

6.5. FINANCIAL REPORTS APRIL 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 April 2024.

EXECUTIVE SUMMARY

The Statement of Comprehensive Income details the progress of the 2023-2024 budget for the period ended 30 April 2024. The Statement of Financial Position reports the Council's Assets and Liabilities at 30 April 2024.

Key points to note include the following:

- Operating revenue is ahead of budget by \$25.7m. Expenditure is ahead of budget \$16.2m.
- The operating surplus is currently \$9.7m compared to a budgeted surplus of \$238K.
- The Statement of Financial Position indicates net Community Assets of \$521.5m

BACKGROUND

In accordance with s204 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 30 April 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 and Utility Charges are behind budget by \$142k. 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 \$911k. This is due to the following:
 - Daintree Ferry revenue is currently \$673k behind budget. This has been impacted by the closure of the Ferry due to Tropical Cyclone Jasper and the subsequent flooding event. The reported slowing of Easter tourism may also be a contributing factor to a further increase in the variance.
 - Licence fees are ahead of budget \$78k, due to the timing of issuing licences.
 - Building and Property related fees are currently \$38k ahead of budget. A significant number of development applications have been lodged \$45k ahead, property search fees are \$7k behind budget.
 - Refuse Tipping fees are \$72k behind budget due to the timing of April invoices and the recent weather events including some periods of free waste disposal.
 - Other fees and charges are \$282k behind budget. This variance includes items all below budget such as the closure of Mossman Pool & Van Park \$108K, Wonga Beach Van Park \$26k, Trade Waste \$76k, Septage \$22k and Cemeteries \$26k.
- Grants and Subsidies are \$26m 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 \$458k ahead of budget due to continued higher interest rates.
- Other recurrent income is \$193k ahead of budget, this is primarily due to the timing for the completion of works for TMR \$58k and receipts for processing of recycled materials \$50k.

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

- Employee Benefits expenditure is now \$24k 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 line item may also be impacted by various factors, such as staff vacancies and the amount and timing of leave taken.
- Materials and Services expenditure is \$16.2m 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 QRA, to submit funding claims to ensure Councils cashflow is not affected. Commitments are currently \$19.8m of which \$14.4m relate to the disaster event. The remaining \$5.4m includes purchase orders for annual contracted expenditure for items such as Ferry and Waste. At this stage of the disaster, the final estimate of the costs associated with the Counter Disaster operations or Emergency works has not 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 \$15k over budget, likely due to timing of capitalisations.
- Finance costs are \$3k under budget.

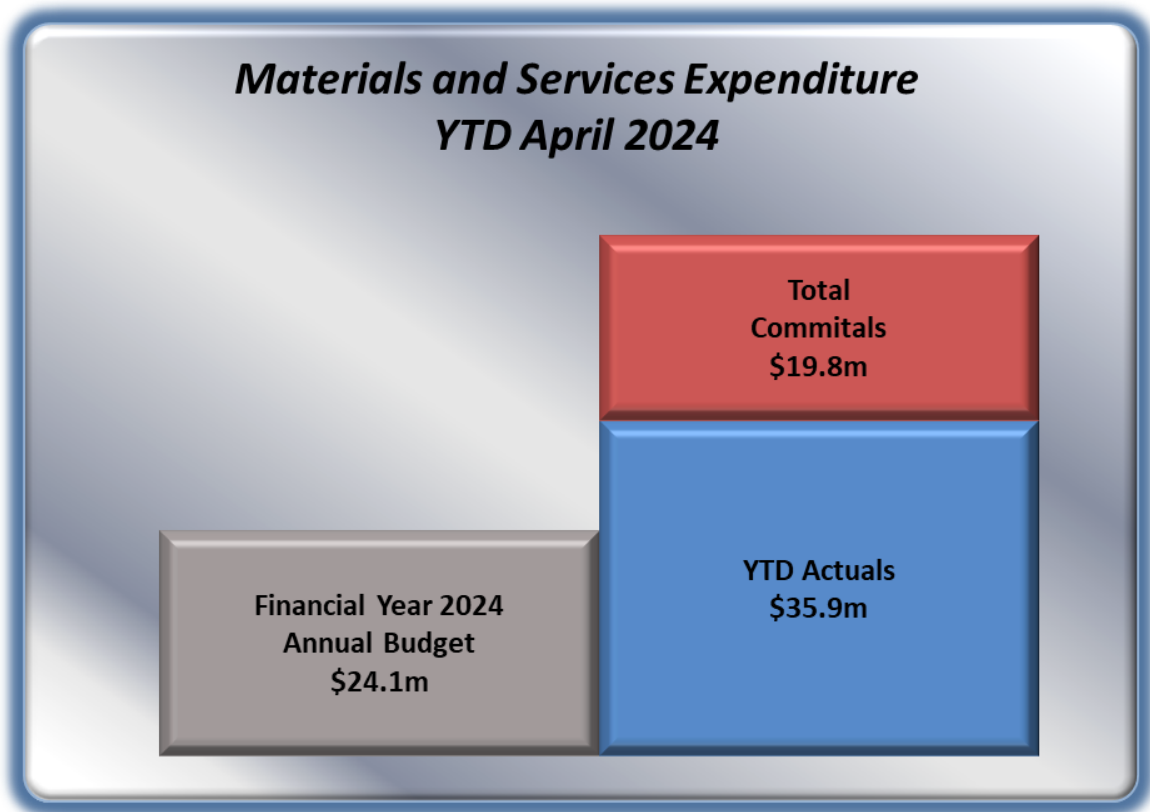


Figure 1.

Operating Result

Key point:

- The operating result is \$9.5m ahead of budget.

As reflected in the attached report, total operating revenue at the end of April 2024 was \$25.7m ahead of budget and operating expenditure \$16.2m ahead of budget. This has resulted in an operating Surplus of \$9.7m compared to a budgeted Surplus of \$200k for the year to date.

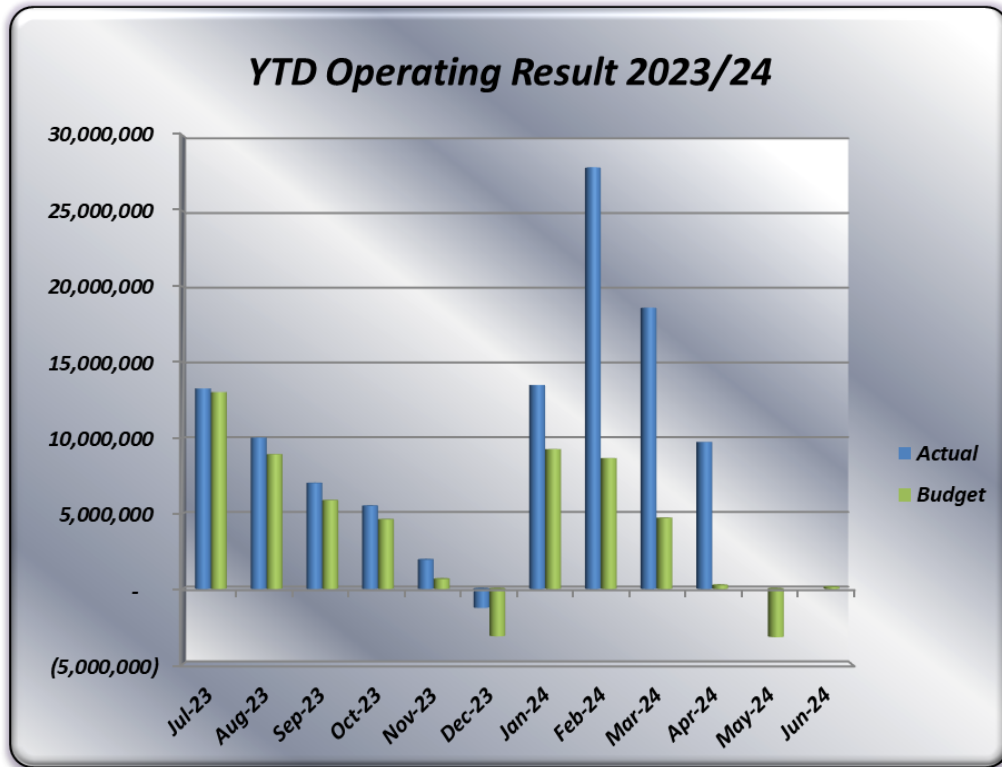


Figure 2.

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 has recorded an overall loss of \$844K in disposal of non-current assets to date.
- 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.
- Adjustments or considerations for the damage caused to Council assets will occur, pending full assessments.

It should be noted that in addition to year-to-date capital expenditure of \$12.2m a further \$10.2m had been committed as at the end of April 2024.

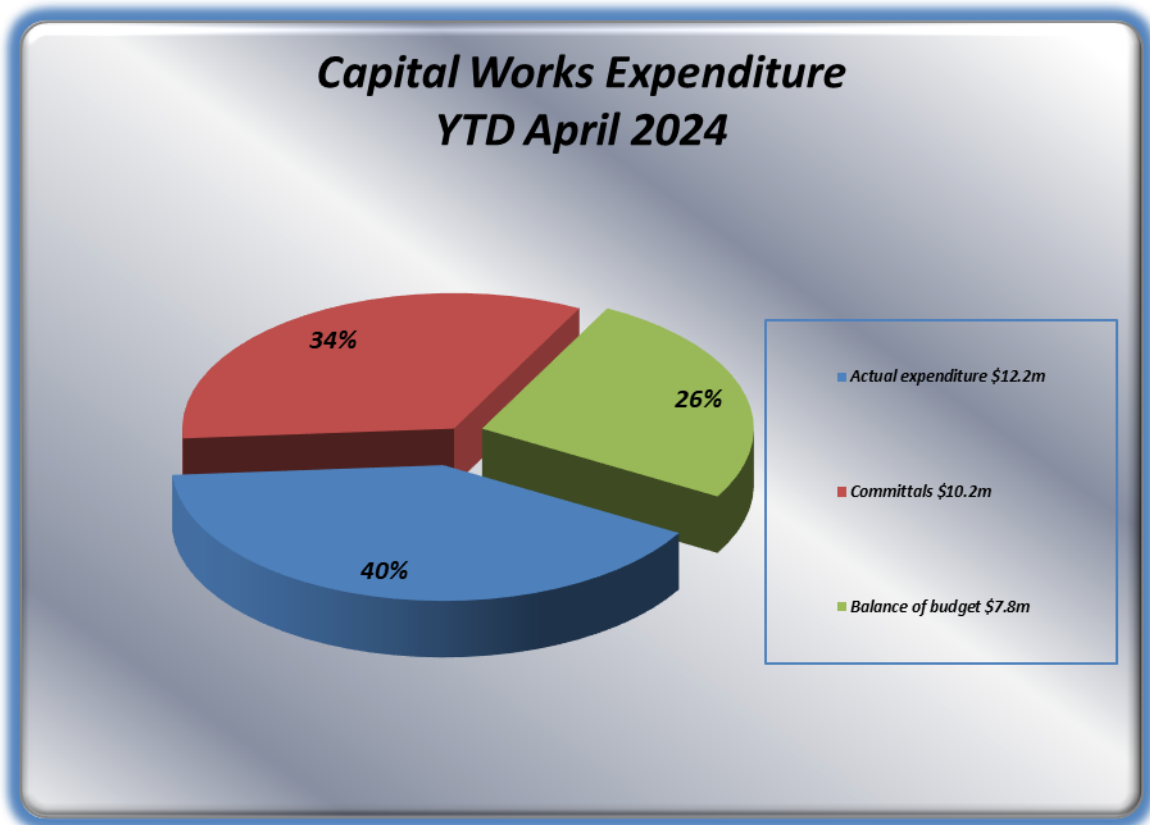


Figure 3.

FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position reflects net community assets of \$521.5m. Growth in Cash and Cash Equivalents, reflects the receipt of DRFA funding and payments received for the Rates Charges.

PROPOSAL

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

FINANCIAL/RESOURCE IMPLICATIONS

The results at the end of April 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 April Statement of Comprehensive Income [**6.5.1** - 1 page]
2. 2024 April Statement of Financial Position [**6.5.2** - 1 page]

Douglas Shire Council					
Statement of Comprehensive Income					
Financial Report April 2024					
	Actual YTD 24	Budget YTD 23/24	Variance	Budget 23/24	Actual as % of Budget 23/24
	\$	\$	\$	\$	
Operating Revenue					
Rates and utility charges	38,882,134	39,015,998	(133,864)	41,916,254	93%
less: Financial Assistance, Remissions (incl. Pensioners)	(619,196)	(611,000)	(8,196)	(611,000)	101%
Net rates and utility charges	38,262,938	38,404,998	(142,060)	41,305,254	93%
Fees and charges	6,144,884	7,056,260	(911,376)	8,557,828	72%
Grants and subsidies	27,209,724	1,145,650	26,064,074	6,459,724	421%
Interest received	1,671,722	1,213,556	458,166	1,414,476	118%
Other recurrent income	1,166,869	973,628	193,241	1,320,781	88%
Total Operating Revenue	74,456,137	48,794,092	25,662,045	59,058,063	126%
Operating Expenses					
Employee benefits	15,965,538	15,989,464	23,926	19,323,083	83%
Materials and services	35,875,526	19,669,327	(16,206,199)	24,118,545	149%
Depreciation	12,854,284	12,839,732	(14,552)	15,395,797	83%
Finance costs	54,329	57,790	3,461	102,210	53%
Total Recurrent Expenses	64,749,678	48,556,313	(16,193,365)	58,939,635	110%
Operating Result	9,706,460	237,779	9,468,681	118,428	8196%
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	(843,714)	-	843,714	-	
Total capital revenue	3,319,016	8,949,790	(5,630,774)	8,949,790	37%
Net Result	13,025,476	9,187,569	3,837,907	9,068,218	144%
Capital Works Program					
Capital additions	12,249,008	30,231,240	17,982,232	30,231,240	41%
Total capital additions	12,249,008	30,231,240	17,982,232	30,231,240	41%

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	18,794,431	-	18,794,431	-
Total DRFA	7,480,314	474,746	7,005,568	474,746

Douglas Shire Council
Statement of Financial Position
April 2024

	2024	2023
	\$	\$
Current assets		
Cash and cash equivalents	35,923,526	13,425,500
Investments	7,500,000	15,060,000
Trade and other receivables, Contract Assets, Prepayments	3,198,082	9,201,164
Inventories	109,795	150,190
Total current assets	46,731,402	37,836,854
Non-current assets		
Property, plant and equipment	490,190,425	504,209,177
Intangible assets	52,634	52,634
Total non-current assets	490,243,059	504,261,811
Total assets	536,974,462	542,098,665
Current liabilities		
Trade and other payables	4,719,893	7,091,224
Provisions	5,967,557	5,554,800
Total current liabilities	10,687,450	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	15,506,690	17,465,264
Net community assets	521,467,771	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.**