



Devonport City Council

FINANCE REPORT

YTD for the month ended August 2020

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The operating result for the year to the end of August is \$226K above the budget surplus. The favourable result was improved by greater than anticipated parking revenue following the lifting of restrictions in mid June 2020.

Rates & Service Charges - \$44K Favourable

The initial rate run was slightly higher than budget due to late supplementary notices received in May/June 2020.

Fees and User Charges - \$149K Favourable

Parking revenue and fines are greater than budget, but still below the same months in 2019. Activity in the City, and therefore parking revenue, has rebounded more quickly than anticipated. The pranaple Convention Centre and room bookings are also recovering, however the Town Hall Theatre and the Bass Strait Maritime Centre remained closed during this period. The improvement in parking revenue was offset by a reduction in commercial rent as Council provided relief to commercial tenants in line with Government guidelines.

Grants - Operating - \$14K Favourable

The favourable budget variance of \$14K is largely due to timing of receipt of a grant from Arts Tasmania.

Contributions - Operating - \$6.3K Unfavourable

The unfavourable budget variance is due to the refund of a contribution to a developer.

Interest Income - \$7.8K Favourable

The favourable variance relates to additional funds on deposit.

Other Revenue - \$19.6K Favourable

The favourable variance largely relates to additional revenue from the recovery of fines.

Employee Benefits - \$40.7K Favourable

The favourable variance is due to reduced full time equivalents (FTE) at 31 August. Council employed 141 FTE at the end of August compared to a budget of 150.

Materials and Services - \$16.8K Favourable

Favourable variance relates mainly to timing of payments and is minor at this stage of the financial year.

Depreciation - \$148K Unfavourable

The unfavourable variance relates to shorter than expected useful lives for the convention center, multi purpose building and Providore Place on capitalisation, and variances in useful lives in some road assets which will be addressed in coming months.

Financial Costs - \$25.9K Unfavourable

The unfavourable variance relates to timing in budget payments. The interest expense will reduce later in the financial year as more of the loan moves to variable rates.

Other Expenses - \$70.5K Favourable variance

The favourable variance relates to timing in Grant payments to the community through the Financial Assistance Grants program.

Internal Charges and Recoveries - \$8.2K Unfavourable

The variance relates to timing differences between the estimated and actual labour hours that have been capitalised.

Balance Sheet

The balance of Capital Work in Progress at the end of August is \$10.83M, including \$6.4M which relates to the LIVING CITY project.

FINANCIAL SUMMARY

YTD to August 2020

Operating Summary

	Budget	YTD Actual	Annual Budget	Current Forecast
Revenue	30,066,922	30,294,724	38,651,649	38,651,649
Expenditure	6,401,392	6,403,100	40,852,313	40,852,313
Operating Position	23,665,530	23,891,624	(2,200,664)	(2,200,664)

Capital Expenditure Summary

	Annual Budget \$'000	Actual \$'000	Annual Forecast \$'000
Capital Expenditure	15,559	982	15,559

Cash Information

	August 2020	June 2020
Operating Account (Reconciled balance)	3,250,319	1,439,517
Interest-Earning Deposits	19,652,195	14,400,632
	22,902,514	15,840,149

Debtor Information

	August 2020	June 2019	Rates Debtors Ageing	August 2020	% of Annual Rates
Rates Debtors	18,877,360	601,809	2020/2021 - Current	18,521,365	64.1%
Infringement Debtors	81,353	67,877	2019/2020 - 1 Year	235,093	
Sundry Debtors	480,462	1,238,846	2018/2019 - 2 Years	41,355	
Planning & Health Debtors	14,046	41,807	2017/2018 - 3 Years Over 3 years	24,850 54,697	
	19,453,220	1,950,338		18,877,360	

Cash Investment Information

	Actual Rate	August 2020
ANZ Cash Deposits - At Call	0.65%	4,109,635
CBA Cash Deposits - At Call	0.65%	11,537,233
AMP 31 days notice account	1.05%	4,005,327
		19,652,195

All cash investments are invested in compliance with Council's Investment Policy.

Benchmarks: BBSW90 Day Index 0.090%
RBA Cash Rate 0.25%

Commentary

This report provides a high level summary of operational income and expenditure, capital expenditure and the cash and receivables

SUMMARISED OPERATING REPORT

YTD to August 2020

	YTD		YTD Variance		Full Budget	Forecast
	Budget	Actual	\$	%	2020-21	2020-21
INCOME						
Rates and Service Charges	28,860,000	28,903,727	43,727	0.2%	29,115,000	29,115,000
Fees and User Charges	779,877	928,778	148,901	19.1%	5,610,164	5,610,164
Grants - Operating	373,333	387,268	13,935	3.7%	2,517,410	2,517,410
Contributions - Operating	2,954	(3,365)	(6,319)	-213.9%	17,725	17,725
Dividend Income	-	-	-	0.0%	198,000	198,000
Interest Income	8,333	16,197	7,863	94.4%	50,000	50,000
Other Revenue	42,424	62,120	19,696	46.4%	483,350	483,350
Share of profit of associates	-	-	-	0.0%	660,000	660,000
TOTAL INCOME	30,066,922	30,294,724	227,802	0.8%	38,651,649	38,651,649
EXPENSES						
Employee Benefits	1,994,843	1,954,080	(40,763)	-2.0%	12,231,244	12,231,244
Materials and Services	1,786,812	1,770,011	(16,801)	-0.9%	12,578,942	12,578,942
Depreciation	1,637,450	1,785,155	147,705	9.0%	9,824,700	9,824,700
Financial Costs	257,054	282,972	25,918	10.1%	1,542,327	1,542,327
Levies & Taxes	655,293	603,771	(51,522)	-7.9%	3,922,803	3,922,803
Other Expenses	139,413	68,841	(70,572)	-50.6%	1,400,815	1,400,815
Internal Charges and Recoveries	(69,473)	(61,730)	7,743	-11.1%	(648,519)	(648,519)
TOTAL EXPENSES	6,401,392	6,403,100	1,708	0.0%	40,852,313	40,852,313
NET OPERATING SURPLUS / (DEFICIT)	23,665,530	23,891,624	226,094	1.0%	(2,200,664)	(2,200,664)
CAPITAL ITEMS						
Grants - Capital	2,583,000	2,612,126	29,126	1.1%	10,248,000	
Gain / Loss on Disposal of Assets	(136,167)	(6,588)	129,579	-95.2%	(817,000)	
TOTAL CAPITAL ITEMS	2,446,833	2,605,538	158,705	6.5%	9,431,000	
NET SURPLUS / (DEFICIT)	26,112,363	26,497,163	384,799	1.5%	7,230,336	
Own Source Revenue:	98.7%	98.7%			93.4%	

BALANCE SHEET REPORT

As at August 2020

	31 Aug 2020	30 Jun 2020
Current Assets		
Cash at Bank and On Hand	3,250,319	1,383,627
Trust Deposits	134,693	123,812
Cash Investments	19,652,195	12,222,909
Receivables - Rates and Utility Charges	18,877,360	601,809
Receivables - Infringements	81,353	67,877
Receivables - Sundry	480,462	1,238,846
Receivables - Planning & Health	14,046	41,807
Loans Receivable - Current	24,958	24,958
Accrued Revenue	16,733	292,974
Prepayments	199,945	199,945
Net GST Receivable	372,403	88,710
Other Asset	810,219	810,219
	43,914,685	17,097,491
Non Current Assets		
Loans Receivable - Non-Current	360,242	363,942
Dulverton Regional Waste Management Authority	8,190,847	8,190,847
TasWater	76,788,792	76,788,792
Property, Plant & Equipment	814,402,864	814,538,542
Accumulated Depreciation - PP&E	(313,702,388)	(312,901,816)
Capital Work in Progress	10,831,464	9,871,287
	596,871,822	596,851,595
Total Assets	640,786,507	613,949,086
Current Liabilities		
Trade Creditors	148,407	143,840
Accrued Expenses	2,380,418	2,723,636
Trust Liability	202,052	163,476
Income In Advance - Current	1,873,401	2,273,886
Loans - Current	1,863,200	1,863,200
Annual Leave	991,584	1,003,994
Other Leave - RDO	67,870	78,519
Other Leave - TOIL	13,852	13,868
Long Service Leave - Current	1,155,739	1,147,636
	8,696,523	9,412,055
Non Current Liabilities		
Derivative Financial Instruments	2,882,006	2,882,006
Loans - Non-Current	48,666,361	48,967,027
Long Service Leave - Non-Current	324,297	324,297
	51,872,665	52,173,331
Total Liabilities	60,569,188	61,585,386
Net Assets	580,217,319	552,363,701
Equity		
Asset Revaluation Reserve	340,423,732	340,416,640
Asset Revaluation Reserve - Associates	1,661,150	1,661,150
Other Reserves	391,888	391,888
Accumulated Surplus	211,243,387	211,136,405
Operating Surplus / (Deficit)	23,891,624	(2,601,391)
Capital Surplus / (Deficit)	2,605,538	1,359,011
Total Equity	580,217,319	552,363,701

Current Ratio:	5.05	1.82
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The Current ratio indicates Council's ability to pay its debts as and when they become due. A ratio of one or higher is required for the entity to remain solvent.