

6. OFFICERS REPORTS

6.1. FINANCIAL REPORTS FEBRUARY 2024

REPORT AUTHOR Tara Killeen, Chief Financial Officer

MANAGER Rachel Brophy, Chief Executive Officer

DEPARTMENT Finance and Corporate Services

RECOMMENDATION

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

EXECUTIVE SUMMARY

The Statement of Comprehensive Income details the progress of the 2023-2024 budget for the period ended 29 February 2024. Additionally, the Statement of Financial Position which reports the Council's Assets and Liabilities at 29 February 2024.

Key points to note include the following:

- Operating revenue is ahead of budget by \$25.5m. Expenditure is ahead of budget \$6.2m.
- The operating Surplus is currently \$27.9 compared to a budgeted Surplus of \$8.6m.
- The Statement of Financial Position indicates net Community Assets of \$542.6m

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 29 February 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 \$114k. This variance is predominantly due to less than anticipated Water revenue. 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 \$687k. This is due to the following:
 - Daintree Ferry revenue currently \$507k 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 \$4k.
 - Building and Property related fees currently \$34k ahead of budget. A significant number of development applications have been lodged however the refund of a previous application fee has impacted this area.
 - Refuse Tipping fees are \$109k behind budget due to timing of February invoices being raised and the recent weather events including some periods of free waste disposal.
 - Other fees and charges are \$109k behind budget. This variance includes items all below budget such as the closure of Mossman Pool & Van Park \$55k, Wonga Beach Van Park \$15k, Hall Hire \$24k, Trade Waste \$23k and Cemeteries \$24k. Flagstaff Hill communication towers are currently \$48k ahead of budget due to timing.
- Grants and Subsidies are \$25.9m ahead of budget. Council has received disaster grant advance payments of \$25.8m from Queensland Reconstruction Authority (QRA), to assist with the immediate costs associated with Cyclone Jasper and the associated flooding event. Council has received the first payment for the Reef Guardian project which focusses on feral pig control, water treatment and soil erosion control.
- Interest is \$170k ahead of budget due to continued high interest rates.
- Other recurrent income is \$180k ahead of budget, this is primarily due to the timing for the completion of works for TMR \$57k and receipts for processing of recycled materials \$67k.

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

- Employee benefits expenditure is now \$39k under budget - note this includes time spent on disaster related works and overtime incurred due to the weather event and water treatment plant and water line breaks. This may also be impacted by various factors, such as staff vacancies, the amount and timing of leave taken and.
- Materials and services expenditure is \$6.4m 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 \$17.3m of which \$11.3m relate to the disaster event. The remaining \$6.0m 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 \$63k under budget, this is due to the timing of capitalisation of assets and completion of capital works.

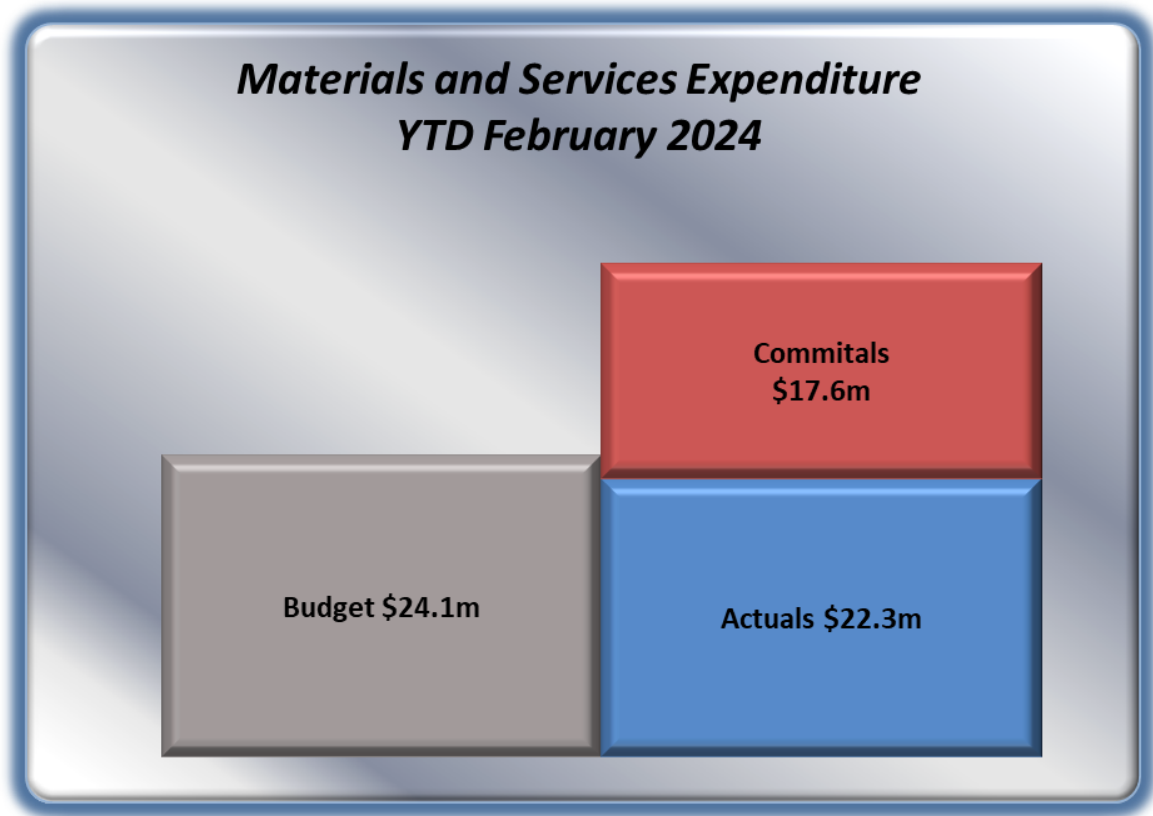


Figure 1.

Operating Result

Key point:

- The operating result is \$19.2m ahead of budget.

As reflected in the attached report, total operating revenue at the end of February 2024 was \$25.5m ahead of budget and operating expenditure \$6.2m ahead of budget. This has resulted in an operating Surplus of \$27.9m compared to a budgeted Surplus of \$8.6m for year to date.

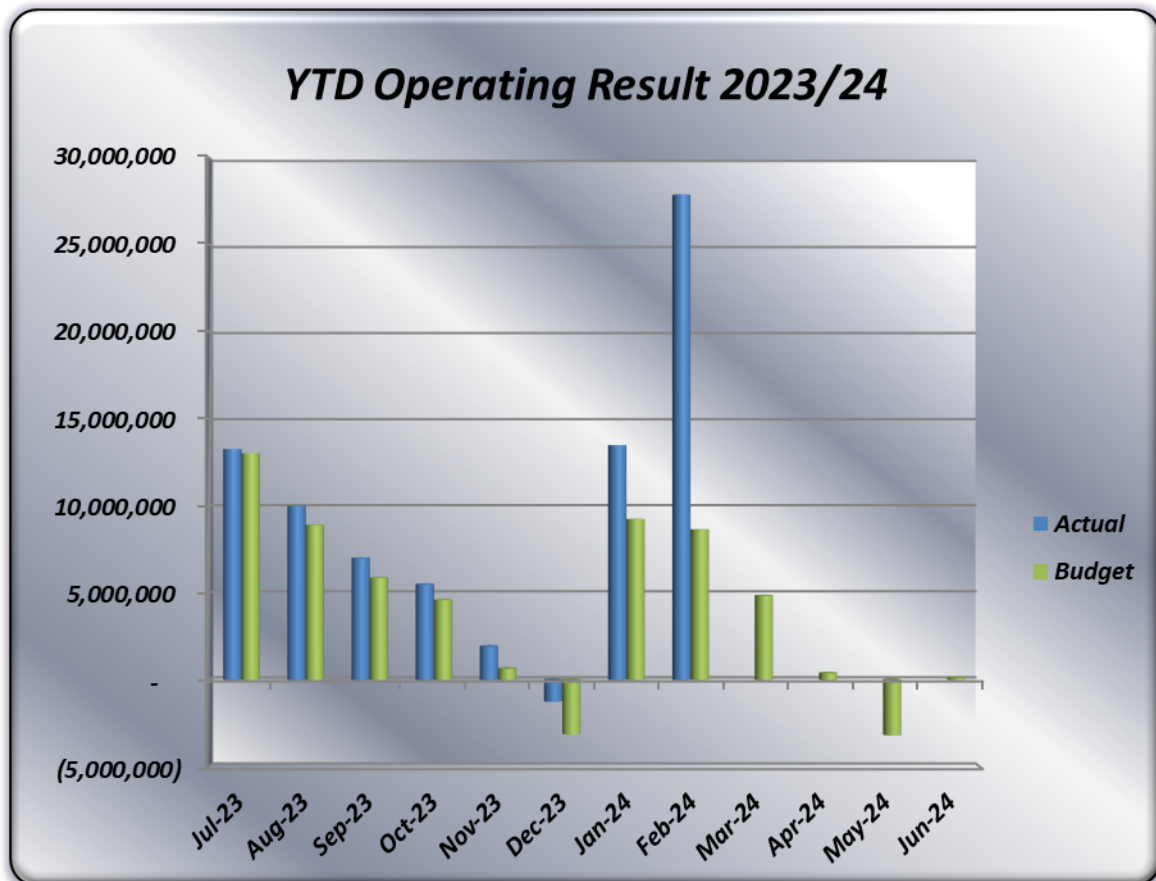


Figure 2.

Capital Revenue and Expenditure

Key point:

Revised budget was adopted on 31 October 2023.

- Council has received 44%, \$3.9m of its annual budgeted capital grants and subsidies: \$297k contributions from developers and in addition Council has \$243k in gain from assets, which is due to the sale of land at Diwan to Qld Health and disposal of Council vehicles.
- 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 \$10.7m a further \$6.1m had been committed as at the end of February 2024.

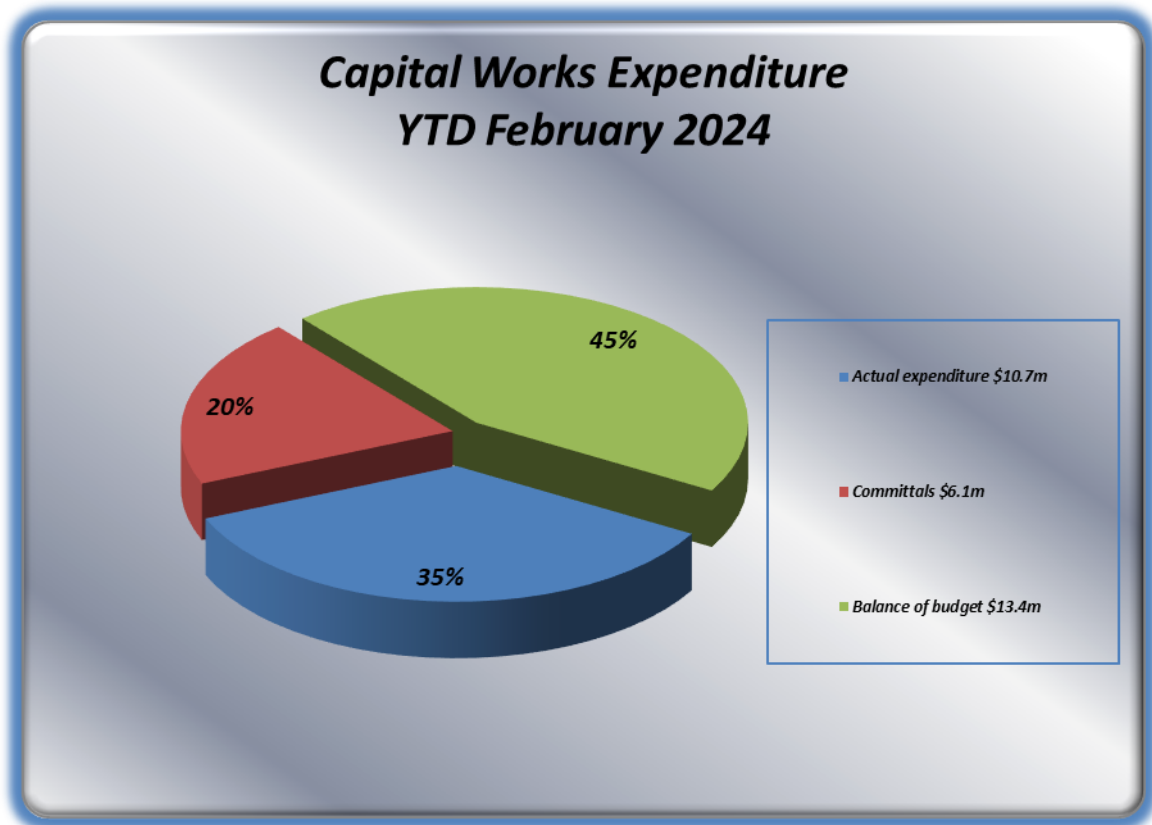


Figure 3.

FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position reflects Net community assets of \$542.6m. Growth in Cash and cash equivalents, reflects the receipt of DRFA Funding. Growth in Trade and Other Receivables reflects the Issue of Rates and Water billing.

PROPOSAL

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

FINANCIAL/RESOURCE IMPLICATIONS

The results at the end of February 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's cashflow will need to be closely monitored to ensure that funding payments 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 February Statement of Comprehensive Income [**6.1.1** - 1 page]
2. 2024 February Statement of Financial Position [**6.1.2** - 1 page]

Douglas Shire Council					
Statement of Comprehensive Income					
Financial Report February 2024					
	Actual YTD 24	Budget YTD 23/24	Variance	Budget 23/24	Actual as % of Budget 23/24
	\$	\$	\$	\$	
Operating Revenue					
Rates and utility charges	38,876,561	38,983,498	(106,937)	41,916,254	93%
less: Financial Assistance, Remissions (incl. Pensioners)	(616,058)	(609,000)	(7,058)	(611,000)	101%
Net rates and utility charges	38,260,504	38,374,498	(113,994)	41,305,254	93%
Fees and charges	5,246,900	5,934,101	(687,201)	8,557,828	61%
Grants and subsidies	27,031,295	1,091,821	25,939,474	6,459,724	418%
Interest received	1,165,765	995,955	169,810	1,414,476	82%
Other recurrent income	946,177	765,745	180,432	1,320,781	72%
Total Operating Revenue	72,650,641	47,162,120	25,488,521	59,058,063	123%
Operating Expenses					
Employee benefits	12,234,166	12,273,458	39,292	19,323,083	63%
Materials and services	22,284,832	15,920,332	(6,364,500)	24,118,545	92%
Depreciation	10,231,443	10,294,706	63,263	15,395,797	66%
Finance costs	36,063	40,280	4,217	102,210	35%
Total Recurrent Expenses	44,786,505	38,528,776	(6,257,729)	58,939,635	76%
Operating Result	27,864,136	8,633,344	19,230,792	118,428	23528%
Capital Revenue					
Capital grants and subsidies	3,865,963	8,699,790	(4,833,827)	8,699,790	44%
Contributions from developers	296,768	250,000	46,768	250,000	119%
Gain/(Loss) non current assets	242,520	-	(242,520)	-	
Total capital revenue	4,405,251	8,949,790	(4,544,539)	8,949,790	49%
Net Result	32,269,387	17,583,134	14,686,253	9,068,218	356%
Capital Works Program					
Capital additions	10,683,069	30,231,240	19,548,171	30,231,240	35%
Total capital additions	10,683,069	30,231,240	19,548,171	30,231,240	35%

INFORMATION ONLY: CDO and Emergency Works (Included Above)				
INCOME: DRFA Operational Funding	26,274,746	474,746	25,800,000	474,746
EXPENDITURE: DRFA Employee & Materials & Services	8,377,967	-	8,377,967	-
Total DRFA	17,896,779	474,746	17,422,033	474,746

Douglas Shire Council
Statement of Financial Position
February 2024

	2024	2023
	\$	\$
Current assets		
Cash and cash equivalents	36,574,326	13,425,500
Investments	12,500,000	15,060,000
Trade and other receivables, Contract Assets, Prepayments	15,002,992	9,201,164
Inventories	149,176	150,190
Total current assets	64,226,494	37,836,854
Non-current assets		
Property, plant and equipment	493,913,849	504,209,177
Intangible assets	52,634	52,634
Total non-current assets	493,966,483	504,261,811
Total assets	558,192,977	542,098,665
Current liabilities		
Trade and other payables	4,791,525	7,091,224
Provisions	5,997,508	5,554,800
Total current liabilities	10,789,033	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	15,608,273	17,465,264
Net community assets	542,584,704	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.**