

6. OFFICERS REPORTS

6.1. FINANCIAL REPORTS DECEMBER 2023

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 December 2023.

EXECUTIVE SUMMARY

The Statement of Comprehensive Income details the progress of the 2023-2024 budget for the period ended 31 December 2023. Additionally, the Statement of Financial Position which reports the Council's Assets and Liabilities at 31 December 2023.

Key points to note include the following:

- Operating revenue is ahead of budget by \$827k. Expenditure is behind budget \$1m.
- The operating Deficit is currently \$1.3m compared to a budgeted Deficit of \$3.1m.
- The Statement of Financial Position indicates net Community Assets of \$515.4m

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 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 31 December 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

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

- Rates & Utility Charges are behind budget by \$136k. This variance is due to less than anticipated Water revenue at the time of the October reads. 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 \$63k. This is due to the following:
 - Daintree Ferry revenue currently \$112k behind budget. This has been impacted by the closure of the Ferry due to TC Jasper and the subsequent flooding event.
 - Licence fees are ahead of budget \$14k due to timing of invoices being issued.
 - Building and Property related fees currently \$159k ahead of budget. A significant number of development applications have been lodged.
 - Refuse Tipping fees are \$57k behind budget due to timing of December invoices being raised and the recent weather events.
 - Other Fees and charges are \$67k behind budget. This variance includes the closure of Mossman Pool & Van Park and Libraries.
- Grants and Subsidies are \$723k ahead of budget. Council has received a disaster grant payment of \$800k in advance, to assist with the immediate costs associated with Cyclone Jasper and the associated flooding event. The other variance is primarily due to the timing of receipts for grants including the asset management system grant of \$93k, which has not yet been received.
- Interest is \$96k ahead of budget. Continued high interest rates is reflected in this result including the recent further .25% increase in the RBA base rate.
- Other recurrent income is \$207k ahead of budget, this is due \$47k for an additional water connection and the timing for completion of works for TMR.

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

- Employee benefits expenditure is \$219k 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 is \$699k under budget year to date, predominantly timing related. Commitments are currently \$8.7m including purchase orders for annual expenditure for items such as Ferry and Waste. At this very early 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 \$131k under budget, this is due to the timing of capitalisation of assets and completion of capital works.

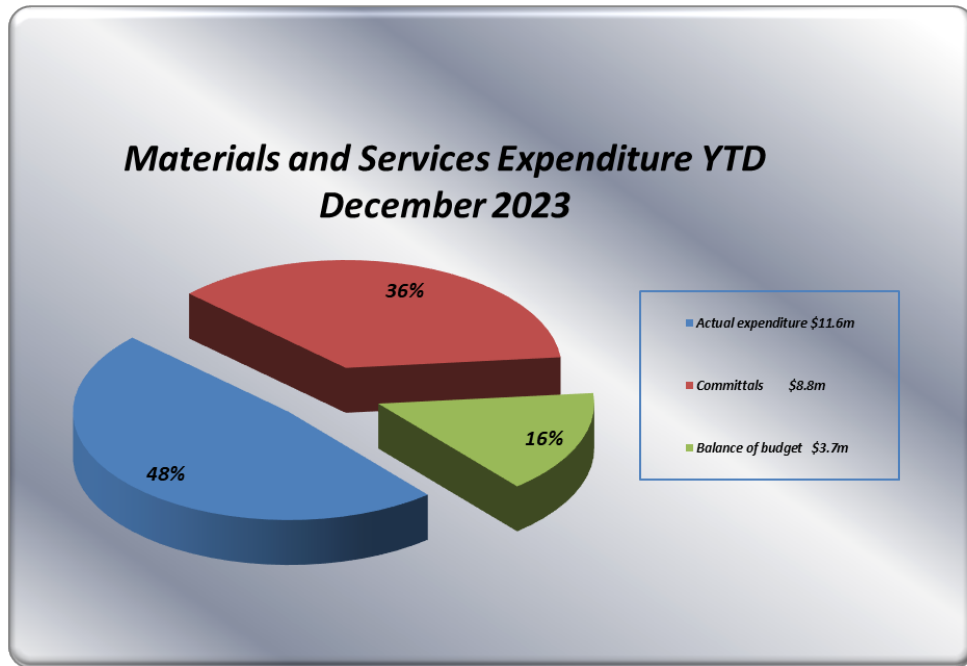


Figure 1.

Operating Result

Key point:

- The operating result is \$1.8m ahead of budget.

As reflected in the attached report, total operating revenue at the end of December 2023 was \$827k ahead of budget and operating expenditure \$1m under budget. This has resulted in an operating deficit of \$1.3m compared to a budgeted deficit of \$3.1m for year to date.

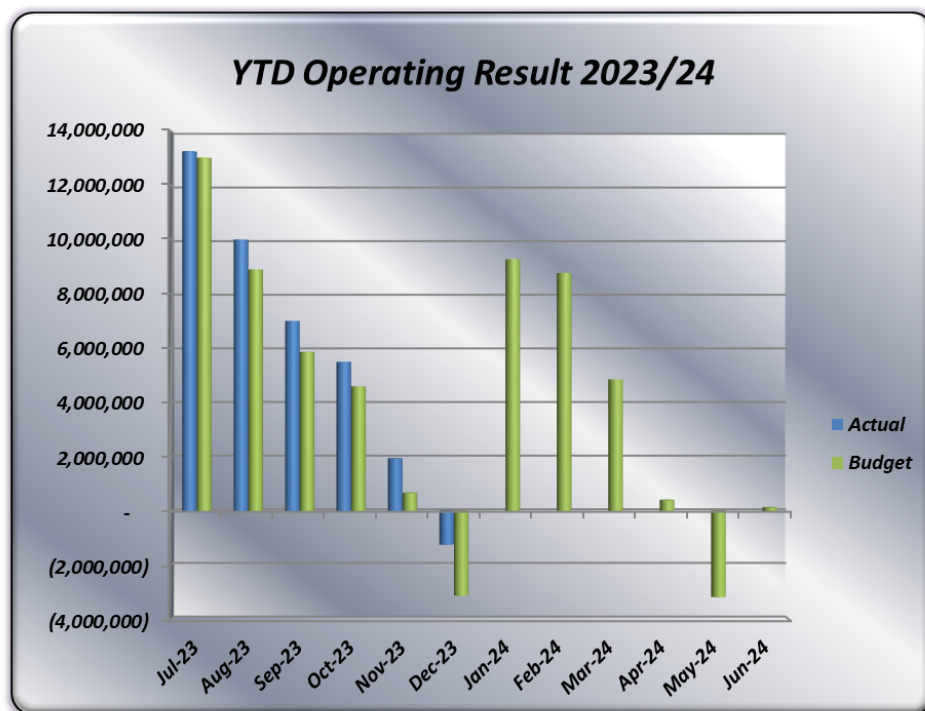


Figure 2.

Capital Revenue and Expenditure

Key point:

Revised budget was adopted on 31 October 2023. This has impacted the capital budget due to 2023 carried forward works and new projects.

- Council has received 35%, \$3.1m of its annual budgeted capital grants and subsidies and \$173k contributions from developers.
- 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.

It should be noted that in addition to year-to-date capital expenditure of \$7.7m a further \$8.6m had been committed as at the end of December 2023.

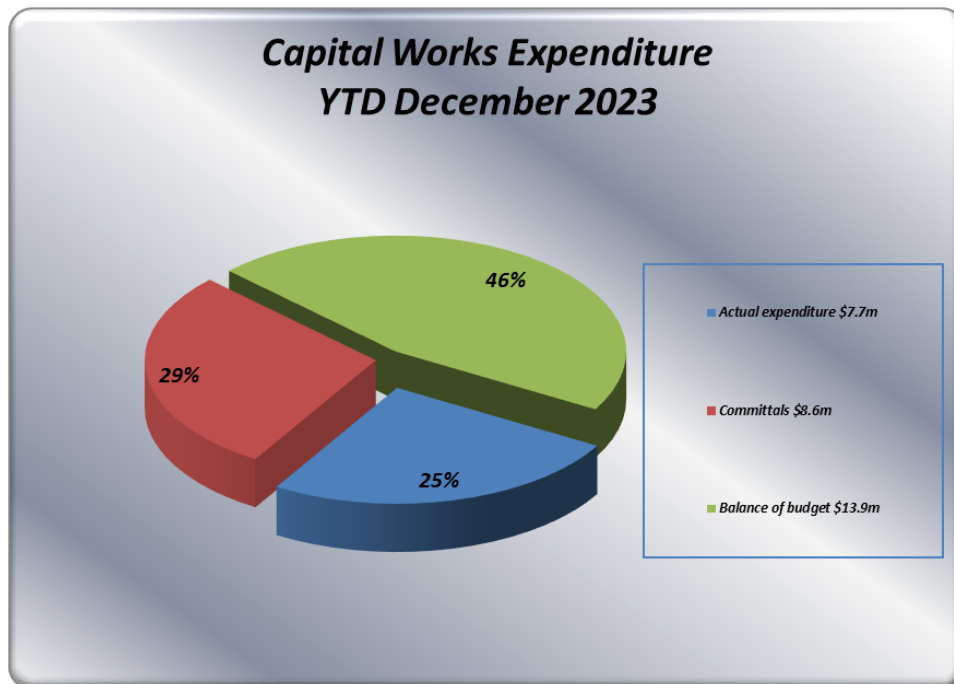


Figure 3.

FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position reflects Net Community Assets of \$515.4m. Growth in Cash and Cash Equivalents, reflects the increase in Investment income in the Statement of Comprehensive Income.

PROPOSAL

That Council notes the Statement of Comprehensive Income December 2023 and the Statement of Financial Position December 2023.

FINANCIAL/RESOURCE IMPLICATIONS

The results at the end of December 2023 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 cashflow will need to be closely monitored to ensure that receipts 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. 2023 December Statement of Financial Position [6.1.1 - 1 page]
2. 2023 December Statement of Comprehensive Income [6.1.2 - 1 page]

Douglas Shire Council
Statement of Financial Position
December 2023

	2024	2023
	\$	\$
Current assets		
Cash and cash equivalents	11,077,629	13,425,500
Investments	20,000,000	15,060,000
Trade and other receivables, Contract Assets, Prepayments	835,450	9,201,164
Inventories	135,939	150,190
Total current assets	32,049,018	37,836,854
Non-current assets		
Property, plant and equipment	496,582,502	504,209,177
Intangible assets	52,634	52,634
Total non-current assets	496,635,136	504,261,811
Total assets	528,684,154	542,098,665
Current liabilities		
Trade and other payables	2,346,747	7,091,224
Provisions	6,067,617	5,554,800
Total current liabilities	8,414,364	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	13,233,604	17,465,264
Net community assets	515,450,550	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.**

Douglas Shire Council**Statement of Comprehensive Income****Financial Report December 2023**

	Actual YTD 24 \$	Budget YTD 23/24 \$	Variance \$	Budget 23/24 \$	Actual as % of Budget 23/24
Operating Revenue					
Rates and utility charges	19,342,921	19,480,030	(137,109)	41,916,254	46%
less: Financial Assistance, Remissions (incl. Pensioners)	(309,311)	(310,500)	1,189	(611,000)	51%
Net rates and utility charges	19,033,611	19,169,530	(135,919)	41,305,254	46%
Fees and charges	4,759,260	4,822,355	(63,095)	8,557,828	56%
Grants and subsidies	1,678,594	955,130	723,464	6,459,724	26%
Interest received	878,055	782,375	95,680	1,414,476	62%
Other recurrent income	767,932	561,220	206,712	1,320,781	58%
Total Operating Revenue	27,117,451	26,290,610	826,841	59,058,063	46%
Operating Expenses					
Employee benefits	9,081,952	9,300,650	218,698	19,323,083	47%
Materials and services	11,622,353	12,321,081	698,728	24,118,545	48%
Depreciation	7,629,676	7,760,724	131,048	15,395,797	50%
Finance costs	32,574	31,994	(580)	102,210	32%
Total Recurrent Expenses	28,366,555	29,414,449	1,047,894	58,939,635	48%
Operating Result	(1,249,104)	(3,123,839)	1,874,735	118,428	(1055%)
Capital Revenue					
Capital grants and subsidies	3,075,420	8,699,790	(5,624,370)	8,699,790	35%
Contributions from developers	172,998	250,000	(77,002)	250,000	69%
Gain/(Loss) non current assets	-	-	-	-	-
Total capital revenue	3,248,418	8,949,790	(5,701,372)	8,949,790	36%
Net Result	1,999,315	5,825,951	(3,826,636)	9,068,218	22%
Capital Works Program					
Capital additions	7,674,224	30,231,240	22,557,016	30,231,240	25%
Total capital additions	7,674,224	30,231,240	22,557,016	30,231,240	25%