

5. OFFICERS REPORTS

5.1. FINANCIAL REPORTS FEBRUARY 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 February 2023.

EXECUTIVE SUMMARY

Attached are the Financial Reports for period end 28 February 2023.

The Statement of Comprehensive Income details the progress of the 2022-2023 budget for the period ended 28 February 2023. Additionally, the Statement of Financial Position which reports the Council's Assets and Liabilities at 28 February 2023.

Key points to note include the following:

- Operating revenue is ahead of budget by \$85k. Expenditure is behind budget \$557k. The operating surplus is currently \$8.2m compared to a budgeted Surplus of \$7.6m.
- The Statement of Financial Position reflects net Community Assets of \$474.2m.

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 28 February 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 \$19k. Primarily due to financial assistance for Water leaks, which 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 \$122k. This is due to the following:
 - Daintree Ferry revenue currently \$151k behind budget. A slowing in Tourism and inclement weather may contribute to this variance.
 - Licence fees are behind budget \$7k.
 - Building and Property related fees currently \$32k behind budget. Property search fees are currently \$15k behind budget.
 - Refuse Tipping fees are ahead of budget \$4k
 - Other Fees and charges are \$64k ahead of budget. Facility hire including Sugar Wharf is currently \$25k ahead of budget. Infringements are \$22k ahead of budget.
- Grants and Subsidies are \$6k ahead of budget. This is primarily due to timing.
- Interest is \$61k ahead of budget. Recent interest rate increases continue to have a positive effect on Council revenue.
- Other recurrent income is ahead of budget \$120k. Additional works \$30k on the Port Douglas pontoon, and timing of works for the State Road maintenance contract contribute to this variance.

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

- Employee benefits expenditure is \$424k 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 may see this variance offset in future months, with the use of Contract staff.
- Materials and services expenditure are \$7k under budget year to date. Committals are currently \$6m including purchase orders for annual expenditure for items such as Ferry and Waste.
- Depreciation expense is currently \$124k under budget.

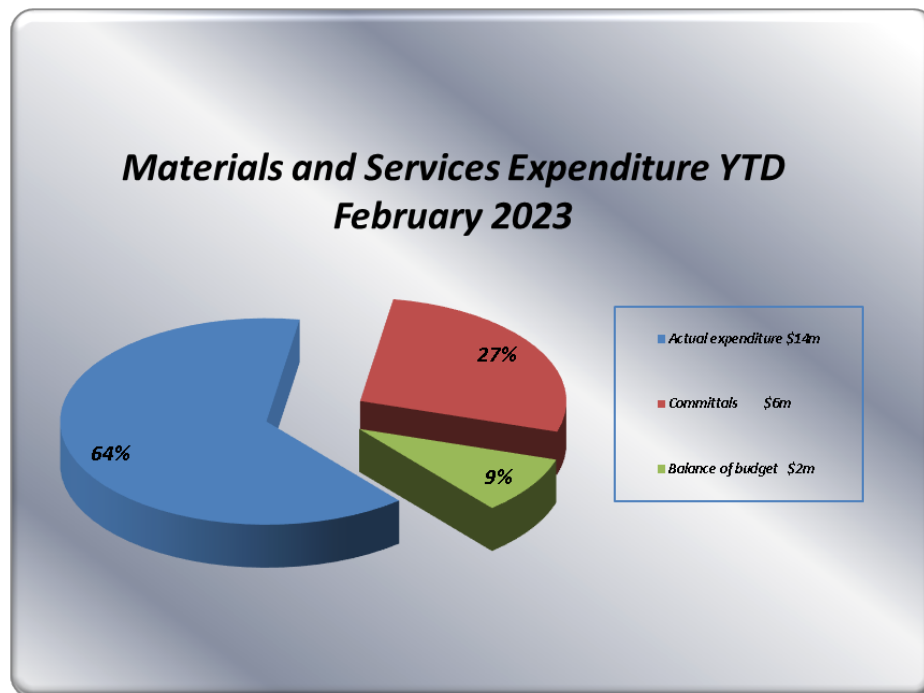


Figure 1.

Operating Result

Key point:

- The operating result is \$642k ahead of budget.

As reflected in the attached report, total operating revenue at the end of February 2023 was \$85k ahead of budget and operating expenditure \$557k under budget. This has resulted in an operating surplus of \$8.2m compared to a budgeted surplus of \$7.6m for year to date.

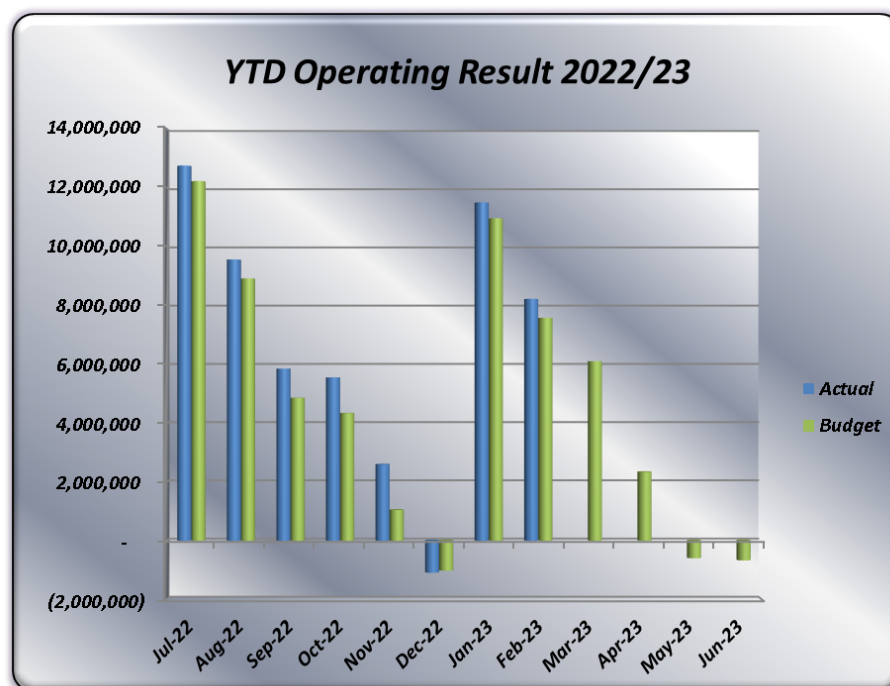


Figure 2.

Capital Revenue and Expenditure

Key point:

- Council has received 20%, \$1.8m of its annual budgeted capital grants and subsidies. \$989k has also been received in Developer Contributions.
- The \$101k 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.

It should be noted that in addition to year-to-date capital expenditure of \$7.9m a further \$6.5m had been committed as at the end of February 2023.

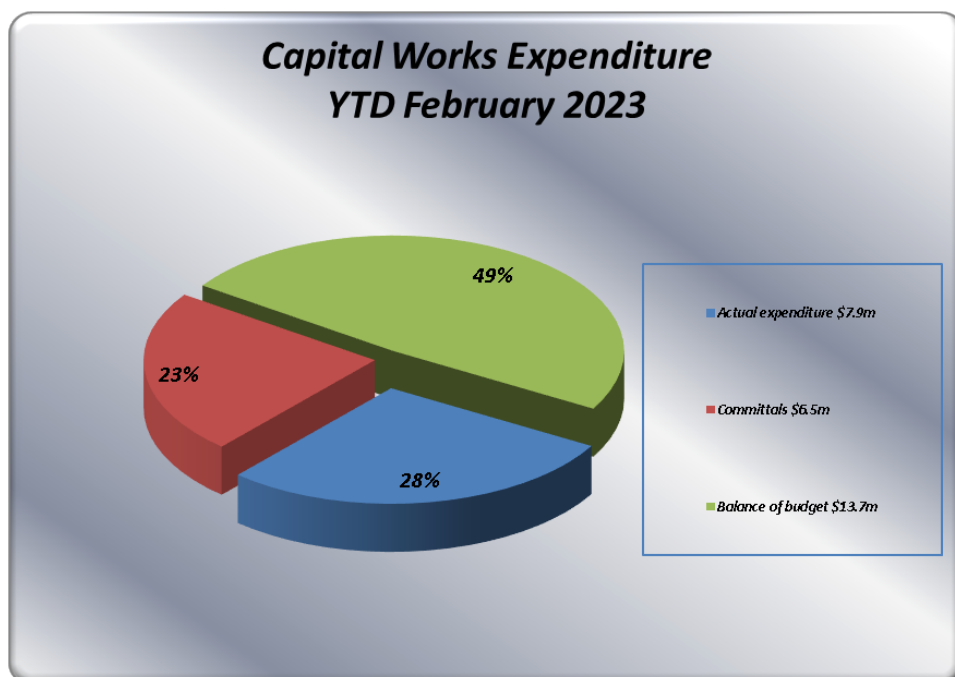


Figure 3.

FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position reflects no significant change in Net community assets.

Cash and Investments have increased due to the payments received for the Property Rates & Utility Charge notices. Property, plant and equipment reflects a decline in value due to the processing of monthly depreciation.

PROPOSAL

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

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of February 2023 have not revealed any significant negative impacts on the 2022-2023 budget. It is noted that Daintree Ferry Revenue will need to be monitored closely, if the decline in revenue continues this may have a significant impact on Council Result. Any cost increases 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. 2023 February Statement of Comprehensive Income [**5.1.1** - 1 page]
2. 2023 February Statement of Financial Position [**5.1.2** - 1 page]

Douglas Shire Council
Statement of Comprehensive Income
Financial Report February 2023

	Actual YTD 23 \$	Budget YTD 23 \$	Variance \$	Budget 22/23 \$	Actual as % of Budget 22/23
Operating Revenue					
Rates and utility charges	34,052,169	34,047,444	4,725	39,626,789	86%
less: Financial Assistance, Remissions (incl. Pensioners)	(600,265)	(614,840)	14,575	(630,090)	95%
Net rates and utility charges	33,451,905	33,432,604	19,301	38,996,699	86%
Fees and charges	5,431,908	5,553,480	(121,572)	8,008,782	68%
Grants and subsidies	2,066,016	2,060,094	5,922	4,302,488	48%
Interest received	537,194	476,467	60,727	727,937	74%
Other recurrent income	833,399	713,134	120,265	1,213,218	69%
Total Operating Revenue	42,320,422	42,235,779	84,643	53,249,124	79%
Operating Expenses					
Employee benefits	11,188,638	11,613,064	424,426	18,251,821	61%
Materials and services	14,011,490	14,018,475	6,985	22,001,120	64%
Depreciation	8,876,195	9,000,492	124,297	13,540,429	66%
Finance costs	39,108	40,550	1,442	121,550	32%
Total Recurrent Expenses	34,115,430	34,672,581	557,151	53,914,920	63%
Operating Result	8,204,992	7,563,198	641,794	(665,796)	(1232%)
Capital Revenue					
Capital grants and subsidies	1,843,884	9,216,699	(7,372,815)	9,216,699	20%
Contributions from developers	989,997	845,191	144,806	845,191	117%
Gain/(Loss) non current assets	(100,958)	(145,000)	(44,042)	(145,000)	70%
Total capital revenue	2,732,923	9,916,890	(7,183,967)	9,916,890	28%
Net Result	10,937,915	17,480,088	(6,542,173)	9,251,094	118%
Capital Works Program					
Capital additions	7,897,912	28,018,068	20,120,156	28,018,068	28%
Total capital additions	7,897,912	28,018,068	20,120,156	28,018,068	28%

Douglas Shire Council
Statement of Financial Position
February 2023

	2023 \$	2022 \$
Current assets		
Cash and cash equivalents	14,187,757	13,016,606
Investments	22,560,000	10,000,000
Trade and other receivables, Contract Assets, Prepayments	4,158,584	8,790,055
Inventories	113,127	93,356
Total current assets	41,019,468	31,900,017
Non-current assets		
Property, plant and equipment	448,013,203	457,043,657
Intangible assets	93,800	93,800
Total non-current assets	448,107,003	457,137,457
Total assets	489,126,471	489,037,474
Current liabilities		
Trade and other payables	6,203,031	8,872,284
Provisions	3,498,814	3,513,536
Total current liabilities	9,701,845	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	14,937,704	17,621,679
Net community assets	474,188,767	471,415,795

**** 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.**