

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY
FINANCIAL MEASURES REPORTING**

Policy No	54
Date of Policy Adoption	8 March 2016
Minute Reference	4829
Review Date	
Next Review	2018

Introduction

To fulfil Councils obligations contained within the Local Government Act 1999 in acting *'as a representative, informed and responsible decision-maker in the interests of its community'* and ensuring the sustainability of the council's long-term financial performance and position, Council seeks to be appropriately informed on its ongoing financial performance by establishing a reporting framework for financial measures.

Financial Measures

1. Operating Result Trend

Purpose – this information would provide Council with a clear picture of forecast future operating results based on the Long Term Financial Plan, the past actual operating results and how they have performed against forecast. The graph would quickly illustrate how Council is trending towards its long term target as well how has performed in individual years.

Information Reported – Current year original budget, current year forecast, previous year actual results, long term financial plan forecast

Type – line graph, utilising contrasting colours

Frequency – reporting frequency in line with the dates of the statutory financial reporting

Additional – Utilising the same graph it would be possible to factor in individual Council decisions to review their impact on Council current financial performance as well as their future impact, to assist in the decision making process.

2. Year to Date Net Result by Program

Purpose – Primarily when considering financial performance Council should be focused at a strategic level, rather than an individual expense or income line. Councils budget is divided into 12 'Programs' that are based on the functions of Council. Reporting the 'Year to Date Net Result by Program' will provide an indication of how programs are performing, and indicate where there are income or expenditure trends that require review.

Type – bar chart

Frequency – monthly

Additional – the graph will also clearly indicate to Council and other users where Council is focusing a majority of its resources and whether there is a need to prioritise a particular program in the future.

3. Projects vs Budget

Purpose – a predetermined list of projects would be reported to Council based on how they are forecast to perform against their original budget. Individual projects would be highlighted for comment where warranted.

Type – pie chart

Frequency – Monthly

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Additional – at a collective level highlighting how Council's projects are performing against budget could also indicate whether projects are being budgeted for accurately in their concept stage and whether improvement are required during the budget development process.

4. Net Savings (Operating Result/Cashflow Result)

Purpose – based on savings made on individual projects/budget lines, increase/decrease in income streams not budgeted for, and additional expenses incurred graph would indicate whether Council (at a particular point in time) was in a positive/negative operating result trend against budget or cashflow result. This could be used to identify whether Council has funds/budget available to consider other projects that present themselves during the year, or offset additional forecast expenditure.

Type – bar chart

Frequency – Monthly

Additional – N/A

5. Budget Amendment

Purpose – where Council is considering a budget amendment that is in addition to the adopted budget or for an adopted project/activity that requires additional funding to meet its intended scope, consideration should be given to the financial impact of that amendment. The financial impact of an amendment should be incorporated into a report presented to Council and include:

- Effect on the current Operating Result
- Effect on future Operating Result
- Effect on forecast end of year cash balance

Type – each item should be indicated by

 Result is improved  Result is worse  Result is neutral

Frequency – whenever Council approval is required to amend the budget

Additional – The 'Project-Budget Amendment' form should be completed where a budget amendment is being sought, and submitted as accompanying documentation to a Council report for consideration.

Example formatting of each measure is shown at Schedule 1.

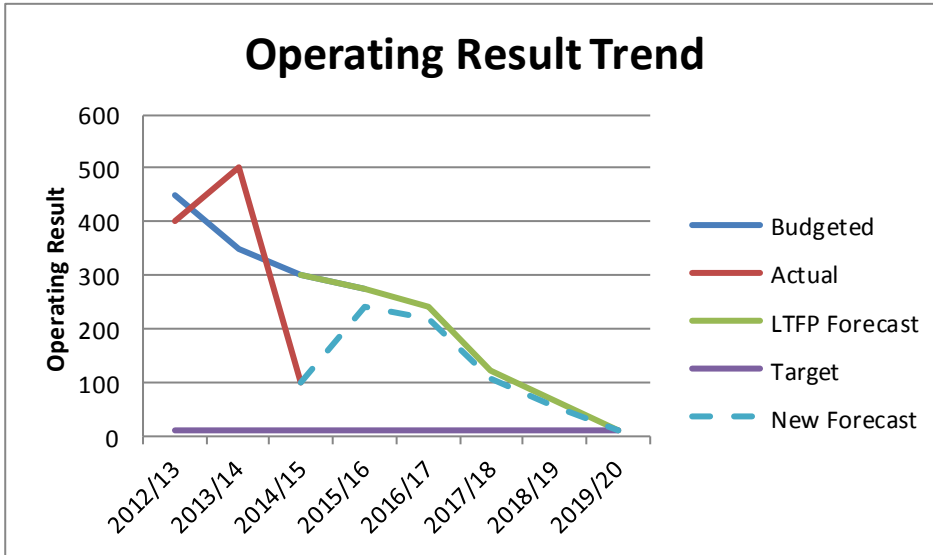
Policy Review

This policy shall be reviewed on a biennial basis unless circumstances change which warrants alteration to the policy.

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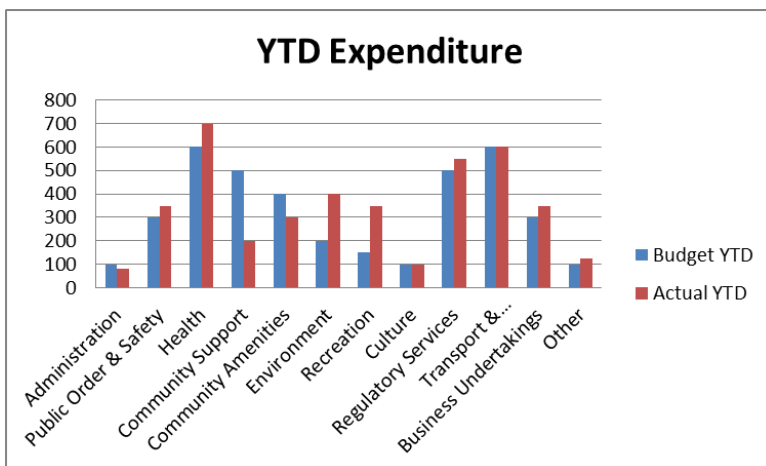
Schedule 1 – Example Formatting of Measures

Operating Result Trend



Year	Commentary
2012/13	
2013/14	
2014/15	
2015/16	
2016/17	
2017/18	
2018/19	
2019/20	

Year to Date Net Result by Program

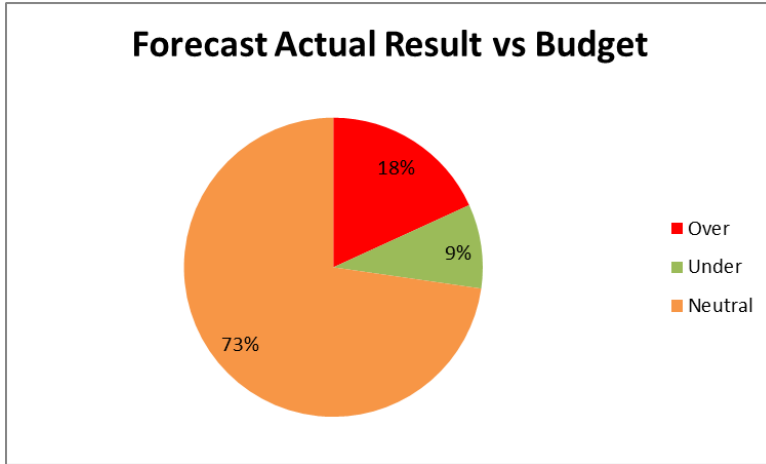


Program	Commentary
Health	
Community Support	

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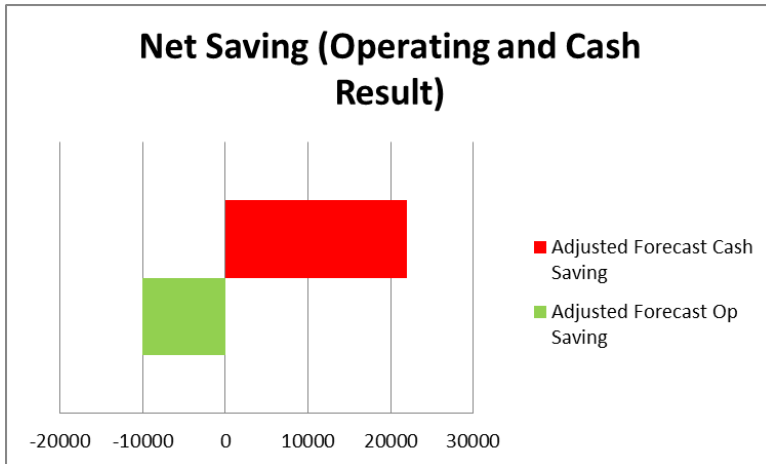
Community Amenities	
Environment	
Recreation	

Projects vs Budget



Project	Commentary
Project A – Operating	
Project B – Operating	
Project C – Capital	
Project D – Capital	
Project E – Capital	

Net Savings (Operating Result/Cashflow Result)




Type	Commentary
Operating	
Cash	

Budget Amendment

Project Name – ABC Road
 Project Type – Capital
 Project Description – Resheeting road due to increased deterioration due to heavy vehicle truck movements making it unusable
 Project Cost - \$150,000

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 Result is improved

 Result is worse

 Result is neutral

Criteria	Effect
Current Operating Result	
Future Operating Result	
End of Year Cash Balance	