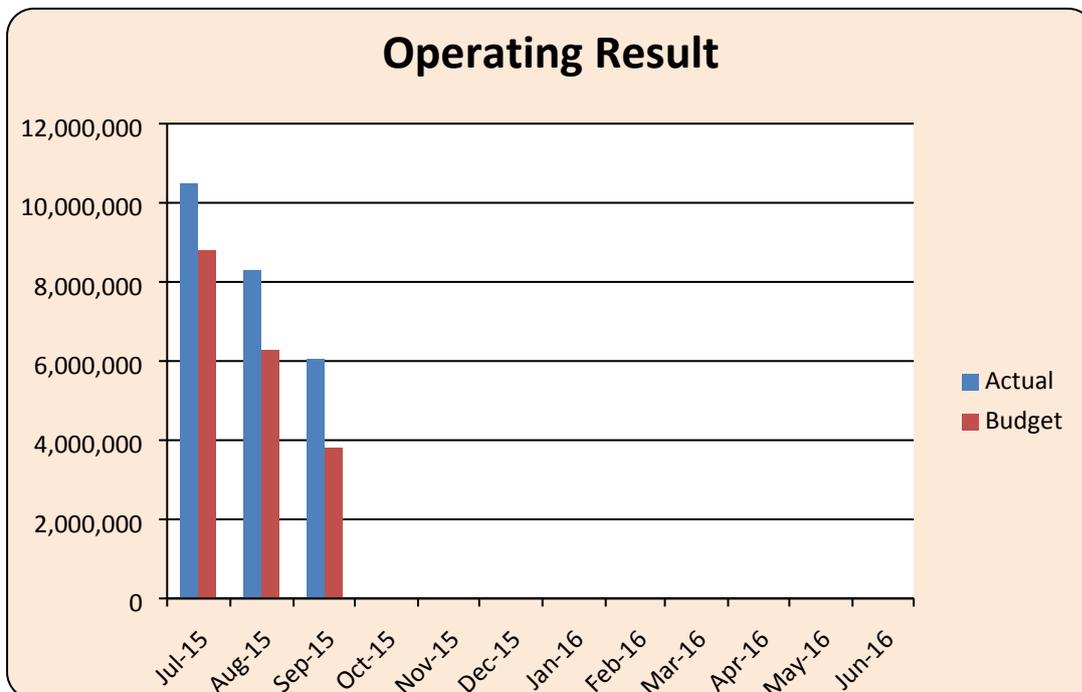


Operating Result

Key point:

- the operating result is \$2.3m ahead of budget

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 \$6.1m compared to a budgeted surplus of \$3.8m. As mentioned above however, this result does not include any committals for materials and services and is also impacted by the early receipt of Grants Commission funds.



PROPOSAL

The Financial Report for the period ending 30 September 2015 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of September 2015 have not revealed any significant negative impacts on the 2015/16 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

Attachment 1 - Financial Report

Douglas Shire Council
Statement of Comprehensive Income
For the month of September 2015

	Actual YTD '16 \$	Budget YTD '16 \$	Variance \$	Budget 15/16 \$	Actual as % of Budget 15/16
Operating Revenue					
Net rates and utility charges	12,474,819	12,472,226	2,593	29,149,838	43%
Fees and charges	1,644,092	1,533,465	110,627	4,198,518	39%
Grants, subsidies, contributions and donations	855,724	371,538	484,186	1,415,891	60%
Interest received	255,588	266,393	(10,805)	934,220	27%
Other recurrent income	159,961	164,441	(4,480)	624,832	26%
Total Operating Revenue	15,390,184	14,808,063	582,121	36,323,299	42%
Operating Expenses					
Employee benefits	3,103,636	3,280,564	176,928	12,646,644	25%
Materials and services	3,597,961	5,079,845	1,481,884	16,764,742	21%
Depreciation	2,573,823	2,573,823	-	10,295,283	25%
Finance costs	57,461	60,500	3,039	238,000	24%
Total Recurrent Expenses	9,332,881	10,994,732	1,661,851	39,944,669	23%
Operating Result	6,057,303	3,813,331	2,243,972	(3,621,370)	(167%)
Capital revenue					
Capital grants and subsidies	1,899,105	9,375,000	(7,475,895)	9,375,000	20%
Total capital revenue	1,899,105	9,375,000	(7,475,895)	9,375,000	20%
Net result	7,956,408	13,188,331	(5,231,923)	5,753,630	138%
Capital works program					
Capital additions	5,487,536	19,473,500	13,985,964	19,473,500	28%
Total capital additions	5,487,536	19,473,500	13,985,964	19,473,500	28%

NDRRA portion of Capital Works Program (included above)					
Capital grants and subsidies	1,888,896	9,000,000	(7,111,104)	9,000,000	21%
Capital additions	4,697,803	9,060,000	4,362,197	9,060,000	52%
Net position	(2,808,907)	(60,000)	(2,748,907)	(60,000)	