

6. OFFICERS REPORTS

6.1. FINANCIAL REPORTS JANUARY 2024

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DEPARTMENT Finance and Corporate Services

RECOMMENDATION

That Council notes the Statement of Comprehensive Income and the Statement of Financial Position for January 2024.

EXECUTIVE SUMMARY

The Statement of Comprehensive Income details the progress of the 2023-2024 budget for the period ended 31 January 2024. Additionally, the Statement of Financial Position which reports the Council's Assets and Liabilities at 31 January 2024.

Key points to note include the following:

- Operating revenue is ahead of budget by \$5.4m. Expenditure is ahead of budget \$1.1m.
- The operating Surplus is currently \$13.5m compared to a budgeted Surplus of \$9.2m.
- The Statement of Financial Position indicates net Community Assets of \$528.5m

BACKGROUND

In accordance with s 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 current financial year's 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 2023-2024 annual budget was adopted on 11 July 2023 and revised on 31 October 2023. The attached financial report details progress against revised budget for the period ended 31 January 2024.

The following information is provided to assist with interpreting the report, including the provision of relevant graphs.

FINANCIAL REPORT – Statement of Comprehensive Income

Operating Revenue and Expenditure

Operating revenue is currently ahead of budget, with variations occurring primarily within the categories as follows:

- Rates & Utility Charges are behind budget by \$137k. This variance is predominantly due to less than anticipated Water revenue at the time of the October reads. The implementation of Smart Meters is capturing leaks earlier and notifying consumers of leaks, which may result in less water revenue per annum.
- Fees and charges are behind budget by \$452k. This is due to the following:
 - Daintree Ferry revenue currently \$373k behind budget. This has been impacted by the closure of the Ferry due to TC Jasper and the subsequent flooding event.
 - Licence fees behind budget \$8k due to timing of invoices being issued.
 - Building and Property related fees currently \$150k ahead of budget. A significant number of development applications have been lodged.
 - Refuse Tipping fees are \$93k behind budget due to timing of January invoices being raised and the recent weather events including some periods of free waste disposal.
 - Other fees and charges are \$128k behind budget. This variance includes the closure of Mossman Pool & Van Park \$43k, Wonga Beach Van Park \$15k, Hall Hire \$18k, Trade Waste \$31k and Cemeteries \$24k.
- Grants and Subsidies are \$5.7m ahead of budget. Council has received disaster grant payments of \$5.8m in advance, to assist with the immediate costs associated with Cyclone Jasper and the associated flooding event. The other variance is primarily due to the timing of receipts for grants including the asset management system grant of \$93k, which has not yet been received.
- Interest is \$78k ahead of budget. Continued high interest rates is reflected in this result including the recent further .25% increase in the RBA base rate.
- Other recurrent income is \$192k ahead of budget, this is primarily due to the timing for the completion of works for TMR \$117k and receipts for processing of recycled materials \$67k.

Regarding year-to-date expenditure, variations to budget are as follows:

- Employee benefits expenditure is now \$107k under budget and this includes disaster related works and may be impacted by various factors, such as staff vacancies, the amount and timing of leave taken and.
- Materials and services expenditure is \$1.3m over budget year to date, predominantly caused by expenditure related to the Tropical Cyclone Jasper and subsequent flooding natural disaster. Council is working closely with Queensland Reconstruction Authority, to submit funding claims to ensure Councils cashflow is not affected. Commitments are currently \$15.1m of which \$7.7m relate to the disaster event. The remaining \$7.4m includes purchase orders for annual expenditure for items such as Ferry and Waste. At this stage of the disaster, no final estimate of the costs associated with the Counter Disaster operations or Emergency works has been determined. The timing of rectification works, and subsequent reimbursement from the Disaster funding bodies may impact the result in future months.

- Depreciation expense is \$93k under budget, this is due to the timing of capitalisation of assets and completion of capital works.

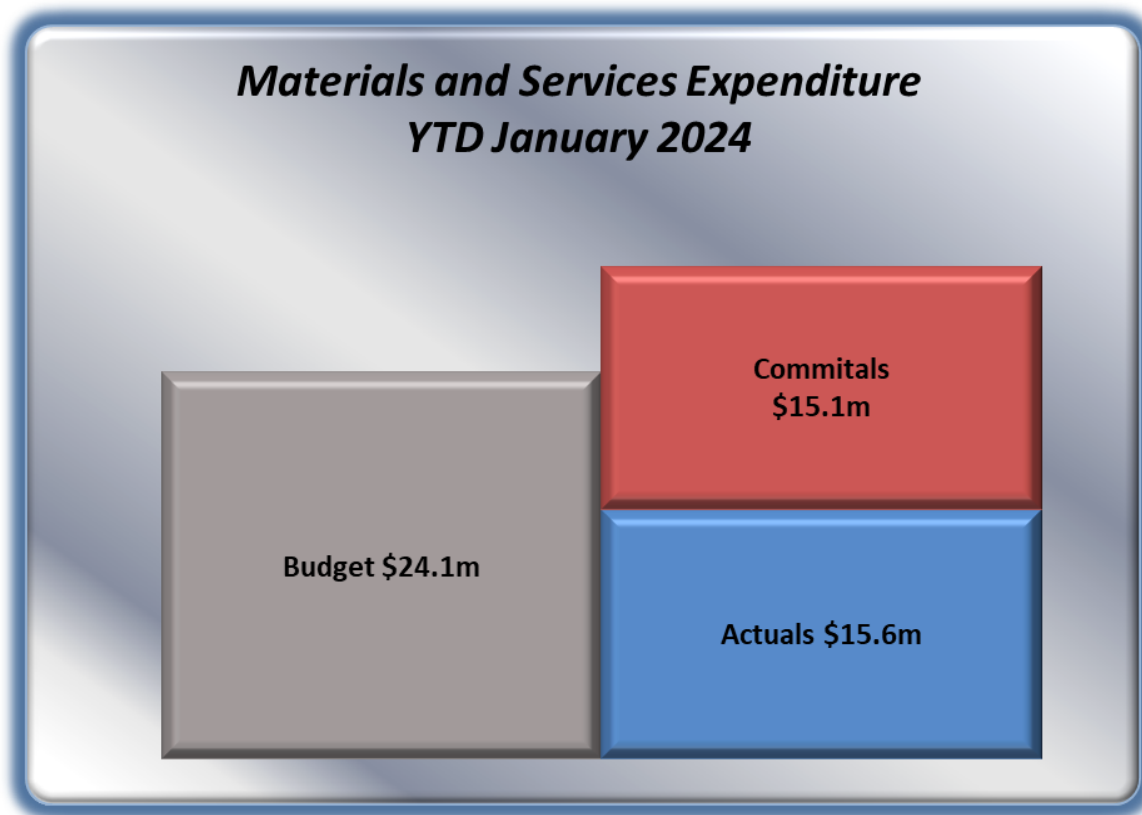


Figure 1.

Operating Result

Key point:

- The operating result is \$4.3m ahead of budget.

As reflected in the attached report, total operating revenue at the end of January 2024 was \$5.4m ahead of budget and operating expenditure \$1.1m ahead budget. This has resulted in an operating Surplus of \$13.5m compared to a budgeted Surplus of \$9.2m for year to date.

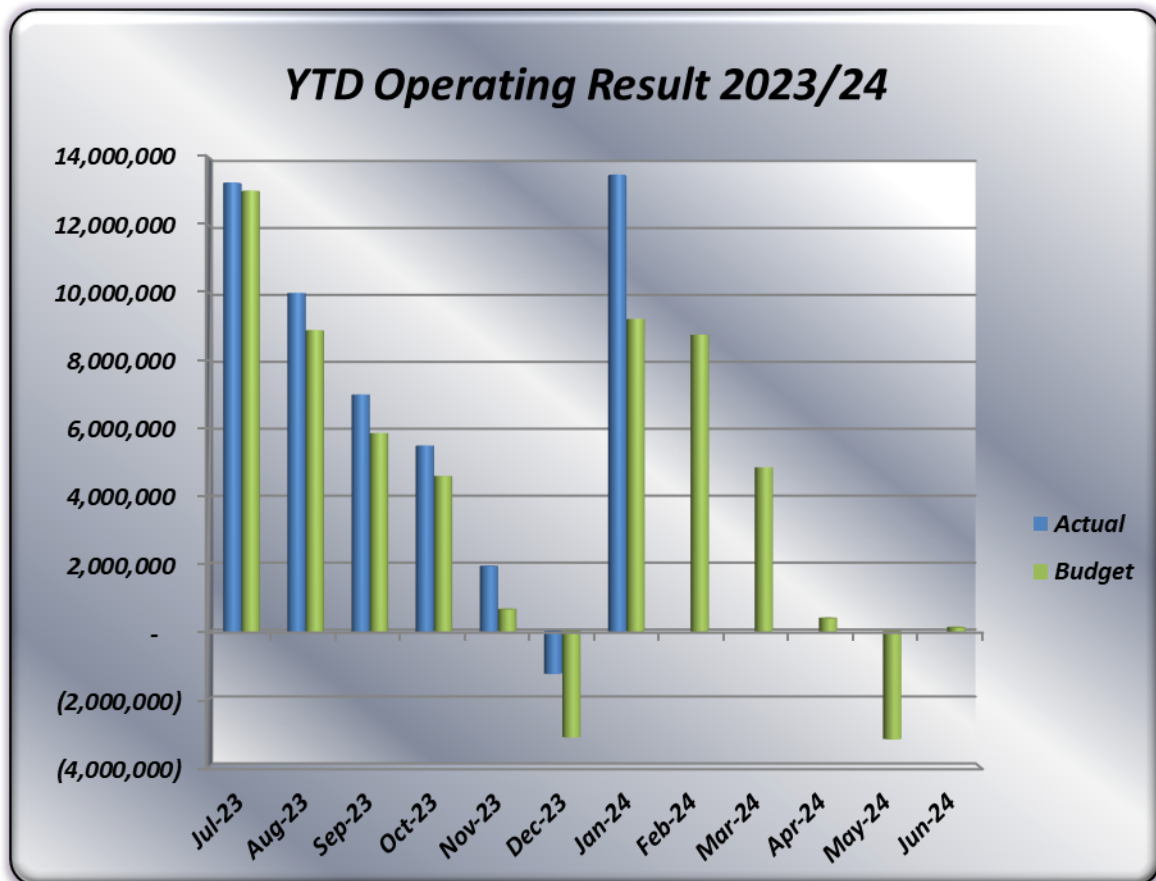


Figure 2.

Capital Revenue and Expenditure

Key point:

Revised budget was adopted on 31 October 2023.

- Council has received 35%, \$3.1m of its annual budgeted capital grants and subsidies and \$173k contributions from developers.
- Full budget amounts for capital revenue and expenditure are allocated in the report to July and November 2023.
- Capital works income and expenditure budgets include projects that may be completed across multiple financial years.
- No adjustments or considerations have been assessed or made for outstanding revenues or expenses or ongoing Contract assets or liabilities which arise from the receipt of Grant funding.
- No adjustments or considerations have been made for the damage caused to Council assets at this stage, pending full assessments.

It should be noted that in addition to year-to-date capital expenditure of \$9.3m a further \$7.1m had been committed as at the end of January 2024.

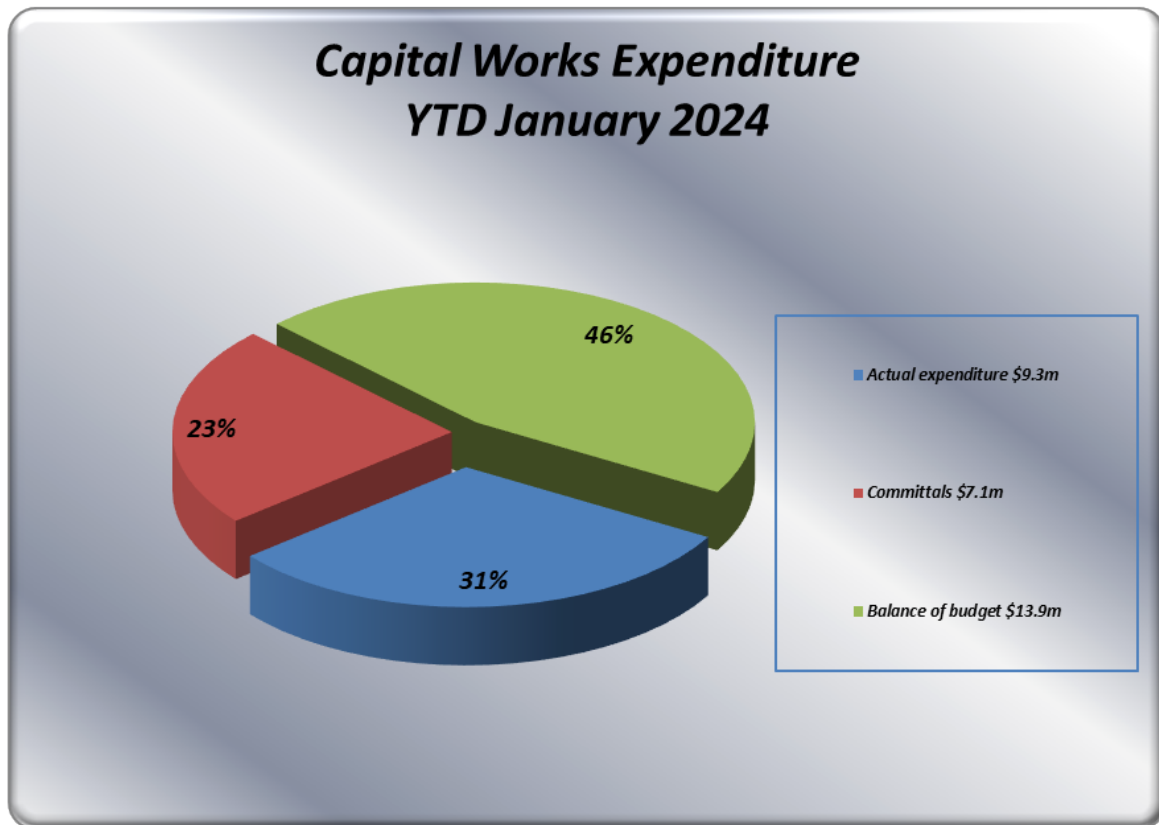


Figure 3.

FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position reflects Net community assets of \$528.5m. Growth in Cash and cash equivalents, reflects the receipt of DRFA Funding, The Increase in Trade & other receivables reflects the issue of rates notices in January.

PROPOSAL

That Council notes the Statement of Comprehensive Income January 2024 and the Statement of Financial Position January 2024.

FINANCIAL/RESOURCE IMPLICATIONS

The results at the end of January 2024 have started to reveal the impact of Tropical Cyclone Jasper and the associated flooding event. Although it is too early to determine to any full extent, it is to be noted that there could be severe impacts to the Financial Year 2024 result. This will be due to the loss of income from areas such as Daintree Ferry, Van Parks, and other areas impacted by Tourism and the cost of emergency rectifications to get essential damaged infrastructure back to a minimum operational level. The longer-term rebuilding of the damaged assets will be subject to full assessments. The timing of works, and subsequent reimbursement from the Disaster funding bodies may also impact the result. Council cashflow will need to be closely monitored to ensure that receipts from the funding bodies are received in a timely manner.

RISK MANAGEMENT IMPLICATIONS

Monthly financial reporting keeps Council informed of the progress in relation to the budget and allows for timely corrective action if required.

SUSTAINABILITY IMPLICATIONS

Economic:	The aim of the long-term financial forecast is to meet all the 'measures of financial sustainability'. The impact of recent disasters may now affect these measures.
Environmental:	Nil.
Social:	Nil.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - We will conduct Council business in an open and transparent manner with strong oversight and open reporting.

Goal 3 - We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.

Operational Plan 2023-2024 Actions:

Legislative requirement.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances, and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Custodian	Council owns and manages infrastructure, facilities, reserves, resources, and natural areas. In fulfilling its role as custodian, Council will be mindful of the community, the economy, the environment and good governance.
Regulator	Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes-based approach that balances the needs of the community with social and natural justice.

ATTACHMENTS

1. 2024 January Statement of Comprehensive Income [**6.1.1** - 1 page]
2. 2024 January Statement of Financial Position [**6.1.2** - 1 page]

Douglas Shire Council					
Statement of Comprehensive Income					
Financial Report January 2024					
	Actual YTD 24	Budget YTD 23/24	Variance	Budget 23/24	Actual as % of Budget 23/24
	\$	\$	\$	\$	
Operating Revenue					
Rates and utility charges	35,807,417	35,939,195	(131,778)	41,916,254	85%
less: Financial Assistance, Remissions (incl. Pensioners)	(611,928)	(606,500)	(5,428)	(611,000)	100%
Net rates and utility charges	35,195,489	35,332,695	(137,206)	41,305,254	85%
Fees and charges	5,009,550	5,461,526	(451,976)	8,557,828	59%
Grants and subsidies	6,678,594	976,130	5,702,464	6,459,724	103%
Interest received	966,003	887,505	78,498	1,414,476	68%
Other recurrent income	855,312	663,259	192,053	1,320,781	65%
Total Operating Revenue	48,704,948	43,321,115	5,383,833	59,058,063	82%
Operating Expenses					
Employee benefits	10,680,055	10,787,054	106,999	19,323,083	55%
Materials and services	15,577,879	14,242,810	(1,335,069)	24,118,545	65%
Depreciation	8,933,231	9,026,335	93,104	15,395,797	58%
Finance costs	34,272	35,846	1,574	102,210	34%
Total Recurrent Expenses	35,225,438	34,092,045	(1,133,393)	58,939,635	60%
Operating Result	13,479,510	9,229,070	4,250,440	118,428	11382%
Capital Revenue					
Capital grants and subsidies	3,075,420	8,699,790	(5,624,370)	8,699,790	35%
Contributions from developers	172,998	250,000	(77,002)	250,000	69%
Gain/(Loss) non current assets	-	-	-	-	
Total capital revenue	3,248,418	8,949,790	(5,701,372)	8,949,790	36%
Net Result	16,727,928	18,178,860	(1,450,932)	9,068,218	184%
Capital Works Program					
Capital additions	9,286,509	30,231,240	20,944,731	30,231,240	31%
Total capital additions	9,286,509	30,231,240	20,944,731	30,231,240	31%

INFORMATION ONLY: CDO and Emergency Works (Included Above)				
INCOME: DRFA Operational Funding	6,274,746	474,746	5,800,000	474,746
EXPENDITURE: DRFA Employee & Materials & Services	3,225,632	-	3,225,632	-
Total DRFA	3,049,114	474,746	2,574,368	474,746

Douglas Shire Council
Statement of Financial Position
January 2024

	2024	2023
	\$	\$
Current assets		
Cash and cash equivalents	16,475,888	13,425,500
Investments	15,000,000	15,060,000
Trade and other receivables, Contract Assets, Prepayments	17,260,702	9,201,164
Inventories	141,499	150,190
Total current assets	48,878,090	37,836,854
Non-current assets		
Property, plant and equipment	495,275,948	504,209,177
Intangible assets	52,634	52,634
Total non-current assets	495,328,582	504,261,811
Total assets	544,206,671	542,098,665
Current liabilities		
Trade and other payables	4,968,304	7,091,224
Provisions	5,921,881	5,554,800
Total current liabilities	10,890,185	12,646,024
Non-current liabilities		
Borrowings	-	-
Provisions	4,310,595	4,310,595
Unearned Revenue	508,645	508,645
Total non-current liabilities	4,819,240	4,819,240
Total liabilities	15,709,425	17,465,264
Net community assets	528,497,246	524,633,402

**** Statement of Financial Position is a representation of Council's financial position at a point in time. No adjustments or considerations have been assessed or made for outstanding revenues or expenses or ongoing Contract assets or liabilities which arise from the receipt of Grant funding. Assessments of Leave provisions, Landfill provisions are undertaken annually.**