

5. OFFICERS REPORTS

5.1. FINANCIAL REPORTS NOVEMBER 2022

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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 November 2022.

EXECUTIVE SUMMARY

Attached are the Financial Reports for period end 30 November 2022.

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

Key points to note include the following:

- Operating revenue is ahead of budget by \$1.4m.
- Operating expenditure is under budget by \$177k.
- The operating Surplus is currently \$2.6m compared to a budgeted Surplus of \$1m.
- The Statement of Financial Position reflects net Community Assets of \$471.4m.

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 the attached financial report details progress against budget for the period ended 30 November 2022.

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 \$157k. Valuation data has now been finalised for new subdivisions; Langley Road, Ocean Breeze and New Port and this growth has shown a revenue improvement to budget. Water meters were read in October, and Water Revenue is currently \$61k ahead of budget. Financial Assistance for Water Leak remission is currently behind budget \$7k.
- Daintree Ferry revenue currently \$554k ahead of budget. This aligns with the reported increase in visitation numbers to the region.
- Fees and charges are ahead of budget by \$94k. This is due to the following:
 - Licence fees are behind budget \$2k.
 - Building and Property related fees currently \$4k behind budget. There has been significant activity, in application fees for Water & Plumbing connections. This is offset by a reduction in property Search fees suggesting a slowing in the property market.
 - Refuse Tipping fees are behind budget \$6k
 - Other Fees and charges are \$88k over budget. Mossman Van Park is currently \$54k ahead and Wonga Beach Van Park \$10k ahead of budget, Mossman Pool is \$13k behind budget. Port Douglas Markets are \$29k ahead of budget.
 - Infringements are \$18k ahead of budget.
- Grants and Subsidies are \$291k ahead of budget. This is primarily due to an increase in the amount received for the Financial Assistance grant of \$207k and \$73k for the implementation of the asset management system.
- Interest is \$144k ahead of budget. Recent interest rate increases will continue to have a positive effect on Council revenue.
- Other recurrent income is ahead of budget \$127k. Revenue was carried forward from 2021/2022 financial year due to incomplete project works. A further \$44k has been received for recycled materials. Timing of works for the State Road maintenance also contributes to this variance.

On the operating expenditure side, year to date expenditure variations to budget are as follows:

- Employee benefits expenditure is \$88k under budget and may be impacted by various factors, such as staff vacancies and the amount and timing of leave taken.
- Materials and services expenditure are \$319k over budget year to date partly due to timing of works completed. Media reports of an extended wet season have seen crews complete planned works earlier whilst they are able. Some expenditure will be capitalised in future months. Committals are currently \$7.3m including purchase orders for annual expenditure for items such as Ferry & Waste.

- Depreciation expense is currently \$409k under budget. This includes changes to the Landfill provision, and this will be adjusted at budget review.

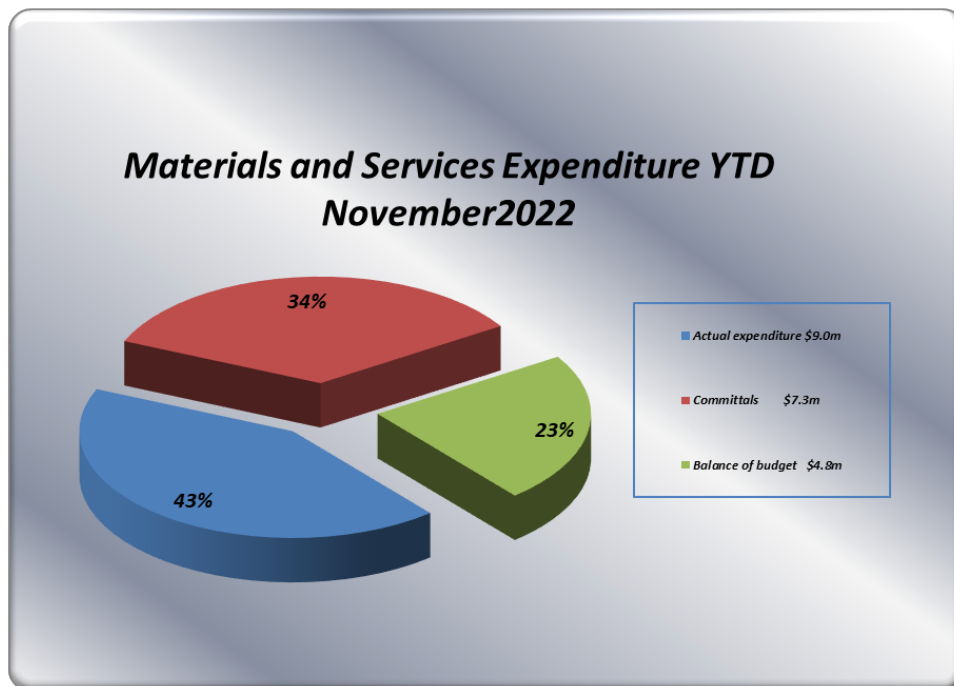


Figure 1.

Operating Result

Key point:

- The operating result is \$1.5m ahead of budget.

As reflected in the attached report, total operating revenue at the end of November was \$1.4m ahead of budget and operating expenditure was under budget. This has resulted in an operating surplus of \$2.6m compared to a budgeted surplus of \$1m for year to date.

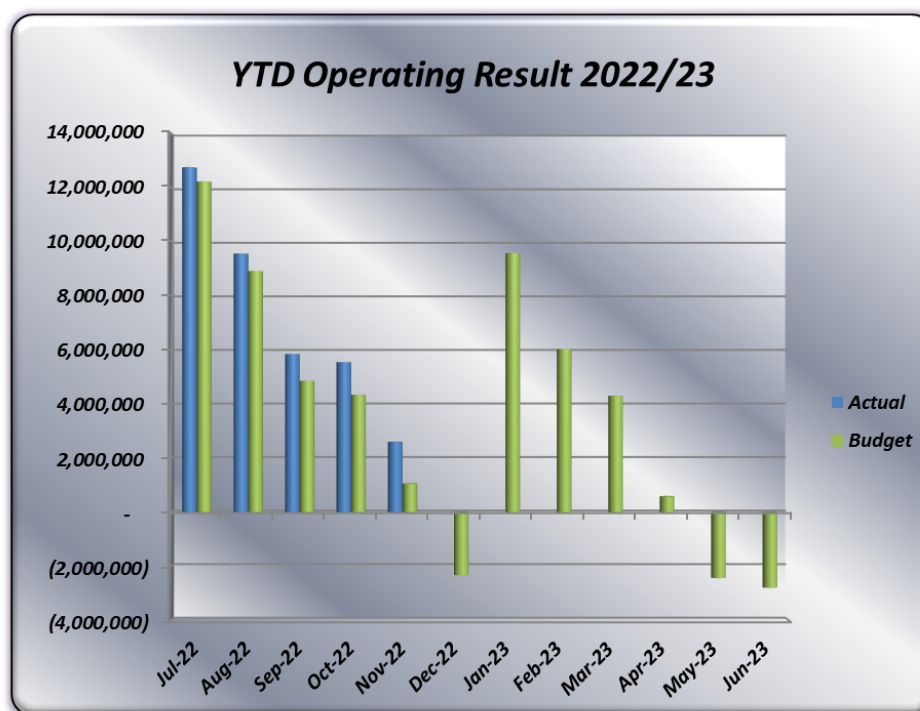


Figure 2.

Capital Revenue and Expenditure

Key point:

- Council has received 93%, \$1.3m of its annual budgeted capital grants and subsidies. \$854K has also been received in Developer Contributions.
- Full budget amounts for capital revenue and expenditure are allocated to July. These amounts will be adjusted as part of budget review to take into account carry forwards (uncompleted works) from the previous financial year and any new capital projects.

It should be noted that in addition to year-to-date capital expenditure of \$4.5m a further \$7m had been committed as at the end of November.

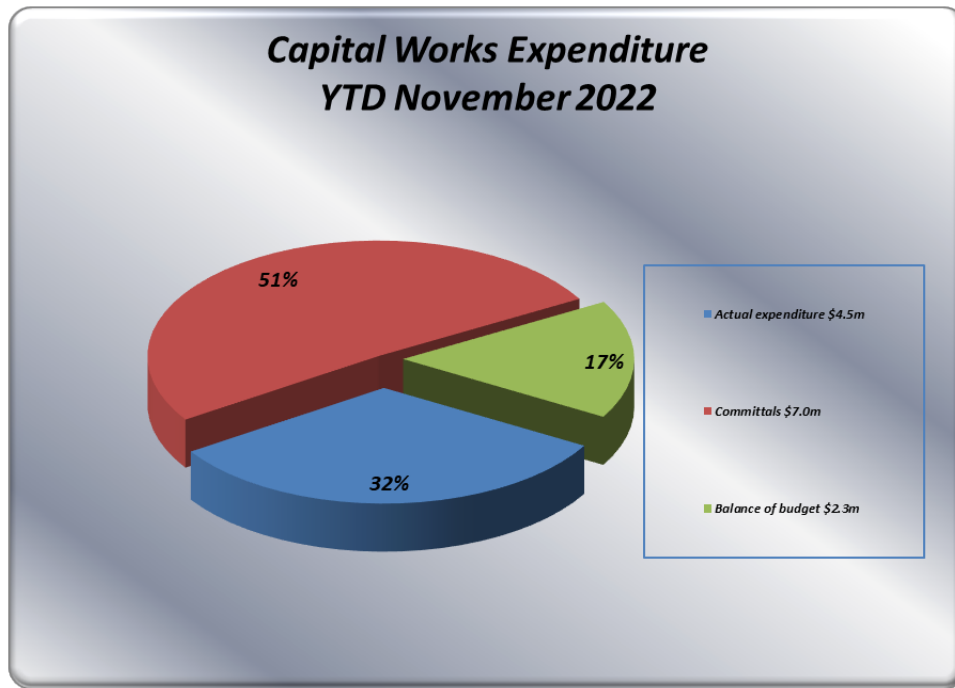


Figure 3.

FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position reflects no significant change in Net community assets. Investments have increased with Council maximising interest returns. 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 November 2022.

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of November 2022 have not revealed any significant negative impacts on the 2022/2023 budget. Council has completed the budget review process for the 2022-2023 financial year, which is presented for adoption 13 December 2022.

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. Currently, the FY23 budget is tracking well. Any cost increases to materials and services will be closely monitored.

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. Financial Report November 2022 [5.1.1 - 1 page]
2. Statement of Financial Position November 2022 [5.1.2 - 1 page]

Douglas Shire Council
Statement of Comprehensive Income
Financial Report November 2022

	Actual YTD 23 \$	Budget YTD 23 \$	Variance \$	Budget 22/23 \$	Actual as % of Budget 22/23
Operating Revenue					
Rates and utility charges	18,471,993	18,324,744	147,249	39,394,229	47%
less: Financial Assistance, Remissions (incl. Pensioners)	(304,410)	(314,145)	9,735	(630,090)	48%
Net rates and utility charges	18,167,584	18,010,599	156,985	38,764,139	47%
Daintree River Ferry Fees & Charges	2,484,904	1,930,687	554,217	4,086,033	61%
Fees and charges (excluding Ferry)	1,603,248	1,508,600	94,648	3,196,749	50%
Grants and subsidies	1,362,887	1,071,982	290,905	3,286,841	41%
Interest received	311,906	167,728	144,178	389,424	80%
Other recurrent income	524,734	397,741	126,993	1,098,218	48%
Total Operating Revenue	24,455,263	23,087,337	1,367,926	50,821,404	48%
Operating Expenses					
Employee benefits	7,269,475	7,357,167	87,692	18,027,874	40%
Materials and services	9,033,494	8,714,763	(318,731)	21,222,715	43%
Depreciation	5,536,939	5,945,810	408,871	14,186,318	39%
Finance costs	26,905	26,050	(855)	171,550	16%
Total Recurrent Expenses	21,866,814	22,043,790	176,976	53,608,457	41%
Operating Result	2,588,449	1,043,547	1,544,902	(2,787,053)	(93%)
Capital Revenue					
Capital grants and subsidies	1,306,405	1,397,392	(90,987)	1,397,392	93%
Contributions from developers	853,875	250,000	603,875	250,000	342%
Total capital revenue	2,160,280	1,647,392	512,888	1,647,392	131%
Net Result	4,748,729	2,690,939	2,057,790	(1,139,661)	(417%)
Capital Works Program					
Capital additions	4,452,830	13,745,809	9,292,979	13,745,809	32%
Total capital additions	4,452,830	13,745,809	9,292,979	13,745,809	32%

Douglas Shire Council
Statement of Financial Position
November 2022

	2023 \$	2022 \$
Current assets		
Cash and cash equivalents	11,888,916	13,016,606
Investments	17,500,000	10,000,000
Trade and other receivables, Contract Assets, Prepayments	5,672,596	8,790,055
Inventories	107,786	93,356
Total current assets	35,169,298	31,900,017
Non-current assets		
Property, plant and equipment	451,474,924	457,043,657
Intangible assets	93,800	93,800
Total non-current assets	451,568,724	457,137,457
Total assets	486,738,022	489,037,474
Current liabilities		
Trade and other payables	6,486,377	8,872,284
Provisions	3,601,240	3,513,536
Total current liabilities	10,087,618	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	15,323,477	17,621,679
Net community assets	471,414,545	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.**