



**Redland**  
CITY COUNCIL

# **AGENDA**

## **LATE REPORTS GENERAL MEETING**

**Wednesday, 11 September 2019  
commencing at 9.30am**

**The Council Chambers  
91 - 93 Bloomfield Street  
CLEVELAND QLD**

**Order Of Business**

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## 13 REPORTS FROM ORGANISATIONAL SERVICES

### 13.1 AUGUST 2019 MONTHLY FINANCIAL UPDATE

**Objective Reference:****Authorising Officer:** Deborah Corbett-Hall, Chief Financial Officer**Responsible Officer:** Deborah Corbett-Hall, Chief Financial Officer**Report Author:** Udaya Panambala Arachchilage, Corporate Financial Reporting Manager**Attachments:** Nil**PURPOSE**

The purpose is to note the anticipated financial results as at 31 August 2019.

**BACKGROUND**

Council adopts an annual budget and then reports on performance against the budget on a monthly basis as required by legislation.

**ISSUES*****Timing of general meeting in September 2019***

There is only one general meeting in September where the actual financial performance for the financial year up to the end of August 2019 can be reviewed; however, Council's monthly close out processes, required accruals and deferrals will not be completed by the date of this meeting. The monthly financial report for August 2019 will be presented to Council at the next available general meeting on 9 October 2019.

**STRATEGIC IMPLICATIONS**

It is anticipated that Council will report a strong financial position and favourable operating result at the end of August 2019.

Quarter 1 rates were issued in July 2019 and were due for payment in August. As such, it is anticipated that ratios that are dependent on cash receipts such as the cash balance, cash capacity and operating performance ratios will improve on last month's result.

It is therefore anticipated that Council will either achieve or favourably exceed the following key financial stability and sustainability ratios as at the end of August 2019:

- Operating surplus ratio
- Net financial liabilities
- Ability to pay our bills – current ratio
- Ability to repay our debt – debt servicing ratio
- Cash balance
- Cash balances – cash capacity in months
- Longer term financial stability – debt to asset ratio
- Operating Performance
- Interest coverage ratio

It is anticipated the following ratios will not meet the target at the end of August 2019:

- Asset sustainability ratio
- Level of dependence on general rate revenue

The asset sustainability ratio is anticipated not to meet the target at the end of August 2019 and continues to be a stretch target for Council. This ratio is an indication of how Council currently maintains, replaces and renews its existing infrastructure assets as they reach the end of their useful life.

The level of dependence on general rate revenue ratio moves in line with the rating cycle. As this is only the second month of the financial year and rates were levied in July, the ratio is expected to settle within the target range at the end of the first quarter.

### Legislative Requirements

The August 2019 financial update is presented in accordance with the legislative requirement of section 204(2) of the *Local Government Regulation 2012*, requiring the Chief Executive Officer to present the financial report to a monthly Council meeting.

### Risk Management

The August 2019 financial update has been reviewed by relevant officers who can provide further clarification and advice around actual to budget variances.

### Financial

There is no direct financial impact to Council as a result of this report; however it provides indicative Key Performance Indicator (KPI) results at the end of August 2019.

The following interim information is provided before the full monthly report is complete for August 2019:

Key Financial Results	YTD Budget (\$000)	YTD Actual (\$000)	YTD Variance (\$000)	YTD Variance %	Status
Operating Surplus / (Deficit)	14,453	15,570	1,117	8%	Favourable
Recurrent Revenue	61,213	60,595	(618)	-1%	Unfavourable
Recurrent Expenditure	46,760	45,025	(1,735)	-4%	Favourable
Capital Works Expenditure	12,765	4,668	(8,097)	-63%	Favourable
Closing Cash & Cash Equivalent	173,762	173,942	180	0%	Favourable

### People

Nil impact expected as the purpose of the attached report is to provide insight to the KPIs as an interim measure before the monthly financial report is complete.

### Environmental

Nil impact expected as the purpose of the attached report is to provide insight to the KPIs as an interim measure before the monthly financial report is complete.

### Social

Nil impact expected as the purpose of the attached report is to provide insight to the KPIs as an interim measure before the monthly financial report is complete.

## Alignment with Council's Policy and Plans

This report has a relationship with the following items of Council's 2018-2023 Corporate Plan:

### 8. Inclusive and ethical governance

Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision-making to achieve the community's Redlands 2030 vision and goals.

8.2 Council produces and delivers against sustainable financial forecasts as a result of best practice Capital and Asset Management Plans that guide project planning and service delivery across the city.

### CONSULTATION

Consulted	Date	Comment
Council departmental officers	Year to date August 2019	Consulted on financial results and outcomes
Financial Services Group officers	Year to date August 2019	Consulted on financial results and outcomes
Executive Leadership Team and Senior Leadership Team	Year to date August 2019	Recipients of variance analysis between actual and budget. Consulted as required

### OPTIONS

#### Option One

That Council resolves to note the anticipated financial results for the period ending 31 August 2019 before the monthly financial report is complete.

#### Option Two

That Council requests additional information.

### OFFICER'S RECOMMENDATION

**That Council resolves to note the anticipated financial results for the period ending 31 August 2019 before the monthly financial report is complete.**