

6. OFFICERS REPORTS

6.1. FINANCIAL REPORTS NOVEMBER 2023

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DEPARTMENT Finance and Corporate Services

RECOMMENDATION

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

EXECUTIVE SUMMARY

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

Key points to note include the following:

- Operating revenue is ahead of budget by \$220k. Expenditure is behind budget \$840k.
- The operating Surplus is currently \$1.7m compared to a budgeted surplus of \$654k.
- The Statement of Financial Position indicates net Community Assets of \$518.9m

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 30 November 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 \$137k. 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 ahead of budget by \$195k. This is due to the following:
 - Daintree Ferry revenue currently \$80k ahead of budget.
 - Licence fees are ahead of budget \$15k due to timing of invoices being issued.
 - Building and Property related fees currently \$163k ahead of budget. A significant number of development applications have been lodged.
 - Refuse Tipping fees are \$43k behind budget, primarily due to timing of invoices being raised.
 - Other Fees and charges are \$20k behind budget due to Sewerage user fees and Mossman Pool and Caravan Park fees tracking slightly behind budget.
- Grants and Subsidies are \$26k ahead of budget, primarily due to the timing of grant income received from funding bodies.
- Interest is \$58k ahead of budget. Continued high interest rates is reflected in this result including a further .25% increase in the RBA base rate.
- Other recurrent income is \$78k ahead of budget, this is due to the timing for completion of works for TMR.

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

- Employee benefits expenditure is \$284k 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 \$443k under budget year to date, predominantly timing related. Commitments are currently \$9m including purchase orders for annual expenditure for items such as Ferry and Waste.
- Depreciation expense is \$113k under budget, this is due to the timing of capitalisation of assets and completion of capital works.

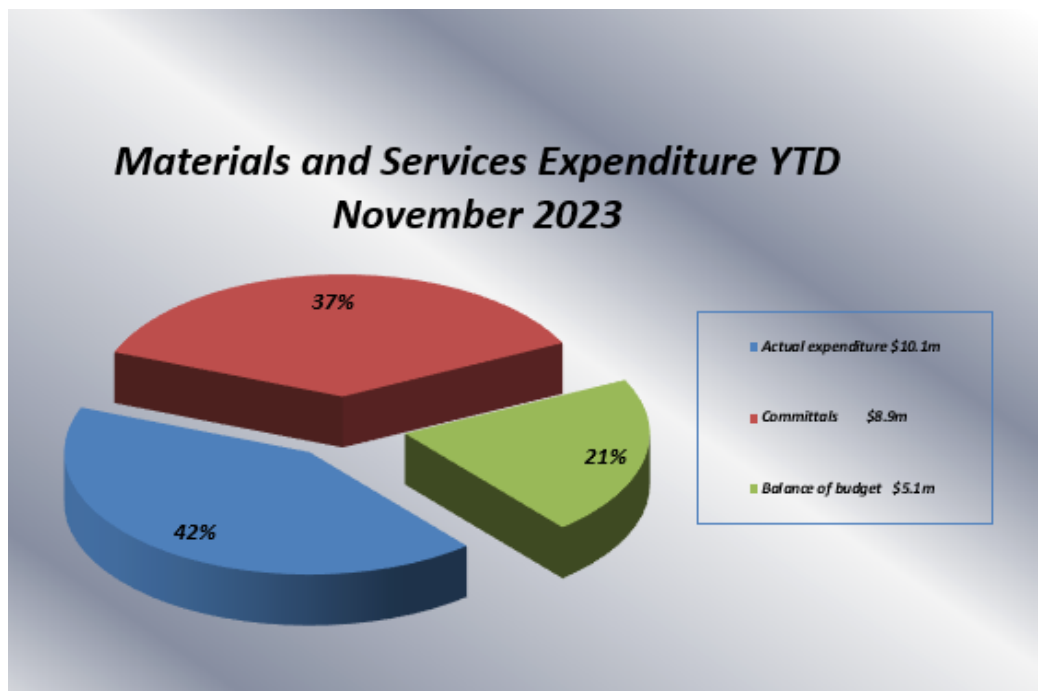


Figure 1.

Operating Result

Key point:

- The operating result is \$1.1m ahead of budget.

As reflected in the attached report, total operating revenue at the end of November 2023 was \$220k ahead of budget and operating expenditure \$840k under budget. This has resulted in an operating Surplus of \$1.7m compared to a budgeted Surplus of \$654k for year to date.

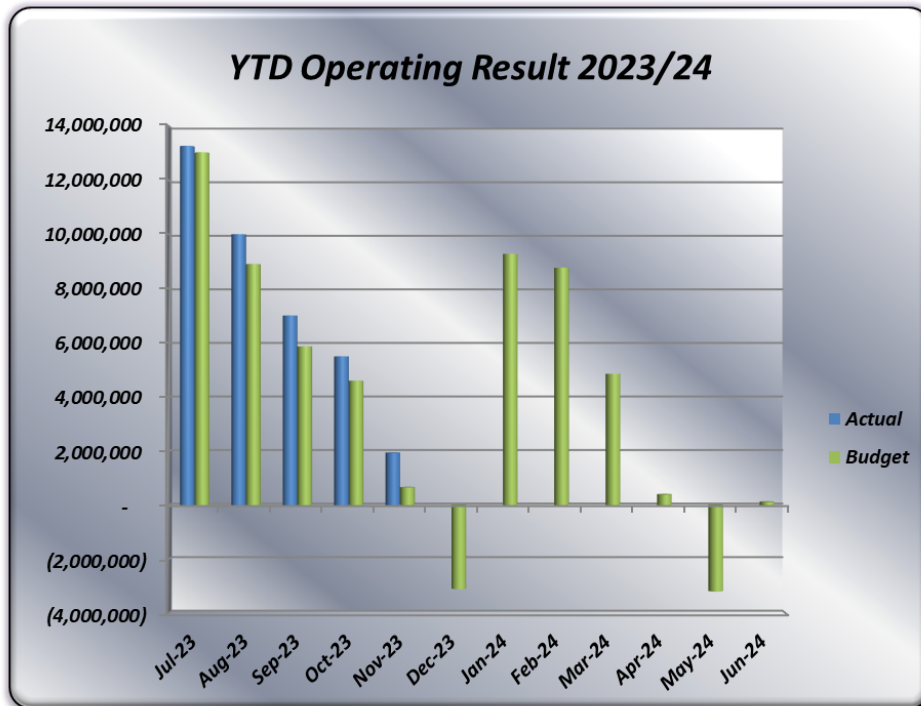


Figure 2.

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 25%, \$2.1m 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 of liabilities which arise from the receipt of Grant funding.

It should be noted that in addition to year-to-date capital expenditure of \$6.7m a further \$6.8m had been committed as at the end of November 2023.

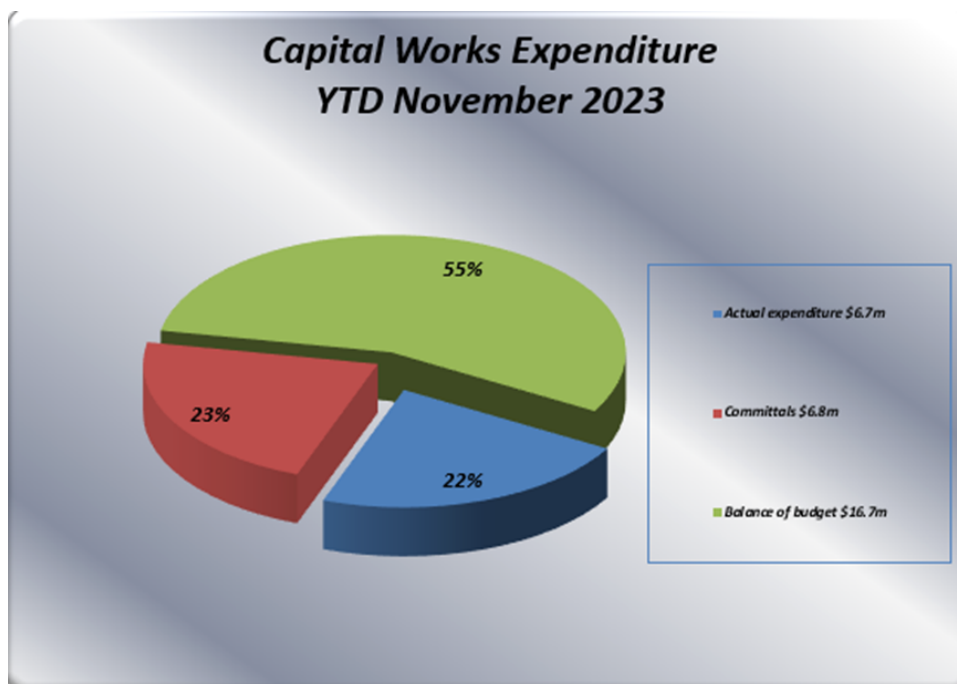


Figure 3.

FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position reflects Net Community Assets of \$518.9m. 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 November 2023 and the Statement of Financial Position November 2023.

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of November 2023 have not revealed any significant impacts on the 2023-2024 budget.

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'.
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 November Statement of Comprehensive Income [6.1.1 - 1 page]
2. 2023 November Statement of Financial Position [6.1.2 - 1 page]

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

	Actual YTD 24 \$	Budget YTD 23/24 \$	Variance \$	Budget 23/24 \$	Actual as % of Budget 23/24
Operating Revenue					
Rates and utility charges	19,341,830	19,480,030	(138,200)	41,916,254	46%
less: Financial Assistance, Remissions (incl. Pensioners)	(309,361)	(310,500)	1,139	(611,000)	51%
Net rates and utility charges	19,032,469	19,169,530	(137,061)	41,305,254	46%
Fees and charges	4,555,668	4,360,510	195,158	8,557,828	53%
Grants and subsidies	863,198	837,271	25,927	6,459,724	13%
Interest received	733,112	675,453	57,659	1,414,476	52%
Other recurrent income	609,863	531,736	78,127	1,320,781	46%
Total Operating Revenue	25,794,309	25,574,500	219,809	59,058,063	44%
Operating Expenses					
Employee benefits	7,529,638	7,814,246	284,608	19,323,083	39%
Materials and services	10,140,910	10,583,582	442,672	24,118,545	42%
Depreciation	6,382,388	6,495,113	112,725	15,395,797	41%
Finance costs	27,533	27,711	178	102,210	27%
Total Recurrent Expenses	24,080,469	24,920,652	840,183	58,939,635	41%
Operating Result	1,713,840	653,848	1,059,992	118,428	1447%
Capital Revenue					
Capital grants and subsidies	2,141,860	8,699,790	(6,557,930)	8,699,790	25%
Contributions from developers	172,998	250,000	(77,002)	250,000	69%
Gain/(Loss) non current assets	-	-	-	-	-
Total capital revenue	2,314,858	8,949,790	(6,634,932)	8,949,790	26%
Net Result	4,028,698	9,603,638	(5,574,940)	9,068,218	44%
Capital Works Program					
Capital additions	6,726,793	30,231,240	23,504,447	30,231,240	22%
Total capital additions	6,726,793	30,231,240	23,504,447	30,231,240	22%

Douglas Shire Council
Statement of Financial Position
November 2023

	2024	2023
	\$	\$
Current assets		
Cash and cash equivalents	12,298,928	13,425,500
Investments	20,000,000	15,060,000
Trade and other receivables, Contract Assets, Prepayments	1,503,869	9,201,164
Inventories	136,732	150,190
Total current assets	33,939,529	37,836,854
Non-current assets		
Property, plant and equipment	497,826,790	504,209,177
Intangible assets	52,634	52,634
Total non-current assets	497,879,424	504,261,811
Total assets	531,818,952	542,098,665
Current liabilities		
Trade and other payables	2,228,080	7,091,224
Provisions	5,902,996	5,554,800
Total current liabilities	8,131,076	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	12,950,316	17,465,264
Net community assets	518,868,636	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.**