

5. OFFICERS REPORTS

5.1. FINANCIAL REPORTS APRIL 2023

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DEPARTMENT Finance and Corporate Services

RECOMMENDATION

That Council notes the Financial Reports, comprising of the Statement of Comprehensive Income and the Statement of Financial Position for April 2023.

EXECUTIVE SUMMARY

Attached are the Financial Reports for period end 30 April 2023.

The Statement of Comprehensive Income details the progress of the 2022-2023 budget for the period ended 30 April 2023. Additionally, the Statement of Financial Position which reports the Council's Assets and Liabilities at 30 April 2023.

Key points to note include the following:

- Operating revenue is ahead of budget by \$501k. Expenditure is behind budget \$153K. The operating surplus is currently \$2.9m compared to a budgeted Surplus of \$2.2m.
- The Statement of Financial Position reflects net Community Assets of \$473m.

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 2022-2023 annual budget was adopted on 28 June 2022 and revised on the 13 December 2022. The attached financial report details progress against revised budget for the period ended 30 April 2023.

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

Key points:

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

- Rates & Utility Charges are ahead of budget by \$283k. This is primarily due to water consumption, which is currently \$271k ahead of budget. Financial assistance for Water leaks is currently behind budget \$14k. Significant leaks have been detected quickly with the installation of smart meters. This project is ongoing and expecting to be completed mid-year.
- Fees and charges are behind budget by \$117k. This is due to the following:
 - Daintree Ferry revenue currently \$165k behind budget. A slowing in Tourism and inclement weather may contribute to this variance, along with the Ferry closure in March.
 - Licence fees are ahead of budget \$26k.
 - Building and Property related fees currently \$63k behind budget. Property search fees are currently \$16k behind budget.
 - Refuse Tipping fees are ahead of budget \$32k
 - Other Fees and charges are \$53k ahead of budget. Infringements are \$23k ahead and Hall hire, including Sugar Wharf \$29k ahead of budget.
- Grants and Subsidies are \$62k ahead of budget. This is primarily due to timing.
- Interest is \$158k ahead of budget. Continued interest rate increases, combined with increased Council cash holdings, continue to have a positive effect on Council revenue.
- Other recurrent income is \$115k ahead of budget. There have been additional works on the Port Douglas pontoon \$30k, additional Income from recyclable materials \$31k, and timing of works for the State Road maintenance contract contribute to this variance.

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

- Employee benefits expenditure is \$476k under budget and may be impacted by various factors, such as staff vacancies and the amount and timing of leave taken. Difficulties in recruitment and filling vacant positions has seen this variance partially offset, with the use of Contract staff.
- Materials and services expenditure is \$400k over budget year to date. This includes expenditure in Temporary staff to offset staff vacancies and materials and service expenditure for Emergent Works. Committals are currently \$4.8m including purchase orders for annual expenditure for items such as Ferry and Waste. It is unknown at this time, when Council will receive reimbursement for the Emergent Works cost for the Monsoon events.
- Depreciation expense is currently \$75k under budget.

Operating Result

Key point:

- The operating result is \$654k ahead of budget.

As reflected in the attached report, total operating revenue at the end of April 2023 was \$501K ahead of budget and operating expenditure \$153 under budget. This has resulted in an operating surplus of \$2.9m compared to a budgeted surplus of \$2.2m for year to date.

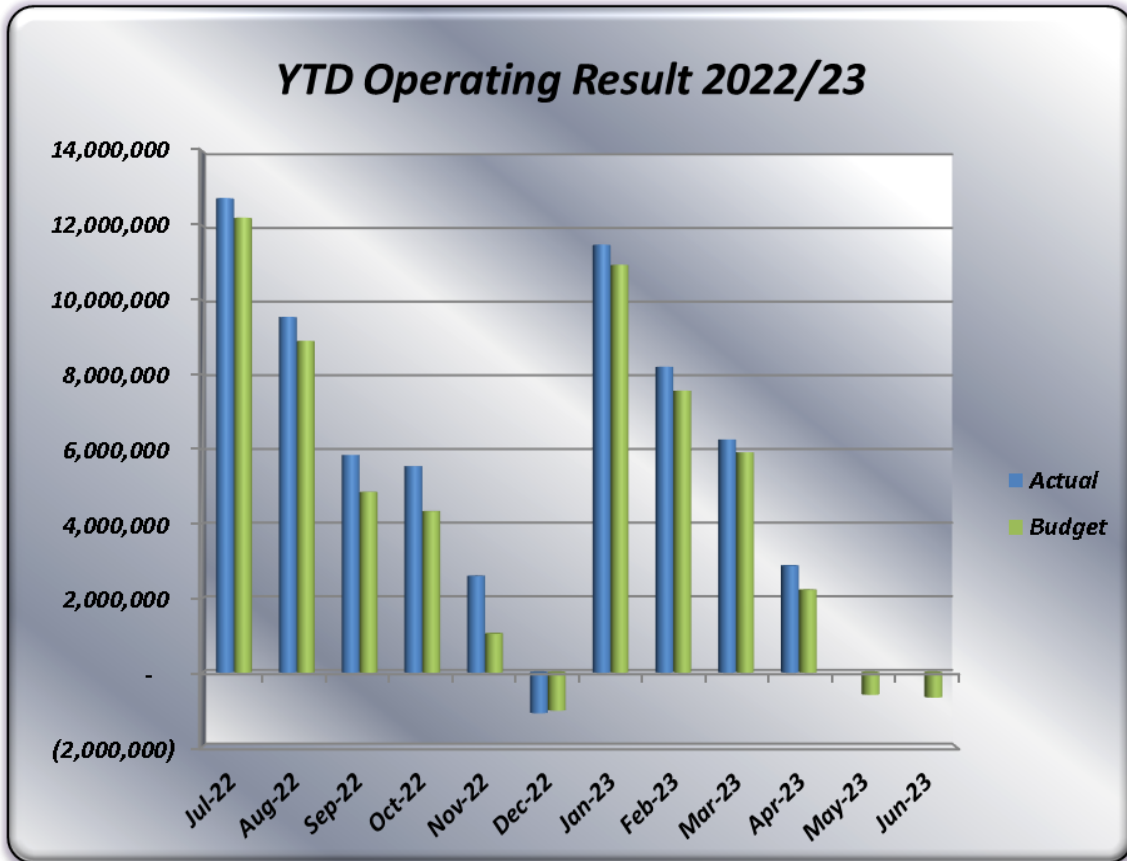


Figure 1.

Capital Revenue and Expenditure

Key point:

- Council has received 33%, \$3m of its annual budgeted capital grants and subsidies. \$1m has also been received in Developer Contributions.
- The \$203k Loss on non-current assets is attributed to road infrastructure and water assets.
- Full budget amounts for capital revenue and expenditure are allocated in the report to July and December 2022.

Capital works income and expenditure budgets include projects that may be completed across multiple financial years.

It should be noted that in addition to year-to-date capital expenditure of \$11.1m a further \$6.5m had been committed as at the end of April 2023.

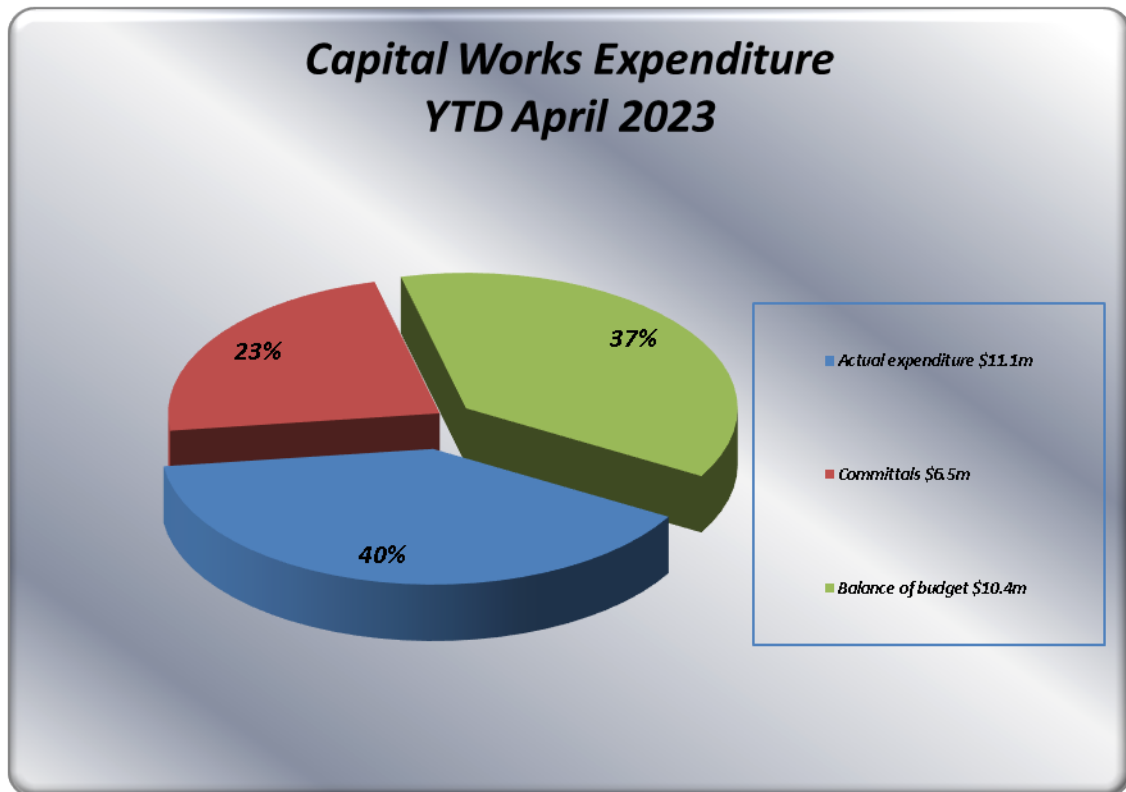


Figure 2.

FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position reflects an increase of in Net community assets of \$2.1m.

PROPOSAL

That Council notes the Financial Reports, comprising of the Statement of Comprehensive Income and the Statement of Financial Position for April 2023.

FINANCIAL/RESOURCE IMPLICATIONS

The Results as at the end of April 2023 have highlighted the financial impact of the Monsoonal events of 2023, which have had a significant cost impact on Council. Daintree Ferry Revenue will need to continue to be monitored closely, if the decline continues this may have a significant impact on Council Result. Any cost increase to materials and services will be closely monitored.

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 three of the 'measures of financial sustainability'
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 2022-2023 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. Statement of Comprehensive Income April 2023 [5.1.1 - 1 page]
2. Statement of Financial Position April 2023 [5.1.2 - 1 page]

Douglas Shire Council					
Statement of Comprehensive Income					
Financial Report April 2023					
	Actual YTD 23	Budget YTD 23	Variance	Budget 22/23	Actual as % of
	\$	\$	\$	\$	Budget 22/23
Operating Revenue					
Rates and utility charges	37,166,296	36,904,503	261,793	39,626,789	94%
less: Financial Assistance, Remissions (incl. Pensioners)	(608,025)	(629,190)	21,165	(630,090)	96%
Net rates and utility charges	36,558,271	36,275,313	282,958	38,996,699	94%
Fees and charges	6,417,976	6,535,001	(117,025)	8,008,782	80%
Grants and subsidies	2,131,844	2,070,094	61,750	4,302,488	50%
Interest received	763,535	605,269	158,266	727,937	105%
Other recurrent income	1,015,870	901,227	114,643	1,213,218	84%
Total Operating Revenue	46,887,496	46,386,904	500,592	53,249,124	88%
Operating Expenses					
Employee benefits	14,670,071	15,146,362	476,291	18,251,821	80%
Materials and services	18,095,693	17,695,399	(400,294)	22,001,120	82%
Depreciation	11,195,810	11,270,454	74,644	13,540,429	83%
Finance costs	55,093	57,550	2,457	121,550	45%
Total Recurrent Expenses	44,016,667	44,169,765	153,098	53,914,920	82%
Operating Result	2,870,828	2,217,139	653,689	(665,796)	(431%)
Capital Revenue					
Capital grants and subsidies	3,014,634	9,216,699	(6,202,065)	9,216,699	33%
Contributions from developers	1,044,393	845,191	199,202	845,191	124%
Gain/(Loss) non current assets	(202,591)	(145,000)	57,591	(145,000)	140%
Total capital revenue	3,856,436	9,916,890	(6,060,454)	9,916,890	39%
Net Result	6,727,264	12,134,029	(5,406,765)	9,251,094	73%
Capital Works Program					
Capital additions	11,100,269	28,018,068	16,917,799	28,018,068	40%
Total capital additions	11,100,269	28,018,068	16,917,799	28,018,068	40%

Douglas Shire Council
Statement of Financial Position
April 2023

	2023	2022
	\$	\$
Current assets		
Cash and cash equivalents	16,955,753	13,016,606
Investments	15,060,000	10,000,000
Trade and other receivables, Contract Assets, Prepayments	3,156,233	8,600,546
Inventories	100,319	93,356
Total current assets	35,272,305	31,710,508
Non-current assets		
Property, plant and equipment	452,152,253	457,043,657
Intangible assets	93,800	93,800
Total non-current assets	452,246,053	457,137,457
Total assets	487,518,358	488,847,965
Current liabilities		
Trade and other payables	5,391,246	8,872,284
Provisions	3,535,166	3,513,536
Total current liabilities	8,926,412	12,385,819
Non-current liabilities		
Borrowings		-
Provisions	4,774,882	4,774,883
Unearned Revenue	460,977	460,977
Total non-current liabilities	5,235,859	5,235,860
Total liabilities	14,162,271	17,621,679
Net community assets	473,356,087	471,226,286

*** 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.*